ASSESSING THE COMMON SENSE NUTRITION DISCLOSURE ACT: SMALL BUSINESS LIFELINE, OR AN IMPEDIMENT TO INFORMED CONSUMER DECISION-MAKING?

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Although generally lost in the debate surrounding the Affordable Care Act (ACA), commonly referred to as “Obamacare,” is the law’s emphasis upon controlling health care costs through preventative measures designed to improve public health. One vitally important section of ACA would, for example, attempt to slow or reverse the rapid rise in obesity by providing purchasers of prepared food away from home nutrition information designed to improve consumer awareness of caloric and nutrition content at the point of sale. Specifically, Section 4205, “Nutrition Labeling of Standard Menu Items at Chain Restaurants,” called for amendments in the Federal Food, Drug, and Cosmetic Act (FFDCA) to include provisions requiring nutritional labeling information (e.g., on menus and/or menu boards) applicable to restaurants, other retail food establishments (e.g., supermarkets) selling ready to consume prepared food, and vending machines. These amendments were intended to address the changing lifestyles and employment patterns of American consumers; specifically, the dramatic increases in food consumed away from home. As female labor force participation has increased, for example, fewer meals are prepared and consumed in the home and caloric intake has increased accordingly. There seems to be little doubt that the persistent rise in overweight and obesity, and the subsequent rise in weight-related disease such as type II diabetes and hypertension, is directly and causally related to the increased consumption of food away from home, most specifically fast food. As the theory goes, by providing consumers with readily accessible menu information at the point of purchase/consumption, consumer awareness and behavior can be positively impacted leading to healthier choices and improved public health.
Predictably, these initiatives have met with resistance. Conservatives have been quick to point out the new labeling mandate will be costly to business and will ultimately result in increased prices and lost jobs. To cite but one example of resistance to the new rules, the Food Marketing Institute (FMI) has argued that grocery stores (i.e., supermarkets) already provide an abundance of nutritional information on the vast majority of items they sell under the provisions of the Nutrition Labeling and Education Act (NLEA)\(^2\) and should not be considered “restaurants” and “be pulled into a menu labeling law and regulation designed for a different industry.” The FMI further alleges that the benefits associated with the new labeling requirements have been exaggerated and the costs of compliance significantly understated. In response to these and other concerns associated with the ACA labeling requirements, legislation has been introduced during the past two sessions of Congress that would repeal the labeling mandate. For example, Senate Bill 261, the “Common Sense Nutrition Disclosure Act of 2017” would amend Section 403A of the Federal Food, Drug, and Cosmetic Act “to improve and clarify certain disclosure requirements for restaurants and similar retail food establishments, and to amend the authority to bring proceedings under section 403A.” Critics contend the impact of the proposed bills would be to severely limit consumer access to nutrition information at the point of purchase and/or consumption and, additionally, limit legal recourse for noncompliance with other state or municipal labeling requirements. Did the ACA go too far in requiring new labeling requirements? Are the costs imposed on industry out of proportion with the claimed benefits associated with greater access to nutrition information? These questions are explored in the following sections.

**Benefits of Expanded Nutrition Labeling**

Consumption of food prepared away from home has risen steadily in the United States and in other industrialized countries. This may take the form of food consumed in restaurants, drive through meals from fast-food outlets, ready-to-eat meals purchased from supermarkets, or, increasingly, prepared meals or entrees (e.g., pizza) delivered to the home. As reported by the United States Department of
Agriculture (USDA), between 1962 and 2002, the percentage of home expenditures devoted to the purchase of food away from home increased from 27 to 46 percent of total food spending. Similarly, USDA estimates of daily caloric intake shows the share of daily caloric intake from food away from home increasing from 18 percent for the period 1977-78 to 32 percent for the period 1994-96. The same study reports that, on average, Americans who consume a “poor” quality diet tend to consume more of their daily calories away from home. Concomitant with the increased consumption of food away from home has been a parallel rise in the prevalence of overweight and obesity, including a wide array of related public health problems such as increased risk of premature death, type 2 diabetes, hypertension, heart disease, and social stigmatization, discrimination, and poor body image.

Available research clearly indicates that food choices made away from home are less healthy than food prepared in the home:

Compared to foods prepared at home, foods consumed outside of the home are typically higher in calories and poorer in nutrition, and are served in larger portions, which leads to overconsumption.

Further, research also indicates that consumers tend to underestimate calories—often by a wide margin—contained in food purchased away from home. As reported by Pomeranz and Brownell, one study found that approximately 90 percent of the respondents surveyed underestimated actual calorie content by almost 50 percent and professional nutritionists did not fare much better in their ability to estimate actual calorie content of many items. Thus, given the increase in consumption of food prepared away from home, its documented lower nutritional value, and the link between food purchased away from home, overweight/obesity, and public health, it is not surprising that reform measures designed to improve consumer decision-making and lower healthcare costs have been proposed. One logical step in this direction would be to provide consumers with comprehensive nutrition information at the point of purchase; i.e., mandatory labeling.
As noted at the outset, Section 4205 of the federal ACA calls for mandatory nutrition labeling of prepared foods purchased away from home in restaurants, fast food chains, supermarkets, and vending machines. This proposal at the federal level is not without precedent. Over the years various states and municipalities in the United States have proposed similar legislation. The impact of mandatory nutrition labeling on consumer decision-making and public health is not clear cut. Based on experiences at the state and municipal level, it is not at all clear at this point that disclosure of calorie and nutrition information at the point of purchase will result in significant, unambiguous changes in consumer behavior; e.g., reductions in calories purchased per meal. However, it would be premature—and inaccurate—at best to conclude that mandatory menu labeling is ineffective. Mandatory disclosure of nutrition information may, for example, lead to menu reformulation as food providers seek to avoid the stigma associated with calorie and fat-laden menu items. Further, even small reductions in calories purchased may result in dramatic health benefits in the overall population. In this regard, it is significant to note that the FDA in its Final Regulatory Impact Analysis of the recently mandated federal menu labeling provisions of the ACA concluded that the economic benefits of the legislation greatly exceeded the costs. Specifically, the FDA estimated the benefits of the labeling requirements would exceed the costs by $477.9 million on an annualized basis, not including the benefits from the Vending Machine Labeling Rule. In arriving at its estimates of costs and benefits, the FDA cited increased consumer awareness regarding the caloric content for foods offered for sale by covered establishments which may lead to a change in consumer preferences for lower calorie options, and greater transparency regarding calorie content of menu items which may give firms greater incentive to reformulate menu items and/or decrease portion sizes and/or provide additional lower calorie menu options.
Costs Associated with Mandatory Nutrition Labeling

Critics of the ACA and its mandatory nutrition labeling requirements have argued that the cost of the labeling is excessive. In arguing that supermarkets should be excluded from the labeling mandate, the Food Marketing Institute (FMI) has argued that the FDA has grossly under-estimated the cost of compliance with the new rule in the supermarket industry. FMI projects “the total burden on the industry will be more than $1 billion for the first year alone. Ongoing costs will amount to the hundreds of millions of dollars” (FMI Comments, p16). The FMI argues that many of these costs will be pushed forward to consumers in the form of higher prices. Other critics suggest that the complexities of the new federal rule will be particularly burdensome for small businesses. Interestingly, in the case of franchising a strong argument can be made in favor of a federal menu labeling mandate. As the argument goes, franchisors (e.g., like McDonald’s) operating franchises in several states and municipalities are presently confronted with the problem of complying with labeling requirements that vary across state and municipal venues. A uniform federal statute, it is argued, would greatly simplify the task of compliance by providing certainty and uniformity.

There are, indeed, a number of cost elements to be considered in the new rule. Among others, costs borne by firms include material costs (e.g., printing, menu board preparation, etc), nutrition analysis of items offered for sale, compliance costs associated with record keeping and reporting, and personnel training/re-training costs. In its Final Regulatory Impact Analysis, the FDA estimated that there would be approximately 298,600 covered establishments, organized under 2,130 chains, covered by the rule. The mean initial cost of compliance with the final requirements is estimated at $388.43 million, with a mean recurring cost of $55.13 million (FDA, Final Regulatory Impact Analysis, p7). These cost estimates, particularly as they relate to supermarkets, have been challenged by the FMI which asserts that the “FDA has grossly underestimated the number of items required to be labeled at the typical supermarket” (FMI, “Key Points”). The FMI further alleges that the FDA has underestimated the number
of items to be covered, the full cost of item nutrition analysis, the cost of redesigning menu boards, and recordkeeping costs. FMI is particularly concerned that compliance disproportionately burdens supermarkets to a far greater degree than restaurants, noting that restaurants typically offer a set menu and retail supermarkets “merchandises foods in a variety of formats: service, self-service, cold or hot in various departments throughout the store” (FMI Comments, p18).

**Legislative Pushback to the Federal Mandate**

Predictably given the controversy surrounding the ACA, critics were quick to push back against the new federal mandate. In both the House and the Senate bills were introduced that would repeal the new language contained in the amended FDCA. S.261, the “Common Sense Nutrition Disclosure Act of 2017,” (CSNDA) introduced in the 1st Session of the 115th Congress would “amend the Federal Food, Drug, and Cosmetic Act to improve and clarify certain disclosure requirements for restaurants and similar retail food establishments and to amend the authority to bring proceedings under section 403A.” Proponents of the bill argue that it will protect small businesses from additional costs and burdens imposed by the new federal rule.

Critics of CSNDA argue that it essentially undermines the efforts of the FDA to provide consumers ready access to calorie and other nutrition information at the point of purchase. Additionally, the CSNDA allows restaurants far more flexibility in determining relevant serving sizes for which information is reported (i.e., restaurants can determine what a “serving” is), reporting requirements would be effectively eliminated (i.e., “Restaurants and similar retail food establishments ‘shall not be required to provide certifications or similar signed statements relating to compliance’...”), in cases where more than 50 percent of orders are placed off-premises, covered establishments will be afforded the option of providing on-site menu information (i.e., “In the case...where the majority of orders are placed by
customers who are off-premises...‘the information ‘may be provided by a remote-access menu as the sole method of disclosure’...instead of on-premises writings.”), and finally, the bill would significantly reduce consumer rights of redress against violators (i.e., “A restaurant or similar retail food establishment ‘shall not be liable in any civil action in Federal or State court’...for any claims arising out of an alleged violation of this clause; or any State law permitted under section 403A(a)(4).”).

Perhaps most damning, CSNDA in falsely claiming to protect small businesses from onerous over-regulation by the federal government, subjugates consumers’ right to nutrition information to the interests of corporate greed. As aptly noted in one scathing review, “Pretending this labeling requirement is some huge burden on large companies is a distraction. Not labeling burdens real people, by hiding information they need to make their own choices.”¹⁴

References


11 Permesly, Breton and Suzanne Trigg, op cit, p 1.


Psychological pricing: field evidence on phonetic symbolism and parity-gender effects.

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- Extended Abstract -

1. Background and literature overview

The field of our study is psychological pricing. The theoretical background is rooted on two psychological effects: phonetic symbolism and parity-gender effects. *Phonetic symbolism* is a theoretical notion based on the idea sounds can convey meaning. Indeed, from a formal point of view, it can be defined as a “nonarbitrary relation between sound and meaning” (Lowrey and Shrum 2007, p. 406). In the literature, there has been a long and controversial debate about this intuition, far before marketing studies (e.g. Jespersen, 1922; Sapir, 1929).
Phonetic symbolism seems to occur with both vowels and consonants, although evidence for phonetic symbolism involving *vowels* is more consistent (Wu, Klink, and Guo, 2013). The most conclusive case is probably the vowel–size symbolism (Newman 1933, Sapir 1929). According to it, front vowels like /i/ (as in “tip”) are related to meanings like small, light, fast, and sharp. Conversely, back vowels like /o/ (as in “top”), are related to meanings like large, heavy, slow, and dull.

Although, in general, the meaning associated with a specific sound might differ from one language to another (Taylor, 1963), Ultan (1978) found support for vowel–size symbolism in 90 percent of the 136 natural languages he analyzed.

In marketing, phonetic symbolism has been investigated especially in branding, based on the idea that the sounds (phonetic structure) of brand names may affect consumer attitudes (Yorkston and Menon, 2004). Different contributions confirmed that appropriate brand names facilitate the automatic activation of desirable brand associations (e.g., Hennessey, Bell, and Kwortnik 2005). In Lowrey and Shrum study (2007), for example, participants preferred brand names more when the attributes connoted by the vowel sounds (e.g., small, sharp) were positive for a product category (e.g., convertible, knife), but they preferred the same names less when the attributes connoted were negative for a product category (e.g., sport utility vehicle, hammer).

On a different ground, recent research has suggested that gendered thinking extends into the realm of very abstract and seemingly asocial concepts. Specifically, Wilkie and Bodenhausen (2012) found that participants to their experiments rated the concept “even numbers” as relatively feminine and the concept of “odd numbers” as relatively masculine. We will call this *parity-gender effect*.

The ascription of gender to objects, actions, and concepts can be highly consequential, because such information is commonly used to guide people’s judgments and decision making (Wilkie and Bodenhausen 2015). Males and females are expected to behave in accordance with established gender roles and can be penalized psychologically (e.g., Crocker and Major, 1989; Pleck et al., 1993; Major and O’Brien, 2005) and economically (e.g., Crocker et al., 1998; Rudman, 1998) for violations of culturally established gender norms. Research suggests that these pressures result in people having to devote cognitive resources in efforts to monitor and maintain either a relatively masculine or feminine gender identity (Wilkie and Bodenhausen 2015).
2. Aim of the study and hypothesis

The aim of the study is twofold and relates to psychological pricing. For the first part, the main hypothesis is that the sound (i.e., the phonetic structure) of a product price may affect consumer’s perceptions about the expensiveness of that product and this, in turn, would affect sales.

