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Let's Integrate!

A quantitative study on how retail channel integration affects consumer's satisfaction, offer perception and the value of the shopping trip itself.

Retailing is a tough business; changing consumer trends and technological improvements constantly pressure retailers to improve their offerings. With the proliferation of the mobile Internet retailers are scrambling to offer their customers more and more touch points to interact.

Current research has shown that retailers gain by offering more channels but it has not been researched how the integration between channels affect consumers. The purpose of this thesis is to investigate how integration level (high or low) affects consumer satisfaction, offer perception and shopping trip value. It will also investigate if these effects are moderated by type of retailer, type of offer and the consumer's shopping motivation. The study was carried out with an online survey with 1034 respondents who were exposed to different scenarios.

The results show that consumers are more satisfied, appreciate the offer more and value the shopping trip higher with integrated channels. It is also found that it is more important for some retailers than others to be integrated but that the type of offer does not moderate the results. Further it is shown that shopping motivation does affect the reaction towards channel integration.

The implications are that retailers should not just focus on adding more channels but also plan on how they should integrate them to increase the customer value.

Keywords: Retailing, Channel Integration, Multichannel, Omni channel, Consumer Satisfaction

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"Every once in a while, a revolutionary product comes along that changes everything!"

– *Steve Jobs (2007)*

1. Background:

1.1 Creative destruction - the rule of thumb when it comes to retailing

Retailing is a tough business. First, it is important to keep up with current consumer trends to offer the latest fads; second, external innovations might suddenly change the business completely. Retailing has been around for hundreds of years and the business keeps evolving. What worked 30, or sometimes even five, years ago does not work anymore and the current players always need to be on their toes. The change can come from changing consumer taste or from changes in technology that enables new types of retail experiences to prosper. This thesis will focus on the latter.

Changing technology has had major impacts on how the retail industry is working and which actors are currently thriving in it. In the 1960s to 1970s, cars became standard and consumers could travel larger distances to go shopping. This allowed larger stores to evolve outside of the city centers and cater to more people (Dawson, 1972). The new stores would have lower rental costs (due to out of city location) and offer wider assortments making it hard for smaller, city-based, shops to compete.

In the end of the 70s and during the 80s, the introduction of computers and digital information systems enabled retailers to make their supply chains more efficient and less costly. One of the pioneers was Wal-Mart that started experimenting with computerization to lower their purchasing costs (Basker, 2007) and eventually became the world's largest company by revenue in 2013 (Fortune, 2014). The increase of digitalization and supply chain management created large retail chains and driving many smaller, independent, retailers out of business since they could not compete with the larger assortments and lower prices of the chain stores (Basker, 2007).

By the end of the 1990s, another invention was revolutionizing retailing, namely the Internet. Although it was invented in the 1950s (Wikipedia, 2014), it took until the

release of the extremely successful Windows 95 (Windows, 2014) until it became widespread. With the proliferation of the Internet, new types of retailers entered the market competing with the established brick-and-mortar stores. These new players had completely new cost-structures, due to lower overhead, personnel and location costs and could compete on price on a new level. By not being bound to a physical location, these new retailers could cater to small niche segments that previously were not profitable for physical retailers.

The power of the Internet retailers continued to grow with companies like eBay, Amazon and CDON.com being extremely successful and changed how we consume products. To be able to keep up with these new players most large retailers opened up their own web shops to sell their products online as well. Recently it has also been the opposite way, that many online stores, for example Amazon and Bubbleroom (Plafke, 2013; Johansson, 2014), start to open physical outlets in order to reach even more customers and to be able to gain some of the benefits of having a physical store (such as the ability to touch and feel the products).

What all these technological changes have in common is that they changed what we as consumers expect from a retailer. The market leaders either adapted or went out of business. With hindsight, it is easy to say that the actors should have seen the change coming, but it might not have been as clear-cut as we see it now when we know what happened. Changes take time and the "right way of doing something" is only clear after one actor successfully implements it and by then it might be too late for the others to catch up.

All the previously mentioned changes have shaped what retailing is today. However, there is a new shift already on the way of changing the industry again and soon we might see new types of retailers prospering. In 2007, Apple introduced their new product, the iPhone (Apple, 2007) and with it created the concept of the mobile Internet. The iPhone not only changed the phone industry, it also changed how, and where, people could access the Internet. By being connected virtually anywhere, consumers can now compare products, prices and stores against each other instantly, even when they are in a competing retailer's outlet.

The ever-present Internet access has changed consumers' expectations of retailing and the ways that they can interact with the different actors. It is expected that a retailer be present both offline as well as online and offer their products in all channels (Stone, Hobbs & Khaleeli, 2002). This has led retailers scrambling to offer more and more customer touch points in an attempt to gain market share and increase their sales.

There are already examples of retailers who work with channel integration and implementation of it. Apple, for example, lets consumers pay for products using their phones and an Apple-ID (that already has credit card information stored) while in the physical store. Zara, the global fast-fashion chain, enables consumers to order products online and then pick them up in any of their stores, free of charge, the next day. British luxury brand Burberry has equipped all their sales reps with iPads, to be able to order products that are out of stock in the store, online and have them delivered to the customer the following day. This thesis will be a first step of investigating if this was a good investment for the involved companies and if this is something for others to follow.

1.2 What is the problem today and what is the purpose of this thesis?

Recently the focus in the retailing industry has been the importance of being present in several customer-facing channels (online, physical, mobile etc.). However, there have not been any studies highlighting if offering an integrated solution (easy for the customer to move between channels) is better than offering non-integrated solutions (were the channels are more separate). Today there is a lack of knowledge on how the differences in integration level affect consumers' satisfaction and shopping trip enjoyment.

Neither has there been any research on how the effects might be different for different types of retailers, although it is clear that consumers do not behave in the same way across categories (2013, Mobile In-Store Research). Research today categorizes products as either hedonic (emotion based) or utilitarian (cognitively based) and how this affects the consumer's behavior (Kronrod & Danziger, 2013) but this has not

been applied to channel integration. It is of interest to retailers to know if it is equally important for all of them to have integrated channels or not.

In addition, there are different types of promotions that a firm can give their consumers. A firm might focus on transactional (lowering price) or branding (increasing value) offers. Will the channel integration affect how consumers react towards the offer and are some offers better to offer in a more integrated solution than in a less integrated setting?

Another area of interest is that consumers have different motivations for shopping (Arnold & Reynolds, 2003) but it is not known if this would affect how they react to channel integration. Some retailers, who are targeting a certain type of shopper, might want to act in one way when it comes to channel integration and another retailer, attracting another type of consumer, might need a different strategy.

Nowadays it is expected to offer multiple channels (Schramm-Klein et al, 2011), so this thesis will instead look at more or less integrated channel solutions (later defined as an omni channel or multichannel strategy). The purpose of this thesis is therefore to understand how (and if) a retailer's channel integration will affect the consumer when it comes to consumer satisfaction, their perception of the offer and the shopping trip value itself.

To deepen the understanding the thesis will also investigate if these results are moderated by what type of retailer it is, a hedonic (emotion driven) or an utilitarian (cognitive driven) retailer, and what type of offer is given to the consumer (transactional or branding). It will also answer the question if there is a difference between consumers based on their shopping motivation.

By answering all these questions, the thesis will help retailers understand how they should work with their different channels. It will also answer if different types of retailers should have different channel integration strategies. Further, it will determine if certain types of promotions are more or less efficient if they are integrated or not. This will help retailers plan their upcoming campaigns and how much effort they should put into making them channel independent. The thesis will also investigate

whether consumers' shopping motivations affect how they react to channel integration so that a retailer can use the findings to anticipate how important it is for them to invest in channel integration technologies based on their customers' profiles.

1.3 Research question

The main question this thesis will answer is the following:

How does channel integration affect consumer satisfaction,
perception of the offer and the shopping trip value?

With the sub-question:

Are the effects moderated by retailer type, type of promotion and
consumers shopping motivation?

1.4 Definitions and limitations

Channel integration – how seamless the movement between a retailer's customer-facing touch-points are for the consumer, i.e. how simple it is, for the consumer, to move between the retailer's physical store, website and mobile app. The integration is only concerning the perceived integration from the consumer's point of view and not how the retailers see their own integration level.

Satisfaction - In this thesis, I measure consumer satisfaction with three variables, combining them to a satisfaction index.

Perception of offer - consumers can value an offer based on different aspects that affect the perceived value of the offer. In this thesis I will measure savings, convenience, value expression, exploration and entertainment value.

Shopping trip value - The shopping trip in itself can give consumer value independent of the purchased products. In this thesis, I will measure efficiency, enjoyment and entertainment and then calculate a shopping trip value index.

Retailer type - There are two main types of retailers: hedonic retailers (where the shopping experience is driven by emotions and sensory stimulus) and utilitarian (where the experience is mostly driven by rational thinking and cognition) retailers.

Type of promotion - The type of offer that the consumer will receive in the shopping scenario; it can be a transactional, price discount, or a branding, invitation to an event, offer.

Consumer shopping motivation - This variable is relating to what type of shopping situations or goals that drive a consumer. Here I will measure six different motivators (adventure, social, gratification, idea, role and value) that are used to segment respondents into different groups of consumers.

In this thesis, I will only measure and discuss consumer's perceptions on the above-mentioned variables, and hence not look at how channel integration affects sales. This is because it would require more time, access to physical stores as well as the technical ability to create the manipulations, to be able to test their effects, which is not feasible for a master thesis.

1.5 Expected contribution

Current research has concluded that offering several channels for a retailer is good; however, there is little research about how the level of integration affects the consumers. This thesis will first answer the question how important it is for a retailer to enable their customers to move between the different channels and how it affects the consumers. Second, I will also investigate if the type of retailer moderates these effects to answer if it is more important for certain retailers than others to offer an integrated solution. By also looking at the type of offer, the thesis will answer if there is an optimal strategy to work with promotions based on your current channel integration. By including consumer motivation, the thesis will also give insights on how different consumers react to channel integration. In short, this thesis will be a first to look at integration level as well as different aspects that might moderate the effects.

1.6 Thesis Outline

The thesis is divided into eight parts: Introduction, Theory, Method, Results, Discussion & Implications, Limitations, Future research and Conclusion. I will now

go through each of the parts in short to give the reader an overview of the content of the thesis.

The introduction, above, is to make the reader understand the general problem area that will later be explored in this thesis. The theory part is to make the reader up to date with current research and literature in the chosen area. Based on this I will create hypotheses on how channel integration will affect satisfaction, perception of the offer and the overall shopping trip value. I will also examine shopping motivations and theorize how this might moderate the effects.

In the method part, I will describe how the experiment is conducted and how the variables are selected and measured. Following the method part is the result that will go through how the variables reacted to the manipulations and how the results relate to previous research.

Following the results is the discussion & implications section where new theory will be generated as well as a deeper analysis on how the results are of use to retailers. Last are the sections about the limitations of this study and new research areas that arose based on the findings, and limitations, of this study.

2. Theory

After introducing the problem area and an overview of the thesis disposition, I will now present the current research in the area to deepen the reader's knowledge. The thesis is based on scenario experiments with three different manipulation variables: level of channel integration (high or low), product category (hedonic or utilitarian) and type of offer (transactional or branding), creating eight different scenarios (2x2x2).

The theory section begins with going through the measurement variables (satisfaction, perception of offer and shopping trip value) to give the reader an understanding of what is being examined. Following that section is the theories that the manipulations are based upon together with hypotheses of expected outcomes.

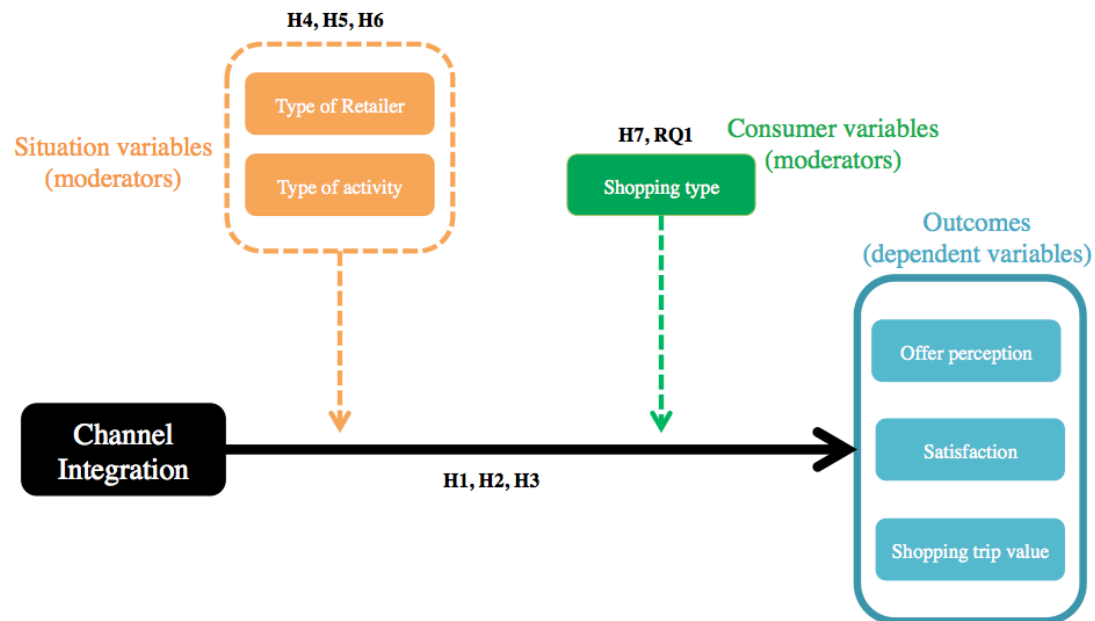


Figure 1 - Expected relationship between tested variables

Figure 1, next page, displays a short overview of the expected relationships between the different variables that will be included in the experiment. The dotted lines represent moderating effects on the main relationship (solid line) that is tested.

