CeRR 2018

Colloquium on European Research in Retailing

PROCEEDINGS

Editors: Christoph Teller, Xavier Brusset and Herbert Kotzab

SURREY BUSINESS SCHOOL
UNIVERSITY OF SURREY

Universität Bremen

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Welcome to CERR 2018

We are pleased to welcome you to the 4th Colloquium on European Research in Retailing (CERR) held at University of Surrey. The overall theme of this event is "**Physical and Digital Market Places - Where Marketing meets Operations**". This focus is driven by the digital revolution that has profoundly changed the face of retail. Physical market places such as retail stores and agglomerations are now complemented by digital touch points. Hence, the role of retailers has become more complex – as an agent bringing together supply and demand by facilitating physical and digital market infrastructure. The resulting change of shopper behaviour has led to the adaption of traditional marketing and operations processes in retail organisations and a redefinition of supply chain partnerships.

More than 90 delegates from all over Europe will make **65 presentations** detailing the findings of cutting edge retail research projects across 21 sessions, focusing on: digitalisation in retailing, shopper/consumer behaviour and marketing, multi-/omni-channel marketing and operations, servicescape and atmospherics, leadership and retail management, international/global retailing, ethics in retailing, retail agglomeration management/marketing, supply chain management/partnering and retail marketing management.

More specifically, thematic mapping based on a computer-assisted text analysis of all contributions in the conference proceedings reveals the **key themes** (see bubbles) **of CERR** 2018, the subsumed concepts or foci (see points) and their connectedness (see lines). The main themes are related to the **demand side**, i.e. consumers/customers, as well as the **supply side**, i.e. retailers, of distribution channels. The single concepts/foci highlight the close relationship between the physical and the digital/online worlds. Other major themes are related to loyalty as well as (information) technology.
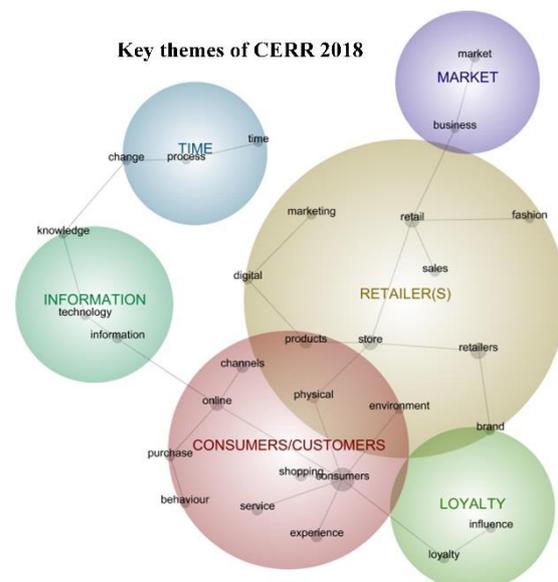
Three **special sessions** will focus on the development of retail research projects and papers, contemporary methodologies in retail research and on new methods in teaching and learning in retail education.

Our **keynote address** will be given by Andrew Jennings, a distinguished senior retail executive with more than 45 years leading many of the world's most respected high-end, speciality and department stores, including Harrods and House of Fraser in the UK; Brown Thomas in Ireland; Holt Renfrew in Canada; Saks Fifth Avenue in the US; Woolworths in South Africa; and Karstadt Group in Germany. The title of his presentation is "*Almost is Not Good Enough – How to Win or Lose in Retail*".

In a number of **social events** throughout the three days of the colloquium, delegates will get the opportunity to **network** on retail research, teaching and learning and business engagement.

On the following pages you are provided with all the **details related to CERR 2018** including extended abstracts of the presented research projects as well as insights into what the CERR and its community stands for, its vision, its mission and its values.

About the Colloquium on European Research in Retailing (CERR)

History

The idea to establish a platform for European retail researchers who focus on marketing as well as operations was born in 2010 at a conference in France. The founding members consist of Professors Xavier Brusset (SKEMA Business School, France), Herbert Kotzab (University of Bremen) and Christoph Teller (University of Surrey, UK) - for more details see below. The inaugural edition of the Colloquium on European Research in Retailing took place in Paris in 2012. Thereafter, two more bi-annual events have taken place – CERR 2014 at the University of Bremen and CERR 2016 at Toulouse Business School. In 2018 the event is hosted by Christoph Teller and the Department of Marketing and Retail Management (Surrey Business School) at the University of Surrey.
The founders' main focus ever since has been that CERR creates a collegiate environment that sparks ideas, initiates discussions and establishes networks within the retail community in Europe and beyond. Currently, the founding members represent the senior advisory board of CERR and ensure that its key values (as set out below) are reflected in each edition of the colloquium.

Vision

CERR inspires and enables a better, more effective and collegiate retail research community in Europe and beyond. In doing so, CERR furthers advances in rigorous research of contemporary retail phenomena that have managerial relevance.

Mission

To establish a vibrant and supportive community of retail scholars by markedly expanding opportunities for delegates to connect and explore ideas.

Values

CERR is built on the following values.

- *Inclusiveness*: Despite the focus on European retail environments CERR represents a platform for researchers from all continents. It is open to senior as well as junior researchers, to four star through to no star academics and to academic scholars as well as to practitioners.

- *Collegiality*: CERR promotes first and foremost collegiality and tries to create a positive and creative environment where critical discourse is encouraged and supportive mentoring the norm.

- *Rigour*: The underpinning principle of our research is to aspire to the highest possible scientific standards. To achieve this CERR aims to offer extensive feedback based on which participants can grow and develop.

- *Relevance and impact*: CERR reflects the view that retail research should ultimately aim to be of managerial relevance. This commitment thus aspires to make an impact on retail management and the industry.

- *Mentorship*: CERR particularly takes into account the needs of junior delegates, such as PhD students and early career researchers. This is reflected in special sessions and tailored feedback on papers and presentations. As such more seasoned delegates accept their role as mentors for junior delegates.

Senior Advisory Board

The Senior Advisory Board represents the founders of CERR who have been steering this event and supporting the European retail research community for more than eight years.

Professor Xavier Brusset
Chair in Supply Chain Management
Head of the ShaRP Research Lab
Skema Business School, France

Professor Herbert Kotzab
Chair in Logistics Management
Head of the Institute of Business Studies and Logistics Management
University of Bremen, Germany

Professor Christoph Teller
Chair in Retailing and Marketing
Head of the Department of Marketing and Retail Management
University of Surrey, United Kingdom

Scientific Committee

The members of the Scientific Committee **oversee the development and execution** of our Colloquium. They are senior academics **from all over Europe and beyond**. They have significantly **shaped our discipline** over many years. A big thanks to them for dedicating their time to support the ideas and mission of CERR.

Prof Samir Lamouri	Arts et Métiers ParisTech	France
Prof Christof Backhaus	Aston University	United Kingdom
Prof Markus Blut	Aston University	United Kingdom
Assoc Prof Cindy Lombart	Audencia Business School	France
Prof Anne Roggeveen	Babson College	USA
Assoc Prof Jason Sit	Bournemouth University	United Kingdom
Prof Juliet Memery	Bournemouth University	United Kingdom
Senior Lecturer Hussein Naseraldin	Braude College	Israel
Assoc Prof Rob Angell	Cardiff University	United Kingdom
Prof Arni Halldorsson	Chalmers University of Technology & Hanken School of Economics	Sweden Finland
Assoc Prof Aseem Kinra	Copenhagen Business School	Denmark
Assoc Prof Tamira King	Cranfield University	United Kingdom
Prof Michael Bourlakis	Cranfield University	United Kingdom
Prof Régis Bourbonnais	Dauphine Université	France
Prof Edmund O'Callaghan	Dublin Institute of Technology	Ireland
Prof Tom Van Woensel	Eindhoven University of Technology	France
Prof Rene de Koster	Erasmus University Rotterdam	Netherlands
Prof Fabienne Fel	ESCP Europe	France
Prof Valentina Carbone	ESCP Europe	France
Prof Valérie Moatti	ESCP Europe	France
Prof Felix Papier	ESSEC Business School	France
Prof Pierre Dornier	ESSEC Business School	France
Prof Alexander Hübner	European Business School	Germany
Assoc Prof Malaika Brengman	Free University of Brussels	Belgium
Prof Kim Willems	Free University of Brussels	Belgium
Prof Karine Samuel	Grenoble Institute of Technology	France
Ass Christine di Martinelly	IESEG School of Management	France
Prof Christophe Bezes	ISTEC Business School	France
Assist Prof Hamid Jafari	Jönköping University	Sweden
Prof Kai Hoberg	Kühne Logistics University	Germany
Prof Ulf Johansson	Lund University	Sweden
Prof Dominic Medway	Manchester Metropolitan University	United Kingdom
Prof Gary Warnaby	Manchester Metropolitan University	United Kingdom
Assoc Prof Andrew Murphy	Massey University	New Zealand
Assoc Prof John Murray	Massey University	New Zealand
Prof Jonathan Elms	Massey University	New Zealand
Prof Charles Dennis	Middlesex University London	United Kingdom
Prof Anthony Kent	Nottingham Trent University	United Kingdom
Prof Phil Megicks	Plymouth University	United Kingdom
Prof Rodney Runyan	Sam Houston State University (Texas)	USA
Prof Barry Quinn	Ulster University	United Kingdom
Prof Alberto Grando	Università Bocconi	Italy
Ass Prof Valeria Belvedere	Università Cattolica del Sacro Cuore	Italy
Prof Gilles Paché	Université Aix-Marseille, Cret-Log	France
Prof Philippe Boistel	Université de Rouen	France

Prof Pierre Fenies	Université Paris Ouest Nanterre La Défense	France
Assoc Prof Alan Collins	University College Cork	Ireland
Prof Nicole DeHoratius	University of Chicago	USA
Prof Carley Foster	University of Derby	United Kingdom
Prof John Dawson	University of Edinburgh	United Kingdom
Prof Thomas Foscht	University of Graz	Austria
Assoc Prof Guenther Botschen	University of Innsbruck	Austria
Prof Stefan Seuring	University of Kassel	Germany
Assoc Prof Des Laffey	University of Kent	United Kingdom
Assoc Prof Jan Breitsol	University of Kent	United Kingdom
Prof Ben Lowe	University of Kent	United Kingdom
Prof Gerald Reiner	University of Klagenfurt	Austria
Prof Matthew Robson	University of Leeds	United Kingdom
Assoc Prof Oliver Meixner	University of Natural Resources and Life Sciences, Vienna	Austria
Prof Jonathan Reynolds	University of Oxford	United Kingdom
Prof Cristina Ziliani	University of Parma	Italy
Prof Alan Hallsworth	University of Portsmouth	United Kingdom
Prof Andreas Otto	University of Regensburg	Germany
Prof Karine Picot-Coupey	University of Rennes	France
Prof Hanna Schramm-Klein	University of Siegen	Germany
Prof John Fernie	University of St Andrews	United Kingdom
Prof Thomas Rudolph	University of St. Gallen	Switzerland
Assist Prof George Maglaras	University of Stirling	United Kingdom
Prof Leigh Sparks	University of Stirling	United Kingdom
Assist Prof Tao Huang	University of Surrey	United Kingdom
Assoc Prof Arne Floh	University of Surrey	United Kingdom
Assoc Prof Stephan Ludwig	University of Surrey	United Kingdom
Prof Andrew Alexander	University of Surrey	United Kingdom
Prof Sabine Benoit	University of Surrey	United Kingdom
Prof Steve Wood	University of Surrey	United Kingdom
Prof Heli Marjanen	University of Turku	Finland
Prof Marta Frasquet	University of Valencia	Spain
Assist Prof Kristina Petljak	University of Zagreb	Croatia
Assoc Prof Christina Holweg	Vienna University of Economics and Business	Austria
Prof Thomas Reutterer	Vienna University of Economics and Business	Austria

CERR 2018 at the University of Surrey

Hosting Organisation

CERR 2018 is hosted by the **Department of Marketing and Retail Management (Surrey Business School)** at the University of Surrey. The Colloquium chair is Professor Christoph Teller who is the Head of the Department.

Department of Marketing and Retail Management

The Department consists of a group of academics from six different countries who share a passion for excellence in researching and teaching. They publish in top-tier journals (e.g., *Journal of Marketing, Journal of Service Research, Journal of Consumer Research, Journal of Experimental Psychology: General, Journal of Operations Management, Production and Operations Management and European Journal of Operational Researc*h) and offer innovative, relevant and current marketing education that reflects the recent developments in marketing and retailing. Please visit the departmental website to learn more about the research, teaching, news/events and most importantly the team of the department. Please also follow (and like) the department/team on Facebook.

Surrey Business School

The Surrey Business School accelerates innovative thinking into practice – investing in pioneering world-class research to deliver business-ready solutions that offer an immediate and lasting impact in the world. The school is dedicated to improving business practice and creating sustainable, positive change – while inspiring others to do the same. For more information please visit the school's website.

University of Surrey

The University of Surrey is a public research university located within the county town of Guildford, Surrey, in the South East of England, United Kingdom. The University specialises in science, engineering, medicine and business. For more information on our University please visit the University's webpage.

Central London is only 34 minutes away by train from the nearby station, and the major international airports at Heathrow (30 min by car) and Gatwick (40 min by car) are both within easy reach. All sessions take place in the Surrey Business School (Rik Medlik Building) on Stag Hill Campus.

Organising Committee

The following individuals made CERR possible. Thanks to all of them for going the extra mile for the European retail research community.

Professor Christoph Teller (CERR 2018 chair)

Professor Sabine Benoit

Professor Steve Wood

Professor Andrew Alexander

Dr Ioanna Anninou

Dr Arne Floh
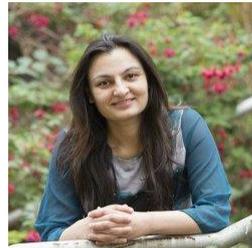
Dr Alvina Gillani

Professor Jane Hemsley-Brown

Ms Monica Hope

Dr Tao Huang

Dr Robert Kreuzbauer

Dr Stephan Ludwig

Ms Jill Nurse

Dr Farhana Sajjad

Mr Anastasios Siampos

Dr Georgia Stavraki

Ms Jodie Weller

Review and Feedback Processes

Based its values CERR facilitates rigorous and extensive feedback to delegates through reviews of their manuscripts and discussions during the sessions and throughout the event. The major pillars of the feedback process at the event are as follows:

Paper/abstract submission and proceedings

CERR give the options to submit an extended abstract or a full paper. In order not to create any issues when publishing manuscripts after the event, the colloquium proceedings only contain extended abstracts and the copyright will remain with the authors.

Review process

Each contribution is assessed by two experienced academics, most of whom publish in tier one journals in the fields of marketing, operations and logistics/supply chain management. This feedback is given to authors before the event and is used to decide whether the quality of the contribution warrants inclusion in the event. As CERR is not under pressure to generate a profit, the organisers are guided by a quality over quantity policy. Rejections are thus a bitter but necessary by-product of the review process preliminary to the event.

Review team

The **Review team** of CERR 2018 is as follows:

Review areas	Review team
Retail management, economic geography, retail history, pricing, retail agglomeration management, retail location management;	Professor Andrew Alexander Professor Steve Wood
Retail operations, logistics, supply chain management, in-store logistics, citation-analysis, literature reviews;	Professor Xavier Brusset Dr Tao Huang Professor Herbert Kotzab
Consumer/shopper behaviour, marketing communication, quantitative retail research, qualitative retail research;	Dr Ioanna Anninou Dr Alvina Gilliani Dr Stephan Ludwig Dr Georgia Stavraki
Online retailing, e-WOM, marketing analytics, social media marketing, online retail patronage, quantitative retail research, meta-analysis; retail patronage, store/agglomeration/channel choice; experimental research;	Dr Arne Floh Dr Anastasios Siampos Prof Christoph Teller
Service management, marketing, store format choice, food marketing and consumption, supply chain partnering, channel choice, higher education marketing;	Prof Sabine Benoit Prof Jane Hemsley-Brown Dr Farhana Sajjad

Review areas outside the ones mentioned above are covered by selected members of the Scientific Board.

In the case both reviews conclude that the contribution should be accepted the authors are asked to amend their abstract based on the reviewers' comments and resubmit a revised version. Authors of full paper submission need to produce an extended abstract to be included in the proceedings.

Feedback process at the event

Authors of accepted extended abstracts/papers are invited to present their work in a session with two other presentations. Each presentation is allowed a 15 minute time window followed by another 15 minutes of feedback and discussion. Each presenter receives feedback from the session chair – an expert in the session's topic – and the two other presenters in the session. Those who give feedback are asked to review the abstract and complete a simple feedback sheet, provided for the presenter at the end of the session. Time allowing, the audience is, of course, invited to join in the discussion and provide feedback during or after the session. Together with the reviews received before the event, this process enables most effective feedback within the limited period of time. Usually, presentations spark discussions throughout the colloquium.

Key Note Address

Andrew **Jennings** gives the **key note address** to this year's CERR delegates. The title of his presenation is "*Almost is Not Good Enough – How to Win or Lose in Retail*". Each delegate will be provided with a **complimentary copy of his fascinating book** with the same title.

Andrew Jennings is a Senior Retail Executive with more than **45 years of leadership** with some of the world's most respected **high-end, speciality and department stores**, including *Harrods* and *House of Fraser* in the UK; *Brown Thomas*, Ireland; *Holt Renfrew*, Canada; *Saks Fifth Avenue*, USA; *Woolworths*, South Africa; and *Karstadt Group*, Germany;

Recognised for his **leadership and performance-driven management style**, Andrew is sought out for his vast knowledge of **consumer trends and retail practises in both mature and emerging markets**. He has distinguished himself in six countries and on four continents with his agility in translating traditional business models into modern retailing in an increasingly fast-paced world of change.

Andrew is passionate about brands, breakthrough marketing and the creation of memorable consumer experiences. Key to this sustained success is **adapting his approach to address the challenges and opportunities presented by dynamic trading environments** at pivotal stages in their evolution, form the sophistication of London to the new-world complexities of South Africa.

Andrew is now permanently based in London, working with retailers, private equity companies and consulting groups as a senior retail advisor, chairman and board member. He is also Chairman of the Prince's Trust Retail Leadership Group.
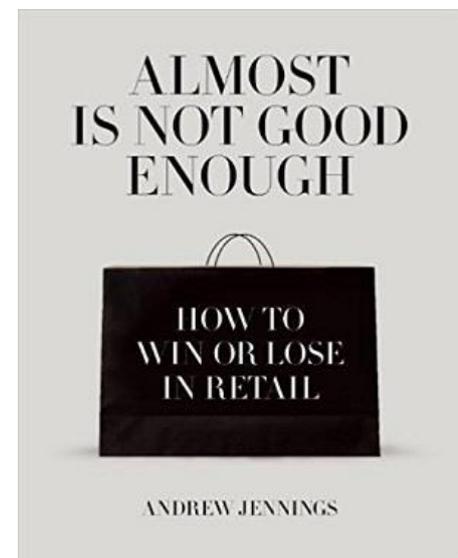
Special Sessions

CERR 2018 features the following three special sessions:

I. Paper Development Workshop

Aim and target group

CERR's vision is to inspire and enable a better, more effective and collegiate retail research community in Europe and beyond. In doing so, CERR furthers advances in rigorous research of contemporary retail phenomena that have managerial relevance.

In line with this vision and at the beginning of CERR we offer a CERR Paper Development Workshop to support PhDs and Early Career Researchers (ECRs) who are in the process of drafting a paper for a journal submission. The usual format to present at conferences is very helpful to get general feedback on the topic and methodology, however, we aim to additionally support participants getting very concrete feedback on their written work.

Paper submission

PhDs and ECRs submit a working paper in the field of retailing for consideration to be accepted for the workshop. These working papers will be reviewed by a panel of established researchers. A limited number of working papers will be selected to be included in the Paper Development Workshop. We aim to create a supportive and friendly atmosphere, so send us your best work, but it's ok if you feel it's not perfect (no paper ever is). It is not the idea to submit work that is already under review unless it is rejected and you need some guidance on how to go forward.

Workshop format

Groups of 4-5 are created consisting of three PhDs/ECRs and two mentors. Four developmental sessions run parallel. The groups are created/ mentors chosen coherent either topic-wise or with regards to the developmental stage of the paper. All group members, including the PhDs/ECRs are required to have read all the three papers to be discussed in the development session. Each session will be 2.5 hours long, so that the group has approx. 45 minutes per paper. The paper development session ends with a panel discussion on common pitfalls in publishing and learnings of the day.

This special session is chaired by Professor Sabine Benoit who is Chair in Marketing at the Department of Marketing and Retail Management and the Director of External Business Engagement at Surrey Business School). The mentors of this workshop are Professor Steve Wood, Dr Arne Floh, Professor Andrew Alexander, Professor Herbert Kotzab, Professor Christoph Teller and Professor Sabine Benoit.

II. Teaching and Learning in Retail Education

The title of this special session is: "Bringing Retail and Management Alive in the Classroom: Contemporary approaches to teaching and learning in the discipline". Together with the delegates Professor Andy Adcroft will explore some of the current thinking and techniques around teaching and learning in business school environments. This session will focus on how both undergraduate and postgraduate students can be engaged to become active participants in the learning experience.

Professor Adcroft is the Deputy Dean of Surrey Business School, Director of the Centre of Management Learning and the Editor in Chief of Management Decision (Emerald) and Business and Management Education in Higher Eduction (Taylor & Francis).

III. Contemporary Methodologies in Retail Research

This session aims at giving insights into selected contemporary methodologies in retail research. Our well published panel members will elaborate on some of their research projects in the context of retailing, share experiences and provide recommendations to apply those methodologies. Their presentations are followed by Q&A and discussions with the audience.

Professor Sabine Benoit (Dr Stephan Ludwig) - Text Analysis in Retailing

Summary: Within the big data phenomenon, text analysis has taken a centre stage to inform business decision making and facilitate academic research endeavors. Simply put, business research, the methods that surround it, and the inferences derived from it have put business as an academic discipline "on the map." Although these methods are here to stay, the radical changes resulting from the heavy use of text-based communication online are fundamentally altering the way we collect and analyze data.

Text analysis emerges as the significant research methodology for retailers to deal with the exponentially increasing textbased information (email, SMS, messaging, blogs and online user generated comments). This session will provide you with a snapshot and the basic understanding of methods and approaches to start using textbased data to derive business and academic insights in retailing contexts and beyond.

Dr Robert Kreuzbauer - Experimental Methods to Examine the Potential to Reduce Consumer Search Costs: The Example of Optimising Package Designs

Summary: Brand Managers often face questions such as how similar or different their product's package design should be compared to other product's designs (e.g. from their other or their competitors' product lines). Traditionally, marketing researchers would try to optimise package designs by using experimental methods which are mainly conducted in non-competitive contexts. I will demonstrate how experimentally testing package designs can be improved by integrating basic micro-economic laws of competition (e.g. Bertrand, Stackelberg, Hotelling) and by focusing on consumer search costs. In other words, evaluating package designs would be guided by the question of how certain designs will reduce consumer search costs within various competitive contexts (e.g. whether the firm is a market leader or not or whether it offers average or high product quality). Various examples from my research will be used to illustrate the above mechanism.

Dr Arne Floh (Professor Markus Blut/Professor Christoph Teller) - Why People Shop Where They Do – A Meta-Analysis

Summary: This research aims at identifying the relative importance of key antecedents of patronage across different store based retail formats. We develop a conceptual model that proposes direct and indirect effects between 24 key antecedents, i.e. store attributes that are shaped through the implementation of retail marketing instruments, and different constructs that measure retail patronage, i.e. store satisfaction, word of mouth, patronage intention, and behaviour. We conducted a meta-analysis based on 14,895 effect sizes reported by more than 239,000 shoppers from 41 countries extracted from 350 independent samples.

The analysis reveals that product and brand management related attributes show the strongest impact on most patronage measures, whereas price, communication, service and incentive management related attributes display effects on selected outcomes. Distribution management turns out to be of secondary importance. Further we reveal moderating effects of the shopping context (food/non-food, shopping frequency, single store/agglomeration, hedonic/utilitarian), the retail environment (gross domestic product, country innovativeness, retail sales share, retail employment, Internet era), and the employed method (participant type, study design, data source).

The contribution of this research is (1) to propose a differentiated understanding of the construct retail patronage and thus of its antecedents, (2) reveal the effectiveness of different retail marketing instruments to establish and maintain retail patronage and (3) to present an agenda for future retail patronage research.

CERR 2018 Call for Papers

Colloquium on European Research in Retailing

Physical and Digital Market Places – where Marketing meets Operations

CALL FOR PAPERS
11th – 13th July 2018

Hosted by the Department of
Marketing & Retail Management
(Surrey Business School, University of Surrey).

MISSION: CERR brings together researchers from across Europe (and beyond) to share scientific and managerial insights on contemporary issues in retailing.

THEMES: We particularly (but not exclusively) welcome submissions on topics related to physical/digital stores, agglomerations and platforms in the context of B2B, B2C as well as C2C. Within this remit we look for contributions in the following research areas: Retail management, marketing, operations and logistics/SCM.

PAPER/ABSTRACT SUBMISSION: Deadline for submission is the 15th March 2018. All papers/abstracts will go through a peer review process.

SPECIAL ISSUE: Selected papers will be submitted to a special issue of the International Journal of Retail & Distribution Management (emeraldinsight.com/journal/ijrdm).

CERR BOARD: Prof. Xavier Brusset (SKEMA Business School, France), Prof. Herbert Kotzab (University of Bremen, Germany) and Prof. Christoph Teller (Colloquium Chair CERR 2018, University of Surrey, UK)

FEES: GBP 250 (GBP 180 for PhD students), registration deadline is the June 7th 2018.

More details regarding the colloquium format, programme, PhD and special sessions, venue, accommodation, registration, and submission process can be found on: **cerr.sciencesconf.org**

Special Issue Call for Papers from the International Journal of Retail & Distribution Management

Physical and Digital Market Places – Where Marketing meets Operations

The digital revolution that has profoundly changed the face of retail. Physical market places such as retail stores and agglomerations are now complemented by digital touch points (Galipoglu et al., 2018). Hence, the role of retailers has become more complex – as an agent bringing together supply and demand by facilitating physical and digital market infrastructure. The resulting change of shopper behaviour has led to the adaption of traditional marketing and operations processes in retail organisations and a redefinition of supply chain partnerships (e.g., Teller et al., 2012; Teller et al., 2016; Blut et al., 2018).

This special issue is dedicated to contemporary but also traditional phenomena in marketing as well as operations with respect to the digital transformation in retailing. Submission around the following topics are particularly encouraged:

- Shopper/consumer behaviour and marketing in omni-channel retail environments
- Servicescape and atmospherics in the digital retail era
- Digitalisation in retailing
- Business and retail analytics
- Digital Innovation and technology in the retail environment
- Physical and digital retail and service delivery networks
- Contemporary issues in retail operations

This list is indicative and we welcome any submission that is related to phenomena in physical and digital market places as well as the interface between retail marketing and operations.

We particularly welcome submission that were presented at this year's European Colloquium on European Research in Retailing (CERR 2018 at the University of Surrey).

Submission Information

All manuscripts will undergo a double-blind review process. Submissions should be between 6,000-7,000 words, including references, figures and tables, and follow the manuscript requirement outlined on the journal's
website: http://emeraldgrouppublishing.com/products/journals/author_guidelines.htm?id=ijrdm

To maximise the impact of each submission authors are required to provide a visual abstract and a commented power-point presentation. This supplementary material does not have be included in the first submission but must be provided before the article can be accepted for publication.

The submission deadline is September 1st, 2018 through ScholarOne Manuscripts
at: http://mc.manuscriptcentral.com/ijrdm. The publication of the special issue is planned for May 1st, 2019.
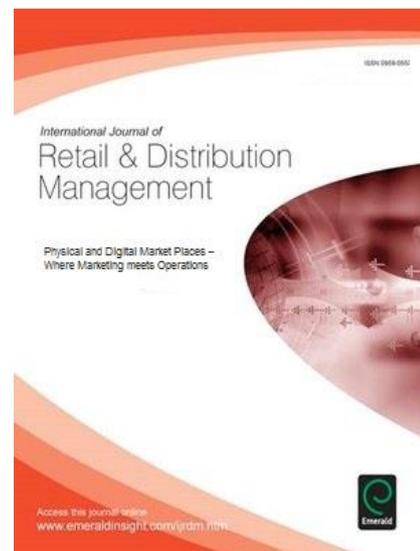
Regarding this special issue, please direct queries to: Professor Christoph Teller, e-mail: c.teller@surrey.ac.uk.

For any assistance, authors should contact manuscriptcentral@emeraldinsight.com. Authors should quote the journal name and special issue title in their inquiries.

References

Blut, M., Teller, C., & Floh, A. (2018). Testing retail marketing-mix effects on patronage: A meta-analysis. Journal of Retailing, 94, 113-135.

Galipoglu, E., Kotzab, H., Teller, C., Isik Özge, Y.H., & Jens Pöppelbuß. (2018). Omni-channel retailing research – state of the art and intellectual foundation. International Journal of Physical Distribution and Logistics Management, 48, 365-390.

Teller, C., Kotzab, H., & Grant, D.B. (2012). The relevance of shopper logistics for consumers of store-based retail formats. Journal of Retailing and Consumer Services, 19, 59-66.

Teller, C., Kotzab, H., Grant, D.B., & Holweg, C. (2016). The importance of key supplier relationship management in supply chains. International Journal of Retail and Distribution Management, 44, 109-123.

Programme

Day I Wednesday, 11 July 2018	Day II Thursday, 12 July 2018	Day III Friday, 13 July 2018
	8:00-8:30 **Registration and Welcome Refreshments**	08:00-8:45 **Welcome Refreshments**
	08:30-9:00 **Welcome**	
	9:00-10:15 **Key Note Address**	08:45-10:15 Session D1 - **Multi-/Omni-Channel Marketing and Operations** Session D2 - **International/Global Retailing** Session D3 - **Ethics in Retailing**
Arrival of delegates	10:15-10:30 **Tea and Coffee Break**	10:15-10:30 **Tea and Coffee Break**
	10:30-12:00 Session A1 - **Digitalisation in Retailing** Session A2 - **Shopper/consumer Behaviour and Marketing** Session A3 - **Operations and in-store Logistics Management**	10:30-12:00 Session E1 - **Retail Agglomeration Management/Marketing** Session E2 - **Shopper/Consumer Behaviour and Marketing** Session E3 - **Supply Chain Management/Partnering**
	12:00-13:00 **Networking Lunch**	12:00-13:00 **Networking Lunch**
	13:00-14:30 Session B1 - **Digitalisation in Retailing** Session B2 - **Multi-/Omni-Channel Marketing and Operations** Session B3 - **Servicescape and Atmospherics**	13:00-14:30 Session F1 - **Retail Marketing Management** Session F2 - **Shopper/Consumer Behaviour and Marketing** Special Session III - **Contemporary Methodologies in Retail Research**
14:45-15:00 **Welcome** (PhDs/ECRs)	14:30-14:45 Afternoon Tea	14:30-14:45 **Afternoon Tea**
15:00-18:00 Special Session I: **Paper Development Workshop**	14:45-15:45 Special Session II – **Pedagogy in Retail Education**	14:45-16:15 Session G1 - **Digitalisation in Retailing** Session G2 - **Shopper/Consumer Behaviour and Marketing** Session G3 - **Retail Marketing Management**
	15:45-17:00 Session C1 - **Multi-/Omni-Channel Marketing and Operations** Session C2 - **Shopper/Consumer Behaviour and Marketing** Session C3- **Leadership and Retail Management**	16:15-17:45 **Plenary Session** – Future of CERR and European Retail Research, Best Paper Award Ceremony
18:00-20:00 **Registration and drinks reception**	17:00-17:15 **Wrap Up and Outlook**	
	Transfer to Guildford Town Centre	*Transfer to Guildford County Club*
	18:30-19:30 **Walking Tour Guildford**	
	Transfer to the Weyside Pub	
	20:00-23:00 **Pub Night**	20:00-23:00 **Gala Dinner and Lifetime Achievement Awards**

Detailed programme

Wednesday, 11 July 2018

Time	SESSION/EVENT	Room
14:45-15:00	**Welcome and Registration for PhD Students and Early Career Researchers** (Chair: Christoph Teller)	Foyer/33MS01
15:00-18:00	**Special Session I: Paper Development Workshop** (Chair: Sabine Benoit)	33MS01
18:00-20:00	Registration and drinks reception for all delegates	34MS01

Thursday, 12 July 2018

Time	SESSION/EVENT	Room
08:00-8:30	Registration and Welcome Refreshments	Foyer/Lakeside
08:30-9:00	Welcome *(Chair: Christoph Teller)*	Lakeside
9:00-10:15	Key Note Address - Andrew Jennings *(Chair: Steve Wood)*	
10:15-10:30	Tea and Coffee Break	34MS01
10:30-12:00	Session A1 - **Digitalisation in Retailing** (*Chair: Arne Floh*) *Ulf Johansson, Annika Olsson, Karla Marie Paredes, Sofia Ritzén, Malin Olander Roese* RETAIL INNOVATION - UNDERSTANDING INNOVATION CLIMATE AND INNOVATION PROCESSES IN RETAIL FIRMS *Amélie Abadie, Sara Belghiti, Adeline Ochs, Jean-François Lemoine, Olivier Badot* PLATFORMIZATION OF SHOPPING EXPERIENCE: FIELD RESEARCH AND MODELLING. *Anna-Maija Kohijoki, Heli Marjanen* GENERATIONS GO DIGITAL - THE CASE OF FASHION RETAILING	33MS01
10:30-12:00	Session A2 - **Shopper/Consumer Behaviour and Marketing** (Chair: Ioanna Anninou) *Alan Collins, James Cronin, Ella Kavanagh* HOW DO STORE BRANDS CREATE SMART SHOPPER FEELINGS? *Reema Singh* WHY DO ONLINE GROCERY SHOPPERS SWITCH OR STAY? *Marta Frasquet, María-José Miquel, Alejandro Mollá* PATTERNS OF CUSTOMER COMPLAINING IN OMNICHANNEL RETAILING	75MS02
	Session A3 - **Operations and In-Store Logistics Management** (Chair: Xavier Brusset) *Lanlan Cao, Jianjun Xu* OPTIMAL IN-STORE INVENTORY POLICY FOR OMNICHANNEL RETAILERS *Rob Broekmeulen, Karel Van Donselaar* SELL MORE, WASTE LESS, BE FRESH *Christoph Teller, Christina Holweg, Herbert Kotzab, Gerald Reiner*	66MS03

	FOOD WASTE IN STORES: RETAIL FORMATS, PRODUCT CATEGORIES AND ROOT CAUSES	
12:00-13:00	Networking Lunch	33MS01/34MS01
13:00-14:30	Session B1 - **Digitalisation in Retailing** (Chair: Anastasios Siampos) *Alex Deslee, Isabelle Collin-Lachaud* HOW TO REDUCE RESISTANCES TO TECHNOLOGY. INTRODUCTION AMONG STORE EMPLOYEES: THE CASE OF ONLINE PURCHASE TERMINALS IN STORE *Yolande Piris, Nathalie Guibert* VARIETY PERCEPTION AND ATTITUDE TOWARD DIGITAL ASSORTMENTS *Milan Jocevski* EFFECTS OF MOBILE COMMERCE ON RETAIL BUSINESS MODEL	33MS01
	Session B2 - **Multi-/Omni-Channel Marketing and Operations** (Chair: Herbert Kotzab) *Ulf Johansson, Steve Burt, John Dawson, Reynolds Jonathan, Jens Hultman* FROM DOMINANCE TO ROOKIE: IKEA'S MULTICHANNEL JOURNEY *Emmanuella Ejime, Julie Robson, Jason Sit, Ilaria Dalla Pozza* THE RELATIONSHIP BETWEEN PSYCHOLOGICAL DISTANCE AND CONSUMER TRUST IN A COMPLEX SERVICE: A MULTI-CHANNEL MOTOR INSURANCE CONTEXT *Elodie Juge, Tiphaine Chautard, Isabelle Collin-Lachaud* BEYOND B2C, HOW RETAILERS (SHOULD) CONSIDER C2C PRATICES IN THEIR OMNICHANNEL STRATEGIES	75MS02
cont'd 13:00-14:30	Session B3 - **Servicescape and Atmospherics** (Chair: Andrew Murphy) *Veronique Flambard, Adnane Alaoui* CONSUMER'S SENSORY CUES' PREFERENCES IN RETAIL: A COMPARATIVE STUDY *John Murray, Jonathan Elms* DETERMINING AESTHETIC PLEASURE GIVEN RELATIVE NOVELTY INTRODUCTIONS TO AN ESTABLISHED DESIGN PROTOTYPE *Yuri Siregar, Anthony Kent* DYNAMIC ATMOSPHERICS: THE ROLE OF INTERACTIVE SCREENS IN FASHION STORES	66MS03
14:30-14:45	Afternoon Tea	34MS01
14:45-15:45	**Special Session II – Pedagogy in retail education** (Chair: *Monica Hope*) *Andy Adcroft* BRINGING RETAIL AND MANAGEMENT ALIVE IN THE CLASSROOM: CONTEMPORARY APPROACHES TO TEACHING AND LEARNING IN THE DISCIPLINE	33MS01

15:45-17:00	Session C1 - **Multi-/Omni-Channel Marketing and Operations** (Chair: Cristina Ziliani) *Haydeé Calderón, Teresa Fayos, Marta Frasquet* DYNAMIC CAPABILITIES AND AMBIDEXTERITY IN MULTICHANNEL DISTRIBUTION *Carin Rehncrona* POWER OVER PAYMENTS - RETAILER STEERING IN DIFFERENT CHANNELS *Huifeng Bai* LUXURY FASHION RETAILERS' OMNI-CHANNEL DISTRIBUTION & COMMUNICATION STRATEGIES IN MAINLAND CHINA	33MS01
	Session C2 - **Shopper/Consumer Behaviour and Marketing** (Chair: Christina Holweg) *Pantea Foroudi, Shahzeb Hussain, TC Melewar* SCAN-AS-YOU-SHOP: IMPACTS OF SHOPPERS' PERCEPTIONS, EXPERIENCES, AND ATTITUDE ON INTENTION TO USE *Benedetta Grandi, Maria Grazia Cardinali* HEALTHY CHECKOUT: THE LONG-TERM EFFECT ON SALES AND CSR *Sarah Jane Flaherty, Mary McCarthy, Alan Collins, Fionnuala McAuliffe* ENGAGING HEALTHY EATING APP CONSUMERS: IMPORTANCE OF CONTEXT AND CONGRUENCE	75MS02
	Session C3- **Leadership and Retail Management** (Chair: Steve Wood) *Lisa Siebers, Brenda Sternquist* RETAIL MNCS' STRATEGIC RESPONSES TO NEW DEMANDS IN POSTDIGITAL CHINA *Humberto Brea Solis, Emili Grifell-Tatjè* KMART: EXPLORING THE REASONS FOR A GIANT DOWNFALL *Chih-Hsun Chuang* SERVANT LEADERSHIP AND STORE SERVICE PERFORMANCE: THE PERSPECTIVE OF DUAL CLIMATE FOCI	66MS03
17:00-17:15	Wrap Up and Outlook	66MS03
18:30-19:30	Walking Tour Guildford	Guildford Town Centre
20:00-23:00	Pub Night	Weyside Pub Guildford

Friday, 13 July 2018

Time	SESSION/EVENT	Room
08:00-8:45	Welcome Refreshments	34MS01
08:45-10:15	Session D1 - **Multi-/Omni-Channel Marketing and Operations** (Chair: Marta Frasquet) *Graham Clarke, Elena Kirby-Hawkins, Mark Birkin* AN INVESTIGATION INTO THE GEOGRAPHY OF CORPORATE E-COMMERCE SALES IN THE UK GROCERY MARKET *Gizem Sayat Aycan, Herbert Kotzab, Işık Özge Yumurtacı Hüseyinoğlu* THE ELEMENTS OF OMNI-CHANNEL RETAILING: AN ANALYSIS OF FASHION RETAILERS FROM TURKEY *Milan Jocevski, Niklas Arvidsson, Giovanni Miragliotta, Riccardo Mangiaracina* TRANSITION TO OMNI-CHANNEL APPROACH: THE CASE FROM ITALIAN RETAIL MARKET	33MS01
	Session D2 - **International/Global Retailing** (Chair: Alan Hallsworth) *Zsolt Matyusz, Zsuzsa Deli-Gray* CHARACTERISTICS OF THE HUNGARIAN LUXURY FASHION MARKET *Jin SHI* EXPLORING THE INTERNATIONALISATION OF MULTINATIONALS FROM EMERGING MARKETS *Sina Hardaker* INTERNATIONAL EXPANSION OF DISCOUNT GROCERY RETAILERS REVISED: ALDI SÜD IN CHINA	75MS02
	Session D3 - **Ethics in Retailing** (Chair: Christina Holweg) *Eleonora Pantano, Virginia Vannucci, Gaetano Aiello, Charles Dennis* BIG DATA ANALYTICS OPPORTUNITIES MEET ETHICAL ISSUES: A CALL FOR ACTION IN RETAIL RESEARCH *Didier Louis, Cindy Lombart, Fabien Durif* IMPACT OF RETAILER'S CSR ACTIVITIES ON CONSUMERS' LOYALTY: DIFFERENCES BY ACTIVITIES AND INDIVIDUALS Alvina Gillani, Smirti Kutaula SOMETIMES YES, SOMETIMES NO: EXPLORING THE VACILLATING FAIR TRADE CONSUMER	66MS03
10:15-10:30	Tea and Coffee Break	34MS01

10:30-12:00	Session E1 - **Retail Agglomeration Management/Marketing** (Chair: John Murray)	33MS01
	Hong Yu, Dana Marlatt	
	LEVERAGING POP-UP RETAIL OPERATIONS TO REVITALISE DOWNTOWN MAIN STREET: A CASE STUDY	
	Alan Hallsworth, Chris Savage	
	TRADITIONAL RETAIL MARKETS IN BRITAIN	
	Andrew Alexander, Christoph Teller, Steve Wood	
	MARKETS IN TOWN AND CITY CENTRES – BENEFITS AND CHALLENGES	
	Session E2 - **Shopper/Consumer Behaviour and Marketing** (Chair: Alvina Gillani)	75MS02
	Marco Ieva, Cristina Ziliani	
	EXPANDING THE LENS ON THE CUSTOMER EXPERIENCE-LOYALTY LINK: THE ROLE OF SATISFACTION AND SHOPPING ENJOYMENT	
	Silvia Bellini, Simone Aiolfi, Benedetta Grandi	
	USING MOBILE WHILE SHOPPING: RETHINKING IMPULSE BUYING FRAMEWORK	
	Sourabh Arora, Sangeeta Sahney	
	APPLYING PUSH-PULL-MOORING FRAMEWORK TO INVESTIGATE CONSUMERS' WEBROOMING BEHAVIOR: AN EMPIRICAL INVESTIGATION	
	Session E3 - **Supply Chain Management/Partnering** (Chair: Xavier Brusset)	66MS03
	Ebba Eriksson, Andreas Norrman	
	CONTEXTUAL ADAPTATION OF THE CONFIGURATION OF GROCERY RETAILERS ONLINE FULFILMENT CENTRES: A MULTIPLE CASE STUDY	
	Xavier Brusset, Régis Delafenestre	
	NEW BUSINESS MODELS IN SUPPLY CHAINS: A BIBLIOMETRIC STUDY	
	Hussein Naseraldin, Aharon Ben-Tal, Shiry Varem	
	INTEGRATED INVENTORY REPLENISHMENT, LATERAL TRANSSHIPMENTS & ROUTING: A ROBUST APPROACH	
12:00-13:00	Networking Lunch	33MS01/ 34MS01
13:00-14:30	Session F1 - **Retail Marketing Management** (Chair: Herbert Kotzab)	33MS01
	Xubing Zhang, Namwoon Kim, Junji Xiao	
	EFFECTS OF DISTRIBUTOR AND MARKET CHARACTERISTICS ON DISTRIBUTION INTENSITY: AN ANALYTICAL MODEL AND EMPIRICAL INVESTIGATION	
	Youn-Kyung Kim, Sejin Ha, Soo-Hee Park	
	COMPETITIVE ANALYSES FOR MEN'S CLOTHING RETAILERS	
	Mikko Hänninen, Lauri Paavola	
	THE GLUE THAT MOLDS THE ORGANISATION TOGETHER	

cont'd 13:00-14:30	Session F2 - **Shopper/Consumer Behaviour and Marketing** (Chair: Cordula Cerha) *Pauline Sullivan, Katherine Shaw, Gallayanee Yaoyuneyong* RETAIL PLACE ATTACHMENT AND ONLINE SPACE *Helen Cocco, Nathalie Demoulin* SEAMLESS CUSTOMER EXPERIENCE. THE CONSTRUCT, ANTECEDENTS AND CONSEQUENCES *Ellen Van Droogenbroeck, Leo Van Hove* TRIGGERED OR CONSCIOUSLY EVALUATED? A QUALITATIVE INQUIRY INTO THE DECISION TO START USING ONLINE GROCERY SERVICES	75MS02
	Special Session III - **Contemporary Methodologies in Retail Research** (Chair: Christoph Teller) *Sabine Benoit, Stephan Ludwig* TEXT ANALYSIS IN RETAILING *Robert Kreuzbauer* EXPERIMENTAL METHODS TO EXAMINE THE POTENTIAL TO REDUCE CONSUMER SEARCH COSTS: THE EXAMPLE OF OPTIMISING PACKAGE DESIGNS *Markus Blut, Christoph Teller, Arne Floh* WHY DO PEOPLE SHOP WHERE THEY DO? A META-ANALYSIS ON THE ANTECEDENTS OF RETAIL PATRONAGE	66MS03
14:30-14:45	Afternoon Tea	34MS01
14:45-16:15	Session G1 - **Digitalisation in Retailing** (Chair: Farhana Sajjad) *Ines Beeck, Waldemar Toporowski* GREAT EXPECTATIONS FOR SHOPPING CENTRE APP USAGE - A QUALITATIVE APPROACH *Khaled El Shamandi Ahmed* ACHIEVING SUPERIOR CUSTOMER EXPERIENCE THROUGH MOBILE AUGMENTED REALITY AND ITS IMPLICATION OUTCOMES *Aniket Sengupta, Lanlan CAO* VALUE CREATION OF BUSINESS INTELLIGENCE AND ANALYTICS IN RETAILING	33MS01
	Session G2 - **Shopper/Consumer Behaviour and Marketing** (Chair: Anastasios Siampos) *Sean Tanner, Mary McCarthy, Seamus O' Reilly* THE EFFICACY OF DIGITAL LABELLING IN THE ATTENTION ECONOMY *Cordula Cerha, Fabian Nindl* CUSTOMER JOURNEYS OF GIFT BUYERS IN A MULTICHANNEL ENVIRONMENT *Philipp Hübner* CUSTOMERS' SMARTPHONE USAGES WITHIN BRICKS-AND-MORTAR RETAIL	75MS02

cont'd 14:45-16:15	Session G3 - **Retail Marketing Management** (Chair: Andrew Murphy) *Daphne Hagen, Oedzge Atzema, Bas Spierings, Jesse Weltevreden, Anne Risselada* DIGITAL STRATEGIES OF TOWN CENTRE PARTNERSHIPS: A RESOURCE BASED APPROACH *Maheshan De Silva Kanakaratne, Jeffery Bray, Julie Robson* EXPLORING THE INFLUENCE OF NATIONAL CULTURE AND INDUSTRY STRUCTURE ON GROCERY RETAIL CUSTOMER LOYALTY *Jashim Khan, Ioanna Anninou* DETERMINANTS OF ONLINE VS. PHYSICAL STORE PURCHASE: EVIDENCE FROM CHINA	66MS03
16:15-17:45	**Plenary Session** – Future of CERR and European Retail Research, Best Paper Award Ceremony (Chair: Christoph Teller)	66MS03
20:00-23:00	Gala Dinner and Lifetime Achievement Awards	Guildford County Club

Programme of the Paper Development Workshop

Overview

Time	Sessions	Location, groups
15.00-15.10	Welcome & introduction	33MS01, entire group
15.15-17.15	Split up into groups, discussion of the papers, approx. 30 minutes per paper	Group mentors with their groups (see below, 33MS01, 75MS02, 66MS03)
17.15-18.00	Sharing of experiences on paper development and wrap up	33MS01, entire group

Group 1: Mobile and Online Retail Research

Group Mentors: Professor Steve Wood & Dr Arne Floh (33MS01)

Ines Beeck	University of Göttingen, Germany ines.beeck@wiwi.uni-goettingen.de	Great expectations for shopping centre app usage? A qualitative approach
Singh Reema	Stockholm School of Economics, Sweden reema.singh@phdstudent.hhs.se	Why Do Online Grocery Shoppers Switch or Stay? (netnography)
Maheshan De Silva Kanakaratne	University of Bournemouth, UK mdesilvakanakaratne@ bournemouth.ac.uk	Exploring the influence of national culture and industry structure on grocery retail customer loyalty (focus groups)

Group 2: Retail Operations & Implementation

Group Mentors: Professor Andrew Alexander & Professor Herbert Kotzab (75MS02)

Ebba Eriksson	Lund University, Sweden ebba.eriksson@tlog.lth.se	Contextual Adaptation of the configuration of grocery retailers online fulfilment centres: A multiple case study
Hänninen Mikko	Aalto University, Finland mikko.o.hanninen@aalto.fi	The glue that molds the organization together (case study)
Milan Jocevski	KTH Royal Institute of Technology, Sweden milan.jocevski@indek.kth.se	Retail transformation: Implementing mobile commerce (case studies)

Group 3: Retail Technology & Survey Research

Group Mentors: Professor Christoph Teller & Professor Sabine Benoit (66MS03)

Daphne Hagen	Amsterdam University of Applied Sciences, NL d.hagen@hva.nl	Digital Marketing Activities of Town Centre Partnerships: A resource based approach (Survey)
Khaled El Shamandi Ahmed	University of Reading, UK k.a.elshamandiahmed@ pgr.reading.ac.uk	Achieving superior customer experience through augmented reality and its Implication outcomes (mixed method)
Hermine Raedts	Hogeschool PXL, Belgium Hermien.Raedts@PXL.BE	PhD participant without paper

Extended Abstracts of CERR 2018

Session A1 - Digitalisation in Retailing

Retail Innovation – Understanding Innovation Climate and Innovation Processes in Retail Firms

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Keywords

Retail companies, innovation, innovation climate and innovation processes

Introduction

The retail industry is faced with a lot of challenges. New ways of shopping, not least through the Internet, and less shopping through the physical store (Stephens, 2013; Niemeier et al, 2013; Grewal et al 2017; Thain & Bradley 2012). Also, the mobile phone has made the consumer more knowledgeable – and also less observant to store environment that before (Fuentes, et al 2017; Holmes et al) 2013, We also see increasing population, not least young people without car, in metropolitan areas and also continuing increase in globalization (not least in e-commerce moving from domestic to international e-commerce). The level of change is high, demanding action and change from retailers, no least from traditional brick and mortar retailers. Increasing change and resulting challenges – and opportunities - means increasing focus on retailer's ability to innovate their business and their offer. Innovation is a broad concept and in the retail industry it means more than developing and selling new products. It can mean the ability to combine resources in new ways and also have the ability to handle – internally – the process of going from idea to implementation. The retail sectors 'product' is in many ways a complex combination of products sold and services. It is also a 'product' that is made up of what different companies all along the value chain contributes with; suppliers, packaging companies, consultancy agencies, retail companies etc. Moreover, retailers often sell others products (so the possibility to use products as such as a differentiation factor is not applicable in many cases) and retailers meet their customers (in millions) everyday (making the customer interface an important part of business) (Sorescu, 2011). This complex combination gives a special type of conditions to work with, with added pressure on retail and its ability to innovate. Much of the existing knowledge on innovation and innovation processes in organizations have its base and point of departure in manufacturing companies. While some of this may be relevant also for retail companies, much of this research seems less adjusted to fit the conditions present for retailers. There is thus a need to understand retail innovation as such, without assuming that it is the same as innovation in manufacturing.

Purpose

The purpose of this research is to contribute to the understanding of how retail companies innovate with regard to the retail offer and what characterize those processes. The presentation will report on an ongoing project focusing on understanding innovative climate and the innovation process in retail

Conceptual framework

This research – which builds on four case studies of retail companies in different retail industry sectors – will present preliminary findings concerning how retail companies innovate and how they organize innovation. The framework takes its departure in Ekvall's (Ekvall, 1991; 1996; 1997) research on innovation, and theories on design thinking (Brown, 2008; Gloppen, 2009; Johansson-Sköldberg, et al 2013) and service management (Grönroos, 2000; Grönroos & Gummerus 2014; Vargo & Lusch 2004), but also more conventional theories on innovation, often concerning manufacturing companies (Conway & Steward 2009; Cooper 1993 Schilling; 2013; Tidd et al 1997; Trott, 2013). In this research we focus on measuring innovation climate as well as a model developed to study innovation and innovation processes that is built on existing research. Overall innovation in retail is an under researched area (for exceptions see Reynolds et al 2007; Reynolds & Hristov 2009; Hristov & Reynolds, 2015; Pantano 2014), which is also something that is a foundation for what we do in this research. However, previous research has not really utilized the possibility to study retail innovation by doing case studies of how companies work with the issues of innovation. Previous research has, empirically grounded or not, not explored actual cases of innovation in retail organizations.

Our conceptual model for studying innovation climate in retail companies have an number of dimensions, measured through a questionarie. The dimensions here follow Ekvall's model (1997); challenge and motivation, freedom, idea support, trust and openness, liveliness/dynamism, playfulness/humour, debate/diversity, conflicts, risktaking and idea time. Furthermore we collect data on the innovation process and innovation work in the organization through looking into dimensions like how the organization carries out market intelligence, how value is created for customers (and other stakeholders), how ideas are collected and generated, how different ideas are chosen (and others not), how projects and ideas are carried through in the organization. Furthermore we also highlight vision and strategy when it comes to innovation work as well as co-workers (freedom to act, develop ideas etc) and the creative climate in the organization.

Design/methodology/approach

This research builds on case studies of four retail companies from different retail sectors in Sweden. Data has been collected by questionnaires, observation and by personal interviews.

Findings

The work is still ongoing, but we have preliminary findings to present concerning how innovation is viewed in the retail companies studied, what is important in the process of innovation here and how the innovation process is structured

Original/value

There is little research on retail innovation, in contrast to innovation in manufacturing companies. While an established subject, studies of manufacturing and innovation may not be relevant for understanding retail innovation. Hence there is value in looking more closely – and conceptually - at retail innovation. The presentation reports on the focus and process of retail innovation. Overall we find very little structure and systematic process when it comes to innovation in the studied organisations. The process is more one of improvisation and reaction, rather than being proactive.

Practical implications

Understanding how retail companies innovate as well as understanding how to structure the process of innovation is of importance for practitioners.

Research limitations and outlook

Research is based on studies of four companies in Sweden, using questionnaires and personal interviews to collect data. Generalizability is thus limited but our research and the resultant model of retail innovation can be used as a basis for hypothesis and future elaboration in quantitative terms

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Platformization of Shopping Experience: Field Research and Modelling

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Introduction

The use of technological and physical approaches of shopping has created consensus between research and practice for almost 2 decades (Rigby, 2011). It seems nowadays irrefutable that any retailer should be present in diverse channels, from digital to traditional ones. Channels have been managed as portfolios. Both Consumers and Retailers balance channel assets with the others' in multichannel experiences. In recent years, this reality intensified with the emergence of omnichannel shopping. It became a persistent behavior among customers (Verhoef et al, 2015). They move freely across distribution pipes and, above all, overlap them. Shoppers digitalize the store into personal devices to share with the world their experience or to optimize time and efforts. Retailers compete to keep pace with what becomes a new standard. They provide their own connected technologies to incentivize clients toward in-store envelopment of virtual and physical spheres (Brynjolfsson et al, 2013). In the meantime, platforms appeared as running the digital world since the popularization of Internet in the 1990s' and now conquer physical universes by partnering with physical stores, or synchronizing their entire business model with geo-tracking and data of clients.

Research on platform business models is plentiful (Benavent, 2016; Evans and Schmalensee, 2016) after the development of pioneer economic theories on multisided markets (Rochet and Tirole, 2003). Connected technologies make room for thoughts in the fields of Information Technology and Economics (Bhargava and Choudhary, 2004). On the other hand, a robust knowledge focuses on consumer experience (Holbrook and Hirschman, 1982; Roederer and Filser, 2015). Research in Omnichannel consumption develops rapidly and generates an increasing interest among academics. However, the exponential pace of change and variety of findings leaves nowadays the phenomena observed but rarely theorized. As research increasingly fulfils the field of digital retailing with accurate illustrations (Colin-Lachaud and Vanheems, 2016), little embed it in a theoretical structure. Indeed, forces appear subjective and diverse (Badot and Lemoine, 2013).

Purpose

The aim of this research is to provide insights on customers logics and reactions when they use technologies in a shop. It attempts to draw a structure to omnichannel shopping and yield strategies to enhance digital in-store experience to retailers. It aspires to visualize the contrasts of consumer digital cultures with theories of platform business models.

Conceptual framework

At sight of digital consumers, we define the concept of platformization of shopping experience. It is the use of technologies connected with external communities initiated by the consumer during her visit of a physical store. A discussion confronts observed findings to past research about multisided services, shopper experience and connected commerce. Consequently, this exploratory study converges to a multisided model of shopping experience where consumers manage stimuli as platform businesses from two complementary sides: virtual and physical. We develop 4 main factors of influence: products, stories, optimization and identity. The present study derives the logics of information aggregation (Bhargava and Choudhary, 2004), algoritmic matching and quest for value to money (Evans and Schmalensee, 2016) to the optimization of shopping and product choice. The social value of platforms (Boudreau and Jeppesen, 2015; Tsiotsou, 2016) defined under the notion of externalities (Katz and Shapiro, 1994) arises in the dimension of shopping rhetoric in platformization. Finally, the fourth factor of personality applies the theories of data and personalized commerce (Benavent, 2016) as well as it nuances our model. The following Figure displays the architecture of these 4 factors.

Platformization of the shopping experience and factors of influence.
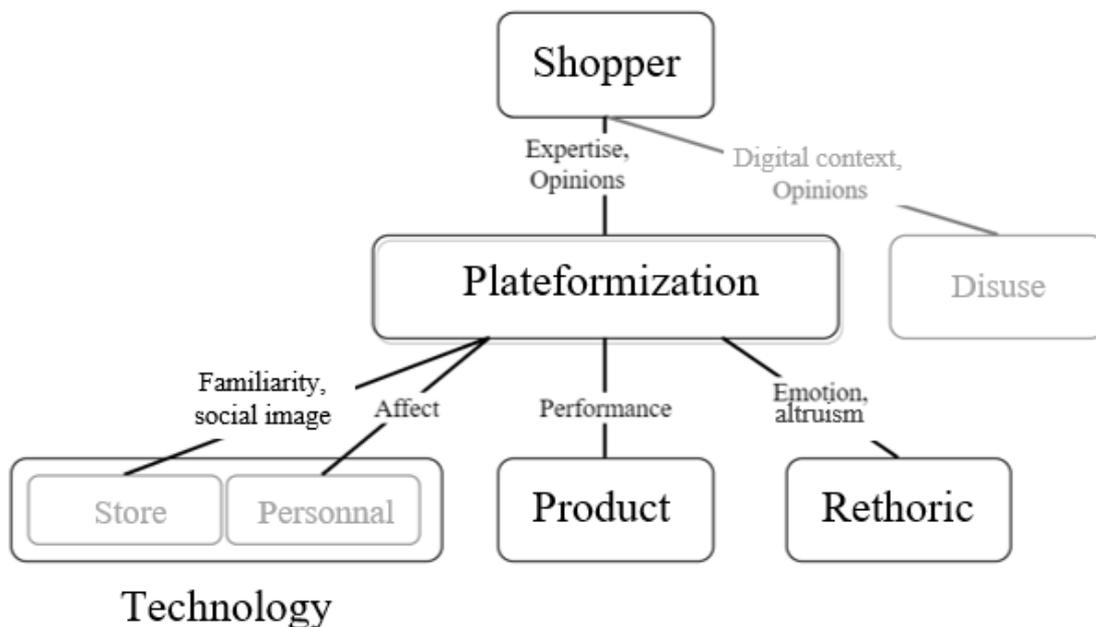
Methodology

Using an Ethno-marking scheme in line with Consumer Culture Theory (Mariampolski, 2006), this paper develops from testimonies and secondary data a model of omnichannel customer behaviour which mirrors strategies of digital platform commerce. Two stores were distinguished by the presence of retailer connected technologies were examined. 68 non-driven interviews from 5 to 45 minutes, observations and secondary store information shaped the vision "platformized" shopping experience.

Findings

Week signals, verbatims and interactions reveal that shoppers' use of digital tools in the bricks of a physical store is a reflection which presents aspects of virtual multisided services. It is an attempt to orchestrate complementary contributions of virtual crowds with individual senses to enhance the shopping experience. Consumers gather in one space-time point the tangible stimulus of a product and

the abundant precision of virtual information. They also enlarge their attention to technologic shadows of competitors within the shop itself, exposing physical channels to the fierce competition in internet. In-store environment and storytelling boosts digitalization of shopping into a social dimension which overcomes its walls. The boutique starts a story with atmospheres and values which are derived by a consumer online with her community. As emotion comes from retailers' efforts, consumers may even show reciprocity by acting as missionaries of physical experience into technological surrounds. As platforms, shoppers bet on data aggregation and bring value to their experience through social recognition. Clients also adopt devices to offset waiting time or optimize research across shelves. They mimic platforms' reduction of transaction costs based on network and technology. However, the platformized shopping experience mainly depend on client's attitude toward technology, culture and beliefs. As customers digitalized their visit, others exactly do the reverse as a way of technological detoxification. Indeed, consumers do not always separate willingly channels. Some fail to implement technologies or avoid it because High-Tech as screens is omnipresent in daily routines. Others allocate strict boundaries between the two channels even if they see benefit in alternating e-shops and conventional stores.

Contributions

The contribution of this research is to structure subtleties of digital shopping into the frame of platform business models. Our approach witnesses the increasing rationalization of consumers thanks to intelligent personal devices while commerce is increasingly social through virtual networks. As e-platforms make profit with diversity and Artificial Intelligence, they not only reflect on omnichannel shopping behaviour but also outline the idea of ubiquitous organisation of stimuli. Therefore, the use of this business model provides a global scheme to the complexity of digital shoppers. Dynamics of feedback loop, autonomous growth or cocreation therefore apply to a multisided shopping experience. As a first step toward application of platform insights into shopper experience, the present research illustrates the relevance of multisided strategies for retailers.

Practical implications

Therefore, store managers should turn digital capital in-store toward performance and excitement of shopping experience. Software investment could put algorithmic efficiency and Internet Information to the service of performance while hardware capital in the shop shows high potential to stimulate a virtuous loop in hyper-real emotions. Valorisation of the rich virtual universe broadens the impact of a store as well as it intensifies internal results.

Research limitations and outlook

Limits of this research come from the small number of cases. The observant and declarative approach is also exposed to social approval and researcher biases. This approach however promotes close immersion into consumers journeys and genuine conversations (Askegaard and Trolle-Linnet, 2011). Factual data of personal device data during shopping could deepen understanding. Indeed, effective localization, research or message data of customers could materialize in-store answers. A difficulty although remains around respect of individual privacy and reduction of observed subjects.

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Generations Go Digital – The Case of Fashion Retailing

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Introduction

Since the Millennium shift, consumers and retail practitioners alike have adopted a multichannel strategy. Although the early claims that the Internet would replace physical stores now seems unlikely, there is clear evidence that consumers of all ages increasingly want to shop using a combination of channels, and thus, multichannel shopping in its various forms is now a taken-for-granted practice for the majority of shoppers (Lewis *et al*., 2014).

Age has found to strongly correlate with Internet usage and adoption of e-commerce (Eurostat, 2017). However, the Internet is a fairly recent development, and hence, generational-based approach may outperform chronological age if the goal is to prepare for the future (Parment, 2013). In generational segmentation, consumers are divided into specific cohorts roughly by year of birth. The characteristics of these birth-cohorts are believed to be related to the circumstances (such as wars, economic fluctuations, technological innovations) that are prevailing at certain points in their life spans, especially when coming of age. These shared experiences are believed to create a cohesiveness in values that remain relatively stable throughout their lives (Mannheim, 1928; Brosdahl and Carpenter, 2012; Parment, 2013). Hence, although chronological age and stage-of-life remain powerful determinants of consumer behaviour, those from different generations are expected to age differently (Marjanen *et al*., 2016).

The Millennials, who currently dominate the 18–34 age cohorts, are considered "digital natives" (Prensky, 2001). Many have spent their entire lives surrounded by and using tools of the digital age. Although Gen X and Baby Boomers have shown higher rates of Internet adoption compared to still older generations (Eurostat, 2016), they were introduced to computer technology later in life. Although many are fascinated by and eager to adopt many or most aspects of the new technology, they are still regarded as "digital immigrants". This generational gap is described as a "digital divide"; a term referring to the gap between those who are confident when navigating the digitalized world and those who are lacking the necessary resources.

Purpose

The digital divide literature states the haves and have-nots differ in attitudes, access, skills, and types of usage (e.g. Van Deursen and Van Dijk, 2014; Lissitsa and Kol, 2016). Hence, it is vitally important for both retail practitioners and policy planners to understand how consumers of different ages, and belonging to different generations, perceive and (are able to) utilize the today's multichannel retail environment. As marketing research and academic studies are both increasingly conducted in digital channels (e.g. web-based surveys) and/or using convenience samples, the voices of the elderly, the disadvantaged, and those either voluntarily or for other reasons offline are frequently missing from the data (see e.g. El-Adly, 2007; Buffel *et al*. 2012; Johnson *et al*., 2015; Teller *et al*., 2016).

The current study investigates multichannel behaviour in the context of fashion shopping (clothing, shoes, and apparel) using the generational segmentation approach. Fashion shopping was chosen for several reasons. First, clothing items are needed by everyone and bought rather frequently. Secondly, the statistics show that in 2017,over half of the Finnish population purchased goods or services online within the last 12 months, the most popular type of goods and services purchased being clothes

(Statistics Finland, 2017). Third, fashion retailers are typically dominant space users in both city centres and shopping centres and hence, vitally important for their viability. Fourth, clothing is a product category where touching, feeling, and trying on items is important for many. Last but not least, fashion shopping is a popular pastime, a way to relax, and enjoy new experiences (see e.g. Johnson *et al.*, 2015).

Study Design

Using the household survey data (N=1460) collected in 2017, we seek to describe the clothing shopping patterns and preferences of four generations (Table 1). To demonstrate the effects of chronological age and generational cohort, respectively, we followed the Silent Generation, Baby Boomers, and Gen X as they grew older, utilising data from five consumer surveys (1990–2017). As the life events shaping the generations are both global and local, it is not possible to create universal definitions or age-brackets to define them. The Baby Boomers, preceded by the Silent Generation and succeeded by Gen X, are perhaps the most well-known generation with the strongest generational cohesiveness. Based on definitions commonly used in Finland, they were born either in 1945–1950 or around 1945–1956 (Erola *et al.*, 2004). In the U.S., the time span covers the years 1943–1964 (Strauss and Howe, 1991; Williams and Page, 2011). Hence, the youngest U.S. boomers overlap the oldest Finnish Gen X (born around 1960−1980). The next generation, Gen Y (Millennials) were born around 1980−2000. In the current study the birth-years of the generational cohorts were selected so that in 2017 data they coincide with the age brackets commonly used in official statistics.

Table 1. The chronological age of the generational cohorts at the time of respective surveys

Generational cohort	1990 (N=1983) Age	2001 N=2283) Age	2006 (N=1965) Age	2011 (N=1837) Age	2017 (N=1460) Age
Gen Y (born 1983–1999)	0–7	2–18	7–23	12–28	18–34
Gen X (born 1963–1982)	8–27	19–38	24–43	29–48	35–54
Baby Boomers (born 1943–1962)	28–47	39–58	44-63	49–68	55–74
Silent Generation (born 1935–1942)	48–56	59–66	64–71	69–76	75–82

After exploring the trends in Internet access and e-shopping since 2001, we investigated how and why the respondents belonging to different generations used the Internet in 2017. Next, we examined the generational shopping orientations by forming orientation dimensions (via factor analyses) from a set of items that describe the behavioural tendencies when different ages are shopping for fashion. Finally, we evaluate the impact of e-shopping by comparing its share-of-wallet, and total spending by generation.

Findings

Internet penetration and e-shopping adoption

As Table 2 shows, in the early days of the Internet, consumers aged 25–54 were the early adopters of the new technology. However, Gen X was much faster to adopt e-shopping, age having a very clear negative correlation to online shopping. By 2011 Internet penetration was around 98% in all groups aged 18–44, and by 2017 practically all ages below 65 had access to the Internet from home. Gen Y and the younger Xers were the most drawn to e-shopping, their share of e-shoppers being as high as 95% in 2017. Throughout the study period, the younger half of the Boomers was quicker to adopt both the Internet and e-shopping than the older were. Interestingly, as Table 3 shows, in 1990, the differences between the generations regarding their attitudes toward catalogue shopping were rather modest compared to those toward e-shopping in later years. However, although the share of e-shoppers steadily rose in all age groups during the 2000s, the share of those who considered e-shopping a relevant option increased more slowly. Hence, physical stores are still visited and desired by all age groups, but especially by those aged 55+.

Table 2. Households with Internet access and e-shoppers by age group

	Internet access from home %				E-shoppers %			
	2001	2006	2011	2017	2001	2006	2011	2017
18–24	35	76	98	99	31	39	84	95
25–34	49	83	98	100	32	44	86	95
35–44	58	83	97	99	17	28	77	95
45–54	48	77	89	97	11	19	61	86
55–64	29	57	79	96	7	10	41	67
65–74	8	31	61	89	3	3	16	47
75+	9	10	24	69	4	7	6	25

Table 3. "*E-shopping (1990: catalogue shopping) is an option/convenient for me";* agree/strongly agree (%), by age group

	1990	2001	2006	2011	2017
18–24	38	12	13	39	66
25–34	33	18	18	46	72
35–44	32	16	13	44	71
45–54	29	10	11	27	56
55–64	27	13	8	23	29
65–74	22	5	4	11	23
75+	24	5	4	8	11

Use of Internet-enabled services

As Figure 1 demonstrates, in 2017, online banking was the most popular service on the Internet for all age groups, followed by social media/networks and streaming services for Gen Y and travel bookings, services of public authorities, and e-shopping for the older generations. Around 5% of Gen Y, 10% of Gen X, 30% of Baby Boomers, and 38% of the Silent Generation were experiencing difficulties because of the digitalization of services. Buying and/or selling things from/to other customers was a rather common activity among Gen Y and X, with the older Xers lacking slightly behind.

Figure 1. Use of Internet-enabled platforms and services by age groups (means, scale 1 to 3)
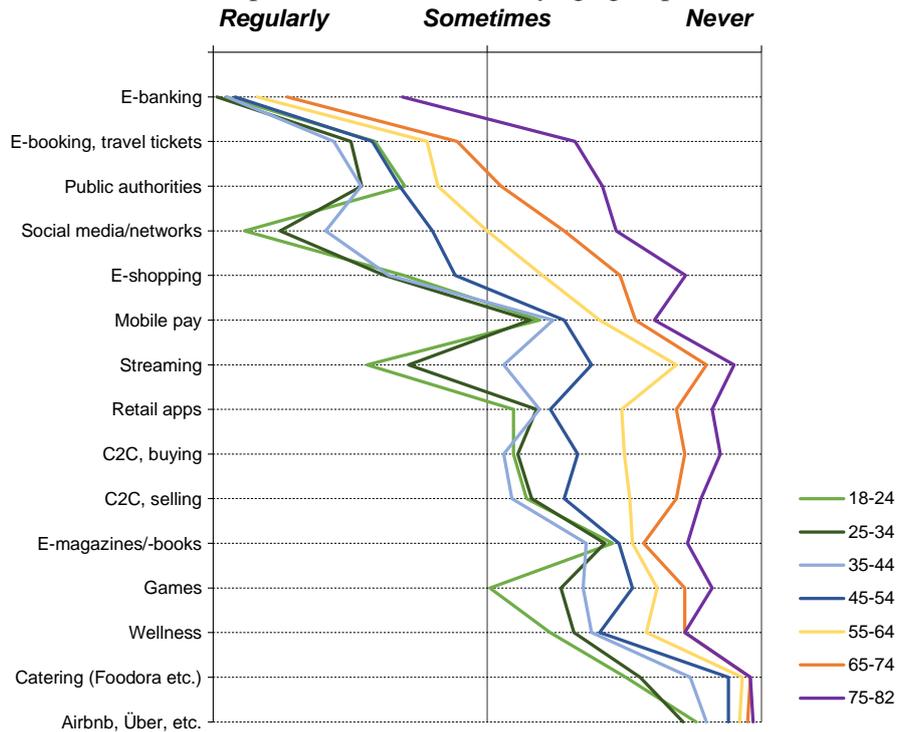
The most important reason to shop online for all generations was to acquire goods not available elsewhere, followed by flexibility of shopping hours (Table 4). Compared to other generations, Gen Y more often shopped online because of low prices and Gen X to save time.

Table 4. "*I shop online …*"; agree/strongly agree (e-shoppers)

"*I shop online …*"	18–24 %	25–34 %	35–44 %	45–54 %	55–64 %	65–74 %	75–82 %
For products not available elsewhere	89	88	77	73	58	45	40
I can shop whenever it suits me	73	81	77	76	51	42	37
To save time	45	54	62	60	40	21	15
Mainly for the low prices	58	63	50	51	32	28	28

Fashion Shopping

Factor analyses revealed 6 orientation dimensions which were named by their highest loading items:

1. *Fashion consciousness*: Want to look fashionable, use money and time, follow blogs, individual style
2. *Multichannel orientation*: Use Internet for research, get everything from e-stores, webrooming, showrooming
3. *Recreation:* Minimize time used (-), enjoy browsing, only for needs (-), just for fun, store environment
4. *Economization*: Harness sales, prefer low price over service and price, second hand
5. *Traditionalism*: Personal service and professional assistance
6. *Responsible Individualism*: Environmental issues, responsible retailers, production conditions

Investigation of the means of factor scores by age groups revealed differences not only between but also within generations (Figure 2). Most notably, the youngest half of Gen Y showed very different behavioural tendencies compared to their older half except for *traditionalism*. For *recreation*, aged 18–24 scored highest, whereas all other groups were very similar to each other. Although they were

less inclined toward *multichannel shopping* than ages 25–44, they gave the highest share-of-wallet (23%) to online shopping (Table 5).

Figure 2. Orientation profiles by age groups
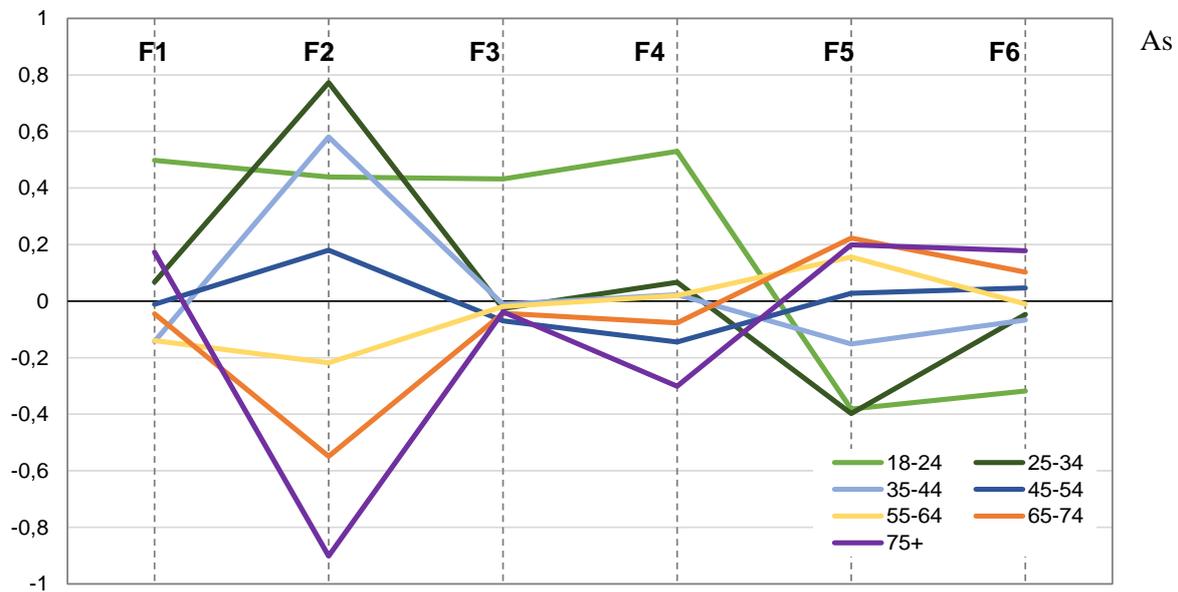
Table 5 shows, despite the rapid growth of e-commerce, most spending in all age groups still occurs in physical stores. The high total spending, but the low share for online shopping by Gen X is worth noticing. Considering the size of the 55+ segment, their low share spent on online retailing should be taken seriously by the retail industry.

Table 5. Spending on clothing and shoes during the previous 30 days

	18–24	25–34	35–44	45–54	55–64	65–74	75–82
Total spending	90€	105€	129€	131€	98€	67€	60€
E-shopping, share of wallet	23%	20%	14%	11%	6%	4%	1%

Fashion consciousness and spending do not correlate well. Those aged 35–44 scored lowest on Factor 1 although their spending was among the highest. This finding is probably explained by household size and disposable income. The most fashion conscious were those aged 18–24 and 75+, whose spending was among the lowest. However, the youngest group scored highest on *economization* and the oldest on *responsible individualism*. Consistent with earlier studies, the older were more concerned about environmental and responsibility issues while the younger put their own immediate needs and wants first.

Although the majority of consumers under 55 can be classified as multichannel, only a few reported a frequent combination of online and offline channels when shopping for clothing and shoes (Table 6). Doing research online followed by purchasing from a physical store (webrooming) was more common than the opposite.

Table 6. Webrooming/showrooming; describes me well/very well

How well do the following statements describe you when shopping for clothing and shoes?	18–24 %	25–34 %	35–44 %	45–54 %	55–64 %	65–74 %	75–82 %
Research online, purchase in physical stores	34	29	31	25	24	20	15
Research physical stores, purchase online	9	15	7	3	3	2	2

Value

Research has shown that shopping preferences do vary by generation, and retailers and marketers should target shoppers based on these generational differences. However, as age and generation are closely connected, it is impossible to separate their effect in a cross-sectional study. In light of the current research, we argue that the differences found herein are more likely due to needs and resources available to consumers at certain ages and stages of life, rather than their belonging to specific generational cohorts. The implications for retailers are that the majority of consumers of all ages still channel most of their fashion spending toward physical stores. Considering the relatively high spending and low share of wallet for online shopping among aged 55+, retailers should further invest, in addition to the digital channels, to traditional stores. It should also be noted that due to the accelerated pace of technical development, the "digital divide" will retain as the younger generations will grow up in a very different world from that of their parents.

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How do Store Brands Create Smart Shopper Feelings?

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Keywords

Smart Shopper Feelings; Store Brands; Human Capital; Food Quality; In-store tastings

Introduction

The concept of the "smart shopper" has gained traction in the marketing literature since the early works of Schindler (1989;1998), Price *et al.* (1988), and (Mano and Elliott, 1997). "Smart-shopper feelings" have subsequently been conceptualised in terms of the ego-expressive, as well as utilitarian benefits that are produced through scoring a good deal – such as a good return on price for a product. Here, "feelings of being a thrifty and smart shopper" (Schindler, 1989) are understood to be reflected in specific outputs such as "winning", "pride", "good feelings" (Burton *et al.*, 1998) "accomplishment (Gómez *et al.*, 2015), "thrill" (Schindler, 1989), "competence", and "efficiency" (Atkins and Hyun, 2016) ; Schindler, 1989). However, while we know much about the outputs consumers derive from being a smart shopper, we know comparatively little about the *inputs* that first enable "smart-shopping feelings".

Our contribution to the extant literature follows the conclusion of Schindler (1989) that if smart shopper feelings do indeed play a role in shoppers' behaviours it is important to understand both the origins and effects of these feelings. Much of the current literature on smart shopper feelings and store brands has focused on identifying the effects of these feelings. Smart shopper feelings or self-perceptions have been regularly employed to explain private label attitude, national brand attitude, and national brand promotion attitude (Burton et al 1998; Garretson et al 2002; Liu and Wang, 2008; Manzur *et al.*, 2011; Shukla *et al.*, 2013. Gomez et al 2016), or promotion monitoring and price checking (Mano and Elliott, 1997). However, the origins of these feelings has been largely neglected since the work by Schindler (1998).

Purpose

Thus the purpose of this paper is to explore and develop an operational understanding of the antecedents to becoming and feeling like a smart shopper in the grocery market. Our underlying model adopts a neoclassical economics perspective that situates the shopper in the contemporary marketplace characterised by complexity and a proliferation of national brands and store brand alternatives. The shopper, while endowed with human capital, is constrained by temporal and financial resources and in the process of dealing with these engages with the marketplace to create value in the form of ego expressive benefits. The paper also draws upon cue utilisation theory to support the kinds of information sought by consumers when inferring product quality and making purchase decisions.

Conceptual Framework and Hypotheses.

The conceptual framework and hypotheses are presented in figure 1.

Figure 1.

A model of Store Brands and Smart Shopper Feelings
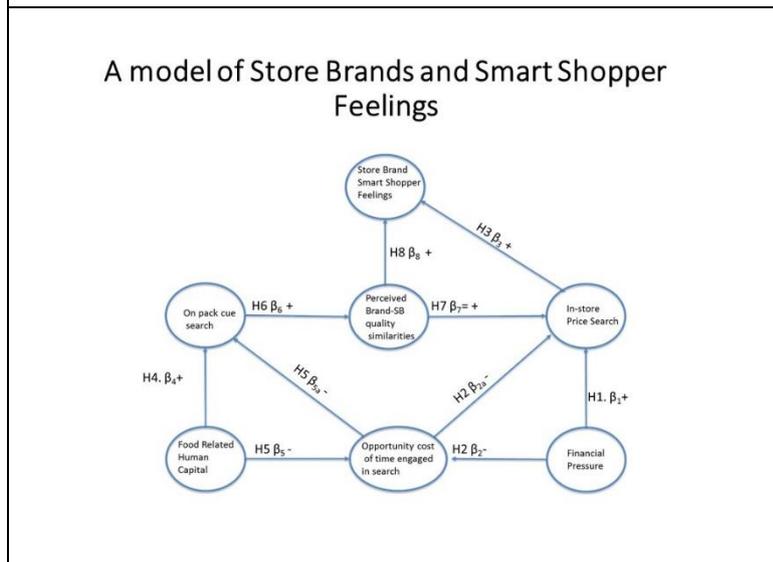
Methodology.