Following our literature overview, evidence from the size-sound symbolism suggests that prices based on numbers with front vowels (e.g. “three”) might automatically activate positive associations to concepts like small and light. Conversely, prices with a dominance of back vowels’ numbers (e.g. “four”) might automatically activate negative associations to concepts like big and heavy. *Caeteris paribus*, this would create a favorable or unfavorable bias in the perception of expensiveness and, accordingly, a positive or negative outcome in terms of sales.

In the second part of the study, we hypothesize a positive [negative] effect on a product attitude based on the consistency [inconsistency] between the gender of its target (product for males Vs females) and the parity of its price (odd Vs even price). This would affect sales accordingly.

Following our literature review, culturally established norms and rules result in social pressures and individual efforts to monitor and maintain a consistent gender identity. Part of these efforts are delegated to personal consumptions and purchasing behaviors, as in the extended-self and identity signaling literature (e.g., Belk, 1988; Escalas and Bettman 2003). Consistently, consumers are expected to be sensitive to all the product attributes either reinforcing or weakening a masculine or feminine traits. Among these attributes, we include the price: an odd price would reinforce masculine signaling, then increasing positive pressures to buy for males, and vice versa.

3. Methodology

To test our hypothesis we used a field experimentation. We involved two homogeneous stores of a prominent Italian retailer over 4 weeks. We changed our experimental conditions on specific products over the time, then measuring final sales as the ultimate target variable. With the collaboration of the store managers, we tried to control for other intervening factors, like promotions in the category or seasonality effects.

For the first part of the study, we measured the sales of three product in different scenarios at different price levels. Some of the prices had front vowels (in Italian language) as the prominent phonetic structure (i.e., “small” associations). Some others had back vowels as the prominent
phonetic structure (i.e., “large” associations). Then we compared the scenarios by analyzing the variations in the price, the variation in the phonetic structure, and the impacts on sales.

For the second part of the study, we did something similar, by measuring sales for 4 masculine products, tested both with an odd and an even price, and 4 feminine products, tested both with an odd and an even price, over 4 weeks. As anticipated, we tried to control for other intervening factors, like the absence of promotions in the categories or seasonality effects, choosing weeks with highly stable sales and confronting stores highly homogenous from an economic and sociodemographic point of view.

4. Preliminary analysis, results and conclusions

Our preliminary analysis confirmed the expected results in both the studies. For the first part, the statistical results are reported in table 1 and 2.

Table 1.

<table>
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<th>Model</th>
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<th>Adjusted R Square</th>
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<sup>a</sup> Predictors: (Constant), Store_SoldRate, Time, Pdt_Beta, Price, Small_sound, Pdt_Afa

Table 2.

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<th>Model</th>
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<th>Sig.</th>
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<td>Std Err</td>
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<sup>a</sup> Dependent Variable: log variable
For the second part, the statistical results are reported in table 3 and 4.

Table 3.

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Table 4.

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a Dependent Variable: ln_SALES

All the hypothesis seems confirmed. Further analysis and data gathering are in progress. Among the other things, we would like to test the same hypothesis for an English speaking country, as well as for other languages. This would corroborate the cross-national relevance of our results.
References

The Changing Role of the Category Captain in UK Grocery Retail Market

*The European Institute of Retailing and Services Studies (EIRASS)*

Recent Advances in Retailing and Services Science

Conference Paper

Authors: Benson, M., Hirst, C., and Beresford, P.
Sheffield Hallam University

Research Title

The Changing Role of the Category Captain in UK Grocery Retail Market

Session TU4.2

Grocery stores

Chair: Francine Rodier (ESG UQAM)

Tuesday 17th July 2018

Conference Chairs: Soora Rasouli & Harry Timmermans

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The Changing Role of the Category Captain in UK Grocery Retail Market

Abstract
Category management is a collaborative approach to product selection and management between manufacturers (suppliers) and retailers to enable the effective management of product categories rather than individual brands. This paper reports emerging findings from research that explores the category management function and its role in value creation in the UK grocery retail market. Value creation within category management relationships is reported within the research as value co-creation, value no-creation and value co-destruction. Using practice-based research, qualitative interviews of twenty five senior grocery category managers and retail buyers reveal the evolving nature and influence of the Category Captain role in a changing retail marketspace. The UK market is undergoing unprecedented change as discount retailers capture market share from established incumbents, and consumers become increasingly price sensitive and switch from branded products to private label. In this context, the role is being elevated and negotiated with a need to develop stronger, more meaningful and valuable relationships between the supplier and retailer. It is perceived that by strengthening the relationship between the retailer and the suppliers' involved in category decisions will enable a more consumer-centric approach to category development and value creation. Adopting the lens of a resource based view of value creation, findings from this research reveal that Category Captain selection and recruitment is no longer solely determined by economic resource and market power, rather market knowledge and insight is seen as the key determinant of a successful category relationship. The role of Category Captain is changing, and the new role referred to by the suppliers and retailers as the 'preferred supplier' requires a greater emphasis to become a trusted category adviser. It is no longer a 'seat at the table' bought through financial support, but one that has long-term sustainability from joint responsibility and bringing innovative and differentiated insight into the category. In conclusion the research suggests the future role needs to be impartial of the commercial function using a more 'open' and honest approach in a collaborative relationship led by the supplier. This marks a significant change in decision making related to this function and presents significant opportunities for private label suppliers and small suppliers to play key roles in category decision making and value creation. While present knowledge suggests that category managers' act impartially, this research also reveals that the role potentially brings further value to the preferred suppliers. This offers significant challenge to the role of trust and loyalty in category management relationships.

Key words: category management, grocery retail, category captain, trust, value creation, loyalty, branded, private label.
1. Introduction
The UK grocery retailing environment is currently experiencing unprecedented challenges resulting from growing complexities in the marketplace, and the need to satisfy increasing consumer expectation to provide better value (IGD, 2018). The Institute of Grocery Distribution (IGD) (2018) state this has presented the grocery industry with challenges to change current practice and meet the needs of an increasingly demanding consumer. IGD (2017) confirms three major influences that will impact the UK grocery sector in the next five years, and where the industry will need to focus their priorities. IGD (2017) state, following the UK's vote to leave the European Union, Brexit has changed the outlook for the UK grocery market. Growth of 15.4% over the next five years to £212.9bn will be driven by the return of inflation, but opportunities for volume growth will be reduced as disposable incomes are squeezed and population growth slows. Retail sales channels within the UK grocery sector are also changing, while online will remain the fastest growing channel its expansion will slow. Discounters will grow their market share faster than previously forecast, and the outlook for sales from larger stores is more positive than originally forecast but they will still lose market share. This research study is very timely as the UK grocery sector enters one of its most difficult phases for over one hundred years. It is important that the needs of the consumers are met through the grocery manufacturer (supplier), in particular the Category Captain supplier and the retailer working more collaboratively. The research explores how collaboratively the players, notably the Category Captain can co-create value, is this indeed happening, can it be improved or is it just rhetoric?

The literature review focuses on the Category Captain and the role of the category captain in the relationship. This role is pivotal within the category management relationship and how it impacts on relationships with other category suppliers (Kurtulus et al., 2014; Kurtulus et al., 2013; Desrochers and Nelson, 2013; Zenor Michael, 1994). The future role of the Category Captain will be considered as the research shows it progresses to be the ‘preferred supplier’ and that all suppliers within the category can now aspire for inclusion. The three phenomena of value creation investigated are value co-creation, value no-creation and value co-destruction. The research appraises the role of the Category Captain (or the preferred supplier) and if private label and smaller suppliers can aspire to the role of Category Captain. The research endeavours to answer the question:

- What is the role currently played by the category captain in category management relationships, and how will this role evolve through value creation as consumers switch from branded to private label products. Can unbranded manufacturers (suppliers) seek to meet the criteria for selection in this new reality?
The research adopted a theoretical lens of value through understanding value co-creation, neutral value creation, and value destruction within a business relationship. The conceptual lens of the research is the role of the Category Captain supplier in category management relationships and how the role will evolve to create value, and how other suppliers within the category can aspire the dizzy heights of the Category Captain.

2. Value Creation

The nature of value and its creation is an ever increasing debate with scholars, in particular the roles of internal actors (Gronroos and Voima, 2013; Prahalad and Ramaswamy, 2004a, 2004b; Vargo and Lusch, 2004). According to Ostrom et al. (2010) value is amongst the most important research topics in marketing, and Corsaro (2014) and ISBM (2011) say managers in industrial company's rate value as a top priority for business management. Value is seen in retail category management literature as the collaborative ideal that emphasises a 'triple win' for the suppliers, retailers as well as the consumers (Aastrup et al., 2007). This chapter has used 'actors' from the UK grocery sector who work within category management for the suppliers and the retailers including Category Captains and reviewed how together they collaborate within the category management relationship to create or co-create value, or even co-destruct the value.

2.1 Value Co-Creation

Makkonen and Olkkonen (2017) Edvardsson et al. (2014) and Gummerus (2013) state that value co-creation literature is scant. Value creation is a joint function in collaboration, where Vargo and Lusch (2008) say that
value creation is extended where suppliers and retailers work together and support each other's value-creation process. The role of individual actors in value creation processes has long being recognised within an industrial marketing context, and this research seeks to establish its importance in a category management context. The research has been viewed through the lens of Service-Dominant logic (S-DL) with a specific focus on the notions of operant and operand resources (Kohli, 2011; Kowalkowski, 2010). Operant resources create competitive advantage and include resources such as the competencies of the 'actors' within the value creation process, in this case the category management relationship and the Category Captain.

2.2 Value No-Creation
Value no-creation was launched by Makkonen and Olkkonen (2017) to strike a balance between extreme notions of value co-creation and value co-destruction. It is in the middle of the dichotomy and is neither positive nor negative and often defined as the position of indifference. Makkonen and Olkkonen (2017) state, value no-creation sits between co-destruction and co-creation, the notion of value no-creation is a conceptualisation that oscillates between the poles of co-creation and co-destruction.

2.3 Value Co-Destruction
Value co-destruction is defined as an interactional process between service systems that result in a decline in at least one of the systems' well-being which can be an individual or organisation (Ple and Caceres, 2010). They state, that during this process these service systems interact either directly (person to person) or indirectly (via appliances such as goods) through the integration and application of resources (Ple and Caceres, 2010). Value destruction and value co-destruction is the negative side of value creation and value co-creation. For example within category management setting, the provision of negative operant resources occurs where a buyer provides the supplier with inadequate retail data. This will result in a poor category recommendation proposed by the supplier or Category Captain back to the buyer. As such a negative position will result in the relationship where both parties are frustrated and cause unnecessary tension in the collaboration.

3. Category Management
Category management is defined as the strategic management of interrelated product groups known as product categories within trade partnerships where the product categories are managed as separate business units (Kurtulus et al., 2014; O'Brien, 2014, O'Brien, 2012; Hubner, 2011; Kurtulas and Toktay, 2011; Morgan et al, 2007; Nielsen, 2006). Retailers can gain competitive advantage over their competitors if category management is implemented effectively through collaborative working and achieving the latest data, insight and merchandising savvy to exceed consumer expectation (Kurtulus et al., 2014). Suppliers have the product expertise and manufacturing capacity whilst the retailers have shopper footfall and offer a full range of products to entice shoppers. Collaborative working maximises the skills within the relationship, and together the organisations will determine the most appropriate products at the right prices to meet evolving consumer demands.
3.1 Category Captain
The Category Captain supplier (now known as the preferred supplier, category adviser) is one of the main and often most influential relationships within category management (Kurtulus et al., 2013). The Category Captain supplier is appointed by the retailer to manage the entire category on their behalf which according to Kurtulus et al. (2013) has a profound effect on the business performance for both organisations. The category captain is deemed to be the 'expert in category' as a key manufacturer within the category, and have a full understanding of their market (Harris and McPartland, 1993). The category captain is usually responsible for developing and recommending the category strategy which will then be adopted by the buyer. Morgan et al. (2006) state, the benefits of the Category Captaincy is it is an effective value-creating and value-claiming mechanism. The following research methodology was undertaken to help understand the future of the Category Captain role through qualitative research.

4. Methodology
A qualitative research approach was adopted to explore the research issue from the participant's perspective, and in order to establish rich and detailed data semi-structured interviews were conducted as the data collection method. In total 24 semi-structured interviews were conducted with 12 participants from the suppliers and 8 participants from the retailers. A further 5 follow-up interviews were carried out to 'deep dive' into key responses from the first interviews and ask the participants to provide some real examples. The participants were chosen from senior management and director levels as they are decision makers within their organisations and able to provide data which will help to address some of the issues faced in category management. The process of data collection started in November 2016, with the first interviews completed by November 2017 and the follow-up interviews by February 2018.

The analysis process included the researcher transcribing recorded interviews, multiple reading and interpreting of the transcriptions and NVivo coding. There were two cuts of coding, followed by categorising the key words, sentences and statements to result in three key themes emerging from the data.