2.1 Overview of the measurement variables

2.1.1 Consumer Satisfaction

The first variable that is measured is consumer satisfaction. There is a lot of research regarding consumer satisfaction and it has been shown that consumer satisfaction leads to higher profits (Helgesen, 2006), higher retention rates (Mittal & Kamakura, 2001) and better stock market performance (Fornell et al., 2006). Most companies strive to increase their customer satisfaction and the measure is used to compare companies within industries (Anderson, Fornell & Lehmann, 1994). Since it is already a common measure and widely understood by the industry, it will enable retailers to realize the business implications of the results of this thesis.

In this thesis I will measure satisfaction in form of:

- Satisfaction with the store visit
- Service level of the visit

By measuring these two dimensions I will be able to capture both the fact that the consumer might feel satisfied with the visit in general, as well as if they perceived any service elements to be of particular value. This will therefore both measure service level and general satisfaction level.

2.1.2 Perception of the offer

An offer is not always perceived the same way; a discount can be unequally worth depending on situation and consumers might react to an offer differently depending on the type of product and which company is offering it (Chandon, Wansink & Laurent, 2000). To capture the different value aspects of the offer I will apply parts of the variables found in the Chandon, Wansink & Laurent (2000) article. In this thesis, I will measure the following aspects of the offer:

- Savings
- Convenience
- Value expression (how the consumer feels about him/herself when getting the offer)
- Exploration (if the offer is inducing trial of new products)
- Entertainment value

By capturing different dimensions of the value, the measure will estimate the differences between the manipulations better than if it was a single question. The measure will be used to compare different offers and answer which is the most effective given the retailer's integration level.

2.1.3 Shopping trip value

Research has shown that consumers can appreciate the shopping trip and not just the products that they purchased (Mathwick, Malhotra & Rigdon, 2001). In other words, a shopping trip, in itself, gives some type of intrinsic value to the consumer. Mathwick, Malhotra & Rigdon (2001) tested this in multichannel retail systems and I will apply some of their variables when measuring channel integration to see if the integration level also affects the shopping trip value. For this thesis, I will measure the shopping trip value in the following dimensions:

- Efficiency

- Enjoyment
- Entertainment

By capturing these three variables the study will be able to indicate to retailers how channel integration will affect their customers and how they can increase the value of the shopping trip and hence also the customer retention (Speigelman, 2000; Stone, Hobbs & Khaleeli, 2002).

2.2 The independent variable: Channel integration

After going through the different variables that are measured, I will now discuss the main topic of this thesis; channel integration and how I expect that the integration level between channels affect the above-mentioned variables.

2.2.1 Definition of channel integration levels

Nowadays almost all retailers offer several touch points for their customers (Schramm-Klein et al, 2011; Stone, Hobbs & Khaleeli, 2002) and there seems to be a sentiment that these multichannel systems create synergies and increase sales. Another way of seeing these multichannel systems is that the stores act as billboards for the brand, catalogs provide reminders to buy and the Internet provides an ever-present storefront (Avery, et al., 2012). By having more channels it also creates the question of how the channels should interact with each other.

When talking about channel integration people in the industry, and in research, usually talk about multichannel and omni channel retailing, sometimes interchangeably and with different definitions. To make the distinction clear I will define them as the following:

Multichannel - when the different channels work independent of each other from the consumer's point of view. The movement between the different channels is not seamless and the synergies between store, online and mobile are small. In short, multichannel systems are less integrated.

Omni channel - when the different channels work together and the customer seamlessly moves between store, online and mobile. The system will transfer

customer data and purchase habits between the channels. The boundaries between the different channels become blurred; in short, omni channel systems are more integrated.

2.2.2 How channel integration should affect the consumers

Although there has not been a lot of research on how different levels of channel integration affect the retailer, other research areas can give indication on how the consumers will react. For example, by offering several channels a retailer can increase convenience, the purchase frequency and offer the consumers a wider selection, which will increase spending (Kushwaha & Shankar, 2013). If the channels are more integrated, they can increase the convenience even more by remembering consumers preferred products and where they like to shop. Other research has shown that with well-integrated channels consumers tend to become more loyal than if the channels are less integrated (Wallace, Giese & Johnson, 2004).

Stone, Hobbs & Khaleeli (2002) found that the lion's share of consumers who research products online end up buying them offline, indicating that having a well-connected channel solution could create customer benefits by decreasing search costs (in terms of time and effort) and increasing convenience (by seamless integration and individually targeted solutions). They also found support for this in the fact that when it was easier to shop at the retailer the churn rate decreased. This fact has also been found in a more recent study of mobile shopping done by Columbia Business School (2013) indicating that this is still the case.

Summarizing the above suggests that more integrated solutions increase convenience, lowers search costs, increases loyalty and decreases churn rate. Since increased convenience and lowered search costs should increase customer satisfaction, the first hypothesis is:

H1: *An omni channel solution will generate higher consumer satisfaction than a multichannel solution*

There is a correlation between the perceived quality of the service environment and the perceived value of the service offered (Wakefield & Barnes, 1996). Further,

customers receiving an exclusive deal, based on their preferences, evaluate the deal higher because of the fact that it is exclusive to them (Greenberg, 1987; Loewenstein, Thompson & Bazerman, 1989). This indicates that consumers will react more favorable in an omni channel solution (a high quality service environment where they can get deals based on their own preferences) than in a multichannel environment.

Research has also shown that consumers are more satisfied when they get earned preferential treatment (discounts based on loyalty or previous purchases) than unearned (when you get special offers for no particular reason). This is especially true in a social setting where negative emotions from feeling judgment from others can arise (Jiang, Hoegg & Dahl, 2013). Getting offers on a good that the consumer was searching for but could not get, for example if it is sold out in the particular store, should be similar of getting an earned preferential treatment. By integrating the information between channels of search patterns, previous purchases and preferences, omni channel solutions should be able to offer the consumers the exact goods that they want.

Combining the theory that consumers appreciate congruency (Wakefield & Barnes, 1996), get more annoyed at unrelated offers (Chaturvedi Thota & Biswas, 2009), and that promotions are more efficient on products the consumer wanted (Zheng & Kivets, 2009) suggest that omni channel offers should be more efficient since the retailer can leverage the information gained about the consumer from all of its channels. Consumers also have a tendency to spend money saved from one category on the same category (Henderson & Peterson, 1992). If a product that a consumer want is sold out in the store but they will get a discount if they buy it in another channel they “save” money in the category and are hence more likely to spend it in the same category (by buying the sold out good). All the theories above indicate that an omni channel solution, with specialized offers, should result in more favorable offer perceptions.

H2: *An omni channel solution will result in more favorable perceptions of the offer than a multichannel solution*

Consumer can combine the benefits from different channels to realize greater total value than the individual parts (Fraizer, 1999). One example is a consumer

researching a product online, finding it using their cellphone and then buying it in a store to be able to consume it immediately. The three different channels would then complement each other to increase the total value for the consumer. A well-integrated channel solution will be able to transfer information about a customer between the channels to create a superior customer experience. A customer getting a customized treatment becomes less price sensitive, more loyal and engages more in positive word of mouth (Dréze & Nunes, 2009; Kumar & Shah, 2004). Although not measured in their study, some of these positive outcomes should be due to the increased value of the shopping trip in itself. This is leading up to the third main hypothesis of this thesis:

H3: *An omni channel solution will have higher shopping trip value than a multichannel solution*

2.3 Moderating Variables: Retail category and type of promotion

The section above is the main foundation of this study and displays the three base hypotheses. These effects should however be moderated by other variables and three moderators will be studied in this thesis; the first is related to the retailers themselves and the second to the actions they do.

2.3.1 Retail type - Hedonic and utilitarian goods

Which aspects that are important and how the consumption process look like differ depending on what type of category a consumer is shopping in (Kushwaha & Shankar, 2013). There are two main product categories: hedonic and utilitarian goods (some authors call the latter functional products, for example Lee & Hyman (2008), but the distinction is the same). The consumption of hedonic goods is primarily characterized by an affective and sensory experience of aesthetic or sensual pleasure while utilitarian goods are ones whose consumption is more cognitively driven, instrumental, and goal oriented (Dhar & Wertenbroch, 2000). Examples of hedonic categories include apparel, cosmetics and jewelry while utilitarian categories are, for example, consumer electronics, sport equipment and office supplies (Kushwaha & Shankar, 2013).

Not only products can be categorized into these two categories, also stores can be classified as belonging more to the hedonic aspect or utilitarian aspect (Lee & Hyman, 2008). Fashion retailers such as H&M and Zara are examples of hedonic retailers and large consumer electronic chains such as MediaMarkt and Best Buy are examples of utilitarian retailers. The distinction is important because consumers will form expectations on a certain type of retailer (Lee & Hyman, 2008) and previous research has shown that meeting expectations is one of the aspects of creating consumer satisfaction (Anderson, Fornell & Lehmann, 1994). The distinction will further trigger different types of thinking while in the store. Hedonic consumption contexts will evoke emotional thinking and utilitarian shopping contexts will trigger rational thinking (Kronrod & Danziger, 2013).

These distinctions should therefore affect how consumers react to the different levels of channel integrations. Since consumers in utilitarian shopping situations are driven by rational thoughts they should react less positively on low channel integration than in hedonic categories because the consumers in the rational mindset should notice the unrelated offer and also the fact that the product is sold out. Therefore, it should be more important for utilitarian retailers to offer an omni channel solution to match the consumers' expectations.

H4: *Utilitarian retailers will benefit more than hedonic retailers will from an omni channel solution when it comes to a) satisfaction, b) perception of the offer and c) shopping trip value*

2.3.2 Type of offer - branding or transaction focused offers

Most research that has been done on promotions focus on price discounts in FMCG categories (e.g. grocery) (Haans & Gijsbrechts 2001; Lichtenstein, Burton & Netemeyer 1997; Kumar, Madan & Srinivasan 2001; Allender & Richards 2012 among others) and to my knowledge none have looked at the effects of different levels of channel integration on the effects of the promotion. In this experiment, there will be two types of promotions; one will be a price discount, a transaction focused offer, and the other one will be an invitation to an event, a branding focused offer.

I have not found any research on type of offers and channel integration; therefore, the following two hypotheses will be based on reasoning rather than previous findings. In the scenario, the consumer is looking for a product that is sold out in the store. In the omni channel solution the retailer will offer a promotion on that particular good, and in the multichannel solution the offer will be on another product.

The promotion can be in the form of a price discount, which lowers the cost of the product, or it can be in the form of a branding activity that instead increase the value of the product. Since it was a product that the consumer wanted to buy, but was unable to, they should be indifferent if they get the same product cheaper or a more valuable product at the same price. To easier explain I will give a numerical example: a consumer is looking for a product, A, that costs \$10. They can receive a discount and pay \$9 for it, or they get a promotion that increases the value to \$11 while they still pay the original \$10. Assuming that the consumer was going to buy A for the original \$10, the consumer should be indifferent between the two offers since they gain \$1 in both situations. This lead to the following hypothesis:

H5: *In an omni channel situation there will be no difference in a) satisfaction, b) offer perception and c) shopping trip value between transactional and branding offers*

However, in the multichannel scenarios the offer is on a product that the consumer was not looking for initially. In this situation, the consumer is less likely to appreciate the promotion that increases the value since it is on a product that they initially did not look for. In this case, it should be more effective to lower the price to compensate for the fact that the consumer was not seeking this product. Research has shown that it is better to give monetary discounts on new products instead of non-monetary (Lowe & Barnes, 2012). Although the product offered in the multichannel scenarios is not new per se, it is new for the consumer in the sense that they did not initially plan to purchase it. This leads to the following hypothesis:

H6: *In a multi-channel situation a transactional offer will result in higher a) satisfaction, b) offer perception and c) shopping trip value than a branding offer*

2.4 Consumer moderating variables: Shopping motivators

Consumers are not equally interested in shopping, and certain characteristics and motives will be differently important between consumers. Stone (1954) was one of the first to group consumers into different shopping segments and show that sociology groupings applies towards shopping behavior as well. He found four different customer segments; (1) economic, driven by price and assortment, (2) personalizing, appreciates the social aspect of shopping, (3) ethical, shopped at local stores to make a statement against big retail chains and (4) apathetic, who just did not like shopping.

Tauber (1972) took this research further and showed that shopping motivations are relating to either personal or social needs. Personal motivation include role-playing (expected behavior), diversion, self-gratification and learning about new trends. Social aspects include meeting friends, showing off status and peer group attraction. In recent years, there has been a lot of focus on the fact that consumers might not shop because they need something but because they simply want to shop (Davis & Hodges, 2012). One reason is that shopping can be a recreation for many customers (Goldsmith, Flygg & Clark, 2011) and it is not necessary to purchase a product to appreciate the shopping trip in itself (Babin, Darden & Griffin, 1994).