Data collection

Direct self-reported measures were used for all the dependent and independent variables. The data were collected using an online survey in in the Philadelphia MSA, using an external marketing company. The company returned a sample of 459 responses of which 457 were usable.

Construct reliability and validity

Where possible all constructs were measured, using multiple items using afive point likert scale (1 strongly disagree – 5 strongly disagree), based on existing measures or adapted variants when considered necessary. These were *Financial Pressure (α =0.914)* (Urbany *et al*., 1996), *In-store Price Search (α =0.812)* (Putrevu and Ratchford, 1997), *Opportunity Cost of Time Engaged in Search (α =0.82)* (Lichtenstein *et al.*, 1993), and *Store Brand Smart Shopper Feelings (α =0.781)* (Burton *et al.*, 1998)

. New measures were required for the following constructs; perceived brand-store brand quality similarity, food related human capital and on-pack cue search. The finalized set of items were piloted in the Irish market as part of a graduate research methods course. A convenience sample of 199 respondents was gathered by the class. The agreed upon items were then reviewed in the US and checked for ambiguity or potential differences in interpretation. The resultant Cronbach *α figures were; On-Pack Cue Search (α =0.846)* using new items based on Lichtenstein *et al.* (1997), *Store Brand Smart Shopper Feelings (α =0.781)* based on Burton *et al.* (1998) and *Perceived Brand-Store Brand Quality Similarity (α =0.872)* using new items.

A maximum likelihood confirmatory factor analysis was carried out using Amos 21 to test the measurement model. Following Podsakoff *et al.* (2003), we introduced a common methods latent factor to ensure that our measures were free of any common methods bias. All exogenous variables were permitted to correlate. The overall model fit measures met the required thresholds. All items significantly and positively loaded on their corresponding construct demonstrating adequate convergent validity. Reliability is demonstrated through the use of Cronbach's alpha scores (see above) with all constructs meeting the desired .70 threshold (Nunally, 1981). Discriminant validity was supported by meeting the requirements set by Fornell and Larcker (1981).

Findings

The results support the model. The overall model fit measures were good , Chi-square (χ2) = 328.265, d.f. =158, p = .000, (χ2)/df= 2.078, goodness of fit index (GFI)=.932, adjusted goodness of fit index (AGFI) =.909 comparative fit index (CFI) .963 the Tucker-Lewis index (TLI) .956, and the

root mean square error of approximation (RMSEA) of .049 are provided and show evidence of good fit. The model explains approximately 40% of the variation in store brand smart shopper feelings. All but one of the hypotheses outlined in figure 1 (H1) were supported.

Table 1. Bootstrapped Indirect and Total effects			
Bootstrapped Effects (5000 samples)		Standardised Effects	
		Indirect Effect	Total Effect
Food Related Human Capital ⇒	On-Pack Cue Search	.195***	.416***
Food Related Human Capital ⇒	Instore Price Search	.403***	.403***
Food Related Human Capital ⇒	Store Brand Smart Shopper Feelings	.104***	.104***
Financial Pressure ⇒	Store Brand Smart Shopper Feelings	.05***	.05***
Opportunity Cost of Time Engaged in Search	Store Brand Smart Shopper Feelings	-.173***	-.173***
Two Tailed Bias Corrected Significance levels			

Moving beyond the initial hypotheses, we will focus on Table 1 above which provides some key insights addressing our core question. It shows that the opportunity cost of time engaged in search is found to play the most substantial role in the generation of smart shopper feelings $(\beta = -.173 ***)$. It reveals a strong negative relationship.   This indicates that smart shopper feelings demand investments in time and that time pressed shoppers experience less smart feelings when purchasing store brands. Second we can see that food related human capital has a positive impact on smart feelings. This is because it drives the search for product related information while simultaneously making search more efficient and reducing the opportunity cost of time engaged in search for both product related and price related information.

Contributions

The key insight that emerges from this research is that smart feelings associated with store brands are earned. They require effort and are primarily as a result of investments in building one's food related human capital and allocating time to both product and price related search. Cognitive effort is also expended in evaluating the information obtained through search to derive the optimal quality/price ratio. That smart feelings are earned fits neatly with the existing consensus that smart shopping feelings are greatest when they can be directly attributable to one's own actions (Schindler, 1998) and when they emerge from market based skills (Mano and Elliott, 1997).

 For retailers the message is straightforward. Everyone wants to be smart given the alternative. Being smart yields hedonic benefits. But some shoppers do not have the time or capabilities required to create these feelings as they demand time and an evaluation of complex combinations of price and non-price related extrinsic cues. Consequently, to create smart shopper feelings retailers must address the challenge of how to reduce the cost and effort of becoming smart. This suggests that shoppers need to experience more about the store brand product and develop a greater recognition of how similar it is to its branded substitute.

One means of achieving this is to reduce the consumer's reliance on search and extrinsic cues to infer the store brand's quality relative to the branded product. This suggests tastings, an in-store activity that has largely disappeared from retail outlets, may be an effective method of creating smart shopper feelings. Sprott and Shimp (2004) revealed efficacy of tastings as a means of improving quality perceptions of store brands relative to national brands. Tastings can be an effective substitute for time and cognitively demanding processes where store brands' objective quality is similar to or better than

national brands. These can be the retailers' contribution to the process of creating smart feelings and drive store brand sales. With tastings shoppers experience the product's objective quality without the need for search. Tastings also offer other advantages. By increasing the hedonic content of the shopping experience, tastings can create smart feelings (Atkins and Kim, 2012) and, when organised by knowledgeable staff, facilitate an exchange of information that may build the shopper's food related human capital which can be retained to create subsequent and extended smart shopper feelings.

Research Limitations

This research was completed in the US market where store brands have been positioned differently to other western European markets and most particularly the UK.

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Why do Online Grocery Shoppers Switch or Stay? An Exploratory Analysis

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Keywords

Switching behavior, Partial switching, Stayers, Service performance, Inconvenience, Product quality, Price, Alternative attractiveness, Variety seeking, Switching cost

Introduction

Retailers are expanding their operations online with the intention to provide additional services to the customers that can increase overall satisfaction and store loyalty. But as the grocery shoppers explore the online channels and gain online experience, effects of offline-based drivers on online store choice is expected to decline. We expect these multi-channel shoppers to shift from a comparison within a chain across channels (offline vs. online) to a comparison within the online channel across (online) chains (Melis et al., 2015). As these consumers will gain more knowledge, they will tend to modify their current beliefs and will evaluate other online store alternatives thus, resulting in a change in store loyalty or repurchase decision (Rose et al., 2012). Thus, retailers will have to develop a deep understanding of the repurchase decision drivers for these repeat consumers as they gain transaction experience (Gupta and Kim., 2007).

With the rise in a number of grocery shopping option, another reason for the grocery retailers worry is the increasing multiple store patronage (Gijsbrechts, Campo, and Nisol, 2004). Shoppers visit some stores in a single shopping trip as a habit or to complement their existing basket or to seek opportunities (such as special offers, deals, etc.). As Gijsberchts et al., 2004, described in their study, this multiple store patronage is not the complete switching, shoppers visit different stores during single or multiple visits to complement their shopping basket. Thus, the shopper doesn't completely switch but allocate their shopping basket over two or more stores to seek advantage of those stores. Bansal, Taylor and James, 2005, also mentioned a similar kind of behavior in their switching behavior study. They termed it as 'variety seeking' which they shoppers 'propensity to seek variety' (p102). In their study to create a framework for switching behavior, they proposed variety seeking as one of the drivers for consumer service provider switching behavior.

A significant body of literature has investigated the switching behavior, establishing drivers of the switching behavior (such as Keaveney, 2003) and has grouped consumers based on the switching behavior such as switchers and stayers proposed by Ganesh et al., 2000. Furthermore, based on findings that consumers indulge in multiple store patronage and variety seeking behavior, we can add another group of customers who exhibit partial switching behavior; they don't completely switch but switch between different retailers to complement their purchases. We will thus, categorize the customers as Switchers, stayers and partial switchers.

Purpose

The purpose of this exploratory study is to develop a better understanding of factors that are instrumental in online grocery consumers' staying or switching behaviour (complete and partial).

The main purpose is twofold: first, we will create a deeper understanding of why consumers switch to another grocery retailer, stay with the same or partially switch (between the current and another grocery retailer) based on their cognitive and affective behavioral responses to the online grocery shopping experiences. Second, we will use the identified drivers to groups consumers into three groups: Switchers (complete), Stayers and Partial Switchers, thus complementing the previous switching behavior studies.

Design/methodology/approach

An exploratory methodology was used to explore consumers' response after they had shopped for groceries online. Since belief is a "cognitive construct," i.e., cannot be observed, observational studies

were not part of this qualitative research. This paper is aimed at capturing responses from consumers who are based in different geographical locations such as US, UK, and Europe. Thus, given the geographical limitation other two approaches to the qualitative research: focus group and in-depth interviews, were also excluded. After considering these constraints, online ethnography or netnography approach (Kozinets, 2002) was employed to evaluate the reviews that would lead to better understanding of online grocery switching or staying behaviour.

Fig 1: Top 50 frequently talked topics, captured using QSR Nvivo

Word	Length	Count	Weighted Percentage (%)	Similar Words
delivery	8	411	1,09	deliveries, delivery, delivery'
grocery	7	390	1,04	groceries, grocery
order	5	379	1,01	order, ordered, ordering, orders
shopping	8	327	0,87	shopped, shopping, shops
online	6	304	0,81	online
service	7	275	0,73	service, service', services
tescos	6	272	0,72	#tesco, tesco, tescos
store	5	248	0,66	store, stores
reviews	7	239	0,63	review, reviews
customers	9	191	0,51	custom, customer, 'customer, customers, customers', customize
using	5	170	0,45	useful, using
reply	5	154	0,41	replies, reply
items	5	146	0,39	items
report	6	141	0,37	report, reporter, reporting, reports, reports'
comment	7	138	0,37	comment, commenters, comments
pricing	7	130	0,35	price, priced, prices, pricing
things	6	124	0,33	thing, things
money	5	115	0,31	money
published	9	106	0,28	published
walmart	7	106	0,28	walmart, walmarts
delivered	9	105	0,28	deliver, delivered, delivering, delivers
first	5	101	0,27	first, 'first'
substitutions	13	93	0,25	substitute, substituted, substitutes, substitutes', substitution, substitutions
supermarket	11	88	0,23	supermarket, supermarkets
month	5	87	0,23	month, monthly, months
offers	6	86	0,23	offer, offered, offering, offers
drivers	7	84	0,22	driver, 'driver', drivers
experiences	11	83	0,22	experience, experiences
never	5	81	0,21	never
always	6	79	0,21	always
emails	6	77	0,20	email, emailed, emailing, emails
products	8	75	0,20	product, products
amazon	6	73	0,19	amazon
minutes	7	69	0,18	minute, minutes
boxed	5	68	0,18	boxed, boxes
checking	8	68	0,18	check, checked, checking, checks
ocado	5	68	0,18	ocado
savings	7	68	0,18	saved, saves, saving, savings
trying	6	68	0,18	tried, tries, trying
great	5	66	0,18	great, greatly
april	5	66	0,18	april
helps	5	65	0,17	helped, helpful, helping, helps
people	6	64	0,17	people
foods	5	63	0,17	foods, foods'
friends	7	63	0,17	friend, friendly, friends
think	5	62	0,16	think, thinking, thinks
still	5	61	0,16	still
calls	5	60	0,16	called, calling, calls
march	5	60	0,16	march
sainsbury	9	60	0,16	sainsbury, sainsburys

Based on the guidelines provided by Kozinets (2002), community discussions, online forums, and blogs were chosen as research context. These 38 forums, communities, and blogs (approx. 300 messages) were not location specific but were geographically spread out (for this study, blogs, forums from US, UK, and Europe were used).

To get a wider insight into what consumers were talking when they had experienced online grocery shopping, the reviews and feedback on the online grocery provider were also taken into consideration. Before commencing the data coding and data analysis, conceptualization of the online data, identification of the codes (patterns) that were prominent in the conversation, was carried by using the quantitative analysis software QSR Nvivo (as recommended by Kozinets , 2002).

Initial data analysis using the QSR Nvivo indicated the frequently discussed topics in these online messages (Fig1). These discussion topics gave a direction to the coding; the data was then examined in detail and was individually coded manually (by hand) to look for the reasons for consumers to switch or stay with the current online grocery retailer.

Findings

The study highlighted different factors that drive online grocery shoppers staying, switching or partial switching behavior. Grounded on the behavoir consumers were exhibiting, they are grouped into three groups: Stayers, Switchers, and Partial switchers. For each of these groups, these drivers/ factors are further elaborated to explain the reasons behind the subsequent behaviors (Fig 2).

Stayers

Stayers, as defined by Ganesh et al., 2000, are the one who stayed with the current service provider. Based on the responses, some of the reasons consumers highlighted that led to online grocery shoppers staying with their current retailers are: a) higher switching cost (such as the personal benefits loss cost, setup time required, personal relationship loss) and b) shopping convenience (flexibility, reduction of the physical effort were some of the reason the stayers quoted)

Switchers

Switchers are the consumers who have switched the service providers (Ganesh et al., 2000). Some of the reasons consumers sited that resulted in switching from current online grocery retailer to another are: a) Service dissatisfaction (poor or lack of customer service) b) inconvenience (in terms of delivery and challenges with using the website), c) product quality (shoppers cited poor product quality as one of the switching drivers), d) price perception (some shoppers believed that their current online retailer was charging them more) and e) alternative attractiveness (shoppers cited that they were considering to switch to another retailer due to the deals/discount and better prices they offer to the shoppers)

Partial Switchers

These are the shoppers who did not completely switched to another retailer but indulge in multiple store shopping behaviours to complement their existing purchase. Variety seeking was one of the main reason shoppers cited for partially switching or alternating between two or more online grocery retailers.

Fig2: Drivers of the switching, partial switching, and staying behaviour
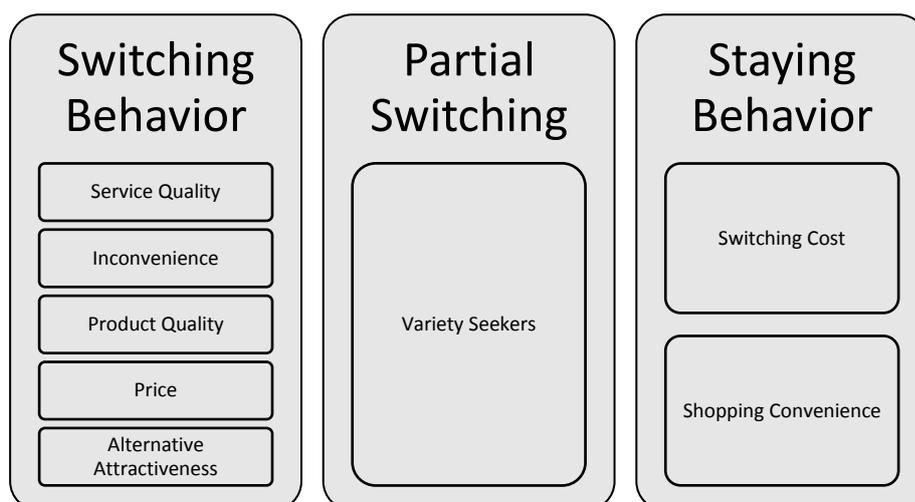
Originality/ value

This exploratory research is one of the few studies to create a deeper understanding of the switching behaviour in the online grocery sector. Furthermore, the originality of the study lies in the fact that it categorizes the online grocery consumers in three groups based on the switching or staying behaviour;

stayers, partial switchers, and switchers. The data collection method used also adds to the originality of this study; netnography technique has been used before but to the author's knowledge not been used in online grocery context.

The article holds value for both managers and the researchers regarding providing an in-depth understanding of why consumers are indulging in the behaviour in the discussion. Managers can use this information to create more value for their current consumers by addressing some of the issues/ challenges the shoppers have highlighted. Researchers can further empirically examine these drivers to test for the validity of these independent variables, that will further strengthen the findings.

Practical implication:

The study will be useful for the online grocery retailers who are facing challenges with consumer switching. This study provides the managers with an understanding of drivers of staying or switching behaviour and provides input for their future retention strategies. Understanding of these factors will help them address the consumer switching issue strategically so that they can retain their current shoppers and increase the patronage.

Research limitation/ implication:

Although the study sheds light on the factors for driving the switching or staying behaviour, the further quantitative analysis is needed to validate the study and establish a relationship between these factors.

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Patterns of Customer Complaining in Omnichannel Retailing

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Keywords

Complaint channel, Social media, Dissatisfaction, Channel convenience, Employees, fsQCA.

Introduction

Retailing in the omnichannel era challenges the traditional role of the physical store. Consumers interact with retailers through multiple channels and touchpoints during the shopping process (Lemon and Verhoef, 2016). Research has been done to uncover the patterns of cross-channel behaviour, mainly focusing on the paths from the information search to the purchase stage, i.e. showrooming and webrooming (e.g. Konuş et al., 2008). Cross-channel behaviour from the purchase to the post-purchase stages has received scant attention despite its interest. In fact, the rise of social media empowers consumers and makes complaining to the provider more convenient and effective than ever before (Balaji et al., 2015). The wide audience and rapid spread of negative comments in social media can make complaints through this channel extremely harmful for a firm's reputation, and justifies the need for further research on social media as complaint channels (Clark, 2013). The theoretical contribution of our study resides on combining the multichannel literature with the literature on complaint customer behaviour to identify which variables affect the consumer choosing a particular channel to complain in the post-sales stage.

Purpose

The main aim of this paper is to advance our knowledge of cross-channel behaviour in the omnichannel retail context. More specifically we investigate the factors that could drive online and offline shoppers to complain through a physical store or through social media. The theoretical underpinning of this research combines the channels literature and the customer complaint behaviour literature to understand channel choice for complaining.

Conceptual framework

The (multi and omni) channel literature has discussed the channel lock-in or spillover effect to refer to the extent a channel retains shoppers from one stage of shopping to the next, as well as the synergy effect to refer to the combination of channels between shopping stages, or cross-shopping behaviour (Verhoef et al., 2007; Gensler et al., 2012). The findings related to to the channel dependencies between the purchase and post-sales stages are somehow inconclusive; on the one hand, Gensler et al. (2012) found that channel choice for post-sales is affected by the channel chosen for purchase, and Lee and Cude (2012) concluded that online buyers are more likely to complain online; on the other hand, De Keyser et al. (2015) and Frasquet et al. (2015) suggest that even when shoppers purchase online most of them would go to the store for after sales service. Although relevant, these studies do not consider social media as a complaint channel option.

Investigating complaint channel choice in the context of omnichannel retailing calls for the inclusion of new variables in the research framework. Thus, we suggest that the choice of the in-store complaining or social media complaining could be related to the following variables: (1) the purchase channel, (2) the level of dissatisfaction with the purchase, (3) the perceived channel convenience for

complaining, (4) social media habit strength, and (5) perceived benefits of store employees. Other than channel dependencies accounted for by the purchase channel, we suggest that the store and social media will be chosen as complaint channels depending on the level of dissatisfaction and the habits and perceptions of the channels. The complaint channel behaviour literature suggests that the level of dissatisfaction experienced in a given situation is a key driver of complaint intentions (Thøgersen et al., 2009). Initial research on online complaining suggests that online channels would be chosen because of increased perceived convenience (Schröder and Zaharia, 2008); our research design measured convenience of both the physical and the social media channel. Furthermore, we include two variables that have not been considered previously in the context of complaint channel choice such as the habit of using social media (LaRose and Eastin, 2004), and the perceived benefits of the relationship with store employees (Reynolds and Beatty, 1999).

Design/methodology/approach

Data were collected via a survey to an online Spanish panel. The interviewees were omnichannel shoppers in the apparel product category who had complained at least once in the last two years. The questionnaire used to gather the information was organized into two parts. The first one consisted of questions about individual's habits regarding different channels of omnichannel retailers. The second part of the questionnaire consisted of an experiment that contained two different scenarios. Both scenarios described an issue with an unidentified multichannel retailer likely to provoke dissatisfaction in the shopper; in scenario A, the purchase was done in a physical store; in scenario B, the channel of purchase was the online channel. After reading the situation, the individuals had to provide information about their level of dissatisfaction and complaint intentions. All measures were 7-point Likert scales taken from previous literature. Of all the participants sampled (381 individuals), 314 individuals chose complaining at the physical store (82.41%), whereas 67 individuals chose complaining through social media (17.59%).

The data analysis method used in this study was the fuzzy-set Qualitative Comparative Analysis (fsQCA). This technique analyses how causal conditions (in our analysis: channel of purchase, level of dissatisfaction experienced, convenience of the channel to complain, social media habit strength, and perceived benefits from store employees) lead to a particular outcome (choosing a specific channel for complaining, physical store – presence of the outcome - or social media – absence of the outcome) (see Ragin, 2008 for details).

Findings

Our data could just analyze how the causal conditions considered lead to choose the physical store for complaining. None of the values for coverage and consistency yielded by the program were relevant regarding the use of social media to complain.

Six solutions altogether could explain the 92% of the cases reporting the selection of the physical store to complain. However, just four causal paths were empirically important because their unique coverage was greater than 0. From the results we can highlight that the level of dissatisfaction is a relevant variable for individuals complaining at the physical store, as it appears in three of the four relevant solutions. Moreover, it is also worthy to highlight that the channel of purchase does not always influence the channel of complaint, as this condition appears in two of the four relevant solutions but only in one the channel of purchase and of complaint is the same. Following the analysis of the sufficient conditions, the analysis of necessary conditions was performed. The analysis shows that only a high level of dissatisfaction with the purchase is a necessary condition for complaining at the physical store.

Predictive validity of the results regarding the complaint at the physical store was assessed through splitting the sample randomly into a modelling subsample and a holdout sample, and then running the analysis again for each sample.

Original/value

This paper analyses the different patterns of complaining to omnichannel retailers. We compare two complaint channels (store and social media), and consider, together with other variables, the role of social media habit and store employees in the selection of the complaint channel.

The methodology used in this paper also adds to its originality, fsQCA. This approach should not be considered as an alternative to others such as SEM, but as a complementary one. Among other characteristics, fsQCA recognizes the occurrence of causal asymmetry, and it allows for consideration of equifinality, as well as causal complexity (Woodside, 2016).

Practical implications

Our results are relevant for retail managers interested in improving their complaint managing policies. Multichannel retailers should be aware that most of their customers will choose the offline channel for complaining if they are highly dissatisfied, irrespective of the channel they have used for purchasing. Training employees in their role of helping individuals to perform their tasks happens to be a relevant aspect favouring individual complaining at the store. Moreover, implementing simple complaint mechanisms in the physical store and communicating them to the shoppers will also improve the performance of the physical store being as a complaint channel.

Research limitations and outlook

We could not find a relationship between the causal conditions analysed and the choice of the social media to complain. This suggests the need of further analysis considering other possible causal conditions. Moreover, future research should also consider the analysis of other complaint channels, such as the website of the retailer, not analysed in this research.

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Acknowledgments

Optimal In-Store Inventory Policy for Omnichannel Retailers

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Keywords

Omni-channel retailing, Inventory optimization, Store fulfilment, Analytical Model

Introduction

The implementation of store fulfillment strategy brings some challenges to omni-channel retailers. Despite research related to inventory management in multichannel retail context (Ayanso et al., 2006, Chen et al., 2011, Cheng et al., 2016, Elnaz et al., 2015) provides some suggestions to confront to the challenges in this emerging field, these solutions may be effective for the retail brand owned chain stores as its different channels can share the same objective which is to boost the total sales of the whole firm. The problem of store fulfillment can become more difficult to solve for a retail brand depending on franchising system to develop its store network. If the inventories are limited, each franchisee of physical store needs to make a trade-off between selling the product to the online customer at a lower net revenue because it needs share this sale with franchisor or reserving it for later sale at a higher net revenue to its in-store customers. However, customers need seamless shopping experience across channels regardless the channels are managed by franchisor or by franchisee (Lemon and Verhoef, 2016). This calls for including terms and measures in the franchise contracts to avoid channel conflicts. (Choi et al., 2016) explored the situation when channel conflicts between franchisee and franchisor are avoided if the product is sold online and offline in different seasons. The study of Choi et al. (2016) limited in fashion retailing is relevant as it makes sense to sell the same fashion products between online and offline in different seasons. However, for the retailers selling other categories of products (e.g., food, sports products, and household appliances) it is necessary to find different solutions. Recent studies (ENC, 2016, Hobkirk, 2016) suggest some practices of store inventory allocation between online and offline orders, such as the "earmarking" of inventory by channel (i.e. reserving a certain percentage of in-store inventories for the orders from other channels) seem promising.

Despite increased attention, theoretical and empirical knowledge of store inventory allocation remains limited and offers few insights to help store managers to make the right decision in-stock inventory and allocate the inventory between online and offline at the right level. Verhoef (2012) and Shankar (2012) call for more research on the resources allocations across channels. Neslin et al. (2006) and Neslin & Shankar (2009) even emphasize the need to develop models for the allocation of resources across channels.

Purpose

The objective of this study is to contribute to the literature on channel allocation by investigating the optimal store inventory ordering and allocation policy in omnichannel retailing context. The authors develop an efficient algorithm that could calculate quickly the base-stock level and the allocation level between an online and offline channel for store replenishment decision.

Methodology

The authors used an analytical model.

This study considers inventory replenishment and allocation control of a single product for an omnichannel retailer with two types of consumers: (I) those who buy in store and pick up in store and

(II) those who buy online. The retailer replenishes and allocates the inventory between the online and offline channels. Once the inventory is allocated it does not share across channels, i.e., when there is sufficient inventory for one channel, its inventory cannot be accessed by consumers from the other channel (Hobkirk, 2016). This setting may arise in an environment where retailers give priority to online orders relative in-store orders as the larger online transaction size (Hernant and Rosengren, 2017). It may arise also in the environment where retailers force their franchisees' physical stores to serve the demands from their online channel.

The authors study a periodic review system in a finite horizon with period T. At the beginning of each period, the retailer needs to make a replenishment decision and an allocation decision. This study assumes the retailer has fixed the same price for the same product between offline and online. The price is denoted by p and the unit purchase cost is c. To make the sales profitable, this study assumes that $p \geq c$ and let h be the unit holding cost. It assumes there is no fixed ordering cost. The retailer replenishes the inventory from a local distribution center (DC) or supplier so the ordering lead time is negligible. The DC provides incentives to encourage the retailer to use his stock to satisfy part of the online customers (Steinfield et al., 2002, Cao, 2014, Payne and Frow, 2004). In addition to the sales revenue generated by in-store customers, by satisfying one unit demand of online customers, the physical store can obtain additional returned revenue r from the headquarter of the retailer. In a generic period t, $1 \leq t \leq T$, offline and online demands, denoted by D_1 and D_2, respectively, are stochastic and follow a known distribution $\Phi_1(\cdot)$ and $\Phi_2(\cdot)$, respectively.

The optimization problem can be formulated as a Markov Decision Process (MDP). Let x and y be the inventory levels before and after an order is placed in a generic period t. z is the quantity of inventory that is allocated to the offline demand, thus $y - z$ is the quantity allocated to the online demand. $f_t(x)$ represents the expected total discounted profit in period t given the inventory level at the beginning of the period is x. Note x may be negative when unmet offline demand is backordered. It is also easy to verify that a negative inventory level will never be profitable. Thus this study can assume the optimal inventory level after ordering at the beginning of one period is always positive.

The dynamic program for $t = 1, \ldots, T$ can be written as

$$f_t(x) = \max_{y \geq x} \{ -c(y-x) + \max_{0 \leq z \leq y} E\{ (r+p)(y-z) - (r+p)(y-z-D_2)^+ $$
$$- h(y-z-D_2)^+ + pz - p(z-D_1)^+ - h(z-D_1)^+ - b(D_1-z)^+ \qquad (1)$$
$$+ \alpha f_{t+1}((y-z-D_2)^+ + z - D_1)\}\}.$$

The two constraints indicate that the inventory level after replenishment is at least as that before replenishment, and the allocation to one channel could not exceed the total inventory. Terms in Eq. (1) include ordering cost, revenue from online and offline demand, inventory-related costs and expected discounted future profits. α $(0 < \alpha \leq 1)$ represents the discount factor. This study can rewrite Eq. (1) as

$$f_t(x) = \max_{y \geq x} \{ -cy + G_t(y) \} + cx, \qquad (2)$$

where

$$G_t(y) = \max_{0 \leq z \leq y} E[rz - (r+p+h)(y-z-D_2)^+ - (p+h)(z-D_1)^+ - b(D_1-z)^+ $$
$$+ \alpha f_{t+1}((y-z-D_2)^+ + z - D_1)] + (r+p)y \qquad (3)$$
$$= \max_{0 \leq z \leq y} J_t(y,z) + (r+p)y .$$

At the end of the time horizon, without loss of generality, this study assumes that $f_{T+1}(\cdot) = 0$.

This study investigates the optimal ordering and allocation policy based on a structural property called $L^\natural$-concavity (we refer readers to Chen (2017) for detailed introduction of $L^\natural$-concavity). We first

show that the value functions are $L^{\grave{e}}$-concave then use it to characterize the optimal policy.

Proposition 1. For $t = 1, ... T$, (1) $f_t(x)$ and $G_t(x)$ are concave; (2) $J_t(y, z)$ is $L^{\grave{e}}$-concave in y and z.

Proposition 2. In period $t = 1, ... T$,

(1) The optimal ordering policy is a base-stock policy. That is, there exists a base stock level y^* such that if $x < y^*$, it is optimal to order up to y^*; if $x \geq y^*$, it is optimal to not to order.

(2) $z^*(y) \leq z^*(y + \varepsilon) \leq z^*(y) + \varepsilon$ for any $\varepsilon \geq 0$.

Proposition 2 indicates there is a state-independent optimal base-stock level for ordering and an optimal allocation level that is non-decreasing in the base-stock level.

Considering a single period problem, this study removes the subscript of the value functions and remove the term of $f_{t+1}(\cdot)$ in (3). (2) and (3) can be modified as

$$f(x) = \max_{y \geq x}\{-cy + G(y)\} + cx, \tag{4}$$

$$G(y) = \max_{0 \leq z \leq y} E[rz - (r + p + h)(y - z - D_2)^+ - (p + h)(z - D_1)^+$$

$$- b(D_1 - z)^+] + (r + p)y \tag{5}$$

$$= \max_{0 \leq z \leq y} J(y, z) + (r + p)y.$$

This study develops the algorithm in two steps. First, it fixes y and calculate the optimal z. Second, it calculates the optimal y.

Take the derivative of $J(y, z)$ in terms of z. It is easy to verify that

$$\frac{\partial J(y, z)}{\partial z} = \eta(z|y) = r + b + (r + p + h)\Phi_2(y - z) - (p + h + b)\Phi_1(z). \tag{6}$$

This study observes that the RHS of (6) is a non-increasing function of z. Since it calculates the optimal z for the following cases:

(1) $\eta(0|y) \geq 0$ and $\eta(y|y) \leq 0$. In this case, there exists a z', $0 \leq z' \leq y$, such that $\eta(z'|y) = 0$. z' can be easily found if this study starts from $z = 0$ then increase z gradually and stop at z' that satisfies the first-order-condition.

(2) $\eta(0|y) \geq \eta(y|y) \geq 0$. In this case, a higher z will increase the profit. It will be optimal to allocate all the inventories to the offline customers. For continuous distributions, this case implies that $\Phi_1(y) \geq \dfrac{r + b}{p + h + b}$.

(3) $0 \geq \eta(0|y) \geq \eta(y|y)$. For continuous distributions, this implies that allocating inventory to offline demand is never cost-effective, which is not realistic in practice. Therefore this study can eliminate this case.

In the second step, this study applies the optimal z in (4). The value functions in (4) are concave, so it is easy to find the optimal y by using convex search algorithms.

Findings

This study develops a finite horizon, periodic review inventory model and investigates the optimal replenishment and allocation policy dynamically. The analysis uncovers a fundamental structural

property of the system, namely $L^{\natural}$-concavity. With this property, the research shows that the optimal replenishment policy is a base-stock policy, where the base stock level is independent of the initial inventory on hand, and the optimal allocation level is non-decreasing in the base-stock level. For the single-period problem, this study develops an efficient algorithm that could calculate the base-stock level and the allocation level quickly.

Contributions

The originality of this paper lies in its focus on in-store inventory management under the omnichannel retailing context. The findings are helpful for franchising retailers to define a relevant measure in the contract with their franchisee to minimize channel conflicts but also provide to their customer seamless shopping experiences.

Practical implications

Insights into the optimal store inventory policy may provide the guidance to the store managers to decide the amount of inventory to stock for both online and offline demand and the percentage of inventory to reserve for online orders.

Research limitations and outlook

This study contributes to the literature on channel allocation by investigating the optimal store inventory ordering and allocation policy in omnichannel retailing context. Nevertheless, single period problem setting and the assumptions of this study limits the findings.

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Sell More, Waste Less, Be Fresh

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Keywords

Food waste, Retail operations, Freshness, On-shelf availability, Efficient frontier.

Introduction

Waste is the main cause for shrinkage in perishable food categories in supermarkets. But retailers are reluctant to tackle the issue, since they see waste as inevitable and fear that reducing waste could harm their sales. The relation between sales, on-shelf availability, freshness and waste is not well understood. In our study, we demonstrated that waste is a choice for retailers and indicated that the improvement potential for both increasing the sales and reducing the waste is very large on measures such as increasing the available shelf life for the store and changing the case pack sizes.

Purpose

Our research aims to improve the performance of fresh departments in supermarkets. Reducing food waste is mainly seen as a societal issue, but to convince retailers to act we have to show that we can increase sales at the same time and/or be able to offer fresher products to the customers. We wanted (1) to develop an simple measure for retailers to quantify their waste based on readily available data, and (2) quantify the potential to improve food waste, freshness and sales.

Design/methodology/approach

Based on previous work on estimating the expected waste in an 'ideal' world (Van Donselaar, and Broekmeulen, 2012), we were able to develop the lower bound on the expected waste percentage, depending on the on-shelf availability for a product in the store. This lower bound is the Efficient Frontier for the store operations of the fresh departments. With ideal world, we mean perfect in-store operations, such as tracking the age of the inventory and FIFO rotation of the inventory. The EWA inventory policy, developed by Broekmeulen and Van Donselaar (2009) is able to achieve a target service level when the different ages in the inventory are known. With the availability of the approximation of Van Donselaar and Broekmeulen (2012) in a tool, we could benchmark for the actual store operations of the fresh departments against the normative Efficient Frontier.

Most retailers use a budget or norm for waste per store to evaluate the waste performance of a store and hence its improvement potential. Because the retailer has no model to differentiate these norms per store, they are the same for many stores within the retail chain. But stores differ on many dimensions, and therefore current waste levels compared with the current waste budgets are a poor indicator of the improvement potential of the individual stores. We believe that an Efficient Frontier determined per store gives a better comparison, since specific assortment of the store together with the daily sales per item-store combination is now explicitly used in the evaluation. The store performance is determined by measuring the distance between the current performance of the store and the performance according to the Efficient Frontier for that store. Note that the closer to the Efficient Frontier, the better the store performs. We also required method of benchmarking to safeguard the confidentiality of the participating retailers, which are members of the ECR Community Shrinkage and On-shelf Availability Group (Broekmeulen & Van Donselaar, 2016).

We introduce the Fresh Case Cover as a strong first indicator to predict the amount of waste in a store. The Fresh Case Cover is defined as the case pack size divided by the average daily sales during the store shelf life. We also derived a novel exact expression to quantify the product freshness at the store level.

After initial interviews with several stakeholders at 3 large European food retailers, we received a large dataset with secondary data on sales, supply, waste and discounts at a daily level. The resulting dataset contains data from 27 stores and 17,093 item-store combinations in the categories Convenience, Fresh Meat , and Fruit & Vegetables. We faced several difficulties to get a complete dataset that was suitable for a benchmark study. After analysing the data using the benchmark tool, we validated our results in discussions with the involved retailers. During this reflection phase, we also discussed implemented and/or potential improvements in their in-store operations for these categories.

Findings

The Fresh Case Cover as single variable explains 42% of the variation in waste in regression analysis on the data from 3 retailers. This was later confirmed with data from other European retailers.

We calculated the effect for several potential improvement projects, using the benchmark tool and the empirical data. Our results show a large improvement potential. For example, increasing the store shelf life with just one day results in 43.1% less waste and 17% more freshness (or in 3.4% higher OSA) and unpacking in the DC results in 34.8% less waste and 1.6% more freshness (or in 2.0% higher OSA). Other potential improvement projects such as lowering the on-shelf availability with 2%, differentiating the service level between fast movers and slow movers, or delisting the 10% worst performing products had a smaller impact on waste and were not interesting for the retailer since they would probably reduce sales.

Benchmarking revealed inadequacies in the replenishment systems currently in use at the retailers. Improving the store replenishment and execution is especially beneficial for medium and large stores. Small stores suffer the most from the supply chain parameters shelf life and case pack size, since they have few possibilities to reduce waste and/or increase freshness.

Original/value

Our scientific contribution is the development of an exact as well as an approximate expression for product freshness in an inventory model for perishable items with stochastic demand. In addition, an existing approximation for waste is generalized. The theoretical contribution is a novel exact expression to quantify the product freshness at the store level.

By working with the ECR Community, we were able to apply our theoretical models in a real world situation using empirical data from retailers. Through the Fresh Case Cover, retailers have an easy to calculate first indicator how their assortment is performing. Using the findings of our research, the Czech food retailer Albert reviewed their assortment of perishables in several categories and detected that 10% of the SKUs were problematic, i.e. had a Fresh Case Cover larger than 1. After implementing changes, such as delisting and changing the case pack size, the company already saved 1 million Euro in the first year of the project.

The benchmark tool is made available to the retail community to let the retailer experiment with different settings for their supply chains and to evaluate the effect on the key performance indicators.

Practical implications

Retailers correctly argue that food waste can only be reduced if their customers understand and benefit from the changes that are introduced. But do they want higher on-shelf availability or more freshness? In the end, the retailer needs to sell more to stay in business, but there are smarter ways than just accepting more waste.

Research limitations and outlook

The main limitation is that the efficient frontier assumes an ideal world. None of the retailers we interviewed track the age of inventory. We think this is necessary for improving the in-store operations, such as the introduction of smart discounting policies or controlling FIFO rotation on the shelves. We also do not understand yet the relation between freshness and sales.

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Food Waste in Stores: Retail Formats, Product Categories and Root Causes

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Keywords

Store operations, Case study research, Food waste, Store Format, Distribution Management.

Introduction

The retail stage in the food distribution stage holds a significant role in generating and reducing food waste (Stenmarck *et al.*, 2011). In this context, food waste represents products that are unsalable and thus need to be discarded or recycled (e.g., Teller *et al.*, 2017). Irrespective of the commercial and ethical relevance of food waste in retailing, the literature has made only few attempts to investigate either the impact or interdependencies of the root causes behind its occurrence in different retail store formats (for an overview see Teller *et al.*, 2018).

Purpose

This paper aims to identify the root causes of food waste occurrence at a retail store level across different store formats and product categories.

Methodology

An embedded case study involving 28 cases across dominant retail store formats (i.e., super- and hypermarkets and discount and convenience stores) was conducted. The results from semi-structured interviews with store managers along with secondary data research related to those cases underlie a process simulation modeling approach that further investigates the impact of selected root causes of food waste in more detail by considering the dependencies between them. Finally, semi-structured interviews were conducted with 12 food waste experts to delineate the practical implications of the research findings and the related solutions.

Findings

The root causes of food waste are related to undesirable customer behavior and erratic demand, inefficient store operations and replenishment policies, and elevated product (quality) requirements of both retail organizations and customers. Root causes and their impacts differ across store formats and product categories. Furthermore, the interdependencies between the root causes in the different spheres of responsibility and influence (i.e., customers, the store, and the parent organization) are evident (see Table 1).

Table 1: Teller *et al.*, 2018

Root causes	Rank across all store formats	Sphere of responsibility
Limited predictability of actual customer demand across the range and undesirable customer behavior when selecting or handling products	1	Customer
Poor execution by personnel (ordering, replenishment), low motivation, insufficient number, lack of experience, insufficient leadership and commitment	2	Store
Products too close to expiry dates when delivered	3	Parent organization
High-quality standards by the parent organization	4	Parent organization
Poor product quality in deliveries of fresh produce to the store	5	Parent organization
Customers' lack of tolerance to the appearance and quality of fresh produce *	6	Customer
Too many products allocated to a store (e.g., during promotions)	7	Parent organization
Internal company requirements to facilitate 100% on-shelf availability of products, problems related to forecasting and replenishment	8	Parent organization
Width (number of product categories) and depth (choice within categories) of range	9	Parent organization
Secondary packaging units too large	10	Parent organization
Higher product allocations during promotional periods and creation of fluctuating demand through marketing and visual merchandising	11	Parent organization

*Not applicable for packaged products

Contributions

The contributions of this paper are twofold: it (1) provides detailed understanding of retail operations related to the occurrence of food waste across store formats at a product-category level and (2) reveals pathways for avoiding and reducing the occurrence of food waste at a retail store level. An overview of the key findings and contribution can be found in the visual abstract below.

Figure 1: Teller *et al.*, 2018

FOOD WASTE IN RETAIL STORES
ROOT CAUSES AND MEASURES OF PREVENTION AND REDUCTION

FOOD WASTE

INCREASING RETAIL SERVICE LEVEL

INCREASING CUSTOMER EXPECTATIONS

STORE

ROOT CAUSES

RETAIL (PARENT) ORGANISATION
Product quality standards
Width and depth of product range
On-shelf availability
Promotions and marketing campaigns

DISTRIBUTION CENTRE
Product quality in deliveries
Product allocations
Size of secondary packaging units

Store format
(e.g., hypermarkets, discounters, ...)
Product category
Store operations
Store personnel and management

CUSTOMERS
Demand pattern
Instore behavior
High expactations

MEASURES

Strategic range reduction
Limitation of in-store promotions
Integrating shelf life into pricing

Training and motivating store personnel
Precise measurement of food waste
Redistribution of edible food waste
Public policy (e.g., Good Samaritan Law, tax deductions)

Social marketing and public policy to influence customer expectations and behavior

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How to Reduce Resistances to Technology Introduction Among Store Employees: The Case of Online Purchase Terminals In-Store

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Keywords

Retailing, digital transformation, store employee, store, change management, resistance to change, management.

Introduction

Digitalisation connects online and offline worlds, influences the way consumers choose channels, products and services, and how they make purchases (Grewal et al., 2017). This digital transformation is currently a significant concern for retailers who want to improve consumers' shopping experience and support their activities. Indeed, 85 % of customers buy more when helped by a sales assistant with all information at their disposal (BT[1], 2016). Hence, store employees have to adapt to this new situation, by taking the role of "relay" between the channels (web to the store/store to the web) to facilitate their customers' cross-channel experience (Collin-Lachaud and Vanheems 2016). So, in-store technology adds missions and responsibilities to the store employees, who have to consider as their clients, not only as customers of the store, but also as one of the company and all its channels. As a consequence, the manager has to relay change to sellers and overcome the resistance to change (Kotter, 1996). Change management requires to deal with corporate culture, politics, and to manage transitions to involve the front-office teams (Carnall, 2007). The technological change forces retailers to rethink their organization in depth. This is an opportunity for the creation of new "connected" tasks, but also implies significant changes to some existing job. A necessity that is sometimes rejected by employees in companies (Amarantou et al., 2018).

Purpose

Within the context of in-store digital transformation, this research seeks to investigate what are the motivations and manifestations of change resistance of store employees. Moreover, this study aims at identifying how retailers can deal with situations of resistance to change and manage their store employees. To meet these research objectives, we have chosen to interpret the in-store digital transformation regarding the conceptual framework of change management (Rosembaum et al., 2018).

Conceptual framework

Resistance to change prevent companies change management (Lewin, 1947). This phenomenon finds its origins at an individual level and sometimes even managerial (Giangreco and Peccei, 2005). In fact, resistance to change is indirectly influenced by the employee-management relationship, personality traits, employee participation in the decision-making process, and job security (Amarantou et al., 2018). In a dynamic of change, the company is often confronted with resistance behaviours that can be explained by emotional states and defence mechanisms (De Vries, 2006). These reactions to change may differ depending on how "resistant" is the individual personality (Oreg, 2003). These individual predispositions could also influence the fairness of change (Oreg and van Dam, 2009). Moreover, the change requires managers' support to succeed (Kotter, 1996) because it brings modifications through new attitudes and postures. Organizational change management (POCM) has

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[1] https://www.slideshare.net/btletstalk/the-digital-consumer-in-2016

evolved from different models that consider change as a project, as a response to resistance or as an interpretive process (Rosembaum et al., 2018).

Methodology

To meet the purpose of this research, we opted for a multi-method qualitative approach. We first carried out a series of participant observations (Badot et al., 2009) in the context of a hypermarket in digital transformation on purchasing process (web to store by shop pick up in 1 hour/store to web with online purchase terminals in-store). We obtained behavioural data from store employees. We also collected additional verbal comments about their behaviours (transcribe in the researcher's journal). The participant observation took place over ten months, which we divided in three periods: from the arrival of the researcher in store, during the seasonality of Christmas and during the wine fair. Moreover, ten interviews were conducted to obtain data on employees' reactions about change: nine from store employees (sales assistant and self-service employees) and an expert interview with a member of the project committee. Then, a thematic content analysis was carried out.

Findings

Thanks to the use of two methods, we collected data about the acceptance and resistance to the store's digital project. On one hand, explicit reactions through interviews and on the other hand, implicit reactions by using participant observation. These findings made it possible to classify employees according to four criteria: their degree of familiarity with new technologies or "technological sophistication" (Garnier and Macdonald, 2009), their level of interest in the store's digital project, their degree of resistance and their level of motivation to change roles.

The data analysis enabled to elaborate a "qualitative" typology of the respondents in front of the digital change (Figure 1). Store employees see their role changing through the use of a technological tool that allows them to advise the customer on the company's internet offer. For some respondents, this role change also concerns the management of the click and collect service. We oriented our participant observation and our questioning in interviews toward these two activities.

Figure 1: Synthesis of the typology of employees in the face of digital change

Types	Explanation	Commonalities in respondent groups
The disoriented	Interested and motivated but hindered by their lack of knowledge and technological skills. Expectations: to be trained, accompanied to understand how to proceed.	The offer on the internet doesn't fully impact their departments (stationery, video-sound, wines) High seniority in the store (over 20 years). Low resistance but related to the fear of lacking the necessary skills: they are not trained salesmen nor competent in the technological field. Interest and motivation to learn: they are aware of the importance of the project and want to go in its direction.
The indifferent	Lack of interest in these new practices. This lack of interest makes daily tasks a priority, at the expense of new habits.	No influence of the departments in which they work; some are impacted, and some are not by the internet offer (cooking, games, wines). Their way of working and their requirements regarding working conditions: they do not agree with their new role since it adds tasks to perform. Strong resistance caused by a lack of interest; they are not interested in the project and sometimes even in the technology itself. High seniority in the store (over 20 years).

The resourceful	They assume their new role despite the dysfunctions they notice in practice. They believe in an improvement in this technology usability, and are ready to participate by giving recommendations.	Their departments are affected by the brand's internet offer (games, childcare). Work with malfunctions in the presence of improvements: great interest and motivation to continue. No relationship with seniority: high or low (over 20 years or under ten years)
The referent	They are motivated when it comes to new ways of doing things related to in-store technologies. They have the knowledge and skills required for effective tools mastery. They also participate in the way of transmitting good practices and are examples for others.	The departments and sectors in which they work are highly impacted by the brand's internet offering (household appliances, multimedia, after-sales service). They are technophiles, which facilitates the understanding of the tools. They feel a strong interest and a strong motivation to move forward on the project No influence of seniority: high or low (over 20 years or under ten years)

The different profiles can be explained in particular by the consumption habits of employees (cross-channel or not) but also by their ease with technology ("technological sophistication," Garnier and Macdonald, 2009). The learning process can facilitate the acquisition of new skills aimed at empowering employees in their new role. In addition, the expert interview highlighted the presence of resistance in the hierarchy. Such a situation proves that it is the role of the organizational body to make available managerial measures to act according to the profiles. Thus, we will review the different ways of changing employees to the profile of referent.

Figure 2: Summary of results: Characteristics and dynamics of each type of store employee and measures to implement2

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2 "if" corresponds to the managerial measures allowing the profiles to evolve.
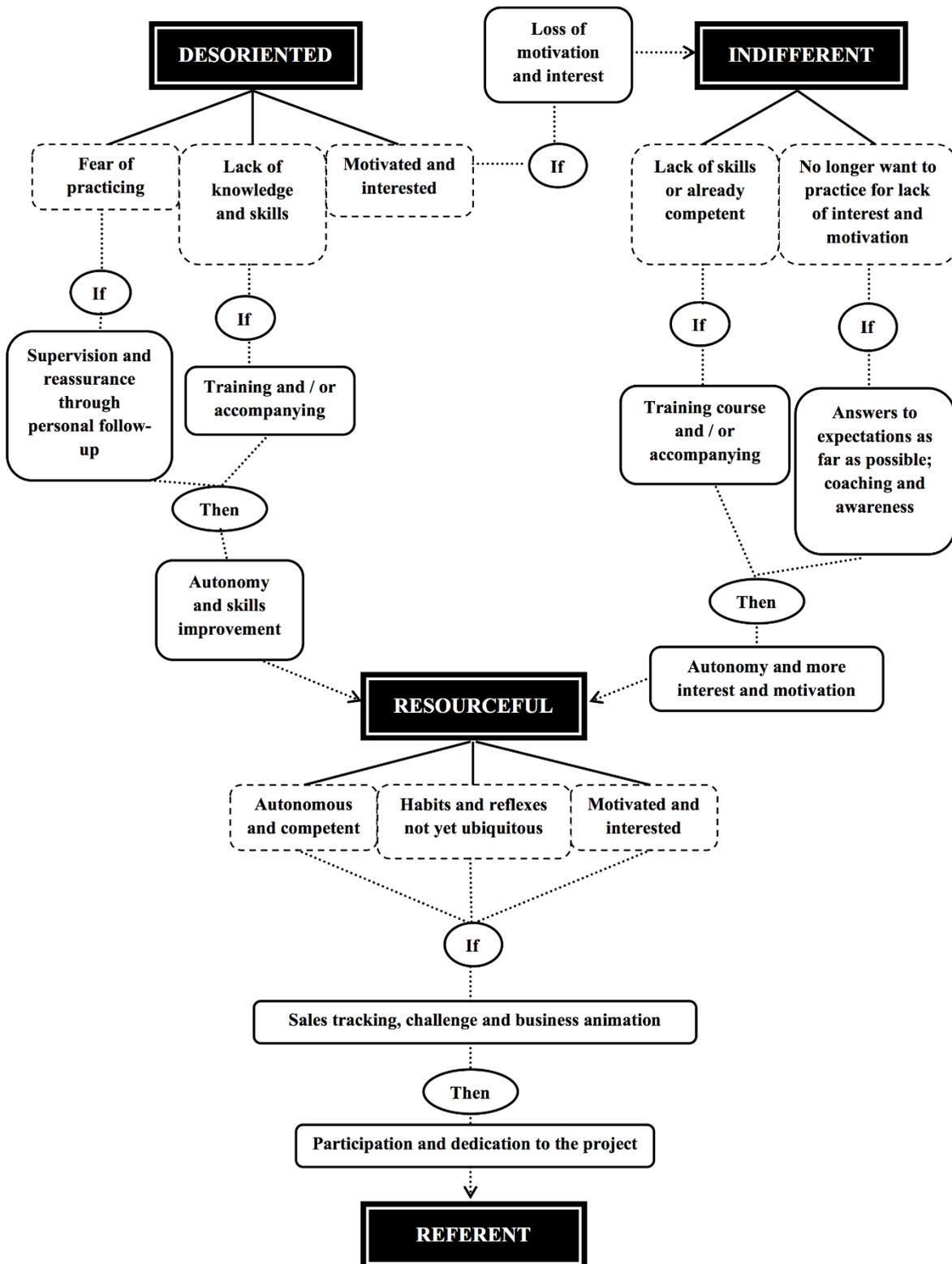
This figure emphasizes the managerial measures needed to make evolve each profile. We propose that a "disoriented" profile follows the steps of supervision and reassurance by the personal follow-up to transform this fear of practicing in autonomy. For the "indifferent" profile, measures are to be implemented to gain autonomy, and especially to increase interest and motivation. To promote the

transition from an "indifferent" profile to a "resourceful" profile, it is necessary to meet store employees' expectations regarding working conditions. Moreover, it becomes necessary to convince them that these new ways of doing things are not optional and are an integral part of their business (including expectations in terms of time, materials and even recognition). The transition of all the store employees to the "resourceful" profile is a crucial step in the strategic digital change of a store. Resourceful employees are competent, autonomous, interested and motivated; however, the expected habits and reflexes are not yet systematic. Managerial measures such as the daily monitoring of sales, challenging teams are proved to be supportive of digital project, as they are for traditional activities. Finally, the profile characteristics of the "referees" are a very high autonomy and competence, the support of other employees in difficulty and finally the participation in the development of the project.

To guide store managers through digital change, we have developed three types of managerial implications. The first managerial measure aims at arousing interest. It is about bringing digital change (new tools, new habits) into everyday life and meeting employees' expectations. This can result in a recurring tracking of the sales generated by the channels but also in the response to the expectations of store employees regarding working conditions. The second managerial implication consists of increasing motivation. In the context of retailing, store employees have an appetite for challenge and are used to celebrate victories. A good strategy for change then resides of promoting familiar and rewarding practices (e.g. dedicated social events or gifts). Finally, it is essential to develop knowledge regarding these processes. Indeed, skills improvement (relational with the customer or the technological level through the control of tools) aims to make employees move towards the "referent" profile. These measures can take the form of inter-employees tutoring or experiential learning.

Original/value

This research contributes to the marketing literature in identifying how store employees are supported in their new role of "relay" between the store and the website (Collin-Lachaud and Vanheems, 2016). Besides, this study also enriches the literature on change by mobilizing the context of a store undergoing a digital transformation. Finally, the dynamic typology, resulting from participant observation and semi-directive interviews, and its three categories of managerial levers (to generate interest, increase motivation, develop knowledge) can become a real operational tool to identify the profile of a store employee, and then adapt to it by proposing the appropriate solutions.

Research limitations and outlook

These results lead to strategies to hinder resistances to change, but it remains necessary to pursue further studies in order to generate more precise solutions. Therefore, it would be interesting to explore the different reasons managers resist to change. Besides, we are aware that the original choice to rely on the literature of change management can be reductive in order to study the behaviour of the store employee. This is why it may be interesting to deepen the analysis in the light of the human resources' core topics, especially the notions of competence, motivation, involvement, and empowerment. To deepen the results, we must cross the literature of technology acceptance with the conceptual framework of change management.

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Variety Perception and Attitude Toward Digital Assortments

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Keywords

Introduction

Digitalization in distribution sectors has evoked strikingly disruptive changes in the distribution processes for various products and services, as exemplified by the travel industry. Such changes currently affect nearly all consumer goods and distribution models (Sorescu et al., 2011). For example, in France, Internet-based purchases have multiplied by a factor of eight, reflecting a decade of steady, uninterrupted growth in e-commerce. Food distributors have pursued e-commerce options as well, through a new distribution channel referred to as the d. By April 2016, more than 4000 click and collect had opened in France, exceeding the number of hypermarkets. These channels also are expanding internationally, as implemented by Rewe in Germany, Asda in England, Leshop.che in Switzerland, and Walmart to Go in the United States. Whether distributed through click and collect or through ordinary e-commerce sites, digitalized food retailing is growing massively.

Industry players and researchers thus note the evolution of purchasing processes (Park and Kim, 2003; Grewal et al., 2013), as they take place in multi- or omnichannel consumer journeys (Ansari et al., 2008). Doherty and Ellis-Chadwick (2010) depict the state of the art and the evolution of e-commerce. Such studies suggest that consumers no longer see the boundaries between available points of sale but instead consider them as a whole (Verhoef et al., 2015). Yet even with these evolutions, questions about the assortments offered in various channels remain widely unaddressed. Research seemingly has focused more on price coordination or services offered by different channels (Neslin and Shankar, 2009; Zhang, 2009), but assortment still determines consumer choices, including brand and channel choices (Hoch et al., 2004; Verhoef et al., 2007). As an exception, Emrich et al. (2015) consider coordinated assortments across different channels of a unique retail brand and find that they should offer the same options, whereas asymmetrical integration requires substitutability and independence across the offered assortments.

Thus, assortment coordination is a key issue for retailers, especially for large-scale food retailers. The gap between the physical point of sale and the digital offer is critical for this market. Hypermarkets tend to offer up to 80,000 products, whereas e-commerce sites offer 10,000 products on average, which constitutes a key obstacle to the development of this channel. In particular, consumers' perception of variety and the resulting influences on their attitude toward the channel are essential. Emrich et al. (2015) offer a conceptual model of the impact of assortment coordination on customer perception; however, they do not address the evolutions of consumer perception when a digital offer is available.

Perception results from the combination of proprioceptive and exteroceptive information, so a different form of access to an assortment may alter the information that consumers process to develop their perception of assortment variety. In a digital context, the influence of these variety perception in turn may have distinct and specific impacts on their attitude. Accordingly, this study addresses consumers' perception of variety in a digital assortment. On the basis of extant research into physical assortments, we formulate four research hypotheses regarding how variety perception might affect attitude toward digital assortments. In an experiment with 156 consumers, we find evidence that challenges the predominance of variety perceptions in consumers' attitude formation; the assortment they perceive as most varied is not the one that evokes the best evaluations. These results also

highlight the significant influence of the actual organization of the assortment in a digital context. Thus, researchers and retailers should continue to investigate other explanations for consumers' general attitude toward assortments.

Variety perception of assortments

Physical points of sale and consumer attitudes

Previous research into variety perception of assortments highlights two key dimensions: the size and the structure of the assortment (Chernev, 2011). The former pertains to space issues, and the latter involves the internal elements that characterize the assortment. Each dimension also has prompted research at varying levels of analysis. For example, in terms of size, some studies focus on the number of different products in the product range, or stockkeeping units (SKU) (Broniarczyk et al., 2008). Another view deals with total space allocated to the product at the point of sale (e.g., number of facings on the shelf) (Broniarczyk et al., 1998; Van Herpen and Pieters, 2002). Both the number of SKUs and the total space allocated to the category exert positive effects on variety perception, such that consumers perceive more variety when a product range offers a large number of different SKUs and more (linear) space dedicated to the product category.

In terms of the structure of the assortment, researchers seek to determine how variables that characterize its content affect the perceived variety of the assortment (Chernev, 2011). In this sense, we identify three main determinants: the level of similarity among SKUs, entropy, and the organization of the assortment (i.e., more or less ordered, bazaar display) (Hoch et al., 1999; Kahn and Wansink, 2004). First, when SKUs in an assortment appear dissimilar, it provides higher perceived variety, whereas similar options lower this perception (Hoch et al., 1999; Van Herpen and Pieters, 2002; van Ryzin and Mahajan, 1999). Second, entropy reflects the representation of each attribute level or SKU, and greater dispersion of the attribute levels (high attribute entropy) prompts a stronger perception of variety (Van Herpen and Pieters, 2002). A strong dispersion of the different options (high option entropy) also leads to more perceived variety (Hoch et al., 1999; Young and Wasserman, 2001). Third, the organization of an assortment determines how consumers process relevant information and thus should affect their variety perception. If information processing is necessary, organized assortments should be perceived as offering the most variety, but if the cognitive context evokes more holistic views, unorganized assortments may evoke this perception (Hoch et al., 1999). Thus the fit between consumers' internal mental organization and the organization of an assortment determines their variety perceptions, particularly when they already are familiar with the product category (Morales et al., 2005; Mogilner et al., 2008).

Prior research also addresses the link between perceived variety levels and consumers' assessments of an assortment. In general, greater perceived variety enhances assessments, though some debate persists about the optimum size of an assortment. Consumers may prefer more variety, but they also might exhibit lower purchase likelihoods if they suffer choice overload (Iyengar and Lepper, 2000; Kusov and Villas Boas, 2010). In turn, managing perceived variety, rather than actual variety, offers promise for minimizing the negative effects of choice overload (Kahn and Wansink, 2004; Townsend and Kahn, 2014).

Digital points of sale and consumer attitude

We seek to determine whether these findings from physical points of sale generalize to digital assortments. In particular, consumers' variety-seeking behaviour should still be a determining factor of perceived variety levels. The tendency by consumers to alter their product consumption, relative to their last purchase (Givon 1984; Kahn et al., 1986), helps explain their preference for varied assortments, such that in itself, variety corresponds to an object of desire and need satisfaction (Aurier, 1991). *A priori*, digitalization should not alter this effect. Evidence from Nielsen (Nielsen Homescan 2016) accordingly indicates that more varied digital assortments are preferred over less varied digital assortments. Therefore, for a digital assortment, similar to a physical assortment, stronger perceptions of its variety should improve attitudes toward the assortment.

H1: The greater the perceived variety, the more favourable attitudes consumers express toward digital assortments.

Regarding how variety perceptions form, we consider the combination of proprioceptive information and exteroceptive information. For a digital offer, the latter inherently differ, so we seek to determine how consumers perceive assortments in this context. Digitalization particularly alters the total space that can be allocated to the product. The very notion of total space or the number of facings allocated disappears; on an e-commerce site, all SKUs feature the same display. That is, it is not possible to grant more space to a particular brand, as is possible in a physical point of sale (Broniarczyk et al., 1998). The tactics that are available for highlighting a particular SKU (size, colour, animation) have nothing to do with allocated space. Furthermore, space takes on a different meaning; in a physical point of sale, it refers to a particular area, but on an e-commerce site, it could span various screens. Thus, the notions of space and organization become more interdependent.

Take an assortment of coffee for example. In a physical point of sale, regardless of the presentation logic chosen or the weight assigned to each SKU, the consumer initially perceives the coffee section overall. In a digital assortment though, the perception depends inherently the presentation and organization chosen by the retailer. All products might appear in the same window, or they could be spread across several different pages, depending on the logic adopted by the site (e.g., one page per type of coffee or per brand). The space dedicated to a product category depends on the organization chosen. Therefore, we predict an influence of the organization of the assortment on consumers' attitudes.

H2: The organization of the digital assortment significantly affects consumers' attitudes toward it.

As an extension of previous research, we also presume that in a digital context, the organization of the assortment affects consumers' perception of variety. The influences of SKU-level similarity (Van Herpen and Pieters, 2002, 2007, van Ryzin and Mahajan, 1999) and the level of entropy (Hoch et al., 1999, Young and Wasserman, 2001) differ across various organizations. For example, a website that presents all the SKUs in a single window likely exerts unique impacts on perceived variety, compared with a website that adopts some logic (e.g., by brand, by attribute) for presenting the different SKUs. These differences then inform perceptions of the similarity of the SKUs and their dispersion. We anticipate in particular that an assortment displayed according to a specific logic evokes less perceived variety than a site that presents all products, one after the other. First, a similar level of perceived similarity and entropy (Hoch et al., 1999; Young and Wasserman, 2001) becomes less important when the products already are grouped according to common criteria. Second, the influence of total allocated space disappears in this setting (Broniarczyk et al., 1998; Van Herpen and Pieters, 2002). Therefore,

H3: A digital assortment is perceived as more varied when the products are presented together, rather than split in groups according to common criteria.

Finally, research into perceived similarity (Hoch et al., 1999; Van Herpen and Pieters, 2002; van Ryzin and Mahajan, 1999) suggests that grouping of products according to a dominant attribute in the product category leads to less perceived variety. A categorization according to an attribute aligns products that are judged similar and substitutable, on that attribute. Conversely, a brand-based categorization features complementary products together. In turn, consumers might perceive less variety if the products are sorted by attributes. Formally,

H4: A digital assortment sorted by brand is perceived as more varied than one sorted by attributes.

Research methodology

To test these hypotheses, we developed three experimental websites (see the Appendix), presenting three digital assortments of rice. They are identical in the number and type of SKUs they feature, but they differ in their organization, as follows:

1. All products presented altogether, without categorization (in alphabetical order of the brand name, in line with the logic of the retail brand that inspired by this display, namely, Carrefour Group)

2. Products gathered by brand (within each brand, in alphabetical order)

3. Products gathered according to the dominant attribute of the product category, namely, the type of rice (within each type of rice, in alphabetical order).

We randomly assigned 156 consumers to review the three experimental assortments so that they could choose a product, to establish a natural interaction context. Following their purchases, they completed a questionnaire that included all the study variables; the measurement scales came from Piris (2013).

Results

Greater perceived variety for unorganized and brand-organized digital assortments

When we consider how consumers' variety perception and attitude toward the assortment differ in a digital context, relative to a traditional point of sale, we find that perceived variety changes significantly across our three experimental digital assortments, even though they all display the same number of SKUs. That is, an analysis of variance (ANOVA) reveals that variety perceptions differ significantly across the experimental websites ($F = 4.515$, $p = 0.012$). In this sense, we note little difference with the effects identified in traditional points of sale, and we confirm that a gap exists between the level of variety actually offered and consumers' perceptions of the variety of digital assortments too. However, in a more detailed analysis with a Bonferroni test, we find that in the assortment that displays all the SKUs together, perceptions of variety are greater. The experimental website sorted by attribute is significantly different from the one in which all the products are presented together (Figure 1).

Figure 1. Perceptions of variety according to experimental website

Website 1 : Assortment by brand

Website 2 : Assortment with all products together

Website 3 : Assortment by attribute
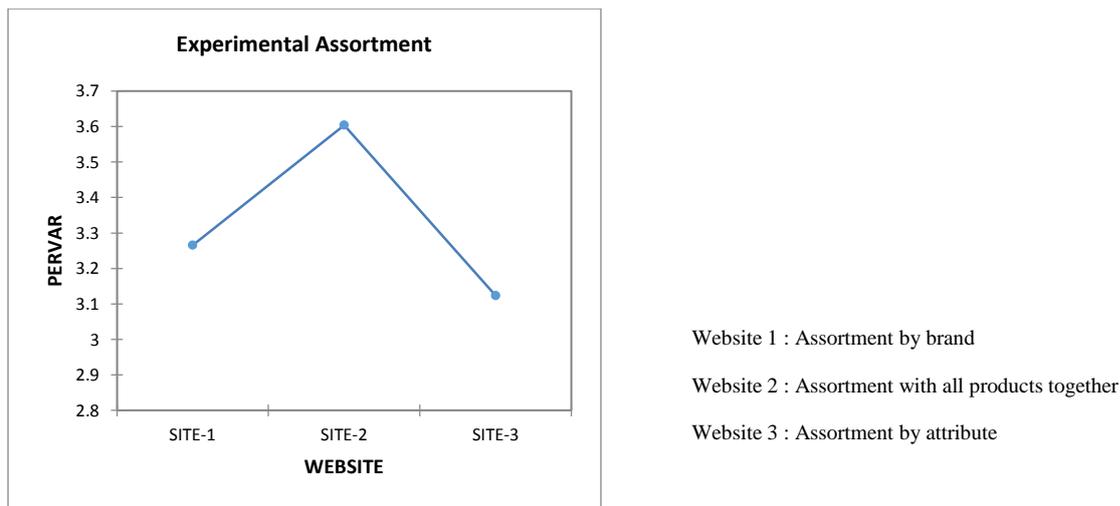
That is, perceptions of variety do not differ significantly between sites sorted by brand versus those that present all the products are together. Nor do they differ notably between the sites sorted by brand versus by attribute. Only the website sorted by attributes is perceived to display significantly less variety. Thus, we cannot confirm H3 but find support for H4. To encourage higher perceptions of the variety, digital distributors should organize their assortments by brands or else display all the products together.

Digital assortments perceived as most varied are not the most preferred

Another ANOVA pertaining to the effects of assortment organization on attitudes reveals a significant influence ($F = 3,212$ $p = .043$). Consumers' attitude toward sites that offer the same products depend on how the products are organized, in support of H2. A more detailed analysis with a Bonferroni test further reveals that only the website sorted by brands differs significantly from the other two (Figure 2). Respondents express significantly more favourable attitudes toward the websites organized by attributes or that display the products together. This finding indicates that it is not necessarily the websites perceived as most varied that evoke the most positive attitudes. In turn, we must reject H1. With this analysis, we note a pertinent difference between non-digital assortments and digital assortments when it comes to the effects of variety perception.

Figure 2. Attitudes according to experimental website

Website 1 : Assortment by brand

Website 2 : Assortment with all products together

Website 3 : Assortment by attribute
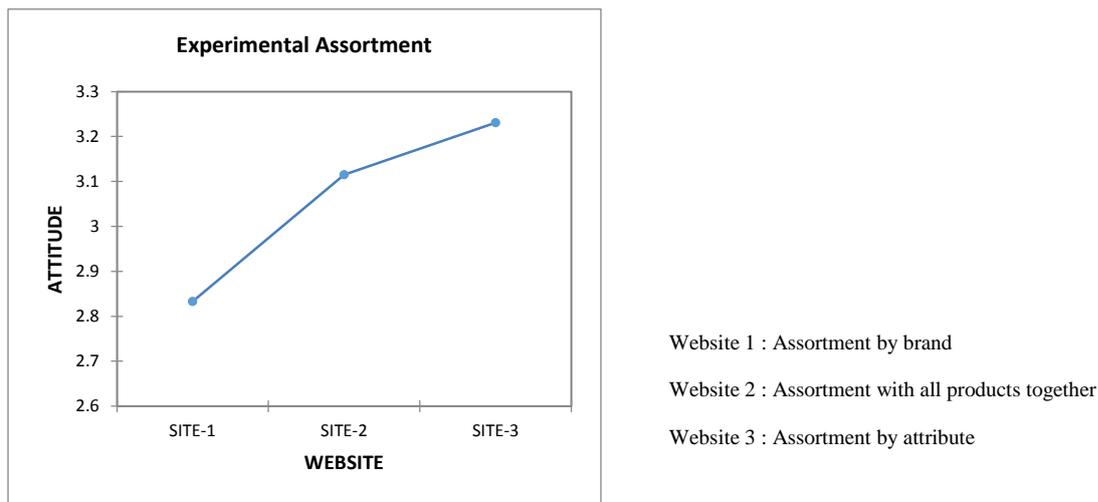
Conclusion and implications

By revealing some boundaries on the application of prior research to digital assortments, we highlight the need for continued research. In particular, the concept of total space allocated to a product category no longer makes sense. The organization of the assortment also seems more important in a digital environment.

Our results challenge the idea that consumers always prefer the most varied assortments. Some studies also acknowledge that excess variety can have negative consequences (Iyengar and Lepper 2000; Kusov and Villas Boas 2010), but most studies propose the importance of perceived variety (Sloot et al., 2006) or argue that e-commerce has been limited by consumers' perceptions that the channel offers insufficient variety (Nielsen Homescan 2016). We challenge these claims, with our in-depth exploration of the actual effects on consumer assessments. In turn, we question what an excess of variety means for digital assortments. Do consumers sense an excess of variety more quickly for a digital assortment or a non-digital assortment? Kwak et al. (2015) find that consumers prefer reduced variety if product quality improves, suggesting the need to consider the evolution in consumers' variety-seeking behaviours.

We also find different attitudes toward digital assortments depending on the organization they exhibit. In this sense, we wonder if the influence of the structure of the assortment (Chernev, 2011) might be more important for digital versus non-digital assortments. The three assortments we tested were identical in terms of the nature and number of products, yet they provoked different perceptions, due to the structure of their displays. That is, display choices lead consumers to develop different attitudes.

Our results thus inform retailers that they must carefully design the display of their digital assortments. This process is complex for traditional assortments (Mantrala et al., 2009); we confirm that it is equally challenging for digital assortments. If a designer wants to enhance perceptions of variety, we recommend using an assortment organized by brand or presenting all the products together. If instead the goal is to encourage positive attitudes, the designer should prefer assortments sorted by attribute or that present products all together.

We also propose several extensions to our research. This study includes only one product category; it would be interesting to explore other categories too, to determine if the structure of the assortment and variety perceptions have stable effects. Studies that explore other assortment patterns also could provide better insights into the impacts on consumer perceptions. In turn, researchers might take a closer look at how perceptions develop, to specify the weight of different variables that characterize a digital assortment and thus the precise contribution of variety perceptions. A related extension might study perceptions of excess variety in a digital context. Finally, we recommend alternative

methodological approaches to validate our findings. It might be helpful to examine consumer perceptions using cameras or eye-tracking tools, which can measure people's reactions to actual offerings and assortments. Unlike physical assortments, digital assortments can spread across various pages, such that consumers do not necessarily encounter the overall category, and the effect of this feature should be tested further.

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Appendix: Two experimental websites (by brand and by attribute)

Mes Courses Drive

Quelques informations

Présentation

Consignes

Je choisis mon riz !

Riz blanc

Riz parfumé

Riz express

Je réponds au questionnaire !

Liens

🛒 Votre panier est vide   👤 Votre compte

🏠 **Accueil** / **Je choisis mon riz !** / Riz blanc

Riz blanc

R06S

Carrefour
Riz Long Grain Incollable- 1kg
Cuisson 10 minutes

1,53 € - 1,53 €/kg

R27S

Carrefour
Riz Long Grain Incollable- 5x200g
5 sachets cuisson 10 minutes

1,90 € - 1,90 €/kg

R08S

Carrefour
Riz Long Grain Camargue- 1kg
Cuisson 18 minutes

1,75 € - 1,75 €/kg

R25S

Carrefour Bio
Riz Long Camargue Bio- 500g
Cuisson 15 minutes

1,83 € - 3,66 €/kg

R58

Carrefour Discount
Riz Long Grain- 1kg
Cuisson 16 minutes

0,70 € - 0,70 €/kg

R12

Lustucru
Riz Long Grain- 1kg
Cuisson 10 minutes

2,68 € - 2,68 €/kg

Effects of Mobile Commerce on Retail Business Model

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Keywords

Business Model, Digitalization, Mobile Commerce, Value Appropriation, Value Creation, Value Delivery, Value Proposition

Introduction/Purpose

Rapid digitalization of our society has resulted in many implications for industry, and retail industry was not exception (Grewal, Roggeveen and Nordfält, 2016; Hagberg, Sundstrom and Egels-Zandén, 2016). Moreover, consumers use their smartphone more and more during the shopping process thus changing the way they interact with retailer at each and every touchpoint (Grewal, Roggeveen and Nordfält, 2017). Therefore, intensified usage of smart mobile devices is directing retailers to adapt and establish accessible and mobile-friendly online presence i.e. implement mobile commerce. Not only that, but usage and integration of mobile channel with other existing retailing channels creates fundamental changes of activities performed by retailers (Verhoef *et al.*, 2009; Brynjolfsson, Jeffrey Hu and S. Rahman, 2013; Verhoef, Kannan and Inman, 2015). However, these changes don't come without implications for retailers' organizations nor their business models (BM); and with only some authors (e.g. Sorescu et al., 2011) addressing business model innovation in retailing industry, literature remains scarce (Cao, 2014). Therefore, the aim of the paper is to further explore what are some BM innovation activates in retailing context, and identify the influence of mobile commerce usage on value creation and appropriation i.e. on retail BM.

Conceptual framework

Organization's BM should be aligned with its business strategy (Zott and Amit, 2008; Casadesus-Masanell and Ricart, 2010; Cortimiglia, Ghezzi and Frank, 2015) and in the current retailing environment that seems to be the strategy that pursues integration of channels, and creation of rich customer experience. Teece's (2010) definition of BM as a "design or architecture of the value creation, delivery, and capture mechanisms" of a firm has been the generally accepted one (Foss and Saebi, 2017). However, in the retailing literature significant contribution when it comes to BMs (and its innovation) was done by Sorescu *et al.* (2011), where they argue that both *what* and *how* products are sold is important for retail BM (RBM), as well as the fact that there is a direct interaction with end customer. Therefore, based on previous literature Sorescu et al. (2011) conceptualized retail BM as interconnection of three elements: retailing format, activities and governance. The *format* refers to the structures for organizing the activities; then *activities* describe for example acquiring of goods, and technology adoption that would fulfil the customer experience; and finally *governance* of actors that perform these activities. As they explain, the innovation comes when innovating with one of the three identified elements induces change in at least one another. Moreover, they focus on value creation and/or appropriation as a critical lens to examine different facets of BMI, but also suggest that further research should complement their results with additional value literature. Therefore, in this paper their framework is extended with value proposition dimension (Osterwalder and Pigneur, 2010) and value delivery dimension (Ghezzi, Cortimiglia and Frank, 2015), where the first refers to effective offering of the firm, and latter to value network positioning, key partnerships and relationships for successful channel utilization during the delivery of that offering.

Methodology

The study is based on case study research design, and follows recommendation of Yin (2014) in regard to multiple case study. In the retailing field it is not uncommon to use such qualitative research design (e.g. Hänninen et al., 2017; Janhonen and Lindström, 2015; McKerlich et al., 2013; Ritala et

al., 2014). Therefore, in this study, four companies were discussed as part of multiple case study. The cases represent examples of four fashion brands, two of which were originally an e-commerce and two a brick-and mortar. They are all present in Swedish market, while three of which are Swedish brands. Such case selection was due to the nature of investigated phenomenon, and focus on format and activities elements of retail BM. **M**aterial from documents and news articles was used and interviews were conducted with business development / e-commerce managers or CEOs. The managers have reflected on changes and innovations in their business models through usage of mobile channel. These interviews were transcribed and explanation building technique for data analysis was used. In addition, BM Canvas (Osterwalder and Pigneur, 2010) was used as a tool to structure the interviews and later highlight identified elements of change in retail BMs. But having in mind the goal, which was not to conclude the study, but rather to develop ideas for future (more extensive) studies, which is in line with data analysis technique, during data collection new elements were noted, and Canvas building blocks were not followed to that extent to limit the investigation and later the analysis (cf. Eisenhardt and Graebner, 2007).

Findings

In the findings section I discuss differences in BM innovation process depending on retailer's original format i.e. brick and mortar going online / mobile (Group A), or e-commerce opening pop-up or physical stores (Group B). For each of these groups both activities and governance elements have changed due to the format change. In terms of value dimensions, value proposition changed and now it refers to seamless customer experience, one which is offered to customers through integrated channels. This is more noticeable for the Group A, while the other group bases its proposition on low-cost high-quality e- and m-commerce. This is can be then translated into value creation: both groups talk about mobile customer experience, and while brick-and-mortar being bigger and more on track with omni-channel strategy have advanced with mobile channel usage, Group B (still with limited customer base) have only started to advance mobile experience. Nevertheless, they do put a lot of emphasis on customer engagement via different touchpoints, namely through social media, and in turn co-create value with their customers. In order to deliver the value, biggest BM innovation is seen in the governance element, where partnerships with different hotels and real estate locations for pop-up stores of Group B retailers are observed. Moreover, these have influence on activates element as well, since data analysis is getting its momentum across both groups. Finally, appropriation of value by retailers in group A is seen as benefiting of operational and customer efficiency design themes. Meaning that by introducing mobile apps and points of sales, the costs for brands are being reduced. However, for Group B by sharing knowledge of the process of production, care for details and sustainability aspect of the products they create superior customer experience by leveraging complementarities and in turn appropriate value.

Contributions

In this paper, I have provided an overview of BM innovation activities in the fashion retail sector. The findings contribute to retail field by filling a gap of empirical evidence of transformation of retail formats and offerings, and theoretical understanding of BM innovation in retailing sector. Basically, on one hand I add to the ideas that Group A physical stores should be remodeled – to be accessible via consumers' smartphones that act as a hub that links different channels (Cao, 2014), and that mobile payment points of sales bring myriad ways in which a retailer can build services around the payment transactions (Taylor, 2016). On the other hand, a lock-in effect is observed for Group B in the quality, uniqueness and sustainability of their products.

Practical implications

From a practical point of view, this paper contributes towards understanding and exploiting the dynamics of two different groups of retailers. Several examples and characteristics of contemporary retailing that follows "mobile first" idea are highlighted and exploiting these specific characteristics is said to be a key for firm success. Whether to develop a mobile app or to open a pop-up store, to engage in a certain partnerships, or to start from scratch. These are only some of the dilemmas that retailers face today, and here we dig deep into their benefits and consequences.

Research limitations and outlook

Finally, the study is subject to a limitation of number of conducted interviews per case, which has been addressed by using secondary data to enrich case description. However, the paper is work-in-progress and as such is considered to include additional primary data (collected via interviews or online questionnaire). Furthermore, the number of cases is also a limitation, since four cases (two per group) are not enough to make the findings generalizable. That is why future studies could create testable hypothesis and conduct quantitate studies; and not only in Sweden. Other approaches to BM or critique to the model used in this paper are also welcome, especially since such discussions can contribute to strengthen the concept of BM that is still not consolidated.

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Session B2 - Multi-/Omni-Channel Marketing and Operations

From Dominance to Rookie; IKEA's Multichannel Journey

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Keywords

Introduction

Much of the academic research on the development of e-retailing takes a consumer perspective, exploring consumers' choices and preferences and the nature of purchasing processes (e.g., Kushwaha & Shankar, 2013; McGoldrick & Collins, 2007). While there exists research with a company perspective (e.g., Agnihotri, 2015; Zhang et al, 2010) they give little guidance as to what to expect when changing from single channel to multichannel and omnichannel operation. The long-established models of retail change in retailing (e.g., Hollander, 1960; Levy, et al 2005) explore broad scale format evolution within a unichannel retail framework and also give little guidance in respect of multichannel evolution. This paper reports on the initial phase of a two-stage research project. First, we use a longitudinal case study of IKEA to describe the issues and challenges arising for a world-leading unichannel retailer as it changes to operate through several retail channels. The paper uses data collected over four years of participant observation, interviews with managers, sector analysts, researchers and consumers, alongside analyses of internal documents from IKEA. In the second phase of the research, we use the experience of IKEA to consider how theory can be developed to aid our understanding, more generally, of the changes taking place in the strategy and operations of retailers and the changes in retail structure associated with the growth of omnichannel retail business models.