5. Findings and Discussion
The research findings show the main issues raised by the retailers of how value is created within the relationship, and how the role of the Category Captain is expected to evolve over the next 5 years. The retailer business entities within the UK grocery retailers have been categorised into Mainstream (M) and Premium (P) retailers. The researcher approached the Discounter retailers who were unavailable to participate in the research, and it is felt for future development the discounters and on-line retailers should be appended to the research. Mainstream (M) and Premium (P) retailers ensure a clear division between UK retailers and the differences in perspective will appear. It is widely accepted that different consumer profiles shop the different retailers, however in mainstream the retailers attract different types of UK socio-economic groups. The dichotomy of the two types will emerge and explain the differences or similarities. There were 10 retailer interviews carried out, 7 first interviews and 3 follow up interviews. The follow up interviews were to 'deep dive' into key findings from the first interviews and were for 15 minutes instead of the 1 hour first interviews. These will be discussed as 10 interviews rather than sub-dividing these into first and second interviews, unless there is a specific reason in the
argument to differentiate them. Of the 10 retailer interviews conducted 8 were Mainstream (M) and 2 Premium (P). As these are UK retailers all the companies are large size with a sales value turnover >£250m per annum. These will be defined collectively within the discussion as the 'retailer companies' unless there is a specific reason in the argument to differentiate them. The specific differentiating characteristics of the companies are shown in Chapter 3 Table 3.2. Finally the individual participant's commentary will only make reference to their position in the company only if it seen as appropriate at that point in the argument. This is because all participants are senior buyers and chosen for the research as they are all decision makers and do not require differentiation as they carry out the same category management functions. The retailer participants believe the following is how value is created in the category management relationship and how the role of the Category Captain should evolve in the future:

5.1 Sales Growth, Profitability and Sustainability

5.2 Expectation of Supplier's

5.3 The Consumer and Consumer Behaviour

5.4 The Provision of Reasoned Creative and Innovative Insight

5.5 Collaborative Relationships

5.1 Sales Growth, Profitability and Sustainability
The retailer business entity participants have raised many positive and negative issues regarding what they perceive the nature of value to be and how these perceptions create value in relation to sales growth, profitability and sustainability. The issues raised in the is section were limited, however the retailers felt that Category Captain suppliers need to provide more volume growth rather than value growth by putting up prices. This would include encouraging shoppers to make more frequent shopping trips. The retailers believe that Category Captain suppliers are stuck in the availability trap and focus most of their attention in the supply chain and ensuring stores receive deliveries on time, and where this does not happen spend time chasing the deliveries.

5.2 Expectation of Category Captain Supplier's
The second main area of issues raised by the retailers regarding what they perceive the nature of value to be and how these perceptions create value is in relation to their expectation of Category Captain suppliers. The retailers feel that co-creation of value is making sure that the Category Captain suppliers send their best people to work on the specific retailer account. Unfortunately the best category manager in a manufacturer cannot work on every retail account as often each one is attached to one retailer only to protect confidentiality.

5.3 The Consumer and Consumer Behaviour
The third main area of issues raised by the retailers regarding what they perceive the nature of value to be and how these perceptions create value is in relation to the consumer and consumer behaviour. This is one of the three main areas reported by the participants for value creation in category management relationships. Value is concerned with Category Captain supplier delivering more for the shopper. The mission of retailers is to save consumers money, and often at the heart of the retailer mission statement is a claim of intention to do this. This
is through improvements in product range, pricing, availability and product that satisfy the emergence of 'shopping missions' such as purchasing for lunch boxes, picnics, seasonal and meal occasions. Multiple buyers need to get together through the Category Captain and work cross-category.

The value for the retailer is from getting the most spend from the shopper. This is in number of visits to the store, loyalty and increased purchase whilst in the store. Category Captain supplier recommendations need to be innovative as shoppers are 'time poor'. Improved product positioning will enable them to quickly shop the products they want, and this will leave a little time for browsing and increasing the number of purchases. Buyers need to get closer to their shoppers and competitors shoppers who can benefit from the knowledge and experience of the Category Captain supplier.

5.4 The Provision of Reasoned Creative and Innovative Insight
The fourth main area of issues raised by the retailers regarding what they perceive the nature of value to be and how these perceptions create value is the provision of reasoned creative and innovative insight. Insight is a fundamental aspect of category management and as the marketplace is changing the provision of personalised and innovative insight for retailer differentiation. Category Captain suppliers are expected to be experts in their field, and often they are expected to have knowledge of the wider category and understand the implications of actions within the category itself. Category Captain suppliers are expected to understand how to make sense of the data available in the market, and purchase the data. Category Captain suppliers are expected to invest heavily in the data whereas smaller and more niche suppliers expected to purchase less data but provide more creative and innovative insight. Category Captain suppliers create value by being 'experts' in their field as often retail buyers manage multiple categories and only stay in position for two years and cannot themselves become experts. They rely on the Category Captain suppliers to provide the recommendations for the category, but also other associated categories. They are therefore expected to understand their market, and this may include other sectors such as international cuisine to create a point of difference.

When Category Captain suppliers make category recommendations, value is added by providing insight to enable shoppers to 'trade up' which means to spend more money within the category. Category Captain suppliers will be asked to provide a sustainable category model which will include a promotional plan, and collectively protect the retailer's margin.

Despite what is perceived within the sector the retailers want Category Captain suppliers to add value by being honest and truthful about the category recommendations and this will include not being a 'yes man' and challenge the retailer. Provided the Category Captain suppliers have the evidence to make a strong claim that differ to that of the buyer they should make it without concerning themselves with loss of favour or business. Insight needs to be customer focused. The findings suggest Category Captain suppliers and retailers collectively visit stores and hold focus groups with shoppers, and talk directly to them about their shopping needs. This will allow joint value creation where the Category Captain suppliers and retailer to formulate long-term plans within the category management relationship. The provision of effective insight is seen as a differentiating factor for Category Captain suppliers, but it is the reasons for the decisions that add value in the category management relationship rather than the raw presentation of data.
5.5 Collaborative Relationships
The final main area of issues raised by the retailers regarding what they perceive the nature of value to be and how these perceptions create value is the need to work in collaborative relationships. This is the main issue of the retailers which was the same in the previous section where the Category Captain suppliers saw collaborative relationships as the main issue. Retailers believe that value is co-created where the Category Captain suppliers work collaboratively with them and the businesses become strongly aligned together. The company's remain separate but effective collaborative relationships involve working together, sharing resources, knowledge and leveraging best efficiencies in the overall supply chain process and provide the consumer with what they need. The retailers interviewed had strong opinions regarding improving collaborative working with all Category Captain suppliers. Retailers are continuously seeking long-term collaboration with Category Captain suppliers, as long-term gives more stability in the relationship for both parties, and ensures appropriate investment can be made to secure future consumer needs. The participants report that longer-term relationships inspire innovation and creativity when reviewing categories. Retailers are looking to the Category Captain suppliers to provide a more holistic view of the category rather than focusing on their own products. Category management is about managing all the products that are categorised within a similar grouping, and it's important every company supplying products within the category is considered in the planning.

Category Captain suppliers need to move away from upsetting the buyer and losing business and be more assertive with new and differentiated recommendations. They need to be 'open' with the buyer and understand what is expected of them and how the buyer feels they can deliver that. Retailers also feel strongly in the relationship and declared that where suppliers do not align with their strategy they will seek alternative Category Captain suppliers. This is particularly relevant with private label supply, as it is more of a challenge to substitute brands into the category. The retailers also believe that the category team need to operate independently to the commercial teams, as they operate more holistically and do not associate directly with the commercial objectives. As there are new sales channels emerging in the market such as on-line shopping, the discounter's business model Category Captain suppliers are expected to be responsive to change and operate category management in different sales channels. They also need to be able to embrace new technology and how this impacts on category management including Virtual Reality (VR) and mobile technology.

This section has explained how the UK retailer businesses involved in the research understand the nature of value creation and this is where the Category Captain suppliers need to develop for as sustainable role in the future.

6. Contribution and New Knowledge
The paper makes a contribution to the literature and to category management practice. The researcher is keen to close the gap between academia and practice, and through practice-based research the literature will reflect what happens in practice and practitioners will work with academics for mutual benefit. The contribution and new knowledge resulting from this paper for the literature is:
The Changing Role of the Category Captain in UK Grocery Retail Market

1. Value co-creation, value no-creation and value co-destruction is limited in the category management literature. The literature review explained that value co-creation, value no-creation and value co-destruction are fundamental in collaborative relationships and as category management relationships are grounded in collaboration this needs to have greater attention in the literature. The use of qualitative interviews rather than large quantitative analysis has allowed the category management practitioners to explain value creation in practice. The thesis will therefore update the value co-creation, value no-creation and value co-destruction literature by introducing the concept of category management into the theory. It will also raise the profile and importance of value co-creation, value no-creation and value co-destruction in the category management literature in relation to the Category Captain which is currently very scant. Academics need to understand the importance of value creation in category management from the perspective of what is really happening as opposed to developing knowledge from previously incorrect material. The voice of the practitioners has helped to address this need.

2. The use of senior practitioners from both the supplier and retailer side of the category management have ensured the study benefits from the viewpoint of senior decision makers within the sector. This ensures the findings accurately reflect both sides of the collaboration, and as these were qualitative interviews allow the practitioners reality to emerge.

3. The category management literature still refers to the role of the category captain. Following the practitioner interviews both stakeholders advised the position became extinct in the UK over five years ago. It is replaced with the role of 'preferred supplier' (discussed in the paper). Qualitative interviews with senior practitioners research has identified that both the suppliers and retailers agree the traditional category captain role no longer exists, and it is evolving. The paper will update the category management literature and inform academia that the role has changed in the UK grocery market. The role, however currently remains in the USA grocery market.

The contribution and new knowledge resulting from this paper for practice is:

1. It is the researcher's belief from the interviews that there is a dichotomy between what is said in collaborative category management relationships than what is believed by both suppliers and retailers. As the category management relationship is commercial there are high business stakes being challenged, and so day to day honesty between the parties is often shadowed by a desire not to upset the other stakeholder. This results in rhetoric between the two stakeholders that everything is fine in the relationship and value is being co-created. The reality is this is not the case and in fact there is frustration and so often value co-destruction. The research will raise this issue and encourage deeper collaboration and a more 'open' approach between the parties to address the challenges. The research has shown the following frustrations currently exist, and by raising these issues contributes to practice:

- Category Captain suppliers are unhappy with the demands placed upon them by the retailers and category management begins with the retailers mission rather than that of the consumer
- Category Captain suppliers are frustrated because profit is the key driver for the retailer rather than shopper satisfaction
The Changing Role of the Category Captain in UK Grocery Retail Market

- Small suppliers and private label suppliers are frustrated because they do not have an equal chance to have a seat at the buyers table, and the Category Captain supplier continues to be the chosen partner.
- Retailers are unhappy with the standards of the insight presented by the Category Captain supplier and the other supplier's. They say that the insight presented is often re-engineering of the data which everyone has access to and needs to be more creative and innovative.

The paper also contributes significant improvements to academia and practice and has opened up a channel for further research in Category Captain value creation within category management relationships.

7. Future Research
The research in this paper is limited to the UK grocery sector and has a limited sample of UK grocery sector manufacturing Category Captain's and UK grocery retailers (buyers and buying directors). Therefore generalisations for practice are restricted beyond the UK grocery sector. The research did not include participants from UK discounters as access to these stakeholders is difficult due to the nature of their job roles. Therefore a wider range of participants beyond grocery would expand the scope of the study, and this could be from further qualitative studies or even a large quantitative study.

8. Summary
It is evident that value creation is significant in the role of the Category Captain supplier. Practitioners from the UK grocery sector representing the Category Captain supplier and retailer perspectives have openly explained the reality of the role of the Category Captain and value creation in category management from their own experience. Using qualitative interviews the research has allowed the practitioners to say what really happens rather than what is supposed to take place. This will allow the category management literature to be updated and reflect reality rather than the continuum of writing literature based upon previous literature that is not always correct.

Value co-creation is momentous within UK grocery category management relationships and is seen as the cornerstone of a successful category management relationship. However the findings show that value co-destruction is more evident in the Category Captain's role than was previously understood. As it is fundamentally a commercial relationship the Category Captain suppliers are keen to please the retailers and will tolerate the demands put upon them to maintain a healthy relationship with the buyer. The findings suggest that the both parties want a more 'open' relationship and build upon the competencies and capabilities of each to produce sustainable category growth. The role of the Category Captain is therefore evolving, it is seen as pivotal to collaborative relationships in the future if they create value and respond to the recommendations in this paper.
9. References


The “Power of Surprise”- Evaluation of the perceived value of subscription boxes- A qualitative approach

1 Initial situation and Problem Statement

Nowadays, products are largely similar and oftentimes identical products are offered by a range of suppliers. Various tools and strategies are used for differentiation, like pricing, packaging or shopping experience (Ebster & Garaus, 2011). Many companies decide to use innovative and creative ways to offer a more appealing shopping experience to their customers. Subscription boxes could be a way to do this. Here, customers do not buy individual products, but an assortment of products of a certain category. Which products they will receive is unknown to them beforehand with a certain risk to receive products they do not like or cannot use. This risk has to be compensated by perceived values of such a box, for example the elements of anticipation and surprise (Kaufman, 2012).

Subscription boxes enjoy growing popularity among all age-groups. Choosing from a big variety of different product fields, customers sign up to receive boxes with an unknown content. The aim of this study was to find out which value customers perceive from subscription boxes, causing them to prefer the risk of unknown content over buying the exact products they desire or need elsewhere. This is done by identifying influencing factors on the perceived value and the subscription behavior, as well as by identifying a possible relation between the knowledge level about a product category and the respective subscription behavior. Three exemplary subscription boxes are discussed and compared to point out examples for the various different business models.