The most common distinction is between hedonic and utilitarian shoppers. Utilitarian shoppers see shopping as a chore, and hedonic shoppers think that shopping is fun (Babin, Darden & Griffin, 1994), which is also similar to the categorization that Holbrook & Hirschman (1982) do with problem solvers and fun seekers and Sanguanpiyapan & Jasper (2010) with functional and non-functional motivations. Consumers who dislike shopping should react less to the channel integration because they should not think too much about the situation. People who like shopping on the other hand should be more satisfied in an omni channel solution because it simplifies their shopping even more. This gives the following hypothesis:

H7: *Consumers that do not like shopping should react less on level of channel integration when it comes to a) satisfaction, b) offer perception and c) shopping trip value than consumers that enjoy shopping*

Within the segment of people that like shopping there are sub segments with different motivations (Arnold & Reynolds, 2003). In their study the authors found that there are six different type of shopping motivators:

- Adventure: shopping for stimulation, adventure and for escapism
- Social: shopping with friends or family and bonding with others while shopping
- Gratification: shopping for stress relief, to feel better or to treat oneself
- Idea: keeps up with new trends and new fashions
- Role: enjoyment of shopping for others and finding the "perfect" gift
- Value: shopping for sales, looking for discounts and hunting for bargains

I theorize that the consumers shopping motivation will affect how they evaluate the different scenarios. This is supported by the fact that consumers are more or less likely to respond to an offer based on their shopping motivation (Khajehzadeh, Oppewal & Tojib, 2014). However, there is not much research in this area to base any hypotheses on; therefore, this will instead be stated as a research question to be investigated.

RQ1: *Will a consumer's shopping motivation affect how they react to the level of channel integration in terms of a) satisfaction, b) perception of offer and c) shopping trip value?*

3. Methodology

Above the reader got a rundown of current research in the area and the bases for the formed hypotheses. This next section will explain how the experiment was conducted.

3.1 Selection of research area

During my bachelor studies in Retail Management, we studied the importance of consumer behavior, the effects of satisfaction on customer retention and decision processes that affect how a consumer decides to buy products. However all these theories are based on the consumers having pre-existing preferences when they enter the store and that the store itself is isolated from external inputs. The dominant theory is that consumers then go through successive steps in the decision process until finally reaching a purchase (Nordfält, 2007). With 82% of Swedes now owning a smartphone (based on own survey) they have new possibilities while shopping; they can compare

a retailer's channels against each other (some retailers offer different prices) as well as experiencing a product in one channel and buying it in another.

To my knowledge there has not been any studies investigating if different retailers should behave in different ways, when it comes to channel integration, despite the fact that it is known that consumers have different behavior in different categories. For example are luxury goods most often researched online to then be experienced, and purchased, in a physical store (2013, Fashion Online: How Affluent Shoppers Buy Luxury Goods). This is not the case for consumer electronics, which is largely purchased online (2013, Mobile In-Store Research). This suggests that there might be different optimal solutions for different types of retailers.

Retailers seem to know it is important to be present in all channels, but they do not know if the effects of higher integration justify the costs of implementation. This thesis will be a first step to understanding how consumers will react to different levels of channel integration, and hence the consequences of not offering an integrated solution. It is also a highly relevant question since the changes are taking place right now.

3.2 Selection of approach

This thesis has a deductive approach since hypotheses and research question is based on existing theory. The different scenario manipulations, as well as the variables that are measured, is also constructed with the use of current research. It is a quantitative study, with a positivist orientation (the concept of using the methods of the natural sciences to describe sociological events), that generates data through an online survey (Bryman & Bell 2011). The survey has a closed approach where the questions and scenarios are predetermined with the use of theory and do not change throughout the course of the experiment (Jacobsen 2002).

The manipulation is a controlled experiment with a large sample, which is appropriate for this type of research (Jacobsen 2002). To be able to draw conclusions about the effects of certain variables there will be an active manipulation between comparable groups that will be compared and contrasted against each other.

3.3 Experiment design

3.3.1 Manipulations

The manipulations are scenario based where the respondent will read a fictional shopping scenario that s/he will then answer questions about. The scenarios will be manipulated by three variables. The first variable is channel integration (multichannel or omni channel). The second variable is the type of retailer (hedonic or utilitarian) and the third is the type of offer (transactional or branding). In total there are eight different combinations of these variables (see table 1 below). Respondents will only read one scenario each and will not be aware of the fact that there are other versions.

<i>Manipulations (Integration level, retailer type, type of offer)</i>	
1	Omni channel, Hedonic, Transactional
2	Omni channel, Hedonic, Branding
3	Omni channel, Utilitarian, Transactional
4	Omni channel, Utilitarian, Branding
5	Multichannel, Hedonic, Transactional
6	Multichannel, Hedonic, Branding
7	Multichannel, Utilitarian, Transactional
8	Multichannel, Utilitarian, Branding

Table 1 - The different manipulations performed in this study

3.3.2 Channel Integration

The two integration levels that are tested are multichannel (low integration) and omni channel (high integration). In the scenarios, the consumer is looking for products at the retailer's webpage and then travel to the physical store to purchase them.

In the omni channel scenario the consumer will get a push notification on their smartphone when they arrive at the store that displays a store map. The app will then guide the consumer through the store to the products that they had looked at on the webpage. When they are at the cash register, they will get an offer based on the product that was sold out in the physical store.

In the multichannel scenario, the consumer will have to look for the products themselves when they arrive to the store and when they are at the cash register they will get an offer on an unrelated product. These two scenarios simulate different levels of channel integration while still being realistic to a real shopping trip. The

integration comes from the fact that the retailer's app knows when the consumer enters the store, it guides them to the products that they had looked at on the webpage and the offer is based on the product the consumer wanted but was sold out.

3.3.3 Retailer type

This experiment will contrast the effects between a clothing retailer (hedonic) and a consumer electronics store (utilitarian) that is consistent with the category definitions of Kushwaha & Shankar (2013).

These two categories are interesting because there are many retailers in these categories that have different strategies and target groups. For example, in clothing you can be low cost like Primark or high end like Gucci. They will not want to have the same type of offers, and it might be unequally interesting trying to increase the shopping trip value for their customers. This allows the results of this study to be used in several different ways.

In addition, these are two categories where most consumers buy products regularly. By having more shopping experience and a clear perception of a typical retailer in the category, the respondents should have about the same expectations of the category when shopping and hence react satisfactorily to the different manipulations. If the respondents would have no experience with the category from before it is hard to determine causality.

3.3.4 Tested products

Since it would be hard for respondents to imagine a hedonic or utilitarian retailer (since this is mostly research lingo) the retailer type is represented by the type of products the consumer is looking for.

For the hedonic scenario, the respondent is looking for a jacket and a pair of shoes and in the utilitarian scenario they are looking for a TV and a media streamer (for example Apple TV). In the omni channel scenarios the respondents receive an offer regarding shoes or media streamers, respectively, while in the multichannel scenarios they get an offer on sport garments or a PC-computer instead. A pre-study was

conducted to determine that these products were representative of these categories (see 3.6 Pre-study).

It is of interest to use a related product because many promotions are generic and sent out to all customers, even if they are not interested in the products. Therefore, it is interesting to see how this affects satisfaction and offer perception.

3.3.5 The different offers

The study will compare two types of offers against each other, namely branding and transactional. The branding offer will be an invitation to an event where the season's new products will be displayed. The event represents an increase in value but not a decrease in price. This type of offer is of interest to retailers that want to increase their value and or brand value but not competing on price, for example luxury retailers.

The transactional offer is a 10% discount on a product, a pure price cut with no other additional value. This is one of the most common types of offers and there has been lots of research looking at the value of price discounts (see theory section). The 10% amount was chosen so that it would be approximately on parity with the value of the branding offer (to be able to compare them against each other in the analysis).

3.3.6 Selection of respondents

Scenario	No of respondents	Average Age	Share of women	Share of men	Owns Smartphone
1	134	43	49%	51%	82%
2	118	44	42%	58%	80%
3	127	45	47%	53%	83%
4	137	45	55%	45%	84%
5	139	43	50%	50%	81%
6	128	44	52%	48%	80%
7	129	42	45%	55%	83%
8	122	44	43%	57%	82%
Total	1034	44	48%	52%	82%

Table 2 - Amount of respondents, and their demographic factors, for each scenario

To be able to draw conclusions that are valid for a larger population the survey was, with the help of market research company Nepa, sent out to a representative sample of the Swedish population. In total, there are 1034 respondents to the survey, between the ages of 15-74 with representative age and gender share. Table 2 shows the division of respondents between the scenarios. To perform statistical tests there should be at least 30 respondents in each group (Nordfält, 2007), which is not a problem in this study since all scenarios have above 100 respondents each.

3.4 Experiment conduction

The experiment is survey based, in other words, it is a controlled experiment (Malhotra, 2010) where I control what the respondents will experience, and “do” in the scenarios. The respondents are all part of Nepa’s consumer panels and did not know the purpose of the study, only the estimated time to complete it. This was to avoid priming the respondents of what was to be researched and hence taint the results.

3.5 Survey

A lot of time for this thesis was spent on creating the survey, because without a good survey the results will not be reliable. All measured variables are based on previous research and the scenarios were pre-tested and modified to give accurate results. The survey has three parts; the first part contains questions about the consumer’s technology habits, the second part was the scenarios and the third contained shopping motivations and demographic factors (To see the complete survey see appendix 1). Below I will go through the different parts of the survey in detail. (Please note that the survey was conducted in Swedish, so all variables, measures and scenarios are translated into English for this thesis.)

3.5.1 Scenarios

The eight scenarios were randomized among the respondents where each respondent only saw one scenario. The scenarios have three parts (labeled (1), (2) and (3) in this section for ease of reading) and the base scenario is kept as similar as possible to be comparable. All scenarios start with one of these introductions (depending on if they are hedonic or utilitarian):

"(1) It is Saturday and you are on your way to your local mall to buy a jacket in your favorite store. During the week you checked out the assortment on the stores' webpage and found a jacket that especially caught your attention. While at their webpage you also found a pair of shoes that would match that jacket well"

"(1) It is Saturday and you are on your way to your local mall to buy a TV in your favorite store. During the week you checked out the assortment on the stores' webpage and found a TV that especially caught your attention. While at their webpage you also found a media streamer that would complement that TV well"

As can be seen the scenarios are constructed so that they are as similar as possible despite the fact that they are different product categories. This is to limit the effects of external variables and try to keep the situation as stable as possible to get reliable results (Bryman & Bell 2011). The second thing that was varied was the level of channel integration (for ease of reading only the hedonic version will be shown here) (see Appendix 2 for all scenarios). The omni channel version is the following:

"(2) When you arrive at the mall and enter the store you get a push notification on your phone, you take it up and see that you've gotten a message through the retailer's app. In the phone you now see a store map and the phone guides you through the store and shows you where to find the jacket as well as the matching shoes that you looked at on the webpage.

(3) You decide to buy the jacket, but unfortunately the shoes were sold out. When you get to the cashpoint the sales clerk says "I saw here in the register that you were looking for a pair of shoes that are unfortunately sold out here, but if you buy them at our online store before next Saturday you will get a 10% discount. The only thing you need to do is use this promotion code. I'll send it to your phone." You see that you've received the discount code, you thank the clerk and leave the store."

The multichannel version has the same base but it is somewhat different:

"(2) When you arrive at the mall and enter the store you try to find both the jacket and the shoes. After a while you find the jacket and you decide to buy it, but unfortunately the shoes were sold out.

(3) When you get to the cashpoint the sales clerk says; "If you shop in our online store before next Saturday you will get a 10% discount on a sports garment. The only thing you need to do is use this promotion code. I'll send it to your phone." You see that you've received the discount code, you thank the clerk and leave the store."

The difference between the scenarios is that the consumer will be guided through the store and get a discount for the product that they looked for in the omni channel version but have to look for the products themselves and get a generic offer in the multi channel version.

The last variable that was changed between the scenarios was the type of offer. The above version showed the transactional offer, and below is the branding offer (for omni channel):

"(3) You decide to buy the jacket, but unfortunately the shoes were sold out. When you get to the cashpoint the sales clerk says "I saw here in the register that you were looking for a pair of shoes that are unfortunately sold out here in the store, but I would like to invite you to a event next Saturday were the new spring collection of shoes will be shown, I can assure you that there will be tons of interesting new items. I'll send the invite to your phone, hope you can come". You see in your phone that you've received the invitation, you thank the clerk and leave the store."

The multichannel version is similar but instead the consumer will get an invitation for an event showing the new sports collection. After the respondent read the scenario they were asked to answer some follow up questions about their experience.

3.5.2 Dependent variables

Consumer satisfaction

There are several ways to measure consumer satisfaction but the norm in research is to use a three-question scale that is combined into an index (Anderson, Fornell & Lehmann, 1994).

For this survey I use the same method but will include one reverse coded question, that is, a question that is measuring the opposite of what you want. This was decided after a discussion with professor Ronald L. Hess Jr. at Mason School of Business in the US, who use negatively coded questions in several of his research papers and got good results. It also reduces the risk of straight liners, that is, people who just answer the same number on all questions without reading them carefully. Thirdly it forces the respondent to think about the answer again and give a new answer than before. I will therefore use this method and combine one question from Anderson, Fornell & Lehmann (1994) with one from Hess's research.

The included variables in this study are:

- "I am satisfied with the store visit" (Anderson, Fornell & Lehmann, 1994)
- "I got good service during the store visit" (Hess Jr., Ganesan & Klein, 2003)
- "I am dissatisfied with the store visit" (Combination of Anderson, Fornell & Lehmann (1994) and Hess Jr., Ganesan & Klein (2003)).

Perception of the offer

Chandon, Wansink and Laurent (2000) performed a study on the benefits a consumer experiences from a sales promotion. They developed a scale to measure different aspects of consumer benefits based on extensive literature research, expert advice as well as real world testing to validate their measurement scales. In this study I will adopt parts of their measures to capture how consumers perceive the offer they receive.