Purpose

The purpose of this paper is to report on a research project that has the aims of: (1) describing the issues and challenges arising for a world-leading retailer attempting to become an omnichannel operator; (2) suggesting theoretical approaches that may help in understanding the evolutionary processes involved in structural changes consequent on multichannel operation for retail firms. This paper reports on the first aim

Conceptual framework

Data collection was driven by a research design of inductive qualitative method but with an inevitable element of opportunism, given that changes were taking place as we observed them. Thus, no conceptual framework in the traditional sense is used in the paper.

Methodology

In late 2013 the IKEA Group started a project they called '*the multichannel journey*' and we were able to follow some of the senior managers involved in this project. Data were collected by participant observation from late 2013. Interviews and participation observation of meetings were involved as well as having access to the information generated to support the multichannel project. Early in the project, IKEA decided that not all countries in the "IKEA world" would be participating in the firm's multichannel efforts at the same time. In Europe, it was decided that the IKEA UK would be an early adopter. Since late 2013, specific interview programmes have been undertaken with senior managers on three occasions: 2015, 2016 and 2017. In 2015, we interviewed senior managers leading *the multichannel journey*. In 2016 and 2017 we followed up with senior managers with more detailed interviews building on the first phase of interviews. Store observations and interviews of store managers were undertaken throughout. In addition to the UK, we also collected data in China where e-commerce is growing dramatically and where IKEA is opening several unichannel stores and have a plan to launch e-retailing during 2018. The overall aim of data collection was to describe what was happening and was not constrained by pre-determined theoretical framework. This approach was followed because no retail related theoretical framework on omnichannel innovation existed. Thus, we have collected data on the process and the different areas that it covered and influenced, and we have also collected data on the challenges that were clear when the process started and the new challenges that became evident as the process progressed.

Findings

The study of IKEA shows how the firm strengthens the formulae in its store-based channel and simultaneously develops a formula in an e-retail channel. It is unclear whether competitive advantages are transferable across channels. Developing a multichannel business model is not simply a case of replicating the store-based model in e-space but requires the creation of a new business model defined by different relationships between the retail firm, its customers and its suppliers. The experience of IKEA illustrates this situation and poses the important question of how (or if) the different channel models can be integrated into what is often termed as omnichannel.

Contributions

The change associated with *the multichannel journey* is more than a change of the formula of how IKEA has done business. This different, often radically different, change is increasingly evident in many areas: moving into B2C logistics, communicating digitally with consumers, new core competencies throughout the firm, changing requirement of personnel relationships, new support process, involvement of third party firms with customers, developing different IT systems, creating new aspects of IKEA brand and image, and adjusting established corporate culture and beliefs.

Practical implications

The transition of a store-based retailer into a multichannel one generates several important issues affecting all aspects of the retailer's business model. It clearly involves change in the bundle of services offered by the retailer and the processes involved in presenting and delivering this bundle. It also has implications for the culture and brand of the retailer.

Research limitations and outlook

The paper reports on an ongoing process and through the eyes of senior managers at IKEA. While we followed the process intensely so far, it is still the view of this change process of the persons interviewed and followed.

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Acknowledgments

The Relationship Between Psychological Distance and Consumer Trust in a Complex Service: A Multi-Channel Motor Insurance Context

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Keywords

Psychological distance, consumer trust, private motor insurance, consumer behaviour, multi-channel.

Introduction

Prior research has examined psychological distance as it relates to psychology, urban geography (Lankford et al., 2002) and retailing but there has been little or no research on its application to a complex service environment where trust is of utmost important. This paper develops a conceptualisation of psychological distance and how it relates to consumer trust in a complex service, specifically multi-channel private motor insurance.

The paper is structured as follows first we consider the context of private motor insurance as a complex service. Extant knowledge is then synthesized to develop an integrated conceptual framework explaining the relationship between psychological distance and consumer trust in a complex service: a multi-channel motor insurance context. The framework is grounded in the literature in psychological distance, construe, trust and consumer behaviour.

Background and Context

Motor insurance is important economically. The world motor insurance sector has a net worth of £612 billion with private motor insurance representing about 67% of the overall market at £410 billion, making it the linchpin of the motor insurance sector (CISION, 2016). Private motor insurance offers transfer of risk for private car owners from one party, i.e. the insured, to another party i.e. the insurer (Greene, 2017). It is one of the youngest categories of insurance driven wholly by the emergence and popularity of cars and because government of most developed countries (specifically UK which is the main focus for this paper) have made it mandatory for car owners to take out insurance (Lucintel market research, 2012). The UK private motor insurance sector is currently the 4th largest market in the world (EY, 2015).

Insurance is a complex service for three key reasons. First the nature of the product itself can be convoluted and not easily comprehensible by consumers. Insurance is a risk transfer mechanism which some customers fail to understand (Kunreuther, Pauly & McMorrow, 2013). Consumption is essentially delayed to the event of a claim, or may not take place at all. Second, insurance is characterised by a process involving multi- and inter-linked stages including, for example, quotation, purchase, mid-term adjustments, claims and renewal. This complexity is potentially exacerbated by the use of technical small print in the insurance policy documentation. Finally, the distribution of insurance has become increasingly complex as it was once dominated by brokers and agents who were the primary intermediaries conducting transactions face-to-face or over the phone with customers (Dalla Pozza, 2014). New distribution channels for insurance service have emerged

following the rise of technology. A multi-channel distribution network – ranging from direct networks (at branches or physical point of sales) and agents to brokers, bancassurance, internet (PC), internet (mobile), aggregators and alternative retailers (Hutson, 2013) is now available to private-motor insurance consumers. This new multi-channel network combined with an already complex service nature appears to have had an unintended negative impact on the firm-customer relationship within the private-motor insurance industry. That is, customers feel distant and remote especially while using digital channels like websites, social media and mobile (Kanno, 2015) and can in turn potentially undermine customer trust in the service acquisition, consumption and renewal processes.

Purpose

This paper develops a conceptualisation of psychological distance and how it relates to consumer trust in a complex service, specifically multi-channel private motor insurance.

Conceptual framework

The proposed framework (see Figure 1) builds on multi-channel service in a motor insurance context as it relates to four major theoretical factors, namely, psychological distance, construal level, consumer trust and behavioural outcome.

Multi-channel service

Multi-channel servicing is a complex type of service that is employed by service providers in a competitive market environment with large numbers of customer. It focuses on the availability of multiple touch points to engage and interact with customers. In a motor insurance context, multi-channel service is seen as complex owing to multifaceted distribution channels available to consumers before, during and after the purchase of an insurance policy (Chakraborty et al. 2013). Stated differently, consumers can use different touchpoints to interact with one or multiple insurance providers based on their discretion and needs.

Psychological Distance

Perceived distance and remoteness has been linked to 'psychological distance' (Hess, 2002). The underlying assumption of this concept states that psychological distant objects, people or events are not present in the direct experience of reality of an individual i.e. the 'here' and 'now' (Liberman and Trope, 2008). Kyenogheui (2008) proposed four different dimensions of psychological distance namely: social distance, spatial distance, temporal distance and hypothetical distance, which are linked to how customers feel connected or distant when transacting for insurance based on different factors

Construal Level Theory

A prominent theory relating to psychological distance is the 'construal level theory (CLT)'. It was proposed by Trope and Liberman (2010) as a conceptual framework for examining the role that psychological distance and its dimensions plays in determining consumer trust and behavioural outcomes. CLT also examines customers' thought process i.e. abstract or concrete level of thinking (Yaacov et al., 2007) by determining the level of trust that results, based on the level of psychological distance perceived. Hence, a consumer is said to show a high level of abstract when the insurer is perceived as being distant which may promote a low level of trust. For this reason, the construal level theory is particularly relevant to examine the formulation of psychological distance within a multichannel complex service context like private-motor insurance. For example, do insurance consumers perceive the use of digital channels (versus face-to-face channels) as more 'abstract' (versus 'concrete') and in turn weaken (versus strengthen) their relationships with an insurance provider? Alternatively, do insurance consumers perceive the use of digital channels as equally 'concrete' as the use of face-to-face channels because of their increased savviness related to digital technology? The answers to these questions will help us to better understand how trust is strengthened or weakened within a multichannel complex service environment via the lens of psychological distance.

Consumer Trust

Trust is the greatest challenge to insurers (Accenture, 2015). According to Moorman et al. (1992), trust refers to the willingness to connect with someone in an exchange with whom one has confidence. In an insurance context, customers can change their level of trust based on their confidence with the quality of the overall insurer-customer encounter, clearly the increased or decreased perceived remoteness (distance) of the insurer from the customer will adversely impact the trust level, leading to a low level and high level of trust respectively.

Behaviour Outcome

The complexity of the service (including products) provided in an insurance context may have implications for consumer behaviour in general and consumer choice criteria in particular. A recent Accenture report (2017), revealed that advances in digital technologies, coupled with the significant shift from a single channel to multichannel insurance marketing, has changed customers behaviour especially with how they want to interact with insurers.

Many commentators have argued that Insurance consumers are unpredictable with regards to their decision making about where to research, purchase, claim and dispose of their insurance needs (Schiffman and Kanuk, 2006). Hence, insurers need to double their effort with not only providing a seamless and integrated multichannel choices but also retaining consumer trust, which plays a vital role in the insurer-consumer relationship (Schramm-Klein et al., 2011).

Figure 1: Proposed conceptual framework of the paper
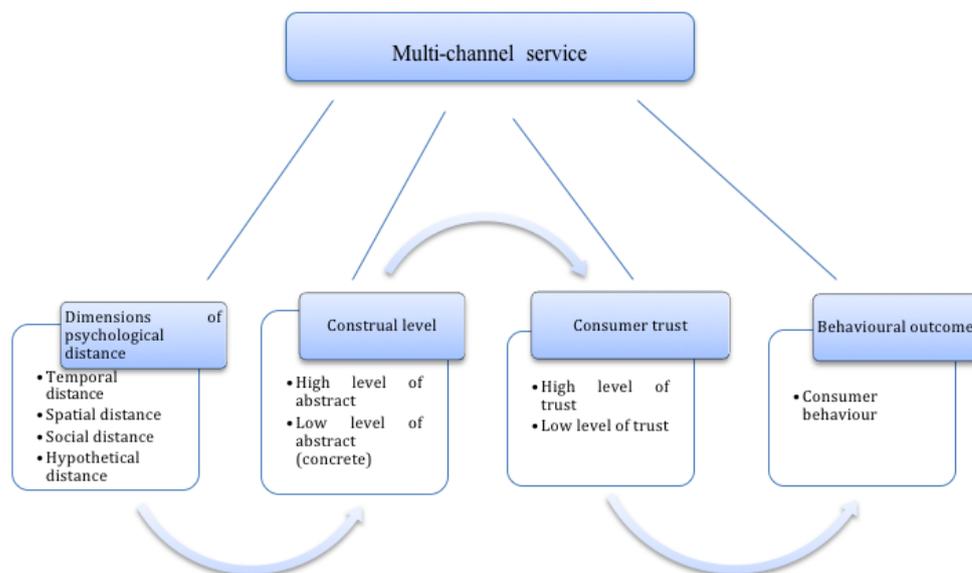
In terms of their relationships, psychological distance and its dimensions represent the independent variable and the level of construal (Bar-Anan, Liberman, and Trope, 2006),consumer trust, and behavioural outcome represent the dependent variables. The framework further believes that all of the variables may have an impact on consumer behaviour, this is why it has been added to the figure above.

Contributions

This paper fuses the two major disciplines of services marketing and multichannel marketing and addresses a significant and ongoing transformation in the private motor insurance sector. That is, the adoption of multi-channel marketing by insurance service providers. It therefore develops a framework to identify the role of psychological distance in strengthening or weakening consumer trust and their subsequent behaviours. Furthermore, it is theoretically and practically innovative as it applies psychological distance to an unchartered area, i.e. a complex multi-channel service. In so doing it expands the existing work of Darke, Brady, Benedicktus and Wilson (2016) to a new context.

Practical implications

Multi-channel marketing has transformed the face of distribution and customer service in the UK private motor insurance sector in a number of ways as it gives consumers various choices/channels to transact with insurers. However, given the rise in this multichannel mode of marketing, consumers are potentially at a disadvantage when insurers fail to seamlessly synchronise various channels to support the insurance customer journey, leading to channel complexity and dilemma such as how consumers feel distant when using online channel rather than an offline channel to involves personal and interactive contact.

Therefore, given a multichannel complex service environment like private motor insurance sector, where trust is one of the greatest asset to build patronage and insurer-consumer relationships, insurers need to seek ways to strengthen consumer trust. Psychological distance provides a theoretical gateway to better understand how consumer trust is strengthened or weakened in relation to the various online and offline channels employed by insurance service providers and, accordingly, to propose an optimal mix of marketing channels that will reinforce consumer trust and galvanise patronage behaviours.

Research outlook

This paper fuses the major disciplines of services marketing and multichannel marketing. It seeks to provide a conceptual model based on the theoretical domains of psychological distance, consumer trust and consumer behaviour. All of the concepts will require further development and empirical testing.

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Beyond B2C, How Retailers (Should) Consider C2C Practices in their Omnichannel Strategies

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Keywords

Consumer-to-consumer (C2C), collaborative consumption, legitimacy, omnichannel, retailing.

Introduction

If retailing is a very dynamic industry, used to disruptive changes that regularly reshape the market structure and consumption practices (Rigby, 2011), the recent evolutions are particularly challenging (Sorescu et al., 2011). Among these deep evolutions, some are under-investigated whereas crucial for the future of retailers. This research aims at understanding two concomitant phenomena. Indeed, while the historical intermediary function of retailers is challenged by different stakeholders on the market (Grewal *et al.*, 2017; Treadgold and Reynolds, 2016), consumer-to-consumer (C2C) practices are becoming more and more legitimated by consumers (Dabadie and Robert-Demontrond, 2016). These latter are now able to turn away from retailers to seek more interesting offers. Therefore, retailers are challenged both upstream by more and more direct selling from producers and downstream by various kinds of consumer-to-consumer (C2C) exchanges, also called collaborative consumption. Impressive figures show how major collaborative consumption becomes. The worldwide C2C market is estimated at €570 billion in 2025 and 44% of US consumers are familiar with C2C practices (PwC, 2016).

At the same time, retailers struggle to become omnichannel (Rigby, 2011; Piotrowicz and Cuthbertson, 2014). They have developed a wide range of interconnected touchpoints in recent years to better meet new customers' expectations and industry standards: e-commerce websites (especially for traditional brick-and-mortar), connected physical stores, mobile websites or apps, social media, etc. However, to the best of our knowledge, the literature focused on the channels under the control of retailers (i.e. B2C channels), whereas consumers already took over the possibilities of mixing touchpoints, beyond any split between B2C and C2C channels. They consider no boundaries between a given retailer's channels (e.g. store, website, app…), between actors (e.g. free-riders switch from one retailer to another) and between markets (e.g. new and second-hand products). For instance, consumers not only compare prices across retailers but also across markets (e.g. strong propensity to integrate C2C options in the decision-making process for DIY products). Thus, the blurring of boundaries between B2C and C2C in consumers' minds led to the lowering of entrance barriers in traditional retailing trade, where retailers did not expect their own customers as potential competitors. According to its growing importance in society, C2C practices can definitely affect retailers in the omnichannel environment. Therefore, this paper seeks to answer the following research question: How can retailers turn the threat of C2C into an asset in the omnichannel environment? Our research reveals that C2C is considered by retailers more as a threat than an opportunity. Indeed, at worst, retailers acknowledge the reality of an emerging phenomenon outside their sphere, at best, they launch marginal experiments or partnerships with low resources. However, C2C can no longer be regarded by retailers as marginal and temporary.

Purpose

Despite the increasing importance of C2C and the need for retailers to find new levers of growth, collaborative consumption seems to be often forgotten in retailers' strategies. Our goal is to explore how retailers try to inspire from C2C practices to shift in the very nature of their activity and gain more legitimacy in the enlarged consumers' vision of retailing. Nevertheless, beyond the consideration of C2C in a mimetic perspective (Di Maggio and Powell, 1983), it represents a real opportunity for retailers to consider a major (often ignored) touchpoint with consumers to develop relationships with communities of consumers, increase loyalty, and/or attract new consumers. We suggest considering C2C in a more positive and fertile way that is to enrich omnichannel strategies by making B2C and C2C touchpoints cohabit. As consumers, retailers must consider their omnichannel ecosystem as a whole in which many possibilities coexist to acquire a product or a service.

Conceptual framework

Omnichannel strategies: a B2C-oriented perspective

The seminal definition given by Rigby in 2011 defines omnichannel as *"the way forward for retailers seeking to satisfy customers who increasingly want everything. They want the advantages of digital (…) the advantages of physical stores (…) and the social experience of shopping as an event. Different customers will value parts of the shopping experience differently, but all are likely to want perfect integration of the digital and the physical" (67).* Since then, the literature explored numerous aspects of omnichannel retailing. In short, it suggests offering a *"seamless experience"* (Lemon and Verhoef, 2016) throughout the shopping journey. But the channels considered are restricted to those under the retailer's control. Forgetting free-riding behaviors (i.e. consumers navigating through different retailers' channels) (Heitz-Spahn, 2013) and C2C users (i.e. consumers mixing traditional retailing and collaborative options), the literature only focuses on B2C channels. However, consumers are multifaceted: sometimes "traditional" B2C consumers, sometimes competitors – selling retailers' products through C2C channels, and sometimes both – able to switch from B2C to C2C channels. Since consumers are much more likely to become real competitors, they get into the competitive sphere of retailers. Consequently, retailers start to benchmark their own consumers as they usually do with other competitors. They try to appropriate C2C techniques through imitation of their good practices.

While C2C practices become more legitimate in our society…

The concept of collaborative consumption first appeared in academic literature in 1978 when Felson and Spaeth described consumption routines involving more than one individual. They explained the collective dimension of consumption that seems incomplete to define what is at stake today. More recently, most authors agree about a wider definition. According to Belk (2014) *"collaborative consumption is people coordinating the acquisition or distribution of a resource for a fee or other compensation"* (p.1597). Technological innovations favored the increase of collaborative consumption as they make the sharing of resources and skills possible between consumers at a large scale. Collaborative consumption also constitutes a mean to decentralize the production of goods and services (Botsman and Rogers, 2011; Schor, 2014). It entails many practices such as selling, gifting, rental and purchasing in a local or globalized approach (Peugeot et *al.,* 2015). Hence, based on its economic and social impacts, collaborative consumption is now established as an institution in our society (Dabadie and Robert-Demontrond, 2016).

B2C retailers fight to keep their own legitimacy alongside producers and consumers

At the same time, retailers' traditional intermediary role is challenged both by producers and by consumers, retailers have to reinforce their legitimacy if they want to keep their position on the market. Legitimacy is *"a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions"* (Suchman, 1995, p.574). Then, it becomes a resource that organizations try to acquire and to preserve over time (Humphreys, 2010). Research in organization theory showed institutions rely on three foundations – the normative, cognitive and regulatory pillars – which give institutions the power to operate and develop their activity successfully (Scott, 2001). In that way,

retailers seek to reinforce their role and legitimacy (i.e. their intermediary role on the market) by using these pillars.

Methodology

To address this topic, we carried out a multi-method qualitative study based on a long immersion, over four years. We started a documentary study among generalist and economic media in 2013 and conducted several ethnographic observations of retailers. We collected numerous testimonials, illustrations, screenshots, *in situ* observation notes and photographs. We completed this data with direct information collection, through five long interviews of retailing experts (appendix 1). The combination of several methods is of particular interest to provide a rich set of data, that we analyzed thanks to a rigorous thematic analysis.

Findings: A hybridization of B2C and C2C techniques by retailers

The analysis of our data emphasizes how retailers try to use C2C practices based on two of the three pillars presented above (the cognitive and the normative pillar) in order to increase their own legitimacy.

Reinforcing the cognitive pillar. This means working in a sense that the retailer's role is *"taken for granted"* (Zucker, 1977). All experts interviewed on this topic agree about the fact that C2C has an impact on business models. *"It is a deep move that can go until a tidal wave"* (retailer B). They are aware of the necessity to react and deploy new strategies in front of C2C consumption. Thanks to C2C, consumers can emancipate more easily from the hold of retailers. According to retailer A, this economy *"determines new exchange models"*. Retailers must keep some legitimacy even if challenged by initiatives such as community supported agriculture in food consumption but also by an increasing number of community platforms. For example, Petit-Bateau (appendix 2) bet on organizing exchanges between consumers through a corporate platform to reinforce their cognitive pillar. But such initiatives are not generalized among major retailing actors whereas most of them consider the relationship with consumers through all touchpoints possible as a priority.

Reinforcing the normative pillar. This relies on consensual values in the society. Today, consumers are looking for meaning and reinsurance. Collaborative consumption brings them an answer by advocating social link, proximity, conviviality, horizontality of relationships and sharing (Botsman and Rogers, 2011). It is through these values that C2C found its path to legitimation. Our study reveals that some retailers try to develop this line when they build their actions on the same values. An illustration is the case of "Comptoir-Boulanger" and "Appart- by-LeroyMerlin", two original concepts (appendix 3).

Discussion and perspectives: Towards a higher integration of C2C by retailers

Retailers use the C2C codes (Botsman and Rogers, 2011) that lead to the institutionalization of C2C practices but without going further enough since they do not really consider C2C touchpoints as strategic sources of value creation. Their mimetic motivation is essentially not to be left behind a major trend. They imitate some of the practices used by C2C but there is a lack of resources, of strategic decision and integration in organizational processes. For instance, when adding a new B2C channel, retailers allocate huge resources (budget, dedicated teams and time). When dealing with C2C projects, they rarely build strategic plans, define goals and KPIs or allocate considerable financial resources. Considered outside of their scope, they often externalize such competencies, through start-up for example. The C2C actions of pioneering retailers suggest they can evolve to adapt to the mutation of the environment (Di Maggio and Powel, 1983) through the pillars that built the success of C2C. Communicating about C2C ideals and integrating them in their own values and actions could help legitimacy building by echoing the representations associated with C2C practices.

Originality/value

This paper brings together two research streams in retailing that coexist but never meet. We advocate that C2C has been approved by the consumers and the society while retailers are losing some legitimacy regarding all options offered to consumers. Most retailers did not take the full measure of this phenomenon and should consider C2C as more than a trend and rethink their strategies as a

whole, mixing B2C and C2C channels. A theoretical contribution is to widen the definition of omnichannel to integrate all the touchpoints, even those that are not under the control of retailers.

Practical implications

This first exploratory step shows that C2C has to be considered as a deep-rooted trend. Retailers cannot only settle for acknowledging (i.e. just being aware of the phenomenon) or taking embryonic initiatives. They have to fully integrate C2C in their omnichannel strategies. An increasing number of consumers substitute or complete their shopping journeys with C2C. Thus, retailers must be proactive and develop omnichannel strategies compliant with customer journeys that often involve C2C channels. They need to revise their strategies (e.g. allocate resources) and lead the change of their business models (i.e. deal with the model of non-integrated touchpoints) and organizational culture (i.e. make and mindsets evolve).

Research limitations and outlook

As this work is the first step of a larger project, it suffers from several limits. First, more interviews are required to divert the profiles of retailers studied. Furthermore, we must address a more long-term perspective about the success of initiatives integrating C2C as a touchpoint in a global omnichannel strategy. In keeping with this idea, it could also be of particular interest to study consumers' reaction in front of retailers using some of their practices.

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Appendix

Appendix 1: Experts' profile

Expert A	03-21-2017 (45 min)	Innovation Director (textile retailer)
Expert B	04-14-2017 (50 min)	Retail executive (textile retailer)
Expert C	06-20-2017 (70 min)	Innovative concept manager (DIY retailer)
Expert D	10-02-2017 (50 min)	Retail employee
Expert E	10-09-2017 (50 min)	Retail employee

Appendix 2: Screenshots

"As a dressing-sale, the brand connects freely consumers to "sellers" [other consumers] through the tab "Les Occasions" on the app. Everyone can sell clothes (from the brand Petit Bateau, obviously), choose the price and organize the expedition. The ads can be filtered to find the perfect product as quickly as possible!"

(translated from Milk Magazine)

https://www.petit-bateau.fr/e-shop/
http://www.milkmagazine.net/

https://www.petit-bateau.fr

Appendix 3: Screenshots

Boulanger « Le Comptoir »

Leroy Merlin « L'Appart »

https://magasins.boulanger.com/418-boulanger-le-comptoir-wasquehal ; http://lappart.leroymerlin.fr/

Consumer's Sensory Cues' Preferences in Retail: A Comparative Study Between England and France

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Keywords

International retailing strategies; Sensory marketing; Cross-cultural differences; Standardisation; Adaptation.

Introduction

With an increasingly sophisticated marketing mix, consumers are offered better shopping experiences that nurture hedonic consumption. As a matter of fact, consumers make their choices based on practical (utilitarian), aesthetic, epicurean, experiential, and/or emotional needs (hedonic) (Botti and McGill, 2010). Emotional and multi-sensory experiences are now recognized as an integral part of the shopping experience along with the utilitarian aspects. Indeed (Lemoine, 2004) has shown the importance of sensory marketing (music, smell, style and design of the store…).

Retailers however, face the critical choice of adapting their sensory marketing practices at the level of the shopping environment to the consumer's culture, or standardising them across all countries where they operate for consistency of their brand's image (Turley and Chebat, 2002), (Cheonet al., 2008), (Okasaki, 2005) and (Schmid and Kotulla, 2011). Some retailers failed to expand in markets that were geographically close to their home market. For instance, Tesco had to withdraw from France in 1997 as they could not sell Indian food and new fine to French consumers. Marc & Spencer has announced the closure of the Paris site in October 2017, ten years after closing eighteen shops across France. When retailers are planning to go global, they indeed face trade-offs between standardisation of their merchandising technics, or its adaptation to the foreign markets. Few things are known so far about cross-cultural differences for in-store sensory marketing. Some marketing campaigns failures however show that culture should not be underestimated. Back in 2013, Coca-Cola launched a campaign "Share a Coke". Relying on relational marketing, Coca-Cola replaced its logo by the most popular first names in the country and benefited from consumers sharing on social Medias pictures with their personalised Coca-Cola bottle. It created a buzz in many countries, but in collectivist cultures, where the notion of group has more weight than that of an individual, Coca-Cola's campaign did not perform as well as it did in more individualistic cultures. Similarly, verbal communication may be tricky to handle. For example, a verbal announcement that gives detailed information about a product or a store's features may be quite effective in a low context culture but counterproductive in high-context-culture where consumers may not appreciate why the announcer is providing that much information. Unfortunately, research is scarce on the effectiveness of sensory or relational marketing technics across cultures.

This research seeks to fill that gap and aims at comparing two countries: England and France given their large market size, close proximity and therefore attractiveness for one another in terms of business expansion. France and UK are both in the top three markets in Europe[3]. Following (Hofstede, 2001) France and England widely differ with respect to power distance, uncertainty avoidance and individualism which are known to influence shopping behaviour (Mooji, 2011). In addition, some products are not equally popular in the two countries suggesting also different tastes. For example,

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[3]   https://www.statista.com/statistics/434623/turnover-retail-trade-sector-turnover-european-countries/   and http://www.eurocommerce.eu/media/141240/GfK%20-%20European_Retail_Study_2017.pdf

snails are not very popular in England and having marmite on toast for breakfast is rather uncommon in France. Other examples of divergence in taste between French and English consumers can be seen in coffee consumption, as the former would prefer small portions of a strong and concentrated coffee, while the latter prefer drinking mugs of lighter coffee. Differences of taste could be found even within the same country, as the coffee brand Maxwell sales a stronger coffee in the East vs the West of the USA. Also, while selling horsemeat created a scandal for a major retailer in England, it is considered a delicacy in France and is sold in specialized stores called "Boucherie Chevaline" (Cateora, Gilly, and Graham, 2009).

Last but not least, there is a paucity of research on European cultures despite their differences, and more specifically, on the impact of cross-cultural differences on sensory marketing effectiveness.

The research question of this paper is therefore to determine whether consumers in the two countries, France and England, rely similarly on their five senses, and if not, suggest ways to adapt the sensory experience proposed to consumers to each country's culture. This study should clarify whether cross-cultural differences between France and England are significant enough to justify the adaptation of retailer's sensory tactics and relational marketing appeals, when operating in England vs. in France.

This research fills another gap, that of laying the foundation for a conceptual model that considers the moderating role of culture, on how sensory cues activate consumers' five senses, as well as its moderating role on consumers need to relate with others, and therefore on their shopping experience.

The rest of the article is organised as follows. The literature review is covered, then a theoretical framework is proposed to improve the understanding of how culture could moderate the effectiveness of sensory marketing tactics. The methodology adopted is then described, the empirical study is conducted, and the findings are interpreted. Finally, several implications for managers are suggested before a conclusion summarizes the contribution.

Purpose

When going global retailers have to decide whether to standardize or adapt their marketing strategy. This research seeks to question the assumption that: people rely similarly on their five senses when shopping in a store, regardless of their culture of origin and therefore, the sensory marketing mix can be standardised. This paper also tries to find-out whether culture has an effect on the likelihood of a consumer to recommend a store that has fulfilled his/her senses.

Conceptual framework

The effectiveness of Schmitt's Experience Provider (ExPro) depends on the Strategic Experiential Modules (SEMs) used, as well as on Hofstede model's six dimensions of the target market. The rationale here is simple; since culture influences perception, emotion, and cognitive response, sensory marketing technics that rely on one of the SEMs in experiential marketing that is "Sense", could be perceived differently from one culture to another. Therefore, cultures may rely to a different extent on sight, sound, touch, taste or smell. We therefore use Schmitt SEMs's model and Hofstede's six dimensions model to analyse to which extent English and French consumers' responses to sensory marketing technics differ.

Methodology

Based on a survey of French and English consumers, a Discriminant Analysis was conducted to illustrate the effect that culture could have on the effectiveness of some commonly used sensory marketing tactics.

Findings

The multi-sensory store experience is moderated by culture and the differences between the French and English consumers were ranked by order of importance as follows: "Store Induced Smell", "Likelihood to Recommend a store", "Verbal Announcements", then "in-store Food Preparation". These variables measured consumer's sensitivity to "Smell", "Experience sharing", "Sound", and "Sight", respectively. The English were more sensitive than the French on the last three variables, while the opposite was true for "Smell". These findings reshape what one would otherwise consider to

be obvious knowledge, namely that consumers around the globe would rely similarly on their five senses when making purchase decisions, and consequently there is no need to adapt the sensory marketing mix approach to the culture.

Contributions

The Schmitt model of Experiential Marketing that considers the Experience Providers (ExPros) and the Strategic Experiential Modules (SEMs) is extended by accounting for the cross-cultural dimension.

Practical implications

French retailers cannot duplicate in England the same sensory marketing tactics used in France, and vice-versa.

Research limitations and outlook

A possible limit of this study is that even though it investigates the cultural reasons behind the French and English consumer's attitudes towards the sensory technics set-forth, it doesn't carry the consumer's voice, and why the latter prefers/relies on certain sensory cues more than on others. In other words, the study doesn't uncover how consumers justify their own preferences and behaviour. Future research could unveil more motives for these divergences in preference between these two cultures, but from a consumer's perspective. Last, but not least, future research could also consider other SEMs (such as ACT, THINK, …) in combination with other ExPros (such as Communication, People, …) than the ones covered in this study.

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Determining Aesthetic Pleasure Given Relative Novelty Introductions to an Established Design Prototype

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Keywords

Novelty, typicality, variety, aesthetic pleasure.

Introduction

In the marketing literature, a significant amount of research now exists that has examined the opposing forces of typicality-novelty and unity-in-variety in an explanation of aesthetic pleasure (e.g. Post, Blijlevens and Hekkert, 2014, 2016; Thurgood, Hekkert, and Blijlevens, 2014; Tyagi and Whitfield, 2014). Nevertheless, additional research is still needed to understand how relative novelty introductions influence appraisal perceptions of typicality, variety, and aesthetic pleasure in a variety of consumption settings (Tyagi and Whitfield 2014; Whitfield 2009; Scherer, 2001; Silvia, 2006).

This research aims to contribute to the debates that will take place in CERR 2018 on improving the extant knowledge of consumers' behaviours in retail contexts. The aim of this research is to specifically advance on extant understandings of novelty introductions in circumstances where knowledge of a retail design prototype is already firmly established in the minds of consumers. We propose that when prototype distortions are carefully and deliberately manipulated, as is frequently the case in commercial design strategies, that lower, relative novelty introductions promote fewer grounds for emotionally-charged arousal responses (Blijlevens et al. 2012). Where limited novelty and arousal response possibilities arise, it is possible to examine the multiple, simultaneous, linear interaction effects that underpin understandings of aesthetic pleasure.

In doing so, we contribute to the extant knowledge of how novelty, typicality, and variety perceptions interact to promote an understanding of aesthetic pleasure in the context of retail store design. To the best of the authors' knowledge, an examination of these associations simultaneously, in one model, has not been investigated in previous research. The research setting for this research, and examination of these associations, involves an investigation of the design strategy employed by one retail organization with an established prototype design. Specifically, we examine how this retailer pursues limited novelty introductions with an established prototype to enable them to assess the impact of this changed design.

The retailer in question is currently using their design strategy to improve their customers' experiences, using novel design introductions, but aims to do so without conceding its competitive price positioning. This approach to its design strategy development implies their interpretation of a restrictive, narrowly-framed context in which novelty is introduced and aesthetic pleasure is pursued. The concentration on developing reliable and valid construct measures for typicality, novelty, variety, and aesthetic pleasure, and the simultaneous examination of the global appraisals between these constructs, thus adds to our comprehensions also of how short and long-term novelty (Tyagi and Whitfield 2014), prototype appraisals (Silvia, 2006), open-closed categories (Whitfield 2009), and propensities for taking risks and evidencing exploratory behaviors (Reber, Schwarz and Winkielman, 2004; Blijlevens et al., 2012; Hekkert, Snelders and van Wieringen, 2003) can also be better understood.

The need to improve on existing research focusing on the boundaries of the category responds to calls for more holistic considerations of how contextual and situational-derived appraisals take place in aesthetics research (Ratneshwar and Shocker, 1988; Whitfield, 2009). In this respect, this research also examines the moderating influence of design acumen on consumers' perceptions of novelty (Bloch, Brunel and Arnold, 2003), and establishes that consumers evidence aesthetic pleasure differently by their appraisals of the presented novelty introduction.

Purpose

We propose a conceptual framework to examine how consumers process the novelty, typicality, and variety content present in the designs of two retail stores. Aesthetic pleasure and approach/avoidance behaviors are proposed as outcomes of consumers' perceptions of these stimulus constructs in these stores (see Figure 1 below).

We describe typicality as an abstract, global summative form that reflects a complex ordering, where attribute and global-level meaning is determined by the manner of novelty introductions over a period of time. This means that typicality focuses, for instance, on how the relations between the design elements in similar systems of associations manage to communicate meaningfulness given the occurrence of novelty from the expected. It is also in the abstraction of separable or integral attribute combinations, present in the high numbers of shared attributes of the prototype, that prove fundamentally important to higher types of structure, and our understanding of variety. In contexts where singular prototypes exist, and limited novelty is introduced, a sufficient, beneficial variety is also introduced into the design: a variety that is neither unengaging nor distracting. The similarities and relationships between typicality and variety imply the basis of what Norberg-Schultz (1965) termed the unifying order that lends coherence to architecture. Taken and studied together, typicality, novelty, and variety help to explain the opposing forces at play in consumers' typicality-novelty, order-unity perceptions (e.g. Post, Blijlevens and Hekkert, 2014, 2016; Thurgood, Hekkert, and Blijlevens, 2014; Tyagi and Whitfield, 2014).

In the investigation of these competing forces, there is some inconsistent treatment of the linear and quadratic research treatments of typicality, novelty, and aesthetic pleasure (Hung and Chen 2012). Linear associations are confirmed in studies of the antecedents of novelty (trendiness, complexity and emotion in Hung and Chen (2012)), in the novelty and typicality association (Whitfield, 1983; Whitfield and Slatter, 1979; Veryzer and Hutchinson, 1998). However, curvilinear and quadratic associations between these constructs are also identified for the novelty, typicality, and aesthetic preference associations (Hung and Chen, 2012; Hekkert, Snelders, and van Wieringen, 2003; Blijlevens et al 2012; Thurgood, Hekkert and Blijlevens, 2014) when joint effects are examined. Both linear (for preferences for typicality and novelty) and quadratic (multiplication effects of these two linear functions result in inverted u-shaped quadratic functions) are both observed to exist in studies by Hung and Chen (2012), Hekkert, Snelders, and van Wieringen, (2003).

We argue that given the presence of an established prototype, and a limited, relative novelty introduction, that fewer grounds for extreme emotional arousal exist in the case of this research. When a singular prototype is firmly established in the minds of consumers any limited, relative introductions of novelty will be adjudged on the basis of comparisons to the stable, coherent order of the existing prototype. We consequently argue that limited, relative introductions of novelty in contexts where there is an established prototype give rise to clear, relative judgments of the extent of the novel introductions.

Conceptual Framework

The model we propose in Figure 1 thus assumes that that the constructs are all independent and that linear associations can be established between these associations. (More information on the methodological rationale for why linear associations can be examined in structural equations modeling with co-variance based analyses is provided in the next section).

Figure 1 Conceptual Framework for Main Effects
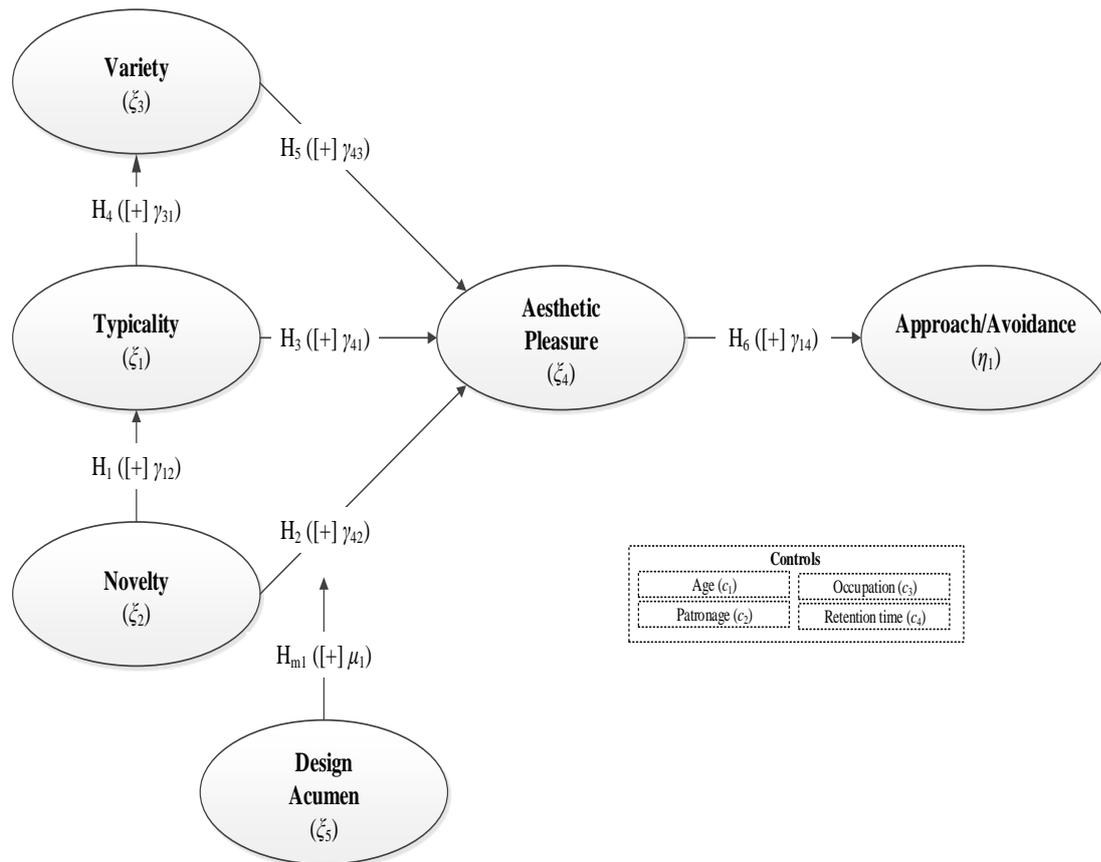
Methodology

Over 400 patrons of two stores with different designs were surveyed. Structural equations modeling with multiple group comparisons was employed to analyse the data. The surveyed retailer has recently invested in its newer design to deliberately emphasise improved shopping experiences for its customers. The newer design highlights relative novelty introductions in increased use of strategically placed mannequins, and multi-media screens to inspire customers to choose outfits that are readily available on adjacent fixtures. The newer design also features more prominent directional signage, improved building facades, and focal points consideration.

Findings

The variables in the proposed model were found to be reliable and possess validity, after confirmatory factor analyses. The conceptual model was also found to possess good model fit. The structural model results present the differences in perceptions of the two designs; these results are shown in Table 2. A strong, negative (opposing) association is confirmed to exist between novelty and typicality (γ12) in the newer design and confirms H1. Strong effects are observed for the novelty-aesthetic pleasure association (γ42) in the contexts of both novel introductions and established prototypes. Thus, H2 is confirmed. Typicality strongly associates with aesthetic pleasure (γ41) in the established prototype context and not in the case of the newer store. This confirms that the more that typicality is perceived that preferences-for-prototypes promote aesthetic pleasure responses. H3 is therefore confirmed. H4 is also confirmed, in the older design, owing to the easier identification of the established prototype. The novelty introductions in the newer design introduce more variety and are more difficult to perceive. The variety present in the established prototype and in the novel design are both observed to confer aesthetic pleasure and confirm H5. Although the perception of variety in both designs is different (as confirmed in H4), consumers welcome the variety present in both designs: thus helping to confirm H5. Consumers of both store designs evidence strong aesthetic pleasure to approach behaviours effects. Consequently, H6 is confirmed.

Table 2. Structural Effects and Store Model Comparisons

Structural Effect (Hypothesis)	Older Established Design	Newer Design
H$_1$ (γ_{12}): Novelty (ξ_2)→Typicality (ξ_1)	-.04^{ns}	-.57***
H$_2$ (γ_{42}): Novelty (ξ_2)→Aesthetic Pleasure (ξ_4)	.74***	.56***
H$_3$ (γ_{41}): Typicality (ξ_1)→Aesthetic Pleasure (ξ_4)	.20**	.17^{ns}
H$_4$ (γ_{31}): Typicality (ξ_1)→Variety (ξ_3)	.38***	-.15^{ns}
H$_5$ (γ_{43}): Variety (ξ_3)→Aesthetic Pleasure (ξ_4)	.32***	.38***
H$_6$ (β_{14}): Aesthetic Pleasure (ξ_4)→Approach/Avoidance (η_1)	.35***	.53***
H$_{m1}$ (μ_1): Design Interest (ξ_5)→γ_{42}	-.111^{ns}	-.215*

Notes: ***, significant on a .001 level; **, significant on .01 level; *, significant on a .05 level; the measurement models of the ODS and the NDS sample are invariant ($\chi^2_{(12)}$, 16.55; p, 168);

This research advances the extant knowledge of how perceptions of typicality, novelty, and variety give rise to aesthetic pleasure in the case of novelty introductions to an established prototype. The findings, therefore, address some of the measurement inconsistencies and difficulties in proposing constructs to examine aesthetic pleasure (Blijlevens et al. 2014), and advances the extant knowledge of how typicality, novelty, variety, and aesthetic pleasure perceptions interact and can be reconciled in one global appraisals model of the store environment.

Contributions

This research also confirms how the newer designed store also appears to possess more consumers who possess a higher design acumen and who respond differently in their novelty and aesthetic pleasure responses than consumers of the established prototype. This suggests that the more novel design, in itself, may attract more consumers who possess the ability to recognize, categorize and evaluate product designs (Bloch, Brunel and Arnold, 2003). The design acumen moderation test also further confirms the stability and generalizability of the typicality, novelty, and aesthetic pleasure constructs in these different design contexts. This finding, therefore, implies that group-level perceptions of design are important and need to be considered in design appraisals. Not all consumers appraise designs in the same way.

These advances in extant understandings of consumers' processing of design confirm a research approach that also confirms how consumers engage differently with design. This research, therefore, takes some small steps based on its development of reliable and valid construct measures to enable companies to develop designs knowing the likely communicative effects on consumers. This research is potentially of value to retailers and others who invest heavily in designs by improving the 'proof-of-concepting' of their designs. Designers, can with the advancements proposed in this research, better align their design creations with target market preferences for the proposed designs.

Practical Implications

Retailers may benefit from this research with the first steps taken in the development of a 'proof-of-concepting' of new designs. Given the considerable investments of retailers in development of their store networks, having an assessment tool to assess the likely preferences for the proposed design,

before the build stage of the project, could improve a range of financial and emotional outcomes for the retailer.

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Interactive Screens as Dynamic Atmospherics of Fashion Stores

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Keywords

Atmospherics, fashion, communication

Introduction

Despite the growth of digital fashion shopping, consumers continue to visit physical fashion stores (Koo 2016; Mintel June 2017). In the UK many stores are under pressure to maintain their appeal and sensory experiences, especially tactile ones, are a strong motivation for a physical store visit (Spence et al. 2014). It is increasingly acknowledged that a fashion store can provide experiences for visitors in the form of entertainment, leisure, direct brand interaction, social interaction, and inspiration (Kent 2007; Dennis et al. 2012; El Hedhli et al. 2013; Kent et al. 2015). As such the intangible, sensory contribution of atmospherics can be an important element of the physical store (Alexander and Alvarado 2017; Mintel July 2017).

To enable digital interactions in a physical store, many fashion brands have installed interactive screens (Pantano 2016; Bonetti and Perry 2017; Mintel November 2017). Consumers can therefore experience shopping via both tactile physical and digital media, which can potentially heighten the overall store experience (Dennis et al. 2014; Poncin and Ben-Mimoun 2014; Kent et al. 2015). In addition, the appearance and interactivity of the screens can heighten the ambience of a store, and contribute to its atmospherics. These can have a strong influence on in-store consumer behaviour, providing a pleasurable store experience and influencing the length of visit and purchase intention.

However, studies of consumer engagement with interactive screens in the store remain scarce. This paper aims to explore the retailers' use of interactive screens, consumer interactions with them and how the screens contribute to the store's atmosphere.

Theoretical Background

In-store technology and Atmospherics

The ways in which an environment can be designed, manipulated and controlled with the aim of influencing consumers was first introduced as its atmosphere by Kotler in 1974. Many atmospherics studies in retail stores have used Kotler's but also Mehrabian and Russel's pleasure-arousal-dominance (PAD) model as a theoretical and conceptual framework to measure the effect of surroundings on human behavior. Subsequent research found three distinct cues, design, ambient and social to infer the quality and image of the store (Baker, Grewal and Parasuraman 1992). These were extended by Turley and Milliman (2000) into five proxies, adding exterior, general interior, layout and design, point of purchase (PoP) and decorations to generate fifty-seven cues. In a more recent study, Ballantine, Parsons and Comeskey (2014) reduced these to nineteen salient cues.

Atmospherics is particularly important to fashion retail stores as consumers' shopping behaviour is strongly influenced by their visual aesthetics and creative design. Other sensory stimuli, from music have also been found to be significant (Yalch and Spangenberg 1990). In recent decades, fashion brands have installed consumer-facing technologies in their stores. These can be designed and managed to influence consumers, and as such may contribute to the atmospherics of the store. They have a sensory dimension in a digital display, for example, can clearly be seen from both its physical format - its shape, material and colour - and the displayed information content. Moreover, they can be distinguished from wireless fidelity (Wi-Fi) and beacon technologies that facilitate interactivity with consumers. These are connecting systems that can only be fully function when used together with other devices (The Economist 2015).

Only a few studies have examined in-store technology as an atmospheric cue (Verhoef et al. 2009; Dennis et al. 2012; Ballantine, Parsons and Comeskey 2014;; Poncin and Ben-Mimoun 2014). Dennis et al. (2010; 2012; 2014) examined digital signage application and its positive contribution to the atmospherics of a retail shopping mall. Poncin and Ben-Mimoun (2014) conducted an empirical study in the impact of 'e-atmospherics' on physical stores, observing the influence on consumer behavior of an augmented reality (AR) system and an interactive tabletop in a toy store.

These studies position in-store technology as an element of the retail atmosphere. However, unlike other atmospherics cues, interactive screens also embody their own atmospherics. Micro-atmospherics take a digital form that emulates the physical ones (Ha, Kwon and Lennon 2007). Fashion consumers appear familiar with it, as they interactively experience fashion brand's digital atmospherics through their personal devices, such as a smartphone or a notebook computer (Kim and Lennon 2010; Magrath and McCormick 2013). These point to the increasing significance of interactivity, which connects consumers' demand for control with the sensory environment.

Methodology

The research employed protocol analysis to elicit insights through participants' verbal reports during interaction with a stimulus (Ericsson and Simon 1984; 1993). Initially developed for research in psychology, protocol analysis can enable a deeper understanding of consumer behaviour (Gould 1999; Jiang and Yen 2009) and has been used in studies involving human-technology (Van Waes 2000). Protocol analysis is sometimes referred to as a think aloud technique, cognitive expression or verbal report. Initially it was used to encourage more introspective subjective thinking - feeling from the participants without restrictions as a form of unstructured interview.

Niketown in London was chosen as the location for the study. Niketown has long been known as a hi-tech apparel store, with a focus on interactivity with consumer (Von Borries 2004; Quartz 2017). Touchscreens, computers and other technological devices permeate the three floors of the store. The study used a 48" interactive screen and a looping video with a cue to swipe could be seen immediately in the starting point and used both swipe and tap type navigation. There were 3 main menus and 3-4 submenus, which offer images, videos and motion graphics.

The study was conducted over 5 months. Fifty-one participants were recruited, based on a purposive sample to ensure they were digitally-driven, experienced in online shopping and interested in or owners of Nike products. Participants were instructed to explore the interactive screen while talking about what they thought of, and felt about the displays. Each participant was given a time slot to explore the touchscreens individually without any time restrictions. The researcher shadowed each participant during the exploration and took notes to document how participants behaved during the process. These included body conduct and actions such as the way they walked, approached and stood during interaction, how they tapped (left or right or both hands, fingers, effort in pressing), and their facial expression. A brief interview was conducted in-situ following each protocol analysis. All data were analysed thematically and went through two stages of coding, open and axial.

Findings and Discussion

Information gathering

Consumers visiting a store usually have preconceptions of what they want to do. Information about the retailer can be gathered from a variety of sources, but personal mobile devices, typically smartphones are increasingly used for this purpose. Interactive screens are store-based devices that enable consumers to extend their information gathering but also engage with the retailer and merchandise in other ways in the store; they enable elements of experimentation and play. In particular, instore screens mitigate consumer dissatisfaction about now having insufficient information about merchandise, such as options, price, and availability. Consumers have a degree of control over their search and must successfully navigate the screens to obtain information. The attractiveness of the screens, the sense of engagement and the pull information they provide, are aspects that are not clearly covered in previous atmospherics studies. The nearest alignment is perhaps the social proxy, one of the 5 proxies suggested by Turley and Milliman (2000). This refers to store

staff; although there is a compatibility problem with positioning people in atmospherics. It does not necessarily mean that interactivity would replace store staff, but rather it can assist them.

Interactive values

Loosely linked to the category of additional information, interactive values are defined by digitally confident consumers. These are people who tend to expect to have agency and to be in control, traits that can be experienced via their personal devices (Koo 2016). A significant finding is that interactive screens demonstrate how the store atmosphere is extended by a dynamic digital environment in which consumers can move seamlessly between the online and offline worlds. Unlike interaction with physical objects, they can conveniently and quickly navigate through a digital screen. This value is somewhat similar to the convenience of interacting with personal devices (Kim and Lennon 2010). In addition, interactive screens can provide something immediate and personalised, such as exclusive information, experiential navigation and epistemic experience. This real time value can go beyond what consumers normally receive from personal devices and conventional instore atmospheric cues. Lastly, interactive screens appear to provide a space value for consumers to actually stop and engage with contents/information. It overcomes problems of using personal devices inside a store that can be intrusive and/or be inconvenient to other people.

Digital merchandise

A physical fashion store functions chiefly to display the merchandise. Browsing a store however, can sometimes be inconvenient, for example, when the store is crowded or during a promotion. When at times the desired product is unavailable or there is a lack of detailed information, interactive screens enable consumers to conveniently browse merchandise in their own time. The screens can also help consumers to inspect the merchandise as well as purchase it. Interactive screens therefore present micro-level atmospherics as digital visual merchandising. There is a strong and close interplay between both physical and digital visual merchandise. Consumers are able to extend their interaction with digital merchandise beyond their interaction with a physical object. For example, while touching a shoe could evoke a tactile experience, digital visual merchandising enables a potential buyer to see the micro detail of its components and through further layers of information, the technology and brand narratives behind the product. The three core findings, information gathering, interactive values and digital visual merchandising are interrelated: interactivity is the distinctive trait creating a new dynamic dimension to store atmospherics.

Conclusion

The findings point to the necessity to account for both goal and experiential oriented aspects in the integration of interactive displays in physical stores. This is because consumers visit physical fashion stores for different reasons. Often stores are regarded as a channel hub or a brand's "house" and the integration of interactive screens in physical fashion stores is able to increase a distinctive perception of the store through its atmospherics.

This research demonstrates how atmospherics can be more dynamic and active, rather than passively influencing consumers. The content of an interactive screen is the chief element for increasing consumer engagement. "Digital atmospherics" thus should be given a priority. Fashion retailers should create and display content that can help consumer to purchase and at the same time be entertaining, for example with a branded content short film. Less recognized it the importance of the physicality of an interactive screen, which can intrigue consumers to engage with it and contribute to extending the store visit.

An interactive screen can potentially be a "good informer" for consumers when they feel reluctant to engage with store staff. As such, interactive screens can define a form of interactive atmospherics; the physicality of the screens enhances the overall store ambience and the content/system provides services for consumers. This points to the development of the atmospherics concept through intertwining with digital interaction: digital atmospherics complements the physicality of a store.

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Special Session II – Pedagogy in Retail Education

Bringing Retail and Management Alive in the Classroom: Contemporary Approaches to Teaching and Learning in the Discipline

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Keywords

Student experience, contemporary pedagogy, learning and teaching, retail education;

Summary

This session will explore some of the current thinking and techniques around teaching and learning in business school environments. It will focus on how both undergraduate and postgraduate students can be engaged to become active participants in the learning experience.

Dynamic Capabilities and Ambidexterity in Multichannel Distribution

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Keywords

Dynamic capabilities, exploration, exploitation, ambidexterity, multichannel strategy

Introduction

With the rise of the use of the Internet, firms have implemented multiple channel systems that try to enhance customer value proposition and reach a larger and wider market (Saghiri et al., 2017). The route to market has become a key competitive battleground in many industries, and firms can no longer rely on their extant channel resources. In this context, the paradigm of dynamic capabilities becomes relevant (Wilson and Daniel, 2007). Recent research has analyzed the role of dynamic capabilities in the reconfiguration of inward supply chains (Wei and Wang, 2010; Lee and Rha, 2016). However the analysis of the role of the ambidexterity dynamic capability of firms in the implementation of multichannel and omnichannel systems still presents substantial research gaps. The contribution of our research lies on applying the dynamic capabilities framework to understand how firms advance in their multichannel distribution strategies.

Purpose

This paper aims to understand the contribution of dynamic capabilities in the development of multichannel distribution systems. More specifically, we analyze how ambidexterity, i.e. deploying explorative and exploitative capabilities simultaneously, could help firms to advance in the reconfiguration of channel structures.

Conceptual framework

The dynamic capabilities paradigm in strategic management has been used widely to study competitive advantage, particularly but not only, in fast-moving, globalized, intangible-asset dominated, knowledge-based firms (Frasquet et al., 2018). There is an emergent consensus in the literature, as Easterby-Smith and Prieto (2008) point out, that dynamic capabilities reside in the potential to change resources, routines and competences.

Researchers have discussed exploitation and exploration within the framework of dynamic capabilities (Prange and Verdier, 2011). Exploitation focusses on utilizing existing resources and current competitive advantage, while exploration is aimed at searching for new resources and expanding markets (Lee and Rha, 2016). In building supply chains, exploitation is about maintaining the relationships with extant suppliers, looking for solutions using the current resources and technologies, whereas exploration makes use of adaptability to find innovative approaches for satisfying customers (Kristal et al., 2010; Patel et al., 2012). Ambidexterity is understood as the dynamic capability that involves simultaneously utilizing exploitation and exploration, efficiency and flexibility, alignment and adaptability (Gibson and Birkinshaw, 2004; O'Reilly and Tushman, 2013).

Multichannel distribution management refers to the design, deployment, coordination, and evaluation of the different channels through which the marketer acquires, retains, and develops customers

(Neslin et al. 2006).The focus of multichannel firms is on achieving increased levels of coordination and integration of channels (Pentina and Hasty, 2009; Herhausen et al., 2015). Recently, the move from multichannel to omnichannel signifies the full integration of channels to blur the boundaries between offline and online channels (Ailawadi and Farris, 2017).

Building on this theoretical framework, we suggest the following research questions:

RQ1: Do firms use simultaneously exploration and exploitation capabilities (i.e. ambidexterity) when implementing multichannel distribution systems?

RQ2: Can ambidexterity be related to more developed multichannel distribution systems?

Design/methodology/approach

We used a multiple case study research design with in-depth interviews as the key information input. Qualitative research design is used to generate rich data when the research phenomenon has no well-established dimensions (Yin, 2014). We take as the reference model the progressive focusing model of Sinkovics and Alfoldi (2012). We applied the principle of purposeful sampling (Patton, 2002), selecting six SME internationalized Spanish wine or beer producers that use multiple channels at home and abroad. Two key informants were interviewed in each company, being the general manager of the firm one of them in every case, and the second interviewee the person more directly responsible of the management of online channels. The interviews lasted between one and two hours, were recorded and transcribed.

The content of the interviews was analysed through a qualitative information analysis software (Atlas ti 7.5.10). Following a grounded theory approach we alternate data collection and data analysis. The transcripts of the interviews were first analysed to identify the reference to the exploitation and exploration processes identified in the literature review and attribute codes to them. Further analysis of the interviews suggested additional codes to capture aspects of the exploitation and exploration processes in multichannel distribution that had not been contemplated in our initial research framework. By collecting new data and constantly comparing concepts, we discovered commonalities and progressively aggregated them to get a clear understanding of our data.

Findings

The six firms in our study were first characterized according to their development of multichannel distribution in three levels: medium-high, medium-low, and low. This was done by revising studies on multichannel integration (e.g. Bendoly et al., 2005; Pentina and Hasty, 2009; Saghiri et al., 2017), and selecting the relevant dimensions and criteria in our context that would allow us to characterise the level of development of multichannel systems.

Exploitation capabilities are by far the most used by the firms analyzed. All the firms capture information from their environment and look for solutions to develop their distribution channels using their existing resources and relationships with distributors. Change and innovation within this framework is present in all the firms analyzed. Exploration capabilities have a lesser presence among the firms in our sample. For those firms, exploration means creative change, new processes and procedures.

Our qualitative analysis searches for the concurrence of exploitation and exploration to identify the ambidexterity dynamic capability. This is again quite rare among the firms analyzed. More interestingly, we find that those firms with the medium-high level of multichannel development were those that showed more clearly the use of the ambidexterity capability.

Original/value

Our paper's originality resides on applying the ambidexterity as a dynamic capability framework to understand the development of multichannel systems by manufacturing firms that add online channels to their extant indirect channels.

Practical implications

The results would inform managers of firms that have added the direct online channel to their current structure of indirect channels on the capabilities needed to advance in the implementation of the multichannel strategy by becoming ambidextreous organizations.

Research limitations and outlook

This paper is subject to the limitations of qualitative studies that do not allow to establish causal relationships or to extrapolate the findings. Our future research on this line attempts to go deeper in the specific interactions of exploitation and explorations to generate the ambidexterity capability.

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Keywords

Payments, merchant steering, digitalisation, two-sided market, supply chain, retail, services, platform economics

Introduction

Digitalisation has affected most areas of retail in recent years (Hagberg et al., 2016). One area of retail that has experienced digitalisation for a long time, is payments. With the first credit cards being introduced in the 1950s it is an early example of a platform business model, which is becoming standard for companies that operates in a digital environment (Evans and Schmalensee, 2016). The payment services available and technological development have exploded in recent years, as more actors have entered the market. Recent EU legislation with the new Payment Service Directive 2 (PSD2) also opens up for new providers[4]. In parallel, cash becomes more redundant as the volume of electronic payments are rising. Sweden which is the context of this study, is one of the most cashless societies in the world where consumers migrate toward using more electronic payments (Arvidsson et al., 2017). What determines the way we pay is a complex issue, it involves different types of actors in interrelation. Retail payments have mostly been studied from the consumer perspective and there is a need to understand how the payment offer is designed by the retailer. Cost and risk are assumed to be main determinants of retailer adoption of payments (Hove and Karimov, 2016), however the lack of data on cost of different payment methods on an individual retail level makes it difficult to discern the extent of impact it has for the retailer's payment service offering. The retailer's cost of different payment instruments varies depending on for example if it is a credit card or debit card. The cost also varies with the interchange fees which banks charge on card transactions (Verdier, 2011). In the literature on payment research there are several works on merchant steering, that is, observing if retailers try to induce their customers to pay in a certain way that is less costly (Stavins and Shy, 2015).

The availability of different payment services is also an enabler for different channels to operate (Bounie et al., 2017). With the omni-channel strategy, retailers need to direct their efforts and measure the impact that each channel has in contributing to the consumer's path to purchase (Ailawadi and Farris, 2017). The retailer's cost of the actual purchase in the different channels and ability to steer their customer thus become relevant.

Purpose

The purpose of this study is to show how different payments pose different costs to retailers and to investigate the retailers' choice and ability to steer their payment service offer in the brick-and-mortar channel compared to the online channel.

Conceptual framework

Studies on consumer preferences and adoption of payments are numerous compared to the retailer perspective. However since it is a two-sided market the demand for payments are interrelated. How consumer preferences and merchant steering interrelate has been studied in Bounie et al. (2017). They find that consumer preferences and the competition pressure is driving the merchants' payment service offer (in France). Similarly, Jonker (2011) find that with intense competition a higher acceptance of credit cards is observed among retailers.

In Hove and Karimov (2016) they predict that the popularity of a payment method in the physical retail will positively affect its adoption by online retailers. Popularity can be interpreted differently

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[4]   https://ec.europa.eu/info/business-economy-euro/banking-and-finance/servizi-finanziari-ai-consumatori-e-pagamenti/payment-services/payment-services_en (accessed 2018-03-10)

and it depends on if you ask consumers which payment they prefer and which payment they actually use. Habit of paying rather than preferred payment instrument has a more significant role in explaining what payment the consumer actually use (van der Cruijsen et al., 2017).

The below model illustrates factors that may influence the retailer's payment service offer. The different factors are divided into firm, transaction and market. The firm factors are age, turnover and the retailer's preferred payment method. The age of the retailer and turnover are presumed to be related to lower costs and positively related to the retailer's ability to steer their payment service offer. As discussed above, the different methods have different cost and risk to the retailer, but the volume that the retailer processes of each method reflects how their customer wants to pay. The value of the transaction and venue of the transaction has been shown to affect the consumer choice of payment method (Bagnall et al., 2014), thus the retailer's payment offering does presumably vary with industry branch, as retailers tend to specialise and offer homogenous products with different value, at the same time there are certain retailers with products with a large span of value. The retailer is further restricted by the competition which they face in the different channels, their ability to negotiate with payment service providers and which retail sector they operate in. Payment methods may also be offered by the retailer to increase spending behaviour, as different methods has been shown to affect the consumer's spending behaviour (Runnemark et al., 2015).

Figure 1.
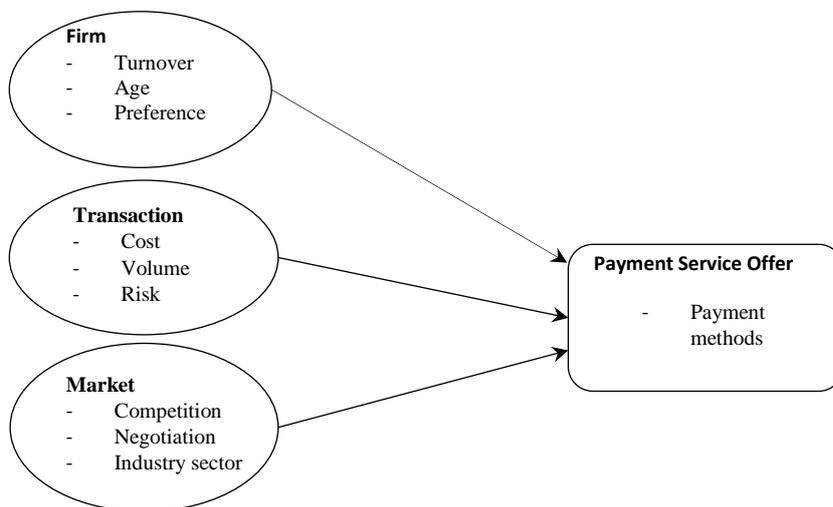
Factor that influence the retailer payment service offer to their customer (company perspective), the consumers' preferences are implicitly present at all levels.

Methodology

A survey was conducted among the larger retailers in Sweden (above 50 million SEK in annual turnover)[5] to gather data on determinants of retailer payment service offer. The net population sample amounted to 278 retailers, selected from a database listing all Swedish companies, upon the main criterion that the retailer was involved in handling every-day consumer payments (consequently, excluding for instance, B2B and subscription retailers). Chain store retailers were included once with their main corporation, to avoid double counting. The main respondent were the person responsible for the company's payments. The data gathering was made through phone interviews to achieve a higher response rate. The acceptance rate, volume and cost of the different payment methods were at the essence of what was researched in the survey, but also negotiation possibilities and consumer price elasticity. A summary of the variables are presented in table 1. below.

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[5] Approximately equivalent to 4 million GBP in 2015

Table 1.

Variables and definitions.

Variables	Definition
Turnover total	Turnover (annual report, msek)
Turnover B-a-M	Turnover from the company's brick-and-mortar operations (msek)
Turnover E-tail	Turnover from the company's online retail operations (msek)
Age 2015	The age of the company from establishment (years)
Industry sector	EU NACE classification third level Rev.2
Price elasticity/competition	Estimated volume of customers that the retailer would loose with a 10 percent price increase
Average cost per payment	Average cost per payment in SEK
Share of payment cost	Share of payment costs/total cost, percent
Cost of a 100 SEK payment B-a-M	Cost of a 100 SEK payment with each of the different payment methods in the company's brick-and-mortar operations
Cost of a 100 SEK payment online	Cost of a 100 SEK payment with each of the different payment methods in the company's online retail operations
Cost ranking of payment method	Ranking of the different payment methods from the highest cost to the lowest cost
Risk rank	Payment method which poses the highest financial risk to the company
Volume per payment method	Volume processed for each of the different payment methods in the retailers' brick-and-mortar and online operations
Negotiation possibilities	Measure of the company's negotiation possibilities with payment service providers, scale 1-5

All the variable data, except total turnover, age and industry sector, is collected from the survey responses.

Findings

The overall respondent rate from the survey was 30 percent. No respondent bias was found with regards to turnover or industry sector. The results show that there is a large variation in acceptance rate and payment costs across large retailers in Sweden. Thus the payment market is not homogenous and there is room for disruption from new actors. It is also found that the cost of payments is a quite substantial cost of the retailers' overall costs from their point of view, with a median value of 1 percent of total costs.

In the brick-and-mortar channel, most payments are handled through debit card, which is also the most preferred method for the retailer. Cash is considered to be the method with the highest cost. In the online channel the most prevalent method is invoice, while it handles the most volume of payments it is the method that poses the highest cost to the retailer in the online channel. The most preferred method in online retail is also debit card, however the cheapest one is direct transfer.

Intuitively the rationale for invoice (the high volume) is that it deals with uncertainty problems from the customer perspective, such as delivery and expectations of the merchandise.

With regards to the retailer power over payments, there is no significant relationship between the volume and cost of different payment methods in the brick-and-mortar channel. However, retailers with low volume for certain payment methods have in most cases higher costs. The cost of the different methods are negatively correlated with volume, except Diners. The interpretation is that either the retailer has lower costs when their volume of payments of the respective methods increases for all methods except Diners, or that the retailer has already steered their volume of payments toward more low-cost alternatives.

For the online channel the results suggest that the retailer have a lower possibility to steer their customer. In the online retail channel the results suggest that the retailer here has lower power to control their payments than in brick-and-mortar (table 6). All of the payment methods (except amex and diners) have a positive correlation with volume, the more volume of payments that is processed through a particular method, the more costly it is.

Contributions

This study provides theoretical insights to the multisided platform business model that dominate the digital era companies. It shows inner workings of transaction costs and lock-in effects in the retail payment market, a highly under-researched area. It also supports the common perception that payments are costly to retailers and provides data on payment costs for comparison in research and practice.

Implications

The study show that although there appear to be a few standard payment methods in the retail industry, these standards need not be the preferred method for retailers. Retailers may have to find a more leveraged position to negotiate with payment service providers. The finding that retailers have less power over payments in the online channel could spill over in the brick-and-mortar channel, shifting more power to the consumer. With cash being the most expensive method in brick-and-mortar it may also be of interest to policy makers to lower the costs or find solutions. As more retailers may desert accepting cash, it leads to an exclusion of certain members of the society who have no other way of making a payment, for instance tourists, immigrants or elderly people.

Research limitations and outlook

Large retailers are relatively few in Sweden, thus for a quantitative approach, it would be better to identify a market with sufficient amount of large scale retailers to gather data in to further investigate how much power the retailer has in affecting the market. Furthermore, the standards of payment and providers of payment services is most likely different for small size retailers, thus a survey among small retailers would also be interesting to gain a larger image of the payment market in retail. An historic overview of how much power the retailer has had in the payment market would also provide insight to if the current market is exceptional in its characteristics because of digitalisation, or if it has varied across time.

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Appendix

Correlation table.

	Main variables	1	2	3	4	5	6	7	8	9	10
1	Turnover respondents[1] (msek)	1	0.91***	0.86***	0.31***	-0.13	0.16	-0.09	-0.16	-0.14	-0.18
2	Turnover from B-a-M (msek)	-	1	0.85***	0.1	-0.21	0.35***	-0.10	-0.14	-0.24	-0.24
3	Turnover from E-tail (msek)	-	-	1	0.19	-0.23	0.3*	-0.13	-0.18	-0.17	-0.14
4	Age of company in 2015 (years)	-	-	-	1	-0.17	-0.08	-0.12	-0.00	-0.31*	0.10
5	Competition / price elasticity	-	-	-	-	1	-0.27*	-0.08	0.05	0.16	-0.13
6	Negotiation possibilities (1-5)[1]	-	-	-	-	-	1	0.06	-0.05	-0.22	-0.02
7	Average cost per payment in SEK	-	-	-	-	-	-	1	-0.17	0.17	0.14
8	Share of payment cost/total costs (percent)	-	-	-	-	-	-	-	1	0.03	0.06
9	Cost in SEK for a 100 SEK payment with debit card in B-a-M store	-	-	-	-	-	-	-	-	1	0.86***
10	Cost in SEK for a 100 SEK payment with debet card in E-tail	-	-	-	-	-	-	-	-	-	1

*** p<0.01, ** p<0.05, * p<0.1 #p<0.15

[1] Rising scale from poor to excellent.

Luxury Fashion Retailers' Omni-Channel Distribution and Communication Strategies in Mainland China

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Keywords

International retailing, Omni-channel strategies, Distribution, Communication, Critical success factors, Digital marketing, E-commerce, Luxury brand management, Marketing strategies, mainland China

Introduction

The landscape of the international luxury fashion retail market has dramatically changed from being dominated by Western developed markets (i.e. West Europe, North America and Japan) to a focus on emerging markets, especially China (Bonetti et al., 2017). The Chinese luxury fashion market has rapidly developed since the 1990s, and increasing numbers of luxury retailers have established operations in the market since then (Zhan and He, 2012). According to Bain (2015), the Chinese luxury market exhibited a double-digit growth rate between 2008 and 2014, a time period when many traditional luxury markets experienced economic recession, and increased in value from $14.3 billion to $25.3 billion. Despite a slowdown since late 2014, the majority of luxury retailers remain optimistic, and believe that this has been is transition period, evidenced by their continuous further expansion into China (He and Wang, 2017).

The fast growth of technology, especially in relation to the Internet and more advanced electronic devices, has changed the ways in which luxury retailers distribute products and promote brands thus influencing consumers' lifestyles and consumption behaviour (Chaffey and Ellis-Chadwick, 2016). China has reached 800 million internet users, which accounts for one fifth of global users (Liu, 2017). Because of the fast growth and strong performance of e-commerce, the question of 'whether e-commerce will replace retail stores' (evidenced by the wave of recession and shutdown of many retailers in America) has been debated. Similarly, the traditional media is also severely challenged by new-world media (evidenced by the decline of many printed media outlets). Therefore, fast changing consumer lifestyles in China requires luxury retailers to respond to their needs appropriately, particularly through adopting omni-channel distribution and communication strategies.

Purpose

Many prior studies have focused on e-commerce, digital marketing, and multi-channel marketing strategies; however, the omni-channel distribution and communication strategies are still at the early stage of development (Fernie and Sparks, 2014). Few studies up to date have focused on the interrelations between the omni-channel distribution and communication strategies of luxury fashion retailers (Kent et al., 2016). This study therefore aims to examine the influence of e-commerce and new-world media towards retail stores and traditional media through exploring internationalising luxury fashion retailers' omni-channel distribution and communication strategies in China.

Conceptual framework

This study can be located in 'Place' and 'Promotion' within retailer 'Marketing mix'. Other related theories involved include international retail, digital marketing, localised marketing strategies, and luxury fashion brand management.

Methodology

As this paper seeks to answer 'why' and 'how' research questions, it adopts an interpretivist approach and uses a qualitative multiple case study research methodology. Twelve participating retailers (across a range of countries of origin, retail formats and ownership structures) are recruited from the members of world-leading professional luxury fashion organisations, including Comité Colbert (France), Fondazione Altagamma (Italy), the Walpole and the British Fashion Council (UK), and the Council of

Fashion Designers of America (US). The cover letter, mailed to their head offices, explains the purpose of the case studies. In order to fulfil confidentiality agreements, all the participating retailers' and interviewees' names are coded. The primary data are collected through twelve qualitative in-depth executive interviews. The secondary data are collected through document search and analysis. The data are analysed through thematic analysis.

Findings

Omni-Channel Distribution Strategies

Brick-and-mortar retail stores are indispensable and non-replaceable for luxury fashion retailers (Bai et al., 2017). The functions of a retail store (especially a flagship store) is not only include product distribution, but are also expression of luxury retailers' invisible brand identity, and are used to raise brand awareness (Moore et al., 2010). The luxury fashion sector is heavily reliant on in-store experience, through which consumers can touch and feel the products, and in-store inter-personal communication is vital to create and maintain customer satisfaction and even brand loyalty (Kapferer, 2015). In-store experience is also regarded as a way to protect brands against counterfeits. Participant retailer E (a group owned Italian design house) approved that:

'*It is impossible to replace stores by e-commerce, because in-store customer experience is vital, it is a technique to add more customer value and a way to strengthen customer loyalty... More importantly, store and in-store customer service is our strategy to protect the brand and fight against to counterfeits*'.

The necessities of physical stores are evidenced by luxury retailers' continuous expansion. In terms of store format, retailers are expanding their retail formats to include flagship stores, standalone stores (often in luxury hotels and luxury malls), concessions, pop-up stores, factory outlet stores, and tax-free stores (Lu, 2011). Regarding to geographic markets, retailers in China have not only strengthened their operations in tier-1 national capitals, but also have extended their operations into wider ranges of tier-2 regional/provincial capitals, and even into tier-3 local markets (Bai et al., 2017). Many retailers are now running more stores in mainland China than in their home markets; examples include Dunhill, Armani, and Hugo Boss (Chevalier and Mazzalovo, 2012).

Meanwhile, e-commerce in China is growing at an unprecedentedly rate. Consumers are no longer restricted by time (store opening hours) and space (limited numbers of retail stores). Therefore, the accessibility has improved. E-commerce is capable of maintaining luxury retailers' exclusive brand image through fewer physical stores. For example, Louis Vuitton entered mainland China in 1992 and by 2018, is running only thirty physical stores alongside e-commerce. In the era of 'Big Data', through online purchase history, retailers can develop advanced digital customer relationship management systems, through which they can tailor unique experiences. Such personalised shopping experiences are potentially able to raise customer satisfaction, trust, and loyalty. Participant retailer A (an independent British design house) explained that:

'*China is too big to be covered by retail stores, so it is our responsibility to create chances for customers in some cities where we do not have stores... E-commerce helps us reach wider ranges of potential customers, and tailor their own experience*'.

Bai et al. (2017) identified that luxury fashion retailers' e-commerce can be operated either by being directly owned or through partnership (Figure 1). Retailers can directly operate official online stores (within their official websites) or set up wholly owned e-commerce via a Chinese e-commercial platform, such as JD.com/T-mall.com. Indeed, some luxury retailers, such as Mulberry, are running e-flagship stores on T-mall.com. Moreover, the Chinese social media platforms have been employed by these retailers for e-commerce. For instance, Christian Dior and Hermes sold the special edition handbags (for Chinese Valentine's Day) and Apple Watches (Hermes edition) respectively through Weibo and WeChat, which are two of the most popular social media platforms for Chinese Internet users. Alternatively, retailers can operate e-commerce through partnerships, either in agreeing technical support for official online stores (e.g., Yoox supported Bally and Dolce & Gabbana), or franchising to Chinese online e-tailers (such as the partnership between Xiu.com and Salvatore Ferragamo).

Figure 1: Luxury fashion retailers' e-commerce in China
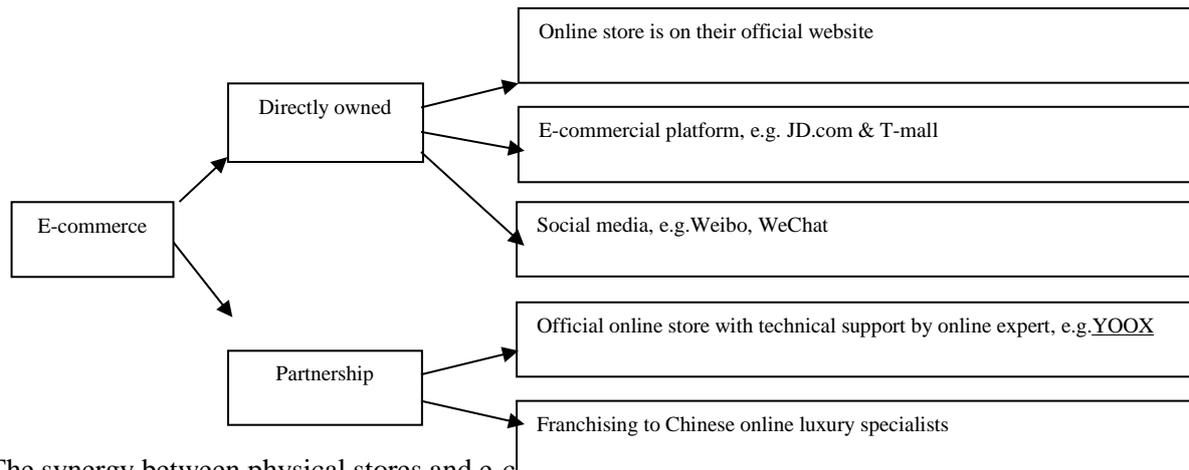
The synergy between physical stores and e-commerce has demonstrated that these two distribution channels are complementary rather than substitutes. Luxury fashion retailers can reduce logistics, warehousing, and labour costs. With the assistance of e-commerce, retailers can increase their profit margins through optimising product mixes in retail stores, such as allocating special edition products. Retailers can also use store space more efficiently and effectively. Moreover, through the data collected by their e-commerce operations, retailers can identify potential markets for their physical stores, evidenced by the increasingly large number of potential markets in tier-2 & 3 Chinese cities. E-commerce can create convenience for consumers. Busy consumers (who are typically working class) can check the stock availability prior to visiting a store. A 'Click and Collect' service can be regarded as a loyalty drive, as it stimulates store traffic and drives customer satisfaction. Therefore, stores are better connected to e-commerce.

Omni-Channel Communication Strategies

Traditional media, especially printed media, is still dominant in luxury fashion retailing (Jiang and Wei, 2012). For instance, increasing numbers of luxury retailers, such as Hermes, have recruited professional journalists and invested to publish their own-branding lifestyle magazines, and define their own product category, to raise brand awareness, strengthen their lifestyle brand image, and potentially help them to reach wider ranges of consumers (Chevalier and Mazzalovo, 2012). Participant retailer H (an independent French design house) explained that:

'*Our (own-brand) magazine is vital to strengthen current consumers' loyalty and to reach more potential customers… It is a vital way to build and maintain our brand image*'.

For fashion magazines, retailers must localise their promotion/advertising strategies. Popular fashion magazines such as Vogue and Elle are not as popular as their local/Asian competitors in China, not only because of their higher prices and relatively limited distribution, but also due to their lack of in-depth local knowledge (Li et al., 2012). Therefore, choosing an appropriate fashion magazine in China is vital. As well as TV commerce, the effect of celebrity is also very important in China. Choosing appropriate celebrities, especially for as brand ambassadors or the guests at public events (product launches, new store openings) is not straightforward, because in-depth understanding of local knowledge is required (Liu et al., 2016). Therefore, a public relation team with solid local knowledge is necessary. Moreover, besides brands' packaging and colour choices, flagship stores can be regarded as an efficient tool to promote their brands. An efficient and effective customer relationship management system is also necessary, and this is interrelated with omni-channel distribution strategies.