2 Research Aim and Research Methods

The aim of this study was to find out how to design a subscription box in a certain product field with the highest possible success in general, and how to optimize consumer experience, increase perceived value and extend the customer lifetime value, in particular.

The following research questions are to be answered in this study:

RQ: How, if at all, do subscription boxes offer a perceived value for customers?

SubQ1: Which are the influences on the perceived value of subscription boxes?
SubQ2: Which are the reasons for (un-) subscribing subscription boxes, including rescubscriptions over time?
SubQ3: How does knowledge about a product field influence the perceived value of a subscription box service?

This research question and subquestions seem to be important to be answered mainly due to three reasons:

1. To identify the influencers on positive and negative perceived value to find out the factors to pay most attention to, when designing a concept for a subscription box.
2. To find out reasons for (un-) subscriptions over time to understand customer decisions and react to these decisions.
3. To get insights on how the degree of knowledge about a product field coincides with subscription behavior.
In order to be able to provide answers to this research question and subquestions a qualitative study in form of two focus group discussions and a qualitative content analysis by Mayring (2003) was carried out.

3 Theoretical Background

3.1 Facts and Figures of Subscription Boxes

The subscription business in general has a long- and well-known concept with various product types. While the Austrian and German market are comparably rather small, they still offer successful models. Throughout the last years many new and innovative subscription boxes have evolved. Subscription boxes can be found in any field of business. The broadest collection is found in the areas cosmetics, food and drinks, and clothing. In these areas most consumers are willing to allocate their disposable income to these product categories (meinungsraum.at, 2016). In this paper three examples of boxes are presented, chosen for their popularity in the categories “beauty care”, “food” and “fashion” but also due to their different concepts and business models in terms of contract, delivery and value/pricing.

The Glossybox (2016) is a subscription box company for beauty care products. The main product is the Beauty Box (see figure 1) which is delivered monthly to more than 200.000 customers, mainly in European countries.

![Figure 1: Glossybox beauty products](image1.jpg)

Source: Glossybox, 2016

The Outfittery (2016) shopping box contains men’s clothing and operates in eight countries. Outfittery combines online shopping with personal consultation, based on a detailed questionnaire about preferred clothing.

![Figure 2: Outfittery preferred clothing style](image2.jpg)

Source: Outfittery, 2016
The third box (see figure 3) is the co-called biobox (2016). The box contains a selection of products with natural ingredients and ecological and sustainable production processes.

Figure 3: biobox food and drink box
Source: biobox, 2016

Figure 4 summarizes the three selected subscription boxes which are analyzed in the greater detail, especially in the empirical part of the study.

Figure 4: Comparison of three selected subscription boxes
Source: based on Glossybox, 2016; Outfittery, 2016; biobox, 2016

<table>
<thead>
<tr>
<th>Criteria</th>
<th>GLOSSYBOX</th>
<th>OUTFITTERY</th>
<th>BIOBOX</th>
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<td>Fashion</td>
<td>Food &amp; Drinks / Beauty care &amp; Cosmetics</td>
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<td>Depends on products which are kept</td>
<td>- €14-18 for GE, €64 for AT</td>
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<td></td>
<td>- Varying for special editions</td>
<td>Depending on contract length</td>
<td>- Separate pricing for special editions</td>
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<td>- Depending on contract length</td>
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<td>- Depending on contract length</td>
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<td>Upon order</td>
<td>One-time or monthly, 3, 6 or 12 months</td>
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<td>- Limited editions for separate orders</td>
<td>Generic</td>
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<tr>
<td></td>
<td>- Goods and vouchers</td>
<td>- Personal consultation via phone or WhatsApp</td>
<td>- Rotatory is possible</td>
</tr>
<tr>
<td>Value</td>
<td>Product value &gt; box price</td>
<td>Retail Prices for items kept</td>
<td>Product value &gt; box price</td>
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</table>

3.2 Influencing factors on consumers’ purchase decisions

The broad product variety in stores often overwhelms customers (Seruca, Cordeiro, Filipe, & Hammoudi, 2006). Subscription boxes offer a pre-assorted range of products, therefore customers don’t have to decide which products to buy, although this bears the risk that customers might not like the selected products.

In times of standardization, individualization offers an enhanced perceived value (Avi Dan, 2014). Subscription boxes, where customers have to answer a list of questions, helping the company to personalize the box, customers have the feeling that this product is made solely for them and the box offers a unique, personalized shopping experience.

In order to attract and keep customers, companies have to develop well-planned strategies and unique product experiences and offer the highest possible perceived value for the customers (Kotler & Armstrong, 2010). Both, attitudinal and behavioural measures have been found to be influencing factors on customer loyalty (Zeithaml, 2000). Attitudinal measures explain a log-term commitment, which stands for the degree customers stick with their previous choices, rather than consulting a different service provider (Yang & Petersen, 2004). The behavioural view focuses on repeat purchases and the value a company gets from a customer over time (= customer lifetime value) (Neal, 1999).

One of the central influencing factors on customer loyalty is the perceived value, which stands for the value consumers assign to a certain product but also for the perceived opportunity costs customers accept in order to receive a product (Yang & Petersen, 2004). In the context of subscription boxes, this perceived value can
vary greatly and includes: attaining the desired results, saving money or time, or any other advantageous results.

Figure 5 illustrates the pre- and post-purchase stages when buying a product.

![Pre-Purchase and Post-Purchase Stages Diagram](image)

Figure 5: Pre- and post-purchase stages
Source: based on Spreng, Dixon, & Olshavsky, 1993

4 Methodology

The empirical research aims to find out the influencing factors of subscriptions of curated boxes in general and un- and re-subscriptions of subscription boxes in particular. A qualitative study in form of two focus group discussions was conducted. 14 participants were selected and divided into four different categories (see figure 5):

1. Existing or past subscribers
2. Novices in the field of subscription boxes
3. Participants with a strong interest in a particular topic
4. Experts/participants with professional knowledge about a related field

![Participants of the two focus group discussions](image)

Figure 5: Participants of the two focus group discussions
Source: own source
After conducting the two focus group discussions, the material was transcribed and analyzed by using a qualitative content analysis by Mayring (2003). Six main categories and 24 sub-categories have been used for the content analysis (see figure 6).

Figure 6: Categories and sub-categories of the focus group discussions
Source: own source

5 Conclusions

5.1 Summary

The empirical study has shown that the most important influencing factors on a positive or negative perceived value of subscription boxes are quality, individualization and flexibility. Individualization was named by almost all participants, mainly due to a preference of personal products over standardized ones. The feeling that the products in the box were chosen specifically according to the individual preferences raises the perceived value of the box. Flexibility is another important influencing factor. Subscription boxes are considered a luxury extra expenditure, which has to be deducted from consumers’ disposable income. Therefore, they want to be as flexible as possible, instead of being obliged to pay regularly. This is even amplified by the risk that the box content is undesirable and therefore considered a waste of money.

Other important reasons for subscribing are the appeal of receiving a box with unknown content as a self-reward and the desire to try and get to know new and possibly exclusive products, as well as to receive information about the products themselves and how to use them. Moreover, the perception of saving money plays a big role. Others subscribe for convenience reasons.

Last but not least, the “power of surprise” is important. The participants mentioned that they like the experience of receiving something to their doorstep, unwrapping it and seeing the product presentation. Subscribers normally show a very high involvement towards the subscribed product category and want to experience it with all their senses. Here, the excitement of applying a new and innovative way of shopping plays a big role.

5.2 Managerial Implications
The following recommendations for subscription box companies are derived from this study: foster individuality, offer flexibility, keep surprising customers and serve the desire for information and exclusivity.

What is more, subscription services should constantly evaluate the benefit-sacrifice-ratio, offer a diverse product portfolio and keep surprising their customers with innovative new products they might not have known so far. Even though a customer might un-subscribe for the moment, there could be a time when the customer decides to re-subscribe. So subscription services always have to see the customer lifetime value, keeping in mind the reasons for un- and re-subscriptions.

**Literature**


Spectacularization of tourism experiences through syncretism

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ABSTRACT
In a culture of experiential consumption, tourism experiences have become highly marketable commodities and the strong competition in the field leads managers to an escalation in the re-enchantment of the offer through spectacular theming. In this research, we explore these new forms of experiences that try to escape from commodification. We conduct an ethnography of a highly themed festival, Hellfest in France. We show that this festival is spectacularizing the experience it offers to consumers through cognitive, sensory and praxeological syncretism.

Key words: syncretism; tourism experience; thematization; spectacularization; ethnography; festival
Introduction

The use of theming in tourism has long been shown in the literature. Theming, defined as “the patterning of space, activity or event to symbolize experiences and/or senses from a special or a specific past, present, or future place, activity or event as currently imagined” (Firat and Ulusoy, 2011, p. 195), enables to propose a more comprehensive and memorable experience and thus to escape from commodification (d'Hauteserre, 2000; Pritchard and Morgan, 2006; Weaver, 2011). Many experiences have been shown to be themed: cruises (Weaver, 2011), restaurants (Chen, Yeh and Huan, 2014), hotels (Pritchard and Morgan, 2006), casinos (d'Hauteserre, 2000), pubs (Brown and Patterson, 2000) or theme parks (Bigné, Andreu and Gnoth, 2005).

However, in a culture of experiential consumption (Pine and Gilmore, 1999; Schembri, 2009), even thematized experiences have become highly marketable commodities and thus de-enchantment. Furthermore, as tourism grows fast as one of the leading industries in the world, attracting tourists to destinations becomes more and more competitive (d'Hauteserre, 2000). In contemporary times as we are witnessing epochal cultural changes described as liquid modernity (Bauman, 2000) or postmodernity (Jameson, 1991), and exponential technological developments (Brynjolfsson and McAfee, 2012), such competition requires new strategies that take such transformations into consideration.

In this context, new forms of tourism experiences have emerged which aim to go further in re-enchanting the audience through even more spectacular theming (Firat and Ulusoy, 2011; Gottdiener, 1997). While these extraordinary experiences are becoming more and more prominent in tourism, thus leading to an escalation in the spectacular, they remain understudied in the literature. In this article, we thus explore how some tourism offerings are becoming more attractive and competitive through greater spectacularization, along with the implications of this trend. By spectacularization we mean the adding of elements to an experience that make it sensational and of heightened excitement to the senses, but we also use it in the sense discussed by Debord that it is the exercise of an increased desire for the “unrealism of the real” (Debord, 1967, paragraph 6). For this purpose, we conduct an ethnography in a highly themed music festival: Hellfest in France. Results show that this festival tries to spectacularize the experience offered to consumers through cognitive, sensory and praxeological syncretism. Syncretism, as we shall expand on later, is the attempt at reconciling or joining of aspects that are originally oppositional (Galvan and Sil, 2007) but are (re)presented in new and original combinations. The
article contributes to the literature in the two following ways. First, while the notion of theming suggests the use of a single and coherent idea, our results demonstrate that tourism experiences use thematization in a syncretic way. Second, by showing how tourism experiences are thematized through increasing use of syncretism, we highlight a spectacularization trend in tourism. We begin by introducing literature that has focused on commodification, re-enchantment and thematized experiences, then present our observations of two festivals and finally discuss the findings and their implications.

**Literature**

*From disenchantment to re-enchantment*

The notion of disenchantment comes from the seminal work of Weber (1904) about the consequences of modern capitalism. For Weber, capitalism affects all social actions which become rationalized. The decline of religion, once ubiquitous, has led to a disenchanted world, in which individuals have regained control of their lives (Gauchet, 1999). Conversely, the progress of science, denying any possibility of supernatural explanations, limits the emphasis on the dream and the human imagination, and therefore creates some suffering.

Based on Weber's work, Ritzer (2004) analyzed the disenchantment of the consumer society by studying the example of McDonald's and the extreme rationalization that characterizes it. Four principles govern the model of Mc Donald's: efficiency (search of productivity, performance and efficiency), calculability (willingness to calculate and measure everything), predictability (need to plan product quality and customer actions and reactions) and control (control of employees, consumers and processes). The application of these principles to modern society leads Ritzer (2004) to talk about McDonaldization of society: a secure society responding to the need of individuals for reinsurance. While it is supposed to simplify the task of individuals and reassure them by avoiding any unpleasant surprises, this rationalization has also led to eliminate any surprise and spontaneity in consumption, and thus a form of disenchantment. Weaver (2005) explains for example how the thesis of the McDonaldization of society can be applied to the field of cruises where everything is standardized. Shim and Santos (2014) show how the big malls in Seoul, South Korea, are examples of placelessness, i.e. places more and more similar so that they lose a distinctive sense of place.
According to Ritzer (2005), McDonaldization has inspired individuals’ motivations for re-enchantment. Re-enchantment of consumption substitutes religions and ideologies that are eroding. Previous literature on re-enchantment can be divided into two main approaches (Thompson, 2006). The first set of studies addresses how individuals use the resources offered by the marketplace to mitigate by themselves feelings of disenchantment through co-creation of meaning (Sørensen and Jensen, 2015). The second set of studies addresses how the marketplace has responded to consumers’ motivations for re-enchantment through cathedrals of consumption (Ritzer, 2005). These highly symbolic places, which meet the need of individuals to bring the sacred back in their lives (Belk, Wallendorf and Sherry, 1989), are designed as cathedrals in which faith in consumption can be expressed. Re-enchantment can be considered as a new perspective of reality in which individuals can fulfill their need for extravagant expectations (Boorstin, 1964). To satisfy these expectations, pseudo-events have been developed. Pseudo-events, which provide a context for spectacularization, thus a competitive draw for audiences seeking extravagant expectations, have four main characteristics (Boorstin, 1964): (1) they are planned rather than spontaneous; (2) their primary goal is to be reported or reproduced; (3) their relation to reality is ambiguous and (4) they are intended to be self-fulfilling prophecies, which is in line with the notion of re-enchantment. As we discuss in our findings we find these characteristics to be conducive to syncretism, which enhances the possibility of creating spectacular themes.