In their study they have six main dimensions, with three questions for each (in total 18 variables) measuring the benefits of a sales promotion. I removed irrelevant questions, for example I removed the quality dimension since quality level is not tested in this experiment, as well as questions relating to the price paid (since price is not stated either. In the end I ended up with five dimensions with two questions in each (in total 10 variables). Each question was written as a Likert item ranging from 1

(Do not agree at all) to 7 (Agrees completely) that are later combined to a Likert scale. The amount of steps was selected to generate a large enough span to generate spread in the responses, and an uneven number was selected to create a neutral point and not "force" respondents to pick a side.

Shopping trip value

Similar to the perception of the offer the shopping trip value is based on a previous research article. Mathwick, Malhotra and Rigdon (2001) performed a study where they compared consumer benefits created by the shopping situation itself in online and catalog shopping situations. The authors create a scale they call EVS (experiential value scale) and use it to predict shopping preferences and patronage intent in multichannel shopping situations. I will use parts of EVS to measure shopping trip value. I will remove the dimensions price, since prices are not mentioned in the scenario, visual appeal, since this is a text based scenario, as well as escapism since it relates to the retailers webpage and how the atmosphere in the store is.

In the study the authors make an extensive literature review where they come up with 112 different variables that they later pre-test and validate to end up with 17 different sub questions in six different dimensions. For this study I selected three dimensions and measure them with 2 questions each (total of 6 variables). These variables are also measured with a 7-point scale between 1 (do not agree at all) and 7 (agrees completely).

3.5.3 Moderators

One thing that affects how consumers react to the different manipulations is what shopping motivations that drive them. As could be seen in the theory section there are several research papers on how to classify consumers into groups. For this study I selected a study by Arnold and Reynold (2003) that constructed six different hedonic motivators for shopping. In the article the authors do in depth interviews with 98 respondents to come up with the six dimensions with a total of 140 variables to measure them. Purifying the variables with a survey with 266 respondents the authors came up with the total list of 18 variables that are used in this thesis (see question 11 in Appendix 1). The variables are, as the above variables, measured on a 7-point scale with 1 being (do not agree at all) and 7 (agrees completely).

3.6 Pre-study

Before the survey was sent out a pre-study was conducted to test the fit of the selected products for the hedonic and utilitarian categories.

3.6.1 Representative products

The two categories of clothing and consumer electronics was selected to represent the hedonic and the utilitarian category, respectively, which is in line with previous research (Kushwaha & Shankar, 2013). However, in the survey the products the consumer is looking for represent these two categories. A pre-study was sent out to 34 respondents using Facebook to confirm the fit of the selected products. Since the pre-study is only meant to assure that the selected products are representative of the intended category it is not necessary to have a representative sample.

The question was formulated: "How representative do you perceive these product to be for "clothing and shoes"/"consumer electronics"?" and the answer was on a scale from 1 (not at all representative) to 7 (very representative). All the selected products scored high on this measure and were therefore included in the main study (see table 3).

Product	Perceived Fit (Between 1-7) (n=34)
Jacket	5.7
Shoes	6.4
Sports garment	3.9
TV	6.4
Media Streamer	5.2
PC-Computer	5.9

Table 3 - Mean values for perceived fit for selected products

3.6.2 Unrelated offer products

For the multichannel scenarios the respondents will be offered a product that belongs to the same category but not the product they were looking for. For the consumer electronic category this was pretty straightforward since there are a lot of products in this category that are related but not similar. For this category a PC-computer was selected, which scored 5.9 on the representative question indicating good fit. It was written as PC-computer instead of computer to make sure that respondents did not

think of Apple since they are a much more hedonic brand than other PC manufacturers.

It was harder to come up with a product in the clothing category since it has to be a unisex product and not be complementary with the purchased product (it is assumed that TVs and PCs are not purchased together), which is hard in a category where most things are combined together. After discussions with my supervisor and a colleague of his we came up with a sports garment, since we believe that sports clothes are in the category of clothing and shoes, but not usually purchased together with a jacket or shoes.

In the pretest sports garment received a mean of 3.9 with the most common answer being 4 (which is the middle value). Despite being lower than other products no better alternative could be found and the fit should increase in the scenarios when the consumers have the retailer setting as well, so it was decided to use this product anyways.

3.7 Tools for analysis

To analyze the data I used the statistical program IBM SPSS together with Microsoft Excel.

The statistical methods used include:

- Independent sample T-tests - to compare two groups against each other
- ANOVA - to compare several groups against each other
- Reliability Analysis - to construct indexes
- Factor analysis – find relevant dimension for shopping motivations
- Cluster analysis – to create consumer segments

In the result section the significance level will be stated below the tables or in the text depending on the analysis.

3.8 Reliability of the study

3.8.1 Reliability

A study's reliability concerns if the findings are reliable and stable over time, in other words, can they be replicated and give similar results (Bryman & Bell 2011). One

example is IQ tests, if it is to be a reliable measure you do not want respondents results to differ significantly if they do the test several times. To increase the reliability of the measured variables I decided to use well-established measurements that previous research has shown captures the intended dimensions that I was interested in investigating.

Another way of increasing the reliability of a measured variable is to use several similar questions in the survey and then use Cronbach's Alpha as an indicator if the questions seem to measure the same properties (also called internal validity) and create an index if the alpha is at least 0,7 (Söderlund, 2005). This method was used on the satisfaction, offer perception and shopping trip value variables as well as for the shopping motivations. All of them received alphas above 0,7 (see 4.0 for alphas for each index). One reason the Alpha values scored high is because I used established measurements as well as a large range in the scale steps, which according to Söderlund (2005) contribute to higher alpha levels.

3.8.2 Internal validity

The internal validity is about if the study is measuring what it is supposed to measure (Jacobsen, 2002). There are three ways to increase the validity: (1) use previously researched measure variables, (2) use multiple questions to capture the same effect and (3) use scales end that are opposites of each other (for example 1 (do not agree at all) and 7 (agrees completely) instead of 1 (agree somewhat) and 7 (agrees completely)). In this thesis all three of these methods are applied which will result in high internal validity.

Internal validity also concerns the relationship of causalities in the results. That is, can you be certain that X is causing changes in Y and not some external factor (Bryman & Bell 2011). Since this is a controlled experiment based on scenarios where all respondents will experience the same thing this will not be a problem. If all respondents react in similar ways to changes in the scenarios it must be due to the changed variables since everything else is the same.

The nomological validity is high if the results are in line with previous research (Jacobsen 2002; Söderlund 2005). In this study most of the results are in line with previous research indicating that it also has high nomological validity.

3.8.3 External validity

A study has high external validity if the results can be generalized into other areas and transferred from the sample to the larger population. One way of doing this is to select a high significance level when doing statistical tests (usually between one and five percent) (Jacobsen, 2002), another is to make the sample as representative as possible for the general population (Bryman & Bell, 2011). A third is to have a large sample; because as sample size grows so does the precision (up to around 1000 respondents) (Bryman & Bell, 2011). This study fulfills all three of these criteria, which will give a high external validity as well.

Since this is a controlled experiment the conditions for internal validity is high since the effects can be isolated from external variables not intended to be in the test. However, this does lower the external validity somewhat since it becomes an artificial situation and a real life study would have given more transferable results (Malhotra, 2010). Given the scope of this master thesis and the time needed to perform a field study of this size it is not feasible to perform the study in another way and a controlled experiment was chosen despite the shortcomings in external validity.

4. Results

4.1 Perception of the offer scale creation

To be able to measure the effects on the perception of the offer an index need to be created. A reliability analysis was performed in SPSS to determine if the different questions can be combined into one index. First the questions were combined into the same dimensions as in Chandon, Wansink and Laurent's (2000) research paper and all dimensions had a Cronbach's alpha above 0.7 (see table 4 below). However, combining all the questions into one single index created an even more stable measure. This indicates that the respondents seem to be either positive or negative on all aspects depending on which manipulation they were exposed to. For the hypothesis testing the single offer perception index will be used.

To further test the validity of the offer index I correlated it with the question of how likely the consumer was to use the offer. The correlation was 0.711 (sig. = 0.000) indicating that this is a valid measure; the higher the offer score the more likely the respondent was to use the offer, which makes sense and is in line with previous research.

Cronbach's Alphas		Factor	Questions
0.950	0.805	Savings	<i>I saved money</i>
			<i>I got a good offer</i>
	0.869	Convenience	<i>The offer reminded me that I needed the product</i>
			<i>The offer made the shopping more convenient</i>
	0.887	Value expression	<i>I can be proud of my purchase</i>
			<i>I was a smart consumer</i>
	0.910	Exploration	<i>The offer makes me want to try new products</i>
			<i>I got new ideas of what to buy</i>
	0.943	Entertainment value	<i>The offer was entertaining</i>
			<i>The offer was fun</i>

Table 4 - Cronbach's Alpha values for the different offer indices

4.2 Shopping trip value scale creation

The same method was used to create an index for the shopping trip value. Using the same combinations as Mathwick, Malhotra and Rigdon (2000) gave high Alphas (see table 5) showing that these are valid measures. Combining all of the variables into one

Cronbach's Alphas		Factor	Questions
0.961	0.953	Efficiency	<i>Efficient way of handling my time</i>
			<i>Simplifies my day</i>
			<i>Fits my schedule</i>
	0.876	Intrinsic enjoyment	<i>Enjoy for the sake of it, not just for the products I bought</i>
			<i>Something that can be done for fun</i>
	0.950	Entertainment	<i>Is very entertaining</i>
			<i>Gets me happy and enthusiastic</i>
			<i>Is positive, not just for the merchandise, but the store entertains me as well</i>

Table 5 - Cronbach's Alphas for Shopping Trip Value Index

index to capture shopping trip value gave an Alpha of 0.961, which is higher than the individual alphas suggesting that this is a good measure. So for the hypothesis testing I will again use the combined factors as a shopping trip value index.

4.3 Manipulation check

Before going through the data for each of the hypotheses, I checked that the respondents actually perceived the manipulated scenarios to be more or less integrated. First an independent sample t-test between the omni channel and multichannel scenarios (combined)(table 6) was conducted followed by pairwise t-tests for each of the scenario pairs (for example Omni channel hedonic transaction vs. multichannel hedonic transaction)(table 7) to see if each sub scenario also fulfilled the requirements. The integration variable was a scale question where the respondent answered how well integrated the solution were between the three different channels in the scenario (1 being (not at all integrated) and 7 (Very integrated)).

Type	N	Integration
<i>Omni channel</i>	516	4.69
<i>Multichannel</i>	518	3.92

Table 6 - Manipulation check, combined scenarios. All differences are sig. at 1%

All scenario pairs passed the manipulation test showing that the respondents actually perceived the omni channel version as more integrated than the multichannel version. One thing to note is that the mean differences are greater for the utilitarian categories, suggesting that this is a more rational category since consumers actually thought about and noticed when they were less integrated. This finding is in line with previous research. Since all manipulations passed the test, all scenarios can be used for the hypothesis testing.

Scenario type	Solution	Integration	Sig.
<i>Hedonic & Transactional</i>	Omni channel	4.83	0.035
	Multichannel	4.35	
<i>Utilitarian & Transactional</i>	Omni channel	5.02	0.000
	Multichannel	4.08	
<i>Hedonic & Branding</i>	Omni channel	4.47	0.009
	Multichannel	3.86	
<i>Utilitarian & Branding</i>	Omni channel	4.44	0.000
	Multichannel	3.34	

Table 7 - Manipulation check for each scenario pair

4.4 The effects of omni and multichannel integration

This section will answer the following three hypotheses:

H1: An Omni channel solution will generate higher consumer satisfaction than a multichannel solution

H2: An Omni channel solution will result in more favorable perceptions of the offer than a multi-channel solution

H3: An Omni channel solution will have higher shopping trip value than a multichannel solution

To be able to answer these hypotheses two groups were created, omni channel and multichannel, comparing the customer satisfaction, perception of the offer and the shopping trip value between them. The comparisons are conducted with independent sample T-tests with the channel integration as grouping variable.

Type	N	Satisfaction	Offer	Shopping Trip Value
<i>Omni channel</i>	515	5.01	3.54	3.56
<i>Multichannel</i>	518	4.54	2.87	3.06

Table 8 - The effects of omni and multichannel scenarios

All three variables were statistically higher for the Omni channel scenarios than for the multichannel version of it (sig = 0.000 in all cases). **Therefore, H1, H2 and H3 are all supported.**

For the main hypotheses, it is also of interest to know which offer and shopping trip values are affected the most by channel integration. To test this independent sample t-tests was performed on all the sub-indexes of offer and shopping trip value (see table 9 on the next page). Firstly, all variables are higher for the omni channel than for the multichannel manipulation, however, the differences between the variables vary.

For the offer variables, savings and convenience vary the most, indicating that consumers feel they get a better, and more relevant, offer when it is on a product that they looked for. For the shopping trip value, the efficiency variable stood out, indicating that integrated solutions simplify the shopping trip.

Variable	Omni channel	Multichannel	Mean difference
The Offer			
<i>Savings</i>	4.06	3.26	0.80
<i>Convenience</i>	3.63	2.54	1.09
<i>Value expression</i>	3.45	2.94	0.51
<i>Exploration</i>	3.18	2.80	0.38
<i>Entertainment</i>	3.39	2.83	0.56
Shopping Trip Value			
<i>Efficiency</i>	3.94	3.14	0.80
<i>Intrinsic Enjoyment</i>	3.43	3.12	0.29
<i>Entertainment</i>	3.26	2.93	0.31

Table 9 - Omni channel and multichannel effects on the different sub measures of offer and shopping trip value (all differences are sig. at 1%)

4.5 The effects on hedonic and utilitarian retailers

H4: Utilitarian retailers will benefit more than hedonic retailers will from an Omni channel solution when it comes to a) satisfaction, b) perception of the offer and c) shopping trip value

To be able to answer this question a One-Way ANOVA (with a Scheffe post hoc test (since the groups are of unequal size)) was performed comparing the two retailer types and the different levels of integration against each other in the satisfaction, offer and shopping trip value measurements (see table 10 below).