Meanwhile, online communication is necessary in the contemporary Chinese luxury fashion market. Besides an official website (for brand and product information) and online stores (high standard customer services), direct online marketing, via email marketing and search engine optimisation, is vital (Chaffey and Ellis-Chadwick, 2016). Retailers must adapt their digital strategies which, for instance, employ Baidu rather than Google, because popular Western online social media such as Facebook and Twitter are all banned in China (Bai, 2016). Retailers must adapt to Chinese social

media platforms, particularly Weibo and WeChat, which are the two most popular social media sites in mainland China, and among most Chinese people living foreign countries. Through these social media platforms, retailers can interact and communicate with actual and potential consumers, and monitor and understand consumer reviews of their experiences of products and shopping. E-word of mouth plays a vital role in the younger generation of Chinese consumers' behaviour, as evidenced by opinion leaders in Weibo/WeChat. Participant retailer L (a group owned German leather accessories specialist) emphasised that:

'*We have to adapt online communication strategies to Chinese market conditions, you have to use Weibo and WeChat because you have no access to Facebook and Twitter*'.

Therefore, luxury fashion retailers should focus on consistent 'lifestyle' brand images and emotional connections through omni-channel communication strategies.

Contribution

This study, adopted an international retail perspective, innovatively examines luxury retailers' omni-channel distribution and communication strategies in China, and explores the interrelations between two types of omni-channel strategies. It contributes to building greater understanding of retailers' adaptations of place and promotion in their marketing mix to the Chinese market.

Practical implications

This study demonstrates that how internationalising luxury retailers have achieved success through adopting omni-channel distribution and communications strategies in a psychically distant market. It identifies the digital platforms forming e-commerce and social media in China, which are widely used by foreign companies who are developing omni-channel distribution and communication strategies in the country.

Research limitations & outlook

The findings of this study are generated from the Chinese mainland market, which means that they are probably limited in their ability to explain other markets. Subsequent studies can examine the findings of this study in relation to other geographic markets and/or for other retailers, especially large-scale multinational grocery supermarket chains. As this is an exploratory study, subsequent studies in more depth are expected which will explore omni-channel distribution strategies, omni-channel communication strategies, and the connections between the two.

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Scan-As-You-Shop: Impacts of Shoppers' Perceptions, Experiences, and Attitude on Intention to Use

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Keywords

Scan-As-You-Shop, TAM

Introduction

In a progressively competitive environment, retailers are moving towards being service-oriented than product-oriented. Retailers have to compete and provide new services innovation. It is hence important for retailers to differentiate themselves in the marketplace by investing on innovative technology. Scan-as-you-shop service is a fast-improving technology proposing consumers a convenient way of shopping and improve their experiences and intention to use. Despite the increasing use of Scan-As-You-Shop services, there is a lack of study on this area. By drawing on theory of TAM, this research seeks to examine how shoppers' perceptions of using Scan-As-You-Shop technology may have an influence on perceived enjoyment, perceived usefulness, and perceived ease of use. It also seeks to investigates shoppers experience to be as convenient as possible and attitude which can impacts on shoppers intention to use the technology.

Methodology

This study adopts a mix-method research design – a predominantly quantitative approach, which is supported by insights from an exploratory phase that encompasses in-depth interviews and focus groups discussions. Based on the qualitative study and the existing literature, the research conceptual framework was developed. In the second phase this framework was examined consumers' perceptions of the influences of the shoppers' perception towards using Scan-As-You-Shop services on their experience, attitude, and intention to use in the UK. A survey of a convenience sample of 350 adult consumers will be conducted. Structural Equation Modelling will be employed in order to examine the proposed model.

Contributions

The results will provide guidelines for retail managers to create customer value in the retail environment through technical innovation capability (new services, service operations, and technology), though making the day-to-day operations easier for sellers. Moreover, this article reflects on the link between the consumer shopping perception, experience and intention to use the technology.

Conceptual Model

User perception		Perceived enjoyment		User experience		User Attitude

Technology availability

Social influence

Social influence, Security

Trust

Perceived enjoyment

Perceived usefulness

Perceived ease of use

Intellectual experience

Effective experience

Cognitive attitude

Affective attitude

Intention of use
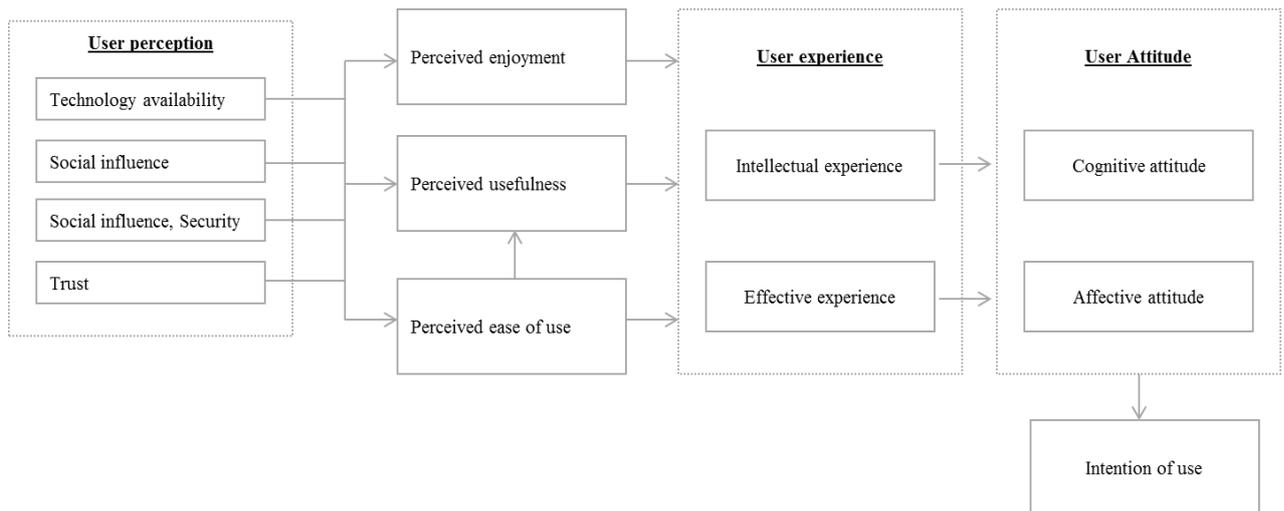
Healthy Checkout: The Long-Term Effect on Sales and CSR

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Keywords

Nudging, retailing, health, CSR, checkout

Introduction

Unhealthy snacks were found to be an important contributor to the spread of overweight and obesity and to chronical diseases (Duffey & Popkin, 2011). However, retailers and manufacturers have tried to promote snacks, and consequently unhealthy diets, by playing on the impulsive nature on their purchase and placing them in prominent location inside the store, such as the checkout (van Kleef, Otten, & van Trijp, 2012). The present work aims to implement and test a 'healthy checkout' in a real retailing environment in order to understand the long-term impact of this kind of intervention on sales and retailer's image.

By implementing this strategy, we want to fill several gaps. First, we want to enrich the literature about the strategies developed in grocery setting. Second, in the extant literature, the long term effect of in-store marketing strategies in grocery environment has been almost assessed through sales data analysis of healthy versus unhealthy products (Kroese et al., 2016; Sigurdsson, Larsen, & Gunnarsson, 2014). According to the authors' knowledge, no studies have tried to measure the value of traditional versus healthy checkout or have tried to demonstrate the impact of these strategies on brand image, CSR and loyalty.

Purpose

Placing healthy products at the checkout is one of the strategies named as 'nudging'. Nudging reshapes the environment in which shoppers take their decisions by changing the presentation of options to consumers and making them more appealing, without removing options, changing economic incentives or constraining shoppers' liberty of choice (Thaler & Sustein, 2008). Nudging acts on availability and visibility of products. But only altering accessibility and visibility could be not enough, since customers must be aware of the 'prime' in order to behave in line the cue (Salmon, Fennis, de Ridder, Adriaanse, & de Vet, 2014). Information is one of the most important variables in healthy food related choices but the huge amount of information and its difficult accessibility are the two main barriers to the proper use of nutritional information. For these reasons, the present work intents to proprose a new checkout that, apart from displaying healthy products, uses intuitive and easy-to-read nutritional information in order to help consumers interpret it and improve retailers' performaces in terms of sales and image.

Conceptual framework

Every retailer's strategy can have an impact on sales and company's reputation. Considering sales data, it is arguable that customers will react positively to the strategy buying healthy products thanks to the increasing interest toward this kind of products (Nielsen, 2014). Due to the higher price and margins of healthy snacks compared to unhealthy ones (Lugli, 2015), we expect an increase in the sales of healthy checkouts compared to traditional ones, which still promote chocolate and candies. Thus, we posit that:

H1. Placing healthy snacks at the checkout can be beneficial for the retailer, in terms of sales

Apart from sales, a major long term-effect of promoting healthy eating is on retailer's reputation. Is has been recognized that the food industry has a major impact on what people eat" and that "nine out

of ten consumers do most of their shopping at a supermarket". This emphasises that "the food industry has a corporate social responsibility to promote healthy eating" (Jones, Comfort, & Hillier, 2005). Corporate social responsibility (CSR) reflects the company's status and activities with respect to its societal obligations (Brown & Dacin, 1997). Being perceive as socially responsible can have a positive impact on levels of trust and loyalty among consumers (Cole, 2017). Previous studies applied the concept of CSR to both nutrition information and healthful food contexts. Several authors found that providing healthful foods and nutrition information is considered as a healthy eating CSR initiative (Jones et al., 2005; Lee & Heo, 2009). Thus, we posit the following hypothesis:

H2. Providing healthy products at the checkout positively influences consumers' perceptions of CSR

H3. Providing attractive and informative communication at the checkout positively influences consumers' perceptions of CSR

H4. Increased consumers' perceptions of corporate social responsibility positively influence the loyalty to the store

Methodology

Thanks to the collaboration of an Italian leading chain, we initially implemented healthy checkouts in five supermarkets in the north of Italy. All the stores were located in suburb areas, were medium sized, and belonged to Every Day Low Price format. In all the stores considered, unhealthy snacks were removed from all the checkouts of each store and were displayed away from that area on a sideboard, as tested in a previous study (Chapman & Ogden, 2012). At the checkouts, they were all replaced by a selection of healthy products (mix of fresh fruit, dried fruit, dried fruit bars, nuts and smoothies) and the selection was based on their nutritional profile (see Appendix for more information about the classification). For each product displayed the nutritional profile has been communicated with stars symbol. Finally, the communication placed on the top of the checkouts' shelves gave information about the criterion used for the selection of the items.

In order to check the hypothesis we conducted two studies.

Study 1: the long term impact of healthy checkout on sales

We had the possibility to access sales data of healthy checkout in the five stores were this implementation was made, and sales data of five stores, similar to the previous ones in terms of dimension, turnover and location, in which confectionary was still displayed at the checkouts. In order to compare the results, we considered the incidence (percentage) of checkouts' sales on the total turnover of packaged food within the stores considered (experimental versus control stores) during a 26-week period after the implementation (from May 2016 to November 2016). A t-test was conducted in order to assess the significant statistical difference between the incidence of healthy and unhealthy checkout on total sales during this period. Data were analysed using SPSS 24 statistical software.

Study 2: the long term impact of healthy checkout on CSR and loyalty to the store

Study 2 aims to assess the impact of the intervention proposed and, in particular, the perception of the assortment and the communication on Corporate Social Responsibility and of CSR on loyalty to the store. For that purpose we interviewed 304 shoppers at the end of their shopping trip outside the stores considered. Among them, 47 bought a healthy snack from the checkout, while 257 did not it but they, at least, noticed the new checkout and could answer the questions about communication and assortment. For the purpose, a PLS analysis ha been conduced using SmartPLS package.

Since we managed both assortment and nutritional communication, perception about the assortment (in terms of novelty and healthiness of the products), and of the communication (in terms of attractiveness and informative aspects) were measured as antecedent of perceived CSR. Then we measured the impact of perceived CSR on loyalty to the store.

One 7-points item measure the novelty of the products displayed ('*The products offered at the checkout are new for me*'), while two 7-point items measured the healthiness perception of the products displayed ('*I think that the products displayed are healthy', 'This is a shelf display packed with healthy snacks*'- van Kleef et al., 2012). The attitude towards the communication was assess

measuring both the informative aspect using a 7- points item ('*This communication helps me to get more information*') and its perceived ability to influence behaviours through two 7-points items, ('*The communication is effective', and 'I think that this kind of communication can influence individual's choices'* - Moreau, Markman, & Lehmann, 2001). CSR was measured by three 7-points items ('*This retailer cares about my health status', 'This retailer is much more attentive to my health status than others', 'This retailers contributes to people's well-being'*- Brown & Dacin, 1997). In the same way, Loyalty to the store was measured trough three 7-points items ('*I prefer to always shop at this grocery store', 'I am willing to make an effort to shop at my favourite grocery store', 'This point of sales is my first choice'*- Ailawadi, Neslin, & Gedenk, 2001).

Findings

Results of Study 1 allowed us to confirm our hypothesis (H1): displaying healthy products at the checkout can be a way to improve retailer's profits. In fact, we found a statically significant difference between the the incidence (percentage) of checkouts' sales on the total turnover of packaged food within the stores considered- experimental versus control stores (Mean$_{healthy\ checkout}$=1.6785, Mean$_{unhealthy\ checkout}$=1.5783, t -2.105, p<.05).

Considering results of Study 2, after having checked and met all the convergent and discriminant validity requirements, we confirmed that all the hypothesis posit (H2, H3, H4). No matter whether the shoppers bought or not a healthy snack from the checkout, the mere presence can influence the perceived CSR, in terms of the promotion of small dietary changes inside the store (as shown in Table I).

Table I. Path coefficients

	Path coefficients	T Statistics	P Values
CSR -> Loyalty	0.376	8.200	0.000
Communication_ -> CSR	0.101	1.760	0.079
Healthiness -> CSR	0.218	3.483	0.001
Novelty -> CSR	0.121	1.973	0.049

Contributions

In the extant literature, the long term effect of this kind of strategies is almost assessed through sales data analysis (Kroese, Marchiori, and de Ridder 2016; van Kleef, Otten, and van Trijp 2012), while no studies have tried to demonstrate the impact on brand image and customers' loyalty. In fact, by promoting health and by communicating retailer's efforts, customers can perceived it as socially responsible and improve the attitude towards the company (Piacentini, MacFadyen, and Eadie 2000). To the authors' knowledge, the CSR in the grocery retailing was assessed through the information that companies provide to the stakeholders on the website about their social and environmental commitment and not through in-store marketing strategies.

The results of our study allow us to assess that displaying healthy products at the checkout could be a way to improve retailer's profits and perceived image. First, the price of the products displayed at the checkout is higher than candies and chocolate and, therefore, their margin. Secondly, shoppers increase their interest towards the healthy aspects of food. For this reason, developing strategy that help shoppers making healthy choices without effort is seen as something valuable, that impact the perceived CSR and positively affect the loyalty to the store.

Practical and social implications

The results of the implementation of a healthy checkout could provide suggestions for retailers about which variables need to be considered in order to ensure the effectiveness of the strategy. Confectionery merchandising may represent an opportunity for retailers to brand themselves as health-oriented and exercise their sense of social responsibility. They can strengthen customer loyalty without necessarily damaging overall profits and find a way of differentiation in a competitive market.

Furthermore, this healthy checkout can be a win-win strategy, since customers can easily find healthy products inside the store and improve their with diet small dietary changes.

Research limitations and outlook

Several limitation can be discussed. Considering the first study, the time considered (26 weeks) can be considered a limited amount of time. Six months of sales data could not be enough to detect the effect of the checkout on sales. Considering Study 2, there are limitations connected with the structured questionnaire. Since it consists of direct questions, social desirability problems can arise. Furthermore, the amount of time passed between the implementation and the interviews could have been too short to detect the real impact of the strategy of CSR and loyalty. Further research could test the correlations over time and detect possible differences. Finally, the sample analysed cannot be consider representative of a wider population. Further studies can enlarge the sample interviewed in order to make the results more robust.

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Appendix

The selection of the healthy items was based on the overall nutritional profile of each product. In particular, we used a Nutrition Information System (NIS) which takes into account the content of energy, saturated fat, sodium, sugars, fibres, protein and the proportion of fruit, vegetable, nut and legume content, and assign a scores, that goes from ½ to 5 (Hamlin & McNeill, 2016), to each product analysed (Health Star Rating System). Lower scores mean that the product has low nutritional values, while high scores mean that it has good nutritional values. The products displayed on the checkouts achieved a score higher than the minimum acceptable score set in accordance with the retailer (minimum score = 2).

Engaging Healthy Eating App Consumers: Importance of Context and Congruence

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Keywords

Consumer experience, Engagement, Food purchasing, Healthy eating, Mobile app.

Introduction

Unhealthy eating patterns constitute a leading risk factor for ill health globally (Institute for Health Metrics and Evaluation, 2013, Global Burden of Disease (GBD) 2015 Risk Factors Collaborators, 2016) with significant economic and societal implications (Candari *et al.*, 2017). Retail food purchasing represents an important step in the food choice process. Consequently, supporting healthier food purchasing behaviour offers a potential approach for improving eating patterns. However, consumers may view changing purchasing behaviour as effortful due to insufficient food-related human capital resources (Anderson *et al.*, 1995, Hollywood *et al.*, 2013, Larson *et al.*, 2006) and the inability to consciously direct behaviour towards new healthy eating goals due to a dominance of routines and habits (van't Riet *et al.*, 2011).

The ubiquity of mobile technology in recent years has positioned healthy eating apps as a potential means of supporting healthier food choice in consumers. Healthy eating apps may help to build the personal resources necessary for healthy food purchasing while offering context-specific consumer interaction to address routine and habitual elements of behaviour (Coughlin *et al.*, 2015, Lieffers *et al.*, 2018, Shankar *et al.*, 2016, West *et al.*, 2017, Flaherty *et al.*, 2018). However, app functionality should not be afforded sole attention as consumers also view technology as a means of self-expression and enjoyment provision (Nysveen *et al.*, 2005). Healthy eating apps need to meet these consumer demands to encourage their use for a period of time sufficient to affect behaviour change (Hingle and Patrick, 2016). Despite this consumer need, there is limited research on the consumer's experience of using healthy eating apps to affect behaviour change. It is crucial that we understand this experience to gain insight into those factors that influence healthy eating app use. This insight will aid in future app design while supporting the consumer on their behaviour change journey.

Purpose

The purpose is to explore the lived experience of using a healthy eating app to affect change in food purchasing behaviour. This approach is necessary due to the lack of research available in this area as it allows an in-depth exploration of the complete experience of the healthy eating app consumer.

Methodology

A qualitative approach was adopted drawing on both phenomenological and experience-centered design perspectives (Patton, 2002, Wright and McCarthy, 2010). This allowed in-depth insight into the lived experience while taking account of the personal, social, and environmental factors that may influence the consumer experience. A purposive sample of 12 women from a lower socioeconomic

background participated. Consumers from a lower socioeconomic background were chosen as they typically report unhealthier dietary patterns and are likely to benefit from an app-led dietary intervention (Bender *et al.*, 2014, Department of Health and Ipsos MRBI, 2016, McCartney *et al.*, 2013, Miller Jr *et al.*, 2017, Vandelanotte *et al.*, 2016). Table 1 outlines the additional eligibility criteria for study participation. Participant recruitment was discontinued when theoretical data saturation was achieved. This was achieved when no new themes were emerging during interviews and a varied sample of women were recruited in relation to age and parental status.

Table 1. Eligibility criteria for study participation.

Aged between 18 – 50 years	Primary or equal responsibility for food purchasing in the household
Own a smartphone capable of downloading apps and had previously downloaded an app	Had not previously downloaded any of the study apps
Contemplating, preparing, or had recently made a change to their healthy eating behaviour (Armitage, 2006)	Did not report a diet-related health condition or were pregnant at time of recruitment

Prior to app use, participants were asked to complete a questionnaire to assess nutrition knowledge (Turrell and Kavanagh, 2006). Drawing on the findings of previous work (Flaherty *et al.*, 2018), three healthy eating apps were chosen for use. They differed in terms of the quantity and type of behaviour change techniques integrated (Michie *et al.*, 2013) and the assigned user quality rating (Stoyanov *et al.*, 2015). The influence of both elements on the consumer experience is unknown. Consequently, different apps were chosen to gain a complete insight. Participants were assigned to use two of these apps separately for a one week period (i.e. mobile app A for week one and mobile app B for week two). Semi-structured interviews were subsequently conducted focusing on understanding the lived experience of using the apps, and beliefs and attitudes towards healthy eating, behaviour change, and apps.

Inductive thematic analysis was conducted (Braun and Clarke, 2006). Initial codes, themes, and relationships were developed and discussed with co-authors in the context of relevant theoretical perspectives. Further refinement of themes and relationships was conducted with continuous discussion to ensure credibility. Through such discussion, the relevance of engagement theory, and in particular the conceptualisation of consumer engagement, was apparent (Brodie *et al.*, 2011, Calder *et al.*, 2016, Hollebeek, 2011, Hollebeek *et al.*, 2014). This literature was used to frame the positioning of themes and relationships in relation to existing theory.

Findings

Investigation of the lived experience of using healthy eating apps illustrated the importance of consumer engagement as a means of building consumer relationships and brand loyalty. Sufficient motivation to change behaviour was evident in the participant's consideration of app engagement and is comparable to the established antecedent of involvement (Brodie *et al.*, 2011). Similarly, the perceived cognitive effort and time commitment required for app use needed to be within personally acceptable boundaries for engagement to occur. The latter is proposed to represent a new antecedent that shapes consumer engagement and could be explored in wider brand contexts.

Three interlocking dimensions of engagement were identified, namely supporting personal autonomy, building capacity for behaviour change, and confidential and empathetic alliance. While these dimensions align to the traditional dimensions of behavioural, cognitive, and emotional engagement respectively (Brodie *et al.*, 2011, Hollebeek, 2011), their overlapping nature diverges from the traditional view and emphasises the importance of contextual influences. Building on the work of Brodie *et al.* (2013), findings suggest that engagement dimensions do not exist as separate entities but draw on and are influenced by one another. Consumers incorporate both positive and negative aspects of engagement to find an optimal level of engagement sufficient for their needs and the particular context. This has important implications for the future measurement of the engagement process.

Consumer engagement was more likely to occur when the app was viewed as congruent with personal goals and self-concept, demonstrating the propositions put forward by Calder *et al.* (2016). Consumer differences in relation to the value placed on future rewards also influenced the extent to which the app was viewed as congruent. Consequently, the integration of tailored features was of crucial importance. They allowed consumers to address lower-order product goals and simultaneously express their individual self-concepts (Sirgy and Chenting, 2000) ensuring self-congruence.

Our findings emphasise the importance of contextual influences on consumer engagement and the nuances that subsequently may arise in the engagement process. Our qualitative exploration of the lived experience allowed us to identify such nuance and illustrates the need to move beyond generic, quantitative measures of engagement (Calder *et al.*, 2016).

Contributions

The present research contributes to the extant literature in three ways. First, the perceived anticipated effort required is suggested as an additional antecedent of engagement. Second, the interlocking dimensions of engagement diverge from the traditional view and illustrate the interplay between dimensions rather than separate elements. Third, positive app engagement occurred when consumer self-congruence was supported which has not previously been illustrated in an applied setting. Our findings emphasise the importance of contextual influences and highlight the need to focus on capturing such influences rather than the current attention on generic measures.

Practical implications

The present research outlines a number of factors that must be considered during app design to support consumer engagement and brand loyalty. The presence of anticipated burden as an antecedent illustrates the need to design apps viewed as minimally burdensome to promote initial engagement. Consumers were more likely to engage with those apps viewed as congruent with the self-concept and the provision of tailored features was a key means of attaining such congruence. Consumer characteristics, including self-efficacy and future orientation, influenced the extent to which particular features supported engagement. Consumer segmentation is advised to ensure apps are marketed appropriately.

Research limitations and outlook

The majority of participants were mothers aged between 31 to 40 years with a good standard of nutrition knowledge. It is possible that this sample may reflect a more motivated set of consumers which may limit the generalisability of findings. However, it is proposed that this sample represents those most likely to avail of a healthy eating app in a real-life setting which improves the potential practical application.

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Session C3- Leadership and Retail Management

Retail MNCs' strategic responses to new demands in postdigital China

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Introduction and purpose

This paper aims to investigate how retail MNCs respond to the postdigital dynamics in an emerging market. Much work in retailing has contributed to the development of the embeddedness concept. Three aspects of retail embeddedness, namely social, network, and territorial embeddedness have been emphasized. Social embeddedness indicates social relations are embedded in the economic system (Polanyi, 1944), where cultural and social elements have become economized and monetarized (Hess, 2004). Network embeddedness addresses places that are inserted into the organizational spaces of as part of retail MNCs' competitive strategies in a host market (Wrigley et al., 2005). Territorial embeddedness describes the extent to which retail MNCs' strategic behavior is influenced by the institutional characteristics of host societies (Tacconelli and Wrigley, 2009; Wood and Reynolds, 2014). It is not the intention of this paper to distinguish different types of embeddedness; rather, it refers to Dacin et al. (1999)'s notion by treating embeddedness in a continuously evolving process during which retail MNCs strategically respond to digitalization in the local institutional domain.

The overall circumstance of the increase in store growth rate companied by the increase in sales rate before 2010 was no longer the reality for most retail MNCs in China in 2016. Since foreign retailers' entry into China largely from the mid-1990s, their sales performance benefited from fast store growth rate in the first decade (Siebers 2011). From 2010, China's internet sales (electronic retailing or e-tailing) started to soar. Many foreign retailers have experienced store closure, including Wal-Mart and Carrefour; and others have withdrawn, e.g., Home Depot exited in 2012 and Best Buy exited in 2014. From 2015, the Chinese government began to support rural e-commerce followed by promoting retail that is featured with both products and services by encouraging collaborations between physical stores and online platforms and calling for physical stores to create uniqueness, strengthen their core competences, differentiate, and attract more customers (China Department Store Association, 2017). The existing theory that supports greater embeddedness in the retail context does not sufficiently explain why many retail MNCs' have reduced their store networks in a digitalized environment such as China.

Sources of data

This paper focuses on the business activities of the top 20 retail MNCs by sales of 2016 in China ranked by China Chain Store and Franchise Association, compared with those of 2010 when possible because in 2010 online sales in China started to rise (Siebers and Xun, 2014).

The data include 21 interviews with senior executives and retail experts between 2013 and 2018, sixty pieces of document data, including new articles and consultancy reports from leading expert firms dated between 2010 and 2018. To present the findings in the most effective fashion by focusing on the MNCs' key business activities, the 20 retailers have been divided into five groups, considering both of their store growth and sales growth rates during the investigated period as following. Group 1 retailers (RT-Mart, Wal-Mart, Yums! Brands, McDonald, Metro, Watsons, and AEON) had decreased rate of both store and sales growth; Group 2 retailers (Carrefour, FamilyMart, 7-11, and Lawson) achieved

increased rate of both store and sales growth; Group 3 retailers (Dennis Department Store and IKEA) had increased store growth rate and decreased sales growth rate; Group 4 retailer (B&Q) had no change in store number with increased sales growth rate; and Group 5 retailers (Auchan, Parkson, Lotus, New World Department Store, Ito Yokado, and Parknshop) had decreased store growth rate and sales loss. Group 4 and Group 5 were not particularly focused on in the finding discussions because (1) B&Q, the only retailer in Group 4, sold 70 percent its stake to a Chinese company, Wumei Holding, in 2015; and (2) Group 5 retailers had sales loss in 2016. These seven retailers are less helpful to generate causal links between business activities and the processes of retail embeddedness. However, their business activities were considered as contextual factors in understanding retail embeddedness.

Findings and implications

In our analyses, 14 out of 20 retailers had a trend of positive sales during the research period, regardless of their store growth rate. These retailers enhance their local embeddedness by improving quality and customer experiences and using hybrid sourcing; they change patterns of physical involvement and promote private brands. These activities have led to their use of digital technologies and strategic collaborations with local online platforms. The retailers that operate convenience stores (i.e., FamilyMart, 7-11, Lawson, and Carrefour) have accelerated their market expansion. Six out of the 20 retailers do not have clear tendency to different processes of embeddedness.

The rising demand for convenience stores has pushed the retail MNCs whose key retail formats are not convenient stores to disembed from their original operation of large supermarkets/hypermarket. These retail MNCs have changed their patterns of physical involvement by reducing the number and the size of large superstores. A precondition for disembedding is the separation of time and space with the separation of space and place as a physical setting of social activity (Giddens, 1991a). The reduced store network and size allows new space and opportunities for more sustainable growth.

The demand for convenience has pulled fast expansion of retail giants that run convenience stores merely (e.g., FamilyMart, 7-11, and Lawson). This phenomenon is similar to that of the first decade following foreign retailers' market entry, when there was no supermarket format in China prior to 1992, some of the retail MNCs took the entrepreneurial possibilities by filling the existence of structural holes (see Burt, 1992). They introduced new retail formats and advanced managerial skills and technologies at that time and created new opportunities and competitive tension in the local market (see Siebers' 2011 analysis on Wal-Mart, Carrefour, Metro, and Tesco). In the digital era from 2010, however, the fastest growing retail format has become convenience stores. which are penetrating all regions across China.

After a certain point, local embeddedness may result in a loss of ability to exploit core competencies (Evans et al., 2008; Halaszovich and Lundan, 2016). However, the strategic implications of embeddedness lead to the creation of distinctive opportunities (Dacin et al., 1999). By improving quality and customer experiencing and use of hybrid sourcing, the retail MNCs obtain more opportunities to introduce private labels to regain core competences. Private labels were introduced in the 1990s by foreign retailers in China; from 2010, the retail MNCs enlarge this scale and use private labels with a purpose to raise brand awareness and improve brand image.

Increasing use of technologies by the retail MNCs started from 2010, mainly presented by their sales and payment via computer and mobile phone. This introduction of digital technology has led to strategic collaborations of the retail MNCs with local online platforms. Doing so allows the retailers to share the large online consumer flows generated by the online malls and benefit from using secure and efficient payment systems such as *Zhifubao* and *Alipay* and sharing stronger local distribution networks offered by the Chinese online platforms (Interview 7, Wal-Mart Regional Executive, Hunan, Middle China, 2017). However, in the sense of using similar technologies, the retailers which operate convenience stores show exceptions. FamilyMart, 7-11, and Lawson mainly focus on the development of physical stores to meet the high demand for small-amount, personalized shopping of residential/working customers. Their online services largely focus on taking orders such as for take-away food, and their collaborations with local platforms mainly using the latter's payment systems.

Foreign retailers' disembedding activities have led to readjustment and changing strategies in the retailer internationalization processes in China, rather than as negative operational outcomes (also see Sun and Zhao, 2017). This reconceptualization of retail embeddedness has potential to redefine the determinants in the retail internationalization process in the postdigital age. In this analytical sphere, embeddedness is treated as a continuous variable (see Dacin et al., 1999) that is dependent on both the local institutional arrangements and retail MNCs' strategic responses. Majority of the top 20 retail MNCs in China have shifted their sources from their traditional large-scale operations of physical stores as they reassess the proximate environment, and use multi-channels, offering more diverse customer experiences, e.g., both introduction of small-sized convenient stores and large multi-purpose shopping malls. The market shows that future international retailing in China is expected to involve continuous change by the business activities of existing foreign and domestic retailers through the rapid commercialization of digital business models on a great scale (Woetzel et al., 2017). These activities are expected to reflect novel characteristics of retailer internationalization through digitalization.

Originality and future research

In the context of embeddedness, our study offers a new basis for future research. First, it is important to continuously examine the role of the key influential factors in the process of retail internationalization and retailers' responses to these factors. As our discussion has shown, the changing processes of embeddedness present challenges for retail MNCs but also shed lights on the opportunities for internationalizing retailers to regain their core competencies in both host and home markets. Second, it would be constructive for future research to investigate the drivers for business activities in different processes of embeddedness across the globe in the retail industry. In such an investigation, it will be useful to consider the impact of digitality on consumption and retailing. Third, business activities in other sectors in various processes of embeddedness deserve attention, such as the manufacturing sector, in this aspect, the influence of digitalization on the division of labor and consumption may be compared to those in the retail sector.

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Kmart: Exploring the Reasons for a Giant Downfall

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Introduction

In the early 70s, Kmart's sales were almost 40 times higher than Walmart's; thirty years later, Kmart's sales were almost thirteen percent of Walmart's. The purpose of this article is to understand how a major retailer like Kmart lost its dominance in the American retail industry. Although, most of the media attention is focused on business success stories and in analyzing the origins of their success; there is a considerable body of academic literature devoted exclusively in understanding failure (See Garicano and Rayo, 2016 for a recent review of the subject). Our goal is to extract lessons from Kmart's downfall that could serve not only to academics but to practitioners as well.

Surprisingly, despite Kmart's importance in the history of discount retailing, there have been very few studies of its downfall[6]. By analyzing thirty one years of information extracted from different sources, putting a special emphasis on those coming directly from the company itself; we elaborate a detailed description of Kmart's corporate history starting since 1971 and finishing in 2002 when Kmart filed for bankruptcy. We combine the qualitative description of Kmart's historical evolution with an empirical analysis based on its financial performance. For descriptive part, we use the business model framework while for the empirical part we implement a methodology based on the business performance literature (Grifell-Tatjé and Lovell 2003, 2015).

Conceptual Framework and Methodological Approach

This paper is a continuation of a research line that seeks to provide a quantitative foundation of business model theory (e.g. Zott and Amit, 2007, 2008; Brea-Solís, Casadesus-Masanell, and Grifell-Tatjé, 2015). In particular, our main concern is measuring business model performance. A business model, simply put, is making explicit the implicit assumption of a business (Ovans, 2005). Hence, it is important to assess how these assumptions are validated by the reality and one way of doing this is by looking at the financial performance of the company.

For the descriptive section of the paper, we center our attention in the policies implemented by each of the CEOs that managed the company. Kmart had five CEO's during the period of 1971-2002. We start our analysis with Robert E. Dewar who was appointed CEO after the retirement of Harry Cunningham, a man who in words of Sam Walton (founder of Walmart) "in just ten years, had legitimized the discount industry" (Walton, p.191). Dewar was a continuator of Cunningham policies. He was followed by Bernard Fauber, who reoriented the company towards middle-class and upper class consumers. Joseph Antonini assumed the control of Kmart after Fauber's departure. He tried a middle ground approach by keeping some features of Fauber's tenure while at the same time bringing back elements of Dewar's period. After some disappointing results, Antonini was succeeded by Floyd Hall, who changed the course of the company once more by committing exclusively to discount retailing. Charles Conaway was named new CEO of Kmart in 2000 when Hall announced his retirement. It was under Conway's tenure that Kmart filed for bankruptcy.

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[6] A search for the word "Kmart" (March 21th, 2017) yielded one result in the "Title" field of the "Econlit" research database. An identical search was performed in the "Business Source Premier" database with only 7 hits for peer-reviewed journals. In the "Web of Knowledge" database from Thompson Reuters, the keyword "Kmart" on the same day only generated 29 hits, eight of which were in academic journals. Three of these articles were in the "Geography" field.

The point of departure of the empirical analysis is the variation of profits. Profit change is examined using frontier analysis methods based on Data Envelopment Analysis (Charnes, Cooper, and Rhodes, 1978). A new methodology based on Konüs (1939) index numbers is used. This new method allows us to decompose profit variation into economically meaningful components. These components represent ways a business model could capture profit. In our framework, profits could increase from four different reasons: setting high output prices; paying low input prices; being more productive or enjoying economies of scale /scope. By combining DEA with index number theory, we are able to identify each of these components and quantify them in constant dollars. Moreover, variations in productivity are broken down into two additional components: cost efficiency change and technical change. The first component measures changes in efficiency (doing things better/worse) while the second measures changes in technology (doing better/worse things).

In our methodology, profit change is expressed as the difference of change in revenues minus change in costs. We focus our attention in the change in costs and implement Cazalz, Florens and Simar (2002) conditional efficiency approach also known as order-m to calculate several cost minimization functions used in the profit decomposition procedure. This method provides a probabilistic foundation to frontier analysis and allows dealing efficiently with the issue of outliers.

To construct the cost frontiers, we collect information of six major discount retailers, in addition to Kmart. These major discount retailers are Walmart, Target, Sears, Costco, May and Bradlees. We collected information about output (sales), labor and capital. All quantities are expressed in current dollars of 1970. Technology is defined sequentially; this means that observations from previous periods are preserved when estimating current period frontiers.

Findings

We present the results of our empirical analysis in two different ways. First, we report the results by year for each one of the six components (including the cost efficiency and technical change) where the reference point is the different CEOs that managed Kmart during the analyzed study. Additionally, we benchmark Kmart with its three main rivals: Walmart, Target and Sears.

Through these comparisons, we are able to shed light on explaining Kmart's decline until its bankruptcy in 2002. Kmart's business models underwent several transformations throughout a thirty-year period. Most of the achievements produced by these changes were undermined by uncontrolled elements that precluded the company obtaining higher performance. These failures weakened Kmart's structure to the point of not being able to compete effectively against its rivals, in particular Walmart. Our study shows that improvements in productivity do not guarantee the survival of a company.

Value

We create a new methodology to evaluate business model performance. Since we use accounting data easily available for listed companies, it is feasible for managers to benchmark their companies with respect to their rivals.

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Servant Leadership and Store Service Performance: The Perspective of Dual Climate Foci

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Introduction

Although retailing has drawn considerable attention in the marketing literature, little attention has centred on the role of retail store managers (Arnold et al., 2009) who are physically and psychologically close to salespeople. The literatures of service-profit chain (Heskett et al., 1997) and service management (Bowen & Schneider, 2014; Hong et al., 2013) both argue leadership as a key to promote service quality and store performance. Servant leadership (Greenleaf, 1970), which emphasizes leading by serving others, fits volatile and dynamic service context like retail stores (Chen et al., 2015). Store managers who exhibit servant leadership behaviour are likely to facilitate better customer service (Chen et al., 2015; Hunter et al., 2013).

Despite empirical support of its effects, the processes by which servant leadership exerts its influence on followers are yet clear in the literature (Chiniara, & Bentein, 2016; Liden et al., 2014b). Leadership plays a pivotal role in shaping unit climate (Schneider et al., 2013), and Liden et al. (2014a) suggested that servant leaders influence unit performance via shaping a positive service climate. This study extends Liden and collaborators' view to argue that servant leaders also need to facilitate prosocial climate, which indicates a collective type of individual prosocial motivation (Grant, 2008), to promote superior service quality. Grant and Berg (2011) argued that the examination of determinants and outcomes of collective prosocial motivation could provide important theoretical and practical implications, but such research is largely neglected in the literature (Hu & Liden, 2015). Further, past studies on the influence of servant leadership were usually short of underpinning theory or just proposed theoretical reasoning without empirical support (e.g., Hunter et al., 2013; Liden et al., 2014b), leaving another research gap. This study aims to fill the void by adopting social identity theory as the theoretical background to investigate shared identification with leader (Lam et al., 2018) as a mediation between servant leadership and two forms of unit climate.

Purpose

This study focuses on exploring whether servant leadership can shape both service climate and prosocial climate, which in turn lead to store service performance. By integrating social identity theory and the literature of organizational climate, the present study sheds light on exploring mechanisms between servant leadership and unit service performance. To test the causality of the research model and reduce the possibility of common method variance, this study collected survey data from salespeople and managers of retail stores at three time points.

Conceptual framework

Servant leadership focuses on fulfilling follower' need and establishing long-term relationships with followers (Greenleaf, 1970). Liden and collaborators (Liden et al., 2008; Liden et al., 2014a) conceptualized servant leadership with seven dimensions including conceptual skills, emotional healing, creating value for the community, helping followers grow and succeed, putting followers first, empowering, and behaving ethically.

A leader can have great influence on followers, evoking or changing their self-concepts. Pratt (1998) suggested that identification with leader arouses followers' self-concepts to recognize that their values and beliefs are similar to those of the leader or prompts them to change their self-concepts, so that they internalize the leader's values and beliefs as guiding principles (Kark & Shamir, 2002; Wang & Howell, 2012). The study focuses on identification with leader across the same unit. According to Lam et al. (2018), shared identification with leader captures an aggregate of unit members'

identification with the leader. The extent to which unit salespeople identify with their manager may rest on the manager's attractiveness to them (Cooper & Thatcher, 2010; Sluss & Ashforth, 2007). The store managers can receive positive evaluation by putting salespeople first, empowering them and appropriately giving them direction and coaching, helping them develop and grow. Thus,

Hypothesis 1. Servant leadership will be positively related to shared identification with leader.

Servant leadership can shape unit climate by fostering shared identification with leader. This study argues that servant leader facilitate service climate and prosocial climate respectively via two different psychological processing: systematic and heuristic (Metcalfe & Mischel, 1999). Store managers who possess knowledge and problem-solving ability can assist and support salespeople, encouraging them to recognize important issues in serving customers and find appropriate solutions to problems. If salespeople collectively identify with their store manager, a climate of customer service will emerge through systematic analysis and thinking because serving customers with good quality is an important task in retailing.

Hypothesis 2. Servant leadership will be positively related to service climate through its influence on shared identification with leader.

Meanwhile, servant leaders put followers first, provide support and mentoring, and show sensitivity when followers confront setbacks. Servant leaders also show genuine concern for others' career growth and development by serving customers and other communities. These leadership attributes promote trust and attractiveness. When salespeople collectively identify with the store manager in terms of servant leadership behaviour, the contagious emotion will shape a climate of benefiting others.

Hypothesis 3. Servant leadership will be positively related to prosocial climate through its influence on shared identification with leader.

It was believed that prosocial motivation and self-interest are opposite and even mutually exclusive concepts (Batson, 1998; Meglino & Korsgaard, 2004). However, recent empirical evidence advocates their independence and even positive association (De Dreu & Nauta, 2009; Grant & Berry, 2011). This study argues that service climate and prosocial climate can simultaneously influence unit service performance.

Hypothesis 4a. Service climate will be positively related to unit service performance.

Hypothesis 4b. Prosocial climate will be positively related to unit service performance.

Integrating the aforementioned argument, this study expects shared identification with leader and two forms of unit climates to mediate the relationship between servant leadership and unit service performance.

Hypothesis 5. The influence of servant leadership on unit service performance will be mediated, first by shared identification with leader and then by service climate and prosocial climate.

Methodology

This study collected survey data from salespeople and managers of retail stores in Taiwan at three different time points. At Time 1 store salespeople rated servant leadership of their store managers. At Time 2 store salespeople reported their shared identification with leader and shared perception of service climate and prosocial climate. At Time 3, store managers assessed store service performance. This study used a 3-month time lag between different time points and dropped stores with fewer than three salesperson respondents (Jiang et al., 2015). The final sample included completed questionnaires from 683 salespeople at Time 1, 629 salespeople at Time 2, and 125 managers from 125 retail stores at Time 3.

All measures were in Chinese, and original scales in English went through a translation-back translation procedure (Brislin, 1986). To measure *servant leadership*, a shortened version SL-7 (Liden et al., 2015) was used. This study employed the 8-item scale from Kark et al. (2003) to measure *shared identification with leader.* The scale of *service climate* was adopted from Chuang and Liao's (2010) Chinese version. This study referred to Hu and Liden (2015) which adapted Grant's (2008)

scale to measure *prosocial climate*. Store managers rated *unit service performance* of their stores as a whole with seven items adapted from Liao and Chuang (2004). Lastly, store size measured as the number of employees was controlled (Hu & Liden, 2015; Schaubroeck et al., 2011).

Findings

This study employed structural equation modelling (SEM) to examine the proposed hypotheses. A series of confirmatory factor analysis showed that the hypothesized five-factor model yielded a better fit than a four-factor model with service climate and prosocial climate combined and a three-factor model with the combination of three variables (shared identification with leader, service climate, prosocial climate) rated by salespeople at Time 2. These results suggested that further examination of the hypothesized model was valid.

The hypothesized research model achieved a satisfactory fit with the data. The results showed a positive relationship between servant leadership and shared identification with leader, thus supporting Hypothesis 1. Further, shared identification with leader was positively related to both service climate and prosocial climate. This study performed a bias-corrected bootstrap analysis to generate 1,000 samples, and results of the confidence intervals revealed that the mediation of shared identification with leader between servant leadership and two forms of unit climates was evident. Thus, hypothesis 2 and hypothesis 3 were both supported. In addition, the coefficient of the path from prosocial climate to service performance was significant, but not the relationship between service climate and service performance. Hypothesis 4b was supported but not Hypothesis 4a. Moreover, the influence of servant leadership on unit service performance was mediated by shared identification with leader and prosocial climate. However, service climate failed to be a mediator. Thus, Hypothesis 5 was partially supported.

Contributions

This study offers several theoretical contributions. First, this study strengthens theoretical underpinning of servant leadership by integrating social identity theory to explore shared identification with leader as the mediating mechanism between servant leadership and unit service performance. Second, this study joins Hu and Liden (2015) to answer Grant and Berg's (2011) call for research exploring prosocial motivation at a higher level. Further, this study extends the literature of organizational climate in the service context by examining multiple climate foci and theorizing servant leadership as an antecedent. Results of this study generally met the original expectations, except that service climate was not significantly related to unit service performance which was inconsistent with past research (Bowen & Schneider, 2014; Hong et al., 2015). The findings suggest that prosocial climate might be more critical to promote unit service performance.

Practical implications

This study provides practical implications to retailing on how to elicit superior customer service from salespeople. Store managers who are physically and psychologically close to salespeople play a key role in motivating their followers. Results of this study suggest store managers to exhibit servant leadership to promote store service performance. To proceed, the store manager should see serving others (e.g., subordinates, customers) as a priority and show servant leadership behaviour, and thus salespeople are more likely to switch their focus to the manager and a shared identification emerges, which in turn facilitate a climate of benefiting others at work. From the standpoint of manager development, retailers can offer training program for managers to develop their leadership skills.

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Acknowledgement

An Investigation into the Geography of Corporate e-commerce Sales in the UK Grocery Market

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Keywords

E-commerce, retail, grocery, retail formats

Introduction

E-commerce is one of the fastest growing sectors of the UK retail economy. The vast and rapid expansion of internet usage has generated widespread on-line sales, making the UK one of the leading countries for e-commerce. In 2016 around 15% of all UK retail trade was undertaken on-line (Econsultancy, 2016). Globally, on-line retail sales are predicted to hit $3,400 billion by the end of 2025 (www.statista.com). The reasons for this growth are multi-faceted; the desire for greater convenience and choice, lower prices, perhaps poor access to actual stores as well as increasing household access to broadband technology (Longley et al 2008, Longley and Singleton 2009, Riddlesden and Singleton 2014). However, little is currently known about the geography of actual e-commerce usage. There have been a number of important papers on the geodemographics of e-commerce usage based on the results of surveys. However, there have been fewer studies analysing the geography of actual on-line sales provided by retail companies.

Purpose

The aim of this paper is to investigate the geography of e-commerce activity in more detail, especially as seen in UK grocery retailing. It is important to understand the spatial structure of e-commerce as it applies to urban and rural regions. The paper will be concerned exclusively with transactions between businesses and consumers (B2C) rather than either business to business (B2B) or consumer to consumer (C2C). It will draw upon data obtained from a leading UK supermarket chain.

Conceptual framework

In this paper we first attempt to identify the demographic characteristics of on-line consumers by geodemographic type. The literature review reveals that such characteristics as age and social class are the major attributes of on-line customers. The typical on-line grocery shopper is aged 25-44 belongs to the AB social class categories (and is more likely to be well educated). For a more comprehensive analysis with multivariable demographic characteristics the OAC system will be used which established that consumers within City Living, Prospering Suburbs, Countryside and Typical Traits are more likely to shop on-line. Furthermore, this paper will present one of the first major spatial analyses of actual e-commerce sales for a major UK grocery retailer. The actual usage data will allow us to gauge how much these hypotheses seem to be borne out in practice.

Methodology

The paper makes extensive use of newly acquired data from a major UK grocery retailer who has provided data for use within the Consumer Data Research Centre (CDRC) to investigate the spatial patterns in the locations of their on-line consumers (we shall subsequently refer to this as 'partner data'). This will enable us to build on the survey-based analysis explore the main drivers of on-line expenditure

in more detail. We use GIS (and spatial analysis) to present the data and explore the geodemographics of the patterns shown. A quadrant analysis gives rise to other potentially important findings.

Findings

This data shows some interesting spatial patterns. On the one hand, there is clear evidence that geodemographics and urban density are important, as found in many other survey based analysis of e-commerce activity. Geodemographic analysis of e-grocery shoppers found greater evidence in support that primary on-line grocery shoppers come from higher social class backgrounds – and are more likely to be rural than urban (in percentage terms). Strong evidence will be presented in support of the efficiency theory with the prevalent number of occurrences of on-line spending in areas with lower physical stores provision and less urbanised areas with poorer access to retail stores. There is a clear indication of substitution of on-line and physical channels in areas with limited accessibility to grocery stores. That said, there is also evidence to support the diffusion of innovation theory with young, professional city centre residents being enthusiastic online shoppers despite the greater presence and the variety of the grocery stores.

Contributions

We believe the paper provides unique insights into the relationships between retail provision and customer behaviour in a contemporary commercial environment. Given the findings we will also explore the implications for retailers. In marketing terms perhaps retailers should target more affluent, rural areas more generally when promoting e-commerce. They should also perhaps look at areas where access to their own physical stores is low as there is clear evidence of substitution taking place when access is poor. This relationship between a store network and the company's e-share of the market is fascinating. It poses interesting questions in relation to the impact on e-commerce sales of store opening and closures.

Research limitations and outlook

The research presented in this paper is mainly based on the data obtained from one retailer and of course another retailer's data might show different patterns. However the good news is that we have captured 95% of all internet sales for that company. In terms of further research we believe an important next stage is to address whether it might be possible to add e-commerce to classic store location forecasting models. That would involve capturing the spatial patterns seen in the e-commerce sales data directly into models such as the spatial interaction model, posing interesting questions about brand attractiveness for e-commerce, the role of distance deterrence parameters and the relationship discussed here about the interplay between accessibility to physical stores and e-commerce demand. That might be extremely useful to retailers with multiple channels of delivery and provides the next major challenge for academics.

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The Elements of Omni-Channel Retailing: An Analysis of Fashion Retailers from Turkey

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Keywords

Omni-channel retailing, fashion retailers, analytic hierarchy process (AHP), semi-structured interviews, Turkey

Introduction

The fashion retailers are amongst leading global players; apparel and accessories retailers were the fastest-growing and most profitable product sector in 2013 and 2014 (Deloitte, 2016). In fashion retailing, the range of products changes frequently in response to consumer demand for the latest trends in terms of fabric, colour, style, and the desire of affordable prices (Wallace and Choi, 2011). The full range of products in stores are therefore only available during relatively short (6–8 week) selling seasons (Mason-Jones et al., 2000; McCormick et al., 2014). Due to these constraints, consumers expect a consistent and seamless shopping experience across all the channels and touch points.

Omni-channel retailing combines traditional with online commerce through the integration of business processes that aim to satisfy consumer demand, regardless of place or time, and to create a seamless shopping experience (Fairchild, 2014; Verhoef et al., 2015; Juaneda-Ayensa et al., 2016). Therefore, it has become a common fashion industry strategy, driven by the consumer requirements, advances in production techniques and information technology, and the increasingly competitive market (Apeagyei and Otieno, 2007; Mendelson and Parlaktürk, 2008; Merle et al., 2008; Franke et al., 2009; Burnes and Towers, 2016; Walsh et al., 2017). The implementation of omni-channel retailing strategy encompasses investment in information technologies, marketing, logistics, customer service and distribution (Neslin et al., 2006; Oh et al., 2012; Faulkner, 2013; DHL, 2015; Hübner et al., 2016; Chen et al., 2018; Galipoğlu et al., 2018; Melacini et al., 2018). Despite the growth of the omni-channel retailing literature, there is empirical research with a specific retail segment focus; therefore, this research aims to reveal the different elements of omni-channel strategy employed by fashion retailers, and to measure the importance weights of these.

Purpose

In view of the limited academic interest in examining how fashion retailers implement omni-channel strategy, this research aims to identify the main and sub-elements of omni-channel strategy in fashion retailers, and evaluates the importance weights of each element. The analysis focuses on leading Turkish fashion retailers. Although theory development in the state of the art of the omni-channel research (Galipoğlu et al., 2018), given dynamic changes in an uncertain and competitive environment, dynamic capability theory (DCT) can be used to explain the elements of omni-channel retailing in fashion retailers. In accordance with the theory, fashion retailers need to have the revealed elements to transit from multi-channel to omni-channel strategy.

Conceptual framework

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Logistics and supply chain are the key components of omni-channel strategy (DHL, 2015). A successful strategy depends on integration of product range, delivery alternatives, reverse flows, and inventory across channels should be integrated (see Bellaiche et al., 2013; Cao, 2014; Callino and Moreno, 2014; Beck and Rygl, 2016; Bernon et al., 2016).This integration requires goods and information flow across online and offline channels (Piotrowicz and Cuthbertson, 2014). Information technologies (IT) enable the integration of retailer activities in terms of sales and marketing, logistics, distribution, and customer service to serve omni-channel retailing (Oh et al., 2012). In addition, customer service, sales and marketing play a key role in promoting interactive communication between the retailer and the customers via touchpoints (Hennig-Thurau et al., 2010; Carvalho and Campomar, 2014; Verhoef et al., 2015). This study takes a fashion retailers' perspective of the key elements in omni-channel strategy, as described in the literature.

Methodology

The emerging Turkish retailing industry continues its growth, with a total volume of sales approximately $225 billion (PWC, 2016), and e-commerce is accelerating in parallel. Turkey is amongst the top 10 attractive online markets (Markafoni, 2013). Fashion retailing is among the fastest-growing retail segment in Turkey, and this growing potential has created a high level of investor interest (Deloitte, 2014). Companies for data collection were selected from a ranking of Turkey's 100 most successful retailers, therefore fashion retailers from Turkey were selected for empirical evidence.

The fashion retailers that fulfilled the following four criteria were eligible (1) implementing omni-channel strategy, (2) operating in the fashion (ready-to-wear, luxury, denim or apparel) industry, (3) operating both physical and online stores for a minimum of one year, and (4) minimum annual sales of 40 million Euro and at least 50 physical stores. 13 fashion retailers fulfilling these criteria were invited to participate in the research, eight of which accepted. Table 1 displays the characteristics of respondents.

The empirical evidence was built upon qualitative (semi-structured interviews) and quantitative (analytic hierarchy process-AHP) data collection. Mixed methods provide different and multiple perspectives, a more comprehensive understanding, and allowed quantitative measures to be supported with qualitative experiences (Creswell, 2013).

All the informants were familiarized with the aims of study, and all respondents gave consent for interviews to be recorded. The 8 retailers interviewed can be considered a reasonably representative range of leading fashion retailers in Turkey.

The list of questions, prepared according to the literature review, focused on the issues of integration of product range, price, promotion and coupons, customer data, customer service implementations, forward distribution management, backward distribution management and information technologies (e.g. Neslin et al., 2006; Bellaiche et al., 2013; Cao, 2014; Callino and Moreno, 2014; Beck and Rygl, 2016; Bernon et al., 2016 Hübner et al., 2016). The transcriptions were open coded by the researchers to cover emerging insights during the interviews. The findings were validated by triangulation of multiple data sources, which as well as the primary data itself, also included various market research reports. After the initial analysis to determine the open codes, the next stage was the search for evidence-based understanding of the elements of omni-channel strategy: axial coding was used to identify the various participant interactions, relationships, perceptions, responsibilities and perspectives. This allowed the identification of the determined elements, and the understanding of the interactions between them (see Table 2).

Table 1. Brief information of the leading fashion retailers in Turkey

Retailers	Market Information	Number of Stores	Type of Online Business	Annual Rates of Channels	Job Title of Interviewee
Retailer A	The market leader in ready-to-wear (18%)	841	Multi-channel retailer	13.5 % through e-commerce channels	E-Commerce Director
Retailer B	The third largest fashion retailer (4%)	440	Omni-channel retailer	15 % through omni-channel (click & collect, reserve & collect in-store kiosks)	Omni-channel Trading and Operations Manager
Retailer C	The second largest fashion retailer (5%)	486	Multi-channel retailer	4% through e-commerce channels	E-Commerce Operations and Logistics Manager
Retailer D	One of the top fashion retailers	58	Multi-channel retailer	2.5 % through e-commerce channels	Strategic Marketing Manager
Retailer E	The market leader in denim	425	Multi-channel retailer	3 % through e-commerce channels	Project Manager
Retailer F	The market leader in department store	117	Omni-channel retailer	8-9% through e-commerce channels	Omni-Channel Project Manager
Retailer G	The market leader in luxury fashion	94	Multi-channel retailer	7% through e-commerce channels	E-Commerce Director
Retailer K	The market leader in menswear	231	Multi-channel retailer	3 % through e-commerce channels	E-commerce and CRM Manager

After the design of the hierarchy structure was designed according to the analysis of the semi-structured interviews, AHP questionnaires were administrated in order to rate each main elements and sub-elements, using the fundamental scale for pairwise comparisons (Saaty, 1990). AHP technique provides a systematic structure for evaluating and ranking the alternatives under various criteria. AHP has been proven to be a valuable tool, especially for decision-makers' evaluation of alternatives under both qualitative and quantitative criteria (Saaty, 1994).

The AHP analysis was performed by using Super Decisions (2016 version 2.8). The importance weights of each element were calculated via pairwise comparisons. Pairwise comparisons were made for each of the main elements (channel and touch points, data integration, order fulfilment and delivery, returns management, front-end technologies, back-end technologies). The pairwise comparisons were based on the 1-9 ratio scale of the AHP process (Saaty, 1990).

Findings

The findings of AHP analysis show that order fulfilment and delivery is the most important of the main elements of omni-channel retailing (see Table 3). This is in line with the key role of logistics and supply chain in the omni-channel strategy (Deloitte, 2015; DHL, 2015). Hence, supply chain investments are essential in channel integration, in order to ensure integrated product range, delivery alternatives, reverse flows, and inventory across channels (Piotrowicz and Cuthbertson, 2014). In this regard, the integrated omni-channel distribution centres (DCs) are the most important of the sub-elements of omni-channel retailing (Hübner et al., 2016) in the fashion industry.

Table 2. Open codes, axial codes and selective code

Open codes	Axial codes	Selective code
Call centres		
E-mail		
Mobile app		
Online store	Channels and touch points	
Physical store		
Private shopping site		
Social media		
Centralized inventory		
Coupon and promotion integration		
Customer data integration	Data integration	
Customer loyalty cards		
Price consistency		
Same assortment		
Centralized distribution centre(DC)		
Click and collect	Order fulfilment and delivery	
Home delivery		
Integrated omni-channel DC		Main elements and sub-elements of omni-channel retailing
Reserve and collect		
Store fulfilment		
Return mode both via CEP (carrier, express and parcel provider) and physical store	Returns management	
Return process both in physical store and DC		
In-store free Wi-Fi		
Hand terminals		
Ibeacon	Front-end technologies	
Quick Response (QR) codes		
Self-service kiosks		
Customer relationship management (CRM)		
Integrated point of sale (POS) system		
Order management system (OMS)	Back-end technologies	
Radio frequency identification (RFID)		
Warehouse management system		

Front-end technology is the second most important of the main elements. Information technologies (IT) integrate retail activities such as sales, marketing, logistics, distribution, and customer service to enable omni-channel retailing (Oh et al., 2012; Piotrowicz and Cuthbertson, 2014). Front-end technologies, i.e. the tools that users interact with, consisted of various sub-elements. The most important was found to be 'hand terminal', and the least important was 'self-service kiosks'. This latter subelement was explained by the top level managers in terms of the inefficiency of the kiosks, and customers' tendency to avoid the procedure.

The least important weight of the main element of omni-channel retailing is channels and touch points. Although the role of data integration, and channel and touch points has become more important recently, of the two interviewees from leading fashion retailers who participated in the questionnaires, neither consider this element as of critical importance.

Physical stores and online stores are still the most important channels and touch points. Physical stores are showrooms for omni-channel shoppers who prefer physical contact with goods before

purchase, have opportunities to return them, and have face-to-face communication with a store personnel (Lewis et al, 2014). E-mail is the least important channel and touch point because Turkish consumers prefer not to communicate online.

Table 3. Importance weights of main elements in omni-channel strategy

Main Elements	Local Importance Weights (%)
Order fulfilment and delivery	22.13
Front-end technologies	22.06
Back-end technologies	18.43
Returns management	14.86
Data integration	13.72
Channels and touch points	8.80

To achieve the local and global importance weights, a matrix of the different comparisons was prepared, and the sum of the columns was calculated. For the matrix, after calculating the sum per line divided by the number of items to achieve local importance weight. For the global importance weight, this local importance weight was multiplied by the local importance weight of the related element (see Table 4). For example, the sub-element 'call centre', the global importance weight of 0.73% was achieved by multiplying its local importance weight (8.24%) by the importance weight of the related main element 'channel and touch points' (8.80%)

Table 4. Importance weights of main elements and sub-elements

Elements	Sub-Elements	Local Priority (%)	Global Priority (%)
Order Fulfilment and Delivery		22.13	22.13
	Integrated Omni-Channel DC	34.82	7.71
	Home Delivery	33.55	7.42
	Store Fulfilment	10.84	2.40
	Click and Collect	8.66	1.92
	Centralized DC	8.63	1.91
	Reserve and Collect	3.50	0.77
Front-End Technologies		22.06	22.06
	Hand Terminals	32.83	7.24
	In-store Free Wi-Fi	23.51	5.19
	Quick Response (QR) codes	19.64	4.33
	iBeacon	13.90	3.07
	Self-Service Kiosks	10.12	2.23
Back-End Technologies		18.43	18.43
	Warehouse Management System (WMS)	28.35	5.22
	Customer Relationship Management (CRM)	25.38	4.68
	Integrated POS System	22.01	4.06
	Order Management System (OMS)	18.67	3.44

	Radio frequency identification (RFID)	5.59	1.03
Returns Management		14.86	14.86
	Return Mode both via CEP and to Physical Store	78.23	11.63
	Return Process both in Physical Store and in DC	21.77	3.23
Data Integration		13.72	13.72
	Price Consistency	28.70	3.94
	Same Assortment	23.74	3.26
	Centralized Inventory	20.74	2.84
	Customer Data Integration	15.92	2.18
	Customer Loyalty Card	7.87	1.08
	Coupon and Promotion Integration	3.03	0.42
Channels and Touch Points		8.80	8.80
	Physical Store	34.96	3.08
	Online Store	34.35	3.02
	Mobile App.	10.07	0.88
	Call Centre	8.24	0.73
	Social Media	6.67	0.59
	Private Shopping Site	3.74	0.33
	E-mail	1.97	0.17

Originality

In view of the current limited theoretical understanding and empirical grounding on omni-channel strategy, this research identifies the elements of omni-channel retailing for the fashion retailers, and examines their importance weights. Taking retailer perception as reference, this research identifies the key elements for fashion retailers pursuing omni-channel strategy. The findings also highlight the need for retailers to ensure the effectiveness of channels and touch points, data integration, order fulfilment and delivery, returns management, and front-back end technologies.

Practical implications

The research reveals that order fulfilment and delivery is the most important of the main elements, and the integrated omni-channel distribution centres (DCs) is the main sub-element in the implementation of this strategy. The existence of an integrated distribution centre with the capacity to consolidate inventories indicated an advanced stage of omni-channel development (Hübner et al., 2016). In an advanced omni-channel warehousing solution, an integrated inventory provides multiple channel retailers with flexible and demand-driven inventory allocation, unlike separated inventory systems to channel. Channel-integrated logistics aims to integrate inventory and picking procedures in one common picking zone across channels. Information systems and inventory management across channels, as well as need to integrate in order to maximize the possible options, it is additionally important to expand the range of stock keeping units available online, as well as delivery and return modes. The aim of integration is therefore to ensure communication across all channels, in particular, provide inventory availability (Piotrowicz and Cuthbertson, 2014; Hübner et al., 2016).

Research limitations and outlook

As with all research, the limitations of this study may guide future work. The research focuses on a small sample of retailers from one product segment in an emerging country, Turkey. The elements of omni-channel strategy were identified based on the experience of retail trade professionals. However, if a respondent's experience with particular retailer fails to reflect the general experience, the consequent assessment of the retailer's omni-channel strategy may not fully reflect reality. Other studies may attempt to validate these findings by expanding the sample with different seniors. Further research can include store managers as interviewees regarding the importance of the physical store in

omni-channel retailing. Additionally, a longitudinal study could identify potential changes in the elements in this emerging field.

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Transition to Omni-Channel Approach: The Case from Italian Retail Market

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Explorative Study, Dynamic capabilities, Mobile Devices, Omni-channel, Retailers

Introduction

In recent years, the rapid digitalization has led to many implications on society at large, and on retail industry in particular (Hagberg, Jonsson and Egels-Zandén, 2017). Much evidence shows that consumers are using their smartphones in almost any situation in their daily routine, and that their use also contributes to the change of the shopping process (Pantano and Priporas, 2016; Grewal, Roggeveen and Nordfält, 2017). Thus, intensified usage of smart mobile devices is directing retailers to establish accessible and mobile-friendly online presence. Not only that, but integration of mobile and web-based online stores and physical store channels so as to create, what we call, an omni-channel customer experience has been identified as a trend among many retailers (Verhoef *et al.*, 2009; Brynjolfsson, Jeffrey Hu and S. Rahman, 2013; Verhoef, Kannan and Inman, 2015). This has led to a situation where retailers urged to address consumers changing behaviour, have run into a challenge of successful transition to an omni-channel model that would enable customers to shop across multiple channels seamlessly (Piotrowicz and Cuthbertson, 2014).

Several scholars have reflected on some moves by practitioners that show growing interest into the omni-channel strategy (Piotrowicz and Cuthbertson, 2014; Grewal, Roggeveen and Nordfält, 2016; Hagberg, Jonsson and Egels-Zandén, 2017). Moreover, they state that both academics and practitioners agree that topics such as impact of mobile technologies on retailing and channel integration are important aspects for retailers' omni-channel strategies. Other authors have also reflected on these issues (Fulgoni, 2014; Bezes, 2016; Burnes and Towers, 2016) and have highlighted retailers' incentives, challenges, but also consequences of not adopting omni-channel strategy. However, in spite of these efforts, the state of current usage of mobile channel and process of change to an omni-channel approach have remained under-investigated, as also discussed by Watson et al. (2015).

Purpose

The aim of this paper is to shed light on the topic of mobile channel integration and to build a deeper understanding of the retail digitalization process (c.f. Hagberg et al., 2017) through an omni-channel strategy. Mainly, we identify which activities have been done to enable mobile channel for use by consumers and to integrate it with existing channels – thus establishing an omni-channel strategy. We strive to do so by having dynamic capabilities perspective, which allowed us to observe activities performed by retailers and interpret them as abilities to adapt to external factors (Teece, Pisano and

Shuen, 1997; Eisenhardt and Martin, 2000; Ambrosini and Bowman, 2009). Furthermore, we introduce business model innovation (BMI) literature, and explain how it can help to seize opportunities brought by mobile channel, to support channel integration process, and finally to implement omni-channel strategy.

Conceptual framework

While facing strategic challenges related to channel integration and looking on the ways how to ensure continuity of customer experience in an omni-channel environment, Bettucci et al. (2016) suggested nine pillars, or areas to be addressed for a transition to omni-channel approach. We consider them to be critical success factors (CSFs) (Rockart, 1979; Martin, 1982). They are areas of activity that should receive attention and be developed in order to meet organizational objectives. This is how Rockart (1979) described CSFs, and also how Bettucci et al. (2015) depicted pillars. Therefore, we use these nine CSFs (Table 1 – first column) and argue that by working in these areas, three identified organizational objectives (Table 1 – second column) will be met, which will then ensure successful transition to omni-channel approach. These three objectives are identified through literature review and are later used to frame discussion.

Methodology

According to Myers and Avison (2002) case study has proved to be a good choice for studies where capturing the knowledge of practitioners is needed in order to contribute to theory development. It is also commonly used for its ability to capture the view of many sides and provide in-depth insight into the context of researched phenomena. Moreover, multiple case studies provide opportunity for capturing dynamics and change, and therefore, case study approach has been chosen as a research strategy (Eisenhardt, 1989; Halinen and Törnroos, 2005; Yin, 2014). As part of multiple case study, data was acquired through a questionnaire that was sent to thirteen firms across three Italian retailing sectors i.e. fashion, bookstores and media, and consumer electronics. We investigated availability of existing retailing channels, current practices and trends in omni-channel strategy. In addition, transcript from comments given during a roundtable discussion have been used as anecdotal evidence. These comments will represent examples of three pioneering firms' current strategies, activities and practices i.e. OVS', Luxottica's, ePrice's.

Findings

First and foremost, all thirteen companies that were part of multiple case study have online web-based store and mobile web-page i.e. a web-page optimized to a smartphone environment. Moreover, it can be seen that the majority of the companies offer mobile app for a smartphone that can provide consumers with functionalities from pre and post purchasing stages. However, a larger part of companies doesn't offer mobile commerce over mobile application i.e. purchase stage is not that enabled in mobile channel. This is probably related to the current changing payment ecosystem: regulations, different (local and global) solutions in the market, adoption barriers, etc. Moreover, Click & Collect functionality, as one step between multi-channel and omni-channel, exemplifies the level of integration between online and physical stores. And, for consumer electronics and books segments, this functionality is existing for all cases, whereas for fashion segment it is varying. Furthermore, examples and plans of three specific retailers (OVS, Luxottica and ePrice) that in more detail present integration efforts and adaptation to the changing environment are presented under previously identified organizational objectives – Seamless Customer Experience, Integrated Analytics System, and Effective Supply Chain and Logistics. Here, we only highlight a few.

OVS's e-commerce director mentioned that their customers are doing more web-rooming than before i.e. online browsing and comparison of goods (a pre-purchase stage) while actually performing purchase in a physical store. And then what also happens is that *people often leave physical shop because he or she has not found the desired size; which leads to a lost sale*. This is a very clear indication of customers using more than one channel during the same purchase. And there are examples (like the previous one) which clearly show that retailers are not ready. Creating seamless customer experience, means that customer should be able to see product availabilities across channels.

In-store technology can definitely help bridging that gap between product availability in different channels and it represents new potential key resources for retailers.

ePrice has no physical channel, so their integration activities are that much easier, since web and mobile channel are both online; and this gives them advantage in doing data mining activities and creating meaningful KPIs. Furthermore, ePrice *studies the customer journey to spot different behavior in relation to the type of product purchased.* They are doing extensive research in order to *fulfil desires coming from the client's side*. Moreover, by relaying on these as new key resources they can use, changes in value propositions can also be expected.

Luxottica has different B2C brands, but one single back-end. They have a *vertical organizational structure*, as their representative stated, and that they had challenge with *how to choose supply chain for a good integration between channels*. Such organization proved to be a good way to organize, and now they are proud that they can *deliver a custom-made product anywhere in the world within 4-5 days thanks to their supply chain*. And that is an example of resource redesign, to fit the current needs. Finally, to succeed in building a system for fast deliveries, they also acknowledged that they still *have to work on customers' mobile experience* and thus creating advanced value proposition.

Contributions

Based on the previous examples, it can be inferred that OVS focuses on seamless customer experience and use of in-store technology in the first two purchasing stages; ePrice focuses on analysis of customer data (integrated analytics system) and purchase behaviour; while Luxottica puts emphasis on effective supply chain, with an accent on demand and delivery (supply chain and logistics).

However, although with different approaches the guiding theme has always been satisfying customers' needs; whether it was through rebuilding their value propositions (e.g. with in-store technology), enhancing customer relationships (e.g. personalized offers) or reconfiguring key resources and activates (e.g. reverse logistics). That is why by using Canvas business model building blocks and mapping them with 9 CSFs we present all relevant aspects of BM for innovation, in order to address respective CSF and achieve organizational objectives.

Moreover, changes in retail channels as one of building blocks of BM should not be overlooked. This BMI happens due to introduction of mobile channel and retailers' strategy to integrate channels and create omni-channel environment. In other words, by following and working on presented organizational objectives, retailers will foster development of their omni-channel strategy through creative integration, leveraging, and especially reconfiguration of resources and capabilities.

Table 1: Mapping table

9 CSFs	Organizational Objectives	Business Model elements
In-store Technology	Seamless Customer Experience	• Customer Relationship • Value Proposition
Social Customer Engagement		• Customer Relationship • Key Resources / Partners
Product Mix and Pricing Policy		• Finance
Single Customer View	Integrated Analytics System	• Value Proposition • Key Activates
Data Analysis		• Key Activities
Key Performance Indicators and Incentives		• Key Resources
Organizational Model	Effective Supply Chain & Logistics	• Key Partners
Demand Fulfillment and Delivery		• Key Resources • Key Activities
Reverse Logistics		• Value Proposition

Practical implications

Strategy that many retailers acknowledge and work on its implementation in order to address digitalization challenges and stay competitive, is the omni-channel strategy. Therefore, we have explored the state of the current retailing industry and described serval different adapting strategies, through channel integration and use of mobile channel. Some highlighting examples that we observed are, Pick & Pay as an example of seamless customer movement, activities related to analysis of customer journey and customer clustering, engagement with customers through social media, etc. Moreover, we saw that the emphasis is on delivery of value, in terms of interaction with customer and how a product is sold, but also that value creation and appropriation should not to be neglected, as has also been proposed by Sorescu et al. (2011).

Research limitations and outlook

Finally, we hope that this paper helps both, academic and practitioner audience to better understand current retailing environment and BMI in response to pursuing omni-channel strategy. However, we are aware of the limitations, such as inability to gain the depth of data that we would potentially be able to get with interviews, but we do counterbalance limitations with roundtable testimonies. Moreover, case selection was bounded by the firm participation in the round table discussion, but at the same time they have different retail characteristics, so by analysing their actions results are more comprehensive.

We do offer research propositions that could verify and extend our findings and potentially overreach retailing field of research. For example, as presented in Table 1, we believe that redesign and innovation of listed BM Canvas building blocks (Osterwalder and Pigneur, 2010) are pertinent to achieving certain objectives and development of respective areas, but further research that uses a mixture of quantitative and qualitative methods would be of high value. Further studies could also address questions that reflect on adaptability and importance of each of retail BM building blocks (Pousttchi, Schiessler and Wiedemann, 2009; Sorescu *et al.*, 2011) in each of the stages of customer journey. We have also observed slower integration of mobile channel in the purchasing stage of customer journey, so a potential question would be interplay between need to integrate mobile commerce and need for BMI. Finally, in the context of retailing, it would be interesting to see how in different retailing segments seizing dynamic capability and omni-channel strategy drive business model innovation.

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Characteristics of the Hungarian Luxury Fashion Market

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Keywords

Luxury fashion, Hungarian market, operations management

Introduction

In global terms, the luxury fashion market is in the rise as compared to its performance during the last decades. In 2017 global sales of personal luxury goods grew by 5%, to 262 billion dollars (Bain & Company, 2017). Christian Dior (446th position) has just made it to be listed in the Brand Finance Top 500 list this year, while most of the companies have already been on the list (Burberry, Chanel, Gucci, Hermés, Louis Vuitton, Prada) (Brand Finance, 2018). The World Luxury Index, which contains the shares of the 20 largest and most liquid luxury goods producer companies, increased by 18.82% in the last year (DAX, 2018). The S&P Global Luxury Index showed a 30.79% 1-year annual returns (S&P, 2018). The Hungarian picture is a bit different. Though the first Dior collection appeared in Hungary as early as 1994, the leading fashion houses only entered the market in the last decade (Kovács and Váczi, 2009), mostly through the form of franchising. So far only three brands have their own directly operated stores (DOS) in the capital city: Budapest (Burberry, Gucci and Louis Vuitton). As a small and open economy, Hungary was hit very badly by the economic crisis that also affected its customer segment. During 2009-2010 luxury sales decreased by 20-25% (Burzsuj, 2011b), and Hungary was among the worst performing Central-Eastern European luxury markets (CPP Luxury, 2011). The number of local customers dropped sharply and their places were not entirely filled by the Russians and the Chinese customers. Another unfortunate event was the bankruptcy of the Hungarian airlines company which seriously reduced the smooth travel possibilities to Hungary from many parts of the world, and hence worsened the country's position in the eyes of fashion tourists, including the so called 'Travelling luxury consumers' whose importance is very important (Craik, 2012). As for today, other airlines replaced the Hungarian airlines for many destinations by making Hungary once again more available.

Purpose

The aim of our research is to investigate the current state of the Hungarian luxury fashion market along certain questions: What is the structure of the Hungarian (luxury) fashion market? What trends could be identified in the past few years? Do retail and operations management practices used in the Hungarian market differ significantly from international ones? What are the critical success factors for companies operating in the Hungarian luxury market?

Conceptual framework

In order to answer the research questions, we need to have a look at the history of luxury and its current situation in Hungary. Hungary was one of the Eastern European countries which were kept under the pressure of communism. The fading of fashion was a common phenomenon in the 1950s. At this time, fashion had lost its legitimacy in most of the so called socialist countries (Zsolt, 1995). Nonetheless, as a proof of the power of fashion and desire for freedom, little steps were finally taken in the 1970s. Escada and Liola were the first available brands in Hungary in a store called Luxus Áruház (Luxury Store) located at the downtown of Budapest, where prices were definitely high enough to call them luxurious (Valuch, 2002). The 1980s brought in more Western brands. These were all available only in the capital city, Budapest, one thing that hasn't changed since then. At the

same time, most of the Hungarians who wished to buy luxury goods, opted to travel to Vienna, Milan or Paris.

After the millennium, the Hungarian fashion market and luxury market bought a ticket to the 21st century. The year 2005 proved to be a keystone for luxury. This was the year when Ermenegildo Zegna entered the Hungarian market after two years of searching for the appropriate location for its store. They chose Andrássy Street, the justly praised avenue of Budapest, which is part of the UNESCO world heritage, and is perfectly suitable for an European shopping street. It wasn't until 2006 that Louis Vuitton opened its directly operated store here, in the neighbourhood of the elegant building of the Hungarian State Opera (Bezselics, 2010). No smaller names followed them, than Emporio Armani (2007), Gucci (2008), Burberry (2008), Roberto Cavalli (2008) and D&G (2009). As for today, the overwhelming majority of luxury stores are located in Andrássy Street, and even the few exceptions are well within walking distance. In terms of operation, most of the stores are mono brand franchises, while there are also a few directly operated stores (Burberry, Gucci, Louis Vuitton) and some multi brand stores. In our analysis we focus on luxury stores dealing with fashion clothing and apparel, including shoes, handbags and miscellaneous items, but excluding jewelry and watches.

Methodology

In our research we follow a two-step approach. First, we analyze the industrial context: trends in retail, and more specifically (luxury) fashion retail over the past few years based on quantitative data. These can be acquired from three major sources:

1) statistical data collected by the Hungarian Central Bureau of Statistics;

2) financial data and reports provided by luxury fashion companies which are publicly accessible through the website of the Department of Public Administration and Justice (http://e-beszamolo.kim.gov.hu/) We investigate those companies that operate in the fashion districts of Budapest, the capital city and hence they are the most relevant actors in the Hungarian luxury fashion industry;

3) articles that appeared in the business and social media, both printed and online.

This quantitative analysis is completed by interviews with managers of luxury fashion companies operating in Hungary in order to get a closer insight on the retail and operations management aspects of their operations and to see how they perceive those existing trends that the figures show.

We identified those factors that could affect the success of the luxury companies operating in Hungary, such as: a) customer profile and product portfolio, b) inventory management and operations, c) HR aspects and d) rental fees.

a) Customer profile and product portfolio: the Hungarian luxury market consists of two main types of customers: Hungarians and foreign tourists. According to most sources, the ratio of Hungarians and foreigners is roughly equal, maybe Hungarians are in a small majority, though there can be differences across brands (Kovács and Váczi, 2009; Burzsuj, 2010; Burzsuj, 2011a; Burzsuj, 2011b; Gaborják, 2012; M. Szabó, 2012). Thanks to the historical heritage of Hungary, Hungarian customers have a different profile than customers in Western Europe, where people grow into living with luxury and luxury brands, and even people with medium or high-medium income are able to buy luxury items if they save money for themselves. The average Hungarian customer resembles the Anglo-Saxon profile: price sensitive, conservative and not really loyal to any brands (M. Szabó, 2012). They do not like to flash brand logos, the most expensive products are not always available, and the product portfolio is narrow. (Kovács and Váczi, 2009; Hennel, 2011; Kormos, 2011). Foreign customers also underwent a significant change. Prior to the crisis in 2008 the mainly Russian, Ukrainian and Serbian tourists gave a big boost to the market, hence more and more franchise stores appeared. After the crisis the two most important foreign customer segment of the Hungarian luxury market became the Russians and the Chinese customers, who made it more difficult for stores to have an appropriate supply of goods, because their preferences differed from the Hungarians' (e.g. while Chinese are

looking for easily identifyable, branded goods, this is not requirement for Hungarians (M. Szabó, 2012; Orientpress, 2012)).

b) Inventory management and operations: as we mentioned previously, we identified that different types of goods are popular for different customers in Hungary. To take a look at this from another angle, we choose different financial ratios computed from the balance sheet and the profit and loss account of selected companies to assess inventory management indirectly, such as the ratio of sales revenue compared to inventories (practically the value of goods bought but not sold yet) or the ratio of sales revenue and cost of goods sold (COGS). This also reflects some aspects of purchasing and pricing. These financial data will be supported by interviews to highlight the operational aspects as well.

c) HR aspects: according to Kovács and Váczi (2009) the biggest problem for store managers is to hire good workforce. A major obstacle is the lack of proper knowledge of foreign languages, but many employees are also characterised by a short-term view – they just want to sell as much products as possible without trying to keep the customer for the long run. Lack of proper behaviour can also be a problem: customers who do not have the „rich-enough" look are not treated well. We investigate these issues via interviews and financial statement data on costs associated with employees.

d) Rental fees: Initially at the beginning of the 2000s rental fees were not that high in Andrássy Street, but this has changed radically since the arrival of the luxury brands. Based on the financial statements, this latter amount is definitely true for Burberry and Louis Vuitton. The importance of rental fees is highlighted by other things as well. Though available data are patchy in this aspect, it seems that rental fees represent a big part of external charges. Extraordinarily high rental fees were among the main reasons why certain brands, such as Roberto Cavalli failed in Hungary (Burzsuj, 2011a).