Re-enchantment and spectacular thematized experiences

The response to disenchantment created by modern capitalism has been to re-enchant the lives of individuals by consumption and by the construction of cathedrals of consumption (Ritzer, 2005). Cathedrals of consumption are fantastic, magical, and enchanted environments designed to elicit strong emotions in individuals (Coghlan, Buckely and Weaver, 2012). Individuals need to immerse themselves in spectacular experiences enabling them to escape from their everyday lives which, they often feel, are predetermined by forces outside their control.

The spectacularization of life has been observed by scholars of contemporary culture for some time (Debord, 1967). A greater cultural focus on hedonism, consumerism, enjoyment of the moment, and also materialism has contributed to growing prominence of the spectacle in contemporary culture (Llosa, 2015). Although we cannot find a particular definition of spectacle
in the literature on this phenomenon, readings disclose certain contemporary characteristics of it. For example, in one of the very first paragraphs, Debord (1967) writes the following about spectacle: “The spectacle is not a collection of images, but a social relation among people, mediated by images” (paragraph 4), and “It is not a supplement to the real world, an additional decoration. It is the heart of the unrealism of the real society” (paragraph 6). The implications of these statements are that a spectacle is contingent and contextual, that the same images – or to generalize, all signs that impress upon the senses – may be spectacular at one time and place and not so in another; and that the spectacle is no longer separate from everyday human experience, but that it has become an essence of everyday experience.

Yet, the concept of the spectacle still carries with it a sense that it is something that is especially striking or impressive (Llosa, 2015), that it creates a heightened sense of wonder or excitement. In a postmodern world of consumer society where each object of consumption requires to be presented as extraordinary and sensational, extra, constant stimulation of the senses seems necessary (Aubert-Gamet and Cova, 1999; Gotham, 2002). Tourism themes are similarly spectacularized for such cultural and also for competitive reasons.

Theming refers to “the use of an overarching theme […] to create a holistic and integrated spatial organization of a consumer venue” (Lukas, 2007, p1). Filser (2002) provides a framework that helps us to conceptualize the themed, spectacular experience. He draws on theater to suggest that themed experiences are entirely scripted according to a scenario that describes the story, the décor and the different roles like in a play. In this context, Filser (2002) identifies three stable features common to each strong and memorable themed experience: the plot refers the story told to consumers to immerse them into the experience; the setting refers to the staging of the environment of the experience; and the action defines the exchanges between consumers and the offer. These are key elements that provide consumers access to the textuality (Ulusoy, 2015) on the grounds enabling a full experience. Textuality refers to the level of richness of the narratives and messages contained in the signs that surround the participant.

Because theming refers to “clothing institutions or objects in a narrative that is largely unrelated to the institution or object to which it is applied” (Bryman, 1999, p. 2), themed environments have been shown to be inauthentic (Ebster and Guist, 2005). According to Gottdiener (1997), we have been living in themed environments for most of human history. So consumers have developed a tacit understanding of how the ‘real’ and the ‘fantasy’, and the
‘authentic’ and the ‘unauthentic’ are different (Firat and Ulusoy, 2011). Beyond authenticity, one of the key points in the theming literature relates to the consistency of the theme. For Yaeger (1996), themed spaces must be coherent to be convincing. Because they are imagined and scripted by businesses in a specific purpose (Firat and Ulusoy, 2011), themed environments are supposed to tell a consistent story line (Lukas, 2007). But at the opposite, some authors suggest that the increasing complexity of the world requires being syncretic (Bast, 2009). Originally the term syncretism refers to the process through which a “pure” endogenous ritual or art form might be exposed to “contamination” by imported symbols (Stewart and Shaw, 1994, p. 1). But the development of postmodern anthropology has adopted a more positive view, considering syncretism as an “inventive and creative process” (Balme 1999, p. 8). Thus, the notion of syncretism goes further than the oft-used concept of juxtaposition, where elements from two or more cultures co-exist and are exhibited side-by-side, because in syncretism their combination gives rise to something new (Stewart, 2015). In a variable reality in which the enchantment-disenchantment-re-enchantment dynamic is an endless cycle, consumers are always searching for new re-enchanting experiences. Syncretic spectacles provide an appropriate response to this need (Said, 1993; Bast, 2009), because on the one hand, the mixture of counter-posed dimensions to create something new tends to create irony and ambiguity (Firat and Venkatesh, 1995), but on the other hand this novel “imprecision […] is exciting, even liberating” (Wilson, 1989, p. 208).

Method

Research site

To study the phenomena of interest, we chose to investigate festivals. Falassi (1987) defined festival as a social phenomenon encountered in virtually all human cultures. Historically, they were temporary and out of the ordinary occurrences, and they ordinarily still are. Yet, many observers of contemporary culture have argued that with postmodernity the festival mode is increasingly becoming the ordinary way of engagement with everyday life (Bauman, 2000), leading some authors to talk about the festivalization of culture (Bennett, Taylor & Woodward, 2014). In a festival artists often perform in an exceptional location, offering rare and unique performances, reinforcing its extraordinary properties. Because of their exceptional nature, festivals offer many benefits, including economic, social, cultural, and place marketing consequences (Prentice and Anderson, 2003). These multiple benefits contribute to an increase in
new festivals and thus a strong competition (Lee et al., 2008; Chaney and Martin, 2016) that lead organizers to escape from commodification and try to differentiate from each other. While some festivals have tried to differentiate themselves through unique programming, others have tried to use spectacular thematization to offer experiences beyond the sole artistic offering of the regular theme. We study this new kind of festival.

More specifically, we investigate Hellfest. Hellfest is located in Clisson, France, near the city of Nantes. The festival has been very successful growing from an audience of 45,000 in 2008 to 150,000 (including 30% of foreigners) in 2013, becoming one of the largest heavy metal festivals in the world. It takes place over three days every June and attracts artists like Iron Maiden, Guns N 'Roses, Korn, Rob Zombie or Cradle of Filth. Hellfest is highly recognized for its musical and atmosphere creating qualities. At the Festivals Awards, Hellfest has been named best major festival of France two times and festival with the best atmosphere one time (http://festivals-awards.fr).

**Research design**

Studying the complex experience proposed by Hellfest required a “hybrid ethnographic approach” (O’Sullivan, 2016, p. 8), which combined participant and non participant observation (Stewart, 1998), visual ethnography (Pink, 2006) and informal conversations (Lofland and Lofland, 1995) in a longitudinal approach. The data collection process thus involved the first author attending Hellfest six consecutive years. During these six periods of complete immersion within the festival, the first author had the opportunity to gain a deep understanding of the experience but also to build relationships with some festival-goers, thus facilitating informal conversations. Overall, this ethnographic approach yielded 98 pages of fieldnotes and 712 photographs.

We took multiple approaches in our analysis. First, the first author of this paper wrote an ethnographic account to transform his observation, participation and photographs into data for analysis (Peñaloza, 1998). The ethnographic account was reworked 6 months after the experience to create a distance from the first author’s personal feelings. Second, a first-order coding was performed, sorting all data around major themes on the basis of its coherent meaning. Themes of death, fun or transgression appeared at this stage. Third, these first-order themes were grouped into second-order dimensions using axial coding (Strauss and Corbin, 1998). These
second-order dimensions all referred to contradictions (life and death for example) and were identified by referring to the literature. Through this iterative process of constant back and forth between data and the literature, we explored the theoretical significance of these contradictions through the lens of syncretism (Spiggle, 1994). Fourth, we moved to the final level of abstraction by grouping and ordering the second-order dimensions into aggregate constructs: syncretism in the interpretations and thoughts about the experience, syncretism in the feelings and sensations related to the experience and syncretism in the behaviors tourists adopt during the experience.

**Findings**

We find that the offering proposed by Hellfest is highly thematized to make the experience successful in a culture of spectacles (Debord, 1967). The spectacle is reinforced by the use of cognitive, sensory and praxeological syncretism as we shall illustrate in the following sections.

*Between life and death: a cognitive syncretism*

The cognitive dimension of the experience refers to the thoughts and reflexive processes performed by visitors to interpret their experiences during and after (Giddens, 1976). These cognitive processes are going to help visitors to make sense of the experience. Our analysis reveals here a first syncretism.

Visitors are immersed in the theme of the festival as soon as they enter Hellfest. This theme is clearly about gothic and death aesthetics. The visitor is immersed in a dark and violent atmosphere that is carried by the general environment of the festival, the groups playing during the festival and their musical and visual propositions and the other festival-goers dressed mostly morbidly also. In its effort to highlight a dark aesthetic, the festival meets the need individuals have to cope with their ultimate demise and associated notions (Berger, 1967). Due to medicalization and privatization, death has been repressed and removed from contemporary society (Stone and Sharpley, 2008), but death as yet remains an unavoidable characteristic of the human condition that individuals have to address (Berger, 1967). In addition, death, darkness and violence enable some individuals to have delight because consuming violence empowers them to overcome the fear of such notions (Stone and Sharpley, 2008). At Hellfest individuals are put in touch with the dark side of being human. Here, death is not a taboo, a “modern silence” (Stone...
and Sharpley, 2008, p. 580): here death is considered an integral part of life that people have to cope with. As the name of the festival suggests, Hellfest seems to wish to transport the visitor to hell, i.e. to a post-death moment. Directly linked to the dark and violent concept of the festival, many references are made to Satanism with the use of symbols such as ‘666’, the number traditionally attributed to the devil, the pentagram, the typical sign of Satanism or skulls. As suggested by Corentin – a festival-goer met during the festival-, “you’re not at Disneyland here! If you want to hear love songs, if you want beautiful stories that end up well, you're in the wrong place! Here we speak of death, rebellion, war, fire. But it is also life. Everything is not wonderfull in life isn’t it?”

However, if Hellfest is seen as a festival of death, it is interesting to note multiple syncretisms in the way the story is presented to the visitors. Alongside death is life. The name, Hellfest, is itself syncretic with ‘hell’ clearly referring to the central story of the festival centered around dark aesthetics, violence and death, while ‘fest’ has a festive connotation. Hellfest develops this syncretism repeatedly and thus proposes an experience that is perceived as a dark experience but also as an experience of a festive engagement with life. Darkness is symbolized in all the constant references to death and violence while life is symbolized by references to a festive place full of fun and light, with the presence of a big Ferris wheel or fireworks. Through the festival engagement with life, Hellfest is also perceived as a place where everthing is possible, a magical place to some extent. There is thus a kind of infantalization of the visitor (Belk, 2000). Like in Las Vegas, Hellfest “fosters a willing suspension of cognitive, rational, adult control and a welcome succumbing to a dream world of possibilities. This triumph of fun and magical belief over purposive cognition and rationality is precisely the spirit associated” (Belk, 2000, p. 116) with the festival. We observe that to their great astonishment, visitors, once more like children, will marvel at this extraordinary experience. Hellfest encourages instant gratification, impulsiveness and play, as these childish qualities are more for being amazed than for the adult characteristics of deliberation, responsibility and reason (Barber, 2007). For consumers, this syncretism is at the core of the experience offered by Hellfest: “this is oddly symbolic of the festival, I think. On one side one can see metal structures, people with black and provocative clothes … in short, a true metal festival! And on the other side, a big wheel! I love this offset. Somehow, that’s what makes the festival so rich. One can attend concerts of the most morbid bands of the world and 10 minutes later have fun at the top of a big wheel! This is
amazing!” The resulting inference is that being so confronted with death, visitors find a form of release with festive benefits.

Between finesse and brutality: a sensory syncretism

This second dimension of the experience includes all the aspects of the experience that engage visitors’ senses: vision, audition, touch and to a lesser extent smell and taste (Agapito, Valle and Mendes, 2014). This sensory dimension refers to the tangibility of the experience and here physically materializes the theme. Our observations also indicate a syncretism between the finesse of the sensory experience on the one hand and its brutality on the other hand.

As open air events, Hellfest takes place in a natural environment carefully selected for its beauty. Hellfest is in the small town of Clisson, a medieval city located at the heart of the ‘vignoble nantais’, a famous French vineyard. Hellfest thus begins from natural environments to build its theme and is organized as follows. The festivals offers two side-by-side spaces: one where the different scenes in which artists perform are located and a second space dedicated to life outside the concerts. These two areas are in natural surroundings through scenographic techniques. At Hellfest the area dedicated to life outside the concerts has camping, sanitary rooms and various commercial and information booths that are located in the middle of grape vines, giving the place a bucolic and peaceful dimension. In addition to the beauty of the natural environement, Hellfest pays strong attention to the décor of the festival and overwhelmingly uses simulation in its thematization. With simulacra, which imitate things that are real, but that become realer than what they imitate, according to Baudrillard (1981), Hellfest presents a virtual reality that gives meaning and life to the plot, a kind of hyperreality (Firat and Venkatesh, 1995). In the manner of spectacle (Debord 1967), this hyperreal presents an ‘unreal’ that is more real for the visitors. By making the imagined plot a sensory experience, the festival highlights, beyond the sound, the importance of vision and appearance. Hellfest uses artificial objects to engage the senses to move the visitors into a fuller and aesthetic experience. All drinks and merchandising stands of the festival are sculptures made in iron to be consistent with the gothic universe. The general decor of the festival uses replicas of crows, typical dark bird of ill omen, but also skulls and other dark artifacts. At night, bonfires are built in several areas to recall once again the shared vision of hell with a lot of finesse. “The decoration is a strong point of Hellfest. It stands out from many festivals in this way. This is not just a music festival in the
middle of nature. There is particular attention paid to the decor. Some find it incongruous to find a giant raven in the middle of nowhere like that. But I think it's fun. A little bit disappointed but fun” says one of the festival-goer.