	Hedonic		Utilitarian	
	<i>Omni channel</i>	<i>Multichannel</i>	<i>Omni channel</i>	<i>Multichannel</i>
<i>N</i>	252	267	263	251
<i>Satisfaction</i>	5.02 ^a	4.77 ^b	4.99^c	4.29^{abc}
<i>Offer</i>	3.59^{de}	3.01^{df}	3.50^{fg}	2.73^{eg}
<i>Shopping Trip Value</i>	3.68^{hi}	3.20^h	3.44^j	2.92^{ij}

Table 10 - Channel integration effects on hedonic and utilitarian retailers. Letter annotation means that the difference is significant at 1%. Bolded figures indicate significant pair differences.

Comparing omni channel versus multichannel for each retailer type it is found that channel integration has no significant effect on consumer satisfaction for hedonic retailers. In other words as far as consumer satisfaction is concerned it does not matter if a hedonic retailer has an omni channel or multichannel solution. However, a utilitarian retailer will have less satisfied customers if they have a multichannel solution instead of an omni channel solution. This shows that for utilitarian retailers it is more important to have well integrated channels when it comes to create consumer satisfaction. **H4a is supported.**

Moving on to the offer perception it is clear that having an omni channel solution is better for both types of retailers since both pair-wise differences are significant. Consumers feel that they get a better offer in an omni channel scenario compared to a multichannel scenario. **H4b is therefore, not supported.**

The same effect is seen in the shopping trip value variable, it is better for both retailers to have an omni channel solution than a multichannel and consumers do not seem to differ between categories. **H4c is not supported.**

To summarize, when it comes to satisfaction it is less important for hedonic retailers to have an integrated channel solution than for utilitarian retailers. However, both retailers are worse off when it comes to perception of offer and the value of the shopping trip if they do not have integrated channels.

4.6 The best type of offer based on channel integration

H5: In an omni channel situation there will be no difference in a) satisfaction, b) offer perception and c) shopping trip value between transactional and branding offers

H6: In a multi-channel situation a transactional offer will result in higher a) satisfaction, b) offer perception and c) shopping trip value than a branding offer

To be able to answer this question I performed a split file in SPSS and then independent sample t-tests to compare the two offers against each other. The results were the following:

	Omni channel		Multichannel	
	Transactional	Branding	Transactional	Branding
<i>N</i>	261	268	254	250
<i>Satisfaction</i>	5.21	4.68	4.81	4.38
<i>Offer</i>	3.65	2.95	3.43	2.78
<i>Shopping trip value</i>	3.59	3.18	3.52	2.94

Table 11 - The effects of channel integration on type of promotion. All pair-wise differences are significant at the 1% level.

For the omni channel scenario, the consumer like the transactional offer better on all measures, and the differences are significant at 1%. Therefore, **H5 a) b) c) are not supported**.

The same relationship is observed in the multichannel scenarios, the consumer appreciates a transactional offer more than a branding offer and all three variables are higher for the former. This is in line with **H6, which is supported**.

4.7 Shopping motivators and creation of customer segments

Before the last hypothesis and the research question can be answered, customer segments, based on shopping motivators, must be created. The first step is to group the different motivator variables. A factor analysis was performed instead of a reliability analysis because of the possibility that Swedish respondents might not group into the same shopping motivators as the American consumers since consumers from different cultures often differ (Gentina, et al., 2014).

A cut of point of an Eigenvalue above 1 resulted in 2 factors; however, this solution made no sense in terms of variable grouping. In addition, it did not align with the findings of Mathwick, Malhotra and Rigdon (2000) that found six different factors. Therefore, the factor analysis was re-done with 3, 4, 5 and 6 factors and each solution was analyzed separately. The best solution, that divides the variables clearly in only one factor and aligns best with previous theory, is a five factor split (see table 12).

The five factors explain 82.5% of the total variation and the rotated loadings for each factor is 25%, 15%, 14%, 14% and 14% respectively. The fact that the factors are quite similar in explanation size is good because it indicates that they are about equally important. (To see the loadings of the individual variables in each factor see appendix 3.)

% of variance (rotated)	Factor Name	Included variables
25.01	Adventure and Gratification shopping	<i>To me, shopping is an adventure</i>
		<i>I find shopping stimulating</i>
		<i>Shopping makes me feel like I'm in my own universe</i>
		<i>When I'm in a down mood, I go shopping to make me feel better</i>
		<i>To me, shopping is a way to relieve stress</i>
		<i>I go shopping when I want to treat myself to something special</i>
14.50	Role shopping	<i>I like shopping for others because when they feel good I feel good</i>
		<i>I enjoy shopping for my friends and family</i>
		<i>I enjoy shopping around to find the perfect gift for someone</i>
14.43	Social Shopping	<i>I go shopping with my friends or family to socialize</i>
		<i>I enjoy socializing with others when I shop</i>
		<i>Shopping with others is a bonding experience</i>
14.34	Value Shopping	<i>For the most part, I go shopping when there are sales</i>
		<i>I enjoy looking for discounts when I shop</i>
		<i>I enjoy hunting for bargains when I shop</i>
14.24	Idea Shopping	<i>I go shopping to keep up with the trends</i>
		<i>I go shopping to keep up with the new fashions</i>
		<i>I go shopping to see what new products are available</i>

Table 12 - Factorization of Shopping Motivations

These are the same factors as in Mathwick et al.'s (2000) study except that "adventure" and "gratification" ends up in one factor instead of two. However, these dimensions are somewhat similar and it should not negatively affect the validity of the measures. To check the internal consistency a reliability analysis was performed on all the factors and all had Cronbach's Alphas above 0.7 (see table 13). The factors will therefore be used to perform a segmentation analysis of the respondents.

Factor	Cronbach's Alpha
Adventure and Gratification Shopping	0.936
Role Shopping	0.912
Social Shopping	0.930
Value Shopping	0.887
Idea Shopping	0.912

Table 13 - Cronbach's Alphas on shopping factors

The segmentation is based on the factors instead of the original variables because of two reasons: first, if some measures capture the same dimension (like adventure and gratification) they will weigh heavier than the other motivators since it would be six questions for one dimension but only three for the others. The second reason is for

simplification of the interpretation of the differences between the segments by having five variables instead of 18.¹

A segmentation analysis, based on Wards method, was conducted analyzing all solutions between three and eight segments. In the end five segments was chosen because they were around the same size (approx. 200 respondents in each), had differences that made sense and could be characterized into customer types that are targetable and realistic. (All solutions can be found in Appendix 4.)

In table 14 the mean values for the different motivators are listed for the different segments. For ease of reading, I have bolded the values that stand out for each segment as well as greyed out the variables that are not as different. The segments have also been given names based on the loadings of the different motivators. An ANOVA was conducted to test whether or not the difference are statistically different from each other. In the table, only the *non-significant* relationships (at the 95% level) are noted (to simplify the reading). The result of the ANOVA shows that most of the differences are statistically significant between the segments.

Shopping Motivator	Shopping Segments					
		Fashion Shoppers	Shopping Haters	Price Hunters	Social Adventurers	Gift Givers
	<i>N</i>	212	204	232	184	204
	Adventure & Gratification	0,38	-0,47 ^a	-0,43 ^a	0,96	-0,31 ^a
	Role	0,12 ^b	-0,62 ^c	-0,54 ^c	0,03 ^b	1,08
	Social	0,41	-0,23 ^d	-0,33 ^{de}	0,76	-0,51 ^c
	Value	0,04 ^{fg}	-1,03	0,86	0,16 ^f	-0,14 ^g
	Idea	1,43	-0,10	-0,32 ^h	-0,79	-0,31 ^h

Table 14 – Average values for the different factors and differences between the shopping segments. In the table, only *non-significant* differences (at the 95% level) are indicated, i.e. if there is not a letter indication the difference is statistically significant. Differences are read horizontally.

4.8 The effects of shopping enjoyment

H7: Consumers that do not like shopping should react less on level of channel integration when it comes to a) satisfaction, b) offer perception and c) shopping trip value than consumers that enjoy shopping

¹ Since the factors had high Cronbach's Alphas and similar variance explanation the outcome should be nearly identical to one done on the separate variables. This should not affect the final segments.

To answer this I will test all the above hypotheses again but compare the reaction between respondents who like shopping with the consumers who do not. First an independent sample t-test was performed to test if the shopping haters react differently to channel integration (H1 – H3). Comparing the pairwise relationships, the result shows that there is no difference between the two types of respondents. In other words, shopping haters and consumers who enjoy shopping alike are less satisfied in the multichannel scenarios.

	Shopping Haters		Enjoy Shopping	
	Omni channel	Multichannel	Omni channel	Multichannel
N	94	109	421	408
Satisfaction	4.56	4.11	5.11	4.65
Offer	2.72	2.16	3.72	3.06
Shopping trip value	2.69	2.16	3.75	3.30

Table 15 - How respondents react to channel integration based on if they like shopping or not (all pairwise differences are sig. at 5% or less)

To investigate if the shopping haters react differently depending on if it is a hedonic or utilitarian retailer an ANOVA analysis was done based on retailer type and channel integration (Table 16 on next page). Here there are differences between the groups. For people who enjoy shopping they react as they did above, indicating that it is more important for utilitarian retailers to offer omni channel solutions. This is not the case for consumers who do not like shopping; they show no difference between any of the scenarios. This supports the fact that shopping haters analyze the shopping situation less.

It was previously found that the respondents preferred a transactional offer to a branding one on an aggregated level. An ANOVA analysis was conducted to see if this is also the case based on the shopping enjoyment of the respondent (see table 17 on next page). Again, there are differences between the groups where people who are not interested in shopping do not perceive a difference between the types of offer (given the integration level). This also aligns well with the fact that they ranked low

		Hedonic		Utilitarian	
		Omni channel	Multichannel	Omni channel	Multichannel
Enjoy Shopping	N	205	214	216	194
	Satisfaction	5.16 ^a	4.89 ^b	5.06 ^c	4.37 ^{abc}
	Offer	3.80^{de}	3.21^{df}	3.65^{fg}	2.90^{eg}
	Shopping Trip Value	3.91^{hi}	3.43^h	3.59	3.16 ⁱ
Shopping Haters	N	47	53	47	56
	Satisfaction	4.45	4.26	4.67	3.98
	Offer	2.64	2.18	2.81	2.14
	Shopping Trip Value	2.66	2.24	2.72	2.08

Table 16 - Effect of channel integration based on type of retailer for consumers who like and dislike shopping. Letter annotates significance of 5% or less. Pairwise differences are bolded.

		Omni channel		Multichannel	
		Transactional	Branding	Transactional	Branding
Enjoy Shopping	N	214	222	207	186
	Satisfaction	5.30^{ab}	4.70^a	4.81	4.58 ^b
	Offer	3.84^{cd}	3.08^{ce}	3.60^{ef}	3.04^{df}
	Shopping Trip Value	3.78 ^g	3.37	3.71^h	3.22^{gh}
Shopping Haters	N	47	46	47	63
	Satisfaction	4.77 ⁱ	4.60 ^j	4.34	3.77 ^{ij}
	Offer	2.77 ^k	2.33	2.67	2.03 ^k
	Shopping Trip Value	2.69	2.23	2.69	2.11

Table 17 - Difference between different offers based on channel integration for consumers who like and dislike shopping. Letter annotates significance of 5% or less. Pairwise differences are

on the “Price hunter” motivator in the segmentation. The results also show that shopping haters are more satisfied with any type of omni channel offer than for a multichannel branding offer. In addition, the score for the multichannel transactional is lower than the others; however, this difference is not significant. This indicates that people who do not like shopping are not interested in receiving unrelated offers in general.

On an aggregated level, shopping haters react the same as people who enjoy shopping. They do not however get affected by the type of offer or the type of retailer, they are equally happy (or unhappy) in either channel solution. **H7 a) b) and c) is therefore supported.**

4.9 The effects of different type of shopping motivations

RQ1: Will a consumer's shopping motivation affect how they react to the level of channel integration in terms of a) satisfaction, b) perception of offer and c) shopping trip value?

To answer the, additional, research question I did the same analyses as for section 4.8 but compared all different shopping segments. First independent sample T-tests were conducted comparing the effects of omni versus multichannel solutions (see appendix 6). The relationships between the segments were the same as for the total sample, that is, the respondents ranked all variables higher in the omni channel scenario. The only exception to this was for *Gift Givers* who were equally satisfied in both scenarios. The first analysis therefore indicates that shopping motivation does not really affect consumer's reaction to channel integration.

The second analysis performed was an ANOVA to compare if the consumers react differently on channel integration based on type of retailer (table 18 on next page). (In the table non-significant variables are greyed out to simplify reading, pairwise differences are bolded). Most groups seem to be indifferent between integration levels when divided into type of retailer, however this is (most likely) a consequence of smaller samples and not the fact that they do not care. Because of this fact, it is more interesting to see for which groups the differences are significant since for them it should be even more important.

For utilitarian retailers *Fashion shoppers* and *Price Hunters* are less satisfied in the multichannel environment than the omni channel, again confirming the previous hypothesis that it is more important for utilitarian retailers to be well integrated. The other segments are equally satisfied regardless of channel integration for the different types of retailers. The fact that two groups differ supports the fact that consumers react differently based on their shopping motivation, RQ1a.