Findings

In our research we expect to find a quite heterogeneous picture, where opposing trends are evolving. The luxury segment performs better than the fashion retail sector itself, though there are important changes happening: while the number of Hungarian customers decreases, there is a serious shift in the type of the customers: while Russian tourists remained important customers on the market, Ukrainian and Serbian customers were mostly replaced by Chinese buyers (Orientpress, 2012). Also, the current development of the luxury segment is ambivalent. There are companies that are able to grow significantly, while others struggle to break even, and there are brands that chose to exit the Hungarian market (e.g. Roberto Cavalli). These changes surely affected the retail side of the luxury fashion market and these dynamics influence the supporting operations management techniques. We also intend to create a country profile for Hungary with factors that can be also used for profiling other countries from the luxury fashion point-of-view.

Contributions

Research-wise this paper contributes to the stream of luxury fashion research from an operations management point-of-view. Apart from infrequent newspaper or online articles, to our best knowledge, there is no real systematic evaluation of the Hungarian luxury fashion market. Consultants who are interviewed for the newspaper articles usually have a marketing point-of-view, and there is no mention of the operations management approach and tools of companies. Our research would help to fill this gap and contribute to the emerging stream of operations management fashion research.

Moreover, identifying relevant factors that can be used creating country profiles could lead to a more solid underpinning of understanding critical success factors and company behavior in certain countries.

Practical implications

Practice-wise it is important to see how luxury fashion companies try to adapt to the circumstances of a small, unstable market, while also sensing a major shift in their customer base. It is also of the utmost importance to see what changes these companies made as a reaction to these shifts, what are their prospects on the short and middle term, and how they see the Hungarian market as compared to their other markets in terms of retail and operations management solutions.

Research limitations and outlook

Our research obviously has some limitations. The luxury fashion market is very young in Hungary with a limited number of companies, so still not much data is available for a thorough quantitative analysis. Qualitative analysis is also harder due to the more secretive behaviour of company people. We hope that this situation can be mitigated with time on the one hand, as more and more data will be available, and also by our research that can be used to build trust as well with companies, on the other hand. A very promising outlook would be the wider contextualization of our findings, by determining different country profiles for the luxury fashion industry. As the outcome of this profiling, results in Hungary might be applicable more or less directly to other countries with similar profiles and vice versa.

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Exploring the Internationalization of Multinationals from Emerging Markets

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Keywords

Multinationals from emerging market (EM-MNEs), Internationalization, EC firm, Standardization, Adaptation, Innovation, Competitive Advantage.

Introduction

With the rapid ascent of the Chinese economy, some world-class multinationals have been emerging. Alibaba is a good example of those firms. Beginning as a B2B start-up founded in 1999 by the famous Chinese entrepreneur Jack Ma, the company has achieved dramatic and rapid growth and become a huge conglomerate with more than 515 million active users by the end of 2017 and its current market capitalization exceeding $ 458.2 billion. Transactions on its online sites totaled $630 billion last year, more than those of eBay and Amazon combined.

It is worth noting that immediately after being listed in the New York Stock market as the largest IPO in history in 2014, the company has accelerated its overseas expansion. Nowadays, the firm operates in over 200 countries with over 100 million overseas users and has achieved great market performance in countries such as Russia and Brazil where it has become the most visited EC website.

Given the great market presence Alibaba has achieved, this study aims to take it as a case firm to explore the capability development and competitive advantage building process of multinationals from emerging markets (EM-MNEs).

Although the internationalization of EM-MNEs has been attracting more and more interest from scholars, it still remains a topic underdeveloped. For example, in the International Business (IB) research field, most of the extant studies have restricted their research scope to manufacturing firms (e.g. Bonaglia, 2007; Cuervo-Cazurra, 2008;2012; Deng, 2004; Child and Rodrigues, 2005; Luo and Tung, 2007; Deng, 2009; Voss et al., 2010; Ge and Ding, 2014) and ignored the cases from service sectors.

For another example, in Retail Internationalization (RI) research field, anther strand of research relevant to this study, a body of work has mainly focused on the traditional retailing firms and overlooked the internationalization implemented by the EC firms.

Therefore, this study aims to fill those research gaps and deepen our understanding on EM-MNEs by shedding light on Alibaba's internationalization process.

Purpose

By conducting a thorough case study on Alibaba's internationalization process, this study tries to address the following research questions: What are the motivations for the firm to internationalize at a very early stage? How the resource-meager multinationals can operate globally? What kind of strategy(ies) is (are) deployed by Alibaba in overseas markets? Has the company succeeded in building competitive advantage in overseas markets? If so, what are the factors underpinning its success?

Conceptual framework

Based on the review of extant literature, a hypothesis is proposed that Alibaba is more likely to conduct standardization strategy in its global expansion. That is because, firstly, as revealed by Cuervo-Cazurra(2012), one of the characteristics of EM-MNEs' global expansion is that they internationalize not only in emerging markets but also in developed markets. That might imply, for the resource-meager EM-MNEs, the most efficient way to simultaneously serve multiple overseas markets is to target on the standardized segmentation and conduct unified strategy. This conclusion is also backed up by the author's another finding that EM-MNEs '*internationalize into countries that are different from the country of origin but have a large home-country immigrant community*'

(Cuervo-Cazurra, 2012: p. 157), which indicates the feasibility of targeting on standardized segmentation even in the highly heterogeneous overseas markets.

Secondly, given the E-commerce's innovativeness that bridges sellers and buyers all over the world via virtual store, Alibaba is also believed to have higher possibility to implement standardization strategy compared to the traditional retailing firms such as supermarkets and grocery dealers. That is because, in the internationalization process, traditional retailers operating physical presence are always facing the challenges to correspond to the local market condition and diversity of consumer needs. However, the EC firms, to some extent, can ignore those problems.

With this hypothesis in mind, in the following, we will investigate Alibaba's strategy(ies) in overseas markets to examine if the firm is implementing standardization strategy in its internationalization process as the extant theories have assumed.

Methodology

A case study on Alibaba Group, the China's e-commerce giant is conducted. Primary data was collected through extended semi-structured interviews with key managers responsible for the firm's international operations. Additional secondary data was obtained from company annual reports, official websites and other resources.

The study investigates Alibaba's strategies and competitive advantage building processes in two types of overseas markets, namely emerging markets and developed markets. Russia and the U.S. are selected as examples for emerging markets and developed markets, respectively. Alibaba's operations in the two markets are carefully analyzed.

Findings

Firstly, the case has shown that during its internationalization process, Alibaba first went into the U.S.(developed market) and then into Russia (emerging market), which indicates that, opposite to what the traditional perspective (the Uppsala model) has assumed, Alibaba's expansion follows a distinctive path from heterogeneous markets to familiar markets.

Secondly, it has been shown that Alibaba is deploying different strategies in overseas markets. More specifically, in emerging markets the firm is adopting standardization strategy, while in developed markets adaptation strategies is implemented.

Thirdly, from the case we can also confirm that two types of internationalization strategies have different orientations. In emerging markets, the standardization strategy has a strong asset-exploited orientation that enables the firm to leverage its existing business model and to take advantage of economies of scale. In contrast, in developed markets, the adaptation strategy, especially at the initial stage, is characterized with asset-seeking orientation. As illustrated by the case, Alibaba has succeeded in securing the latest technologies in the U.S. market by utilizing such strategy.

Lastly, the case study also indicates that different mechanisms are working in Alibaba's competitive advantage building processes in developed markets and emerging markets. The competitive advantage in emerging markets is mainly derived from the firm's capability to provide the missing infrastructure, while in the developed markets, the firm's competitive advantage relies on its capability to generate strategic and organizational innovations.

In conclusion, the case study of Alibaba has indicated the possibility that EM-MNEs are able to simultaneously operate in developed and emerging markets by developing different strategies. The case also implies that innovative capability, high flexibility, aggressive risk-taking mindset and close ties with business partners generated by relational embeddedness are the key factors to underpin EM-MNEs' competitive advantage building in global market.

Contributions

The findings from the case contribute to the extant research from various perspectives. For example, our study has enriched the standardization/adaptation debate by revealing that EM-MNEs are able to deploy the two types of strategies simultaneously to serve different overseas markets.

We further indicate that the two types of internationalization strategies have different orientations and Alibaba build its competitive advantages in developed and emerging markets through different mechanisms. These findings are considered to have crucial implications for the global marketing and retail internationalization theories.

Furthermore, this study also enriches the extant EM-MNEs theories by providing evidence from service firms and deepens the Retail Internationalization knowledge by extending its research scope to EC firms.

Practical implications

First of all, this study provides "thick description" on Alibaba's strategies and competitive advantage building processes in its domestic market, the Russian market and the U.S. market, which is considered to help practitioners to gain a fuller picture of the EC giant.

Additionally, the study also has important implications for the multinational managers to formulate internationalization strategies. For the established western multinationals, the study has revealed the important role the payment system and logistics system have played in emerging markets. Therefore, western companies need to develop complementary infrastructure first before they transfer their business system.

On the other hand, for the managers of multinationals from emerging market, our study has suggested that they can use the developed markets as a source to acquire the latest technologies and also as a laboratory for innovations to enhance their responsiveness to heterogeneous markets.

Research limitations and outlook

Although this paper has shed light on the internationalization of EC multinationals from emerging markets, our understanding is still not sufficient. The case firm should be observed over a longer time span and more evidence from other emerging markets is needed to help us gain more profound understanding of multinationals from emerging markets.

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International Expansion of Discount Grocery Retailers Revised: Aldi Süd in China

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Introduction

German grocery discount retailer Aldi Group has been breaking new ground in two respects. After the market entry of Aldi in Slovenia (2006), Hungary (2008) and Poland (2008), the Aldi Group is focusing on emerging countries, having entered the Chinese market in 2017. Not only did the German discounter enter a market considered as geographically and culturally distant (Evans *et al.*, 2008) for the first time in the company's history Aldi Süd entered the market using an online format. Since March 2017, Chinese customers have been able to purchase products from Aldi Süd via the Tmall Global e-commerce platform. The discounter offers selected products such as wines, snacks and breakfast products. The online marketplace is operated by the Chinese Alibaba Group and reaches around 443 million active users. China's e-commerce market is already the largest in the world. One year post-market entry, Aldi Süd envisages the construction of a stationary shop network.

Although, digitalisation is not a new phenomenon in retailing, there is a paucity of studies that analyse the transformations of expansion strategies due to digitalisation and the long-term, macro implications of the latter.

Purpose

The purpose of this paper is to address this research gap by analysing how grocery discounters' expansion strategy is transformed by the possibility of digital market entry. The paper aims to investigate why grocery discounters, for the first time, deviate from their usual expansion strategy in regard to market selection (China) and market entry method (online shop).

Conceptual framework

The article analysis Aldi Süd's Chinese market entry within the framework of the embeddedness concept (Hess, 2014) and discusses if and how the online market entry reflects a strategic response to organisational challenges faced by retailers in the Chinese market. This discussion is undertaken by firstly developing a conceptual framework consisting of major challenges which have to be faced by grocery discount stores in China. Secondly, the article describes and exemplifies how digital market entry transforms each of the elements included in the framework. Thirdly, a brief research agenda for work on digital market entries within the grocery retail sector is outlined in order to further delineate the transformation of retailing expansion due to digitalisation.

Methodology

A case study approach (unit of analysis is Aldi) has been applied. The paper combines a theoretical discussion of grocery discount retailers' market entry strategies and the embeddedness concept with qualitative interviews conducted in China in 2015, which helped identifying major challenges in the Chinese market. The interviewees were twelve senior executives of international retailers and other retail experts.

Findings

Despite the often quoted price sensitivity of Chinese consumers (Yu and Ramanathan, 2012: 226; Frank *et al.*, 2014: 209), so-called hard discounters like Aldi are not (yet) physically present in the Chinese retail landscape. Retail experts estimate the prospects of success very differently. The national retail environment is crucial for the development of international retailers and various formats. According to Alexander (1997: 74), some markets may not be ready for certain retail formats. This paper argues for three main reasons why the discount format has not hitherto gained a

foothold in the Chinese market. Firstly, due to the characteristics and challenges of China's market, such as high fragmentation, need for strong localisation as well as infrastructural issues, a high standardisation of the format is not possible. Secondly, the extremely low-margin operation of discounters faces a price level in China that is already very low, limiting one of the discounters' major competitive advantages. Thirdly, the discount format faces a lack of consumer acceptance, as the absence of trust combined with the desire to demonstrate wealth, make it difficult for retailers to establish private brands, which represents one of the major characteristic of the discount format.

Retail firms have to realise high levels of territorial, societal and network embeddedness in order to achieve legitimacy in the host markets they have entered (Bianchi and Arnold, 2004). The challenge both conceptually and managerially is to understand how successful retailers who are likely to be well embedded in their home markets can achieve similar positions in new and often culturally and organisationally distinct host markets as they expand (Burt *et al.*, 2017). The reasons given above show that the establishment of a branch network as part of the expansion involves a very high risk, making it difficult for grocery retailers to realise embeddedness in the Chinese market.

Retailing occupies a pivotal position between market driven production and socially constructed consumption, and the retail firm therefore plays a key role in establishing and managing the networks, relationships and transactions which allow products and services to be produced, distributed and consumed, and thus is central to embedding processes (Burt *et al.*, 2017). Consequently, this paper argues for several strategic advantages of the online market entry undertaken by Aldi Süd in regard to achieving embeddedness in several dimensions. Amongst others, the sourcing process as well as the relationships with suppliers can be established beforehand. Differing cultural tastes and regulations can be studied and evaluated, raising the potential to achieve embeddedness.

Contributions

The scholarly conversation about the digitalisation of retailing has largely been limited to specific aspects of digitalisation. Grocery retailers' digital expansion strategy has not yet been the focus of academic research. So far it has been argued that food discounters are prepared to accept a lower expansion speed in order to expand at minimum risk and cost (Turban and Wolf, 2006: 36). In addition, countries were selected which already have a certain market maturity (Colla, 2003: 64). The Chinese market entry makes it clear that in times of digitisation, expansion can be carried out not only faster but also more cost-effectively. By minimising risks and optimising offers, digital market entry opens up the possibility of testing the market in advance for its suitability for stationary expansion.

Practical implications

The digital market entry into the competitive, fragmented and highly heterogeneous Chinese market requires a comparatively low financial commitment and a correspondingly lower risk compared to the establishment of a stationary branch network. The choice of market cultivation brings further advantages: Online trading in China is well advanced and growing rapidly. As a result, many potential customers can be reached via the online platform. With less effort than would be necessary in opening individual branches, Aldi Süd gains recognition and makes its brand better known. This is all the more important as Aldi Süd offers its own brands as "German brands" and thus gains credibility. In this way it can be tested whether a possible stationary branch network would be accepted by customers. At the same time, the discounter can start building relationships with local authorities and regional suppliers. This would be very useful when a store network expansion is planned for the future. The digital market entry applied by Aldi Süd can be used as a means of rapidly establishing local market coverage and mitigating against management capacity challenges, allowing expansion with relatively low levels of resource and reduced costs.

Research limitations and outlook

Given the fact that grocery discount retailers only applied the digital market entry once, this study is mainly limited to the theoretical discussion of grocery discount retailers' expansion strategies within the framework of embeddedness. As Burt *et al.* (2017) argued, the realisation of embeddedness is clearly more than a one-off initial adjustment at the point of market entry, but is instead 'a dynamic and contested series of processes that unfold over time' (Coe and Lee, 2013: 332). Consequently, this

research solely concentrates on a certain period of time within the expansion strategy. As this method of market entry is very likely to increase in the future, its investigation is of high relevance.

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Big Data Analytics Opportunities Meet Ethical Issues: A Call for Action in Retail Research

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Keywords

Big data, big data analytics, retail research, ethics, retail strategy.

Introduction

The increased usage of technologies for shopping activities accelerates the creation (and sharing) of a huge amount of unstructured knowledge (big data) from consumer to consumer, and from consumer to firm, and *viceversa,* coming from multiple sources, including locational-based data gathered from using mobile devices and mobile apps, customer generated content gathered from social media and online platforms ranking, rating and posting, climate information, movement sensors, purchase transaction records, and so on (Herschel and Miori, 2017; Grewal et al., 2017). The analysis of this huge volume and variety of data can support retailers in finding insights into consumers behavior, and pointers for optimizing marketing and retail decisions (Bradlow et al., 2017; Janssen et al., 2017; Pantano et al., 2017; Wamba et al., 2017). Due to the high variety of data emerging from multiple sources, such analytics may reveal individuals' sensitive information that violates personal privacy. Thus, when analyzing big data, ethical issues and risks of individuals' privacy loss might be encountered (Herschel and Miori, 2017).

Purpose

The aim of this paper is to investigate the emerging phenomenon of big data and ethics in retail literature and identify the current issues and trends in order to propose some future research directions.

Conceptual framework

Three research questions arise in the contemporary retail scenario:

RQ1: What is the state of the art of the literature in big data for marketing and retailing?

RQ2: What are the emerging issues and trends when considering big data analytics and ethical issues?

RQ3: How should retailers and practitioners react to this emerging phenomenon?

Design/methodology/approach

As indicated by past studies (Greenhalgh and Peacock, 2005; Ravasi and Stigliani, 2012), the selection of research results merges a protocol-driven methodology with a snowballing technique. Drawing upon this technique, the methodology of the present research is based on a literature review of all the published papers concerning big data and ethics in retailing up to January 2018. Papers for the analysis have been collected through the Thompson Reuters' Web of Science platform, one of the

most important multidisciplinary databases for scientific research (Gorraiz et al., 2016), by setting the advanced research with the keywords "big data" AND "ethics". This criterion generated an initial set of 297 papers. This set has been further screened through the selection of categories in the advanced search. In particular, we selected the "Business" and "Management" categories, which allowed us to reduce the selection to 13 and 12 papers respectively. We further refined the collection by considering only the papers included in the journals considered most influential in the marketing sector identified by the ABS (Association of Business Schools) journal guide 2018, which is considered to be an influential guide to ranking the quality of business and management (and associated subject area) journals, based upon both a journal's level of influence and span of influence. This combination of Web of Science and ABS list ensures the scholarly quality. Finally, each paper has been manually screened. This review lead to the identification of 15 papers, for which we further evaluated the investigated topic and open questions.

Findings

The results of the analysis enable us to (i) understand the emerging trends and issues in the adoption of big data analytics in marketing and retailing, and (ii) provide a pathway for future research aiming at integrating more big data analytics and ethical concerns into retail theory and practice.

First, our review of existing studies in big data analytics and ethics in marketing and retailing shows a clear increasing trend, which implies increasing attention by scholars and practitioners. Second, our analysis identifies three different research topics: i) the need for retailers to be more data-oriented, ii) opportunities emerging from big data analytics, and iii) consequences as ethical and privacy issues, while assessing the relevance of each topic (Table 1).

Table 1: Three topics emerged from the review of the papers published in big data and ethics, with emphasis on retailing.

Topic	Authors
Need to be more data-oriented	Erevelles et al., 2016; Hansen and Flyverbom, 2015; Holtbrugge et al., 2015; Nunan and Di Domenico, 2017; Vidgen et al., 2017
Opportunities emerging from big data analytics	Bradlow et al., 2017; Motamarri et al., 2017; Dunphy, 2016; Germann et al., 2013; Newell and Marabelli, 2015; Raymond, 2013; Taghaboni-Dutta and Belthouse, 2006; Wamba et al., 2017; Wieland et al., 2016;
Consequences as ethical and privacy issues	Bradlow et al., 2017; Malhotra et al., 2004; Martin, 2015; Martin and Murphy, 2017; Nunan and Di Domenico, 2013; Smith et al., 1996; Spiekermann et al., 2015
Topic	**Authors**
Need to be more data-oriented	Hansen and Flyverbom, 2015; Holtbrugge et al., 2015; Nunan and Di Domenico, 2017; Vidgen et al., 2017
Opportunities emerging from big data analytics	Bradlow et al., 2017; Motamarri et al., 2017; Wieland et al., 2016; Dunphy, 2016; Newell and

	Marabelli, 2015; Raymond, 2013; Taghaboni-Dutta and Belthouse, 2006
Consequences as ethical and privacy issues	Martin, 2015; Martin and Murphy, 2017; Nunan and Di Domenico, 2013; Spiekermann et al., 2015

Third, we provide a theoretical contribution to retail research through a research agenda that consists of three main research directions and related exemplar research questions. In particular, the research topics are: i) Transferring consumers insights into retail strategies, ii) strategies to avoid consumers' perception of privacy loss, and iii) limiting data collection and analysis to the "useful" ones). For each one of the three topics, we propose 15 exemplar research questions (Table 2).

Table 2: Summary of the future research directions and the related exemplar research questions.

Research Directions	Exemplar Research Questions
Transferring consumers insights into retail strategies	1. How do new consumers' insights impact new retail strategies development?
	2. How can firm integrate insights emerging from big data analytics into new retail strategy development?
	3. How do retailers transform insights emerging from big data analytics into new retail strategy development?
	4. How can new retail business model ideally be implemented to benefit from big data analytics?
	5. Are consumers insights emerging from big data analytics usable across a single retail strategy development?
Strategies to avoid consumers' perception of privacy loss	1. Why do consumers associate big data analytics with privacy loss?
	2. How do measure consumers perception of privacy loss?
	3. How do retailers address the challenges associated with consumers perception of privacy loss when analyzing big data?
	4. How are consumers reluctant to accept big data analytics by retailers?
	5. What are the more useful forms of collaboration to make consumers more positive towards big data analytics by retailers?
Limiting data collection and analysis processes to the "useful" ones	1. Which process would support the information selection of the "useful" one?
	2. When and under which conditions collecting and analyzing big data on consumers will be beneficial?
	3. Which patterns in big data analytics predict the usefulness of emerging insights?

	4. Which kind of data and from which kind of sources define useful consumers insights for retailers?
	5. Which kind of data and from which kind of sources generate most value for retailers?

Finally, we provide future retail researchers and practitioners attempting to benefits from big data set with a blueprint on how to specifically use big data analytics to maximize the competitive advantage. At the same time, we address calls to integrate big data analytics into retail management strategies, and propose directions on how this might be accomplished.

Originality/value

The emerging academic debate on the use of big data (and big data analytics) to support marketing and retail management is gradually acquiring importance, as demonstrated by the increasing trends of publications in top-tier journals focusing on this link. Our present study therefore provides, to the best of our knowledge, the first call for action in retail research concerning the link between big data analytics and ethical issues. Specifically, we review and analyze all the research articles published up to January 2018 listed by Thompson Reuters' Web of Science and included in the ABS list 2015.

Practical implications

We provide future retail researchers and practitioners attempting to benefit from big datasets with a blueprint on how to specifically use big data analytics to maximize the competitive advantage. At the same time, we address calls to integrate big data analytics into retail management strategies, and propose guidance on how this might be accomplished.

Research limitations and outlook

Our study can be considered as a starting point on a journey towards novel lines of inquiries fostering the integration of big data analytics and ethics in retailing. These lines are not conclusive, since we encourage further explorations of the research topics. Thus, our results are limited to the issues and trends that have emerged up to January 2018, which may soon be extended with new contributions and applications in retail research and practice.

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Impact of Retailer's CSR Activities on Consumers' Loyalty: Differences by Activities and Individuals

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Keywords

CSR, trust, brand equity, loyalty, consumer profile

Introduction

Company's Corporate Social Responsibility (CSR) activities can create intangible assets in terms of reputation and image that are difficult to copy and that create a competitive advantage which translates into financial performance. Consequently, it is essential to understand the mechanisms through which company's CSR activities can impact or not consumers (Swaen and Chumpitaz, 2008).

The influence of CSR on consumers' behavior is generally presumed to be positive. Nevertheless, the influence of CSR on consumers' behavior can also be negative. Moreover, some sectors may be more or less associated with CSR than others. For instance, retailing is less often associated with CSR or is the subject of more criticism (Cacho-Elizondo and Loussaïef, 2010).

Purpose

The objective of this research is to study the impact of different dimensions of retailer's CSR activities on consumers' trust in this retailer, their loyalty toward it and its perceived brand equity. This research will thus answer the following questions: 1) does this impact differ according to the different dimensions taken into account in terms of significance, valence (positive either negative) and strength of the relationship? 2) does this impact differ according to the individuals considered?

CSR represents the commitment of a company to minimize or eliminate its harmful effects and maximize its long-term beneficial impacts on society (Mohr et al., 2001). CSR is generally conceptualized as a multidimensional construct (Rowley and Berman, 2000). Among the various dimensions highlighted in the literature, four emerged in a large number of works (e.g. see Moisescu, 2015 for a synthesis): philanthropic activities, respect for the environment, respect for consumers and respect for workers. Melo and Galan (2011) advocate to consider CSR as a multidimensional variable since using an aggregate construct can lead to the conclusion of its non-significant influence. Other studies also showed that if different dimensions of company's CSR activities had a significant influence on consumers' responses, the strength and valence of these impacts could differ (e.g. Ailawadi et al., 2011; Abid and Moulins, 2015). Lastly, previous works investigated perceptual differences in CSR across countries and people (Maignan and Ralston, 2002; Matten and Moon, 2008; Freeman and Hasnaoui, 2011).

Conceptual framework

The impact of retailer's CSR activities on consumers' trust in this retailer

CSR activities have a significant and positive influence on one or two dimensions of consumers' trust in a brand / company (Park et al., 2017; Hur et al., 2014; Stanaland et al., 2011; Swaen and Chumpitaz, 2008). In the specific context of retailing, Lombart and Louis (2014) confirmed that retailer's CRS activities have a significant and positive influence on consumers' trust in this retailer.

Considering these works, we posit that: The four dimensions of retailer's CSR (a) philanthropic activities, b) respect for the environment, c) respect for consumers, d) respect for workers) have a positive influence on consumers' trust in this retailer (H1).

The impact of retailer's CSR activities on consumers' loyalty toward this retailer

Brand's CSR activities have a significant and positive influence on consumers' loyalty (Stanaland et al., 2011; Lee et al., 2012; Yusof et al., 2015). In the specific context of retailing, Schramm-Klein and Zentes (2008) showed that three out of six CSR dimensions (community support, employee support, non-domestic operations/sourcing) have a significant and positive influence on consumers' loyalty. Ailawadi et al. (2011) also demonstrated that three out of four CSR dimensions (environmental friendliness, community support, local sourcing) have a significant and positive influence on consumers' attitudinal loyalty, and two of these dimensions (employee fairness and local sourcing) have a significant and positive influence on consumers' behavioral loyalty. Considering these works, we postulate that: The four dimensions of retailer's CSR (a) philanthropic activities, b) respect for the environment, c) respect for consumers, d) respect for workers) have a positive influence on consumers' loyalty toward this retailer (H2).

The impact of retailer's CSR activities on perceived brand equity of this retailer

Hur et al. (2014) and Esmaeilpour and Barjoei (2016) showed that brand's CSR activities have a significant and positive influence on its brand equity. Considering these works we posit that: The four dimensions of retailer's CSR (a) philanthropic activities, b) respect for the environment, c) respect for consumers, d) respect for workers) have a positive influence on perceived brand equity of this retailer (H3).

The links between consumers' trust in the retailer, loyalty toward this retailer and perceived brand equity of this retailer

Trust is an antecedent of loyalty. The significant and positive influence of consumers' trust on their loyalty has indeed been demonstrated (e.g. Stanaland et al., 2011; Park et al., 2017). Consequently, we postulate that: Consumers' trust in the retailer has a positive influence on their loyalty toward this retailer (H4). Various studies showed that brand trust is positively associated with brand equity (e.g. Kim et al., 2008; Chen, 2010). Integrating these studies, we posit that: Consumers' trust in the retailer has a positive influence on perceived brand equity of this retailer (H5). Previous research showed a significant and positive influence of brand equity on brand loyalty (e.g. Tolba and Hassan, 2009; Kim and Ko 2012). Consequently, we postulate that: Perceived brand equity of the retailer has a positive influence on consumers' loyalty to this retailer (H6).

The impacts of moderating variables

Company's CSR activities may have different meanings and impacts depending on the countries and people considered (Maignan and Ralston 2002; Matten and Moon 2008; Freeman and Hasnaoui 2011). Consequently, this study integrates several moderating variables suggested by the literature: socially responsible consumption behavior (Mohr and Webb, 2005), their expectations on CSR activities implemented in companies (Swaen and Chumpitaz, 2008), their attribution of altruistic motivations instead of strategic motivations to these companies engaged in CSR (Swaen and Chumpitaz, 2008) and their skepticism towards them (Skarmeas and Leonidou, 2013). We postulate that: The higher are consumers' socially responsible consumption behavior, their expectations on CSR activities implemented in companies, their attribution of altruistic motivations instead of strategic motivations to these companies engaged in CSR and the lower their skepticism towards them, the stronger are the relationships previously posited (H7).

The figure 1 presents the research model and the moderating variables.

Figure 1: The research model and the moderating variables
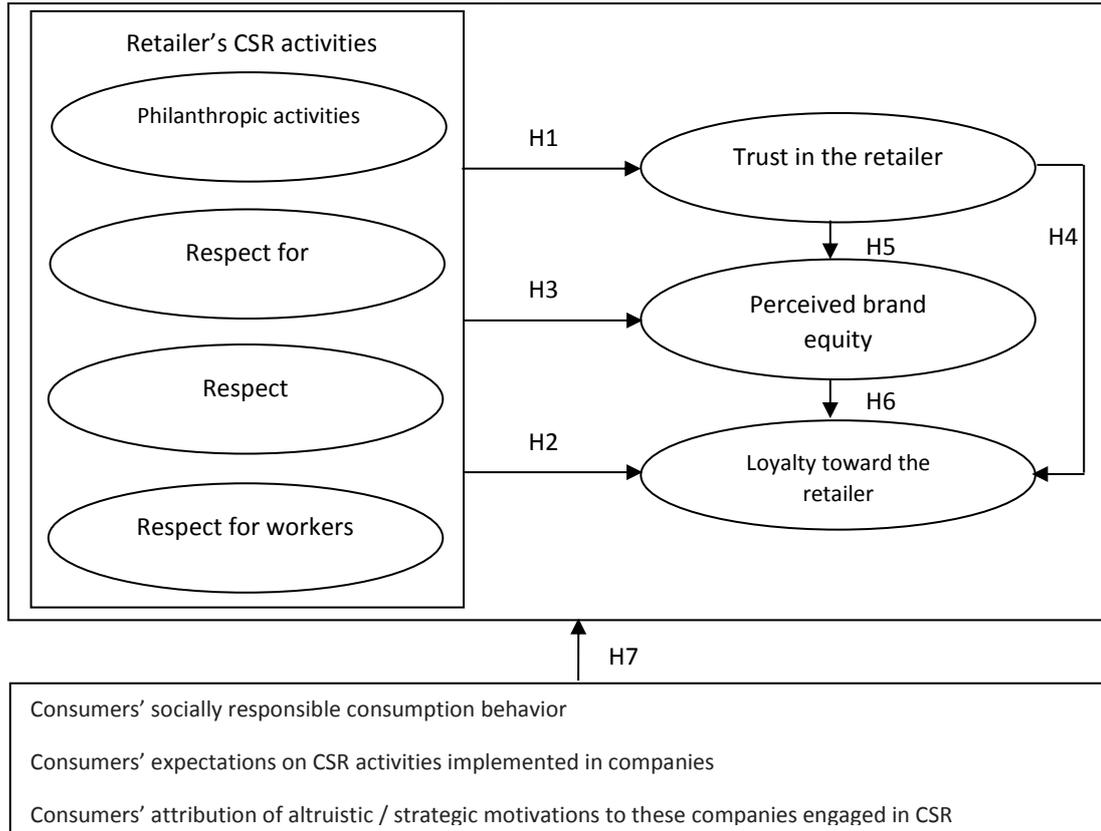
Methodology

The data collected

This research was conducted on a Web panel of consumers representing the Quebec population. 602 consumers answered to our questionnaire by considering the retailer of their choice. However, 55 questionnaires with uncompleted answers were excluded from the database. The final sample in composed of 547 individuals. It is made up of 61.2% women and 13.5% of people ages 35 to 44, 23.8% of people ages 45 to 54, 32.5% of people ages 55 to 64.

The measurement scales used

Table 1 presents the measurement scales used in this research. The items of these different measurement scales are available in appendix A.

Findings

Groups formation

An ascending hierarchical clustering analysis was performed on the data collected. This typological analysis identified three consumer profiles: the very responsible consumers (group 1, n = 213), the local skeptical recyclers (group 2, n = 168) and the least responsible consumers (group 3, n = 166) (appendix B).

Test of the measurement and structural models

First, we performed the tests of the measurement models and established the reliability and validity of the first-order and second-order structures posited. Then, all the links of the research model proposed were tested for the overall sample and the three subsamples considered (table 2).

First, at the overall sample level (n = 547), for a retailer to be perceived by consumers as engaged in philanthropic activities has a direct and indirect positive influence (through consumers' trust in the retailer and through consumers' trust in the retailer and its perceived brand equity) on consumers' loyalty toward this retailer. Similarly, for a retailer to be perceived by consumers as being

environmentally friendly has an indirect positive influence (through its brand equity) on consumers' loyalty toward this retailer.

Table 1: The measurement scales used

Research model	Number of items	Sources
Philanthropic activities	5	Maignan, Ferrell and Hult (1999), Sen and Bhattacharya (2001)
Respect for the environment	4	
Respect for consumers	6	
Respect for workers	6	
Credibility	3	Gurviez and Korchia (2002)
Integrity	3	
Brand equity	4	Yoo, Donthu and Lee (2000)
Loyalty	4	Hoeffler and Keller (2002)
Moderating variables	Number of items	Sources
Expectations on CSR activities	4	Swaen and Chumpitaz (2008)
Altruistic motivations	3	Swaen and Chumpitaz (2008)
Strategic motivations	3	
Skepticism	5	Boyer, Albert and Valette-Florence (2006)
Animal protection	3	Durif et al. (2011)
Sustainable transport	3	
Composting	3	
Recycling	4	
Local consumption	4	

Then, at the very responsible consumers' level, for a retailer to be perceived by consumers as engaged in philanthropic activities has a direct and indirect positive influence (through consumers' trust in the retailer and through consumers' trust in the retailer and its perceived brand equity) on consumers' loyalty toward this retailer. Similarly, for a retailer to be perceived by consumers as being environmentally friendly has an indirect positive influence (through consumers' trust in the retailer, through its perceived brand equity and through consumers' trust in the retailer and its perceived brand equity) on consumers' loyalty toward this retailer. At the local skeptical recyclers' level, the model highlighted for this group of consumers is the same as the one highlighted at the overall sample level. At the least responsible consumers' level, for a retailer to be perceived by consumers as being environmentally friendly has only a direct and indirect positive influence (through its brand equity) on consumers' loyalty toward this retailer.

Lastly, our last hypothesis (H7) is not supported by our data. Indeed, the differences computed between the group 1 (the very responsible consumers) and the group 3 (the least responsible consumers) are not significant, except for the respect for the environment – brand equity relationship at the 0.10 level (see table 2).

Contributions

The objective of this research was to study the impact of different dimensions of retailer's CSR activities on consumers' trust in this retailer, loyalty toward it and its perceived brand equity. This research highlights that this impact differs according to the dimensions considered and to the groups of consumers studied.

Table 2: Results of the structural equations model

	Total sample (n=547)			Group 1 (n=213)			Group 2 (n=168)			Group 3 (n=166)			Results (p-value) of tests of differences between the two parameters (PC)		
	PC	*t*	R²	*PC*	*t*	R²	*PC*	*t*	R²	*PC*	*t*	R²	(1) vs (2)	(1) vs (3)	(2) vs (3)
Philanthropic activities ➔ Trust	0.336	6.874***		0.499	6.526***		0.278	3.025**		0.104	n.s.		0.002	0.198	0.132
Respect for the environment ➔ Trust	0.022	n.s.	0.123	0.179	2.321**	0.231	0.036	n.s.	0.081	0.143	n.s.	0.067	0.020	0.230	0.275
Respect for consumers ➔ Trust	0.027	n.s.		0.040	n.s.		0.035	n.s.		0.047	n.s.		0.964	0.529	0.627
Respect for workers ➔ Trust	0.044	n.s.		0.057	n.s.		0.085	n.s.		0.012	n.s.		0.782	0.631	0.856
Philanthropic activities ➔ Loyalty	0.127	3.954***		0.142	3.081***		0.117	1.744*		0.095	n.s.		0.810	0.627	0.826
Respect for the environment ➔ Loyalty	0.016	n.s.		0.051	n.s.		0.048	n.s.		0.024	n.s.		0.413	0.509	0.864
Respect for consumers ➔ Loyalty	0.008	n.s.	0.655	0.011	n.s.	0.726	0.008	n.s.	0.541	0.045	n.s.	0.651	0.832	0.601	0.749
Respect for workers ➔ Loyalty	0.005	n.s.		0.044	n.s.		0.018	n.s.		0.010	n.s.		0.806	0.764	0.916
Trust ➔ Loyalty	0.338	11.645***		0.254	6.111***		0.358	5.595***		0.382	7.267***		0.337	0.220	0.840
Brand equity ➔ Loyalty	0.528	16.682***		0.657	14.967***		0.426	6.927***		0.509	8.143***		0.012	0.134	0.451
Philanthropic activities ➔ Brand equity	0.067	n.s.		0.117	n.s.		0.051	n.s.		0.112	n.s.		0.587	0.968	0.623
Respect for the environment ➔ Brand equity	0.376	8.137***		0.440	5.569***		0.301	3.580***		0.222	2.850***		0.232	0.066	0.457
Respect for consumers ➔ Brand equity	0.023	n.s.	0.363	0.043	n.s.	0.438	0.041	n.s.	0.310	0.053	n.s.	0.247	0.443	0.445	0.920
Respect for workers ➔ Brand equity	0.007	n.s.		0.053	n.s.		0.116	n.s.		0.029	n.s.		0.148	0.858	0.224
Trust ➔ Brand equity	0.337	9.204***		0.309	4.990***		0.396	6.628***		0.315	4.056***		0.453	0.942	0.501

Notes: PC =Path coefficient and ***/** Coefficient significant. Student's *t* test values higher than |2.575/1.96| indicate parameters significant at the 1%/5% level and n.s. stand for non-significant coefficient.

At a managerial level, this research indicates to retailers that the dimensions respect for consumers and workers of their CSR activities do not have an impact on the explanatory variables considered: consumers' trust in the retailer, their loyalty toward it and its perceived brand equity. By contrast, for a retailer to be perceived by consumers as engaged in philanthropic activities or being environmentally friendly has a positive impact on consumers' trust, loyalty and its perceived brand equity. On the one hand, the respect for the environment dimension of retailer's CSR activities has a direct impact on its brand equity and an indirect impact (consumers' trust in the retailer and / or its perceived brand equity) on consumers' loyalty for the three groups of consumers studied in this research (the very responsible consumers, the local skeptical recyclers and the least responsible consumers).

This specific dimension has also a direct impact on consumers' trust in the retailer for the very responsible consumers. On the other hand, to be engaged in philanthropic activities for a retailer has a direct impact on consumers' trust in this retailer and their loyalty toward it and an indirect impact on its perceived brand equity for the very responsible consumers and the local skeptical recyclers. Lastly, consumers' trust in the retailer and its brand equity are central variables for a retailer to influence the loyalty of the very responsible consumers and the local skeptical recyclers. Indeed, consumers' trust in the retailer is a mediating variable between specific dimensions of retailer's CSR activities and its perceived brand equity. In the same vein, retailer's perceived brand equity is a mediating variable between specific dimensions of retailer's CSR activities and consumers' loyalty toward this retailer. Regarding the least responsible consumers, their trust is not impacted by any dimension of retailer's CSR activities. This variable is however important to influence their loyalty toward this retailer.

Research limitations and outlook

First, consumers answered to our questions by considering the retailer of their choice. Further research should work with retailers chosen in advance to allow comparisons between them in and between retail sectors (e.g. clothing, furnishing, grocery …) and check that consumers know their CSR activities before answering. Then, one country (i.e. Canada) was studied. Further research should integrate other countries since perceptual differences in CSR across countries may exist. Lastly, only three consequences of retailer's CSR activities have been considered (consumers' trust in the retailer, their loyalty toward it and its perceived brand equity). Further research should take into account others consequences such as consumers' satisfaction and attitude to the retailer.

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Appendix: Items of the measurement scales used

		The considered retailer ...
Philanthropic activities	PA1	helps developing countries
	PA2	promotes social and cultural activities in the regions where it operates
	PA3	develops projects in poor countries
	PA4	supports one or more humanitarian causes
	PA5	gets involved with communities
Respect for the environment	RE1	reduces its consumption of natural resources
	RE2	makes its business activities more environmentally friendly
	RE3	makes its products/services as eco-friendly as possible
	RE4	has put in place a policy to reduce or offset its GHG emissions
Respect for consumers	RC1	respects the rights of consumers (in terms of after-sales service, guarantees, information)
	RC2	treats his clients fairly
	RC3	gives correct information to consumers about product composition
	RC4	protects the safety of consumers
	RC5	protects the health of consumers
	RC6	protects the privacy of consumers
Respect for workers	RW1	creates jobs
	RW2	respects the laws and legislations in force
	RW3	ensures respect for the rights of its employees
	RW4	provides training for its employees
	RW5	guarantees the health and safety of its employees
	RW6	respect human rights in all the countries in which it operates
		When this retailer gets involved in social and environmental activities …
Credibility	C1	the products / services of this retailer give me an impression of security
	C2	I trust the quality of the products / services of this retailer
	C3	buying products / services from this retailer is a guarantee of quality
Integrity	I1	this retailer shows interest for its customers
	I2	this retailer is sincere to its customers
	I3	this retailer is honest with its customers
Brand equity	BE1	It would be normal to buy the products / services of this retailer over others, even if they are similar
	BE2	even if the products / services of other retailers had the same characteristics, I would prefer those of this retailer
	BE3	if I found other retailers whose products / services were so good, I would still prefer to buy those from this retailer
	BE4	if the products / services of other retailers were similar in every way, it would be better to buy those of this retailer
Loyalty	L1	I feel closer to this retailer
	L2	I feel more attached to this retailer
	L3	I feel more loyal to this retailer
	L4	I will talk positively about this retailer around me
		The considered retailer must …
Expectations on CSR activities	EX1	respect human rights
	EX2	sell / offer products as environmentally friendly as possible
	EX3	do not destroy the environment through their activities
	EX4	to guarantee the health and safety of their employees
		The considered retailer gets involved in social and environmental activities …
Altruistic motivations	AM1	because they want to give something in return for what the society gives them
	AM2	because they are part of the society
	AM3	by pure altruism
Strategic motivations	SM1	because it gives them positive publicity
	SM2	because it allows them to increase their profit
	SM3	because it allows them to have more customers
Skepticism	SK1	Retailers are always trying to manipulate us
	SK2	Retailers claim to have a policy of honesty and morality, but few keep it when money is at stake
	SK3	Most retailers are willing to lie if they can make a profit
	SK4	Retailers claim to be more concerned about consumers than they actually are
	SK5	Some retailers advocate ethics only to create a positive image and sell more
		Socially responsible consumption behavior
Animal protection	AP1	I avoided buying products / services made by companies that harm animals or plants
	AP2	I avoided buying endangered animal products

	AP3	I avoided eating endangered animal foods
Sustainable transport	ST1	I used a bike for my trips
	ST2	I took the metro for my trips
	ST3	I used car sharing systems
Composting	CO1	I composted my yard waste
	CO2	I have composted my dead leaves
	CO3	I composted my kitchen waste
Recycling	RE1	I recycled the paper
	RE2	I recycled the cardboard
	RE3	I recycled the glass
	RE4	I recycled the plastic
Local consumption	LC1	I promoted the purchase of locally grown products
	LC2	I favored purchases from local merchants
	LC3	I favored the local purchase
	LC4	I favored the purchase of locally made products

Sometimes yes, sometimes no: Exploring the vacillating fair trade consumer

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Introduction

The closing decades of the twentieth century saw the emergence of a trend among consumers to engage with ethical concerns. This generated a desire to consume ethically, which gave impetus to various ethical movements (Jayawardhena, Morrell & Stride, 2016). One such movement is the FT movement which aims to support the marginalised farmers and produces in developing countries by guaranteeing a minimum price for their goods and services (Doherty, Davies & Tranchell, 2013; Peattie & Samuel, 2016). Hence, by purchasing FT products the consumer becomes invested in the objectives and ethos of FT, engendering opportunities for consumer empowerment (Newholm & Shaw, 2007; Sebastiani, Montagnini & Dalli, 2013).

However, there is some debate about classifying FT consumers into fixed categories based on their FT consumption patterns, (Adams & Raisborough, 2010). For instance, while there are consumers who are fully committed to the ethos of FT, others cynically dismiss FT as a commercial ploy (Goig, 2007). There are also consumers who are undecided and buy fair trade (FT) products occasionally and, that the greater proportion of consumers lies in the group who occasionally invest in the ethos of FT (Doran, 2009). This purchase behavioural mix suggests that there are competing impetus and outcomes which are unpredictable and contrary to expectations (Caruana, 2007; Szmigin, Carrigan & McEachern, 2009).

Purpose

There have been several attempts in the literature at understanding FT consumers, however, findings pertaining to identifying what constitutes a FT consumer have been mixed. Scholars for example proposing that FT consumers could be categorised by various motives. Yet consumer reactions to the FT proposition vary across a broad spectrum of actions, beliefs, motivations and desires, resulting in nuanced behaviours which may often slip from one categorisation to an adjacent one. They range, in their behaviour, from the consumer who is fully committed to the entire ethos of FT, nationally and globally (De Pelsmacker et al., 2005; Goig, 2007) to those who are completely indifferent towards FT (Doran, 2009). While these two categories explicate the extreme ends of the gamut of FT behaviour, there is a middle ground which most consumers occupy, where consumers have low to moderate levels of engagement with the ethos of FT and sometimes buy FT and sometimes forgo FT products (e.g. Bondy & Talwar, 2011). The importance of understanding this relatively unexplored middle ground, where majority of the consumers lie and, where segmentation becomes arbitrary, has already been identified (Doran, 2009; Adams & Raisborough, 2010), yet the findings lack in depth understanding of the patterns of behaviour extant among those consumers. Therefore, the overall aim of this in depth qualitative study is to understand vacillating consumers and their motivations and attitudes toward FT consumption.

Methodology

Literature on FT consumer behaviour lacks an in-depth understanding of consumer' FT purchase decision making, with there being little research which attempts to explicate indecision in the FT purchase context, nor what causes consumers to effect irregular and sporadic purchasing behaviour. This merits an in-depth understanding of vacillating FT purchase behaviour. Therefore, an inductive qualitative grounded theory methodology is employed, which allows an exploration of consumer motives for vacillation (Glaser & Strauss, 1967). In total thirty two in-depth, face to face interviews were carried out with an eclectic group of respondents from the UK. The participants were recruited by employing a multi-method approach using cafes, online sources, universities, churches, museums, outside supermarkets and exhibitions. The sample ages ranged from 20 to 70 years and included both male and female respondents from a variety of occupations and backgrounds. The average age of participant was 36.7 years and in terms of gender, the sample was balanced as 43.3 percent of participants being male. The participants were from a variety of occupations which included lawyer, housewife, shopkeeper, housing agent, accountant, nurse, graphic designer, and doctoral researcher, so could mostly be described as middle class. Interviews included a combination of open-ended and semi-structured questions which allowed the respondents to express their viewpoints (Charmaz, 2006) and probes were introduced as necessary. The in-depth interviews covered the following broad themes: participants' general consumption patterns, consumption patterns pertaining to FT and attitudes and behaviour regarding FT. Data were analysed in tandem with data collection to facilitate understanding of the detailed portrayals of individual actions of FT consumption, non-consumption and specific avoidance. A constant comparison method was employed, which included initial substantive coding, constant comparison of empirical data, theoretical sampling, focused coding and interchangeability of indicators, to develop concepts which account for latent behavioural patterns (Glaser & Strauss, 1967). Throughout the analyses, memoranda –'memos' - were written, which helped to raise the level of analysis from description to more conceptual and abstract themes. This permitted strong theoretical saturation of the themes of passive involvement, self-catering and situational prioritizing, as explained in the findings section.

Findings

Consumer purchase behaviour in the context of FT consumption is very complex, nuanced, and not a straightforward pattern of actions. Majority of the participants interviewed did not dismiss the ethos of FT completely and while they showed low to moderate levels of support, they were found to vacillate in their purchase of FT products. The behavioural pattern of such vacillating consumers can be explicated as a consumption pattern which, while being positive towards marginalised producers, at the same time allows hedonic interests to become part of the equation, and modulate the balance of probabilities of ethical purchasing taking place. The three properties of this behavioural group are: passive involvement, self-catering and situational prioritising.

Passive involvement

The concept of passive involvement, describes the behaviour, observed from the interviews, of vocal support for FT, sometimes accompanied by sporadic purchase. Unlike FT lovers, active, radical and loyal consumers (De Pelsmacker et al., 2005; Doran, 2009; Bezençon & Blili, 2011; Bondy & Talwar, 2011) who are extremely committed to the principles of FT, the vacillating consumers in this study do not engage wholeheartedly with FT. It is therefore noted that vacillating consumers seem to lack a passionate connection with the overall ethos of FT. Therefore, while they might promise to buy FT products, they fail to follow through with the promise as it requires too much time and energy.

Self-catering

Another key theme which pervaded in the interviews was that purchase decisions for most respondents tended to be predicated on self-interest rather than the eleemosynary cachet of helping the marginalised producers in developing countries. This was also apparent in the responses of interviewees who supported FT in principle, but were not fully committed to it, entailing a general

me-first attitude. Despite vouchsafed support for the ethos and purport of FT, it was found that many participants were swayed at the point of purchase by the more mundane and functional aspects of affordability, convenience, size, flavour and style of a product.

Situational prioritising

Another cause of vacillation in decision making, found in the interviews, was situational prioritising, which affects the consumer's behaviour and purchase decisions based on the various situations a consumer might be found in. The impact of situational factors on consumer behaviour has been examined for several decades (Belk, 1975), however, there has been little focus from a FT viewpoint. The findings from this study suggest that some situational factors can increase the uptake of FT, for example, in-store discounts and gift giving situations. Whereas, in other cases some situational factors, such as the financial position of a respondent could be considered as a deterrent to investment. One cause of situational prioritising was found to be in gift giving, where consumers would buy FT products, partly because they are FT and partly because of a perception of quality.

Contributions

This paper makes two significant contributions. First, by adding to the fair trade segmentation literature, our study provides insights into an infrequently studied aspect of fair trade consumption – that of the vacillating, irregular and unpredictable consumer - and challenges traditional assumptions regarding profiling fair trade consumers. We position this paper as a middle ground, where the majority of consumers have low to moderate levels of engagement with the fair trade ethos resulting in vacillating purchase behaviour.

Second, we propose that the main reasons for vacillation with regards to fair trade consumption are 1) the passive involvement of participants with the ethos of fair trade, 2) situational factors which impact the buying decisions of fair trade purchases and 3) consumers' self-interest over riding the ethical elements involved in the purchase of fair trade products.

Practical implications

Marketers will need to provide information pertaining to FT which can assist vacillating consumers to decide in favour thereof, since whether they effect a purchase for eleemosynary motives or not, that purchase still contributes to the alleviation of poverty among the marginalised producers, and it cannot be assumed that vacillating purchasers of FT are fully familiar with its ethos and purpose.

Research limitations and outlook

First, this study draws upon qualitative data to examine vacillating consumers. This leaves the opportunity to use the findings to construct testable theoretical hypotheses which could be examined via quantitative research designs. Second, the study is focused on consumers in the UK only, as an established FT consumer market, yet FT is now penetrating emerging markets such as Brazil and India. This offers the opportunity to extend this research towards a more cross-cultural perspective.

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Leveraging Pop-up Retail Operations to Revitalize Downtown Main Street: A Case Study

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Keywords

Introduction

A pop-up retail operation is a short-term retail space that may occur for a few hours, days, or months (de Lassus & Anido Freire, 2014). In the recent years, this temporary retail strategy has become a new channel in the omni-channel retail offerings. Many retailers and manufacturers, large and small, have capitalized on the benefits of pop-up retail opportunities. The temporary operation timeframe creates an engaging and exciting retail experience for consumers and fulfill different needs of a retailer. It does not always involve selling merchandise or products, and it may serve other objectives, i.e. for music artists as a tour enhancer, for communities to revitalize their neighborhood, and for large brands to test a new message.

While satisfying consumers, the retailer is also able to meet an objective. Warnaby, Kharakhorkina, Shi, & Corniani (2015) argue that within each pop-up there is a primary objective of transactional, testing, communicational, and experiential. This study proposes one additional objective: institutional, which is an additional layer on top of the business objectives and contributes to reducing vacancy rate, bringing in foot traffic, and increasing commercial activities in a community.

Purpose

Literature on best practices and business strategies of institutional pop-up retail operations is limited. This paper fills the gap by exploring business best practices using a case study approach and discussing implications of pop-up retail operations which fulfill an institutional objective.

Conceptual Framework

We used the "Customer Experience Management in Retailing Model" proposed by Grewal, Levy, and Kumar in 2009 as the theoretical framework to guide data collection and analysis. Social environment, service interface, retail atmosphere, assortment, price, and retail brand and customer experiences were the aspects analyzed to evaluate pop-up retail business strategies. We also explored situational moderators and consumer moderators to understand the contextual factors of the pop-up retail operations. Figure 1 shows the guiding framework of the case study.

Figure 1. Guiding Framework of Customer Experience Management in Pop-up Retailing (adapted from the "Customer Experience Management in Retailing" developed by Grewal, Levy, and Kumar, 2009)
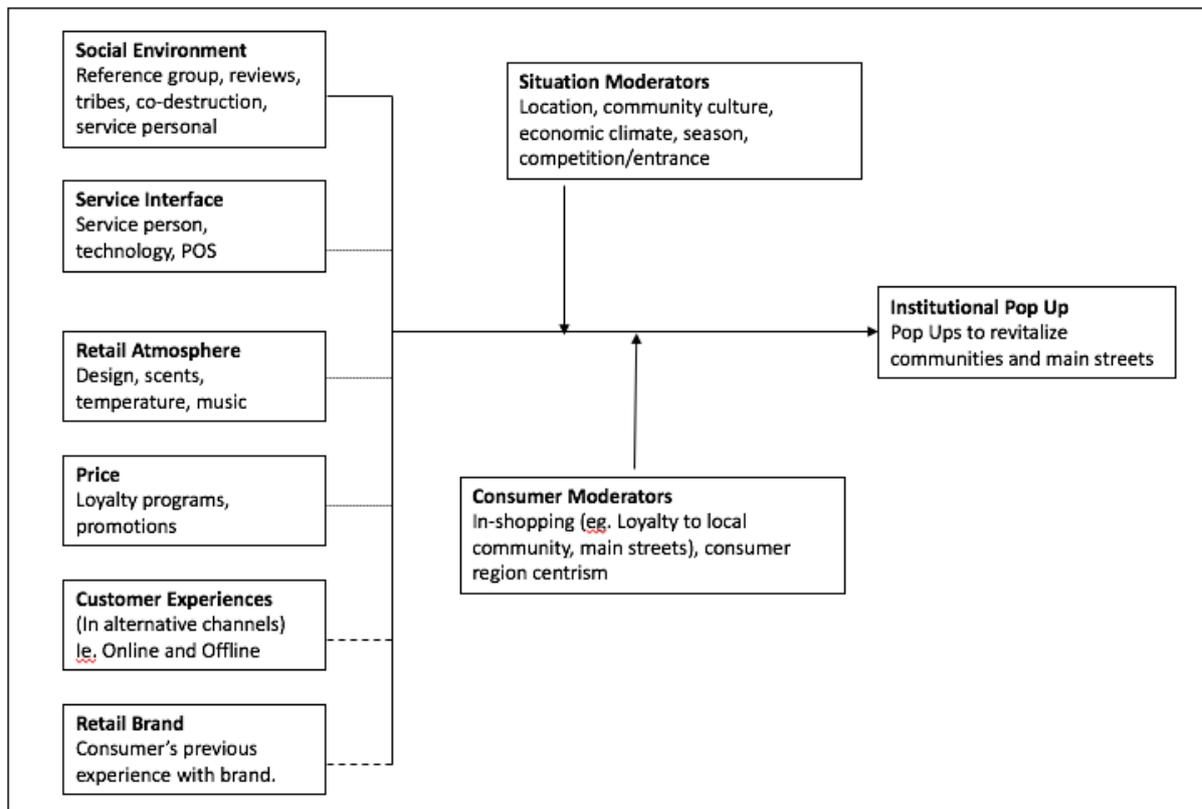
Social Environment: Social environment refers to how social aspects influence the shoppers in the retail environment (Grewal et al., 2009). Other shoppers' behaviours, retail crowding , sales associates, and layout of a pop-up store all contribute to a social environment for the consumers (Johnstone & Conroy, 2008).

Service Interface: Service interface includes the use of interactive and experiential technology in a pop-up store environment, knowledge of the sales personnel and service provided, as well as the check-out process of a pop-up shop (Grewal et al., 2009). Point of Sale (POS) systems affect consumer experience and how consumers can purchase products (Bouzaabia, van Riel, & Semeijn, 2013). Since many pop-up shops are often fledgling businesses, their POS choice is an important aspect that influences customers' experience.

Retail Atmosphere: Retail atmosphere includes visual merchandising strategies and their impact on consumers' multi-sensory experiences. Design, theme and messaging are critical (Grewal et al., 2009). In addition, the different offerings and experiences between retail channels (such as regular store vs. pop-up store) affect customers' experience. By understanding customers' perception of one channel, pop-up retail atmosphere may be designed to align with customer perceptions or distinctively differ to communicate a new message or create a new experience.

Price: Pricing strategy is related to how product popularity varied from one retail channel to another due to price (Grewal et al., 2009). Research shows that pop-up retail operations tend to charge more due to the temporary nature of the event (Mills, 2002). Further, gift cards or loyalty programs are also important elements of a pop-up retail pricing strategy.

Retail Brand and Customer Experiences: Retail brand dimension focuses on how pop-up retailers maintain consumer-brand relationship pre and post pop-up retail operation (Grewal et al., 2009). Many pop-up retailers had never been in business before or were new start-ups; therefore, it's

important to use pop-up as a way to build consumer- brand engagement and further develop the relationship after the short-term retail operation (Ryu, 2011).

Situation Moderators: Situation moderators of the framework include format of the store, location, economic climate, season, current retail environment and competition (Verhoef et al., 2009). These variables offer insights into the external factors impacting the institutional pop-up retail operations.

Consumer Moderators: Consumer moderators consists of consumers' in-shopping behaviours, local loyalty, and region-centrism(Kim et al., 2010). For those pop-up operations in local communities, the main consumer base is made up of local shoppers, which has a positive impact on the pop-up shops and local economy. Knowing what the customer moderators are is a key success factor for the pop-up shops.

Methodology

A case study was conducted with the support of the Danforth East Community Association (DECA)-Woodgreen Pop-up Shop Project which serves an institutional objective. Danforth East is in the east end of Toronto, Ontario, Canada. The project was selected for the case study due to its success in developing 32 Pop-up retail operations over 5 years which reduced vacancy rates from 17% to 5% in their downtown business district. Primary qualitative data were collected via interviews with key stakeholders including community leaders, the institutional pop-up project leaders and pop-up retailers. Secondary data included videos produced by the Pop-up Shop Project leaders, Danforth data survey, pop-up applications, pop-up foot traffic analysis, sample promotion materials, shop local surveys, tenant applicant evaluations, pop-up tenant exit surveys, landlords exit interviews, as well as the Pop-up Shop website and social media content.

Findings

The interviews confirmed that although the overarching objective was institutional by the project leaders, the retailers involved also had individual business objectives. Due to the incubating ability of an institutional pop-up retail operation, the participants found that their individual objective was testing for a new business idea or taking their online business to offline, and trying the area for marketing potential. The institutional objective was used to link each pop-up together while each retailer also aimed to achieve its own business goals. The pop-up retailers relied heavily on DECA-Woodgreen Pop-up Shop Project for funding, local community support, public relations, and marketing.

Social Environment: The pop-up retailers considered the demographics of the area when setting up their store layout. A lot of the consumers were young mothers with strollers. The retailers put a focus on creating layouts that could accommodate strollers and facilitate the flow around the store. Racetrack layouts were common to use as it ensured that the customer could easily browse the entire retail store.

The strongest marketing channel was social media. The DECA-Woodgreen Pop-up Shop Project and the retailers involved relied heavily on social media to promote the retail operations and the project. Further, the retailers used social media to connect with new customers as they came into the store. The long-term relationship between the retailer and customer was developed by asking customers to follow their page and or social media channels.

Service Interface: Technology was difficult for the retailers to choose as the investment into POS systems and Wi-Fi conflicts with the short-term nature of the pop-up shops. The retailers used data hot- spotting from cell phones to run the Wi-Fi in the store to operate. The POS systems chosen were Paypal and Square. The retailers that had pre-existing online stores would run the purchase through their online store. The retailers without an online store used Square to run payments from their cellphone. The inventory management was through excel or online platforms.

Retail Atmosphere and Price: Products offered by the retailers focused on locally made artisan products and products not available by other retailers in the area. The location of the pop-up shops was in a strong "shop local" community and therefore they catered to this mentality. Due to the short-term nature of the pop-up retail operations, products needed for the pop-up shops were overstocked

and readily available. Further, the products offered focused on immediate needs of the consumer such as gifts, current seasonal needs and everyday items. There was less of a focus on having products that were for the upcoming season due to the temporary retail environment.

Customer Experiences and Retail Brand: The community around the DECA- Woodgreen Pop-up Shop Project was very supportive of shopping locally and engaging in the institutional pop-up retail operations. The client base for the retailers included the local community, friends, or online clients. Community engagement was a strong driver of the success of the pop-up shops. Further, community members assisted in spreading word of mouth to others to draw in customers from outside the area.

The participants of the DECA- Woodgreen Pop-up Shop Project used social media as the main marketing channel. Facebook pages, email lists, and flyers were the most commonly used. Further, promotions by the retailers and the DECA- Woodgreen Pop-up Project were the most successful in generating traffic. Word of Mouth was also an effective way to drive consumers to the pop-up shops. The participants also described the use of sandwich promotional boards to help create buzz around the retail operation.

Consumer and Situation Moderators: Sales were impacted by weather, competition and day of the week. Participants of the DECA- Woodgreen Pop-up Shop projects were chosen to compliment the surrounding businesses and create an exciting retail environment. This created more foot traffic in the area as consumers had a new retail mix to explore. Weather and season had a big impact on the sales for each retailer. Some of the retailers participated before Christmas, and others after. The retailers after Christmas found less success then those comparable before Christmas. Further, retailers participating in warmer months found more foot traffic. Weekends had significantly more foot traffic then weekdays. However, weekday mornings and after school also had more foot traffic from consumers dropping off and picking up kids from school.

Landlord Perspectives: Involvement of community landlords and property owners was crucial to the success of the project. The landlords that participated in the DECA- Woodgreen Pop-up Shop Project recognized the increase of foot traffic generated from the pop-up shops. Landlords found that the increased street traffic provided publicity and exposure to obtain long-term tenants. The pop-up retail operations made the store spaces more aesthetically pleasing and easier to rent. It became easier for potential long-term tenants to visualize the space as an operating store. However, the landlords determined that the business plans of the pop-up retailers need to be more in depth to be successful.

Contributions

Our study represents a first step to explore institutional objective of pop-up shops within a local community. Findings contribute to pop-up retail literature and provide practical implications for community leaders, policy makers, entrepreneurs, and downtown commercial property owners.

Practical implications

Retailers can use pop-up operations to create a new consumer base, test a retail concept, and help them understand if their business is a feasible long-term operation. For community leaders, the institutional objective of pop-up retail operations can contribute to community revitalization through reducing vacancy rates and improving the aesthetics of the area. Landlords can leverage on temporary pop-ups to secure long-term tenants and benefit with their spaces being cleaned and revamped by a pop-up program.

Research limitations and outlook

This research is of a single case study on a successful community pop-up retail program. Including more cases of various communities and their approaches to pop-up retail programs will help gaining more insights.

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Traditional Retail Markets in the UK

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Introduction

This paper seeks to summarise the current status of the UK's Traditional Retail Markets sector and its future prospects by examining literature produced by, and on, the industry. The theoretical basis is that, as it sits outside the mainstream of an oligopolistic retail system in the UK, the Traditional Retail Markets sector, many believe that it can be a countervailing power and an alternative route to market – notably for agricultural suppliers.

Purpose

Our purpose here is to examine, in effect, the current status and health of this putative countervailing power. We find that, although the market leaders such as Tesco are well researched, only in the last two decades has the Markets industry itself proactively worked to turn around a problem of slow decline – notably with the excellent 'Love your local Market' initiative that has successfully spread abroad. The turnaround in awareness began, effectively, with a National Association of British Market Authorities (NABMA) markets report of 2005 (the Rhodes report) which sought data on the numbers of markets and traders and was updated by the ensuing Retail Markets Alliance in 2010. A further key watershed was the Traditional Markets Inquiry undertaken in 2009 by the House of Commons Select Committee for Communities and Local Government (SCCLG). Arguably this was initiated only because NABMA had brought forward evidence in its groundbreaking Rhodes report. The SCCLG Inquiry sought to be wide-ranging and explicitly included wider societal issues: including the ongoing pressures on traders themselves. It is thus a valuable resource in its own right and contains a number of case studies. These also revealed the particular power of the 1990 London Local Authorities Act to regulate street trading in the capital. This gives us a springboard for our current research.

Conceptual framework

Our focus is on Agents as drivers of change. The rise in levels of activity in the Traditional Retail Markets sector can be seen (through the reports that we use as evidence) as a result of decisions taken by those leading both the National Association of British Market Authorities (NABMA) and the National Market Traders Federation (NMTF) at critical points in their development. For NABMA a clear leader was CEO Graham Wilson (now succeeded by former Civil Servant Hilary Paxman) at NMTF the leadership of Joe Harrison – with numerous far-sighted colleagues – was equally important. Having identified the Agents, time permits us only to consider the outputs flowing from the lead given.

Findings

Initial outcome: Awareness raising

To stimulate a national debate, NABMA realised that they needed statistical evidence and their 2005 Rhodes report found :

• Over 1,150 retail markets operated in the UK
• Over 150,000 stalls were available each week
• The average stall occupancy rates were at 75% and falling
• Over 46,000 market traders work across the UK
• The market industry offers employment to more than 96,000 people
• Over 435 million shopping visits per year
• Over £1.1 billion spent at market stalls each year in the UK.

This prompted action from the SCCLG and, once it began its work it was then advised that NABMA, NMTF and FARMA (Farmers markets) were collaborating and had formed the Retail Markets Alliance (RMA). Essentially, the key Agents had realised the importance of speaking with one voice. The SCCLG inquiry noted that since the Rhodes report:

"research that the NMTF have currently undertaken and are shortly to complete suggests that the figure, looking at markets as a whole, is probably nearer £3 billion."

Subsequent outcome: Market Benefits identified

A number of sources were used to outline wider Market Benefits and SCCLG noted that the All Party Parliamentary Markets Group (APPMG) set out, in their 2007 Markets Policy Framework document, why "successful markets matter in all their forms." For the APPMG, "they contribute to the social, environmental and economic well-being of the nation" by:

- providing a sense of place
- being part of the nation's cultural tradition.
- remaining an important element of the economy, particularly in relation to independent retailing, local employment and business start-up opportunities.
- offering local access to fresh produce and other commodities.
- reducing environmental impacts eg by eliminating excessive packaging/waste.

Regulatory factors

SCCLG noted that "As a basic reality, municipal markets - both 'Indoors' and 'Outdoors' - …operated by local authorities (are)…based on custom; Royal Charter; local acts of parliament passed in the nineteenth century or under the Food Act 1984", and there are, additionally, markets run by the private sector which "principally operate in the 'Outdoors' arena with the operators being individuals (ex traders and entrepreneurs); charter holders; quoted and unquoted companies."

Important, pre-existing Royal Charters raised particular concerns….as SCCLG put it "A further source of tension between older markets and farmers' markets stems from the ability of local councils with Charter markets to prevent any other market – including occasional farmers' markets – from operating within a six mile radius. A core criticism was not that applications were being turned down per se, but rather that the Charter fees proposed by the Charter-holding councils to sanction the creation of new occasional markets were prohibitively high.

London and street trading

The Charter topic also led to consideration of the position in London: the London Local Authorities Act 1990 (and a similar act peculiar to Westminster and certain other Boroughs) acted to constrain the ability of some local London authorities to improve their street markets. Elsewhere in the country, markets are created by several methods, primarily being by the Royal Charters, Prescriptive Rights or by Statute – including the 1984 Food Act. The operator is permitted to apply realistic commercial charges to the traders and such profit generated can (at least in theory) be re-invested in the market or used to provide other benefits for the local community.

By contrast, in London:

"The street 'markets' are not strictly markets in the legal sense of the word. They consist of a number of individual Licensed Street traders – licensed under the London Corporation Act – who all congregate together at the same time and place to give the outward appearance of a market to all intents and purposes. The crucial difference here is that the L.A. can only recoup certain basic operational costs and cannot derive a profit from the operation of the 'market'."

SCCLG also noted the Review of London Markets 2008, commissioned by the London Assembly, which stated that 'There are around 180 retail markets in London today – 63 more than ten years ago and more than twice as many as had previously been thought.' It also noted that 'A significant number of borough-managed street markets have shrunk or closed down in the past ten years', and concluded that 'The vast majority of new retail markets are privately run farmers' or specialist markets: at least 47…have been established across London in the last ten years. This sector is thriving and undergoing a popularity surge across the country'. It may be noted that such ad hoc privately run farmers markets sometimes locate on school playgrounds which, of course, are not streets and thus avoid street-market regulations.

More recent data evidence:

Whilst Rhodes was driven by NABMA, it was, as noted, the ensuing attention from Parliament that quickly led to the Retail Markets Alliance involving NABMA, NMTF and FARMA. By April (to June) of 2015, NABMA and NMTF jointly undertook what was probably the biggest survey of the markets sector since Rhodes. A Caveat. Due to observed under-responding in certain regions and a desire to offer Parliamentarians a fuller picture, Rhodes "rounded" figures to reflect missing data. It may be unwise to infer that the two surveys are directly comparable.

In 2015, NABMA and NMTF received responses from over 300 market operators and 790 businesses that were found to be trading on over 1,000 markets and/or market-type events (they detected a 99% confidence level, 5% margin of error: see **www.mission4markets.uk**). 347 businesses also completed an extended survey, providing in-depth data about their businesses (95% confidence level, 5.5% margin of error).

The 2015 study produced the following headline figures:

- 1225 retail markets
- 118 farmers markets
- 33,000 market traders
- 1,000 apprentices employed by market traders
- 55,000 people employed directly on retail markets
- Total retail market turnover of around £2 billion a year

Underpinning the sector they identified 26 wholesale markets, 1,000 wholesale businesses and an estimated 10,000 people directly employed on wholesale markets. They detected Wholesale turnover of £4.1 billion a year (note that the wholesale trade also serves restaurant/catering businesses etc)

Structurally, the 1225 retail markets identified in the UK comprised 334 indoor markets, 373 street markets, 98 covered markets and 385 outdoor markets. 35 operators described their markets as 'other.' Incidentally, NMTF data suggest that retail markets in the UK are at 81% capacity on average. Markets in England are the worst performing at 74% full whilst markets in Scotland and Wales are at 86% and 87%, respectively. No data had been collected from Northern Ireland over the study period.

From such sources we derive key indicators of the present situation and future prospects.

Though data are difficult to compare between survey periods though there are persistent ongoing trends, new topics (such as General Data Protection) arise all the time.

Of the long-running trends we may note a general rise in internet shopping/trading. Of course some traders on Traditional Retail Markets do utilise the internet – but the Traditional Retail Markets sector is inherently located. The experience of many - especially smaller- towns is that their High Street, the usual location for a Traditional Retail Markets , is in decline with fewer shopper visits. Indeed (see

Hallsworth et al 2015) some High Streets facing decline have rushed to bring in markets as a potential saviour. More in-depth analysis using footfall data revealed that there were more than 25 key benefits to having a market in one's town. However, again as revealed in Hallsworth et al 2015 the footfall data confirmed that this will only work in certain types of 'destination' location. Continuing with the theme that the Traditional Retail Markets sector is inherently located, some markets have been displaced by pedestrianisation/regeneration – or by superstore 'rivals'. Coherent arguments have been made that the 'threat' is ongoing (Gonzalez and Dawson 2015).

Contributions

What, then, may we detect from NMTF/NABMA data or their current concerns? A clear trend is an ageing trader profile – as with many sectors driven by individual family businesses, succession is a problem. NMTF/NABMA have been active for some years (with initiatives such as "Make your Mark") to encourage young people to trade on markets and to form Youth Markets. Related to this is a rising use of Social Media to alert the public to market locations. This supplements more traditional outlets such as NMTF's Market Times. However, many markets appear to be controlled by Agents (often of Local Government) that have insufficient resources to exploit them fully.

Implications

We find a rise in positive activity that was driven by our Agents. The turnover figures alone show how insignificant the power of the Traditional Retail Markets sector is compared to the likes of Tesco. However, as this work was in production, Sainsbury and ASDA announced plans to merge. This will lead to further concentration of an already concentrated retail system. Arguably the need to find a countervailing power and an alternative route to market becomes yet more urgent.

Limitations

The sector remains severely under-researched by academics even though the social and economic value is acknowledged. That fact alone has led us to operate from a restricted knowledge base that urgently needs to be expanded.

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Markets in Town and City Centres – Benefits and Challenges

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Keywords

Town centre, high street, retail agglomeration, spill-over effect, markets;

Introduction

Retailing in town and city centres has come under significant pressure from decentralised retail formats, such as shopping malls, and more recently from online channels (Weltevreden and Atzema, 2006). Such centres are at risk of losing their traditional function − as a place where various place user groups (e.g. residents, business owners, visitors and tourists), trade, consume and meet (Powe and Hart, 2017). Hence, the question as to what can enhance the attractiveness of a town or city in terms of customer experience has become crucial for town and city managers (Hart et al., 2013). This research explores markets, which are agglomerations of non-permanent retail and service outlets, in terms of their potential in augmenting existing town and city centre ecosystems and thus increase their competitiveness.

Purpose

Our research explores the role of markets within town centres by employing a network perspective. More specifically we focus on (1) the interrelationship between the commercial performance of markets and town and city centres and (2) the positive and negative spill-over effects between them. Our empirical focus is Christmas markets as they represent an increasingly common phenomenon across Europe, and one that can have a significant commercial impact (Statista, 2014; National Association of British Market Authorities, 2015).

Methodology

We applied a multi-level and –method case study approach utilising surveys as well as semi-structured interviews with stall-, store- and city centre managers in a small and a medium-size Western European city.

Findings

Confirmatory factor analyses show the strong association between the commercial performance of the markets and the performance of the city centres. Content analyses of the text data confirm bidirectional positive commercial effects between markets and city centres. Interestingly, we found negative spill-over effects related to infrastructural deficiencies of the city centres and negative by-products of the increased footfall at the markets.

Contributions

The theoretical contribution of this paper is to explain the economic as well as non-economic relationship between a geographically-bounded retail and service network (the town or city centre) with a sub-network (the market). The practical contribution is to help market and town/city managers to appreciate the impacts of markets and to better manage their benefits and challenges.

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Session E2 - Shopper/Consumer Behaviour and Marketing

Expanding the Lens on the Customer Experience-Loyalty Link: The Role of Satisfaction and Shopping Enjoyment

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Keywords

Customer Experience, Customer Loyalty, Satisfaction, Shopping Enjoyment, Moderated Mediation Analysis, Partial Least Squares.

Introduction

The proliferation of channels has led to an explosion in the number of different touchpoints within the customer journey (Hall and Towers, 2017; Pantano and Viassone, 2015; Simon *et al.*, 2016). Touchpoints are the verbal or nonverbal incidents an individual perceives and consciously relates to a given firm or brand (Baxendale *et al.*, 2015). The increased number of channels and touchpoints is putting pressure on retailers to design omnichannel customer experiences (Verhoef *et al.*, 2015).

Purpose

Despite the increasing attention that has been currently devoted to customer experience, the relationship between customer experience and customer loyalty needs more research (Brun *et al.*, 2017; Lemon and Verhoef, 2016). This study provides an incremental contribution to previous findings on the mediating role of customer satisfaction in the relationship between each customer experience dimensions and customer loyalty. Moreover, it answers the call for more research on the moderating role of consumer characteristics coming from many studies in this area (Payne *et al.,* 2017; Bustamante and Rubio, 2017). Specifically, this study considers shopping enjoyment, an hedonic shopping motivation, as a potential moderator of the relationship among customer experience dimensions, satisfaction and loyalty.

Conceptual framework

"Customer experience is the evolvement of a person's sensorial, affective, cognitive, relational, and behavioural responses to a firm or brand by living through a journey of touchpoints along pre-purchase, purchase, and post-purchase situations" (Homburg *et al.*, 2017, p. 8). Literature on customer experience shows that customer experience can affect customer attitudes such as brand, image, customer identification with a brand/firm (Bustamante and Rubio, 2017). This study relies on the theoretical framework of Verhoef *et al.* (2009) that regards customer experience in retailing as a holistic construct that includes the customer's cognitive, affective, social, and physical responses to the whole retail context. The experience with the retailer thus occurs throughout the interaction between customers and all the elements that are under or beyond the control of the retailer. Specifically, this study focuses on the retail experience inside and outside the store, while other studies (e.g. Bustamante and Rubio, 2017) focus on the in-store customer experience only.

More importantly, customer experience can lead consumers to try new products, visit the store and be loyal (Gentile *et al.*, 2007; Brakus *et al.,* 2009; Verhoef *et al.*, 2009). To develop customer experience, practitioners have started to adopt customer experience management (Homburg *et al.*, 2017). The final goal of customer experience management is achieving long-term customer loyalty by designing and continually renewing touchpoint journeys (Homburg *et al.*, 2017).

Despite the emerging academic interest on the relationship between customer experience and customer loyalty, there is no agreement on the role of customer satisfaction with respect to this

relationship. There is abundant academic research on the positive effect of satisfaction on loyalty (e.g..: Brakus *et al.*, 2009; Klaus and Maklan, 2013). However, in the context of customer experience, there is no clarity on the role of the former. Some studies employ satisfaction as a mediator in the link between customer experience and loyalty (e.g., Bustamante and Rubio, 2017; Brakus *et al.,* 2009) or as a separate outcome (e.g., Klaus *et al.,* 2013; Klaus and Maklan, 2013). Other studies completely overlook its role (e.g., Srinastava and Kaul, 2016; Brun *et al.*, 2017). Therefore, our first research questions is:

RQ1: Does satisfaction mediate the relationship between customer experience and customer loyalty?

Recent studies have attracted attention to the need for identification of the moderating role of consumer characteristics in the customer experience loyalty-link (e.g., Bustamante and Rubio, 2017). In the retailing field, Verhoef *et al.* (2009) argue that the customer's retail experience is created both by elements controlled by the retailer (service interface, retail atmosphere, assortment, price, store brand) and by elements outside his/her control, such as consumers' shopping motivations. Among the latter, shopping enjoyment has gained relevance in retail studies and has been found to be an important motivation in explaining several consumer attitudes, such as store loyalty and channel usage intentions (e.g., Martos-Partal and Gonzàlez-Benito, 2013; Frasquet *et al.,* 2015). Consumers who enjoy shopping consider the shopping experience a pleasure (Sproles and Kendall, 1986). The enjoyment gained from shopping involves a status of fun and excitement deriving from the new experience (Forsythe *et al.*, 2006). Academic research indicates that shopping enjoyment has no significant relationship with (Mägi, 2003) or a negative effect on store loyalty (Ailawadi *et al.*, 2008). It would be therefore of key importance to identify how shopping enjoyment interacts with customer experience dimensions in their relationship with customer loyalty. Specifically, it could be argued that shopping enjoyment moderates the contribution of the affective dimension of customer experience to customer loyalty: consumers displaying high shopping enjoyment might be more likely to have their satisfaction and loyalty to the retailer influenced by the positive and negative affective dimensions of the customer experience.

Therefore, we formulate the following research question:

RQ2: Does shopping enjoyment moderate the relationship between customer experience dimensions and customer loyalty?

To answer the abovementioned research questions, we start our analysis with a simple model where customer experience dimensions are related to customer loyalty. Afterwards, we include satisfaction as a mediator of the relationship between customer experience dimensions and customer loyalty. Finally, through a moderated mediation analysis, we test the moderating role of shopping enjoyment in the direct and indirect relationship between customer experience dimensions and customer loyalty, with satisfaction included as a mediator.

Methodology

Data were collected by means of an online survey conducted in 2017. The survey was run in Italy using the Nielsen online consumer panel. After data cleaning, a total of 2,924 responses was collected from subjects who are in charge of the household's grocery shopping. Respondents were asked to answer the survey with reference to the supermarket retailer which receives the highest share of their wallet for grocery shopping. Partial Least Squares (PLS) analysis was employed due to the following statistical reasons, as suggested by (Peng and Lai, 2012): the violation of the assumption of normality and the moderate correlation among exogenous variables, such as the customer experience dimensions. Moreover, the usage of PLS is advisable according to Hair *et al.* (2011) when theoretical contributions in the field are still in the early stages, that is the case for customer experience dimensions. Specifically, a moderated mediation analysis was conducted: starting from the relationship between the customer experience dimensions and loyalty to the retailer, satisfaction has been added as a mediator and shopping enjoyment as a variable moderating the mediation link. Age and gender have been employed as control variables. In this study, we do not consider customer experience as a holistic second order construct but we consider the relative role of each customer experience dimension in its relationship with satisfaction and loyalty as in Klaus *et al.* (2013) and

Brun *et al.* (2017). Customer experience dimensions were measured by adapting the scale from Brun *et al.* (2017) and Brakus *et al.* (2009). Specifically, the following dimensions were measured: cognitive, positive and negative affective dimension, sensorial and social. Loyalty was measured by means of a four-item scale from Zeithaml *et al.* (1996), satisfaction with the retailer was measured by adapting previous scales from Mattila and Wirtz (2001) and Westbrook and Oliver (1981), shopping enjoyment scale was adapted from Konus *et al.* (2008) Babin *et al.* (1994).

Findings

Satisfaction is found to significantly and positively mediate the relationship between each customer experience dimension and customer loyalty: satisfaction is identified as a full mediator in the relationship between sensorial dimension and customer loyalty and as a partial mediator (p<0.001) as far as the link between each remaining customer experience dimension and loyalty. Therefore, the cognitive, social positive and negative affective dimensions of the customer experience all maintain a direct relationship with loyalty to the retailer, regardless of satisfaction.