However, from this sensory perspective, it is interesting to note that alongside the finesse of the experience is the brutal engagement of the senses. In the middle of a natural setting and a meticulous décor, we see visitors immersed in a dark environment supported by a soundtrack of extreme and brutal music and where the color black is predominant. The festival has six different scenes, at least two of which feature concerts that take place simultaneously. A sound envelope of heavy metal music thus constantly surrounds visitors aggressively from 10 am to 2 pm. Even if the decorations of the festival are all particularly neat, they all refer to an aesthetic of death and violence, creating again a unique mix as described by Anne: “This is the first time I come to Hellfest. And I discovered all that [the sets] with a lot of surprise. In fact I did not expect so much attention to the decoration from an extreme music festival! From a classical music festival why not, but from a festival as extreme as the Hellfest not at all! Honestly, I'm stunned. When entering the festival site, I was pretty reserved on all that. I found that it did not fit with the extreme and underground side of the music. But finally I like it. It brings something extra”. The finesse of the decoration and the beauty of the environment collide with the harsh music and aggressive artefacts, creating a heterogeneous mixture.

**Between freedom and discipline: a praxeological syncretism**

The praxeological dimension of the experience refers to all the actions of visitors during the experience (Roederer, 2012). The visitor, as an actor of his/her own experience, performs a number of actions and activities in connection both with the environment in which he/she is immersed and with other individuals. In this domain of action, our observations reveal a tension between transgression (visitors feel they can act freely) and discipline (visitors have to respect some rules).

**Transgression.** Unpleasant life experiences put people in need of living extraordinary experiences. They attempt to transcend their normal existence and to live cathartic experiences (Ritzer, 2005). To meet visitors’ need for surprise and challenge in the context of commodified festivals, Hellfest tries to give visitors an impression of not following any rules. Thus, the festival is experienced almost like a carnival: the carnivalesque breaks down social norms in a
festive context (Bakhtin, 1965). According to Bakhtin (1965), the carnivalesque is characterized by a strong liberating power through the breaking of rules which results in a temporary but total release of emotions in festive euphoria. The visitor encounters the events in a seemingly unplanned manner (Jamieson, 2004). We find several evidences of this in our data. First, to the rhythm of heavy metal, people go wild without any apparent limits; they dance, shout, jump, drink. At Hellfest, most of the visitors wear black clothes, gothic makeup, piercings and other jewelries and eccentric accessories such as studded belts and bracelets to recall the dark and gothic universe of the festival. From this point of view, visitors are indeed the actors of the story created by the festival and they wear the stage costumes (Chaney and Goulding, 2016). Visitors seem to experience a total freedom in the way they behave.

In a sense, the festival tries to suggest that all social distinction is abolished. Visitors are anonymous, far from their identities in their everyday lives, and they take advantage of this anonymity to completely let go, a behavior observed also at other festivals (Chaney and Goulding, 2016; Kozinets, 2002). Furthermore, beyond music concerts, both festivals present different enhancements to the experience, such as striptease and metal sphere motorbike shows at Hellfest. Similarly, the festival encourages as much interaction as possible among visitors. Many places of exchange are supplied by both festivals. Hellfest offers a ‘Metal Corner’ with various activities to help visitors meet each other and create social relationships. Visitors thus seem to feel they are enjoying a deep social experience without barriers.

**Discipline.** Although Hellfest provides a sense of spontaneity, extraordinariness and agency, liberating visitors from tensions of daily life, paradoxically this happens in a pre-orchestrated experience through theming. Behaviors are largely codified, thus creating a syncretism between freedom of transgression and discipline. Since theming has been carefully imagined and scripted by businesses (Firat and Ulusoy, 2011), visitors are encouraged to practice discipline. During this journey, visitors don’t experience a regular sense of time, they experience the time of the festival and live according to the festival rhythm. While the festival creates the impression that participants enjoy total freedom, the theming of the experience and carefully engineered architecture drive behaviors, mainly in a commodified way. Presence of a syncretism of creating the new and reproducing the norm is palpable in the festival experience. Indeed, the festival makes strong references to the marketplace, contradicting the desire to escape the norms.
of society and break down the rules (Bakhtin, 1965; Bradford and Sherry, 2015). Hellfest has many spaces allocated to commercial transactions, similar to Kozinets’ (2002) observations at the Burning Man Festival where individuals are unable to escape the market. Even in out-of-time experiences at Hellfest, supposedly distant from consumer society, visitors have to rely on the market. Here, within the theme, the festival creates an alternative society that is unreal but concrete, and yet the fantastic reconstruction of empirical society (Cohen, 1985). In Hellfest, visitors experience a living area called Hell City Square. This is an alternative and structured city. Hellfest also proposes a market called ‘extreme market’ with a wide range of merchandising in connection with the metal culture. Similarly, the space of the festival where the concerts are held has many drinks and food booths, similar in appearance to shopping centers. This mixture of the extraordinary and the everyday creates another form of syncretism in the action.

Even when visitors seem to enjoy total freedom, behaviors are actually very predictable. At Hellfest, visitors pogo-dance during concerts. Pogo-dancing is an extremely physical and violent dance where people knock each other in apparent disorder. Yet in reality, this dance is very codified and everyone knows how to behave, how someone who falls to the ground during the dance should be helped, etc. It is also interesting to note that while participants may have the feeling to have great latitude in wearing eccentric clothes during the festival, they are in reality very similar. Transgression and respect combine and intertwine to create a syncretic experience.

Discussion

Syncretism in tourism experiences

First, our results shed light on the dimensions of tourism experiences. Even if each experience is unique, it is however possible to identify some stable features (Schmitt, 2000). We show that tourism experiences contain three dimensions: (1) a cognitive dimension that refers to the thoughts and reflexive processes performed by visitors to interpret their experiences; (2) a sensory dimension that includes all the aspects of the experience that engage the senses; and (3) the praxeological dimension of the experience that refers to all the actions of visitors during the experience. These findings are consistent with Schmitt (2000) and Roederer (2012) general conceptualization of the experience. We demonstrate that contemporary themed tourism experiences employ syncretism through the use of these three dimensions to produce spectacular life experiences sought by contemporary consumers. Visitors are “encouraged to immerse, and
perhaps find themselves in unique self-tailored experience” (Hayes and MacLeod, 2007, p. 48) guided by the preset architectures; experience the simulacra in the natural; be exposed to the themes they are interested in within an environment with reminders of its opposite. Based on the three dimensions of tourism experiences – the cognitive, sensory and praxeological –, we find syncretism to constitute a key source of offering re-enchanted spectacles (see Fig. 1).

Figure 1 about here.

Syncretism tends to make visitors feel disoriented (Balme, 1999) and lose anchors to reality, thereby more prone to suspend disbelief. In a complex reality in which consumer needs for re-enchantment are endless, syncretism as a creative process of cultural mixing, provides a solution (Balme 1999; Bast, 2009). Mixing heterogeneous features creates an imagined reality, which acts as a source of re-enchantment (Ritzer, 2005). In our findings, we observe that the future joins the past, death intertwines with life. As argued by Firat and Venkatesh (1995, p. 255), there is “a tolerance for juxtaposition of anything with anything else;” but with syncretism tolerance graduates to appreciation. Boorstin (1964) explains that with the experience of our increasing wealth, technology and progress individuals believe anything and everything is possible, including “the contradictory and the impossible” (p. 4). These syncretisms, intentionally orchestrated by managers, produce novel experiences and thus capture and hold, in effect, titillate and enthrall visitors. Syncretism based on creatively utilized multiple sources of cultural inspiration (Droogers, 1989) produce successful spectacles. This is an artful use of what Said (1993, p. xxv) observed, that “all cultures are involved in one another; none is simple and pure, all are hybrid, heterogeneous, extraordinarily differentiated, and unmonolithic.” As explained by Stewart (2015), syncretism has both an outside and an inside. The outside refers to the contexts, in this case, to the experiences where tourists are going to meet and live something together. The inside refers to the introduction of new ideas and concepts into a pre-existing system. Syncretism thus gives rise to something new. By mixing heterogeneous elements, contemporary and extraordinary tourism offerings do not just accumulate complexities, they create a new form of re-enchanted experience. Boundaries are blurred and visitors find themselves surprised and disconcerted in confronting this new, syncretic tourism experience (Hannerz, 2002).
Towards of spectacularization of tourism experiences

Our study also highlights a shift in the characterization of tourism experiences. While theming has long been shown in the literature to be able to avoid disenchantment of the offer in tourism (Hauteserre, 2000, Uriely, 2005), the increasing competition and the new expectations of tourists have also commodified thematized experiences. To try to escape from this situation again, managers have explored new forms of experiences, thus creating an escalation in the re-enchantment. The use of syncretism in the thematization of experience illustrates this trend. Tourists are experiencing more and more memorable (Tung and Ritchie, 2011) and multidimensional experiences including escapist, educational, aesthetic and entertaining features (Pine and Gilmore, 1999). Our findings thus suggest here a spectacularization of tourism experiences.

This spectacularization is rooted in a renewed conception of space-time (Harvey, 1989). Postmodernity has indeed created a constant pressure to speed up the time in relation to the social average and therefore to promote a social trend of faster cycles. This compression of time that affects production, consumption and exchanges, results in a high volatility and ephemerality of fashions, products and production techniques. Harvey (1989, p. 157) concludes that “the need to accelerate turnover time in consumption has led to a shift of emphasis from production of goods (most of which, like knives and forks, have a substantial lifetime) to the production of events (such as spectacles that have an almost instantaneous turnover time).” This implies transience and sensory overload (Harvey, 1989). To escape disenchantment arising from the marketization and commodification of tourism, temporary, intense and unbridled spectacles are sought by people and offered by new forms of experiences (Bélanger, 2000). As Pikkemaat and Schuckert (2007, p. 199) suggest, “the spectator wants to be tricked perceptionally as is the case with magicians. We let ourselves be immersed in illusions, which again can be created through particular materials, lighting or architectural design.” Visitors want to experience strong and liberating emotions and then quickly move to something else, to something new. Spectacular experiences through syncretism provide an effective response to this need because they represent both ephemerality and escapism.

Conclusion
Syncretism presents a powerful conceptualization because it helps us understand how the blending of contrary elements gives rise to an original and re-enchanting experience. Paradoxical juxtaposition of opposites to create something new, a growing condition in late modernity (Firat and Venkatesh, 1995), is actualized and advanced in syncretism, due to its force to disorient and enchant. The presence of the familiar provides for the consumer the feeling of security to remain immersed in the spectacle as its fantastic and disorienting qualities disquiet the nerves and the senses as they transport the tourist into a land unknown and thrilling. Through this structural characteristic, syncretism also helps contemporary organizations in attracting tourists, who are increasingly exhibiting a desire to participate in the creation of experiences, to commoditized moments that are greatly predesigned to reap commercial gains.

More generally, our study suggests conducting a deeper discussion on the dialectic between enchantment and disenchantment (Thompson, 2006). From this point of view, Ostergaard, Fitchett and Jantzen (2013) argue for a moderated vision of the dialectic. According to them, if modern capitalism and extreme rationalization have led to disenchantment, it is an enchanted disenchantment because of the arguable benefits of standardization in consumer culture. These benefits, including low prices and convenience, have opened ways for mass-market participation. In the same vein, the result of firms’ strategies to enchant individuals can also be examined in two ways (Ostergaard, Fitchett and Jantzen, 2013). The enchantment created here is a disenchanted enchantment. The fact that individuals are aware of the mechanisms and techniques of re-enchantment used by companies disenchants them as much as they are enchanted by their effects. Applied to tourism, Bryman (1999) speaks of Disneyfication in response to the thesis of McDonaldization by Ritzer (2004). On the one hand, tourists are enchanted by highly themed tourist experiences such as those offered by Disney. Yet on the other hand, the fact that tourists are aware of the techniques and the underlying goals of re-enchantment, as many experiences tend to adopt the Disney model, creates a new form of rationalization and standardization, thus giving rise to a new form of disenchantment. The enchantment-disenchantment-re-enchantment dynamic could be an endless cycle that future studies need to better understand and articulate.

References


Fig. 1. Spectacularization of tourism experiences through syncretism.
Classic Services:
What they Are and How They Are Designed and Managed

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“If meanings are so contested and changeable, how can individuals reach a collective agreement about what makes some cultural objects meaningful over time and across space?” (Santana-Acuña, 2014)

Background

There are many lists of “classics”, for example, classic novels, paintings, cars, clothing, rock music, and product designs. Classics in all fields deserve closer scrutiny. Classic product designs (e.g., Harley Davidson motorcycles, Coke bottle shapes) are important because they are “home runs”, sources of key brand identities and profits that keep coming in for a long time. If a company offers something that becomes a classic, it can probably lower its advertising and promotion expenditures because the brand recognition is usually very strong, in fact, many classic brands inspire cult-like followings. In any category, the classic serves as a landmark, a source of inspiration and direction for subsequent offerings if not outright copies. Like classic art, all classics have an initial jarring, dislodging, or “moving” effect. When they are introduced, they cause audiences to take notice, feel different, re-experience their lives. Impressionist art caused a huge stir when it was introduced in Paris, and Coco Chanel’s little black dress surprised many when she introduced it in the 1920s. Like classic art, architecture and literature, classics are important symbols of culture. They represent core values, “who we were”, and “who we are”. The Zippo lighter represented WW II US service men’s toughness and resourcefulness, and the hotdog is a quintessential symbol for America and American democratic values.