The *Gift Giver* and *Price Hunter* consumers show significant differences when it comes to offer perception between omni and multichannel solutions. *Price Hunters*

Segment	Variable	Hedonic		Utilitarian	
		Omni channel	Multichannel	Omni channel	Multichannel
Fashion Shoppers	<i>N</i>	56	54	55	47
	<i>Satisfaction</i>	5.24 ^a	4.93	5.17^b	4.43^{ab}
	<i>Offer</i>	4.65 ^c	4.28	4.42	3.77 ^c
	<i>Shopping Trip Value</i>	4.78 ^d	4.36	4.34	3.95 ^d
Shopping Haters	<i>N</i>	47	53	47	56
	<i>Satisfaction</i>	4.45	4.26	4.67	3.98
	<i>Offer</i>	2.64	2.18	2.81	2.14
	<i>Shopping Trip Value</i>	2.66	2.24	2.72	2.08
Price Hunters	<i>N</i>	62	61	56	51
	<i>Satisfaction</i>	5.06 ^a	4.77	5.00^b	4.11^{ab}
	<i>Offer</i>	3.35 ^c	2.75	3.19^d	2.45^{cd}
	<i>Shopping Trip Value</i>	3.43 ^e	2.86	3.23	2.58 ^e
Social Adventurers	<i>N</i>	34	47	53	50
	<i>Satisfaction</i>	5.52	4.72	5.39	4.75
	<i>Offer</i>	3.88	3.28	3.80	2.98
	<i>Shopping Trip Value</i>	4.22	3.50	4.01	3.42
Gift Givers	<i>N</i>	53	52	52	46
	<i>Satisfaction</i>	4.95	5.15 ^a	4.69	4.21 ^a
	<i>Offer</i>	3.38^{bc}	2.58^b	3.16^d	2.42^{cd}
	<i>Shopping Trip Value</i>	3.39	3.08	2.77	2.70

Table 18 - Consumers reaction to channel integration based on type of retailer and split by shopping type. Letters indicate significance at 5% level and are re-used for each shopping segments, so the segments are not compared between each other.

likes the offer more in the omni channel solution for utilitarian retailers but are indifferent when it comes to hedonic retailers. *Gift Givers* always like the offer more in the omni channel scenario for both types of retailers.

The analysis shows that there is a difference when it comes to satisfaction (RQ1a) and perception of the offer (RQ1b) based on the consumers shopping motivation. There does not seem to be a difference in the shopping trip value based on type of retailer (RQ1c).

The second analysis, also an ANOVA, was conducted to compare the groups based on type of offer and channel integration (see table 19). When it comes to satisfaction it is only *Fashion Shoppers* that shows a difference. They are less satisfied with a branding offer than a transactional offer in omni channel solutions. If it is a multichannel solution they are however equally satisfied with both. The other

Segment	Variable	Omni channel		Multichannel	
		Transactional	Branding	Transactional	Branding
Fashion Shoppers	<i>N</i>	57	50	54	51
	<i>Satisfaction</i>	5.51 ^{abc}	4.75 ^a	4.88 ^b	4.63 ^c
	<i>Offer</i>	4.74	4.11	4.32	3.99
	<i>Shopping Trip Value</i>	4.69	4.32	4.44	4.02
Shopping Haters	<i>N</i>	47	46	47	63
	<i>Satisfaction</i>	4.77 ^a	4.60 ^b	4.35	3.77 ^{ab}
	<i>Offer</i>	2.77 ^c	2.33	2.68	2.03 ^c
	<i>Shopping Trip Value</i>	2.69	2.23	2.69	2.11
Price Hunters	<i>N</i>	60	60	58	52
	<i>Satisfaction</i>	5.19	4.51	4.87	4.42
	<i>Offer</i>	3.32 ^{ab}	2.62 ^{ac}	3.23 ^{cd}	2.60 ^{bd}
	<i>Shopping Trip Value</i>	3.27	2.82	3.39	2.63
Social Adventurers	<i>N</i>	39	56	48	41
	<i>Satisfaction</i>	5.50	4.83	5.39	4.60
	<i>Offer</i>	3.85 ^a	3.31	3.82 ^b	2.87 ^{ab}
	<i>Shopping Trip Value</i>	4.03	3.69	4.14 ^c	3.14 ^c
Gift Givers	<i>N</i>	58	56	47	42
	<i>Satisfaction</i>	5.07	4.71	4.51	4.71
	<i>Offer</i>	3.50 ^{ab}	2.43 ^a	3.00	2.60 ^b
	<i>Shopping Trip Value</i>	3.28	2.79	2.84	3.05

Table 19 - Effects of type of offer between different channel integration levels and divided for shopping motivation. Letters indicate significance on the 5% level. Letters are re-used for each segment

shopping segments do not differ in satisfaction based on the type of offer given (regardless of channel integration). This again supports RQ1a, that there are differences based on shopping motivation.

Looking instead at offer perception it is found that the type of offer affects *Price Hunters* in both omni and multichannel scenarios. They usually prefer a transactional offer to a branding offer. *Gift Givers* and *Social Adventurers* show the same tendencies, although the differences are not significant for all integration levels. The other two segments do not differ when it comes to offer perception. These findings support the fact that consumers seem to react differently when it comes to perception of the offer based on their shopping motivation (RQ1b).

The last variable is the shopping trip variable, where *Social Adventurers* prefer a transactional offer to a branding offer in the multichannel setting. However, there are no other differences for shopping trip value for the other segments.

To summarize, the results show that respondents react differently between channel integration based on type of retailer when it comes to satisfaction and perception of the offer. This shows that **RQ1a and RQ1b are supported**. However, the shopping trip value does not seem to be affected as much based on shopping motivation since only one segment differed. **RQ1c is therefore not supported**.

5. Summary of results

This section is a short summary of the results.

H1	An omni channel solution will generate higher consumer satisfaction than a multichannel solution					Supported
H2	An omni channel solution will result in more favorable perceptions of the offer than a multichannel solution					Supported
H3	An omni channel solution will have higher shopping trip value than a multichannel solution					Supported
H4	Utilitarian retailers will benefit more than hedonic retailers will from an Omni channel solution when it comes to a) satisfaction, b) perception of the offer and c) shopping trip value					
	a)	Supported	b)	Not Supported	c)	Not Supported
H5	In an omni channel situation there will be no difference in a) satisfaction, b) offer perception and c) shopping trip value between transactional and branding offers					
	a)	Not Supported	b)	Not Supported	c)	Not Supported
H6	In a multi-channel situation a transactional offer will result in higher a) satisfaction, b) offer perception and c) shopping trip value than a branding offer					
	a)	Supported	b)	Supported	c)	Supported
H7	Consumers that do not like shopping should react less on level of channel integration when it comes to a) satisfaction, b) offer perception and c) shopping trip value than consumers that enjoy shopping					
	a)	Supported	b)	Supported	c)	Supported
RQ1	Will a consumer's shopping motivation affect how they react to the level of channel integration in terms of a) satisfaction, b) perception of offer and c) shopping trip value?					
	a)	Yes	b)	Yes	c)	No

Table 20 - Summary of all findings

6. Discussion & Implications

In this section, I will discuss what implications these results have for retailers and practitioners. The discussion is divided into four parts, first are the general findings from the study, then comes the implications for different types of retailers followed

by what type of offer is best suited for different solutions. The discussion section ends with how different consumer motivations affected the results.

6.1 The general effects of channel integration

The main purpose of this thesis was to investigate how different levels of channel integration affect the consumers on three different variables: satisfaction, perception of the offer and shopping trip value. The results clearly showed that an integrated solution between the channels led to higher ratings in each of the variables. Consumers are more satisfied (H1), perceive the offer more positively (H2) and enjoy the shopping trip more (H3) in a well-integrated solution contrasted to a less integrated scenario.

Kushawa & Shankar (2013) found in their study that by offering several channels a retailer could increase the convenience and by that the purchase frequency of the consumers. This study showed that by also increasing the integration between the channels the retailer could increase the convenience even more further extending their findings. This increase in convenience should lead to higher purchase frequency if previous research is correct, indicating that there is money to be made by integrating the channels.

For a retailer it is important to have satisfied customers. In the theory section it was mentioned that high consumer satisfaction lead to both higher sales as well as superior stock market performance for the company. The result of this study found that consumers became more satisfied when the channels were well integrated, compared to when they were not (H1), again indicating that there are financial gains to be made by investing in technology that enables omni channel retailing.

Research about multichannel system often focuses on the cannibalization effect the addition of another channel have on the existing channels (Avery, et al. 2012; Alba et al. 1997; Deleersnyder et al., 2002). However since the result indicate that integrating the channels lead to higher satisfaction (as well as higher offer perception and shopping trip value) and higher satisfaction lead to increased repeat purchases (Mittal

& Kamakura, 2001), among other things, there is indication on that this fear of cannibalization might be exaggerated.

The fear of cannibalization is most likely based on the thinking that the channels are separate, multichannel, and that a loss in one channel is a loss to the company (even if they get a gain in another). To be able to get a true omni channel solution companies need to see the whole picture, and not care about how the consumers move between the channels, as long as the total sales are positively affected with the addition of new channels and solutions. The findings that omni channel solutions have several positive effects should assure companies that they should instead encourage the movement between channels as much as possible.

By leveraging the information gained in the different channels the retailer will be able to offer the consumer customized offers, which in this, and previous studies (Barone & Roy, 2010; Jian, Hoegg & Dahl, 2013), has been shown to result in higher offer liking and satisfaction. Hypothesis 2 showed that consumers became more satisfied with the offer in the omni channel solution, since it was more relevant to them. Retailers can, and should, in other words offer more relevant and better promotions by customizing them towards the individual consumer based on their interests, behavior and previous purchases. It was also the dimensions of savings (which includes “I got a good offer”) and convenience that differ the most between the omni and multichannel scenarios. Showing that getting individual offers are perceived as more valuable than a generic offer.

The above result also has real life support that this is the case. During my BSc studies the Swedish retailer ICA had a company presentation where they showed their new promotion system where they would use the purchase history of their members to give them discounts on the products they most often buy, instead of the regular coupons that are usually sent out. During the test phase the coupon conversion rate had increased by several hundred percent compared to the generic offers. This further gives validity to the findings of this study that using the information gained between channels can increase the value of the offer.

The financial effects that the customization of promotions can have on retailers can be huge. By leveraging the information gained from the consumers' habits in the different channels a retailer can customize the offers for each individual. The retailer will be able to give certain consumers discount on high margin products to get them to upgrade or spend more money. Despite the discount the higher margin products should still be more profitable for the retailer than a general discount on a selected good. Henderson & Peterson (1992) found that consumers usually spend money they saved in a category on the same category, in other words, a consumer who buys clothes and get a discount is more likely to spend it on clothes than on another category. In real life this could mean that a retailer can leverage the fact that if the consumer is usually looking at shirts on their webpage the retailer can give him/her an offer on shirts when they enter the physical store.

The integrated channels also increase the value of the shopping trip in itself, supporting hypothesis 3. This was especially true when it comes to efficiency. Leveraging the information between the different customer-facing channels, the retailer can simplify the shopping trip for the consumer. In this study the consumer got guided to the products that they had looked at on the web-site when they got to the physical store. This is one way that retailers can remind consumers of what they wanted and make sure that the customer does not leave the store without a purchase simply because he/she could not find the product. The information can also be used to offer the customer complementing products to what they already bought. One example could be a shoe store that will offer the consumer rain protection spray as well as shoe polish for the type of shoe that they bought the next time they visits the retailer's webpage.

By offering this personalized service retailers will be able to more efficiently compete with other firms without having to compete on price, but instead on creating excellent service. This is also supported in theory that consumers who get personalized treatment are less price sensitive (Dréze & Nunes, 2009; Kumar & Shah, 2004). This is one way for existing brick-and-mortar retailers to face the competition from low-price online retailers who cannot offer the consumers the store experience.

The results also showed that the shopping trip became more entertaining and enjoyable when the channels were well integrated, showing, again, that this can be a very efficient way for retailers to distinguish themselves against each other. Arnolds & Reynolds (2003) mentions the development of *entertailing*, that is, the increased focus of the entertainment part of retailing. Since most products nowadays can be copied quite easily and there are many large retailers with similar offerings it becomes more and more important to stand out in other aspects. Channel integration can become the new battle ground for retailers, the ones who can leverage the customer information most efficiently will become the winners of tomorrow. Since the total value of the combined channels can be higher than the individual parts added together (Fraizer, 1999) there are potentials to increase the value for the consumers without lowering the prices.

6.2 The effects on different retail types

It has been shown that consumers that are shopping in different categories will be in different mindsets (Kushawa & Shankar, 2013). Therefore it was theorized that this would also effect how the consumers reacted to channel integration (H4). Since research has found that consumers in hedonic categories are more emotionally driven (Dhar & Wertenbroch, 2000) it was assumed that they would be less sensitive towards the channel integration because they would think less about the situation and more about the products. However the results did not fully support this hypothesis, consumers appreciate the omni channel solution more than the multichannel solution for both types of retailers, therefore not supporting H4b and H4c that hedonic retailers would be indifferent when it comes to offer perception and shopping trip value, respectively. However, the consumer's satisfaction is the same for hedonic retailers, regardless of what level of channel integration they have, supporting hypothesis 4a.

The result also showed that a multichannel utilitarian retailer had the lowest customer satisfaction than all other solutions (the customer where equally satisfied in all other scenarios). This indicates that there was some truth in the fact that utilitarian consumers are in a more rational mindset because they noticed when it was more integrated. The implication of this is that for utilitarian retailers it is of even greater

importance to make sure that their channels are working together seamlessly to create a superior customer experience.