Shopping enjoyment significantly interacts with: the negative affective dimension of the customer experience in its relationship with satisfaction (p<0.001), and with the positive affective dimension in its relationship with customer loyalty (p<0.05). Specifically, for consumers displaying higher shopping enjoyment (versus lower shopping enjoyment) the negative relationship between the negative affective dimension and customer satisfaction becomes stronger. Consumers who find shopping highly enjoyable are affected more than others in terms of satisfaction by negative affective experiences. For consumers displaying higher shopping enjoyment (versus low shopping enjoyment) the relationship between the positive affective dimension and customer loyalty becomes weaker: a positive affective experience for consumers who are high in shopping enjoyment has a weaker relationship with customer loyalty. Shopping enjoyment does not significantly interact with the remaining customer experience dimensions (cognitive, sensorial and social).

Contributions

This study provides an incremental contribution in detecting the relative role of customer experience dimensions with reference to both customer satisfaction and customer loyalty. Moreover, by shedding light on the moderating role of shopping enjoyment through a moderated mediation analysis, it provides a basis to further explore the moderating role of consumer characteristics on the contribution of specific customer experience dimensions to customer satisfaction and customer loyalty.

Practical implications

Findings show that retailers should prioritize the customer experience dimensions they want to act on when they design the customer experience in order to influence, in turn, customer satisfaction and customer loyalty. Furthermore, retailers should pay attention to the customer experience of subjects that display high shopping enjoyment: if these are confronted with a negative affective experience during shopping, they could display greater dissatisfaction that might lead to a decrease in terms of loyalty to the retailer. Given the weaker impact of the affective dimension of the customer experience on customer loyalty for customers who strongly enjoy shopping, retailers are encouraged to play on all the other dimensions of the customer experience by orchestrating the retail touchpoints that impact the social, sensorial and cognitive dimensions of the experience.

Research limitations and outlook

The present study entails three main limitations. First, the cross-sectional design limits the interpretation of the identified relationships as correlational and not causal. Second, respondents were asked to answer questions with reference to the retailer that takes the highest share of their wallet, so the results are not representative of any retailer's entire customer base. Third, the employed scale for customer experience has been adapted from Brun *et al.* (2017) and Brakus *et al.* (2009), and the behavioural dimension was not considered due to empirical measurement issues pointed out by Brun *et al.* (2017).

Further studies should include additional consumers characteristics as moderators of the customer experience-satisfaction-loyalty link: drawing from utilitarian and hedonistic shopping motivations

would be an advisable research path towards this aim. Moreover, more research is needed on the antecedents of the customer experience dimensions, to provide insights on how the encounter with touchpoints could influence the development of customer experience. Last, but not least, more effort should be devoted to improve existing scales for measuring customer experience.

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Using Mobile While Shopping: Rethinking Impulse Buying Framework

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Keywords

Impulse buying, shopping behavior, mobile device, shopper marketing, grocery retailing

Introduction

Impulse buying in grocery retailing is of interest to manufacturers as well as retailers worldwide. Nevertheless, there is a wide literature on impulse buying behaviour, recent changes in business and technological landscape have created a new scenario for shopping behaviour in grocery retailing.

Over the last few years, the widespread mobile connectivity has significantly impacted on consumer decision-making process. In the retail setting, mobile devices are used out-of-store, to collect information before entering the point of sale, as well as in-store, as a guide for shopping (e.g. digital shopping list, on-line price comparison, consultation of digital flyers, usage of apps). In this latter case, consumers are better equipped to stay on track during the shopping trip. As a consequence, they pay less attention to the in-store marketing stimuli and they make fewer unplanned purchases (Bellini and Aiolfi, 2017).

Such trends in shopping habits have the potential to change the paradigm of impulse buying behaviour.

Purpose

The purpose of our work is to come out with a model of impulse buying which can help researchers and practitioners to better understand shopping behavior in the new retail setting where consumers are much more prepared than in the past and they use mobile device both out-of-store, as a tool for shopping preparation, and in-store, as a tool for self-regulation.

Conceptual framework

Our conceptual framework bases on the following hypothesis:

H1: The higher the level of shopping enjoyment tendency, the higher the level of positive affect.

H2: The higher the level of shopping enjoyment tendency, the higher the level of urge to purchase impulsively

H3: The higher the level of impulse buying tendency, the higher the level of urge to purchase impulsively.

H4: The higher the level of positive affect, the higher the level of urge to purchase impulsively.

H5: The higher the level of negative affect, the lower the level of urge to purchase impulsively.

H6: More time availability leads to lower degrees of negative affect.

H7: More money availability leads to lower degrees of negative affect.

H8: The higher the level of urge to purchase impulsively, the higher the level of impulse buying.

H9: The higher the level of prepurchase planning, the lower the amount of impulse buying.

H10: Shoppers using mobile technologies in a shopping-related manner will experience lower levels of urge to purchase impulsively.

H11: Shoppers using mobile technologies in a shopping-related manner will make fewer unplanned purchases.

Figure 1 Conceptual framework
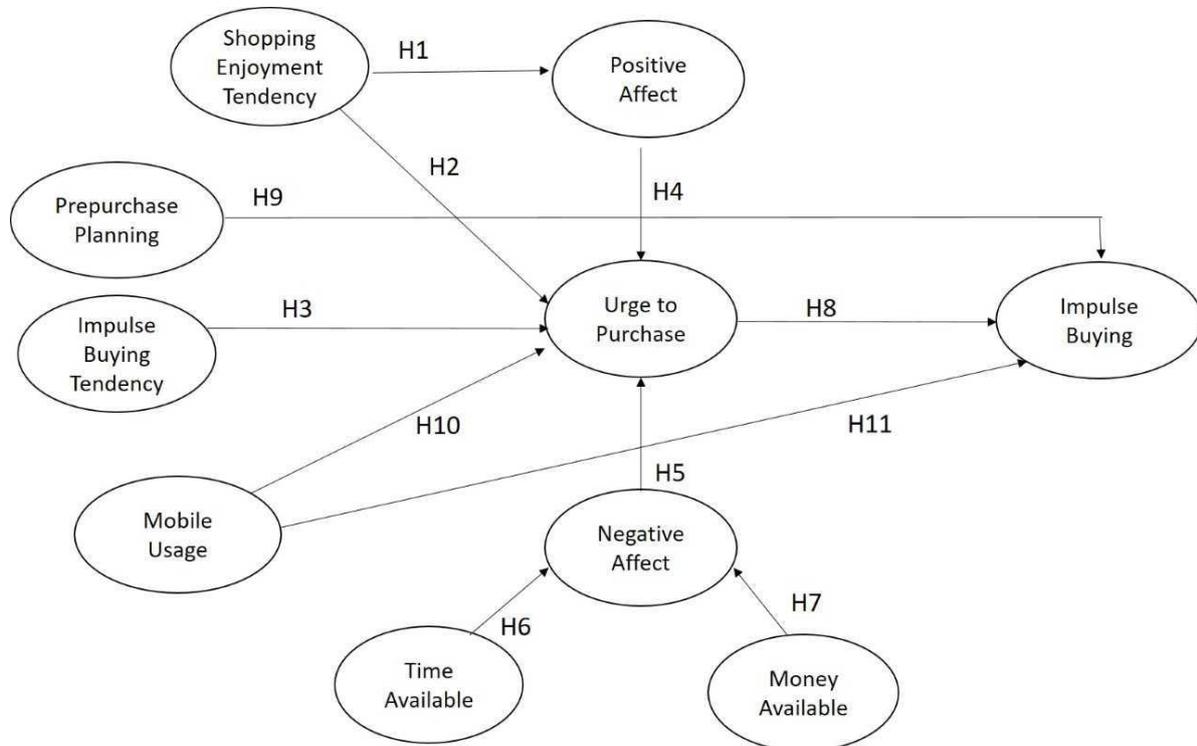
Methodology

A leading Italian grocery retailer gave us the permission to conduct our survey in its stores in Parma (Italy). A total of 406 shoppers were interviewed, but 77 individuals were then excluded because they used the mobile device in a shopping-unrelated manner that we decided to not consider in our structural equation model. Consequently, our sample was composed of 329 individuals.

Procedure

Shoppers were intercepted after the checkout and requested to answer to a structured questionnaire. We first asked them if they used their mobile devices during their shopping expedition and for which reasons they used it.

In order to classify the mobile device use according to previous contributions (Sciandra and Inmann, 2014; Bellini and Aiolfi, 2017) we defined a shopping-related usage if the respondents indicated they used their phone to create or access a digital shopping list, to compare prices of products, to use the app of the retailer, to compare different retailers for the best price, to look at a retailer's website or at a manufacturer's website, to scan a QR code on a package, and/or to call someone for help with a decision. Conversely, mobile device use was classified as shopping-unrelated if the customers indicated they used their phone to make or receive calls, to send and reply to personal messages, to check or send emails, to control their social networks, to look at websites not related to the shopping trip, to listen to music, and/or to play.

Furthermore, considering the goals of our research, it was necessary to measure the number of products purchased by impulse. In line with previous studies (Beatty and Ferrell, 1998; Mohan et al., 2013; Bellini et al., 2017), the incidence of impulse purchases was calculated as the percentage of the number of products purchased by impulse over the total number of products purchased. Therefore, shoppers were invited to show their receipt to identify, together with the researcher, impulse purchased products, namely products that they did not have planned to buy (the so-called "*pure*

impulse") or that have been recalled to mind by the retailer during the shopping expedition (the so-called "*reminded*") (Beatty and Ferrell, 1998).

Finally, shoppers answered to queries regarding their general tendency to prepare the shopping activities before entering the store (Pre-purchase Planning, Gauri et al., 2008), their view of shopping as an enjoyable activity (Shopping Enjoyment Tendency, Sproles and Kendall, 1996), their tendency to engage in impulse buying (Impulse Buying Tendency , Weun et al., 1998), the urges experienced to make impulse purchases during the specific shopping trip (Urge to Purchase, (Beatty and Ferrell, 1998), their monetary budget and time available for the trip (Money and Time available, Beatty and Ferrell, 1998) and the level of positive and negative affect experienced during the shopping trip (Positive and Negative Affect, Watson et al., 1988).

Measures

We measured all the variables considered with multiple-item scales with the exception of the Impulse Buying and Mobile Usage. All the scales used came from past research about shoppers. Specifically, the 'Shopping Enjoyment Tendency' items were from Sproles and Kendall (1986). The Negative Affect items and Time and Money Available ones were from Beatty and Ferrell (1998), while the positive affect scale was directly from PANAS scale (Watson et al., 1988). Furthermore, the 'Impulse Buying Tendency' scale was drawn from Beatty and Ferrell (1998), while Prepurchase Planning came from Gauri, Sudhir and Talukdar (2008). As for impulse buying variable, researchers counted the number of impulse purchases (pure and reminded impulsive purchases) for each shopper to arrive at a total number. Then the "proportion of items bought on impulse" was calculated and was considered as the dependent variable. For data using proportions, the variance of means tends to be smaller near 0 percent and 100 percent compared to the means near 30 percent to 70 percent, and arcsine transformation is recommended to address this concern (Steel and Torrie, 1980). Thus, for a more accurate analysis, our dependent variable was transformed using arcsine transformation in line with Mohan et al. (2013). Finally, Mobile Usage, in line with the hypothesis, was considered as a dichotomous variable, where 1 refers to people who used mobile in a shopping-related manner, while 0 refers to non-usage of the mobile during the shopping trip.

Findings

We used a structural equation modelling approach with LISREL 8.8 and we tested the measurement model before analysing the structural one, as recommended by Anderson and Gerbin (1988) and Sethi and King (1994). For each construct, the adequacy of the individual items and the composites were assessed by measures of reliability (Santos, 1999), convergent validity (Anderson and Gerbing, 1988) and discriminant validity (Fornell and Larcker, 1981; Beatty and Ferrell, 1998).

Structural equation model

The overall fit of the final structural model was found to be good: $\chi 2 = 693.741$ (p 0.0), df = 328, $\chi 2 /df = 2.11$, SRMR = 0.06, RMSEA = 0.058, CFI = 0.95, with all fit indices in line with recommended values.

Figure 2 shows the final structural model with all the path coefficients and the significance (t-value) for each of them. Results allowed us to support the majority of our hypothesis, except for H5, H6, H10. Specifically, Shopping Enjoyment Tendency has a positive effect on Urge to Purchase, both direct and through the mediation of Positive Affect, supporting H1, H2 and H4. As expected in the H3, the Impulse Buying Tendency has a strong positive impact on Urge to Purchase. In addition, we found that Urge to Purchase has a significant positive impact on Impulse buying and a negative direct effect of Prepurchase Planning on Impulse Buying but we didn't found any significant relationship between negative affect and urge to purchase. Furthermore, we found a negative direct relationship between Money Available and Negative Affect. Finally, there is a negative and direct impact of Mobile Usage on Impulse Buying, supporting H11.

Figure 2 Structural Model
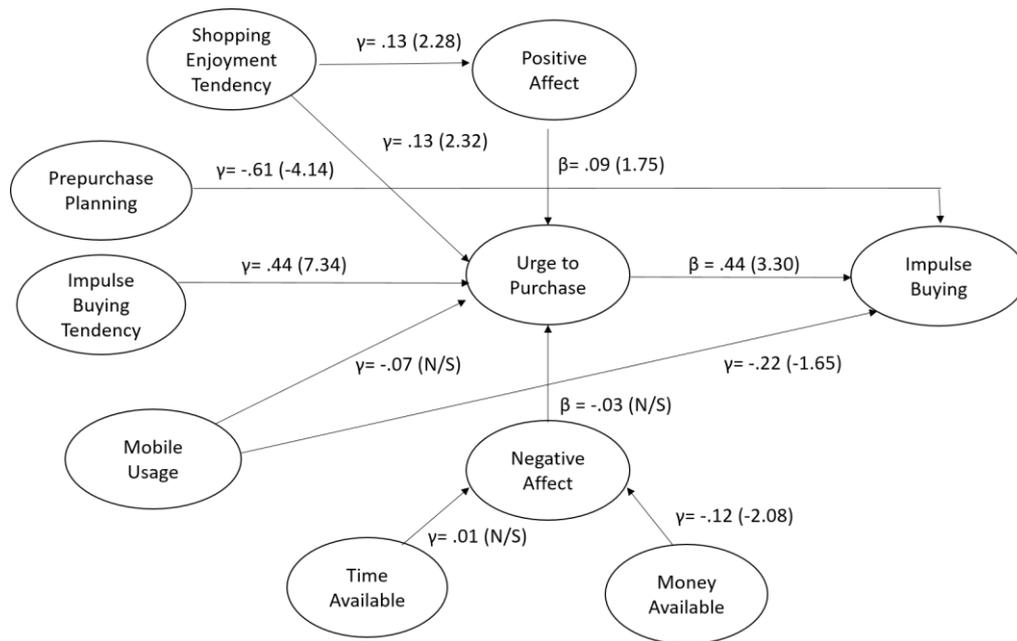
Contributions

Our research makes a number of theoretical contributions. Prior research (Beatty and Ferrell 1998, Mohan et al. 2013) came up with models that explain impulse buying, but they did not consider pre-shopping factors neither mobile usage. It is important to extend previous models in order to consider both the increasing in pre-trip activities and the growing in mobile devices use (Sciandra and Innman 2014, Bellini et al. 2017). Hence, starting from prior models, we attempt to offer a comprehensive model which can help researchers and practitioners to better understand shopping behaviour in a digital and multichannel environment. Filling the gap in extant literature, we include consumers' mobile usage taken into consideration only shoppers using the mobile device in a shopping-related manner.

Practical implications

Our model shows that mobile device usage influences impulse buying both directly than through the urge to purchase. Shoppers using mobile device in-store felt less urge to purchase during the shopping trip and make less impulse purchases.

Such trends could represent a new big threat for retailers and manufacturers who devote many resources to the practice of shopper marketing with the aim to influence consumers along and beyond the entire path-to-purchase (Shankar et al., 2011).

The findings we summarized offer significant implications for managers. The effects of mobile device use on purchasing decisions instore are designed to create a new scenario for the practice of shopper marketing. Retailers and manufacturers have to seek for new ways to capture consumers' attention in store, conscious that consumers are becoming increasingly reliant on digital technologies and mobile device usage in the retail context will probably increase in the next years.

The influence of mobile usage is potentially quite substantial, and marketers have to look for new ways to influence shoppers' perceptions early in the shopping cycle, without diminishing the role of the point of sale and the role of in-store marketing levers.

Research limitations and outlook

Some limitations are associated with the store-intercepted survey research such as measurement error and interviewer effects. Respondents may have been influenced by the presence of interviewers and then distorted in order not to appear impulsive buyers. Another concern is about the generalizability.

Our sample, interviewed in regional stores, is probably neither truly random nor necessarily representative of any larger population.

For future research, we intend to enlarge the sample and investigate the phenomenon in different store formats to understand the impact of competitive convergence on shopping behaviour in-store.

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Applying Push-Pull-Mooring Framework to Investigate Consumers' Webrooming Behavior: An Empirical Investigation

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Keywords

Introduction

The issue addressed in the present piece of research, 'webrooming' has emerged as an outcome of the omni-channel retailing environment (Ailawadi and Farris, 2017). It denotes the buying behavior of those consumers who use an online channel for information search prior to purchasing offline (Kang, 2018). Owing to the advancements in technology, customers today have acquired the ability to conduct extensive information search on products and services online, before making the final purchases offline (Lemon and Verhoef, 2016). Numerous researchers in the recent past have contemplated webrooming as the most dominant form of free riding behaviour (Flavian *et al.,* 2016; Verhoef *et al.,* 2015) which takes away the share of profits of online retailers (Chiu *et al.,* 2011). Deloitte (2016) claimed that in the year 2015, 49% of all in-store sales in the U.S. were influenced by digital devices (online and mobile) either used before or during shopping trips amounting to 1.7 trillion dollars of trade. Even though, webrooming has been identified as one of the critical issues in the present omni-channel retailing dynamics (Sopadjieva, 2017), which is expected to aggravate further (Kang, 2018), it lacks individual exploration (Flavian *et al.,* 2016). The present piece of research employs the PPM framework for analyzing the webrooming conduct of the shoppers.

Purpose

The proposed PPM framework provides sufficient ground for framing a valuable reasonable structure for understanding the reasons separately as to why consumers' first search online and later purchase offline in the form of push (*online risk perceptions and E-distrust)* and pull factors (*relative search attractiveness online, relative purchase attractiveness offline and choice confidence)* which makes it a wise choice for the study. Additionally, *multichannel self-efficacy and switching costs* have been proposed as the 'mooring factors' in determining the consumers' intention towards the webrooming behaviour. The proposed model also utilizes uncertainty reduction theory (Berger and Calabrese, 1975) for solidifying the reasoning behind online information search carried out by the webrooming shopper before purchasing offline (Flavian *et al.,* 2016). The results and findings can be been utilized for proposing strategies for the e-retailers for handling the webrooming shoppers.

Conceptual framework

The present research utilizes PPM analogy for understanding the webrooming conduct of the shoppers. In the webrooming sequence, consumer moves to an offline store for purchasing the product after collecting information online (Flavian *et al.,* 2016). Hence, utilizing the PPM analogy, *online risk perceptions and e-distrust* have been proposed as push factors due to the fact that a webrooming consumer intentionally avoids purchasing online and switches to an offline store. *Relative search attractiveness online, relative purchase attractiveness offline and gaining choice confidence* have been proposed as pull factors owing to the consumer's choice of an online channel for information search and an offline channel for purchasing the product. *Multichannel self-efficacy* which indicates the ability and confidence of the consumers to employ multiple channels in the single purchase process (Chiu *et al.,* 2011) has been posited as a mooring factor along with the *switching costs* of moving to an offline store from an online store for purchasing the product.

Figure 1: Proposed model
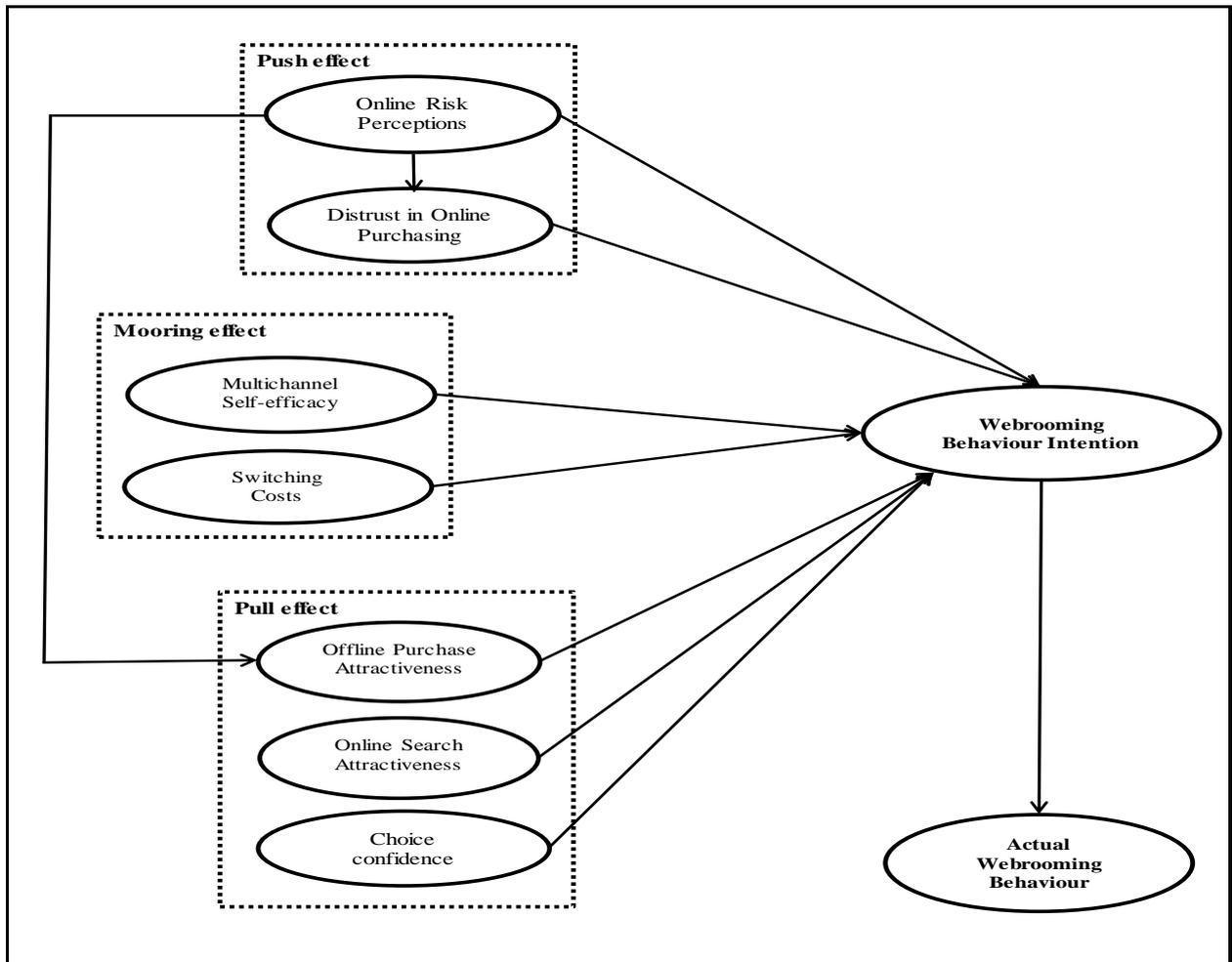
Elements of Pull effects

Pull factors are those factors that make an alternative attractive as compared to what one possesses in hands (Bansal *et al.*, 2005) While webrooming, the consumer first uses an online channel for collecting information and later switches to an offline store for purchasing the product (Verhoef *et al.,* 2015), hence, we conceptualize "pull effects" as 'relative search attractiveness online' and 'relative purchase attractiveness offline' and 'gaining choice confidence' as pull factors which drive customers to webroom.

3.1.1 Relative purchase attractiveness of an offline store

When contrasted with an online channel, physical stores offer quick possession of products (Alba *et al.,* 1997). The satisfaction acquired from immediate possession of products is a shopping rationale linked to consumer's positive purchase intention towards offline stores (Heitz-Spahn, 2013). Traditional stores have also been more strongly linked with the social aspect of shopping (Arnold and Reynolds, 2003). Customers cherish the shopping time spent in stores with friends and family and (Arnold and Reynolds 2003). Researchers in the past have also confirmed the supremacy of brick and mortar stores concerning the physical evaluation of products (Gupta *et al.,* 2004; Balasubramanian *et al.,* 2005). Certain products require personal inspection or 'a touch' (Peck and Childers, 2003) prior to purchase for making better informed choices.

H1: The pull effect of relative purchase attractiveness offline will positively affect the consumer's intention to webroom.

3.1.2 Search attractiveness of an online channel

The study argues that lower search costs online, ease of searching information online and access to reviews online will add to the relative search attractiveness of an online channel. With emergence of internet and technological upgradations, search costs online have substantially reduced for the consumers (Noble *et al.,* 2005). The ease and quickness offered by the online channels in retrieving the required information (Gupta *et al.,* 2004; Lee and Kim, 2008) has also been found to positively affect the choice of an online channel for search (Wang *et al.,* 2015). In addition, online reviews which can be accessed online have turned into a vital asset for buyers to assess the product suitability (Zhu and Zhang, 2010)

H2: The pull effect of relative search attractiveness online will positively affect the consumer's intention to webroom.

3.1.3 Choice confidence

Flavian *et al.* (2016) proposed that collecting information online prior to purchasing offline helps consumers to overcome the lack of confidence over prospective choices to be later made offline. Information available online in the form of consumer reviews helps consumers to evaluate products in a better way and make better choices (Lee and Ma, 2012)

H3: The pull effect of choice confidence via webrooming sequence will positively affect the consumer's intention to webroom.

3.2 Elements of Push effects

Push factors are characterized as negative forces that impel people to leave an origin (Bansal *et al.,* 2005). We propose, online risk perception and E-distrust as push factors that affect the consumer's intention towards the webrooming behaviour.

3.2.1 Perceived risks of purchasing online

Consumers perceive higher risks in online purchase situations as compared to offline purchases (Chou *et al.,* 2016). This is because , consumers face major difficulty in evaluating product or services in online platforms (Gupta *et al.,* 2004; Verhoef *et al.,* 2007) due to the inability of the shopper to examine products physically (Ha and Stoel, 2009). Lack of face to face transactions, fear the loss of money and misuse of their credit card information as well as privacy and security issues involved (Chou *et al.,* 2016) also add to the risk of purchasing online (Chiu *et al.,* 2011; Chou *et al.,* 2016).

H4: The push effect of online risk perceptions will positively affect the consumer's   intention to webroom.

Additionally, we expect that perceptions regarding the performance, financial, social and psychological risks involved in online purchasing (Chiu *et al.,* 2011; Chou *et al.,* 2016) and lack of physical interface online (Ha and Stoel, 2009) are expected to push the feelings of distrust towards online sellers (Pandey and Chawla, 2014). It is also expected that online risk perceptions will make an offline store more attractive for purchase (Verhoef *et al.,* 2007 and Wang *et al.,* 2015).

H5: Online risk perceptions will positively affect the consumer's distrust towards online stores.

H6: Online risk perceptions will positively affect the purchase attractiveness of an offline store.

3.2.2 'E- Distrust'- Distrust in online shopping

McKnight *et al.* (2004) have connoted distrust with the feelings of fear, worry, skepticism and cynicism which becomes more relevant in online buying situations due to the lack of physical inspection of the products and missing human interaction with the seller (Ha and Stoel, 2009). Risks related to online purchase have also been found to negatively affect the dispositional trust towards online seller (Tan and Sutherland, 2004). It becomes difficult for customers to trust someone they have never seen and lacks personal interface (Harridge-March, 2004). Jarvelainen and Puhakainen (2004) have asserted that it is distrust in online stores which directs customers towards physical stores for the purchasing the products.

H7: The push effect of E-Distrust will positively affect the consumer's intention to webroom.

3.3 Mooring factors

Bansal *et al.* (2005) have proposed that mooring factors play an important role in determining channel switching intentions. In context of webrooming behaviour, we anticipate the mooring effects of the lack of multichannel self-efficacy (Chiu *et al.,* 2011) and of switching costs (Chiu *et al.,* 2011; Chou *et al.,* 2016).

3.3.1 Multichannel self-efficacy

Consistent with the objectives of our study, we consider the concept of 'multichannel self-efficacy' which is defined as the "ability and confidence of consumers to employ multiple channels, including online and brick-and-mortar stores to finish a transaction, starting with information search and ending with the purchase" (Chiu *et al.,* 2011). We propose it as a mooring factor, as the lack of multichannel self-efficacy will restrict customers from following the webrooming sequence.

H8: The mooring effect of lack of multi-channel self-efficacy will negatively affect the consumer's intention to webroom.

3.3.2 Switching costs

Switching costs denote the onetime costs that a consumer must incur while he switches from one service provider to another (Bansal *et al.,* 2005) which are psychological, physical and economic in nature (Chou *et al.,* 2016). Such costs have been identified as an important mooring factors (Chou *et al.,* 2016) and expected to discourage the consumer from migrating from one channel to another (Bansal *et al.,* 2005; Chiu *et al.,* 2011).

H9: The mooring effect of switching costs will negatively affect the consumer's intention to webroom.

3.4 Actual Webrooming Behaviour

An intention to conduct the behaviour strongly determines the chances of the actual conduct of the behavior (Ajzen, 1991). Intentions have been identified as the immediate precursor to the actual behaviour and determine the probability whether the action will be undertaken or not. On these grounds, the following hypothesis is proposed;

H10: Consumer's intention to conduct the webrooming behaviour will positively affect the actual webrooming behaviour.

Methodology

Selective sampling was used for data collection. Only those respondents were included in the sample who confirmed intentionally visiting an online store before purchasing offline. A total of 600 questionnaires were circulated offline and offline, out of which 367 responses were received. Out of the total responses received, 39 responses were rejected; the usable response rate was 54.66%. A total of 282 respondents were identified as webrooming shoppers. For hypothesis testing, partial least square (PLS) path modeling method; a variance based structural equation modeling approach was utilized. The decision to use PLS in the present study seems befitting because of the small sample size of the webroomers and the focus of the study on exploration than confirmation. The method has an additional advantage of measuring relationship between constructs, indicators and their corresponding latent constructs simultaneously (Hair *et al.,* 2014).

Findings

Supporting results were observed for the proposed hypothesis. Access to consumer reviews online' emerged as an important factor making an online store more attractive for search. Consumers use this information to better understand the functioning and 'pros and cons' of the product which helps consumers to make better purchase decisions (Le and Ma, 2012; Flavin *et al.,* 2016). Lower search costs and ease of searching information online have also been found to add to the search attractiveness online (Balasubramanian *et al.,* 2005). Access to 'touch and feel' of the products which leads to better product diagnosticity offline made an offline store more attractive for purchase. Consumers were found reluctant to purchase the product without touching and feeling the product (Peck and Childers,

2003). Immediate possession and social benefit attached with offline stores further added to the attractiveness of an offline store. Immediate possession of the products at the physical store also made an offline store more attractive for purchase in comparison to an online store (Noble *et al.,* 2005). The research identifies that 'online risk perceptions and distrust' towards online stores emerged as the prime factors pushing customers to the physical store for purchasing the product. Apprehensions were noticed in respect to purchasing online due to the lack of the ability of the consumers to judge the quality of the products online (Chiu *et al.,* 2011). Consumers were found fearful of disclosing their financial details online and expected frauds in payments which further led to the feelings of distrust towards online stores. Overall, the online search and offline purchase sequence helped consumers to be certain and confident of the choices to be made offline. The findings of the study can be utilized by the e-retailers for combating the webroomers owing to its endorsed negative impact on the profitability of the e-retailers (Chiu *et al.,* 2011).

Implications

The research conducted addresses a key concern, 'webrooming behaviour' which has emerged as a serious threat to the online retailers (Flavin *et al.,* 2016; Kang, 2018). Although a number of studies have been conducted by the researchers that have examined the cross-channel free riding behaviour (Heitz-Spahn, 2013; Chiu *et al.,* 2011) but specific research on webrooming is lacking (Flavian *et al.,* 2016). The research conducted addresses this gap and offers an understanding on the webrooming behaviour by utilizing the push-pull-mooring framework (Chou *et al.,* 2016). Managerially, the findings of the study provide a basis to the online retailers for framing strategies for combating the webrooming shoppers.

Research Limitations

Small sample size of the respondents limits us from drawing generalizations. There is a need to conduct the studies with the large number of respondents. Product types and categories have not been taken into account while understanding webrooming behaviour. Additional research should focus on identifying the webrooming behaviour across various product types and categories. Researchers should also take into consideration; high and low involvement decisions as these are expected to affect consumer's webrooming intention and behaviour.

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Contextual Adaptation of the Configuration of Grocery Retailers' online Fulfilment Centres: A Multiple Case Study

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Grocery retail, E-commerce, Warehouse operations and design, Materials handling, Online Fulfilment Centre

Introduction

Retailing online is growing rapidly and traditional bricks-and-mortar retailers are trying to keep up with the changing demands of customers. Customers are now expecting to be able to move seamlessly between the channels and it will become increasingly important for retailers to rethink their current distribution network strategies in order to meet the new demands (Verhoef et al., 2015). The continuous growth of e-commerce will likely have long-lasting, radical impacts on retailers' structures and strategies (Watson IV et al., 2015) and how well they are able to fulfil the demands of the customers will become of key importance for bricks-and-mortar retailers who are starting up an online channel.

Previous research on non-food omni-channel retailing has indicated that retailers move towards integrated warehouses for both online- and store orders (Cao, 2014; Hübner et al., 2016b). In the grocery retail industry the increasing growth of online sales has instead led to increased investments in online warehouses among established bricks-and-mortar retailers (Hays *et al.,* 2005; Hübner *et al,* 2016c; Wollenburg *et al.,* 2018). These separated online-fulfilment centres (OFC), with a sole focus on the fulfilment of online orders, are designed for online orders only and the picking process can thus be much more effective. The advantages are several, from effective picking, packing and shipping to the ability to provide more accurate information about product availability to customers (Wollenburg *et al.,* 2018). However, an OFC like this requires large initial investments as well as large volumes to become a viable and profitable alternative. It is common among grocery retailers with an online channel to utilize this alternative when the volumes are growing (Hays *et al.,* 2005; Hübner *et al,* 2016c). While previous research has widely acknowledged the use of OFC among grocery retailers, the discussion has so far revolved around advantages and challenges with picking an online order in a warehouse of this type (e.g. de Koster, 2002; Boyer *et al.,* 2003; Hays *et al.,* 2005; Fernie *et al.,* 2010; Hübner *et al.,* 2016c). Research has, to our knowledge, overlooked how warehousing operations and layouts for other handling activities are designed in OFCs in order to improve performance.

Purpose

The purpose of this paper is to increase knowledge on how grocery retailers are adapting their configuration of an online fulfilment centre's warehousing operation and layout to their context. The study aims to capture both current state as well as develop an understanding of factors that impact decisions to develop and change.

Conceptual framework

The study will combine the area of online grocery retailing with warehouse operations and design. A conceptual framework that will serve as basis for the analysis was developed (see figure 1). Our framework includes the main warehouse operations: receiving, put-away, storing, picking, packing, and shipping (see, e.g., Van den Berg and Zijm, 1999; Bartholdi III and Hackman, 2016). The picking operation represents the largest share of costs in a warehouse and is consequently a well-researched

topic (see, e.g., Le-Duc and De Koster, 2005; de Koster *et al.*, 2007). Grocery retailers must also be able to manage three different temperature zones and create an un-broken cold chain throughout the warehouse (Smith and Sparks, 2004). Further, the framework describes aspects related to warehouse design and resources that must considered in order to create effective and efficient operations, such as physical layout, storage equipment and automation. Lastly, the framework describes the relation between the warehouse operations and design and the context, an area recurring in literature (Rouwenhorst *et al.*, 2000; Bartholdi III and Hackman, 2016).

Figure 3 Conceptual framework
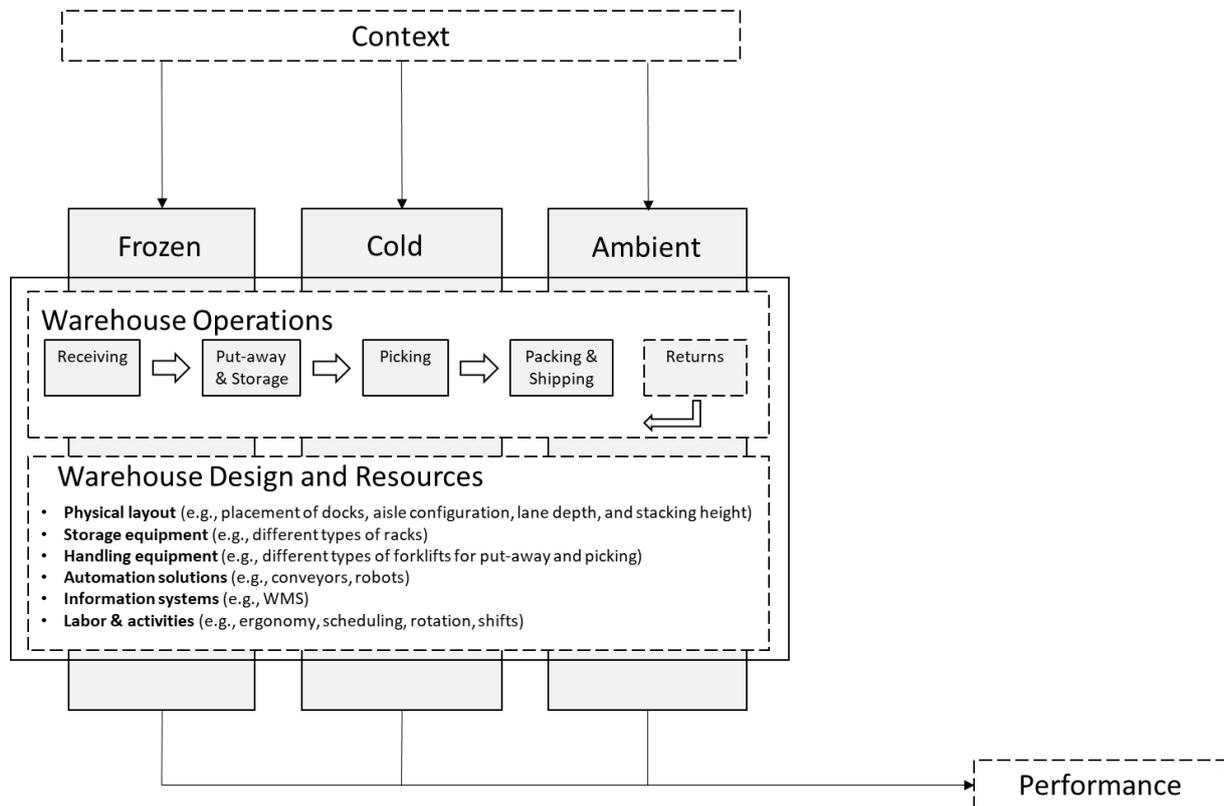
Design/methodology/approach*

A multiple case study was conducted with multiple (so far two) grocery retailers with an OFC designed to cater online customers. We focused on their OFCs, which is a quite recent phenomenon in a real-life context. Several researchers confirm that the case study method is an appropriate research strategy when the purpose of the research is to examine unexplored phenomenon or developing new theories (Voss, *et al.,* 2002; Flyvbjerg, 2006; Yin, 2009). The unit of analysis for this study was two-folded, firstly the configuration of an OFC's warehousing operations and layout, and secondly how the fit between an OFC's configuration and its context impacts performance.

To identify configurations, contextual factors, and to capture the development process, a semi-structured interview guide was constructed based on the conceptual framework. It captured previous and current configurations of the OFC as well as the plans for the future. A main focus of the interviews was to identify how and why changes had been initiated.

Firstly, each case was individually analysed. Through a cross-case search for patterns, described by Eisenhardt (1989), the different case sites were compared in order to identify and strengthen patterns. The emerging patterns and results from the analysis were systematically compared with the conceptual framework in a highly iterative process as recommended by Eisenhardt (1989).

The study was limited to Nordic countries, which is a homogenous combination of markets. Although groceries online only represent a small share in comparison with other types of retail, it is experiencing a rapid growth in the Nordic countries (Postnord, 2017). An initial exploratory survey

was conducted with eight of the biggest Nordic grocery retailers in order to identify relevant and interesting cases. The two companies already explored in this study are among the largest in the Nordic countries and they are managing OFCs in urban regions. The two companies are representing different contexts; e.g., they differ in geographical location, organizational setup and development stage of online solution.

Cross-case description and analysis

Based on these two first cases, some initial findings have been identified, that will be presented according to the conceptual framework.

There are several similarities between the contextual factors for the two cases (table 1), but some key differences, such as geographical range, the online brand's relation to store brands, and options for last-mile delivery, are also identified.

Both OFCs are defined as stores in the internal organization and receive a vast majority (80 – 90 %) of goods from internal DCs that are normally shipping to stores (table 2). Goods received are packed optimized for in-store logistics and to fit the flow between internal DCs and stores. This led to manual re-sorting in the OFCs to prepare for storage adapted to the OFC's picking routes. The degree of manual handling are high in receiving, storage, and picking for both cases, while case 2 has more automation in packing and shipping, using a conveyer belt (table 3). Another difference is that case 2 picks fruit and vegetables at a nearby wholesaler, using workers that are more experienced. The most differences are identified in packing and shipping, but both sort orders according to shipping time and face bottlenecks related to space limitations.

Table 1 Comparison of contextual factors for case 1 and case 2

Contextual factors

		Case 1	Case 2
Organization and strategy	**Ownership structure**	Cooperative	Cooperative
	Store brand and formats	Several different store brands and formats	One store brand and several store formats
	Online brand	Separated online brand	Integrated online brand
	OFCs role in internal organization	Store	Store
Logistics network	**Online order fulfilment**	From OFC	From OFC and from selected stores
	Number of OFCs	1	1
	Geographical range for OFC	The entire market	Urban region
	Major supplier for OFC	Internal DC	Internal DC
	Last-mile delivery responsible	Shipper with regular trucks	Shipper with temperature controlled trucks
	Delivery options	Attended or unattended delivery	Attended delivery
Material-handling node	**Product categories**	All grocery retail categories	All grocery retail categories, except fruit and vegetables
	Average number of order lines per online order	20-50	20-50

Table 2 Comparison of operations between case 1 and case 2

Online fulfilment centre operations

	Case 1	Case 2
Receiving	• 80-90 % received from internal DC • High level of manual work.	• 80-90 % received from internal DC • High level of manual work
Storage	• Manual sorting of received goods according to picking routes • Buffer zone behind flow-racks	• Manual sorting of received goods according to picking routes
Picking	• High level of manual work • Focus on optimizing picking route • Picking 3-10 orders at the same time • Sorting while picking • Picking by temperature zone	• High level of manual work • Focus on optimizing picking route • Picking 3-10 orders at the same time • Sorting while picking • Picking by temperature zone • Picking fruit and vegetables at closely located wholesaler to increase freshness
Packing	• Manual consolidation of picked orders from different temperature zones • Orders are packed in reusable styrofoam boxes to maintain the cold	• Automatic consolidation of orders from different temperature zones • Orders are packed in regular paper bags
Shipping	• Manual sorting of orders according to shipping time • Bottleneck during peaks due to space limitations	• Automatics sorting of orders according to shipping time • Bottleneck during peaks due to space limitations

Table 3 Comparison of design and resources between case 1 and case 2

Online fulfilment centre design & resources

	Case 1	Case 2
Layout	• Different areas for temperature zones • Areas are organized to optimize picking efficiency (based on e.g. picking frequency, bottlenecks, weight, and fragility) for consumer orders	• Different areas for temperature zones • Areas are organized to optimize picking efficiency (based on e.g. picking frequency, bottlenecks, weight, and fragility) for consumer orders
Storage equipment	• Flow racks for high frequent picking zones • Racks for low frequent picking zones	• Flow racks for high frequent picking zones • Racks for low frequent picking zones
Handling equipment	• Cages for movement between receiving and storage • Carts for picking • Pick-by-voice • Hand scanner	• Cages for movement between receiving and storage • Carts for picking • Hand scanner
Automation solution	• None	• Dynamic conveyor belt for consolidation and sorting
Information systems	• WMS and a ERP with ATP calculations	• WMS
Labour & Resources	• High level of manual work • Temporary workers to handle peaks	• High level of manual work • Temporary workers to handle peaks • More experienced workers pick fruit and vegetables

Findings

The two cases describe OFCs in initial phases, where the volumes are still low and the development of the warehouses are characterized by trial-and-error approaches. Linked to the contextual factors, they currently face challenges mainly related to receiving/storage, picking, and packing/shipping. They mainly address them in similar ways, but for packing/shipping they have different approaches (figure 2).

Figure 4 Contextual factors, current challenges, and current approaches

Focus area	Contextual factors	Current challenges	Current approaches
Receiving/Storage	• Major supplier • Role in internal organization • Volumes	• Internal DC is the major suppliers • Orders are received according to store logic from internal DCs • Trade-off between efficient receiving/storage operations and efficient picking routes • Volumes too low to impact internal DCs (supplier)	Both cases: • Choosing efficient picking operations • High level of manual work in receiving and storage • All receiving shipments are broken up according to a storage logic determined by efficient picking routes
Picking	• Volumes • Product characteristics • Order characteristics	• Different temperature zones • Large assortments • Large number of order lines/order • Automation of picking requires high initial investments and large volumes to achieve reasonable return of investments • Manual picking is time-and resource consuming, especially in a warehouse like this	Both cases: • Manual handling as volumes are too low to justify investments in automation • Focus on storage location in order to create efficient picking routes • Decisions factors include picking frequency, potential bottlenecks, fragility and weight of each product.
Packing/Shipping	• Volumes • Order deadline • Shipping route optimization • Picking route optimization	• Picked orders need to be sorted according to shipping times • Sorted orders need to be stored until shipping • Bottleneck during peaks due to space limitations	Case 1: • Manual consolidation and sorting of orders • Designated area for sorted orders waiting to be shipped Case 2: • Automated consolidation and sorting of orders • Orders are waiting to be shipped on dynamic conveyer belt Both cases: • Bottleneck during peaks is still an unsolved challenge

Receiving and storage

The fact that OFCs are defined as stores in the internal organizations and that the internal DC is the major supplier creates a challenge. Receiving and storage in an OFC differs from a store, but both cases receive orders from internal DC that are optimized according to store design. The OFCs then need to break up receiving shipments and distribute them according to their own storage logic determined by optimized picking routes. This previous optimization of internal DCs for store deliveries leads to a trade-off in the OFC between efficient receiving/storage operations and efficient picking routes, where both cases prioritize efficient picking. Case 1 describe how stores do not have the ability/time to control the number of items being received. Since the OFC has an advanced ATP system and relies on correct inventory levels, they must control all incoming orders to make sure that they are correct.

Picking

Picking clearly represents the most resource- and time-consuming operation in both studied OFCs. The challenges with picking online orders in a grocery retail context are discussed in literature, and automation is commonly used to improve effectiveness and efficiency. However, the volumes managed in the studied OFCs are too low to justify investments in automation. Instead, they focus on the design of operations and layout in order to optimize the picking routes. The cases describe this as a trial-and-error process, with factors included in the storage decision today being picking frequency, potential bottlenecks, as well as fragility and weight of each product. They must, for example, consider that a fragile product needs to be picked last. Both cases believe that automation of picking is inevitable when volumes are growing.

Packing and shipping

Both cases describe the packing and shipping areas as bottlenecks during peaks. They pick and sort orders by temperature zone and then consolidate and sort them according to shipping time. However, orders are not shipped according to the same schedule as orders are being picked, hence a buffer area is necessary for picked orders waiting to be shipped. Case 2 use an automated consolidation/sorting process with a dynamic conveyer belt while case 1 are managing the process manually. However,

both are experiencing space limitations during peak-hours. Since case 2 are using temperature controlled trucks they are planning to install an increased number of electrical power outlets. They can then load the truck with the ready orders and store them in the car instead. However, this is seen as temporary solution and this will continue to be an important challenge as both of the cases expects volumes to continue to grow.

Important contextual factors for OFC configuration

The major factor impacting the OFC configuration seems to be the order volume, for example important for the decision to automate picking, confirming results from previous research (see e.g. Hübner *et al.,* 2016b). Other recurring factors in literature are product- and order-characteristics, which also seem to be of importance when configuring an OFC in this context. Other factors more specific for an OFC in a grocery "bricks-and-mortar" setting are type of supplier (internal DC or external), the role (e.g. store) the OFC get in the internal organization, and the complex last-mile delivery routing. The configuration of the internal network will thus create important contextual factors for the OFC.

Original/value*

Current research on the online grocery retailing warehousing has a tendency to solely focus on the challenges related to picking. Research is lacking a holistic approach to the design of a grocery retailing online fulfilment centre and this study points out specific factors for a grocery retail OFC in multi-/omni-channel setting, such as the role in the internal network, which create new conditions for the configuration of operations and layout.

Practical implications

Although online fulfilment centres has been a reality in practice for over a decade, the research on the configuration of an OFC's operations and layout is still limited. The results from this study create implications for practitioners in two ways; firstly, grocery retailers with an OFC can benchmark their existing solution with the empirical descriptions. Secondly, the result can provide inspiration and knowledge to grocery retailers who are about to configure an OFC.

Research limitations and outlook

The use of only two cases and the focus on the Nordic grocery retail market are limitations. However, the results may be interesting for retailers starting up OFCs in other markets experiencing rapid growth for groceries online. Further research could compare OFC configurations and contingency factors for pure online grocery retailers with multi/omni-channel retailers, and explore needed volumes for increasing automation. Another volume issue to explore is if, and when, an OFC should be treated differently from a store in the internal DC to reduce sub-optimizations.

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New Business Models in Supply Chains: A Bibliometric Study

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Supply chain, business models, Blockchain, Artificial Intelligence, Internet of Things, Big Data, E-commerce.

Introduction

When widely available computation power is coupled to massive data collection along all the steps of a supply chain, new business models appear at all levels. New and existing actors are investing tremendous effort into providing new services and creating value. Using the bibliometric analysis tools such as document co-citation analyses, keyword co-citation analyses, and the bibliographic coupling analysis we identify major clusters of works. Such analyses help to classify a vast and varied body of literature into amenable and intelligible blocks which can be interpreted and provide the basis for further work into potential new applications of the latest technologies in new supply chain ventures and research.

Purpose

We present here the result of a systematic review of the literature and derive new insights about the potential of such new business models.

Conceptual framework

A systematic bibliographic study of extensive literature.

Methodology

We provide a bibliometric analysis of 292 documents (books, conference proceedings, papers) referenced in the Scopus® database.

Findings

The four analyses performed show that some works and authors have a much larger influence in specific fields than others. Some are attracting citations and correlate with very specific technologies or subjects such as Blockchain technology, Artificial Intelligence, Internet of Things, Big Data, e-commerce. Researchers will find that the results of this research pertinent when researching the literature for a given topic using those technologies.

Contributions

We offer scholars and practitioners a rough guide to subjects and potential new business opportunities today. Value propositions based upon e-commerce and technologies are now on offer all along the supply chain. The massive data collected about the physical flows of goods point to totally new business models which startups and existing actors are trying to harness into rich value propositions.

Practical implications

Artificial Intelligence, the Blockchain technology, the Internet of Things, Big Data are the concepts which authors use to describe and practitioners use in their new business venture proposals. Such analyses help to classify a vast and varied body of literature into amenable and intelligible blocks which provide the basis for further work into potential new applications of the latest technologies in new supply chain ventures and research. We point out the promising avenues ripe for further research but also the blind alleys into which effort would be wasted.

Research limitations and outlook

This research is of course of interest as long as no new far-reaching or momentous new research becomes publicly available. We acknowledge the fact that the interest of such a publication is of interest here and now. We only looked at the Scopus® database using the keywords mentioned above, all documents published on the web and possibly indexed elsewhere may not have been picked up.

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Integrated Inventory Replenishment, Lateral Transshipments and Routing: A Robust Approach

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Keywords

Lateral transshipments, robust optimization, vehicle routing, inventory replenishment, retail inventory balancing, risk sharing.

Introduction

Inventory management is an influential aspect in operational management for it directly and significantly affects the financial results. In a nutshell, we study a system comprised of multiple retailers who face unknown demand in a finite horizon setting. We model the decisions of inventory replenishment, integrated with lateral transshipments and the routing decisions to materialize those transshipments. We adopt a robust optimization approach in tackling the above problem, where the uncertain demand is assumed to belong to a well-specified uncertain structure. The problem is complex thus, we tackle it in stages. We first, use robust optimization to calculate the replenishment quantities, and only then, we analyse the integrated inventory problem.

Lateral transshipments literature provide recommendations on what quantities to deliver amongst locations. In order to perform those recommendations, managers must plan the vehicle's route, which can be a complex decision. See Figure 1 for illustration.

Figure 1: An Illustrative Example of Lateral Transshipments
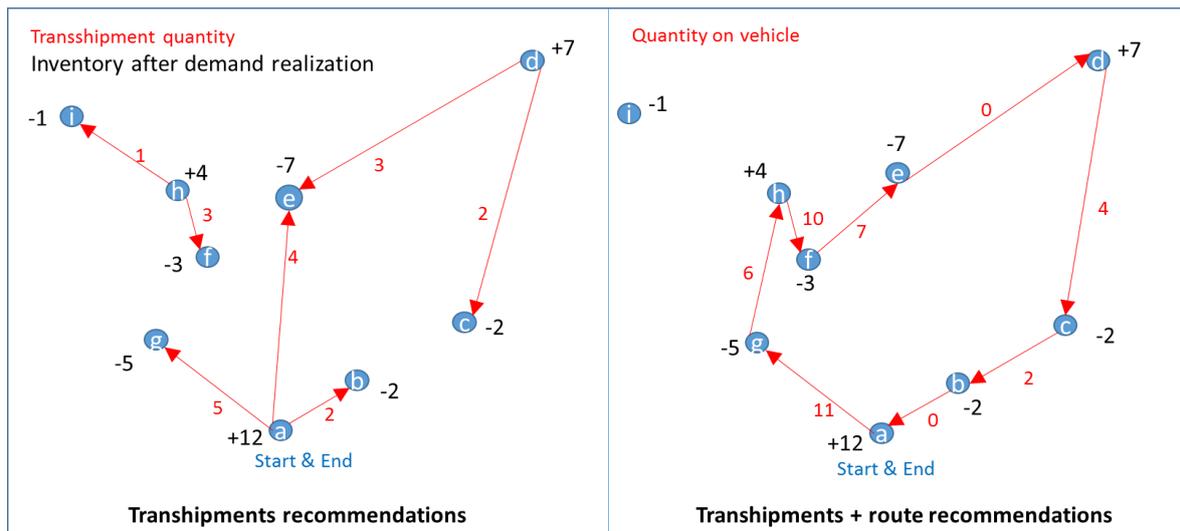
While the literature widely discussed Inventory Routing Problem (IRP) and lateral transshipments, to the best of our knowledge, only two articles combined replenishments, transshipments, and routing (Coelho et al. 2012, Jemai et al. 2013) naming it IRPT (Inventory Routing Problem with Transshipments). Both articles are in a Vendor Managed Inventory (VMI) systems. In the former, the demand is known, hence the replenishment quantities are not affected by the transshipments, and the

order-up-to levels are set. The routing only concerns the replenishments and therefor is not integrated with the transshipments, as we do in our study. In the latter, the list of customers to visit and the quantity to replenish are determined by the inventory policy and are not affected by the transshipments. The transshipments are performed when the vehicle capacity is not enough, and are added to the already found replenishments' optimal tour, according to general guidelines. The transshipments' decisions are performed at the beginning of every period, before the replenishments are taking place. The above articles don't integrate routing and transshipments as we do in our study.

Purpose

One of the merits of this proposed study is being novel in integrating replenishment, transshipments, and routing. Moreover, we consider the uncertainty in the input data, which constitutes another aspect of novelty of this proposal. Our purpose is to explore the benefits of integrating the above decision in a rather complex setting.

Conceptual framework

The basic idea behind this research is the utilization of pooling inventory via lateral transhipments and eliminating inefficiencies that might arise when making decision in a hierarchical manner. So the paper will show how a single-commodity supply chain may benefit from applying an integrated approach to decision making.

Methodology

We study a single-item, multi-retailer inventory system, where the independent retailers face identical independent unknown demand, assumed discrete. The retailers' locations and the distance between any two locations are known. We assume it is possible to practice reactive lateral transshipments amongst the retailers. The transshipments are performed by a single uncapacitated vehicle. Obviously, transshipments are worthy only if the cost of transporting an item is lower than the saved costs at the location with excess and at the location with shortage.

Our problem includes two levels: tactical, level at which we determine the replenishment decisions, and operational, level at which we determine the transshipment quantities.

The tactical level

On the tactical level, our aim is to decide upon the replenishment quantities for every location, for every period. We assume the demand is uncertain, yet it belongs to a known uncertainty set. We use Robust Optimization (RO) to handle the uncertainty. We define the demand to belong to a known 'box uncertainty set' where the uncertain demand is bounded by upper and lower bounds: $d_i^t \in [\bar{d} - \tilde{d}, \bar{d} + \tilde{d}]$ or $(\bar{d} - \tilde{d}) \leq d_i^t \leq (\bar{d} + \tilde{d})$, where $\bar{d}$ is the nominal value of d_i^t and $\tilde{d}$ is the deviation from the nominal value. For the sake of simplicity of exposition, we assume that the demand belongs to the same uncertainty set for all the locations for all the periods. We allow unique replenishment level S_i for every location.

The operational level

On the operational level we decide what transshipments to perform (who ships to who, if at all, and what quantity) at what route. We use Q_{ij} to depict the vehicle load, meaning the quantity transshipped on the vehicle when driving from retailer i to retailer j. Then, the total inventory surplus that a location transships to all other locations, or the shortage that is filled at a location with shortage, are calculated by the difference between the vehicle load before and after its' visit at the location. The items transshipped are assumed to be identical for all demand locations, and there is no need for a specific designation of items transshipped from retailer i to retailer j.

Finding Replenishment Quantities - The Nominal Model

We start with modelling the nominal problem, as a minimum cost optimization problem. The total system cost contains the cost of excess and shortages of inventory at all locations during the time horizon, and the transshipment costs. Transshipments are performed as long as the cost avoidance is larger than the added transshipment cost. The decision variables are the replenishment quantities for

every location for every period S_i^t, the transshipment quantities between any two retailers, Q_{ij}, and the route from retailer i to retailer j, if adopted, X_{ij}. As mentioned, the demand d_i^t is unknown, but in the nominal formulation we refer to the average demand. The objective function and all constraints are presented in the appendix. Thus, the solution of this problem is appropriate for the case we ignore the uncertainty. Next, we refer to the case we have uncertainty to take into account.

The robust model

We now re-model the problem in order to perform robust optimization to handle the uncertainty in the demand. We assume the demand $d_i^t \in \left[\bar{d}(1 - \varepsilon), \bar{d}(1 + \varepsilon) \right]$. As d_i^t is the only uncertain parameter, we re-model constraints that include d_i^t (see constraints 1-4). Looking for a solution that is immune to the worst-case, we would maximize the right-hand side of the constraints.

Finding the transshipments and route - The IRPT model

After the replenishment quantities were determined at the beginning of the horizon, we constructed a model to run every period after demand realization is revelaed to decide upon the integrated decision of transshipments and routing. In that later model, the replenishment quantities and the demands are known, hence the expected inventory is known (before the lateral transshipments). As the complexity is the same in each period, for simplicity of presentation, we drop the time index.

We define and use $S_i^* = \text{argmin} \quad Z_D(S)$ as the replenishment quantity for location i found in the previois model, and $\hat{d}_i$ as the realized demand for location i. The decision variables here are the transshipment quantities, Q_{ij}, and the route from retailer i to retailer j, X_{ij}. See the IRPT model formulation in the Appendix.

Findings

We numerically analysed the model for both levels – tactical (finding replenishment quantities) and operational level (finding transshipments and route).

Finding Replenishments quantities

We examine our model by comparing the replenishment quantities it recommends, to recommendations of the nominal model that ignores uncertainty and to the average demand. We compare the average total cost and the standard deviation of the two models by running different realizations from different distributions.

We first run the two models for replenishment recommendations, and then, using those replenishment recommendations, we run our optimal integrated model of transshipments and route, for different realizations, see results of the two stages in next table.

Problem's parameters							Robust				Nominal			Zrobust/	(stdev R/	realizations d
Average Demand	Demand range	No of locations	h	P	No. of runs	F	Replenishment recommendations S(i,t)	ε	Z avg	stdev(Z)	Replenishment recommendations S(i,t)	Z avg	stdev(Z)	Znominal-1	stdev N) -1	
100	[0,200]	10	31	122	30	56	160	1	221,502	13,446	100	155,900	26,934	42%	-50%	Beta (2,2)*200
									227,533	14,375		192,298	30,749	18%	-53%	Beta (1,1)*200
									237,352	16,608		229,975	39,143	3%	-58%	Beta (0.5,0.5)*200
									93,418	8,739		699,855	22,248	-87%	-61%	Beta (6,2)*200
									407,266	7,694		210,810	7,055	93%	9%	Beta (2,6)*200
100	[50,150]	10	31	122	30	56	130	0.5	116,846	5216	100	102,008	12639	15%	-59%	50+Beta (2,2)*100
									125,060	5331		120,994	16698	3%	-68%	50+Beta (1,1)*100
									138,550	7054		132,886	15995	4%	-56%	50+Beta (0.5,0.5)*100
									64,069	3758		343,416	12707	-81%	-70%	50+Beta (6,2)*100
									194,139	3,710		98,914	3,747	96%	-1%	50+Beta (2,6)*100
100	[80,120]	10	31	122	30	56	112	0.2	55,307	2,348	100	57,904	4,087	-4%	-43%	80+Beta (2,2)*40
									61,821	2,988		69,485	6,517	-11%	-54%	80+Beta (1,1)*40
									70,094	2,673		77,098	7,699	-9%	-65.3%	80+Beta (0.5,0.5)*40
									37,686	1,822		147,336	6,717	-74%	-72.9%	80+Beta (6,2)*40
									83,928	1,791		47,065	1,094	78%	63.7%	80+Beta (2,6)*40
100	[90,110]	10	31	122	30	56	106	0.1	33,808	1,122	100	40,293	2,530	-16%	-55.7%	90+Beta (2,2)*20
									37,550	1,484		47,891	1,947	-22%	-23.8%	90+Beta (1,1)*20
									42,739	1,974		55,215	4,502	-23%	-56.2%	90+Beta (0.5,0.5)*20
									25,621	1,170		78,749	3,598	-67%	-67.5%	90+Beta (6,2)*20
									48,237	976		29,765	1,047	62%	-6.8%	90+Beta (2,6)*20

table 1

Finding the transshipments and route

To validate the approach we advocate in this study, we compared our results to a similar transshipment model with optimal quantities. We based our model on a previous model for finding optimal transshipment quantities, after replenishment, when demand is realized (Herer, Tzur and Yücesan 2006). The model considers penalty and holding costs, as well as transshipment costs, like our model. We programmed the model, and in order to validate it , we run it for the same data used by Herer et. al, and received the same results.

The model gives reccomandations on what transshipments to perform between the retailers. In many cases, the practical way to implement it, would be to send a vehicle that would pick-up and deliver the recommended transshipments. In practice, different managers would use different methods to decide upon that vehicle's route. For the sake of comparison to our model, we examined the extreme possibilities of the route implementation (best and worst cases), as practically, whatever method a manger chooses, its' cost would be in the range between the worst and best cases. These models that include finding optimal transshipments quantities and then finding a route, are in fact the hierarchical case we mentioned. The worst case, is implementing the transshipments recommendations "as is", meaning the vehicle would directly perform every transshipment from retailer i to retailer j recommended. When one retailer transship inventory to more than one retailer, the vehicle would return to the retailer with surplus, after every transshipment, but the last one, than it continues to the next surplus location. The connection between the groups (a surplus retailer and the retailers it transships to), is the optimal one, hence the results received, are slightly better than 'worst case'.

For the best case, we find an optimal route that would implement the transshipments recommendations, in the manner that the total quantity a retailer transship or receive is kept. That might be slightly better than the best case in practice, as the model allows that a retailer's surplus would be transshipped to a different designation than recommended, if the transportation cost is lower (however the recommendation is included in the feasible solution space examined).

Contributions

We derived some insights from the results. As the "weight" of the transshipment cost is growing (as reflected in the (h+p)/TSP ratio), the advantage of our model is growing as there are more retailer pairs which are beneficial to perform transshipments amongst, yet non-beneficial when the route goes through additional retailer/s. Our model recognize it, and choose not to perform those transshipments, when the other don't. That is reflected in the decreasing number of segments.

As the standard deviation of the demand distribution is getting larger (e.g., when moving from a Bell Shape to a Uniform to a U-Tube Shape, using Beta(a,b), a=b is 2,1,0.5, respectively), the advantage of our model is growing as there are more opportunities for transshipments, and more not-beneficial transshipments that our model recognizes.

Traditionally in the transshipment literature, under the assumption that $(h + p) > c_{ij}$, complete pooling is considered optimal. However, as we see from the results, that condition is not enough, as in practice a unit from location i, sent to location j, might incur transshipment cost (for example) of $c_{ik} + c_{kj} > (h + p)$, as it won't go directly from i to j. We see that as transportation cost increase, even when $(h + p) > c_{ij}$ still holds, partial extent of pooling is beneficial.

Practical implications

Adopting the concepts in this study may inject new ways of looking at design and logistical aspects of operating the supply chain.

Social implications

A direct impact of better decision making processes is eliminating inefficiencies. If the approach in this study is utilized, better performance will be obtained while keeping the same service level. That may result in less impact on the environment due to the logistical nature of the system described.

Research limitations and outlook

Though we have not assumed any distribution, the robust optimization approach protects against worst case scenarios. This should be taken care of otherwise we end up with a conservative solution.

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Appendix

The Nominal Model

$$\boldsymbol{Z_D} = \boldsymbol{min_{S_i,Q_{ij}}} [\boldsymbol{cost(S,Q)}] = \boldsymbol{min_{S_i,Q_{ij}}} \{ h\sum_t \cdot\sum_i [(S_i^t - d_i^t) - (\sum_{j,j\neq i} Q_{ij} - \sum_{j,j\neq i} Q_{ji})]1_{\{Ii>0\}} + p\sum_t\cdot\sum_i[(d_i^t - S_i^t) - (\sum_{j,j\neq i} Q_{ji} - \sum_{j,j\neq i} Q_{ij})]1_{\{Ii<0\}} +$$

$$\sum_t\cdot\sum_i\sum_{j,j\neq i}(c_{ij}Q_{ij} + X_{ij}c_{ij}F)\} \tag{1}$$

In order to avoid the indicator variable $1_{\{Ii>0\}}$ we can write equation (1) in the following manner:

$$\boldsymbol{Z_D} = \min\sum_{t=1}^{T}\sum_i y_i^t + \sum_t\sum_j\sum_i(c_{ij}Q_{ij}^t + x_{ij}^t c_{ij}F) \tag{2}$$

s.t.

(1) $y_i^t \geq h[(S_i^t - d_i^t) - (\sum_j Q_{ij}^t - \sum_j Q_{ji}^t)]$

(2) $y_i^t \geq p[(d_i^t - S_i^t) - (\sum_j Q_{ji}^t - \sum_j Q_{ij}^t)]$

Where y_i^t is an auxilary variable, for the inventory shortage/surlus cost of the shortage/surlus location at period t.

We add the other constraints:

(3) $Inv_i^t \geq (S_i^t - d_i^t)$

(4) $Inv_i^t \geq (d_i^t - S_i^t)$

(5) $Inv_i^t \geq (\sum_j Q_{ij}^t - \sum_j Q_{ji}^t)$

(6) $Inv_i^t \geq (\sum_j Q_{ji}^t - \sum_j Q_{ij}^t)$

(7) $\sum_j x_{ij}^t = \sum_j x_{ji}^t$

(8) $\sum_j x_{ij}^t \leq 1$

(9) $U_i^t - U_j^t + r_i x_{ij}^t \leq r_i - 1$

(10) $M x_{ij}^t \geq Q_{ij}^t$

(11) $\sum_j x_{0j}^t = 1$

(12) $\sum_j x_{i0}^t = 1$

(13) $\sum_j Q_{0j}^t = 0$

(14) $\sum_j Q_{j0}^t = 0$

(15) $Q_{ij}^t \geq 0$

(16) $S_i^t \geq 0$

(17) $U_i^t \geq 0$

(18) $x_{ij}^t \in \{0,1\}$

Equations (3)-(6) assure that the transshipment quantity from/to a retailer cannot exceed the excess/shortage in accordance inventory after demand is realized.

Equations (7)-(9) guarantee that a feasible route is determined, with one vehicle, and without sub-tours (based on previous results from the literature).

Equation (10) obliges the vehicle to go through the route segment between two retailers when there is a quantity transported between them.

Equations (11)-(14) set location $i = '0'$, as the depot, assuring every route starts and ends at the depot, and with an empty vehicle.

The Robust Model

We robustify each uncertain constraint:

(1) $y_i^t \geq \max_{d_i^t}\{h[\left(S_i^t - d_i^t\right) - (\sum_j Q_{ij}^t - \sum_j Q_{ji}^t)]\}$

We expel the components that do not depend on d_i^t in several steps:

$\quad\quad y_i^t \geq h[\max_{d_i^t}(S_i^t - d_i^t) - (\sum_j Q_{ij}^t - \sum_j Q_{ji}^t)]$

$\quad\quad y_i^t \geq h[(S_i^t + \max_{d_i^t}(-d_i^t)) - (\sum_j Q_{ij}^t - \sum_j Q_{ji}^t)]$

$\quad\quad y_i^t \geq h[(S_i^t - \min_{d_i^t}(d_i^t)) - (\sum_j Q_{ij}^t - \sum_j Q_{ji}^t)]$

$\quad\quad$ As $d_i^t \in \left[\bar{d}(1 - \varepsilon), \bar{d}(1 + \varepsilon)\right]$, the minimal value of d_i^t would be its' lower bound - $\min_{d_i^t}(d_i^t) = \bar{d}(1 - \varepsilon)$ and we receive the robust constraint:

$\quad\quad y_i^k \geq h[\left(S_i^t - (\bar{d}(1 - \varepsilon))\right) - (\sum_j Q_{ij}^t - \sum_j Q_{ji}^t)]$

For the second constraint we act similarily:

(2) $y_i^t \geq \max_{d_i^t}\{p[\left(d_i^t - S_i^t\right) - (\sum_j Q_{ji}^t - \sum_j Q_{ij}^t)]\}$

$\quad\quad y_i^t \geq \{p[\max_{d_i^t}(d_i^t - S_i^t) - (\sum_j Q_{ji}^t - \sum_j Q_{ij}^t)]\}$

$\quad\quad y_i^t \geq \{p[(\max_{d_i^t}(d_i^t) - S_i^t) - (\sum_j Q_{ji}^t - \sum_j Q_{ij}^t)]\}$

$\quad\quad$ The maximal value of d_i^t would be its' upper bound - $\max_{d_i^t}(d_i^t) = \bar{d}(1 + \varepsilon)$, and we receive:

$\quad\quad$ (2) $y_i^k \geq p[\left(\bar{d}(1 + \varepsilon) - S_i^t\right) - (\sum_j Q_{ji}^t - \sum_j Q_{ij}^t)]$

Constraints (3) and (4) are robustified in a similar manner:

(3) $Inv_i^t \geq \max_{d_i^t}(S_i^t - d_i^t)$

$\quad\quad Inv_i^t \geq (S_i^t + \max_{d_i^t}(-d_i^t))$

$\quad\quad Inv_i^t \geq (S_i^t - \min_{d_i^t}(d_i^t))$

$\quad\quad Inv_i^t \geq \left(S_i^t - (\bar{d}(1 - \varepsilon))\right)$

(4) $Inv_i^t \geq \max_{d_i^t}(d_i^t - S_i^t)$

$\quad\quad Inv_i^t \geq (\max_{d_i^t}(d_i^t) - S_i^t)$

$\quad\quad Inv_i^t \geq \left(\bar{d}(1 + \varepsilon) - S_i^t\right)$

To summarize, the robust problem we receive is:

$Z = \min \sum_{k=1}^{T}\sum_i y_i^k + \sum_t \sum_j \sum_i (c_{ij} Q_{ij}^t + x_{ij}^t c_{ij}F)$

s.t.

(1) $y_i^k \geq h[\left(S_i^t - (\bar{d}(1 - \varepsilon))\right) - (\sum_j Q_{ij}^t - \sum_j Q_{ji}^t)]$

(2) $y_i^k \geq p[\left(\bar{d}(1 + \varepsilon) - S_i^t\right) - (\sum_j Q_{ji}^t - \sum_j Q_{ij}^t)]$

(3) $Inv_i^t \geq \left(S_i^t - (\bar{d}(1 - \varepsilon))\right)$

(4) $Inv_i^t \geq \left(\bar{d}(1 + \varepsilon) - S_i^t\right)$

(5) $Inv_i^t \geq (\sum_j Q_{ij}^t - \sum_j Q_{ji}^t)$

(6) $Inv_i^t \geq (\sum_j Q_{ji}^t - \sum_j Q_{ij}^t)$

(7) $\sum_j x_{ij}^t = \sum_j x_{ji}^t$

(8) $\sum_j x_{ij}^t \leq 1$

(9) $M x_{ij}^t \geq Q_{ij}^t$

(10) $U_i^t - U_j^t + r_i x_{ij}^t \leq r_i - 1$

(11) $\sum_j x_{0j}^t = 1$

(12) $\sum_j x_{i0}^t = 1$

(13) $\sum_j Q_{0j}^t = 0$

(14) $\sum_j Q_{j0}^t = 0$

(15) $Q_{ij}^t \geq 0$

(16) $S_i^t \geq 0$

(17) $U_i^t \geq 0$

(18) $x_{ij}^t \in \{0,1\}$

$y_i^k -$ *Excess or Shortage cost per period t location i*

$\bar{d}(1 - \varepsilon) \leq d_i^t \leq \bar{d}(1 + \varepsilon)$

This model is a mixed integer, and can be solved using linnear programming.

IRPT Model Formulation

We formulate the model as follows:

$$Z_{IRPT} = \boldsymbol{min\, cost}(S^*, \widehat{d_\iota}) = \boldsymbol{min}_{Qij, Xij}\ \{ h \sum_i [(S_i^* - \widehat{d_\iota}) - (\sum_{j, j \neq i} Q_{ij} - \sum_{j, j \neq i} Q_{ji})] 1_{\{Ii > 0\}}$$

$$+ p \sum_i [(\widehat{d_\iota} - S_i^*) - (\sum_{j, j \neq i} Q_{ji} - \sum_{j, j \neq i} Q_{ij})] 1_{\{Ii < 0\}} + \sum_i \sum_{j, j \neq i} (c_{ij} * Q_{ij} + X_{ij} c_{ij} F) \}$$

s.t.

(1) $I_i^+ \geq S_i^* - \widehat{d_\iota}$

(2) $I_i^- \geq \widehat{d_\iota} - S_i^*$

(3) $(\sum_j Q_{ij} - \sum_j Q_{ji}) \leq I_i^+$

(4) $(\sum_j Q_{ji} - \sum_j Q_{ij}) \leq I_i^-$

(5) $\sum_j X_{ij} = \sum_j X_{ji}$

(6) $\sum_j X_{ij} \leq 1$

(7) $M X_{ij} \geq Q_{ij}$

(8) $U_i - U_j + r(i) X_{ij} \leq r(i) - 1$

(9) $\sum_j x_{0j} = 1$

(10) $\sum_j x_{i0} = 1$

(11) $\sum_j Q_{0j} = 0$

(12) $\sum_j Q_{j0} = 0$

(13) $Q_{ij} \geq 0$

(14) $U_i^t \geq 0$

(15) $x_{ij}^t \in \{0,1\}$

This model as well is mixed integer, and can be solved using linnear programming.

Session F1 - Retail Marketing Management

Effects of Distributor and Market Characteristics on Distribution Intensity: An Analytical Model and Empirical Investigation

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Keywords

Distribution intensity, market potential parity, substitutability, promotional activities, automotive industry

Introduction

Selecting an appropriate level of distribution intensity, or the number of distributors to use for a specific trade region, has been one of the most important strategic decisions for a manufacturer in relation to its efforts on channel coordination and management. Previous research attention has been mostly paid to the effects of distribution intensity on the manufacturer's market performance (Bucklin, Silva-Risso, and Siddarth 2008; Sa Vinhas et al. 2010). For example, with the theoretical background of compromised/uncompromised demands and customer/store accessibility, the marketing literature has demonstrated the impact of the distribution intensity level (i.e., intensive vs. selective distribution) on customer brand choice (Bucklin, Silva-Risso, and Siddarth 2008), retailer performance (Srinivasan, Sridhar, Narayanan, and Sihi 2013), and the manufacturer's market share and profits (Farris, Olver, and de Kluyver 1989; Reibstein and Farris 1995; Wilbur and Farris 2014). Normally, intensive distribution increases the manufacturer's market share and sales performance by boosting product brand availability and consumer choice opportunity (Bucklin, Silva-Risso, and Siddarth 2008; Reibstein and Farris 1995). But the use of too many distributors can reduce the manufacturer's total profits, as it increases channel coordination costs and the free-riding behavior and price competition among distributors (Frazier and Lassar 1996; Jordan and Jaffee 1987).

Despite such a strategic importance emphasized in the literature above and the rich literature on distribution channels, the factors affecting manufacturers' distribution intensity (DI) decisions have been rarely examined. Most managers rely on rules of thumb and industry norms to guide their DI decisions. It has been only conjectured that industry market potential, the manufacturer's current market share, competitive intensity, and the extent of product differentiation may all influence DI decisions (Webster 1976). Yet no academic research so far has either provided a theoretical guideline or empirically tested these conjectures (an exception is Frazier and Lassar 1996). Consequently, identifying the antecedents to a manufacturer's DI decision and examining the way they shape such a decision are remaining tasks for distribution channel research. More in-depth theoretical analysis and empirical evidences are warranted to provide tangible contributions and to suggest useful guidelines for marketing channel practitioners.

Purpose

This study focuses on the roles of distributors and market characteristics in a manufacturer's DI decision.

Conceptual framework

When making DI decisions, in addition to internal factors, manufacturers must also assess external factors such as the market size, the distributors' market potential and coverage, their substitutability

and complementarity, promotional activities, channel coordination, and so on. For instance, with different resources and capability, distributors target different customers and compete on both price and non-price factors (e.g., store location, services and expertise, etc.). As the distributors are substitutes from the consumers' point of view, their substitutability affects the intensity of competitive rivalry. It follows naturally that the distributors' motivation to promote the product depends not only on their costs but also on the number of distributors employed in the market, which suggests that a manufacturer should anticipate distributors' endogenous promotional activities when making a DI decision. Because all these factors influence a manufacturer's channel coordination efforts and total sales, they are critical to its business performance and DI decision (see Frazier 1999 for a discussion of channel management issues).

In this research we investigate the separate and joint effects of three external factors on DI, both analytically and empirically. The first factor is the similarity of potential distributors' capability and market coverage, which we call "*market potential parity*" (MPP). How is a DI decision influenced by MPP? The answer is not readily available in the literature. The second factor is the substitutability among distributors. It is intuitive that their substitutability limits complementarity and induces selective distribution. However, according to the authors' best knowledge, there has been no formal empirical evidence that supports this conjecture. The third factor that we examine is distributors' promotional costs. Common wisdom suggests that the higher the costs, the more efforts a manufacturer needs to put to encourage distributors to promote the product. We develop an alternative theory. We further investigate how the three factors above interactively affect DI. A good understanding of these interaction effects can assist distribution managers to make more informed DI decisions.

Methodology

We develop an analytical model that sets a theoretical basis for empirical analysis. We explain the industrial settings of the Chinese automobile markets and build hypotheses. After that, we present an empirical model and test the hypotheses.

Major findings

Our analytical model suggests that a high MPP results in intensive distribution, because a high MPP facilitates a manufacturer to use a common strategy to coordinate distributors, whereas such coordination efforts are hampered by distributor diversity of a low MPP. As for the impact of promotional cost on distribution intensity, we note that in the presence of free riding behavior among distributors, manufacturer often have to limit the number of distributors and grant them some form of exclusivity. This line of reasoning therefore indicates a negative effect of the costs on DI. We develop an alternative theory. Distributors' promotional costs have been known to put a downward pressure on manufacturers' profits (Tirole 1988). We extend to show that this manufacturer's problem is less serious under intensive distribution, because intensified competition will motivate distributors to promote sales aggressively even with high promotional costs. Thus, when the costs are high, intensive distribution is more likely to yield a greater profit and become a preferred strategy for a manufacturer. Because our theory produces an opposite prediction to the common wisdom, it is informative to conduct an empirical study. Analysis shows that our theory appears more applicable to the Chinese automotive markets, where the market size keeps growing and retail channels are properly monitored by manufacturers (Rokkan and Buvik 2003).

In terms of the interactive effects, we show that MPP and substitutability, MPP and promotional costs, and substitutability and promotional costs have a negative, negative, and positive interaction effect on DI, respectively. We provide reasons for these interaction effects and hypothesize and test them as moderation effects. Our empirical study of the Chinese automotive industry lends support to our hypotheses. It also sheds light on the effects of market structure (i.e., the number of distributors and the number of manufacture brands) on DI.

Theoretical Contributions

The current study contributes to the literature in the following aspects. First, formal studies of the determinants of DI have been surprisingly scarce. In contrast to Frazier and Lassar (1996) that focuses

on factors at the manufacturers' side, we note the importance of distributors for a brand success and tackle the effects of distributor and market characteristics on DI. We demonstrate that distributors' resources and market potential (i.e., MPP), their substitutability and (endogenous) promotional activities are of different nature and play different roles in DI decisions. More importantly, we establish their interaction effects, which have not been explored in the literature. We offer new managerial insights and implications.

Second, we present the first study of DI that employs both analytical modeling and empirical analysis, which enable us to validate our findings from the two perspectives and test competing theories. Because our analytical model is derived based on a representative consumer's utility function, it is more realistic and able to produce more generalizable insights than the stylized distribution channel models (we discuss this in detail in the next section). There has been a large literature on channel coordination (cf. Jeuland and Shugan 1988; McGuire and Staelin 1983; Moorthy 1988; Weng 1995). We contribute to this stream of research by highlighting a manufacturer's strategic use of DI in coordinating and motivating distributors.