Oddly, there are no lists of classic services. If one asked for an example of classic service, one might hear that one can still get “classic” service from a famous old hotel, for example the Ritz In Paris.

In this paper, we propose a definition of classic services, and propose that these services become objects for special study. Our goal is to establish criteria for a list of classic services, provide some examples, explain why they are important, and explore how they are developed and managed over time.

As it turns out, the design and marketing of these services is very different from the design and marketing of conventional new services.

Classic Criteria

Lists of classic products (e.g., Sexton, 1987; Wessel & Westerman, 1985) are typically lists of items where a group of “experts” decide what items to include and what to reject. These items generally meet certain objective criteria, namely, they are: 1. novel or unique, 2. popular over a long time period and 3. popular across geographical areas.
At the same time, a lot of subjectivity is involved in selecting these items. There is little agreement between the experts on what is a classic and what is not.

However, most of these experts (e.g., Cornfeld & Edwards, 2000) agree that the items selected generate a special sense of awe. Heilbrunn (in Brown, Clarke, & Doherty, 2003) describes how contemporary classic products such as the Alessi Michael Graves teapots and Starck juice squeezer have an aura: “something which stands in front of us with an evident resistance...with a definite property of strangeness and otherness” p 199. They have a depth of meaning, a sense of otherworldliness.

Second, and more importantly, a criterion suggested by Santana-Acuña (2014) is that the item has to represent a core ideology that is very important to intended audiences and that the item is popular for a long time because subsequent audiences keep giving it new meanings. Santana-Acuña (2014) argues that a work becomes a classic when “it transcends its original context of production and its contents are progressively appropriated by actors and organizations that had no share in their production” (p. 97)

**Classic Services**

Some services we consider to be classic services include the art museum, Starbucks, psychotherapy, the Sixty Minutes TV news program, and the Christian Church. All these services have lasted a long time. All were novel or unique when they first came out. All were radical “stakes in the ground” that generated feelings of specialness and awe. All leveraged important ideologies that they have continued to represent to this day. Art museums are spaces dedicated to the work of people who have transcendent al artistic powers (Dur gee, 2006), Starbucks’s symbolism (two-tailed mermaid) reflects mythology of sirens and the sea (Phillips & Rippin, 2010), psychotherapy drew on early mystical ideas about the unconscious, Sixty Minutes is based on deeply held US middle class values, and Christianity is in itself about a relationship to another world. By comparison, other major services such as Amazon, McDonalds, and WalMart are based less on special values and more on efficiencies and price models, and are hence less likely to deserve classic service status.

More importantly, we argue that these are classics in the Santana-Acuña (2014) sense insofar as their originators intended them to reflect special ideologies - yet they survived for long periods in many places because successive peoples have adopted them and given them new meanings.

Our goal is to examine the stories behind a set of classic services and see how their narratives match the narrative Santana-Acuña (2014) describes for the classic novel. Like the US industrial designers from the 1930s, we are interested in the capabilities of designs to represent not only many cultural values but also many important cultural values.

**Method**
We investigated the cases of five classic services which appeared to have been disembedded from their original VOCs and were appropriate by new communities and individuals across time and space. All of the services in Table A met criteria from above. All were novel or unique when they first emerged, and all have had long histories and been successful across geographical areas.

**Cases of Transcendence and Appropriation of New Meanings**

**Art Museums**

Art collections became public property in the late eighteenth century as an effort to educate and conserve art for the benefit of the general public (McClellan, 1994). Napoleon’s administrators created the Louvre, like other museums of the time, to bring order to a world that was disorganized by industrial and political revolutions. Later, during the 1900s, there was a greater stress on aesthetic contributions of art museums, so, for example, paintings had to stand on their own, they were not accompanied by labels which educated and informed viewers of their significance (Gilman in Alexander, Alexander, & Decker, 2017). More recently, with the growth of modernism and modernist ideology, museums have assumed identities as places which are restricted to cultural elites (Bourdieu, Darbel, & Schnapper, 1997). As Vergo (1997) writes, “the true effect that the art museum produces on its visitors, is to reinforce for some the feeling of belonging and for others the feeling of exclusion” p 50.

**Starbucks**

Howard Schultz developed Starbucks coffee shops intending that they reflect the culture of freedom, sharing and community that were common in the mid-17th century coffee houses in Europe where aristocrats and commoners alike were able to meet and socialize without regard to rank (Gaudio, 2003). Over time, as the shops offered relatively expensive products with artisanal inspirations, they were adopted by young, urban coffee drinkers who considered themselves cultural sophisticates, people who imbued the stores with special cosmopolitan meanings (Holt & Cameron, 2010). As the stores spread around the world, they took on meanings which were shaped by local customers. In Japan, for example, Starbucks means excitement, modernity and separation from tradition (Belson, 2001).

**Psychotherapy**

This is a practice for understanding inner workings of mind and emotions. Freud developed his theories and methods with the goal of freeing the individual from unconscious conflicts regarding instincts, rationality and culture. He felt that “civilization could not be saved without harnessing of the impulses” (P 116 Cushman, 1996). With the development of the US economy, the psychotherapeutic theories and approaches became valued insofar as they provided opportunities for everyone to live happy lives, and buy goods and services. Later in the 20th century, psychotherapy fit well with dominant individualist ideologies. It facilitated the youthfulness and self-centeredness of the post-war years.
For 50 years since its inception, the TV new program or service “60 Minutes” has reflected the values of the great US middle class. It focuses on the worth and dignity of the individual in the face of large government, large organizations, and unfair trade practices (Campbell, 1991). As years have gone by, however, researchers (e.g., Rubin, 1981) describe how the show has developed two types of meanings for different viewers. Some value it for educational reasons, others, for pure entertainment.

Christianity

Christianity was based on beliefs that through values of love, charity and concern for others one could gain life after death (Kee, Albu, Lindberg, Frost, & Robert, 1998). Due to high death rates in the middle ages, a new ideology arose, namely that it was possible to monetize heaven through indulgences. With the growth of the American colonies and the Protestant Reformation, salvation was believed to be achieved through hard work.

Table A provides the names of the creators of each service, the original intended meanings, and the later meanings as appropriated by later groups of people.

Table A. Examples of Classic Services, Their Creators, Intended and Later Meanings

<table>
<thead>
<tr>
<th>Classic Service</th>
<th>Creator</th>
<th>Place, Time Period, Original Meaning</th>
<th>Place, Time Period, New meaning</th>
<th>Place, Time Period, New Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starbucks</td>
<td>Howard Schultz</td>
<td>Seattle, Late 1980s, Place where people from all walks of life come to meet and converse</td>
<td>US, 1990s. Places for sophisticates to show their cultural capital</td>
<td>Japan, 2001. Symbol of exciting new lifestyle that breaks from tradition</td>
</tr>
<tr>
<td>Psychotherapy</td>
<td>Sigmund Freud</td>
<td>Vienna, Victorian Age. Need solution to anti-social actions - which are results of unconscious drives.</td>
<td>US, 20s – 30s Therapy approaches aimed at unleashing capabilities of people to live and consume</td>
<td>US, Late 20th century. Institutions foster therapy that promotes individualism, separation from others</td>
</tr>
<tr>
<td>60 Minutes News Program</td>
<td>Don Hewitt</td>
<td>US, 1968, Essence of US middle class morality, values</td>
<td>US, 1970s Understand social issues, be socially aware</td>
<td>US, 1970s Be entertained, diverted from daily pressures</td>
</tr>
</tbody>
</table>
Table 1: Christianity, Jesus Christ, early writers of Bible, Middle East Year 0, Europe. 1500s, US. 17-1800s. Protestant Ethic. God’s favor achieved through work

Recommendations

Based on the five classic services above, the development of these services is different from the design and development of most services. Below, we compare the separate issues in new service development for conventional new services versus classic services.

1. Target

Conventional New Service Guidelines

Stress one target. Understand that target’s needs, location, and how it can be accessed via communication and distribution channels (Alam, 2002).

Classic Service Suggested Guidelines

Have no specific target in mind. Keep open the possibilities that many different groups of people over time and in different spaces might find meaning in the service. The only relevant target during new service introduction might be design critics.

2. Benefits

Conventional New Service Guidelines

Stress one set of “primary” needs (Edvardsson & Olsson, 1996) in new service development. Stress these core needs in service design as well as advertising and branding in general.

Classic Service Suggested Guidelines

Classic services represent many different meanings to owners and users over time. It is probably best to allow subsequent user groups to come up with their own meanings for the product, appropriate and adopt it in their own ways.

3. Offering

Conventional New Service Guidelines
Be new and different from current offerings.

**Classic Service Suggested Guidelines**

Be radically new. The offering should generate initial shock and surprise. Audiences should feel that “things will be different from now on”. Should not represent a variation on current design trends in the category but rather be a unique, stake-in-the-ground, stand alone design.

**Identity, Source**

**Conventional New Service Guidelines**

Stress brand identity. A major goal is to make profits from new spin-off service offerings which carry the same brand identity, the same brand promise of quality. Base design and development on ongoing, iterative market research.

**Classic Service Suggested Guidelines**

Stress designer identity. Give free reign to the designer (Verganti, 2017). Trust designer intuition, use market research sparingly.

4. **Message**

**Conventional New Service Guidelines**

Be apolitical, do not convey ideology.

**Classic Service Suggested Guidelines**

Similar to classic literature, classic dramas, and classical religious paintings, classic services have messages that have broad, uplifting, normative, instructive implications about life.

**Conclusion**

Our purpose in this article was to highlight the criteria which distinguish classic services. We used the standard criteria from many design critics but added a criterion from a writer in the sociology of art, namely, that the service becomes a classic to the extent that other people in other places appropriate the service to be their own and give it new meanings. We show how this notion of classic service designs has implications for new service design which are very different from current new service design practices.
References

TITLE: Let’s talk promotional offers: shoppers discourse on the influence of offers available in grocery stores

Hollywood, L.E.¹, McLaughlin, C.², Furey, S.F.³, McMahon-Beattie, U.⁴, Burns, A.⁵ and Price, R.⁶

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⁶Nutrition Innovation and Centre for Food and Health (NICHE), Ulster University, Northern Ireland.

Aim: Accompanied shops can provide insight on the decision-making processes by observing first-hand how an individual responds to a promotional offer, what they are thinking about while the experience is happening and provide recall information on the reasoning for their choices in the moment. Few studies have focused on the relationship between the individual decision-making, store environment and processes when buying grocery items on promotional offer highlighting a need for more studies conducted within the real-life supermarket setting (Liberato et al., 2014; Andreyeva et al., 2010; Ni Mhurchu et al., 2010). Previous supermarket studies have shown a link between individuals who act impulsively and their likelihood to purchase food higher in calories (Tetley et al, 2010; Guerrieri et al., 2007) while Nederkoom (2014) proposed that highly-impulsive individuals would be less likely to resist sales promotions of food items.

The influence of price promotions on the healthfulness of one’s purchase decision has been highlighted in the literature (Stead et al. 2017; Ravensbergen et al., 2015); however, the rationale for availing of or avoiding a promotional offer within the context of a grocery shop remains under researched. Waterlander et al (2014) emphasised the need for more research on how pricing strategies can influence an individual positively by forgoing unhealthier options for healthier alternatives. To the authors’ knowledge, no studies have been undertaken to investigate consumers’ thinking while choosing foods on promotional offer in a supermarket setting, thus the current research provides insightful, original evidence in this field exploring consumer attitudes and perceptions towards promotions.

Methods: This study formed part of a larger project examining the way in which food retail promotions are depicted in the context of a grocery shop in Ireland. A total of 50 participants aged 18 years and over were recruited onto the study by a market research company. Efforts were made to ensure the diversity of the sample based on geographic location, age, gender,
socio-economic status and household size. Due to a recruitment error by the market research company a final usable sample of 48 participants was achieved. All participants received a telephone briefing to inform them about the study (e.g. date, time, location, incentive, etc.). All participants were offered a monetary incentive (50 Euro) in recognition of their participation. Written informed consent was obtained from all participants on the day of each accompanied shop. Permission to conduct research in-store was granted from the retail chains of each of the stores in which participants shopped. Characteristics of the final sample (n=48) are displayed in Table 1.