However, when it came to the perception of the offer and the shopping trip value there was no difference in relationship for hedonic and utilitarian retailer. It seems that consumers prefer customized offers, based on their habits and likes, regardless of what category they are currently shopping in. The consumer also experienced a higher shopping trip value in the omni channel solutions for both retailers.

The fact that satisfaction does differ between the retailers indicates that there are instances where retailers should worry less about integrating their channels. For example would a hedonic retailer like Primark, whose rock bottom pricing strategy requires low cost operations, not be too worried to integrate their channels. Since they do not have any individual promotions, nor strive to have a high shopping trip value, they would only care about the customer satisfaction (out of the three measured variables in this study). Since they are a hedonic retailer their customers should be equally satisfied with their current operations as well as if they integrated their channels more and hence it is not worth the investment for them.

A utilitarian retailer, however, gain on having an integrated solution even if they do not strive to increase the shopping trip value or to offer customized deals. This is because their customers are in a more rational mindset and actually notice when the channels do not communicate with each other. For example does El-Giganten in Sweden offer different prices in their physical store and online. However the consumer will most likely not perceive the two channels as two separate retailers. The fact that it is possible to order the product, at the lower price, online and then pick it up in store makes this even more confusing. Based on the result of this study this is an example of how not to work with your different channels if you are a utilitarian retailer since this will probably decrease consumer satisfaction.

6.3 Effects of different offers based on channel integration

Another thing this study was to answer is if certain types of promotions are better or worse based on the channel integration of the retailer, hypotheses H5 and H6. In the study a comparison between a transactional and a branding offer was made. However the results showed that the relationship was not dependent on the channel integration. Therefore H5a, b and c, are not supported since consumers preferred the transactional offer regardless of if the channels were integrated or not. The hypothesis was instead that in an omni channel solution the consumer was to be indifferent between the two types of offers.

Hypothesis 5 was not based on previous research since I could not find any that related to channel integration and types of offers. So the results of this study can be used to form new theory and guide further research into this area. It might also be because the offers are not equally valuable for the consumers from the beginning; a deeper discussion of this can be found in 7.4 where I discuss the limitation about the two types of offers.

H6 on the other hand theorized that a transactional offer would be better in a multi-channel scenario based partly on research by Lowe & Barnes, 2012 that had found that price discounts are the most efficient promotion for new products (that in this experiment was likened to getting an offer of a unrelated, i.e. new, product). Since consumers always preferred the transactional offers H6a, b, and c were all supported. However this might be because the transactional offer was better, and not because of the integration level in itself.

This result show however, that as far as it comes to channel integration reactions they will not be moderated by the type of offer, nor will the offer perception be affected by channel integration. These two variables therefore do not seem to be depending on each other, at least not in this study. Although not included in the study or result section the relationship was the same for both hedonic and utilitarian retailers; both of them were better off with transactional offers.

6.4 How to work with different types of consumers

There are some moderating effects based on the consumer's shopping motivation. The first thing that was investigated was if consumers who are not as interested in shopping reacted less to channel integration (H7). The hypothesis was supported in the data, consumers who do not like shopping are indifferent between the level of channel integration.

When looking at the demographic variables for the shopping haters, the segment that rated all shopping motivators low, it can be seen that men are overrepresented in this group compared to the other groups. One common prejudice is that men are less interested in shopping, and the findings in this study seem to confirm this. Retailers who mainly target men might therefore not be as affected by channel integration as retailers who target women. A real life example could be that for a clothing chain like H&M, whose main target group is women, the benefits of high channel integration might be larger than for their competitor Dressman. It can also be argued that Dressman target less trend sensitive men, also suggesting that the main target group might be consumers who are less interested in shopping and see it as a chore as described by Babin, Darden & Griffin (1994). Therefore, they will not value an integrated channel solution as much and not justifying the large investment cost.

It was also expected that consumers with different motivations for shopping would react differently towards different channel integration levels. This was formulated as a research question instead of a hypothesis since the reaction for each group was hard to theorize before seeing the results. The result showed that different types of consumers react differently towards channel integration when it comes to type of retailer and type of offer. However on the general level (comparing all omni channel scenarios with all multichannel scenarios) all shopping types reacted the same, with the omni channel solution being better. This is in line with the findings of the whole sample and not that surprising.

Only two groups were statistically less satisfied between the different scenarios based on if it was a hedonic or utilitarian retailers (supporting RQ1a). People who are interested in fashion and the latest trends (*Fashion Shoppers*) and price sensitive

consumers (*Price Hunters*) are less satisfied in a multichannel solution for utilitarian retailers. *Fashion Shoppers* might be less satisfied because they are interested in keeping up with the latest trends and what is happening, so when the retailer is not in the forefront of technology implementation they get less satisfied. Especially for utilitarian retailers where they are in a cognitive mindset and think about the situation. This finding is of interest for electronic resellers that attract early adopters to their stores, such as Samsung, that they need to work on integrating their channels to increase satisfaction.

Price Hunters were also less satisfied and especially when it came to the offer variable in the multichannel scenario for utilitarian retailers. This group ranked high on the price importance variable of the offer dimensions, and is hence not very interested in the other aspects. Retailers who target price sensitive customers should therefore make sure to work with integrating their channels to learn their customers preferences and give them offers on the goods that they are interested in. The results for *Fashion Shoppers* and *Price Hunters* again confirm that it is more important for utilitarian retailers to integrate.

Consumers who like to buy presents for others, *Gift Givers*, rated the offer lower for both types of retailers in the multichannel version (they were the only segment that had effects for both retail types) showing that shopping motivation affect offer perception (RQ1b). This indicates that retail chains that sell products that are usually given as gifts have the most to gain from integrating their channels, regardless of what type of goods that they sell. This is probably because *Gift Givers* are driven by finding the perfect gift, which should rationally be a product of good fit, so by using the information gained from different channels about their habits and what they have looked for should enable retailers to give relevant and good offers.

Lastly it was also investigated if the perception of the offer, given the integration level, differed based on shopping segment (RQ1c). It was found that it was differently important for the shopping segments which offer they received. However, the segments that did differ between the promotions preferred the transactional offer (as found for the general sample). Type of offer was most important for *Price Hunters*

who prefer to get a transactional offer regardless of channel integration. However they did not differ in satisfaction, only in the perception of the offer.

The difference between the shopping segments when it comes to type of offer does not give any additional insights than what we could gain from the main analysis above. And hence there are not any additional implications for retailers based on the findings on the shopping segments when it comes to what type of promotion to use.

7. Limitations

This section will go through the limitations of the experiment and what could have been done differently if it was to be done again.

7.1 Experiment design

The experiment in this thesis was a controlled manipulation based on an online survey. While it gives high internal validity, it does affect the external validity since it is not performed in a real setting (Bryman & Bell 2011). One possibility is to have a qualitative approach where a physical store is manipulated and then interview consumers to get more in depth results. However, there are other limitations to this method, including smaller sample and the complexity of creating the manipulation. The large number of respondents and the control of external variables should however outweigh the negative aspects of an artificial situation.

7.2 Demographic factors for each scenario

To generate a representative sample in the survey a computer program was used that uses algorithms that calculate how many surveys that need to be send out so that each subgroups should be representative. However this algorithm only work on the general level of the whole survey and not down on individual question level. Since this survey contained a randomization on which scenario the respondent was exposed to not all scenarios got perfect representation when comparing all eight scenarios against each other. Some (scenario 2 and 8) had a larger share of men than women that might effect the results since men are overrepresented in the "Hate Shopping" segment who evaluated all the scenarios lower.

7.3 Prevalence of Smartphone users

One thing that was not discussed in the thesis and result section was if consumers who own a smartphone differ from consumers who does not. There is a possibility that consumers who do not own a smartphone will react less positive since they do not really understand how the scenario would work. A quick analysis shows that consumers without a smartphone showed smaller differences in all three variables between the manipulations (Omni channel versus multichannel scenarios). However, all differences were statistically higher for the omni channel scenarios also for this group on the general level (comparing only Omni channel and multichannel and not dividing it between different offers or type of retailers).

Since the group of respondents not owning a smartphone was small, it was not possible to divide it down any further to look at the effects. In each of the scenarios the smartphone penetration was between 79-84% and quite even between the groups which makes it less likely that it affects the final results since they are about equally many in each group. If the study was to be performed again it might be better to exclude these respondents from the experiment to guarantee that the results are not tainted by the fact that the consumer does not understand how it would work.

7.4 The different offers

In the end of the scenarios, the respondents were exposed to two different offers, a discount or an in-store event. However, these events were pre-selected by me after a discussion with my supervisor and his colleague. We do not know if these offers are of equal value to a consumer in general. This might affect the satisfaction level and perception of the offer between the different scenarios. The effect would only affect the comparisons between the offers and not affect the relationship between channel integration and type of retailer. To make the study even more robust a pre-study comparing different types of offers and discount levels can be conducted to make sure that the offers are of equal value.

7.5 Include sale effects

It would have been of interest to measure the sales effect of different levels of integration. If, for example, offering a well-integrated solution will make people buy

more or inspire them to buy more expensive products. This was however not possible to measure in this experiment since the respondent did not answer a question whether or not they were going to buy the product. One of the reasons is that it usually is a large distance between what people state they will do and what they actually do.

Actual sales would have been of interest to include also because that is what retailers are most interested in in the end. It is a good thing if they have more satisfied customers or that they experience the shopping trip better, but if it does not lead to higher sales then it might not be worth the investment.

7.6 Privacy and ethical issues

This thesis has only investigated the consumer's positive reactions to a well-integrated shopping situation over a less integrated situation. However, it has not investigated if there are any negative side effects of channel integration in terms of consumer privacy and ethical issues of what is legal to collect about your customers. These scenarios only work when the consumer has allowed the retailer to collect information about them in the different channels and then use that information to offer more relevant offers and services for the consumer. There is most likely a large segment of consumer who do not like this type of data collection and who would actually be negatively affected by this type of retail behavior. This is something that will probably be more and more highlighted with recent surveillance scandals and big data collection debates that highlight the potential issues of collecting large amounts of data. A future study could instead include these types of effects and examine if there are also negative aspects of channel integration (when it concerns the movement of consumer data between channels).

It is also possible that regulations differ between countries of what is legal to collect about your consumers and how you are allowed to use the information. Therefore, this might limit the potential for retailers since there is an uncertainty of what is allowed, and also the regulations might change and then large investments can become sunk costs when they are not able to utilize the new systems. So this is also something to take into consideration.

8. Future research

This thesis answered the question of how channel integration effect consumers' satisfaction, perception of an offer as well as the value of the shopping trip itself. It would be of interest for retailers to see if integration will also lead to higher sales. Is it possible to get people to buy higher priced items or more products in total by offering complementing goods?

In this experiment, I contrasted hedonic retailers against utilitarian retailers but it might differ within these categories as well. For example, the effects for H&M might not be the same as for Burberry, despite both of them being hedonic fashion retailers. Therefore, a future research area might be to compare different retailers within the industry against each other, or different retail types but in the same category (for example jewelry retailers vs shoes retailers).

In the scenario the consumer was using three channels, physical, online and mobile based. However, there are several ways on how these channels can be utilized. Maybe some consumers prefer to look at products in store and then buy them online to get them delivered to their home. Others might use their phones to research products, order them and then pick them up in store etc. So integration level might be one aspect, but the offered services and how consumers use them is also of importance. This is something that this thesis cannot answer since the purpose only was to evaluate if it is better to offer more integrated channels than less integrated. By taking foundation in the result that an integrated solution is better, a next step could then be to research which parts are important to have in the channel mix.

There might also be negative aspects of channel integration. Some consumers might not like the whole concept of "big brother sees you" and that the companies know what you looked at in different channels and what products you own. So a future research angle can be to look at the effects and how they differ depending on the consumers view on information sharing and privacy issues.

9. Conclusion

The main question that this thesis was designed to answer was:

How does channel integration affect consumer satisfaction, perception of the offer and the shopping trip value?

The answer to that question is the following:

A well integrated solution between different customer facing channels will increase consumer satisfaction, lead to more positive perceptions of the given promotion and result in higher shopping trip value compared to having a less integrated solution. The results show that it is not enough to offer several touch points for your customers but that the different channels need to be integrated to generate the highest possible customer value.

Beside the main question there was also a sub-question about moderating variables:

Are the effects moderated by retailer type, type of promotion and consumers shopping motivation?

And the answer to that question is:

The type of retailer will slightly affect the result in the sense that it is even more important for a utilitarian retailer to offer an integrated solution than for a hedonic retailer. Type of offer, on the other hand, does not moderate the effect of channel integration. The customer's shopping motivation does moderate the effects of the channel integration. For certain consumers it is more important for utilitarian retailers to be integrated than for hedonic retailers while other consumers are indifferent between the different integration levels. This implies that it is even better if you know what type of consumers you mainly attract and then form your integration strategies.

The main take away from the study is that there is a lot of future potential in omni channel retailing by enabling a seamless move between different channels and leverage the customer information between them.