Finally, in terms of the data for empirical study, we use secondary, observational data, whereas Frazier and Lassar (1996) use first-hand survey data. The Chinese auto market has become the largest one in the world since 2009 and attracted great attention from both researchers and practitioners (Deng and Ma 2010; Li, Xiao, and Liu 2015). We contribute to this literature by being the first study of Chinese automakers' DI decision, which has long been believed to be a key decision factor for success in China.

Managerial Implications

Our results provide guidance on a manufacturer's DI decision. First, when distributors' potential market sizes are similar to each other or the retail promotional costs are high, a manufacturer should adopt an intensive distribution strategy. Second, as a manufacturer's decision on its distribution structure will affect its distributors' incentives to provide sales-promoting services, a manufacturer should take into consideration the distributors' in-house promotional activities when making DI decisions. Third, this study demonstrates a positive impact of promotional costs on DI, suggesting that distributors' free-riding behavior is not a major concern in a market where retail chains are well integrated and monitored by manufacturers as in China (Rokkan and Buvik 2003). Fourth, it provides guidelines for implementing DI decisions under different promotional-cost contingencies. For instance, when distributors' substitutability is high, a manufacturer may recognize the limited market expansion effect and hire a small number of distributors. However, hiring a reasonable number of substitutable distributors may be appropriate to maintain necessary competition among them, if their promotional costs are high.

Finally, larger numbers of potential distributors and competing brands induce intensive distribution. In addition, high ratios of multi-purpose vehicle (MPV) and sport utility vehicle (SUV) to the total vehicle production of a brand lead to a less intensive distribution. As these two vehicle types reflect high-end categories in Chinese car markets (China Auto Marketing and Communication Report 2015, available at www.slideshare.net), the car manufactures focusing on high-end customer markets are suggested to choose a selective distribution strategy.

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Competitive Analyses for Men's Clothing Retailers

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Keywords

Menswear, segmentation, positioning, generation, correspondence analysis, Rasch Tree Model

Introduction

Due to the perception that fashion is a female-dominant industry, men's clothing has traditionally failed to receive as much attention from fashion practitioners and researchers as women's wear. However, men have increasingly become a more involved demographic in contemporary fashion culture. Traditionally, men's clothing was predominantly purchased for work-related practicality; formal attire was strictly purchased for corporate dress code while casual wear was reserved for the weekends. This norm is shifting with the rise of new age work environments and tech industries that are increasingly embracing more creative and casual wear. More than ever before, male consumers desire to look fashionable (Lear *et al.*, 2009) and want to shop for individual fulfillment (Gustafson, 2015). In particular, clothing sales from millennial male consumers are expected to grow significantly (Alvarado, 2016). In response to these trends, designers and brands have shown growing interest in this neglected market. However, the literature fails to reveal statistics about where men shop frequently and why.

In the steadily growing menswear market, male consumers have enjoyed increasing numbers of retailers, as can be seen from diverse formats of retail outlets including department stores, specialty stores, discount stores, online stores, warehouse clubs, and catalogs. An increasing number of private label brands and a declining number of manufacturers of menswear products spurs the competitiveness of this market (Keller et al., 2015; MacGillivray and Hann, 2003). Market research analysts at Technavio have predicted that the global menswear market will grow steadily and post a CAGR of more than 4% over the forecast period. Consumer's desire to look fashionable and trendy is one of the primary factors driving the menswear market globally. Therefore, celebrity endorsement has a significant role to play in setting fashion trends and also helps to build product and brand awareness. For instance, brands like Adidas, Reebok, Dolce & Gabbana, Giorgio Armani, Givenchy, and Gucci invest heavily in employing popular male brand ambassadors to endorse their products. Moreover, department stores are also increasingly investing in celebrity endorsements for their retail apparel brands to attract customers and compete in terms of brand awareness and recognition. This promotional strategy is in line with the launch of international fast-fashion retailers in the global market and will boost this market's growth in the coming years.

The increasing number of private label brands and smaller manufacturers of menswear products is one of the upcoming trends spurring this market's growth prospects in the future. The number of private-label brands is increasing in the global menswear market, posing serious competition for global and regional vendors. Also, private labels are undercutting the retail prices of branded labels, and there has been a distinct improvement in the quality of the products offered by these private labels. In India, for instance, smaller regional manufacturers such as Arvind Textile, Garmeto, and Windmill Creations pose significant competition for fast-fashion retailers, such as Zara, H&M, and Forever 21 that are entering the country's menswear market.

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In this competitive environment, menswear retailers should utilize segmentation analyses to identify their customers and positioning analyses to assess how to attract more customers based on retail attributes. The literature also associates generation with consumers' preference of retail channels (Parment, 2013; Sullivan and Hyun, 2016; Taylor and Gao, 2014). Thus, exploration of generational differences is essential when developing targeted marketing strategies to consumers who prefer particular retail channels.

Purpose

This study will identify men's clothing market segments based on store types (e.g., department store, specialty store, discount store, online) and generational cohorts, and examine what retail attributes are important to target each segment. This goal will be accomplished by employing correspondence analysis, a mapping technique that uses cross-tabulation data as input and converts the data into a joint space map (Greenacre and Hastie, 1987). A Rasch Tree model will further test items of each factor in their relative importance to each of the store types and generations for shopping men's clothing (Strobl *et al.*, 2010).

Conceptual framework

Market segmentation involves identifying and grouping consumers based upon similar characteristics or behaviors so that retailers can develop strategies to meet their target consumers' specific needs (Blackwell *et al.*, 2006). Given the growing number of diverse retail outlets or store types for menswear, identifying the consumers frequenting each of the store types is crucial. As a common method for segmenting consumers, generational cohort analysis examines the effect of generation, controlling for social and structural differences, on consumers' opinion and changes in their beliefs or behavior.

Market positioning is a technique used to classify the image or identity of a store in the target consumer's mind, by which retailers can focus on store attributes or characteristics consistent with their customers' shopping needs and priorities (Blackwell *et al.*, 2006). Depending on their perception of store attributes, consumers may patronize or switch retail formats (Paulins and Geistfeld, 2003; Wilde *et al.*, 2004). Understanding the retail attributes that male shoppers desire from their shopping trips enables retailers to attract more shoppers while retaining their existing shoppers.

Methodology

A total of 2808 US male consumer data from Predictive Analytics survey in June 2017 for National Retail Federation are analyzed with three statistical approaches: Correspondence analysis, General Linear Model, and A Rasch Tree model. Correspondence analysis is used to identify segments based on store types and generations. General linear model determined what retail attributes are important to target each segment. A Rasch Tree model further tested items of each factor in their relative importance to each of the store types and generations for shopping men's clothing (Strobl *et al.*, 2010). For grouping generations, the respondents' ages were divided into four generations based on Reeve and Oh's (2007) classification. The distribution of generation was: Generation Y (27.07%), Generation X (22.20%), Baby Boomers (37.32%), and Seniors (13.41%).

Findings

Correspondence Analysis: Segmentation Based on Generation and Store Type

The correspondence analysis produced three segments (Figure 1). Segment 1 consisted of Gen Y male consumers who most frequently shop at specialty stores. Segment 2 consisted of Gen X males most frequently shop at discount stores and online stores. Segment 3 was composed of baby boomers and seniors who are frequent shoppers of department stores.

Although correspondence analysis identified three segments, each segment is not exclusive to the other segment. That is, Gen Y is distinctively grouped into Specialty store; however, some of Gen Y consumers may also shop at discount stores and online stores, because D (discount store) and O (online store) are not too far from 1 (Gen Y). As a result, the final sample from these distinct three segments consisted of 1171 respondents in GLM.

Figure 1: Correspondence analysis map
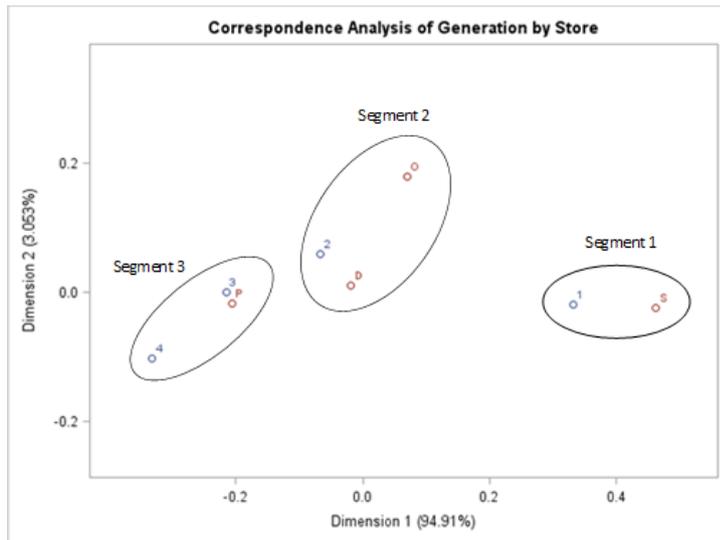
Note. Retail formats: P (department stores), S (specialty stores), D (discount stores), and O (online stores)

Generations: 1 (Gen Y), 2 (Gen X), 3 (Baby Boomers), and 4 (Seniors)

GLM: Market Positioning Based on Retail Attributes

To identify information on marketing positioning, retail attributes were compared among the three clusters using General Linear Model (GLM). Prior to this comparative analysis, the number of retail attributes was reduced into a smaller number of constructs via content analysis. Five factors emerged: Service, Online Convenience, Fundamentals, Promotion, and Experiential.

These five factors entered into GLM and it produced significant results among three segments in retail attributes (Table 1). Not surprisingly, Fundamentals were important across the three clusters, although they were most important to Segment 3. Compared to the other two segments, Segment 1 viewed experiential and online convenience as important reasons to shop at specialty stores. To Segment 3, promotion and fundamentals was relatively important compared to other segments.

Table 1: Retail attribute means by segment

	Mean (1 "yes" and 0 "no")			
	Segment 1 (n = 317)	Segment 2 (n = 260)	Segment 3 (n = 594)	F
Service	.15	.13	.15	1.20
Online Convenience	.12	.06	.04	15.37***
Fundamentals	.56	.55	.65	19.48***
Promotion	.15	.10	.23	28.70***
Experiential	.21	.07	.09	49.74***

Rasch Tree Model: Retail Attribute Item Analysis

Rasch tree analysis provides specific information on retail attributes for each store type and each generation. In this study, we are mainly interested in covariate (store favorites or generations) effects on item responses (item difficulty parameter). The results are shown in Figures 2 (Service), Figure 3 (Online Convenience), Figure 4 (Fundamentals), Figure 5 (Promotion), and Figure 6 (Experiential).

Figure 2. Rasch tree for *service* items
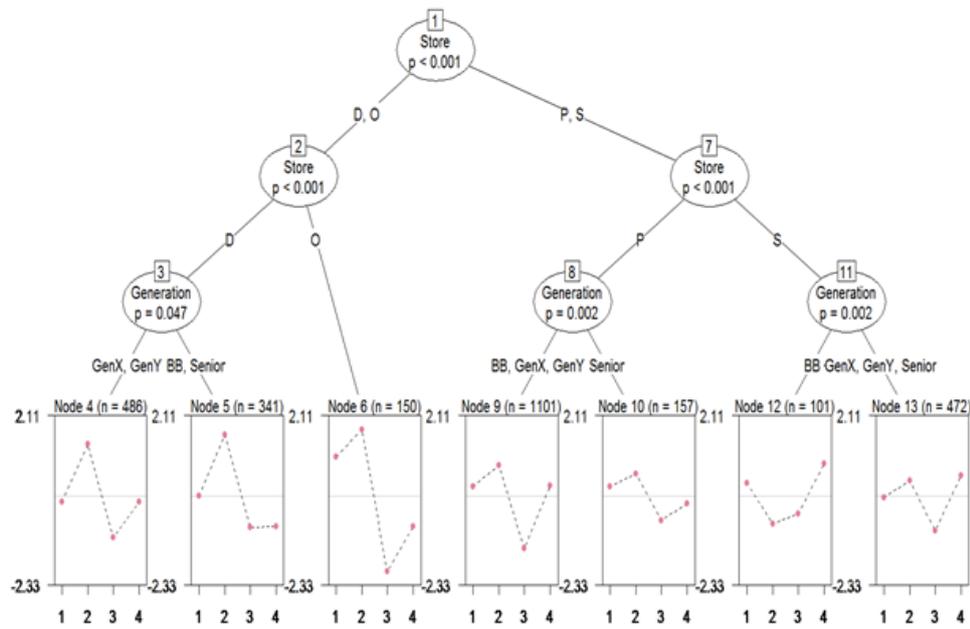
Note. In the terminal nodes, estimates of item difficulty are displayed for each of the four (4) items (1 Store layout; 2 Knowledgeable salespeople; 3 Brands available; 4 No hassle return policy).

Figure 3: Rasch tree for *online convenience* items
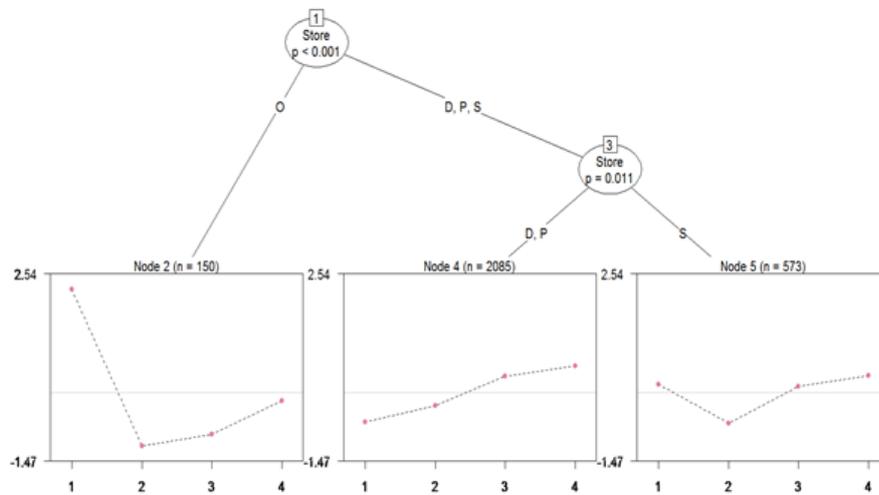
Note. In the terminal nodes, estimates of item difficulty are displayed for each of the four (4) items (1 Buy online, pick up in store; 2 Easy to navigate website/mobile site; 3 Convenience of website/mobile site; 4 Secure website/mobile site).

Figure 4: Rasch tree for *fundamentals* items
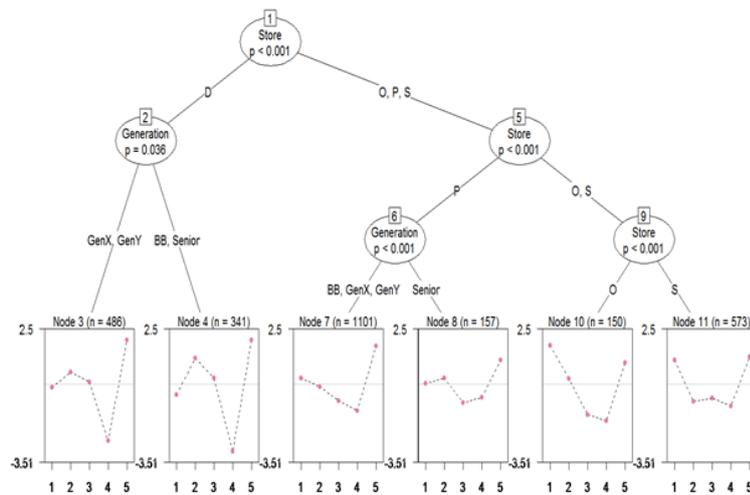
Note. In the terminal nodes, estimates of item difficulty are displayed for each of the five (5) items (1 Location; 2 Quality; 3 Selection; 4 Price; 5 Trustworthy retailer).

Figure 5: Rasch tree for promotion items
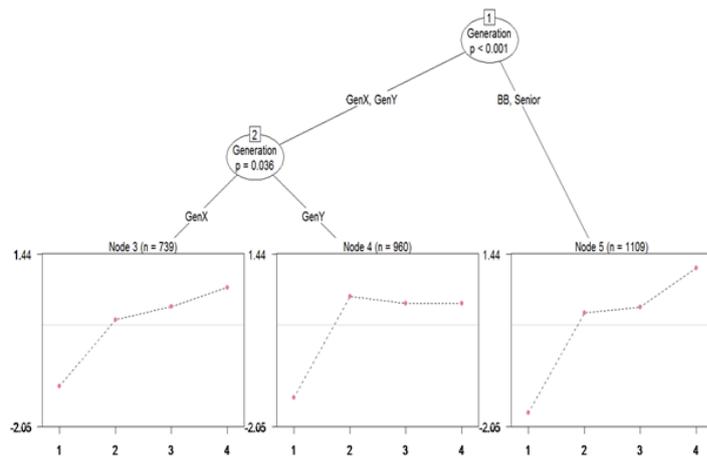
Note. In the terminal nodes, estimates of item difficulty are displayed for each of the four (4) items (1 Promotion; 2 Store credit card; 3 Store loyalty card; 4 Advertising).

Figure 6: Rasch tree for experiential items
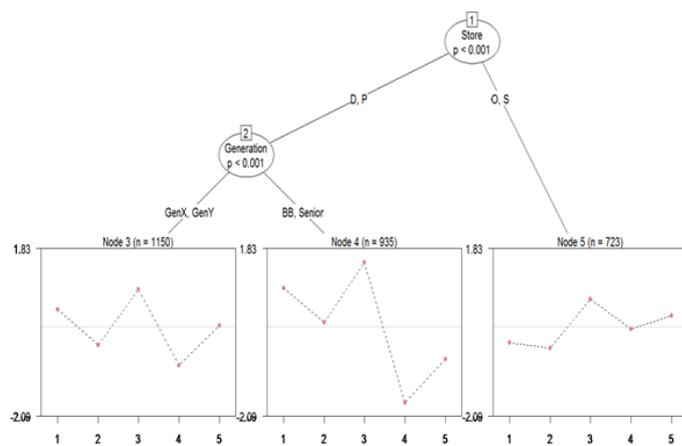
Note. In the terminal nodes, estimates of item difficulty are displayed for each of the five (5) items (1 Fashion ideas; 2 Newest styles; 3 Newest fabrics; 4 In-store experience; 5 Store appearance).

Rasch Tree analysis clearly shows that retail attributes should be assessed in importance for shopping at a specific store type for a specific generation. For *Service* factor, brands availability was a reason to shop at all store types for all generations, but no hassle return policy was more important to baby boomers and seniors. For *Online Convenience* factor, there were no generational differences in specific retail attributes of Online Convenience. This suggests that online retailers can lump together all generations in developing strategies to provide convenience. Among the four online convenience items, item 2 (easy to navigate website/mobile site) was relatively important to department, discount, and specialty stores. Item 1 (buy online and pick up in-store) was most important to discount and department store shoppers. For *Fundamentals* factor, item 4 (price) was most important to baby boomers and seniors, followed by GenX and GenY among discount store shoppers. Interestingly, *Promotion* factor did not show any store differences. This indicates that all stores become true competitors for promotional strategies and they must understand generational differences for specific promotion strategies. Overall, item 1 (promotion) was most important to baby boomers and seniors, whereas the other three items (store credit card, store loyalty card, and advertising) were not important to all generations. Lastly, *Experiential* factor produced distinct differences in five items among store types and generations. In-store experience was most important to baby boomers and seniors of discount and department stores. This item was relatively not important to online and specialty shoppers among all generations.

Contributions

Researchers and practitioners of men's clothing can conduct correspondence analysis accompanied by GLM as a fast and easy solution to target their customer segments and develop retail strategies for each segment. Rasch Tree model can further provide specific item analysis to determine which retail attributes are important for which generation and which store type, to appeal to more comprehensive target consumers.

Practical implications

This study provides men's clothing retailers with current insights into the male consumer segments based upon generational cohorts and store types from which they can better develop appropriate positioning strategies to satisfy the needs of each segment. For segment 1 (Gen Y consumers who shop at specialty stores), menswear retailers must provide a pleasing shopping environment and fashion items and continue to provide fundamentals of location, quality, selection, price, and trust. For segment 2 (Gen X consumers who shop at discount stores and online), menswear retailers must continue to provide fundamentals of location, quality, selection, price, and trust. For segment 3 (baby boomers and seniors who shop at department stores), menswear retailers must provide promotional strategies such as promotional items and store credit or loyalty card and continue to provide fundamentals of location, quality, selection, price, and trust.

Research limitations and outlook

This study measured reasons for shopping at a specific store type based on Yes and No answers for retail attributes. Future research could employ both the importance and performance of retail attributes that are measured on a rating scale to understand consumers' attitudes toward each retail format.

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The Glue that Molds the Organization Together

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Keywords

Information technology, platforms, knowledge management, organizational, boundaries, platforms, retail, case study

Introduction

Our study is based upon the idea that information technology changes how knowledge and information is shared across organizational boundaries and ecosystems. Extant literature suggests that digitalization reorganizes firms' resources and creates new digital mediums for the exchange of products, services and information (Brynjolfsson and McAfee 2014), giving knowledge and information an increasingly important role in the management of organizations altogether (e.g. George, Haas and Pentland 2014). Information technology not only enables organizations to automate routine tasks (cf. Zammuto, Griffith, Majchrzak, Dougherty and Faraj 2007), but also makes possible the real-time and automatic sharing of knowledge and information (Weill and Vitale 2002; Wasko and Faraj 2005; Boh 2007).

In this paper, we focus on understanding the effects of information technology on how knowledge and information is shared in network organizations. In the past couple decades, hierarchical forms of organizing have been increasingly replaced by complex, loosely interconnected modular organizational forms (Schilling and Steensma 2001; Pil and Cohen 2006). While several studies highlight the benefits of these types of network organizational forms (e.g. Zaheer and Bell 2005; Dhanaraj and Parkhe 2006; Schilling 2015), they are also recognized as difficult forms of organizations to govern, due to often a clash between the network-level strategy and the individual, independent strategies of network members. In retail, understanding the effects of information technology on networks is especially relevant, as retail organizations are traditionally regarded as complex organizations, combining features of both hierarchical and vertical governance mechanisms to coordinate the retail value-chain (e.g. Mitronen & Möller 2003).

As retail has become more global, for example as information technology has made the global retail marketplace more transparent and accessible to both customers and suppliers, competing in the global retail marketplace has also becoming increasingly data and information driven, bringing huge change to the retail industry through the increased productivity and performance that information technology delivers to retailers (cf. Brown et al. 2005). Through digitalization, more information is available for managers (Schildt 2017) as computers have become more powerful and algorithms have been developed to connect databases and enable increasingly accurate analysis of them (cf. Provost & Fawcett 2013). While digitalization is creating more information for managers, the knowledge management function is also changing, as the translation of information to knowledge is increasingly conducted by computers, often taking human agency away altogether from this mental process of processing information (cf. Ng 2016). For example, today machine learning algorithms are capable of training computers to be more accurate and capable than those that we can manually program, often capturing highly valuable and previously unnoticed regularities (Brynjolfsson & Mitchell 2017). One example of this data and datification led transformation of work, communications and cooperation (e.g. Newell & Marabelli 2014) are big data and algorithms, which have both affected how modern firms are organized (Schildt 2017). Big data allows managers to know more about their business, allowing them to translate the increased information to improve the organization's decision-making processes and performance (McAfee, Brynjolfsson and Davenport 2014).

Purpose

In this paper, we illustrate the impact and implications of information technology on one specific type of retail organization, a network of customer cooperatives. We draw on knowledge management literature and the knowledge-based view of the firm to understand the effects of information technology on how knowledge and information is shared in network organizations. Our case is a network of customer cooperatives, S Group, where an information technology platform, in the form of an internal information network and infrastructure, for sharing financial and sales data was implemented, allowing for the first-time network-level transparency in financial and sales reporting, simultaneously enabling the bi-directional sharing of knowledge and information between the cooperatives and the central organizing body. Today, S Group consists of more than 1600 retail outlets in Finland, and a market share of over 40% in the Finnish grocery retail market. Through a longitudinal case study of S Group, we studied the structural change process of S Group, which served as a driver for information technology enabled knowledge and information sharing, enabling the turnaround of the organization after the strategic change process. We analyzed the problems that S Group faced prior to the real-time and automatic knowledge and information sharing facilitated by an information technology platform, and the subsequent impact that the increased use of information technology had on the functioning of the network, including on how knowledge and information was shared. on key events and strategic initiatives that we identified (Saldaña 2015), creating an event database that covered the period of interest.

Design/methodology/approach

We collected data about S Group between 2016 and 2018 concerning the structural change process in the network between the late 1970's and early 2000's. A cooperative is a suitable research topic due to its complex organizational structure, as the governance of organizational networks, such as networks of customer, consisting of autonomous organizations is difficult (cf. Provan & Kenis 2007), requiring that the network-level strategies and strategic goals are aligned between the central organizing body and the independent cooperatives (Chow & Chan 2008).

Data Source	Type of Data	Use in the Analysis
Company archives (1671 pages)	*Company- related documents*:	Familiarize with the organizational context
	Internal presentations, board meeting minutes, pictures, correspondence with stakeholders	Support the development of a timeline for IT implementation
	Project-related documents: Design plans, meeting minutes, project updates, internal presentations, seminar reports, tender evaluations	Support and triangulate evidence from interviews and other data sources
		Keep record of key events in the development of the S Net platform
Interviews (814 pages)	*Preliminary interviews* (6): with all CEO's of central organizing body from 1983 – 2018, to investigate case organizations history,	Familiarize with the organizational context

	culture and decision-making processes	Investigate the relationship between new initiatives and the functioning of the organization
	Focused interviews (27): with members of different parts of the organization including marketing, IT, real-estate management and human resources, on the evolution of the organization and the new initiatives launched in the network between the late 1970's and early 2000's	Create understanding for the role of technology in the change process of the organization
		Support the development of a timeline for IT implementation
Middle-management memos (2249 pages)	*Memos of former managers* (110): Memos with former employees from different levels of the organization describing their career at the organization, including key developments in the history of the organization	Investigate the relationship between new initiatives and the functioning of the organization
		Create understanding for the role of technology in the change process of the organization
		Support the development of a timeline for IT implementation
CEO archives	Company-related documents: Internal presentations, strategy plans, maps of the development process, notes, personal memo's	Support and triangulate evidence from interviews and other data sources
Annual reports	*Company-related documents:* Annual reports, letters to shareholders	Familiarize with the organizational context
		Support and triangulate evidence from interviews and other data sources
Books	*Biographies of case company:* Historical accounts of organizations history, and key developments	Familiarize with the organizational context
		Support and triangulate evidence from interviews and other data sources

Books written by employees: Accounts of specific developments in organizations history

Support and triangulate evidences from interviews and other data sources

The opportunity to conduct research at S Group arose when we were working on a research project with S Group aimed at understanding the nature of technological change in the retail sector. As a side-product of this project, we were interested to study S Group and its strategic change in the 1980's, when the strategy work was initiated as a response to a crisis that S Group faced in the late 1970's and early 1980's. With the consent of S Group's management, the project was designed, at its inception, to involve a long phase of data collection with a combination of interview, archival and other additional data sources such as newspaper clippings, financial reports and memos of former employees, at first focusing on the strategic change process and its outcome. For example, we were able to gain access to the SOK archives, allowing us to analyze memos, reports, position papers and miscellaneous internal publications from the focal time period. By using a large variety of data sources, were able to gain a holistic perspective of the organization's history, culture and structure, as well as the strategic change that took place in the organization. We conducted over 30 interviews, and analyzed thousands of pages of documents in total to draft our findings, and understand longitudinally the types of technology implemented in the organization and the effects more specific effects of this technology. Table 1 describes our data sources.

Our analysis centers on one major aspect of an organization's competitive advantage, knowledge and information sharing. We have focused in our analysis on the role of information technology at S Group, because the interviewees repeatedly and consistently emphasized the positive impact of technology on S Group's recovery from financial problems. We compiled evidence that describe the financial problems the network faced in the 1970's and the move to more active collaboration between the cooperatives in the late 1990's. Within each chronological period, we established a common model of coding, while separating between the different sources of data. The coding structure stems from our purpose to study how the organization changed through these years, through information technology, more specifically in terms of how knowledge and information was shared in the organization. Through our analysis we aimed at explaining theory, rather than testing or generating new theory similar to, for example, Ravasi and Schultz (2006). Thus, we followed the principles used in grounded theory, meaning that we remained clear to our purpose of the study, the issue we hoped to illuminate and the practices it might influence (Maxwell 2012).

With an eye toward theory explanation and elaboration, we systematically read the entire set of data and identified all references to knowledge and information sharing, and information technology. Such references took the form, for instance, narratives about the increased collaboration between different stakeholders once knowledge and information was more actively shared, or internal reports on the progress of information technology implementation. After this initial analysis, we engaged in a broader analysis of the data that entailed generalizing from the specific accounts we first identified, to broader themes through iterative coding.

We classified the data based on key events and strategic initiatives that we identified through our coding pattern (Saldaña 2015). We first identified broad themes by reading randomly selected pieces of our data, such as interview transcripts and archive documents. We then used these broad themes, such as the S83 strategic plan, as coding categories. When new topics emerged, such as the implementation the S Net platform, new codes and categories were added. Thus, through the categorization of the data, we were able to understand the crisis that the organization faced, what types of information technology were implemented and the impact of the technology on the functioning of S Group.

Findings

Information technology changes knowledge management in retail organizations, enabling increased efficiency and transparency for organizational stakeholders. This is especially relevant in retail, where

the organizational structures of retail organizations tend to be complex, from hierarchies to hybrid organizations (e.g. Mitronen & Möller 2003). In complex retail organizations such as networks of customer cooperatives, efficient knowledge management is thus crucial for coordinating the network and maximizing financial performance.

Our findings contribute to theoretical understanding of information systems, knowledge management and retail management, as we illustrate how information technology can become the glue that molds complex organizations, such retail organizations like cooperatives or franchises that consist of legally independent stakeholders, together. Based on our observations, we propose that information technology brings together organizations in two ways, first a) as more advanced information systems require each stakeholders to make investments in the new technology, to enable information sharing between stakeholders, these financial investments bring commitment to the new technology, and b) when the technology is managed by a central organizing body, power shifts from network members to this organizing body in charge of the new technology, meaning that the network becomes more tightly coordinated and the network begins to incorporate some elements of a hierarchy, even though no formal changes in the governance mechanisms or rules are incorporated. Furthermore, the findings show that knowledge and information sharing does not necessarily create the most benefits for organizations when there is only a one-sided relationship for information transfer, for example where information is transferred only from a one side to another without other forms of collaboration, such as from network members to a central organizing body. Instead, a more meaningful way to create enhanced communication, control and coordination in complex organizational settings is by implementing an information technology platform, which enables a two-sided relationship for sharing knowledge and information, thus transforming knowledge and information to something that is in real-time and automatically shared across organizational ecosystems. In our case study, it was exactly this shift to a platform structure and two-sided knowledge and information sharing that resulted in the increased collaboration between the central organizing body and the cooperatives.

We hope that researchers who study knowledge and information sharing in organizations will use the findings of this study to recognize the potential of information technology in enabling change in complex organizational settings. While it may be impossible for networks to change the formal governance rules of the independent and autonomous network members, information systems may provide the tools to enhance collaboration, tools generally characteristic of more hierarchical organizations. By enabling the two-sided sharing of knowledge and information, information technology platforms should thus be embraced by network organizations due to the potential efficiency gains they deliver, in addition to the increased transparency in knowledge and information. At S Group, information technology became the glue that molded the organization together, as like glue, the information technology platform was sticky on both sides, meaning that both sides, the cooperatives and the central organizing body, benefited from the increased collaboration technology enabled in the form of more knowledge and information sharing across the network.

Originality/value

We contribute to research on information systems, knowledge management and retail management, illustrating how retail organizations, often structured as networks, information technology may become the glue that helps mold autonomous organizations together. Thus, although it is acknowledged that technology has the potential of influencing organizational boundaries and structures (e.g. Barley 1986; Hitt 1999; Brews and Tucci 2004; Kim & Mahoney 2006), our findings shows that this influence is especially significant in complex organizational settings, where the increased knowledge and information shared via an information technology platform, enables the organization to shift from loosely to more tightly coupled, enabling increased coordination, control and collaboration of the network in the process. Furthermore, our study confirms that information technology has the potential for creating new practices for knowledge and information sharing in organizations and increasing organizational efficiency when the previously human-made decisions are replaced with hard-data.

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Retail Place Attachment and Online Space

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Keywords

Retail place attachment, online space, online shopping,

Purpose

The propose of this study is to investigate place attachment in relation to online shopping, specifically this study 1) examines whether retail place attachment is influenced by fashion involvement, nostalgia and symbolic interaction; and 2) establishes the role retail place attachment plays in online shopping patronage.

Design/methodology/approach

Survey method with non-probability, purposive sample was used in this study. Two professional organizations and members of a Facebook's "*What is Your Favorite Place to Shop*" community were main approaches for data collection. Additionally, ordinal logistic regression was utilized for this research.

Findings

Results of this study confirm that only nostalgia and symbolic interaction increases retail place attachment within the retail setting. Additionally, the analysis indicates that age has a negative relationship with retail place attachment while being male have a positive relationship. However, outcomes show that place attachment does not increase online retail patronage.

Research limitations/implications

The study respondents are primarily U.S. consumers. Consequently, results cannot be generalized to other cultural contexts. Additionally, the sample was disproportionate in race, gender (although gender effect was controlled), and age so it was not a broad sample. This may bias the results. Results need to be confirmed in another study or a particular product area.

Practical implications

These findings suggest that store atmosphere can boost consumer retail place attachment. Specially, it is important that retailers create store environment that enhance nostalgia feeling and augment symbolic interaction. This attempt may facilitate consumers to construct better retail place attachment, which may influence consumer repatronage, or willingness to return to retail establishment, impact consumer shopping preferences, and amplify intention to buy.

Originality/value

The most revealing result in this study finds retail place attachment does not increase online retail patronage is curious. This finding contradicts previous research about place attachment, including studies related to brick and mortar stores or retail services.

Seamless Customer Experience. The Construct, Antecedents and Consequences

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Keywords

Omnichannel, customer experience, seamlessness, retail loyalty, customer engagement.

Introduction

Dramatic changes are constantly taking place in the retailing industry with the increasing use of the mobile channel, the number of channels in use, improving technologies and changing shopping behaviours (Verhoef, Kannan, & Inman, 2015). In modern day omnichannel retailing, consumers now expect channels to be connected so that they can choose the channels they wish to use simultaneously throughout the purchase process (search, purchase and after-sales). To address these new customer behaviours, many companies are undergoing digital transformations as part of their omnichannel strategies. The sole aim of these strategies are often to provide a seamless customer experience (SCE) (Singh & Hess, 2017) yet few retailers are able to accomplish omnichannel strategy (eMarketer, 2013).

There has been limited research in the customer experience field (Rizley 2016). As such, it has been deemed a critical managerial issue and a key research priority by the Market Science Institute in 2016. The internal responses resulting from online customer experience (Novak, Hoffman, and Yung 2000; Rose et al. 2012) and brand experience (Brakus, Schmitt, and Zarantonello 2009) have been empirically tested. However, there are currently no empirical studies relating to SCE and few relating to general customer experience (Verhoef et al. 2009; Frow and Payne 2007; Holbrook and Hirschman 1982; Schmitt 1999). Yet, in literature, SCE is widely cited as the main objective in retailer omnichannel strategies (Edwards & Grosskopf, 2015; Fulgoni, 2014; Grewal, Roggeveen, & Nordfält, 2016; Piotrowicz & Cuthbertson, 2014; Taylor & Levin, 2014; Verhoef et al., 2015). This study aims to address this gap by providing original empirical research that brings forward knowledge about customer experience in the modern omnichannel retailing environment.

Purpose

This paper is intended to make three contributions; to investigate the antecedents of SCE which will improve knowledge of the conditions required to create it; secondly, to explore any potential links between SCE and customer engagement as an outcome, which are two very current and emerging theories in marketing practice; thirdly, empirical results will support a solid conceptualisation of SCE within a grounded theory framework.

Conceptual framework

In the field of marketing, an analysis of the literature reveals that the most common use of seamlessness refers to channel integration (Fulgoni, 2014; Grewal et al., 2016; Hakanen & Jaakkola, 2012; Heller Baird & Parasnis, 2011; King, 2012; Payne & Frow, 2004; Schulz, Dority, & Schulz, 2015; Shaw, 2016; Smith & Wheeler, 2002) and there are no divisions in shopping between online and offline for the customer (Fulgoni, 2014; King, 2012; Schulz et al., 2015). SCE is also discussed as shopping across all channels (Grewal et al., 2016; Heller Baird & Parasnis, 2011; King, 2012; Mari, 2015; Smith & Wheeler, 2002). In a SCE, channels are perceived as unified, blurred, smooth or as one channel by the customer (Piotrowicz & Cuthbertson, 2014; Taylor & Levin, 2014), cohesive (Grewal et al., 2016) and efficient (Johnston & Clark, 2008). SCE is consistent, continuous and can be achieved anytime, anywhere (Fulgoni, 2014; King, 2012).

Providing richer support, SCE's contain consistent value propositions (Payne & Frow, 2004; Smith & Wheeler, 2002) which involves the perceptions of price, promotion and offer across channels (Cao & Li, 2015; Grewal, Monroe, & Krishnan, 1998). Further to this, SCE contains channel reciprocity which is the perception of how services are co-ordinated and connected across channels (Davis, Buchanan-Oliver, & Brodie, 2000).

We therefore define Seamless Customer Shopping Experience as customer-retailer interactions that offer consistent value proposition and channel reciprocity, as perceived by customers when simultaneously shopping across all channels and devices.

Figure 1 provides an overview of our working conceptual framework. Following conceptualisation, the main objective of this framework is to examine the antecedents and outcomes to provide a richer theoretical underpinning of the SCE construct.

It is anticipated that SCE is influenced by omnichannel firm integration; which includes service quality, firm alignment and customer recognition. We propose that SCE will be positively related to loyalty, satisfaction and customer engagement. Involvement will be tested as a moderator in the framework. Further explanations of the constructs theorised in the framework are below.

Figure 1; Working Conceptual Framework
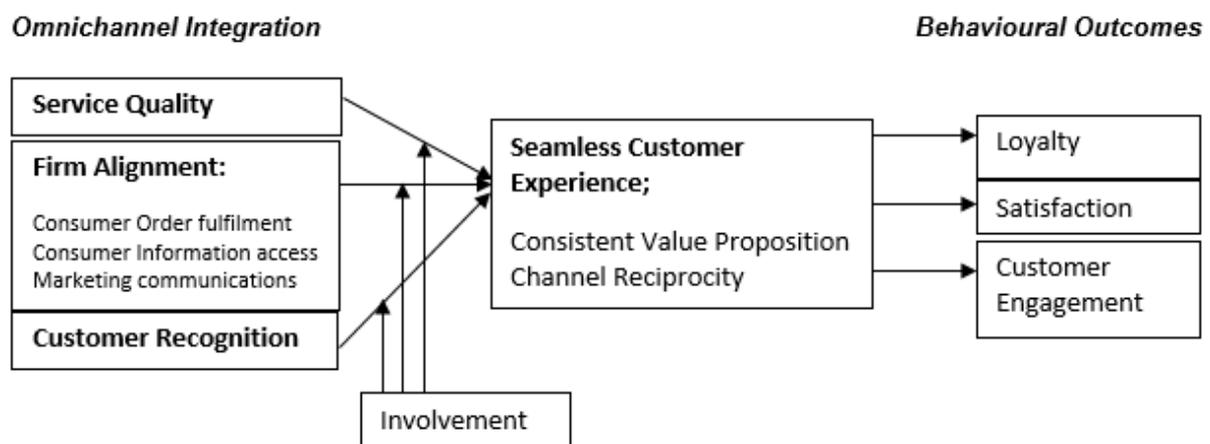
Service Quality

Service quality is a measure of how well the service level delivered matches customer expectations (Parasuraman, Zeithaml, & Berry, 1985). Quality is defined as judgements of a product or a services' overall excellence or superiority (Zeithaml, 1988).

Whereas SCE contains the consumers' perception of value proposition, quality is a judgement which has been found to be a determinant of value (Lemke, Clark, & Wilson, 2011; Zeithaml, 1988). The perception of value is a higher level abstract assessment of a product or service, based on the benefits and costs of a product or service. As SCE contains value perception, it is therefore likely to be influenced by service quality.

Customer Recognition

Customer recognition refers to 'the extent to which customers feel that they are recognised and acknowledged when they initiate contact (Lemke et al., 2011). More specifically, customer recognition refers to the customer being identified by the firm on each channel or touchpoint, through their customer ID, order or service requirements.

Customer recognition is a fairly new concept and little is known about how it can affect the SCE, however, studies have indicated that customer recognition can enhance or enrich the SCE (Homburg, Jozić, & Kuehnl, 2017; Schmitt, 2010) therefore customer recognition is likely to influence the SCE.

Firm Alignment

Firm alignment refers to the physical integration of channels interacting at the firm level (Herhausen, Binder, Schoegel, & Herrmann, 2015) and integration often appears in the definition of omnichannel retailing (Aubrey & Judge, 2012; Beck & Rygl, 2015; Grewal et al., 2016; Piotrowicz & Cuthbertson, 2014; Taylor & Levin, 2014). Channel integration is critical to the production of an SCE for the consumer as it involves the perception of being able to switch channels easily (channel reciprocity) and receive the same value proposition on every channel, regardless of the channel or amount of channels used during the experience.

There are three dimensions underpinning this construct; Customer order fulfilment, which refers to services between channels eg. click and collect; information access, which refers to the provision of information that supports other channels eg. store opening times on website, and; marketing communications, which concerns brand and messaging consistency on every channel (Bendoly, Blocher, Bretthauer, Krishnan, & Venkataramanan, 2005; Cao & Li, 2015).

Involvement

Zaichkowsky (1985, p.342) defined customer involvement as "A person's perceived relevance of the object based on inherent needs, values, and interests". Involvement is the personal relevance of the experience to the customer, and the conscious attention, scrutiny and intensity they pay to the experience (Putrevu & Lord, 1994; Wallace, Giese, & Johnson, 2004). When customers are involved in a shopping experience, they process cognitive (rational, thinking or beliefs) and affective (feelings and emotions) components (Putrevu & Lord, 1994; Swinyard, 1993). Customers are highly involved when they invest time and resources into researching the product or service, whilst low involvement is characterised by little requirement for analysis, scrutiny and research (Pansari & Kumar, 2017). High involvement is usually linked to shopping experiences containing infrequent purchases where low involvement relates to everyday products or services bought out of habit (Pansari & Kumar, 2017).

Involvement is linked to effort (Celsi & Olson, 1988). When experiences are seamless, they are more consistent and efficient, thus it is assumed that less effort is required. The level of attention and scrutiny paid to shopping is highly likely to affect the cognitive evaluations of product, price and offer consistency across channels. Customers who are highly involved in an experience are likely to pay more attention to the consistency across channels. Low involvement consumers may not focus on ease of movement or the consistency of the value proposition across channels. Therefore we expect that when a customer is highly involved in a purchase, they will pay more attention during their experience. It is for this reason, that it will be tested as a moderator to SCE but may be considered as a moderator to satisfaction or loyalty.

Satisfaction

Satisfaction is defined as the evaluation of value received during a consumption experience (Carpenter, 2008; Oliver, 1980). Satisfaction has been found to be a direct outcome of brand experience (Brakus, Schmitt, & Zarantonello, 2009) and it is naturally related both conceptually and empirically to cognitive judgement and affective reactions (Mano & Oliver, 1993), strengthening our wish to test it as an outcome in this framework.

Customer engagement

Van Doorn et al., (2010) broadly define customer engagement as "a customer's behavioural manifestations that have a brand or firm focus, beyond purchase". It is an action that contains individual participation in the retailer offering that is initiated by the customer or the firm (Pansari & Kumar, 2017; Vivek, Beatty, & Morgan, 2012). Carù and Cova (2006) identify a more holistic perspective of customer engagement by discussing the consumer's immersive experience which is sensual and personal. When immersion is personal, the experience can be co-created with the object under consumption. Firms believe that high customer engagement is a necessity for growth whilst low customer engagement can be detrimental to it (Kumar et al., 2010).

Wheras involvement regards the relevance of and the attention paid to the product or service, engagement involves active participation in the experience. Customer engagement has been linked

conceptually to customer experience and satisfaction, but it has not yet been tested (Pansari & Kumar, 2017), therefore it will be tested in our framework.

Loyalty

Berry, Carbone, & Haeckel, (2002) suggested that the total experience can influence the customer returning to the same company over another, implying that customer experience management can strengthen customer loyalty. Verhoef et al., (2009) stated that customer experience is a key factor in building loyalty to brands, channels and services. Customer experience was suggested to likely have a positive effect on loyalty (Verhoef et al., 2009), and it been proven empirically as an outcome of brand experience (Brakus et al., 2009), thus strengthening our argument to test it as an outcome to SCE.

Design/methodology/approach

The study will require a sample size of 400 to meet parameter requirements of SEM. To ensure a robust and generalizable study, the sample will be enlisted from two populations such as U.S. and European consumers, using a professional survey company and will include the collection of demographic information. The framework will be tested using an online survey instrument, consisting of scales that have been developed using established scale development procedures (Churchill, 1979; Rossiter, 2002). An online survey instrument will assess a level of agreement to a series of statements relating to an ideal shopping experience that is recent i.e. experienced within the last three months for accurate recall. Scales will be finalised shortly and data will be collected prior to the conference, for presentation.

Original/value

This study is intended to make 3 theoretical contributions. The first contribution is the addition of new knowledge in the understanding of SCE as little is known about the concept. The comprehensive model provides support for the concept, which has not been found in previous literature. This brings forward the customer experience literature in the omnichannel environment.

The second contribution is to add new knowledge to the customer engagement construct, which is gaining more and more traction in marketing literature, due to its potential in providing a richer long term customer-firm relationship, leading to greater profitability over time (Pansari & Kumar, 2017).

Thirdly, we hope to resolve the gap in knowledge regarding how marketing practitioners can create a SCE and strengthen their omnichannel retail strategies. This study will identify the necessary antecedents required to support and improve the implementation of strategy, whilst providing important outcomes that reflect retailer ambitions.

Practical implications

The wider investigation of the SCE is required to develop the theoretical framework, based on pre-existing theory. Customer experience has been discussed as a multidimensional and complex construct (Lemon & Verhoef, 2016). It is important for firms to understand the full extent of SCE in the omnichannel context, including the antecedents and consequences, to improve their focus and strategy, and to view the complete picture of the causal effects.

Social implications

It is anticipated that the consumers' ability to switch channels whilst shopping can foster positive and negative feelings, such as happiness, frustration or anger (Lemon & Verhoef, 2016). Purely internet based retailers such as Amazon have dramatically enhanced the retail experience with extensive customer reviews, greater service reliability and fast delivery times. This has lead customers to now expect a SCE from omnichannel retailers also (Piotrowicz & Cuthbertson, 2014) and can lead to feelings of satisfaction and dissatisfaction and how engaged a customer is when shopping.

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Triggered or Consciously Evaluated? A Qualitative Inquiry into the Decision to Start Using e-grocery Services

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Introduction

Most extant studies into the adoption of e-grocery services either use a sample of current non-users and investigate their behavioral *intention* (or lack thereof) to order groceries online at some point in the future (Hui & Wan, 2009; Verhoef & Langerak, 2001), or they use a sample of users and look into their behavioral *intention to continue* to use the online service (Boyer & Hult, 2005; Hansen, 2006; Mortimer, Fazal e Hasan, Andrews, & Martin, 2016; Ramus & Nielsen, 2005). There are also studies that use a combination of the two types of samples (Hansen, 2005a; 2005b; 2008; Hansen, Møller Jensen, & Stubbe Solgaard, 2004).

What is largely missing in the literature is an analysis of users' *decision to start* using online grocery services, or, in other words, of the trigger(s) that incite consumers to try e-grocery shopping in the first place. To date, only Robinson, Dall'Olmo Riley, Rettie, and Rolls-Willson (2007) and Hand, Riley, Harris, Singh, and Rettie (2009) have questioned consumers about their motivations to start (and, in some cases, stop) using such services. In their exploratory study, Robinson et al. (2007) organized focus groups with internet grocery shoppers living in the UK. A key finding is that situational variables are the dominant triggers to start (and stop) the use of online grocery services. The results of the large-scale survey of Hand et al. (2009), also for the UK, validate these findings.

The results of these two studies would seem to clash with the technology adoption literature, which states that the adoption of an innovation is a one-off process driven by cognitive elaboration and decision (Davis, 1989; Rogers, 2010; Venkatesh, Thong, & Xu, 2012). In other words, consumers would, prior to adoption, consciously evaluate multiple innovation characteristics – such as relative advantage, complexity, and perceived risk (Verhoef & Langerak, 2001). In contrast, the findings of Robinson et al. and Hand et al. suggest that the adoption decision is rather prompted by new situations and circumstances, and is also changeable.

But perhaps the two views can be reconciled. Note in this respect that Hand et al. (2009) discern a "no real reason" cluster. Respondents in this cluster – which was the largest – were unable to explain what had motivated them to start shopping for groceries online. The only statements that had an influence on adoption – albeit only moderately – were statements on 'convenience', 'flexibility', and 'no time to shop'. In fact, 'convenience' and 'flexibility' were reasons with a moderate to strong influence in *all* clusters. In other words, although some consumers are triggered by circumstances, a significant number do seem to evaluate factors related to the adoption construct 'performance expectancy' (or 'relative advantage'), and do seem to follow a cognitive process. This suggests that it is worth exploring both paths and that one should examine the impact of situational variables as well as the cognitive evaluation process. The findings of the ethnographic case study by Elms, de Kervenoael, and Hallsworth (2016) justify this further.

Purpose

In light of the above, the contribution of the present paper is that we explore the importance of both situational factors *and* adoption constructs in the decision to use online grocery services for the first time. Concretely, on the one hand we build on the research of Robinson et al. (2007) and Hand et al.

(2009), and investigate whether situational factors are indeed triggers. But at the same time we add to these studies by looking into the co-existence of specific constructs of technology adoption models as motivators.

Methodology

We have conducted semi-structured in-depth interviews with 15 households in Flanders (the Dutch-speaking part of Belgium), who all use Collect & Go, Belgium's most popular online grocery service. Using a maximum variation sampling method, participants with different household compositions were selected. The unit of analysis in our study is not the individual (as is common in the literature), but the household. In particular, we always interviewed all household members involved in the process of (online) grocery shopping. The interview data was analyzed using qualitative content analysis. All interviews were audio recorded, transcribed verbatim by the researcher, and coded with NVivo Pro 11 software.

Findings

First, in line with the findings of Robinson et al. and Hand et al., situational factors proved to be the dominant triggers for the first use of an online grocery service. However, whereas in the study of Hand et al. (2009) health problems and changes in family circumstances had the most influence, in our sample recommendation is the number one trigger. This discrepancy in importance can be explained by the fact that Hand et al. define 'recommendation' as the influence of advertising such as leaflets, coupons, TV advertisements, and the like. However, in our interviews we observed that while for some households the trigger was indeed a promotional flyer or a voucher for the service cost, other households started using Collect & Go because their friends/colleagues or family shared positive experiences. This is an altogether different form of recommendation and rather relates to the adoption construct 'social influence'. The importance of social influence that we observe is in line with the study of Ramus and Nielsen (2005) for Sweden and the UK. They find that 'subjective norm' – the influence of friends, family, and colleagues – is the number one reason for participants to have started ordering online, followed by exposure to advertisements.

Second, the high behavioral intention for continued use among our interviewees clashes with the view of Robinson et al. (2007) and Hand et al. (2009). We find that, in line with the findings of Elms et al. (2016), all households except one were highly motivated to continue to use the online grocery service, even after the disappearance of the initial circumstances that had triggered adoption. This suggests that adoption is not (always) an erratic process. Triggers often induce adoption, but not in isolation from an evaluation of adoption constructs. We find that immediately after or soon after the emergence of the initial trigger, consumers think of the online grocery service in terms of theoretical innovation characteristics. Hence, the impact of situational factors cannot be disconnected from a cognitive decision process.

The main constructs taken into consideration by our respondents are social influence, performance expectancy, service quality, and perceived (in-store) shopping enjoyment. Where performance expectancy is concerned, the respondents find online grocery shopping convenient because of the independence of time and place, the avoidance of queues and crowded aisles, and the possibility to grocery shop without having to take their children to the store. Most households are also convinced that ordering online saves them money. Respondents acknowledge that buying online is more economical, as the number of impulse purchases is reduced to a minimum (Ramus & Nielsen, 2005; Robinson et al., 2007). As the process of ordering is planned and structured, one just orders what one needs and one is less tempted to buy unnecessary products:

> *Female: Before, when I actually went to the supermarket, I spent 15 to 20% more than now, because you buy much more on impulse. You walk around and then "Oh yes this" and "Oh yes that", but if I order online I work with a list, I send my order and it is done. As a result, I have far fewer impulse purchases, my weekly amount is always less, so the 5.50 euro reservation cost is amply compensated. And very often I take advantage of these actions; if you buy this or that, you do not have to pay the reservation cost. (Interview_Sabine)*

Most respondents in our sample follow a procedure while ordering: they first consult lists with favorite and/or regularly bought products as well as the previous order, next they consider promotions, and some also add items from a hand-written list (Harris et al., 2017). Still, the most important advantage of e-grocery shopping is that it saves households a lot of time:

> *Male: Time is the most important, I think it is the most important argument.* (Interview_Sandra and Peter)

These aspects of performance expectancy (convenience, saving money, saving time) are in line with existing studies (Colla & Lapoule, 2012; Harris et al., 2017; Ramus & Nielsen, 2005; Verhoef & Langerak, 2001).

Interestingly, the relative importance of the perceived advantages does not seem to depend much on household characteristics. Where the time-saving feature is concerned, we find that employment and the presence of children have little impact. Saving time proved to be important in all life cycle stages. It was only for the newlywed – young couples without children – that budget control rather than time-saving was the main advantage. This is not that surprising, as couples in this stage spend quite a lot on furniture, etc. (Wilkes, 1995). In the other stages, saving time is crucial as respondents feel they are pressed for time because of their children and/or their (full-time) jobs. Overall, the respondents in our sample perceive grocery shopping as a chore, an obligatory task that must be performed during their non-discretionary (non-paid obligatory) or leisure time (Duncan Herrington & Capella, 1995). It is thus not surprising that they opt for an online service in order to reduce the non-discretionary time spent on grocery shopping, so as to increase the leisure or quality time with their family.

Contributions

Our contribution to the existing literature is twofold. First, we add to the adoption literature as we are the first to explicitly explore the relative importance of both technology adoption constructs and situational factors as motivators for the first use of online grocery services. Second, our research adds to the rather limited body of qualitative research in the field.

Practical implications

While our results are only exploratory and need further validation, the findings suggest the following managerial recommendations. For one, supermarkets could, in their marketing campaigns, emphasize the importance of situational factors as triggers for starting to use their online services. Still, at the same time supermarkets could also point out that users, once they have started, soon find out the advantages of the service and continue to use it. For example, a customer could explain in a video clip that he started ordering groceries online a few months ago because he had fallen ill. But, he could then emphasize that he soon realized that using the service was consistent with his dislike of grocery shopping and with his busy life, and that he continued to use it ever since.

Supermarkets could also underpin that online grocery shopping makes it much easier to control one's budget. One is less tempted to buy goods on impulse, and one can remove (unnecessary) products when the bill is too high. From this perspective, e-grocery could explain that the resulting savings more than offset the service cost. Also, they could highlight the service cost waivers, as the majority of our respondents often make use of them.

Research limitations and outlook

Our research has a number of limitations. First, due to the small sample size, the external validity of our results is limited. Our analysis is also limited to users of one Belgian click-and-collect service. The findings are thus not necessarily true for the entire population. More research, in other countries and other cultures, is needed to validate the results. Second, our sample does not include households in all life cycle stages. Especially the inclusion of adults of 65 or older would have enriched results, as one can imagine that for retired users the motivations to order online may be entirely different.

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Special Session III - Contemporary Methodologies in Retail

Research Text Analysis in Retailing

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Keywords

Text analysis, text mining, communication, big data

Summary

Within the big data phenomenon, text analysis has taken a centre stage to inform business decision making and facilitate academic research endeavors. Simply put, business research, the methods that surround it, and the inferences derived from it have put business as an academic discipline "on the map." Although these methods are here to stay, the radical changes resulting from the heavy use of text-based communication online are fundamentally altering the way we collect and analyze data.

Text analysis emerges as the significant research methodology for retailers to deal with the exponentially increasing textbased information (email, SMS, messaging, blogs and online user generated comments). This session will provide you with a snapshot and the basic understanding of methods and approaches to start using textbased data to derive business and academic insights in retailing contexts and beyond.

Experimental Methods to Examine the Potential to Reduce Consumer Search Costs: The Example of Optimizing Package Designs

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Keywords

Experimental methods; Search Costs; Package Design; Brand; Product Line; Competitive Dynamics

Summary

Brand managers often face questions such as how similar or different their product's package design should be compared to other product's designs (e.g. from their other or their competitors' product lines). Traditionally, marketing researchers would try to optimize package designs by using experimental methods which are mainly conducted in non-competitive contexts. I will demonstrate how experimentally testing package designs can be improved by integrating basic micro-economic laws of competition (e.g. Bertrand, Stackelberg, Hotelling) and by focusing on consumer search costs. In other words, evaluating package designs would be guided by the question of how certain designs will reduce consumer search costs within various competitive contexts (e.g. whether the firm is a market leader or not or whether it offers average or high product quality). Various examples from my research will be used to illustrate the above mechanism.

Why do People Shop Where They do? A Meta-Analysis on the Antecedents of Retail Patronage

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Summary

This research aims at identifying the relative importance of key antecedents of patronage across different store based retail formats. We develop a conceptual model that proposes direct and indirect effects between 24 key antecedents, i.e. store attributes that are shaped through the implementation of retail marketing instruments, and different constructs that measure retail patronage, i.e. store satisfaction, word of mouth, patronage intention, and behaviour. We conducted a meta-analysis based on 14,895 effect sizes reported by more than 239,000 shoppers from 41 countries extracted from 350 independent samples.

The analysis reveals that product and brand management related attributes show the strongest impact on most patronage measures, whereas price, communication, service and incentive management related attributes display effects on selected outcomes. Distribution management turns out to be of secondary importance. Further we reveal moderating effects of the shopping context (food/non-food, shopping frequency, single store/agglomeration, hedonic/utilitarian), the retail environment (gross domestic product, country innovativeness, retail sales share, retail employment, Internet era), and the employed method (participant type, study design, data source).

The contribution of this research is (1) to propose a differentiated understanding of the construct retail patronage and thus of its antecedents, (2) reveal the effectiveness of different retail marketing instruments to establish and maintain retail patronage and (3) to present an agenda for future retail patronage research.

Great Expectations for Shopping Centre App Usage – A Qualitative Approach

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Keywords

Mobile Applications, Shopping Centre, Consumer Value Theory, Shopping Experience, Text Analysis, Qualitative Analysis.

Introduction

Smartphones offer services, such as GPS, augmented reality and camera functions which are used by companies to offer specific services, e.g. barcode scanning and location-based targeting. Hence, there is a continuous shift towards a seamless shopping experience in retailing which means that physical and digital worlds are merging (Inman and Nikolova, 2017; Lemon and Verhoef, 2016). In this vein, mobile devices currently change consumer shopping behaviour dramatically. We can watch the always-on consumer having at least a brief look every few minutes on the smartphone. Meanwhile the app store market grows and apps like PAYBACK, barcoo, Apple Pay and others offer mobile services for consumers. Similarly, shopping centre managers provide apps, e.g. Westfield Shopping app for shopping centres in the UK. Such apps provide sales and coupons for stores in the centre, but also store maps, smart parking services and information about centre events.

Studies show that there is a need for understanding the perceived value for mobile app adoption (Hong and Tam, 2006; Hsu and Lin, 2015; Newman et al., 2017). Findings suggest a set of such acceptance drivers in order to enhance the value of apps, e.g. time convenience and enjoyment (Kim et al., 2007; Kleijnen et al., 2007), which can be assigned to the concept of economic and hedonic value. These acceptance drivers reflect self-oriented value, as they provide value for the user themselves. Next to them, we find little support for the so-called other-oriented value, in which social and altruistic value can be valued indirectly for the effects they have on others (Arbore et al., 2014; Holbrook, 1994; Turel et al., 2007).

Research finds first evidence for the impact of retail technologies on sales (Inman and Nikolova, 2017). With the provision of retailer apps, app users can be made aware of e.g. product promotions and events in their favourite shopping centre. Hence, they can be stimulated not only to buy something—which belongs to behavioural component of experience—but also to reach a more intense physical shopping experience, e.g. in form of affective experience. But the influence of retail technologies on pre-economic consumer behaviour to fulfil overall physical experience is under-researched (Lemon and Verhoef, 2016). Accordingly, we suggest analysing the connection between perceived value of shopping centre apps and shopping experience. With our findings we can draw implications how an app can work as connector between virtual and physical world and provide retailers with a set of consumers' app expectations.

Purpose

This paper aims at analysing the perceived value of mobile shopping centre apps in dimensions of economic, hedonic, social and altruistic value by using a qualitative approach. Our goal is to analyse how such a mobile shopping centre app is able to transcend its immediate surrounding and affects customer shopping experience.

Conceptual framework

We use consumer value theory for our framework and distinguish between economic, hedonic, social and altruistic value (Holbrook, 1994, 2006). By doing this, we are able to identify concrete characteristics in the shopping centre app which can provide these values. We use a traditional multi-

dimensional view of customer shopping experience (Brakus et al., 2009; Schmitt, 1999) to identify those dimensions (affective, behavioural, intellectual, relational, sensory) which are affected most in the physical shopping environment stimulated by the app.

Methodology

We conducted 49 interviews in a shopping centre and transliterated them into qualitative text analysis software. Each respondent was shown a shopping centre app during the interview with the aim to compare app expectations and how a user perceives the app influence on experiential dimensions in the centre.

Findings

Results indicate that a shopping centre app is related with affective, behavioural, intellectual, relational and sensory shopping experience. Nonetheless, economic and hedonic value dimensions are of major interest for respondents and mostly lead to a behavioural shopping experience. This means, respondents feel attracted to change their shopping path in the centre e.g. due to specific promotions. Likewise, consumers expect features as e.g. to be navigated through the centre and receiving coupons. Despite the positive impact of centre apps, findings highlight that personalized sales offers shall, for privacy reasons, not be too intrusive.

Contributions

Research highlights the need for more research about connecting physical and digital shopping environments. In our qualitative research we find evidence that apps can work as such experiential stimuli in a physical shopping environment. Our major contribution lies within providing a value framework for mobile app research. All four value dimensions (economic, hedonic, social and altruistic) were indicated to affect experience, but depending on the context (shopping or private use) social and altruistic value are pronounced differently.

Practical implications

Practitioners should focus their app development on improving economic and hedonic services in the app. They should be aware of possible unfavourable effects, as such induced by narrowing the consumers' view in the centre. A huge potential lies in the revision of social value which respondents found most important when using their smartphone in general during shopping.

Research limitations and outlook

This paper highlights the ability of a shopping centre app to create value for consumers. A limitation is that the respondents who were willing to participate in the interview mainly had no experience with the shopping centre app. In future we suggest integrating the differences between long-term users and first users in the analysis. Furthermore, we recommend analysing concrete characteristics depending on different app types.

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Achieving Superior Customer Experience through Mobile Augmented Reality and its Implication Outcomes

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Keywords

Introduction

Customer Experience Origin, Definition and Construct

There is also a shift in the economy moving from commodities, goods and services towards the experience and eventually towards the transformation stage which is what customers are willing to pay for (Figure 1.5). Transformation here means that what customers pay for will not only leave a memorable experience, but it will have an impact in transforming their life for the better in the future. Likewise, Lockwood (1020) called for businesses to shift their thinking from logical only to the creative thinking of using the logical and emotional thinking, same way as we use the right and left side of our brain right and left brain to boost what is called the creative economy. Besides, innovation process is a non-linear which caused instability and challenges in many different ways in the economy, whereas, creativity is what is needed for future economic growth.

Figure 1.1 Progression of Economic Value
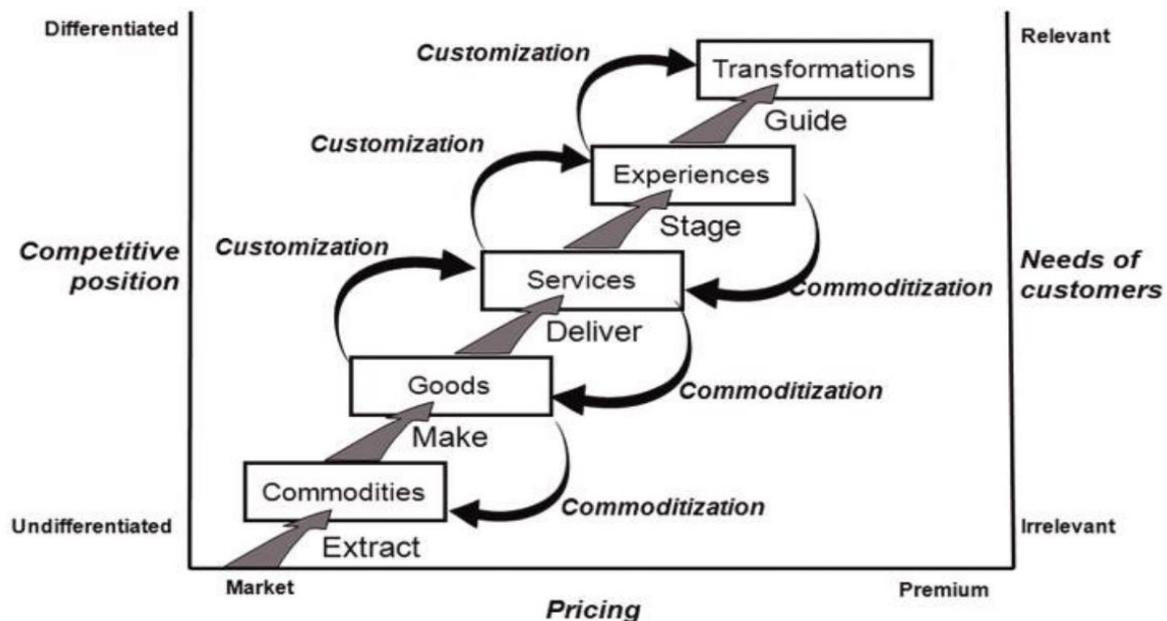
Source: (Pine and Gilmore, 1998)

Customer experience has many definitions and according to (Frow and Payne, 2007; Meyer and Schwager, 2007; Lemke et al, 2011) it is the internal and subjective response by customers when they interact with the company in a direct (planned) or indirect (unplanned) way. Also, customer experience is holistic and is a multidimensional construct that combines elements like, cognitive (think), emotional (feel), behavioural (act), sensorial (sense) and social (relate) when customers interact with the company directly or indirectly (Schmitt, 1999; Verhoef et al., 2009; De Keyser et al., 2015; Lemon and Verhoef, 2016). These multidimensional elements could be affected by factors like promotion, price, merchandise, supply chain and location (Grewal, Levy and Kumar, 2009).

Moreover, (Gentile et al, 2007; Fatma, 2014) added an extra dimension based on literature review called 'pragmatic component' which focus on the human based interaction, but academics did not take it into consideration. Moreover, customer experience has a quality dimension which is seen as the superiority or the excellence perceived by customers (Lemke et al, 2011).

Having said that, there is a consensus among academics that the main dimensions of customer experience (Figure 1.6) are cognitive, emotional, sensorial, behavioural and social. However, it was derived from different research on customers without any actual research on exploring CX in depth. Further, customer experience (CX) construct are the CX journey, CX measurement and CX management before during and after purchase. The journey is the different touch points which customers go through when interacting with a given company, whereas, measurement is about measuring the CX throughout every touch point. In terms of CX management, it is about designing a robust ecosystem which connects different company departments and stakeholders to manage the CX process (Lemon and Verhoef, 2016).

Figure 1.2 Customer Experience Dimensions
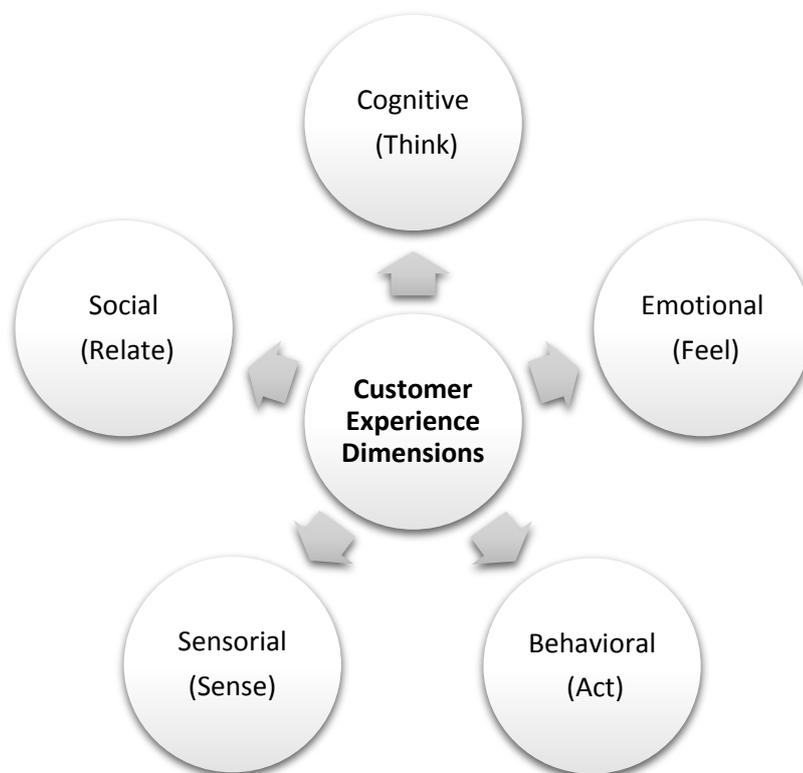
Source: (Schmitt, 1999; Lemon and Verhoef, 2016)

Augmented Reality (AR)

Augmented Reality Emergence, construct and definition

According to (Azuma et al., 2001) augmented reality (AR) started since 1960s by Ivan Sutherland where the first head mounted display (HMD) were used to explain 3D graphics, but the term augmented reality was first introduced in 1992 at Boeing (Schmalstieg and Hollerer, 2016). By definition, AR is "a variation of virtual environment (VE) or virtual reality as it is more commonly used" (Azuma, 1997; Azuma et al., 2001), where it is capable of immersing users into the virtual environment and let users forget about the real world. AR also described by (Milgram and Kishino, 1994) as Mixed Reality (ME), which is between real environment and virtual environment as shown in Figure 1.1

Figure 1.3 Mixed Reality (MR)

Therefore, AR has three unique characteristics, which are:

- It combines real with virtual.
- It is interactive in real time.
- It has three dimensions.

Augmented Reality in Marketing

New technologies such as augmented reality (AR) and virtual reality (VR) have changed the way consumer act and interact with companies, where both technologies combined are expected to grow from $6b in 2016 to $143b in 2020 (PWC, 2017). Many research has been conducted in in AR in areas like computer technology and human-computer interaction, but there are not many studies on how AR technology will impact customers. After AR technology being conducted in different fields along with the ubiquity of different smart devices and interactive screens, AR emerged across different touchpoints in retail and mobile marketing (Javornik, 2016; Dacko, 2017). For instance, (Dacko, 2017) conducted a comprehensive literature review on mobile augmented reality (MAR) and found that it has many benefits for retails in to deepen their relationship with customers. Some of these benefits are, it helps to improve the conversion rate by providing a try-on service, reduce the return rate, accurate inventory level, increasing store footfall and providing a very personalised service. Moreover, MAR is more likely to have positive behavioural intensions like word-of-mouth, loyalty, satisfaction, purchasing, visiting the retailer and more shopping time.

AR Media Characteristics

The core essence of AR is that it is an interactive technology. Thus, the media characteristics of interactive technology are applicable to AR technology, and these characteristics has been explained by (Javornik, 2016; Schmalstieg and Hollerer, 2016) as (Interactivity, hyper-textuality, modality, connectivity, location-specificity, mobility and virtuality).

Interactivity: Interactivity is defined by (Liu and Shrum, 2002) as "The degree to which two or more communication parties can act on each other, on the communication medium, and on the messages and the degree to which such influences are synchronized". Interactivity take the shape of user to user interaction which is interpersonal communication, user to machine interaction where human interact with machine, and user message interaction where users can modify messages.

Modality: Modality is about the different content style presented in a communication medium, which can appear in a form of video, audio, music, images and other formats which aim at attracting consumers to the communication medium (Hoffman and Novak, 1996; Javornik, 2016).

Virtuality: As explained earlier, virtuality refer to the virtual elements which appear on screens with AR technology. Virtuality helps to immerse users with the telepresence environment found in visual elements (Javornik, 2016).

Hyper-Textuality: Hyper-Textuality refers to the number of links and sources connected together in the web environment (Hoffman and Novak, 1996). However, the AR environment does not allow as many links as the website can offer, because of the limited icons presented on the AR screen (Javornik, 2016).

Connectivity: Connectivity is the ability of technology to connect people together throughout a network like social media (Hoffman and Novak, 1996), where participants can exchange messages while using the AR application. Nevertheless, connectivity is still at an early stage but is expected to grow faster in the future (Javornik, 2016).

Location-Specificity: Location-Specificity refers to the app ability to track customer location through the GPS system. In the meantime, it uses the camera while its open to send live messages and relevant content to the customer (Javornik, 2016).

Mobility: Refers to the number of devices which use AR features like, mobile, tablet, watches and glasses. The device type can control the type of content presented in the screen (Javornik, 2016).

Purpose

Research found that technology is a touchpoint customers have to interact with (Stein and Ramaseshan, 2016), and the importance of touchpoints varies across business size (Homburg et al, 2017). Furthermore, due to the increasing number of Omni-Channel touchpoints (Verhoef et al, 2015) where these touchpoints are either static or dynamic (Kranzbühler et al., 2017), this research aim is to focus on a static touchpoint (MAR) (Dacko, 2017), to achieve a superior CX and how it differ from the brick and mortar store experience.

Conceptual Framework

Customer experience is considered as a phenomenon which does not have empirically tested model or a framework. However, since the research philosophy is mixed between positivism and interpretivisim, CX multidimensional components which have consensus among academics will be tested. These components are (cognitive, sensorial, emotional, social and behavioural) (Lemon and Verhoef, 2016). On the other hand, some of AR characteristics will be tested against CX components. These characteristics are (interactivity, modality and virtuality) (Javornik, 2016).

Research Position and Propositions

The research philosophy position for this project is a mixture between interpretivism and positivism. According to (Saunders et al 2012) positivism is about measuring fact through developing hypothesis from theory or testing hypothesis after collecting data. It usually uses quantitative methodology, but it can use in-depth interviews as well where questions are framed according to participants. Whereas, Interpretivism (phenomenologists) is about understanding a specific phenomenon or people experience according to the differences between people, for a better understanding of the social world. Moreover, the approach in examining the phenomenon is an inductive approach because there no theory to test, it is more related to the context of this research and using a small sample.

Thus, knowing that CX components are five (cognitive, emotional, social, sensorial and behavioural) and some of the AR media characteristics are (interactivity, virtuality and modality), there are some propositions developed below and as shown in (Figure 1.4).

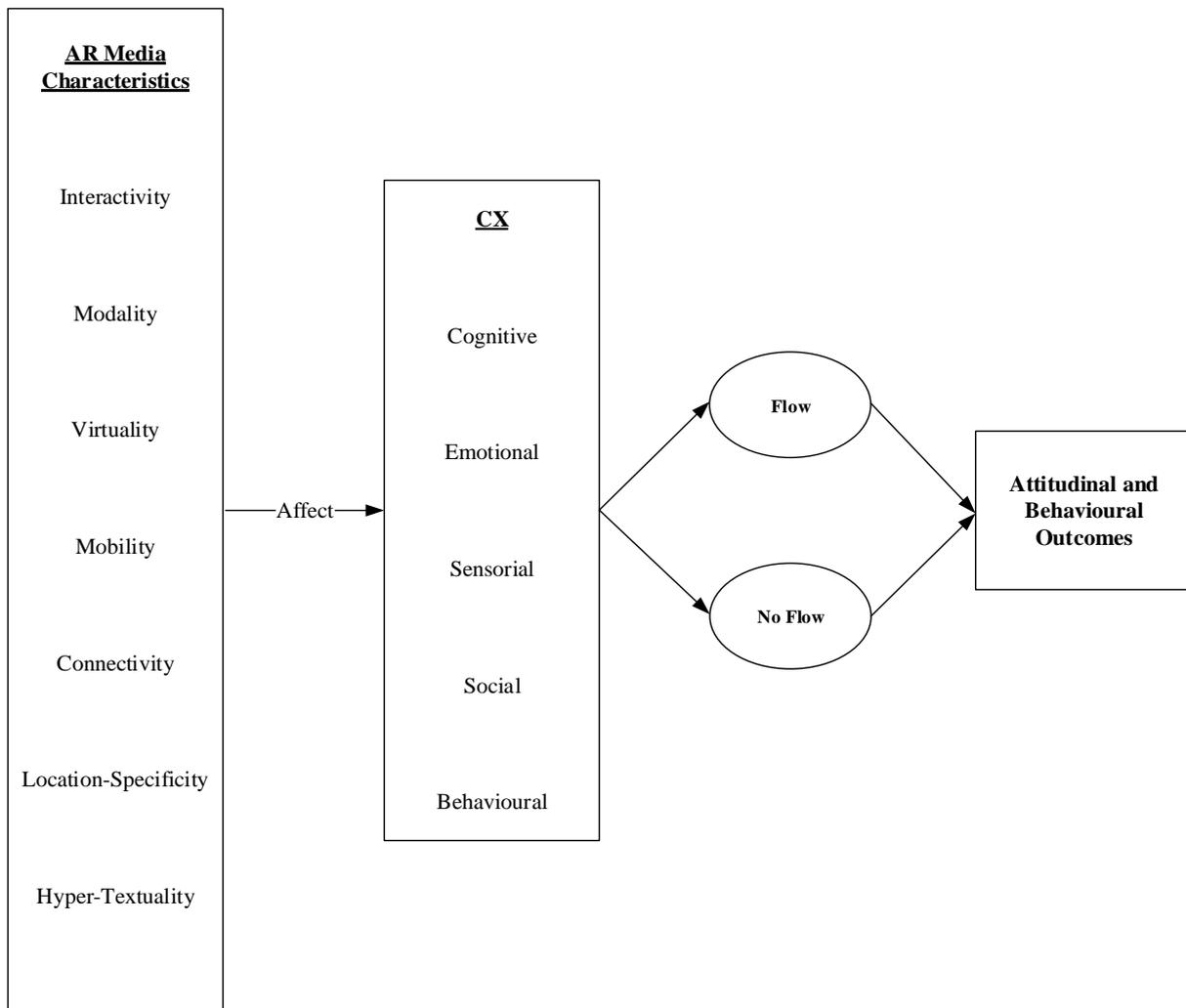P1: Interactivity in AR can impact some or all CX components

P2: Modality in AR can impact some or all CX components

P3: Virtuality in AR can impact some or all CX components

P4: Perceived experience from AR is either capable or not capable of achieving flow

P5: Perceived experience from AR has attitudinal and behavioural outcomes

Figure 1.4 Research Proposition

Methodology

Provisional Research Question/s

The main research question in this project is: "To what extent AR affect CX?"

In order to answer this question, it will be divided into sub-questions as follows:

a) What are the effects of augmented reality characteristics (mentioned above) on CX components (mentioned above)? Is the experience 'memorable' and 'expected'?
b) Is the experience from AR capable or not capable of achieving flow?
c) Does the perceived experience vary from the store experience?
d) How to leverage the app data to design the experience?
e) What are the attitudinal and behavioural outcomes from the perceived experience?

Research Methodology and Strategy

To answer the research questions, in-depth semi structured interviews will be conducted to gain in-depth insights about CX components. The idea will start with testing two apps (IKEA Place and L'Oréal Cosmetics which is called MakeupGeniues) which use AR features.

Research Design: Because the experience happens over time, the sample will be asked to download the app (if they don't have it or never used it) and start using the app for a period of 2 weeks. Then, the Experience Sampling Method (ESM) will be used, which was first introduced by (Mihaly Csikszentmihalyi, 1997). (ESM) works like a diary where the chosen sample record information on a sheet given to them every time they use the app. By doing so, it reflects the experience as it happens

and evolve over time. Following the two weeks, the information sheets used to collect the information will be used as a guideline for the interview.

Interviews: Non-standardised semi-structured in-depth interviews will be used to answer research questions. As recommended by (Bryman and Bell, 2011), survey design will take in into considerations that the questions give in-depth explanation of the CX dimensions (cognitive, emotional, social, sensorial and behavioural), in store CX, the experience outcome (loyalty, WOM, store visit, sharing stories, satisfaction and more).

Research Validity: Because the area under investigation is context related, triangulation is required to make sense of the findings from interviews. Thus, focus groups or self-administered online questionnaire will be used after the interviews to gain more understanding about CX and AR.

Sample: Since the approach is towards obtaining rich information about the phenomena of CX, the main focus is on the data itself rather than the sample technique as used in quantitative research (Bryman and Bell, 2011). In total 30 customers (15 for IKEA and 15 for L'Oréal) with age range between 18-30 male or female. The sample should have bought form the companies within the last 6 months so that they are familiar with the company and have some expectations.

Contributions

Marketing Science Institute (MSI) has been calling for years to conduct research on CX at several levels, but unfortunately there has not been much research done in this area to date as shown in (Figure 1.5).