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Appendix 1

Survey

Note that the original survey was in Swedish and that words within [...] are added for explanatory reasons and was not included in the survey

PART 1 - Technology habits

1. Which of the following product do you own today?

- Smartphone
- Tablet
- e-book reader
- Portable computer
- Stationary computer
- Media streamer / set top box (Apple TV, Chromecast, TiVO etc)
- None of the above

2. What type of smartphone do you own?

- iPhone
- Android
- Windows
- Symbian
- Blackberry
- Other

3. What type of tablet do you own?

- iPad
- Android
- Windows
- Other

4. How long have you owned a smartphone?

- Up to a year
- 1-3 years
- 4-6 years
- More than 6 years

5. How many hours per day do you use your smartphone? (Estimate and write in h)

Part 2 - Scenario

[Scenario]

6. With the above-described shopping situation in mind please answer the following statements: (Scale from 1 (do not agree at all) to 7 (agrees completely)) [consumer satisfaction]

- I am satisfied with the store visit?
- I got good service during the store visit?
- I am dissatisfied with the store visit? (negatively coded)

7. In the shopping situation above: [perception of offer]

- I will use the offer (1 - not at all likely, 7 - very likely)

8. In the shopping situation above I felt like: [perception of the offer]

(1 - do not agree at all, 7 - agrees completely)

[Savings]

- I saved money
- I got a good offer

[Convenience]

- The offer reminded me that I needed the product
- The offer made the shopping more convenient

[Value expression]

- I can be proud of my purchase
- I was a smart consumer

[Exploration]

- The offer makes me want to try new products
- I got new ideas of what to buy

[Entertainment value]

- The offer was entertaining
- The offer was fun

9. With the shopping situation above in mind, I perceive that shopping in this retail chain is:

(1 - do not agree at all, 7 - agrees completely) *[Shopping trip value]*

[Efficiency]

- an efficient way of handling my time
- simplifies my day
- fits my schedule

[Intrinsic enjoyment]

- is something I enjoy for the sake of it, not just for the products I bought
- something that can be done for fun

[Entertainment]

- is very entertaining
- gets me happy and enthusiastic
- is positive not just for the merchandise but the store entertains me as well

10. In the above described shopping situation I felt that the store had a well-integrated solution between their physical, online and mobile store (1 - do not agree at all, 7 - agrees completely)

[manipulation check]

11. How well do the following statements describe you? (1 - not at all, 7 - completely)

[Consumer shopping motivations]

[Adventure]

- To me, shopping is an adventure
- I find shopping stimulating
- Shopping makes me feel like I am in my own universe

[Gratification]

- When I'm in a down mood, I go shopping to make me feel better
- To me, shopping is a way to relieve stress
- I go shopping when I want to treat myself to something special

[Role]

- I like shopping for others because when they feel good I feel good
- I enjoy shopping for my friends and family

- I enjoy shopping around to find the perfect gift for someone
[Value]
- For the most part, I go shopping when there are sales
- I enjoy looking for discounts when I shop
- I enjoy hunting for bargains when I shop
[Social]
- I go shopping with my friends or family to socialize
- I enjoy socializing with others when I shop
- Shopping with others is a bonding experience
[Idea]
- I go shopping to keep up with the trends
- I go shopping to keep up with the new fashions
- I go shopping to see what new products are available

Part 3 - Demographics

12. When are you born?

13. Are you male or female?

14. What is your highest finished education?

- Grundskola (K-9)
- Gymnasium (High School)
- Yrkeshögskola/KY-utbildning (Work skill education)
- Högskola eller universitet (College or University degree)
- Annan eftergymnasial utbildning (Other after high school degree)

15. Where do you live?

- Big city - center (Stockholm, Göteborg, Malmö)
- Big city - suburb (Stockholm, Göteborg, Malmö)
- Bigger city (50.000 - 300.000 inhabitants)
- Middle tier city (20.000 - 49.999 inhabitants)
- Smaller city (below 20.000 inhabitants)
- Rural area

Appendix 2

Survey Scenarios

Hedonic, Omni channel, Transactional

It is Saturday and you are on your way to your local mall to buy a jacket in your favorite store. During the week you checked out the assortment on the stores' webpage and found a jacket that caught your attention especially. While at their webpage you also found a pair of shoes that would match that jacket very well

When you arrive at the mall and enter the store you get a push notification on your phone, you take up your phone and see that you've gotten a message through the retailer's app. In the phone you now see a map of the store and the phone then guide you through the store and shows you exactly where to find that jacket as well as the matching shoes that you looked at at the webpage.

You decide to buy the jacket, but unfortunately, the shoes were sold out. When you get to the cashpoint the sales clerk says "I saw here in the register that you were looking for a pair of shoes that are unfortunately sold out here in the store, but if you buy them at our online store before next Saturday you will get a 10% discount. The only thing you need to do is use this digital rebate. I'll send it to your phone." You see that you've received the discount code, you thank the clerk and leave the store.

Hedonic, Multichannel, Transactional

It is Saturday and you are on your way to your local mall to buy a jacket in your favorite store. During the week you checked out the assortment on the stores' webpage and found a jacket that caught your attention especially. While at their webpage you also found a pair of shoes that would match that jacket very well

When you arrive at the mall and enter the store you try to find both the jacket and the shoes. After a while you find the jacket and you decide to buy it, but unfortunately the shoes were sold out.

When you get to the cashpoint the sales clerk says; "If you shop in our online store before next Saturday you will get a 10% discount on a sports' garment. The only thing you need to do is use this digital rebate. I'll send it to your phone." You see that you've received the discount code, you thank the clerk and leave the store.

Hedonic, Omni channel, Branding

It is Saturday and you are on your way to your local mall to buy a jacket in your favorite store. During the week you checked out the assortment on the stores' webpage and found a jacket that caught your attention especially. While at their webpage you also found a pair of shoes that would match that jacket very well

When you arrive at the mall and enter the store you get a push notification on your phone, you take up your phone and see that you've gotten a message through the retailer's app. In the phone you now see a map of the store and the phone then guide you through the store and shows you exactly where to find that jacket as well as the matching shoes that you looked at the webpage.

You decide to buy the jacket, but unfortunately, the shoes were sold out. When you get to the cashpoint the sales clerk says "I saw here in the register that you were looking for a pair of shoes that are unfortunately sold out here in the store. But I would like to invite you to a event next Saturday were the new spring collection of shoes will be shown, I can assure you that there will be tons of interesting new

items. I'll send the invite to your phone, hope you can come". You see in your phone that you've received the invitation, you thank the clerk and leave the store.

Hedonic, Multichannel, Branding

It is Saturday and you are on your way to your local mall to buy a jacket in your favorite store. During the week you checked out the assortment on the stores' webpage and found a jacket that caught your attention especially. While at their webpage you also found a pair of shoes that would match that jacket very well

When you arrive at the mall and enter the store you try to find both the jacket and the shoes. After a while you find the jacket and you decide to buy it, but unfortunately the shoes were sold out.

When you get to the cashpoint the sales clerk says; "We would like to invite you to an event next Saturday where the new spring collection of sports garments will be shown, I can assure you that there will be tons of interesting new items. I'll send the invite to your phone, hope you can come". You see in your phone that you've received the invitation, you thank the clerk and leave the store.

Utilitarian, Omni channel, Transactional

It is Saturday and you are on your way to your local mall to buy a TV in your favorite store. During the week you checked out the assortment on the stores' webpage and found a TV that caught your attention especially. While at their webpage you also found a media streamer that would complement that TV very well.

When you arrive at the mall and enter the store you get a push notification on your phone, you take up your phone and see that you've gotten a message through the retailer's app. In the phone you now see a map of the store and the phone then guide you through the store and shows you exactly where to find the TV as well as the media streamer that you looked at at the webpage.

You decide to buy the TV, but unfortunately the media streamer was sold out. When you get to the cashpoint the sales clerk says "I saw here in the register that you were looking for a media streamer that unfortunately was sold out here in the store, but if you buy it at our online store before next Saturday you will get a 10% discount. The only thing you need to do is use this digital rebate. I'll send it to your phone." You see that you've received the discount code, you thank the clerk and leave the store.

Utilitarian, Multichannel, Transactional

It is Saturday and you are on your way to your local mall to buy a TV in your favorite store. During the week you checked out the assortment on the stores' webpage and found a TV that caught your attention especially. While at their webpage you also found a media streamer that would complement that TV very well

When you arrive at the mall and enter the store you try to find both the TV and the media streamer. After a while you find the TV and you decide to buy it but unfortunately the media streamer were sold out.

When you get to the cashpoint the sales clerk says; "If you shop in our online store before next Saturday you will get a 10% discount on a PC-computer. The only thing you need to do is use this digital rebate. I'll send it to your phone." You see that you've received the discount code, you thank the clerk and leave the store.

Utilitarian, Omni channel, Branding

It is Saturday and you are on your way to your local mall to buy a TV in your favorite store. During the week you checked out the assortment on the stores' webpage and found a TV that caught your attention especially. While at their webpage you also found a media streamer that would complement that TV very well.

When you arrive at the mall and enter the store you get a push notification on your phone, you take up your phone and see that you've gotten a message through the retailer's app. In the phone you now see a map of the store and the phone then guide you through the store and shows you exactly where to find the TV as well as the media streamer that you looked at at the webpage.

You decide to buy the TV, but unfortunately the media streamer was sold out. When you get to the cashpoint the sales clerk says "I saw here in the register that you were looking for a media streamer that unfortunately was sold out here in the store. But I would like to invite you to a event next Saturday were the new selection of media streamers will be displayed, I can assure you that there will be tons of interesting new items. I'll send the invite to your phone, hope you can come". You see in your phone that you've received the invitation, you thank the clerk and leave the store.

Utilitarian, Multichannel, Branding

It is Saturday and you are on your way to your local mall to buy a TV in your favorite store. During the week you checked out the assortment on the stores' webpage and found a TV that caught your attention especially. While at their webpage you also found a media streamer that would complement that TV very well

When you arrive at the mall and enter the store you try to find both the TV and the media streamer. After a while you find the TV and you decide to buy it but unfortunately the media streamer were sold out.

When you get to the cashpoint the sales clerk says; "We would like to invite you to an event next Saturday were the new selection of PC-computers will be displayed, I can assure you that there will be tons of interesting new items. I'll send the invite to your phone, hope you can come". You see in your phone that you've received the invitation, you thank the clerk and leave the store.

Appendix 3

Motivator factor analysis

5 factors					
	Factor				
	1	2	3	4	5
<i>Shopping makes me feel like I'm in my own universe</i>	0.82	0.17	0.22	0.16	0.22
<i>I find shopping stimulating</i>	0.81	0.25	0.22	0.18	0.18
<i>To me. shopping is an adventure</i>	0.80	0.16	0.27	0.14	0.20
<i>To me. shopping is a way to relieve stress</i>	0.79	0.22	0.17	0.13	0.29
<i>When I'm in a down mood. I go shopping to make me feel better</i>	0.76	0.26	0.15	0.07	0.27
<i>I go shopping when I want to treat myself to something special</i>	0.66	0.33	0.19	0.16	0.18
<i>I enjoy shopping for my friends and family</i>	0.26	0.86	0.21	0.18	0.14
<i>I like shopping for others because when they feel good I feel good</i>	0.32	0.83	0.21	0.14	0.16
<i>I enjoy shopping around to find the perfect gift for someone</i>	0.33	0.75	0.19	0.16	0.19
<i>I go shopping with my friends or family to socialize</i>	0.27	0.23	0.84	0.14	0.23
<i>I enjoy socializing with others when I shop</i>	0.28	0.25	0.81	0.14	0.23
<i>Shopping with others is a bonding experience</i>	0.31	0.16	0.79	0.14	0.33
<i>I enjoy looking for discounts when I shop</i>	0.12	0.11	0.09	0.93	0.07
<i>I enjoy hunting for bargains when I shop</i>	0.18	0.11	0.08	0.90	0.04
<i>For the most part. I go shopping when there are sales</i>	0.14	0.16	0.14	0.79	0.12
<i>I go shopping to keep up with the new fashions</i>	0.30	0.16	0.28	0.07	0.85
<i>I go shopping to keep up with the trends</i>	0.30	0.17	0.30	0.09	0.84
<i>I go shopping to see what new products are available</i>	0.37	0.19	0.19	0.15	0.72

Appendix 4

Segmentation Analysis



Appendix 5

Segment demographics

Demographics		Shopping Segments				
		Fashion Shoppers	Shopping Haters	Price Hunters	Social Adventurers	Gift Givers
	<i>N</i>	212	204	232	184	204
	<i>Average Age</i>	38	49	46	38	48
	<i>Male</i>	49%	65%	69%	38%	38%
	<i>Female</i>	51%	35%	31%	63%	62%
	<i>Have kids</i>	47%	51%	55%	36%	62%
	<i>Students</i>	23%	12%	11%	28%	10%
	<i>Work</i>	56%	52%	55%	45%	62%
	<i>Retired</i>	10%	25%	20%	13%	16%

Appendix 6

Shopping Segment reaction to channel integration

Segment	Variable	Omni channel	Multichannel
Fashion Shoppers	<i>N</i>	<i>110</i>	<i>101</i>
	<i>Satisfaction</i>	5.20	4.69
	<i>Offer</i>	4.54	4.05
	<i>Shopping Trip Value</i>	4.56	4.17
Shopping Haters	<i>N</i>	93	109
	<i>Satisfaction</i>	4.56	4.12
	<i>Offer</i>	2.72	2.16
	<i>Shopping Trip Value</i>	2.69	2.16
Price Hunters	<i>N</i>	<i>118</i>	<i>111</i>
	<i>Satisfaction</i>	5.03	4.47
	<i>Offer</i>	3.27	2.61
	<i>Shopping Trip Value</i>	3.33	2.73
Social Adventurers	<i>N</i>	87	97
	<i>Satisfaction</i>	5.44	4.74
	<i>Offer</i>	3.83	3.12
	<i>Shopping Trip Value</i>	4.09	3.46
Gift Givers	<i>N</i>	<i>105</i>	<i>98</i>
	<i>Satisfaction</i>	4.82*	4.71*
	<i>Offer</i>	3.27	2.51
	<i>Shopping Trip Value</i>	3.08*	2.90*

* indicate **non-significant** differences at 95%