Figure 1.5 Customer Experience in the Literature (2010 – 2017) – Search per Keywords
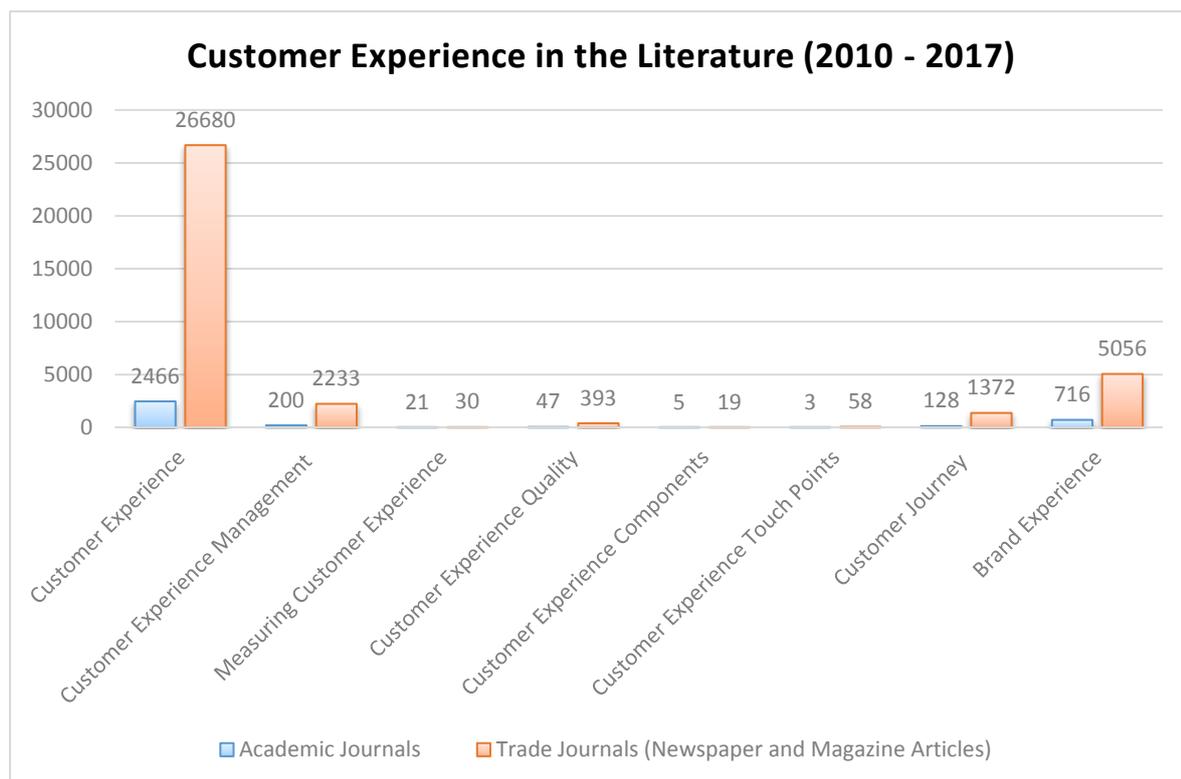
Source: Reading University Summon Search Tool

Therefore, this research will contribute to the academic literature in the area of CX and customer touchpoints.

Practical Implications

The concept of CX has grown enormously over the past decade among professionals (Figure 1.5) where most companies now have a customer experience manager. However, most practitioners

overlap CX with other concepts like, customer satisfaction, customer loyalty and WOM. Thus, this research will first and foremost give a clear understanding of what customer experience mean and how best to plan, design, measure and manage CX at different touchpoints.

Social Implications

One of the significant contribution of this research is how customer data can be used in a moral and ethical way in marketing. Also, by showing the benefits of the AR technology, it will increase the social acceptance of this technology.

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Value Creation of Business Intelligence and Analytics in Retailing

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Keywords

Business analytics, Business intelligence, Retail, Business, Consumers, Market

Introduction

Rapid advancements in telecommunications and computer technologies and the reductions in costs have led to an exponential development and accessibility of data, both in controlled and uncontrolled forms (Kshetri, 2014). This has enabled the coinage of the word "Big Data" which involves massive amounts of data. Business intelligence and analytics (BI&A) and the related field of big data analytics have become gradually important in both the academic and the business communities for over two decades. Successive industry studies have been conducted to understand this development. The main challenge it to understand how the retail companies utilize business intelligence and analytics to facilitate the growth of business. BI&A is an essential component of retailing- it is all about sensing what's ahead for individual consumers, but it alone does not present firms the insights that they need to understand their consumers (Zantedeschi & Bradlow, 2016). In case of health and wellness industry, this medium was responsible for revolutionary changes (Sun et.al, 2010; Wang et.al, 2011).

Steadily BI&A was adopted by retailers over a decade. While the use of emerging BI&A provides retail companies with transformative benefits (e.g., real-time customer service, dynamic pricing, personalized offers or improved interaction) (Riggins 1999). Business intelligence and analytics can further increase these impacts by enabling informed decisions based on critical insights (Jao, 2013). BI&A are used to determine the probable future outcome of an event or the likelihood of a situation occurring. It is the branch of data mining concerned with the prediction of future probabilities and trends. Retail businesses are one of the fastest groups of BI&A adopters due to their race to stay on top of their game (Koirala, 2012). There has been a considerable amount of research done on the adoption of BI&A in retail and other industries but the focus hasn't been on the value which it creates. Several studies (Ariyachandra & Watson, 2006; Popovič et al., 2012; Yeoh & Koronios, 2010) have focused on the critical success factors related to BI&A implementation, while several others (Computerworld, 2009; Harvard Business Review Analytics Report, 2012) have analyzed the consequences of BI&A. However, there is a lack of a unified theory of value creation by BI&A and understanding its impact on the retailing industry. So, there is a need to study the value creation of BI&A adoption in the industry.

Purpose

The purpose of this study is to explore;

1. The key activities on which retailers apply BI&A

2. The key values which retailers can create to their customers and to the firm itself through BI& A

3. The key features of the ecosystem built by retailers while applying BI&A

Conceptual framework

Business Intelligence and Analytics (BI&A) refers to "techniques, technologies, systems, practices, methodologies, and applications that analyze critical business data to help an enterprise better understand its business and market and make timely business decision (Chen et al., 2012).
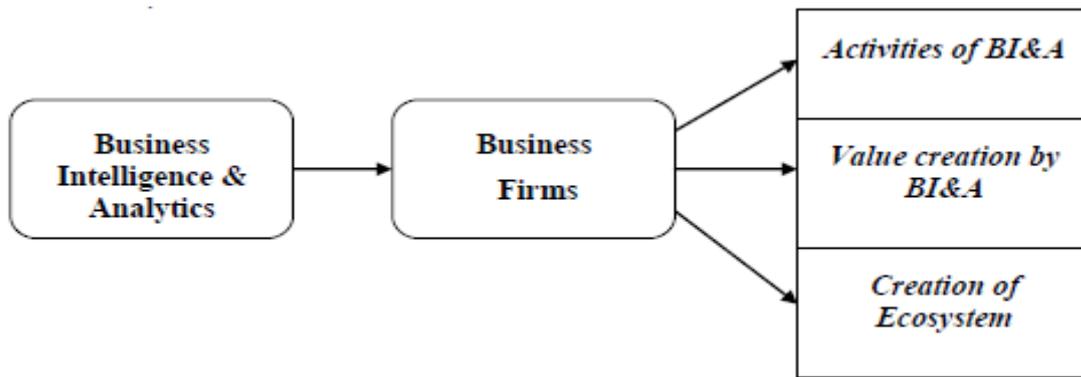
The retailers' activities where BI&A is utilized are supply chain, customer selection, loyalty and service, pricing, human capital, product and service quality, financial performance and research and development (Davenport, 2006; Kohavi et al., 2002; Wixom et al., 2013; Trkman et al., 2010; Klatt et al., 2011; Sahay & Ranjan, 2008; Shanks & Bekmamedova, 2012; Delen, 2014). The analytical data which is collected for the purpose to introduce BI&A in business firms are descriptive, predictive and prescriptive (Holsapple et al., 2014); Speiss et al., 2014; Schniederjans et al., 2014). Value creation in the business firms are consumer and firm centric. With respect to consumer centric value creation, it is attitude towards data privacy and trust in business firms (Erevelles et al., 2016; Chieu et al., 2010; Balar et al., 2013). Value creation in the business firms comprises of corporate social responsibility and data protection and privacy (Kohli & Grover, 2008; Trkman et al., 2010; Erevelles et al., 2016).

Building an ecosystem which favors the growth and acceptance of business intelligence and analytics is daunting. This ecosystem facilitates the growth of stakeholder with respect to firm competition and relationship with consumers (Wixom et al., 2013; Chen et al., 2011; Tian et al., 2008; Minelli et al., 2012). It also acknowledges the various relationships between firm, employees, suppliers and consumers and vice versa (Weill & Woerner, 2015; Davenport et al., 2010; Schmarzo, 2013).

Methodology

The authors used a qualitative study with 10 retailers. Data about retail firms' strategic moving on BI&A were collected from Factiva database. Relevant literature on BI&A was also consulted to understand the adoption strategies in retail companies.

Findings

Consumers nowadays are expecting shopping experience that combines both physical and digital experience. They also expect all the business to offer multi-varied services. This constant demand for better products and services has lead to immense adoption of BI&A in the retail industry. Strategic utilization of technology can ensure success in the ever increasing competitive world of retail. Quite many retail stores and chains have started to adopt location-based technologies to inform consumers about their product offerings. This primarily involves identifying particular consumers in a certain shopping zone and then informing about their respective stores or websites. There has also been an implementation of AR/VR technologies to enhance the shopping experience of consumers. Adoption of technology is very important but collection of consumer data remains integral to increase the scale of businesses. BI&A involves both data and technology. The five categories of features which every retail firm requires are – 1) digital infrastructure, 2) customer experience, 3) customer personalization, 4) seamless integration and 5) synchronization of logistics. These all categories employ some form of BI&A and the contribution keeps on increasing.

The emergence of highly informed and demanding generation of consumers has encouraged the retailers to adopt technologies. This has enabled retailers to successfully enhance their businesses. The ongoing inclination of retailers to implement BI&A to attract prospective consumers, retain old consumers and improve profit margins has enabled the retail analytics industry to grow manifold. There is also a increasing demand for supply chain oriented analytics to cope up with the lack of

inventory space. The retailers need to reduce costs and optimize operations which have started to reshape the retail industry ecosystem. Suppliers and retailers are getting closer to understand the changing consumer market. Significant numbers of retailers are utilizing BI&A to develop omni-channel sales network. This involves combining brick and mortar and web or mobile shops. A product like business management software operates like a focal point to bring all the departments in a retail firm together. This creates cohesion and builds a self-sustaining work environment. BI&A adoption puts an emphasis on the importance of project management. This involves information about status of a certain project, updates on inventory or customer trend analysis etc. Retail chains use this project management to connect each and every store and maintain benchmark for quality control. This data enables retail firms to make informed buying decisions and plan strategy for future growth.

As BI&A adoption increases, so does the value creation in retail firms. As the study revealed that there are many analytics companies who have changed the structure of retail firms through successful adoption of BI&A. For example, the First Insight platform analyses consumer behavior by utilizing online "social engagement tools" to gather real-time preferences as well as "pricing and sentiment data on potential product offerings." The company then utilizes the data and filters it through its analytic models. This predicts which products would present the greatest opportunity. Similarly AI (Artificial Intelligence) is revolutionizing the inventory management in retail firms. This enables the smooth execution of supply chain management and preserves efficient lead times. Assortment planning has also gotten easier due to the use of BI&A, the stores (both offline and online) are stocked better and replenishment is quicker. In case of consumer advocacy, BI&A has changed how we shop. Retailers like Finery are acting as a consumer advocate, in turn empowering women to control their information on spending and make more informed decisions about time and money. In the field of logistics, with the assistance of Kuebix TMS, retailers are able to opt for the system that accommodates freight amount of every shipment, weight and dimensions, distance to destination, delivery speed and priority and special handling requirements very efficiently. Big data, AI-powered advertising tools, and predictive analytics assist retailers understand buying habits and target advertisements easier than before. Predictive ad targeting has already been referred to be a drastic improvement over previous methods. A research study from Ohio State University, found that targeting ads based on behavioral cues improved click-through rates by up to 670% over ads not behaviorally-targeted. More and more retail chains are trying to make circulars more precise.

Contributions

Chen et al., (2012) graphed the evolution of BI&A and characterized them into BI&A 1.0 (DBMS-based, structured content), BI&A 2.0 (web-based, unstructured content), and BI&A 3.0 (mobile and sensor based, unstructured content). Chen et al. (2012) also focused that BI&A is highly applied, with the potential to transform areas such as e-commerce and market intelligence, e-government and politics, science and technology, smart health and well-being, and security and public safety. This study adds to the existing literature to analyze more specifically to suit the needs of the retailing industry. The study is inspired by the considerable rise in investments in BI&A for retailing industry and growing concerns over the value creation. The primary goal of this paper is to track the various activities which utilize BI&A and it creates an ecosystem between firms, suppliers and consumers.

Practical implications

The findings of this study enable retailers to improve their BI&A in their different activities. The study also provides interesting findings for retailers on how to create values both to their customers and to the firm it-self. Furthermore, the findings provide the insights by which retailers may improve its ecosystem to facilitate the application of BI&A in their business.

Research limitations and outlook

The goal of this study was not to accomplish statistical validation, but rather to determine patterns for the purpose of theory building. It was also to gain an enhanced understanding of the main issues in its context. There is a reasonable assumption that the insights gained from this framework will guide future research studies to develop a more formal theory. This can be also achieved by employing

quantitative methods. Those studies can analyze the impact of BI&A from both consumer and business perspective. Large scale additional data collection will further hone the findings in this particular study. Furthermore this kind of study can be replicated in respective sectors of the retailing industry, specifically logistics or merchandise assortment. We can also understand the in-depth impact of utilizing BI&A in those sectors.

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Keywords

Digital Labelling, Attention Capture, Food Labelling, Consumer Motivation

Introduction

Although the internet has revolutionised consumption culture, traditional food retailers continue to play a pivotal role in exposing consumers to new product offerings and acting as the primary forum for purchasing decisions (Inman *et al.*, 2009). Consequently, food product labels remain an important communication medium (Grunert and Wills, 2007; Mawad *et al.*, 2015) and represent one of many cues that consumers use to reduce risk (Brunel and Pichon, 2004, Brach *et al.*, 2017) and evaluate quality (Bredahl, 2004; Verbeke *et al.*, 2010), thereby shaping expectations and influencing decision-making (Mawad *et al.*, 2015; Higgs, 2016).

Advances in information provision enabled through inclusion of information portals such as quick response (QR) codes (Narang *et al.*, 2012), near field communication (NFC) and smart labelling (Skinner, 2015), facilitate a move from 'traditional' labelling to dynamic technology enabled labels, which have the potential to add value to both the product offering and the consumer experience in the immediate retail information.

However, consumer attention is a scare and limited resource (Crogan and Kinsley, 2012) both within and beyond the retail environment, with attention capture and retention playing a significant role in influencing subsequent processing of information, and adoption of digital labelling initiatives predicated on attention. As such, the implications of attention and motivation in the context of digital labelling merit further discussion.

Purpose

Although a great deal of work has been done to explore the interaction of label design and attention on label usage (see: Oliveira *et al.,* 2016; Siegrist *et al.,* 2015; Bialkova *et al.*, 2013), the implications for digital labelling remain unclear. This study investigated the factors affecting consumers' motivation to engage with food product labelling in the new product context. Using yogurt as a case food, due to its positive association with health, enjoyment and convenience, this study integrated eye-tracking experiments, a retrospective think-aloud protocol and semi-structured interviews, to bring to light the conscious and subconscious mechanisms associated with label usage. Building on previous research, this study explores the cognitive processes underlying usage of labels for new product offerings and situates these within the participant's personal context. The conscious and subconscious mechanisms underlying attention are identified and the implications of these on engagement with digital labelling are discussed.

Conceptual Framework

In line with current research within the food labelling domain, attention is assumed to be a prerequisite for usage of labelling information (Grunert and Wills, 2007). This study draws on

previous work which assumes attention arises as a result of individual level factors such as motivation, goals, knowledge and understanding (Ares *et al.*, 2013; Mawad *et al.*, 2015), and environmental factors, including product design, store layout, and contextual factors in the immediate purchasing environment (Antúnez *et al.*, 2015; Siegrist *et al*, 2015). Consequently, the label usage framework presented in Figure 1 and adapted from Grunert and Wills (2007) guided this research.

Figure 1: Label Usage Framework
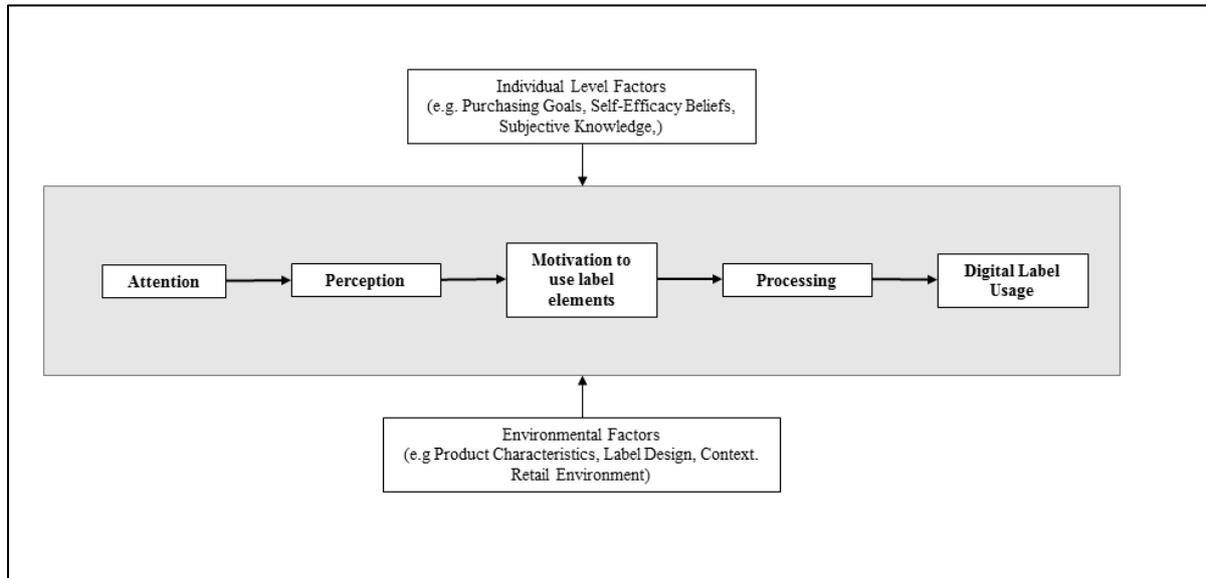
(Adapted from Grunert and Wills, 2007)

Consumer behaviour is habitual in nature (Wood and Neal, 2009; van't Riet et al., 2011), and as such, in the context of food labelling, attention is assumed to arise through both conscious and subconscious processes, representing both deliberate goal-driven information search and habitual responses. Therefore, in line with extant literature (see: Duerrschmid & Danner, 2018), it is assumed that attention can occur as a result of individual level determinants and disruptive stimuli within the purchasing environment. Data collection sought to capture participant attention to stimuli and establish the broader individual and environmental factors influencing label usage.

Methodology

This research adopts a qualitative approach to establish and explore the individual and environmental level factors influencing consumers' interaction with visual stimuli in the form of food product labels. For this study a total of 17 participants were recruited from diverse backgrounds, which reflected the heterogeneity of consumers in the yogurt market.

In line with contemporaneous research, stemming from concerns regarding the accuracy of self-report measures of label usage (see: Grunert and Wills 2007, Graham and Jeffery, 2011; Graham, *et al.*, 2012)**,** attention to food labelling was measured using eye-tracking methods (see: Ares *et al.*, 2013, Siegrist *et al.*, 2015; Oliveira *et al.*, 2016). Participants were required to view five product labels (front and back of pack) on a computer monitor while their eye-movements were recorded and monitored remotely. The eye-tracking experiment was supplemented with **a** cued retrospective think-aloud (RTA) protocol to address concerns surrounding the efficacy of eye-tracking to fully reflect underlying mental processes (Anderson *et al.*, 2004: 230) and the behaviourist underpinnings of eye-tracking methodology which result in the exclusion of introspective techniques more effective at capturing the motivational dimension of behaviour (Miller *et al.,* 2015). RTA is a form of process tracing, which focuses on the sequence of cognitive events which occur during participant engagement with information stimuli (Kuusela and Paul, 2000) without the need to disrupt normal search behaviour (Elling *et al.*, 2011, Bojko, 2013). Upon completing the RTA, participants engaged in a broader discussion, as part of a semi-structured interview. The aim of the interview was to

establish purchasing motives within the food category and assess the extent to which wider contextual factors both within and beyond the retail environment influenced and guided typical search behaviour.

Data were analysed using the thematic approach proposed by Braun and Clarke (2006). To ensure the validity and credibility of the research data and analysis a peer review approach was adopted within the research team (Creswell and Miller, 2000). Themes were discussed, revaluated, refined and recoded on an iterative basis to ensure the integrity of data analysis, until a consensus was reached among all researchers.

Findings

Findings appear to support the contention that digital labelling has the *potential* to facilitate consumer decision-making and enrich the in-store experience, with a number of currently unmet information needs being identified, however barriers to adoption of digital labelling continue to exist.

Attention

Consumers operate within the confines of limited cognitive resources, resulting in attention to labelling stimuli being restricted to personally salient information. Comparison of findings from the eye-tracking experiment and RTA suggest that label design disrupted established search behaviour through attention capture, without the participant becoming consciously aware of the disruption occurring. However, in the context of digital labelling, findings suggest an absence of goal-directed volitional attention to digital labelling owing to a lack of clarity among consumers regarding the benefits associated with usage. It appears that the absence of attention to digital labelling presented, stemmed from the lack of a clearly communicated value proposition and was attributable to the absence of perceived motivation relevance.

In line with previous research, labelling stimuli was observed to promote non-volitional attention to product information. However, in the context of the eye-tracking experiment and subsequent interviewing, digital labelling, particularly QR codes, appeared ineffective at capturing consumer attention. Although this may partially be an artefact of the study design, subsequent interviewing indicated that many participants did not differentiate between QR codes, NFC and barcodes for retailer use.

Motivational Relevance

Participants appeared to frame potential digital labelling in terms of the broader foodscape rather than individual product offerings. Consumer willingness to engage with digital labelling was greater where information provided was readily contextualised relative to other products in the retail environment and in terms of broader goals, such as health and wellness or enjoyment goals. In the case of health and wellness this took the form of comparison of a products' nutritional profile to predefined intake goals, whereas in the case of enjoyment this included providing usage recommendations in the form of recipes.

QR codes and other digital labelling were observed to decouple the retail environment and product offerings rather than complement one another. Usage in the retail context appears to lack complementarity, which requires greater integration of products into the digital retail space. The expectation that engagement with digital labelling would lead to incentives and rewards within the retail context left many participants dissatisfied and unwilling to further engage. Continued integration of product offerings and the retail environment appear necessary for the adoption of digital and smart labelling, with participants indicating an interest in incorporation of promotional materials and in-store cross-product comparisons.

Content Disparities

The absence of coherent messaging and information provision methods across QR platforms appears to have a disincentivising effect on consumers, which is especially pronounced in the food sector, given the ease of substitution across products. As information content and presentation varies across providers, the potential relevance of digital labelling engagement becomes unpredictable, leading

consumers to revert to sole use of traditional labelling, given the effort required to actively recruit information in a digital format.

Originality

To the best of our knowledge, no studies to date have incorporated eye-tracking methodology and retrospective think-aloud protocols to the study of food labelling. Cognitive process tracing through RTA protocols affords greater insight into the cognitive mechanisms underlying interactions with environmental stimuli, providing insight into both the motivational and environmental dimensions of information acquisition and decision-making. The integration of data related to both the environmental and individual level determinants of label usage offers actionable insights into label acceptance and adoption. Although this research was restricted to an experimental, lab-based setting, future applications may seek to increase ecological validity through the application of in-store designs. This offers the potential to expand on our current understanding of product specific interactions within the retail environment through accounting for both individual and environmental level variables.

Practical Implications

User burden appears to be the primary deterrent to engagement with extant digital labelling. This burden appears to stem primarily from the existence of diverse platforms for engagement and the presence of trust issues, particularly in the case of manufacturer-dominated information channels. QR codes require consumers to engage with individual manufacturer websites, rather than offering a central repository of information available over a single unitary platform. Although some community derived databases, such as those provided by applications such as MyFitnessPal are making inroads in this regard, data provided is restricted to narrowly defined criteria with no link to the immediate retail environment. In this regard, retailers have the opportunity to bridge the gap that appears to exist between individual product offerings and the broader foodscape to add value in the retail environment.

Research Limitations and Outlook

This paper aims to shed light on the interaction of broader contextual factors and food labelling stimuli in a given choice scenario. However, immediate interactions with food labelling were restricted to an experimental setting, with the trade-off between experimental control and environmental validity necessitated by eye-tracking methods being a limitation of this study. Although attempts to re-establish broader contextual factors through subsequent semi-structured interviewing were made, further exploration of this kind, in the context of a real-world retail environment may prove beneficial in furthering this research area. Although some efforts have previously been made to situate eye-tracking in a real-world setting (Clement, 2007), there is a need, as highlighted in this research and elsewhere (Miller *et al.*, 2015), to include introspective techniques, to more accurately and wholly reflect the consumer experience and capture the motivational dimension of food choice and label usage. Further studies may seek to increase ecological validity through use of in-store designs thereby accounting more fully for the impact of the immediate purchasing context on decision making.

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Customer Journeys of Gift Buyers in a Multichannel Environment

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Introduction

Each holiday season, when everyone is trying to find the right gifts, we realize the economic importance of the gift market. It is estimated to represent 5-10% of retail sales. Christmas and birthdays are the two main occasions for the exchange of gifts in Austria, with Christmas season accounting for 2.2% of retail turnover in 2017 (KMU Forschung Austria, 2017a).

Looking at Christmas presents, online sales have risen from 1% in 2006 to 6.4% in 2017 (KMU Forschung Austria, 2017a). Yet sales alone do not reflect the overall importance of the internet. The medium is also used for researching information prior to buying in-store. 50% of all Christmas shoppers engage in online search (KMU Forschung Austria, 2017b).

The majority of publications concerning gift-giving has concentrated on the gift's impact on the relationship between gift-giver and recipient (Sherry, 1983; Wolfinbarger, 1990; Parsons et al., 2011). However, the process of how gifts are actually purchased is still not completely understood.

Previous studies focused primarily on individual stages of the decision-making process, or single channels (Cleveland et al., 2003; Köksal, 2011; Jeng, 2013; Lee and Kim, 2009). Truly understanding consumer behaviour in a multichannel environment, nevertheless, requires a holistic view of the customer journey, i.e. the interplay of online and offline touchpoints along the purchase process. Lemon and Verhoef (2016, 88) call for research to *"evaluate not only the journeys themselves but also what drives these journeys, going beyond the widely available multichannel choice models."*

Purpose

This exploratory research aims at reducing this research gap. It gives insight into the underlying motivation to choose and switch channels when buying presents. The following question is addressed:

- *What are the particularities of gifts purchases in a multi-channel environment and how are these reflected in the customer journey?*

Research by Gillison and Reynolds (2016) indicates that the emotional experience of buying gifts is substantially different. Therefore, emotions experienced by the buyer are also of interest:

- *What critical incidents and emotions arise in customer journeys for gifts in a multi-channel environment?*

This paper's objective is to develop hypotheses for further quantitative research.

Conceptual framework

Early research on gift giving already suggests that gift giving is "a very deliberate and highly involving type of consumer choice" (Belk, 1976, 15). Studies indicate that different gift giving situations bring about differences in involvement and that the donor-recipient relationship influences gift-giving decisions (Belk, 1982; Komter and Vollebergh, 1997; Wagner et al., 1990).

Many types of risk can be associated with purchasing gifts, with social risk (buying an inappropriate gift) and financial risk (determining the appropriate budget) being mentioned as the most prevalent

ones (Laroche et al., 2000). With regards to shopping online, these risks associated with gift purchases in general collide with experienced risk in online retailing (Eggert, 2006).

Involvement and perceived risk are major determinants of information processing and influence how much cognitive effort is exerted by the consumer. This research aims to further investigate the role of involvement and experienced risk in purchase decisions for gifts, not focusing on information search but looking at all stages of the customer journey (awareness, consideration, purchase, post-purchase). As gift presentation is an emotional experience in itself the presentation stage of the gifting process is also subject of the research.

Special attention was given to the availability of the myriads of touchpoints available during the customer journey. Insight into consumer motivation for channel use and channel hopping activity are a major concern for retail research and retail management.

Research approach

In times of digitalisation, statistical information on customer journeys can be easily gathered by tracking consumer behaviour. While these approaches are well-suited to describe customer journeys, they provide little to no insight into underlying motivation and experience. Given that there is a research gap in regards to non-statistical information on customer journeys in general and on gift purchases in particular, a qualitative mixed-method research approach was chosen, combining a self-completion questionnaire (study 1) and in-depths interviews (study 2).

Design study 1

In study 1 a convenience sample of 209 students was surveyed. The main focus was set on determining channel choice and channel hopping activity concerning gifts for different recipients (close family members, relatives, close friends, acquaintances, co-workers). Data on attitudes towards gift-giving in general (voluntary gift-giving vs gift-giving as a social norm) and the respondents' own gift-giving approach (looking for a perfect gift vs looking for a "good-enough" gift) was also collected. Consumers' associations concerning the online and offline purchase of gifts were addressed with two open questions.

Findings study 1

Attitudes towards gift-giving in general revealed no significant results although people who consider gift-giving a social norm showed lower tendencies for channel hopping. Some significant results were found for consumers' gift-giving approach. People who look for the perfect gift are more likely to engage in showrooming for friends, acquaintances and co-workers ($p<0.02$).

Recipients on the other hand seem to play a significant role. People are most likely to engage in webrooming activities for their friends and close family members ($p < 0.05$). Showrooming is significantly ($p < 0.05$) more prevalent for gifts for close family members, relatives and friends. I.e. the closer a person is to us, the more likely we will engage in channel hopping ($p < 0.05$).

62% of all company-related online associations involved Amazon. Additionally, convenience, broad selection and cheaper prices were most frequently mentioned. Offline associations concerned sensory experience, customer service, and immediate availability. Over 75% of online associations were positive, compared to 66% of offline associations.

These results laid the foundation for study 2. The prominent mentioning of Amazon led to scrutinising online purchases with a focus on Amazon. As findings suggested that convenience is a major factor influencing online and offline purchases of gifts, this topic was specifically addressed in study 2.

Design study 2

In study 2 in-depths interviews with 22 consumers (aged 21 to 61) were carried out, analysing a total of 90 customer journeys for gift purchases. Journeys resulting in online (45) and offline (45) purchases were analysed.

The interviews covered the following topics: (1) attitudes towards gift-giving and own gift-giving approach, (2) description of the customer journey focusing on channel choice and motivation, (3)

emotions experienced at different stages of the customer journey, (4) critical incidents, (4) importance and dimensions of convenience (online/offline).

The interviewers guided the respondents through their customer journeys by asking questions concerning awareness, initial information gathering, consideration, acquisition, and post-purchase stage (including presentation of the gift). A scale with six emoticons was used as a trigger for the interviewees to recount their emotional experience. A critical incident approach was used to uncover events strongly impacting the purchase.

The duration of the interviews ranged from 15 minutes to one hour. All interviews were taped, transcribed and analysed by exploring all 90 customer journeys for recurring themes using qualitative content analysis with Schreier's (2014) tool-box approach.

Findings study 2

In line with Belk (1976, 15) who calls gift-purchases *"a very deliberate and highly involving type of consumer choice"* most decisions were high-involvement purchases. Affective involvement is caused by the emotional quality attached to exchanging gifts ("*most presents carry weight*"; male/45, "*gifting is all about emotions*"; female/21). Cognitive involvement is induced by risk, as consumers are not as familiar with the gift-receiver's needs and wants as they are with their own. High involvement resulted in longer customer journeys and more frequent channel hopping.

Based on these findings the following hypotheses can be formulated:

> H1a: The higher the involvement of the gift buyer, the longer the customer journey.
>
> H1b: The higher the involvement of the gift buyer, the more channels are included in the customer journey.

Duration of customer journeys ranged from 2-3 minutes to several weeks. For extremely short durations two types can be distinguished. Type one are traditional impulse purchases in stores. Type two are what we refer to as online-blitz-purchases. These occur when consumers know exactly what gift they are looking for and where to find it.

As most gifts are presented at set dates, time seems to play a more important role in customer journeys. Time constraints influence channel choice and the likelihood of channel hopping. Procrastination was an issue addressed by interviewees:

> *"I procrastinated. Then, one day there was no time left. So I told myself 'you have to go to the store now.'";* male/43

Procrastination resulted in considerable time pressure:

> "*I was stressed out because I knew the clock was ticking";* female/38

In more than half of the customer journeys analysed, time was mentioned as a major motivator for channel choice. These customer journeys often resulted in online purchases (27 vs 15 offline). Online shopping seems to be a very good option when time pressure is moderate:

> „*I bought online for time reasons. I would have liked to touch it, but had to rely on reviews.";* female/29

Offline comes into play when time pressure is very high:

> „*By then it was so close to Christmas that it was too late to go online";* female/38

These findings inspire the following hypotheses:

> H2a: The higher the time pressure perceived by the gift buyer, the shorter the customer journey.
>
> H2b: The higher the time pressure perceived by the gift buyer, the fewer channels are included in the customer journey.

Many consumers described their customer journeys as stressful, which is in line with Wooten's (2000) research on anxiety in gift-giving:

H3: Consumers experience a higher level of stress when purchasing gifts in a multi-channel environment than when purchasing products for themselves.

A higher level of stress influences the emotional experience. Relief was not part of the emoticon-scale. Yet this emotion was explicitly mentioned in more than one fourth of the interviews. Consumers described feeling relieved on many stages of the customer journey: relief to find a matching product, relief about availability in a certain channel, relief that the product was in-stock, etc. Most often, relief was experienced right after the purchase decision was made:

"I was stressed out. ... I hate shopping in general (laughs). After the purchase I was relieved and happy"; male/31

When it comes to online purchases, anxiety persists long after clicking the buy-button as consumers are not yet in physical possession of the product. Consumers felt relieved when the product arrived on time:

„It was delivered right on the birthday. Buying online is always risky, especially when delivery times are long. I was relieved!"; female/27

Relief was also felt when the product matched customer's expectations:

"Well, there was this moment of anxiety, when the package arrived. You open it and you don't really know… I was excited and happy that it was a lucky find and a good fit."; female/38

Although it is difficult to formulate any specific hypotheses based on this exploratory research, it can be said that relief plays a major role in customer journeys for gifts and should therefore receive special attention in future research.

Concerning critical incidents, a higher percentage of offline purchases included memorable moments (85% vs 62% online). While critical incidents online were mostly positive (23 vs 4 negative), experience in-store was more mixed (26 positive vs 14 negative). More than one third of all critical incidents in stores took place after the purchase decision had been made. This justifies further research.

Although all interviewees mentioned that convenience is important when buying gifts, two thirds of them agreed that convenience is less important than when products are purchased for oneself:

"For presents I am willing to go the extra mile. I will try harder if I have to. But if I don't I am glad to have convenience"; female/47

Original/value

So far there is only limited scientific research on customer journeys in general and next to none when it comes to gift purchases. This research constitutes one of the first attempts to examine the customer journey in a multichannel environment from a holistic point of view. The study contributes to the discussion on how gift purchases differ from purchases for oneself looking at multi-channel environments. The originality resides in the research's qualitative approach. It provides insights into the underlying motivation to choose, abandon, and switch channels.

Practical implications

Superior retail management in a multi-channel environment starts with better customer understanding. As there is a myriad of shopping channels available to the consumer, competition is always just one click away. Retailers need to know that high involvement, risk and time-constraints characterise gift purchases and influence the customer journey.

Another finding of this research is that the customer journey for presents is not over when a purchase decision has been made and peace of mind is achieved only after the gift was presented to the recipient. Therefore providing guidance in the post-purchase phase is important. Surprisingly many critical incidents in-store (both positive and negative) in this research took place at the checkout

counter. Reassuring customers about their choice, handling products with care and offering additional services (like gift wrapping, loyalty programmes) are valued by consumers buying presents. Adapting the service offer to special characteristics of gift purchases can provide a competitive advantage for retailers.

Research limitations and outlook

The exploratory character of the research leads to non-generalisable findings. Further research is needed to test the hypotheses using larger data sets and representative samples.

This study relies on reported behaviour not actual behaviour. Although consumers were narrating specific customer journeys, socially-desired responses and over-rationalisation cannot be ruled out entirely. As both studies were conducted in close proximity to Christmas, Christmas presents are overrepresented. Only gift purchases were analysed.

The acknowledged shortcomings provide opportunities for further research. It would be interesting to analyse and compare consumer motivation concerning channel choice for different types of shopping purposes and levels of involvement.

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Customers' Smartphone Usages within Bricks-and-Mortar Retail

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Keywords

Smartphones, Shopping Companion, Customer Behaviour, Bricks-and-Mortar Retail, PLS-SEM

Introduction

Smartphones provide manifold assistance in everyday life, and while shopping within bricks-and-mortar retail. Thus, customers can use smartphones to search for product information, special offers and prices while inside a retail store. Therefore, smartphones can impact the shopping process, as they can act as a shopping companion (Cliquet et al., 2014, p. 102). Different marketing channels merge into one simultaneous, overall process (e.g. Brynjolfsson, Hu and Rahman, 2013; Piotrowicz and Cuthbertson, 2014; Rigby, 2011; Verhoef, Kannan and Inman, 2015). There are papers and studies which have examined customers' acceptance of smartphones (e.g. Agrebi, 2015; Bruner and Kumar, 2005; Jung, Hur and Kim, 2015) and willingness to use smartphones in bricks-and-mortar contexts (e.g. Deloitte Consulting LLP, 2012; Samat, 2014). However, one question which remains is how retailers can benefit from the customers' use of smartphones while they shop within bricks-and-mortar retail.

Purpose

The purpose of this conceptual paper is to propose a Partial Least Squares Structural Equation Model (PLS-SEM), which contains factors and items that show benefits for retailers from the customers' use of smartphones while they shop within retail stores.

Conceptual framework

The evaluation of the retailers' performance (EVAR) can be seen as one possible factor that is affected by the use of smartphones as shopping companions (SHOC). In addition, smartphone use could also raise the shopping value (SHOV). Both factors (EVAR and SHOV) may improve customer satisfaction (CUSA) and loyalty (LOYA).

The smartphone as shopping companion (SHOC)

As discussed before, smartphones can be regarded to act as a shopping companion (Cliquet et al., 2014, p. 102). However, customers may use smartphones within bricks-and-mortar retail via different motivations. Voropanova (2015) conceptualises a model that suggests that "the use of a mobile device in shopping improves shopping productivity dimensions (time/effort savings, money savings, right purchase, and emotional benefits from shopping)" (p. 540). Research, in 2013, undertaken by the Google Shopper Marketing Council, suggested that customers use smartphones to "find product information", "find where specific products are sold" and "make life easier" (p. 21–25). As a conclusion, the following five dimensions could represent the use of smartphones as a shopping companion: (1) getting information about products/services; (2) finding products/services; (3) saving money; (4) enhancing the act of shopping; and (5) making the act of shopping more convenient.

The evaluation of the retailers' performance (EVAR)

To evaluate the retailers' performance, the RSQS model (Parasuraman, Zeithaml and Berry, 1988) can be used, as it specialises in the assessment of service quality in retail. However, the items of this model do not provide sufficient reference points to the selected operationalisation of smartphone use as a shopping companion: so, for example, in the RSQS model, there is no reference to prices or products (Dabholkar, Thorpe and Rentz, 1996, p. 14–15). Schramm-Klein (2003), on the other hand, provided a construct that includes items for the evaluation of marketing channels, which can attest to high reliability. This construct is used for the framework and contains nine items related to:

(1) assortment; (2) value for money; (3) counselling; (4) information; (5) design of the shopping environment; (6) service offer; (7) accessibility; (8) opening hours; and (9) advertising (p. 247).

The shopping value (SHOV)

Babin, Darden and Griffin (1994) develop the hedonic and utilitarian shopping value scale. The utilitarian shopping value, which includes four items, refers to shopping in a sense of functional–rational work with the goal of successfully completing shopping task. Contrariwise, the hedonic shopping value, which is composed of 11 items, represents the fun and pleasure of shopping where shopping is viewed as enjoyable and an adventure.

Customer satisfaction (CUSA) and loyalty (LOYA)

The two evaluation constructs, EVAR and SHOV, are already multidimensional, individual assessments. In addition, the total customer satisfaction as a mediator is measured separately as a single-item construct. To measure loyalty as reaction, one item for recommendation and one item for repurchase intent are used (Schramm-Klein, 2003, p. 396).

The following table shows the suggested factor structure and items:

Table 1. Suggested factor structure and items

Variable	Item	
The smartphone as shopping companion (SHOC)	SHOC01	I use my smartphone to get information about products/services during my shopping at [retailer].
	SHOC02	I use my smartphone to find products/services that are sold out or not offered at the store when I go shopping at [retailer].
	SHOC03	I use my smartphone to save money during my shopping at [retailer].
	SHOC04	I use my smartphone to experience more joy during my shopping at [retailer].
	SHOC05	I use my smartphone while shopping at [retailer] (for example, with a shopping-list app) because it is more convenient.
The evaluation of the retailers' performance (EVAR) (Schramm-Klein, 2003, p. 247)	EVAR01	[Retailer] has a great assortment.
	EVAR02	[Retailer] offers great value for money.
	EVAR03	[Retailer] offers great counselling.
	EVAR04	[Retailer] offers lots of information.
	EVAR05	[Retailer] has a great design of the shopping environment.
	EVAR06	[Retailer] offers great services.
	EVAR07	[Retailer] has great accessibility.
	EVAR08	[Retailer] has great opening hours.
	EVAR09	[Retailer] has good advertising.
The shopping value (SHOV) (Babin, Darden and Griffin, 1994, p. 649)	Hedonic Items	
	SHOV01	This shopping trip at [retailer] was truly a joy.
	SHOV02	I continued to shop at [retailer] not because I had to, but because I wanted to.
	SHOV03	This shopping trip at [retailer] truly felt like an escape.
	SHOV04	Compared to other things I could have done, the time spent shopping at [retailer] was truly enjoyable.
	SHOV05	While shopping at [retailer], I enjoyed being immersed in exciting new products.
	SHOV06	I enjoyed this shopping trip at [retailer] for its own sake, not just for the items I may have purchased.

|	SHOV07	I had a good time at [retailer] because I was able to act on the "spur of the moment."
	SHOV08	During the trip at [retailer], I felt the excitement of the hunt.
	SHOV09	While shopping at [retailer], I was able to forget my problems.
	SHOV10	While shopping at [retailer], I felt a sense of adventure.
	SHOV11	This shopping trip at [retailer] was not a very nice time out.
	Utilitarian Items	
	SHOV12	I accomplished just what I wanted to on this shopping trip at [retailer].
	SHOV13	While shopping at [retailer], I couldn't buy what I really needed.
	SHOV14	While shopping at [retailer], I found just the item(s) I was looking for.
	SHOV15	While shopping at [retailer], I was disappointed because I had to go to another store(s) to complete my shopping.
Customer satisfaction (CUSA) (Schramm-Klein, 2003, p. 396)	CUSA01	If you consider your previous experience with [retailer], how satisfied are you with [retailer]?
Loyalty (LOYA) (Schramm-Klein, 2003, p. 396)	LOYA01	I would recommend that this [retailer] to my friends.
	LOYA02	It is very likely that I will shop at [retailer] again.

Source: Own table.

Based on this suggested theoretical framework, the following hypotheses are assumed, which reflect the proposed relationship between the five constructs:

H1: The use of the smartphone as shopping companion within retail stores has a positive effect on the customers' evaluation of the retailers' performance.

H2: The use of the smartphone as shopping companion within retail stores has a positive effect on the customers' evaluation of the shopping value.

H3: The better that the retailers' performance is, as per evaluation by the customers, the greater customer satisfaction and loyalty with that retailer is.

H4: The better that the shopping value is, as per evaluation by the customers, the greater customer satisfaction and loyalty with that retailer is.

Considering these hypotheses, the following structural equation model is suggested:

Figure 1. Suggested Structural Equation Model
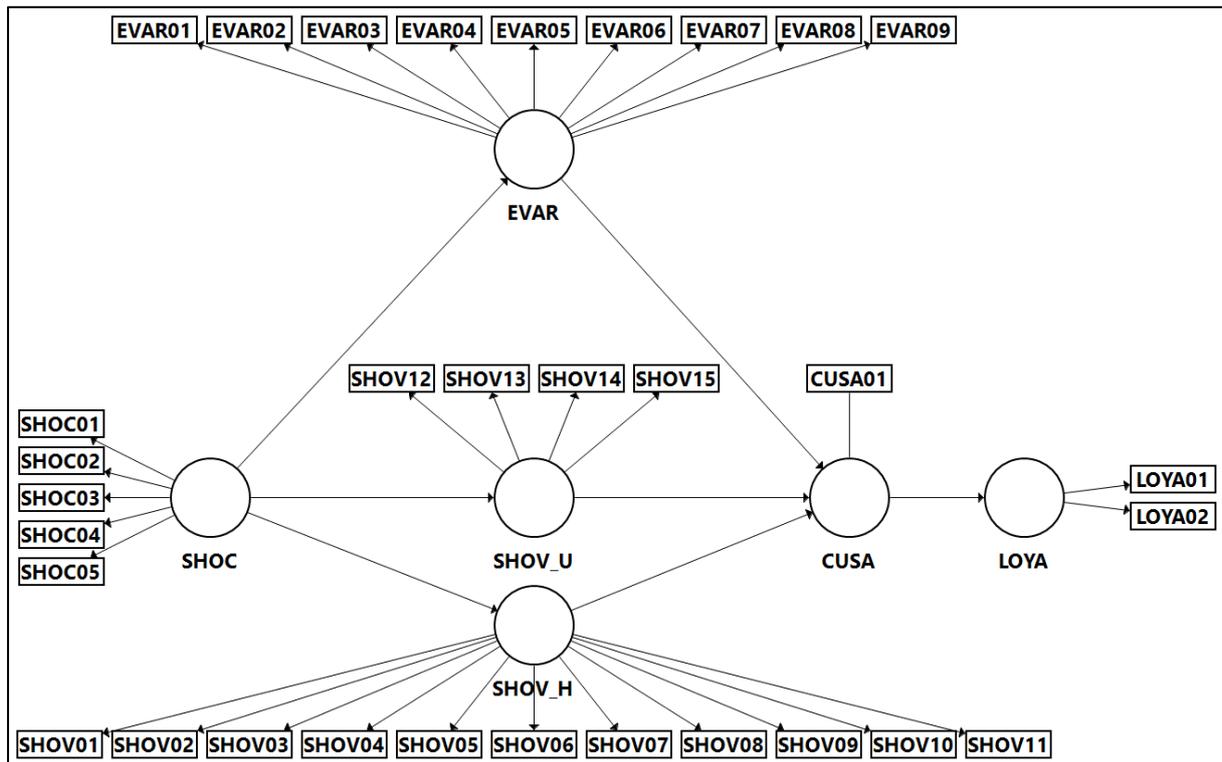
Source: Own work.

Originality/value

The conceptual paper is to propose a Partial Least Squares Structural Equation Model, which should point out a path from the use of the smartphone as shopping companion to customer satisfaction and loyalty via the evaluation of the retailers' performance and the shopping value.

Practical implications

Companies may become overwhelmed by the complexity of technological developments and the shorter life cycle of products. The examination of the relevance of new technological possibilities for their own business becomes, therefore, ever more important. The suggested framework shows possible benefits for retailers from the customers' use of smartphones while shopping within retail stores. Therefore, the framework may provide reasons for retailers to improve the smartphone–related options for the customers' shopping.

Research limitations and outlook

The research which will be realised in 2018, and focuses, mainly, on the German market.

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Session G3 - Retail Marketing Management

Digital Marketing Activities of Town Centre Partnerships: A Resource Based Approach

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Keywords

Digital marketing activities, Channel adoption , Channel update frequency , Town Centre Partnership, Retail, Resources, Capabilities, Dynamic capabilities, Dynamic marketing capabilities, Networks, Networks as a whole

Introduction

Town centres for a large part determine the attractiveness, vitality and liveability of Dutch towns and cities. Town centres need to attract consumer patronage in order to survive and prosper (Retailagenda, 2015). The progressive rise of online retailing – which currently accounts for 13% of Dutch retail turnover (CBS, 2018) – is a major contributing factor to the decline in footfall and retail turnover many town centres currently are experiencing (Wrigley & Lambiri, 2015). This change in consumer behaviour is spurring town centre stakeholders such as retailers, property owners, town centre managers and municipalities to form collaborative initiatives that aim to manage, market and represent the town centre or parts thereof (Coca-Stefaniak & Carroll, 2015). We call these initiatives Town Centre Partnerships (TCPs).

But as digital technologies facilitate novel market behaviours, interactions, and experiences (Lamberton, & Stephen, 2016), they do not just provide a threat to town centres. They also may provide TCPs with opportunities to increase the attractiveness of the town centre through the use of collective digital marketing activities (Grimsey et al., 2013). Digital marketing activities can be defined as all activities enabled by digital technologies that create, communicate, and deliver value to consumers as well as other town centre stakeholders (Kannan, 2016). Examples of TCP digital marketing activities targeting consumers are the provision of information via collective websites and apps, the creation of consumer interaction through collective social network sites, the stimulation of loyalty through digitally enabled town centre loyalty programs, the stimulation of footfall and sales through collective online stores or personalized, location based offers on consumers' mobile phones (Risselada et al., 2018).

However, practice shows that many TCPs experience difficulties developing digital marketing activities. Often this is due to a lack of resources and capabilities such as a lack of digital marketing knowledge and skills and low stakeholder involvement (DNWS, 2017). These difficulties are exemplified by the fact that there is a large variation in digital channel adoption between TCPs.

Furthermore the content in the adopted digital channels is frequently not current, thus of little interest to consumers (Risselada et al., 2018). This leads to the questions which resources and capabilities (1) enable and constrain TCP adoption of collective digital channels and (2) which resources and capabilities enable and constrain TCP update of collective digital channels. These questions are important to address in a world in which branded digital marketing activities are not only a source of competitive advantage, but also quickly becoming ubiquitous (Leeflang et al., 2014).

A considerable amount of scholarly research has been undertaken focussing on the adoption and update of different digital marketing channels. From previous research we learn that variation of social network site adoption at firm level is primarily explained by the active involvement of top management, the alignment of the social network sites plan with firm's business plan, the existence of competitive pressures and the use of social network sites for gaining competitive advantage (Martins et al., 2016) . Research focussing on website adoption by independent retailers indicates that firm owner characteristics and their personal network account for important explanatory variables in relation to website adoption (Weltevreden & Boschma, 2008). Focussing on the challenges companies are facing going digital Leeflang et al. (2014) find that filling ''talent gaps'', adjusting the ''organizational design'', and implementing ''actionable metrics'' are the biggest improvement opportunities for companies across sectors.

However TCPs consist of different organizations that interact with one another in an effort to achieve a common purpose and can thus be classified as interorganizational networks (Provan et al., 2007). According to scholarly insights these interorganizational networks face both their own and additional possibilities and challenges in relation to securing resources and capabilities that enable them to partake in digital marketing activities. Challenges consist amongst others of the plurality of stakeholders involved, the lack of contract-based authority and the dependency on the good-will of different stakeholders to cooperate (Teller et al., 2016).

This far studies concerning the resources and capabilities enabling and constraining digital marketing activities of interorganizational networks such as TCPs have, to our knowledge, remained scarce. By analysing responses of 175 TCPs to an online survey that inventoried TCP resources and capabilities as well as the adoption and update of their collective digital channels, this article aims to add to the scholarly understanding on this subject.

Purpose

This research draws on both the network literature and on the Resource Based View (RBV) of the firm (Wernfelt, 1984) with the purpose to add to practice, retail marketing and management literature understanding of resources and capabilities enabling and constraining digital marketing activities of interorganizational networks such as TCPs.

Conceptual framework

The conceptual framework for this research (Fig. 1) draws on the RBV (Wernerfelt, 1984) and the notion of dynamic (marketing) capabilities (Teece, 2007; Barrales-Molina et al., 2014). Resources refer to "tangible and intangible assets firms use to conceive of and implement its strategies" (Barney & Arikan, 2001). Capabilities are subsets of the firm resources, which represent "an organizationally embedded non-transferable firm specific resource whose purpose is to improve the productivity of the other resources possessed by the firm" (Makadok, 2001). Dynamic capabilities are capabilities that "continuously create, extend, upgrade, protect, and keep relevant the enterprise's unique asset base" in a changing environment (Teece, 2007). And Dynamic Marketing Capabilities use market knowledge to adapt organizational resources and capabilities (Barrales-Molina et al., 2014).
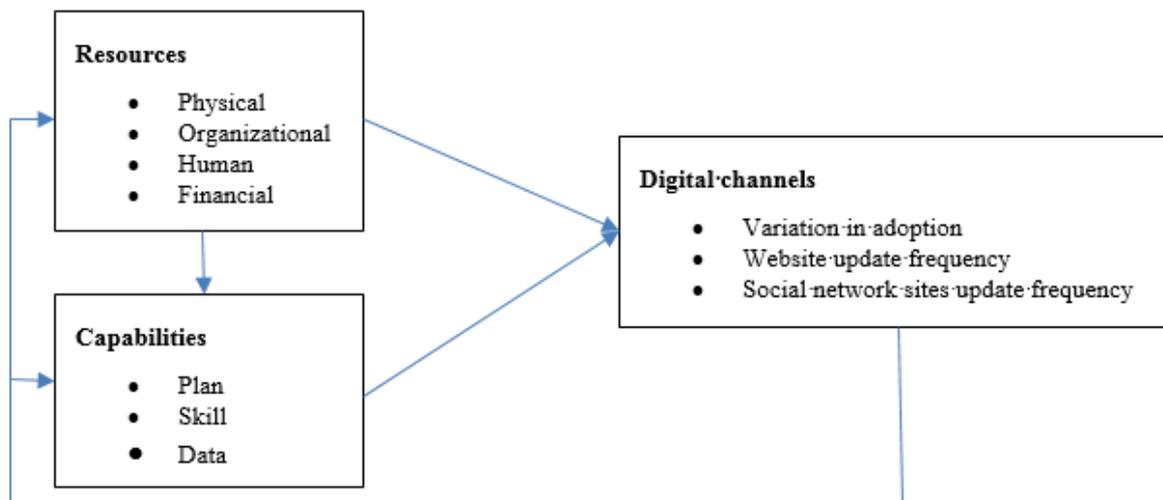
Fig. 1. Conceptual framework for research

Methodology

First online search was used to inventory which parties busy themselves with town centre marketing of the 350 largest town centres in the Netherlands (Locatus, 2016). This inventory resulted in a database of 758 TCPs. To empirically investigate the conceptual model and to test the hypotheses, we conducted a survey among 578 of the identified TCPs targeting official representatives as key informants since we believe that they are the right informants given the research question. When deciding on the population collectives that were not consistent with the TCP definition or of which we had not been table to identify contact details (N-180) were left outside the population.

Given the size of the population, we decided that is was feasible to conduct a census. To maximise the response rate and minimise the negative consequence of no-response error. After two reminders we had collected 175 usable surveys –satisfactory response rates of 30%.To test for non-response errors we compared physical town centre area focus of the collectives and initiating party of the collectives. A chi-square test did not reveal any significant differences with the population. Overall we concluded that our sample represent the population and that our data is not affected by non-response error.

Findings

Looking at the dependent variables digital channel adoption and website and social network sites update frequency we find that on average TCPs make use of 2,6 different marketing channels. Of these channels social network sites such as Facebook, Snapchat and Twitter (84%) and websites (73%) are most widely adopted. A minority of the TCPs make use of e-mail newsletters (30%), Messenger services such as WhatsApp and WeChat (26%). Few TCPs make use of , Google Maps (22%), apps (14%), online stores (7%) or national channels/platforms such as Wugly and NLstreets (6%). A minority of the TCPs (9%) does not use digital channels at all to communicate with consumers. Regarding update frequency we find that 53% of the TCPs update their website less than once a week and 48% of the TCPs update their social network sites once a week or less.

Looking at TCP resources as independent variables we find that 25% of the town centres experienced no rise in the vacancy rates in the period 2008-2016 while 41% experienced a 100% rise in vacancy rates in the period 2008-2016. Of the TCPs 51% is satisfied with the task distribution with the TCP and 40% is satisfied with the collaboration within the TCP. Financial resources are often scarce. Only 23% of the TCPs state to have enough budget to maintain their online activities. Even though 58% of the TCPs enjoy having paid human resources only 12% of the TCPs enjoy having paid human resources with a specific digital marketing function. Focussing on capabilities as independent variables we find that 33% of the TCPs use their digital marketing activities strategically, 44% states that they have sufficient skills to maintain their online presence and 61% uses digital indicators such as social network sites and website statistics to measure the effect of collective actions.

Because of the continuous nature of the three dependent variables we use linear regression for a quick analysis of the influence of different resources and capabilities on the dependent variables. The findings suggest that physical resources do not significantly influence any of the dependent variables. The organisational resources 'good cooperation' and 'good task distribution' significantly influence social network sites update frequency. The relation of 'good cooperation' being positive and the relation with good task distribution being negative. Having paid human resources with a specific digital marketing function positively relates to both variety in digital channel adoption and social network sites update frequency. Capabilities related to marketing planning have a positive significant relation with variety in digital channel adoption, but not with website or social network sites update frequency. Data related capabilities do not significantly relate to variation in digital marketing adoption, but do significantly relate to both website and social network sites update frequency.

Contributions

In order to reduce current constraints TCP encounter in their digital marketing strategy the main contribution of this study to the retail marketing and management literature is that we empirically show to what extent different TCP resources and capabilities influence TCP digital marketing activities

Practical implications

We provide evidence on the resources and capabilities enabling and constraining TCP digital marketing activities. Town centre managers, retailers and other town centre stakeholders can use these insights when making digital marketing related TCP resource & capability allocation and enhancement decisions.

Social implications

This research provides first steps into a better understanding into the factors enabling and constraining TCP digital marketing activities aimed at improving town centre attractiveness. This research therefore has the potential to positively impact the vitality and liveability of our town centres.

Research limitations and outlook

The study does have limitations, many of which highlight exciting opportunities for future research. Firstly further research could also consider the perspectives of non-managerial TCP participants for they might have a different assessment of TCP resources and capabilities endowment than our survey sample consisting of TCP management. Secondly we have looked only at channel update of websites and social network sites as a whole. Different digital marketing activities such as apps and collective digitally enabled loyalty programmes that involve more complex technologies might generate different and more pronounced results. Thirdly, the focus of our research is on the effect resources and capabilities on TCP digital marketing activities. As a result, we do not consider the effect of TCP resources and capabilities on consumer engagement with TCP digital marketing activities. Fourthly future research should also attempt to explore the impact of TCP digital marketing activities on town centre attractiveness. Finally this research has taken place in a Dutch context while constraints regarding TCP digital marketing activities might differ between countries. Limitations three to four will be addressed in the next 4 papers of this series.

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Exploring the influence of national culture and industry structure on grocery retail customer loyalty

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Keywords

Introduction

Despite the importance of customer loyalty for business performance and profitability (Nguyen and Mutum, 2012), the influence of national culture on customer loyalty has been scarcely researched (Khare *et al*., 2014). This is despite the failure of grocery retailers in new markets often being attributed to a lack of understanding of cultural differences (Etgar and Rachman-Moore, 2008). Furthermore, the influence of national culture on customer perceptions and expectations of loyalty programme attributes remains thinly explored (Park *et al*., 2013; Hu and Weber, 2014; Beck *et al*., 2015). Similarly, previous research has not adequately investigated the impact of industry structure on customer loyalty despite different structural conditions between markets (Laaksonen, 1993). As with culture, this lack of research is despite contentions that the performance of expanding retailers is dependent on a market's structural factors (Chan *et al*., 2011).

Purpose

The aim of this study is to explore the influence of national culture and industry structure on customer loyalty in grocery retailing. The UK and Sri Lanka were selected as the context for this study due to their differences in national culture and industry structure. Sri Lanka is a gateway market in the South Asian region given its cultural and structural similarities with India and Pakistan (Pandey *et al*., 2015).

Conceptual Framework

National culture

Hofstede *et al*.'s (2010) dimensions of national culture were used to differentiate the two countries. Despite criticisms (see, for example, Spector *et al*., 2001; Yeganeh *et al*., 2009; Venaik and Brewer, 2016), these dimensions remain the most widely cited in cross-cultural consumer behaviour research (de Mooij, 2017). In addition, this model is the most applied in multiple contexts, covering consumer behaviour and customer loyalty; providing a comprehensive point of reference for discussion. Also, it is the only model that provides country scores for Sri Lanka.

The two countries are different in respect of three dimensions and have similar scores for two others (Hofstede Insights, 2018). The following conclusions can be drawn based on these scores:

I. Power Distance: Greater and more equal distribution of power could be expected in the United Kingdom with people expecting equal distribution of power. This would be the opposite in Sri Lanka with people focusing more on status.

II. Individualism/Collectivism: Greater prominence will be given to individual needs and there will be low levels of group integration and collectiveness in the United Kingdom. Collective goals will be valued more in Sri Lanka with emphasis on group integration and cohesion. There will also be closer ties amongst Sri Lankans while people in the United Kingdom will value distance and privacy.

III. Masculinity/Femininity: People in the United Kingdom will be more assertive and competitive with less prominence given to building and maintaining relationships. Sri Lankans will focus more on relationship building and value cooperation.

IV. Uncertainty Avoidance: People in both countries will not be too risk averse and will not be too sceptical of ambiguous situations.

V. Long Term Orientation: People in both countries will focus on more immediate reward oriented virtues with less focus on future oriented goals.

Industry structure

Disparate structural development conditions are evident in the two countries. Whilst the organised sector constitutes nearly 94% of grocery retailing in the UK (IGD Retail Analysis, 2017), the predominant traditional sector makes up approximately 84% of grocery retailing in Sri Lanka (LMRB, 2016). Similarly, more than twenty organised grocery retail chains operate in the UK; operating over 57,000 stores (IGD Retail Analysis, 2017). On the contrary, only five retail chains currently operate in Sri Lanka; with less than 900 stores. Online grocery retailing is a growing channel in the UK (IGD Retail Analysis, 2017) but this has not yet been established in Sri Lanka (LMD, 2016). Finally, loyalty programmes are widely used by UK grocery retailers and are used to track customer behaviour and communicate with customers. However, Sri Lankan grocery retailers use such schemes merely to offer customers discounts and offers.

Customer Loyalty

Although treated as a purely behavioural phenomenon up until the late 1960s, customer loyalty is conceptualised as a combination of behavioural and attitudinal elements (Day, 1969; Dick and Basu, 1994; Uncles *et al.,* 2003). This is because purely behavioural measures cannot distinguish between *true* loyalty and *spurious* loyalty. True loyalty is a combination of favourable behaviour and attitudes while spurious loyalty is repeat purchasing without a favourable attitude.

The widely cited customer loyalty typologies of Dick and Basu (1994) were used in this study, namely; loyalty (high relative attitude and high repeat patronage), latent loyalty (high relative attitude and low repeat patronage), spurious loyalty (low relative attitude and high repeat patronage) and no loyalty (low relative attitude and low repeat patronage).

Methodology

Six focus groups were conducted, using a semi-structured discussion guide; totalling thirty two participants. A purposive sample was used (Morgan and Scannell, 1998) and this was particularly important in Sri Lanka, to ensure that participants had adequate experience of organised grocery retailing due to the developing structure. A minimum of five participants were secured for each discussion (Krueger and Casey, 2009). Thematic analysis was used to analyse the data and the six step process recommended by Braun and Clarke (2006) was followed to ensure that the analysis was carried out in a systematic manner.

Given the lack of previous knowledge, the analysis was mainly inductive in nature where the data drove the analysis. Theoretical analysis was done during the preliminary interpretation of the findings where cultural variables and structural factors identified previously were applied to these findings. The themes identified were semantic in nature (Boyatzis, 1998) as they were at first, taken at surface level after which their broader meanings and implications were interpreted through the application of previous theory (Braun and Clarke, 2006).

Findings

Differences in Customer Loyalty

Three key findings emerged in respect of differences in customer loyalty.

- True loyalty to the eight main grocery retailers in the UK[1] but latent loyalty to grocers perceived to have a premium offer (Waitrose and Marks & Spencer)
- True loyalty to Keells and Arpico in Sri Lanka
- Spurious loyalty to Cargills and the other retailers as well as latent loyalty amongst participants shopping at these retailers towards Keells and Arpico

True loyalty in the UK appeared to be driven by the eight retailers focusing on high standards of product quality. Although these eight grocery retailers have differing price positions, participants perceived a common focus on product quality. Their focus on quality alongside price (Ranaweera and Neely, 2003) may have enhanced participants' perceived quality of these retailers (Das, 2014). Latency towards Waitrose and Marks & Spencer could be a result of their premium positioning strategies (Mintel, 2016a), resulting in greater brand personality perceptions (Das, 2014). The influence of industry structure is evident in the way the retailers position themselves; Marks & Spencer and Waitrose as premium, the Big Four as mid-range and the two discounters as value-led. The effect of this positioning is somewhat reflected in purchasing behaviour; the two premium retailers usually attracting customers from higher socio-economic groups (Mintel, 2016b).

In Sri Lanka, true loyalty, spurious loyalty and latent loyalty appeared to be influenced by customer service as well as product quality. The importance of customer service could be due to the high Power Distance in the country where participants expect status (Hofstede, *et al.,* 2010), driven by perceived status differences with employees (Mattila, 2000). This finding questions previous research (Donthu and Yoo, 1988; Kueh and Voon, 2007), where customers from low Power Distance cultures have been reported to hold high expectations of quality. From a structural standpoint, retailer focus appears to influence perceptions of quality and customer service. Whilst not positioned as premium chains, Keells and Arpico focus on quality and customer service. Cargills on the other hand focuses on an EDLP approach with its focus primarily on price.

Participants' emphasis on quality also appears to be influenced by the familiarity with and the influence of traditional trading formats. With the country's grocery sector dominated by traditional retailing (LMRB, 2016), supermarket shoppers may compare the quality of fresh produce available in supermarkets against those in more traditional markets. Given their knowledge of the quality in more traditional formats, customers may tend to prefer modern grocery retailers who offer similar quality. Such behaviour is likely in countries such as Sri Lanka that have developing retail structures where customers would rely heavily on traditional stores and use such stores as a benchmark for quality (Goldman, 1974; Reardon *et al.*, 2012). The need for quality could also be a result of the country's food culture where cooking is mainly done from scratch; using raw ingredients (Albala, 2010).

Differences in Perceptions towards Loyalty Programme Attributes

Sri Lankan participants made clear their expectations of soft benefits, preferential treatment and tiered schemes (See Appendix 3 for descriptions) whilst UK participants did not expect such attributes. High Collectivism and Femininity in Sri Lanka (Hofstede Insights, 2018) may result in expectations of soft benefits due to emphasis on relationship building (Hofstede, *et al.,* 2010) and openness to retailers' relationship building efforts (Laroche *et al.,* 2004). The focus on preferential treatment and tiered schemes could be a result of high Power Distance and the focus on status as discussed above.

Both countries' participants expressed a preference for instant or segregated rewards. Such expectations could be influenced by the low Long Term Orientation in both countries (Hofstede Insights, 2018), where focus is more on short term gains (Hofstede *et al.*, 2010). Whilst UK participants mentioned an aversion to being tracked, Sri Lankan participants appeared to be more open to this. Aversion in the UK could be a result of high Individualism where privacy and personal space are valued (Hofstede *et al.*, 2010). Sri Lankan participants may be open to such initiatives due to their lack of emphasis on privacy and personal space due to their high Collectivism (Hofstede *et al.*,

2010). Participants' familiarity with loyalty programmes in the UK may have further influenced such aversions due to concerns of being tracked and manipulated by offers. Sri Lankan participants may be open to tracking due to the basic level of loyalty programme integration in Sri Lanka; highlighting the structural influence on these perceptions.

Store Patronage Behaviour

Findings show that UK participants engage in greater store switching behaviour with deals, discounts and loyalty programme offers cited as reasons. Participants also identified that such behaviour is influenced by the greater choice of retailers. Such behaviour was not identified in Sri Lanka, perhaps due to the limited range of retail chains in operation as well as the lack of incentives as available in the UK. Whilst supporting previous research (Seiders and Tigert, 1997; Luceri and Latusi, 2012), this study clearly highlights that such switching behaviour does not negatively influence true loyalty to the main retailer in the UK.

Contributions

This research is the first to explore the influence of national culture and industry structure on grocery retail customer loyalty. In so doing, this study makes the following theoretical contributions.

- The novel findings show that national culture has an indirect influence on customer loyalty through aspects such as customer service and loyalty programmes; thus, challenging the limited previous literature
- The influence of industry structure is also identified in both countries where aspects such as positioning and retailer focus appear to affect customer loyalty
- These findings are the first to provide an insight into the influence of these two elements on customer perceptions and expectations of loyalty programme attributes

Practical implications

Internationalising grocery retailers need to understand that differences in national culture and industry structure do influence grocery retail customer loyalty. Therefore, retailers need to be aware of disparate consumer expectations and develop their strategies accordingly when expanding into culturally and structurally disparate markets.

Research limitations and outlook

A limitation of this study is that it was conducted in one South Asian country and it is qualitative in nature. It is recommended that further research be conducted in other South Asian countries and that the findings are empirically tested to measure the scale of the effects identified here and further explore and identify the applicability of the findings of this study.

Notes

[1]Eight main grocery retailers in the UK: Tesco, Sainsbury's, Asda, Morrisons, Aldi, Lidl, Waitrose and Marks & Spencer

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Determinants of Online vs. Physical Store Purchase: Evidence from China

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Introduction

Online retailing in China is going through a period of exceptional boom with the advent of wechat payment platform as a facilitating agent. Erisman (2017) argues that online platforms, such as Taobao.com and JD.com, will hike online selling due to decrease in distribution costs and consumer convenience, rents and shelf space compared to physical stores. For example the efficiency and convenience of on-time and overnight product delivery, gained JD.com consumers' acceptance in China. Furthermore, with online searching capabilities from Baidu.com and integrated wechat payment to facilitate communications and e-wom (electronic word of mouth), consumers' search costs for desired products is largely reduced through online channel. In 2011, online retail sales generated through mobile devices such as smartphones and notepads had amounted to 11 billion yuan and this figure is expected to double in 2017. In the year 2017, about 533 million people in China had purchased goods online (Statista, 2017).

On the other hand, the number of physical stores are declining at a significant speed, for example 214 stores per month in 2013 to over 400 stores per month in 2017 (Wingshang.com, 2017). Since 2015, the growth of online shopping has doubled and this double digit growth is attributed to wechat payment as facilitating agent (Liang *et al.,* 2018). The main reason beneath the growth of online shopping sits on popularity and trendiness of online platforms (Liang *et al.,* 2018). Wechat social media allows users to display their shopping activities in information feeds that are shared among the user's circle causing viral effects– *everybody else is doing it and I can't be left behind* (Lien and Cao, 2014). At the surface, it may appear that online shopping is on the rise and there is a demise of the physical store. However, Chinese Retail data warehouse argue that physical store shopping is popular among Chinese consumers in tier 2 and 3 cities and in the rural and semi-urban areas. These consumers enjoy to experience shopping in retail atmosphere and expect services like try-on before purchase. XinhuaNet survey of Chinese consumers reported that, physical stores will not be totally replaced by online stores. It nevertheless presents a new reality and threat for physical stores. Lee *et al.,* (2009) consolidated that an integration of physical and online stores presents an opportunity for retailers. Hsiao et al. (2012) highlights that the choice between store format (physical, online or mobile) was somewhat influenced by product type (hedonic or utilitarian) (Baltas *et al.,* 2017). Consumers engage in physical store shopping when they look for enjoyment and need for touch or sensory gratification (Childers *et al.,* 2001). Similarly, freshness and cleanliness are important when consumers shop in-store for grocery and convenience product (Morschett *et al.,* 2005). At the same time consumer choice of retail store format (physical, online or mobile) is dependent on the benefits sought for different categories of purchase (Xu-Priour and Cliquet, 2013). Previous literature has focused mostly on shopping motivations for in-store (Gerht and Shim, 1998) and online shoppers (Rohm and Swaminathan, 2004) and only a handful of studies on channel combinations. A comparison study of in-store and online luxury shopping demonstrated different shopping motivations (Haridasan and Fernando, 2018). Convenience, price, shopping attitude, product availability, and trust are the factors that contribute to shopping online. Aesthetic appeal, store trust, shopping experience,

customer service were drivers for instore shopping (Liu *et al.,* 2013; Baltas *et al.,* 2017). In a similar vein, this research aims to explore the factors that determine online and physical store purchase in Chinese grocery shopping context.

Purpose

By discovering and comparing online and physical store grocery shopping, we aim to answer whether consumer utilitarian and hedonic motives differ across instore and online grocery shopping format.

Conceptual framework

Consumer shopping preference depends on a number of psycho-social factors (To *et al.,* 2007), which fit under hedonic and utilitarian drivers of shopping behaviour. There are studies suggesting that consumers look for hedonic attributes (e.g. fun, enjoyment, amusement, sensory stimulation) in the store environment (Sloot *et al.*, 2005; Verhoef *et al.*, 2009; Jackson *et al.,* 2011; Wong *et al.*, 2012) and task related rational driver of shopping behaviour (Babin and Darden, 1995). Within the domain of utilitarian and hedonic shopping, extant literature considers shopping experience, store environment, customer service, and convenience, price and interactivity as the motivators of online vs. instore shopping.

Shopping Motivation

Proponents of the hedonic motivation view perceive consumers as enjoying the experience of shopping and do not consider that a choice is necessary to be completed for a session to be successful (Terblance, 2018). Shopping is seen as recreational activity that grows pleasure, enjoyment and fun (Mortimer, 2012). In-store experience is dependent on the sensory stimulation (Yim *et al* 2014) and not necessarily pre-planned purchase (Yoon, 2013). Thakur and Srivastava (2015) contrast that online shopping can be described as planned purchase which is conducted entirely from central location, either from home or workplace (Grewal *et al.,* 2004). Shopping entails rational motive, relief from sales persons or crowded shopping environments (Shergill and Chen, 2005).

Store environment, social interaction

There are studies that support that store environmental cues like design, layout, lighting, music cleanliness, fragrance influence shopper behaviour (Mohan, *et al.,* 2013, Helmefalk and Hulten, 2017; Lick *et al.,* 2017). Pantano and Gandini (2017) demonstrated that consumers look forward to social interaction with other consumers, friends, family and peers and these social interactions entice them to visiting shopping malls. Grewal *et al.,* (2003) argue that online shoppers prefer social isolation and avoid sales person advice and crowded places.

Convenience and price

Convenience is a major factor that drives consumers towards online shopping. Ganesh *et al.,* (2010) suggested that online shopping preserves psychological resources compared to instore shopping. The convenience element ranges from wider product choice, faster checkout, and delivery facilities (Yeo *et al.,* 2017). Pauwels and Neslin (2015) study demonstrated that convenience of online shopping includes low search cost, price comparison and information availability.

Methodology

In an attempt to understand consumer motivation for channel choice and gather respondents to the survey, an online survey approach was adopted enabling the questionnaire to be answered via a smartphone and also desktop, laptop, and tablets. The survey was open for one month, between May 25, 2017 and June 28, 2017 in China.

A total of 195 responses were gathered in this research. More than half of the respondents were students, 60% were females and 83% were between the age of 25 years and 45 years old. Socio-demographic questions were also included in this survey lasting around 20 minutes.

Measures

The most commonly used test for internal consistency is Cronbach's Alpha (Cronbach, 1951). What constitutes a minimum acceptable alpha level is debatable, however "a widely advocated level of adequacy for alpha value is .70" (Netemeyer *et al.,* 2003, p.58). However, according to Hair et al. (2010) "it may decrease to 0.6 in exploratory research (p.125). The Cronbach alpha values for the hedonic factors (fun, fashionable, trendy, attractive) and utilitarian factor (convenience, price, quality, service, website design) used in this study range between .70 and .90 which is in line with the benchmark. A total of 53 items measured on 5 points Likert scales were used. Measures were generated in qualitative study and validated for reliability.

Data Analysis

We used Harman's one factor to examine the presence of method effect in the data. All the variables were entered into an exploratory factor analysis, using principal component analysis with Varimax rotation, to determine the number of factors that are necessary to account for the variance in the variables. The factor analysis, revealed the presence of nine distinct factors with eigenvalues greater than 1.0. Based on this, we conclude that the nine constructs used in our study are distinct in nature and measure different aspects of shopping motives such as fun, fashionable, trendy, attractive and convenient, price, quality, service, website design (the focus of the current study).

Data analysis in addition to descriptive statistics, validity tests employed one-way analysis of variance (ANOVA) test. One way analysis is deemed suitable since the objective of the study was to compare group difference.

Findings

A one-way between subjects ANOVA was conducted to compare shopping motives in physical versus online stores for grocery shopping. There was a significant difference between online versus instore grocery shopping for fun $F=8.4$, $p<.05$; fashionable $F=4.6$, $p <.05$, trendy $F=9.1$, $P<.05$, and attractive $F=7.8$, $p<.05$. Mean analysis revealed that respondents favoured hedonic motives as significant contributor to in-store shopping. Similarly, we found that convenience and price differed between online versus in-store shopping, $F= 9.0$, $p<.05$, and $F=7.6$, $p<.05$ respectively. We did not find significant difference between in-store vs. online grocery shopping for quality, and service. Taken together, the results support our research question that consumer utilitarian and hedonic motives differ across instore and online grocery shopping.

Contributions

The findings of this research reveal the difference between online and in-store motivation within the grocery shopping context in China. Thus our study extends previous research which compared shopping motivations and channel differences (Liu *et al.,* 2013; Baltas *et al.*, 2017; Hsiao, 2009). In line with previous research we found that hedonic shopping motives were influential for in-store grocery shopping while utilitarian seem to be influential for online shopping; in this case convenience and price were influential factors. However, in the context of grocery shopping, shoppers looked for physical attribute verification, therefore, quality, and customer service provision did not discriminate between the retail format (Kim and Forsythe, 2010). Our findings are unique in the grocery context, since most of the studies that contrasted online and in-store shopping are in the context of luxury products (Childers et al, 2001; Rohm and Swaminathan, 2004) and are situated in Western countries.

Practical implications

Our study sheds light on the motives of consumers shopping grocery in online store. We suggest that online retailers should work on reducing psychological resources needed for online shopping and make online purchase effortless. High quality product and 3D demonstration of product online will

enhance consumer acceptance in tier two cities in China. Online retailers should focus on automating online personal selling in an effort to help consumers shop effortlessly.
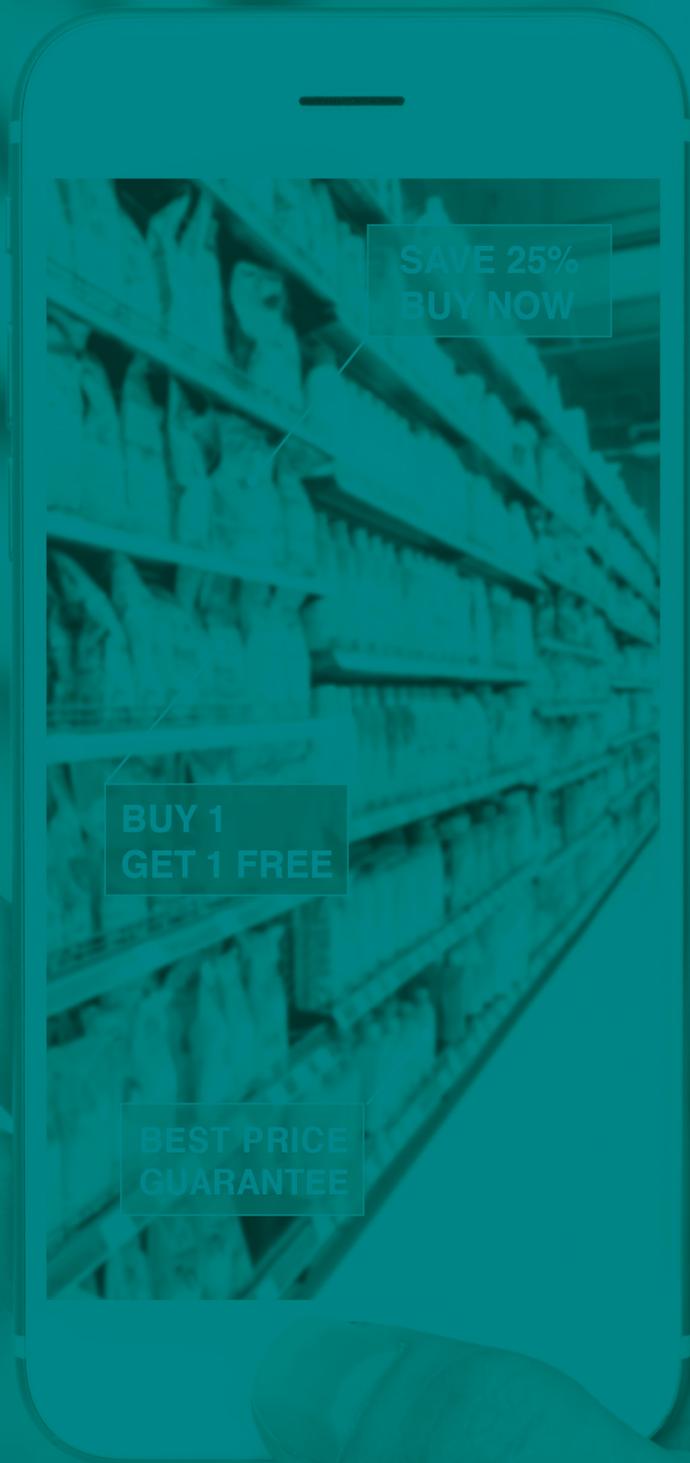
Research limitations and outlook

This study was based on the two most preferred channels of consumer choice. Future study should focus on omnichannels and extend the work of consumer motivations in different purchase and cultural context. Due to the respondents mainly coming from China, the results are limited to the current sample. This study should be replicated with a diverse and more representative sample to increase generalizability. Another limitation of the study is that it was based on grouping the participants into self-report of in-store vs. online grocery shoppers.

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