Table 1 Sample characteristics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>6</td>
<td>12.5</td>
</tr>
<tr>
<td>Female</td>
<td>42</td>
<td>87.5</td>
</tr>
<tr>
<td><strong>Dependent Children</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>26</td>
<td>54.2</td>
</tr>
<tr>
<td>1 child</td>
<td>6</td>
<td>12.5</td>
</tr>
<tr>
<td>2 children</td>
<td>14</td>
<td>29.2</td>
</tr>
<tr>
<td>3 + children</td>
<td>2</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Household composition</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 person</td>
<td>5</td>
<td>10.4</td>
</tr>
<tr>
<td>2 – 3 people</td>
<td>26</td>
<td>54.2</td>
</tr>
<tr>
<td>4+ people</td>
<td>17</td>
<td>35.4</td>
</tr>
<tr>
<td><strong>Promotional propensity score</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>20</td>
<td>41.7</td>
</tr>
<tr>
<td>Low</td>
<td>28</td>
<td>58.3</td>
</tr>
</tbody>
</table>

*Study design*

All data were collected between March and April 2017. The study design consisted of three elements: (1) a pre-shopping interview (2) the accompanied shop; and (3) a follow-up post shopping telephone interview. This paper will present the results from the accompanied shop only. The accompanied shop employed a ‘think-aloud’ technique which was used as a process tracing method which requires the participant to verbally describe all the items they were looking or searching for as well as describing anything they were doing while shopping. This technique has previously been used in shopping studies to trace the conscious process of food choices an individual makes. Prior to commencing the accompanied shop each participant were trained in the ‘think-aloud’ technique by being asked to choose between two products (e.g. a
toaster) and asked to explain the reasoning behind their choice. Each participant had a digital recorder discreetly attached to their clothing while they shopped. All participants were observed by the researcher, acting as a shadow companion, as they shopped. Only if the participant fell silent during the shop the observer, when appropriate, used prompts to remind them to think aloud; “What are you looking at? Where are you now? What are you thinking?” When participants has finished their shopping they went to the checkout to pay and the observer asked them some final questions relating to the task. Each accompanied shop lasted between 20 – 90 minutes.

Data Analysis

Data from the accompanied shop was fully transcribed and inputted into NVivo (v11) and was then analysed; themes were derived using inductive analysis whereby the researcher (LH) coded key quotes and grouped them together to understand the role of food retail promotions within a grocery shop. Verbatim quotes displayed within the results section are coded using participant numbers, gender, age and location in which the participant resides. A second researcher (UMB) reviewed and agreed the codes and themes.

Results: Overall, shopper discourse identified a positive attitude towards food retail promotions with the majority of the sample (n=36) claiming that they do typically buy items on promotion during their grocery shop. In general, the majority of shoppers (n=42) did avail of at least one promotional item during their grocery shop and stated that they would typically avail of promotional offers (n=36). Among the shoppers (n=32) who bought or made reference to promotional offers during their shop, six themes relating to the influence of health on promotional buying behaviour were identified: (1) Bargains that benefit the household budget; (2) The buzz of a bargain; (3) Savvy Stockpiling; (4) Active avoidance of available offers; (5) Reliance on regular reductions; and (6) Using deals to dictate dinner.

Theme 1: Bargains that benefit the household budget. Results revealed that the majority of shoppers were price sensitive and were conscious of the cost of items throughout their shop; consequently, promotional offers were used as a mechanism to reduce the costs and manage the household budget. Shoppers discussed how they used promotional offers to achieve good value for money by shopping between different retailers depending on their offers. Interestingly, while shoppers reported seeking out low prices they also displayed a propensity
to use promotional offers as a means to access branded products at a lower cost. If a recognised brand was on offer at the same price as a store brand then shoppers displayed a greater tendency to buy the branded item. For a number of shoppers it was noted that when a branded item was on offer they tended to buy more of the product, increasing the overall volume of their shop.

“I’m getting the brand; it’s usually €4 something. It’s 2.49, that’s good, so I will get two boxes. That never goes down in price normally.” (P18)

Almost all shoppers availed of promotional items within the fruit and vegetable category for the main purpose of making a value and cost-saving. Despite the perishability of these items, shoppers discussed how they liked to have a stock of such items in the household as they wouldn’t get wasted.

“Bananas three for two. I will usually get one bag but if there’s an offer on I’ll buy extra”. (P18)

However, a few shoppers discussed their desire to treat or reward others who they cared for with less healthful items specifically those on promotional offer, as again the monetary saving was justification enough.

“Because it’s Thursday we would get the kids chocolate for the weekend but emm generally I would buy whatever’s on special offer”. (P17)

Interestingly, a few shoppers justified making less healthy purchases by prioritising the monetary-saving on the product and did not factor health into the decision.

“That’s what draws my eye. Ahm salted caramel. I’ll do a chocolate marshmallow, so you look at this, you get two packets, and they’re 1.50 each and the eight pack brand squares is 4.95. So that’s a big difference.” (P36)

**Theme 2: The buzz of a bargain.** Results showed that while the majority of shoppers approached their shop in a routine manner promotional offers provided shoppers with the opportunity to enhance the enjoyment of their shopping experience. Shoppers discussed the novelty of browsing a range of offers to allow them to make a cost-saving.

“I always check the first aisle to see what’s on offer. I’m kind of an impulse buyer when it comes to buying things from the first aisle even though they’re not on my list. I tend to stick to my list but I am drawn in by special offers when I see them” (P11)
Shoppers discussed how promotional offers provided them with the opportunity to achieve variety in their shop by either trialling new products on an introductory offer or buying products that they wouldn’t typically feature on their shopping list.

“Ah yea, it’s the 39 cents offer, so I always go and have a look...Wouldn’t normally buy limes but because they’re 39 cents yeah they’re nice with water or gin and tonic or whatever. But for 39 cents again is probably. I wouldn’t normally buy a bag of limes” (P19)

A few shopper shoppers took time to seek out bargains by hunting through the ‘reduced to clear’ sections in each food category within the store. No specific product category was identified as having a more persuasive influence over the shopper; instead, shoppers enjoyed the buzz of seeing what they could get at low cost.

“I always look at these little clearance sections because I’m really drawn to bargains. Ahem yea, I’ll pick up the Quavers even though I would normally never buy Quavers but I know they kinda like them. Ahem, and they’re 62 cents for 6 packets so ahem, yea definitely the price would influence me here.” (P19)

**Theme 3: Savvy stockpiling.** Results revealed that the majority of shoppers displayed a tendency to stockpile items they typically would already purchase when on promotional offer. These shoppers primarily purchased more items on promotional offer to make longer-term cost saving for their household.

“Absolutely delighted that my [brand name] coffee is on offer so I’ll just stock up then, get two of these because it is very expensive, normally nearly 7€. 2 for 9€ and that will do me for a couple of weeks.” (P09)

However, results also showed that these shoppers stockpiled items to ensure there was a ready supply of food for other household members to access as and when needed in case of unexpected circumstances or unexpected visitors. Often these types of promotional purchases were made on impulse and justified by the shopper as a means of being more organised by thinking ahead about circumstances which required a reliance on stock from the store cupboard.

“Cake we need to get that in case somebody calls in...do you see that sucked in? There’s a bit of an occasion tomorrow night, three chocolatey cakes.” (P23)
For those shoppers who took the opportunity to stock up on ambient and frozen foods while on offer not only meant a substantial cost saving but enabled shoppers to provision their household with meal and snack solutions for times when fresh produce was not available.

“It always just look to see if there’s any deals because it’s always handy to have the likes of chicken nuggets or something in the freezer that if I get home really late from work, I don’t have time to cook. I’ve just seen 3 for €5 which is not bad. It’s like chicken fingers, fish fingers, it’s all included, chicken burgers, yep. So I’ll just grab them chicken fingers and two chicken dippers.” (P09)

**Theme 4: Active avoidance of available offers.** Results showed that while a small number (n=6) of shoppers did not buy any items on promotion nearly two-thirds of the sample actively avoided certain promotional offers during their shop there were several reasons for shoppers’ conscious avoidance of promotional offers. Firstly, often the promotions were not attractive to the shopper as they approached their shop knowing what items they wanted to purchase. These shoppers were inclined to purchase products which they were familiar with. Also, if any of the items on their shopping list were on promotion this was viewed positively, but did not always impact on the likelihood of the product being purchased as it depended on the quantity on offer and whether it would be used.

“There was nothing that really stood out. I tend not to be overly attracted by special offers unless I know they’re going to be of benefit to me. I really do try to not buy too much, I hate throwing stuff in the bin.” (P24)

Secondly, a minority of shoppers did raise concerns about the potential for promotions on fresh produce to increase levels of household food waste. In addition, researchers observed how a number of shoppers took time to get the ‘best date’ on such items.

“If I saw an offer I would buy that, but I wouldn’t buy fresh food on offer in case I would have to throw it out.” (P27)

Thirdly, just over a quarter of shoppers chose to actively avoid certain promotional offers as they deemed them to be unhealthy. When these shoppers were exposed to special offers they reacted strongly by avoiding the offers as best they could. These shoppers tended to bypass specific aisles in the store, for example, the promotional aisle or avoid certain food categories, mainly sweets, in an attempt to be healthy. Despite feeling they were missing out on a good deal these shoppers displayed restraint with the intention of be healthy.
“I’m wondering whether to check what’s special offer on the wall or not. Normally it’s just special offer junk food so I do try to avoid it.” (P25)

Theme 5: Reliance on regular reductions. Shoppers expected retailers to have a range of products available on regular promotional offer each week. The majority approached their shop expecting to see deals within certain food or drinks categories. Results showed that shoppers primarily and consciously sought out regular offers within two food categories: (1) fruit and vegetables and (2) meat.

“I always look for the special offers in the fruit and veg so I’m going to get scallions. I’ll get red onions and chillies.” (P27)

Within both food categories, some shoppers discussed how they would be willing to replace a similar item within the same food category if it enabled them to avail of the promotional offer instead of paying full price for the item.

“I always stop to see what meat is on offer first of all, because I have salmon, chicken and mince on my list but if there’s something else that I think might replace them, then that’s ok.” (P11)

Furthermore, results revealed shoppers’ expectation for items to be on promotional offer and how they would either wait for an item to be in the next promotional cycle or try a different retailer simply to ensure they make a cost-saving.

“With chocolate, if it comes down to €1.50, I’ll go for it but they’re charging €3 for a bar of chocolate but I wait until the deals come on.” (P07)

Theme 6: Using deals to dictate dinner. Results revealed that just less than half of the shoppers used promotional offers to help guide what they would plan to eat for one more dinners. By doing so, shoppers either used promotions to inspire them to make a recipe or to help them achieve a more convenient meal option. In the first instance, shoppers typically used promotional offers of vegetables and meats to inspire them with recipe ideas which were within their repertoire. One shopper highlighted the opportunity for promotional offers to inspire healthier dinner options as the monetary saving on the product meant an increased willingness to try it.
“Turkey meatballs they’re new, but they would attract me: €4. I love turkey but I never really know what I should do with turkey mince possibly putting it into something with a sauce so the meatballs are a good idea. That’s just drawn my attention though it’s off-list.” (P09)

Interestingly for some shoppers, promotional offers provided them with the challenge to think creatively about how they would incorporate the offers into their dinners.

“I’m not saying I don’t eat courgettes, we do eat them but I wouldn’t purchase them every week, but because they’re on offer, definitely I’m thinking yeah, I’ll do a stir fry. I’ll likely do a courgette soup so I know, well, I think when I look at them what dinner I’ll use these for because it’s not something I would buy all of the time but yea, we will eat them.” (P19)

However, shoppers more frequently used promotional offers to help them achieve a convenient solution at household mealtimes. It was interesting to note the heavy reliance on frozen pizza to provide this mealt ime solution.

“Basically I was here the other day and I saw they had this fancy Milano pizza at €2.84 so I’m going to get one of those for a nice ready-made meal for when I get home from work, sometimes I don’t have time to cook.” (P03)

**Conclusion:** This study used shopper discourse to identify the influence of food retail promotions within the context of a supermarket grocery shop. Results identified six themes around how individuals shop on promotional offer and identified any impact of these decisions on the healthiness of their grocery shop. Shoppers made use of promotional offers as a means of managing the household budget and household store cupboard to ensure they had enough meals or treats for unexpected occasions (e.g. a visitor calls by, change in work schedule, etc.). Practical implications of this research highlight the opportunity for retailers to optimise promotional offers through their prominence and positioning in-store to allow for cost effective and healthier meal based solutions. Future research on the healthiness of shoppers baskets through till receipt analyses and dietary surveys on shoppers should be considered to understand the nutritional impact of consuming food on promotional offer.

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BIG BOSS TOURS IN BIG-BOX RETAILING

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Abstract. The primary mode of face-to-face contact in many big-box retailers between executives and the local staff is the periodic tour of the facility. Some of these tours are meant to note shortcomings and spur corrective actions. Others are carried out to recognize people and boost morale. Interviews were conducted with human resource (HR) managers and team members from Value Stores. One HR manager formerly worked for another big-box chain. She argued the cultural differences between the chains were laid bare when you examined how big boss tours were conducted. Several other HR managers talked about a contingency approach being used. The touring executives treated stores differently based on recent performance. In multiple locations, we found a grapevine warning system was in operation, using either e-mail or the telephone. A store manager who rewarded her employees with free food after a successful tour was also discovered. Overall, our fieldwork uncovered many things that were not previously described in the existing big-box retailing literature.

INTRODUCTION

The majority of the lower level members of large organizations have few face-to-face interactions with those from the upper levels. When they do meet and converse, it often produces either very strong positive or negative reactions (Gabriel, 2000: 191-214). Big boss tours are the most common way this takes place in industries with geographically distributed facilities: including among others, manufacturing, retail banking, grocery retailing and clothing retailing.

Culture consultant Tom Peters (1987: 404) has argued it is the situational details that really matter, rather than just “broad strokes.” In keeping with this, much can be learned from studying highly variable areas of organization life. Upper level managers conduct tours in many different ways. The reactions of local managers and employees also vary widely. Studying these interactions can reveal a great deal about an organization’s culture. Further, roughly sketching
out the gamut of what can take place should help fieldworkers, consultants and leaders better diagnose in the future what particular situation exists and how it compares to others.

Some big boss tour experiences will be examined here from a U.S. based big-box retailer. We will start by reviewing some prior relevant literature: including, how tours fit into existing “theory” and some varied observations from prior fieldwork. Next, some of our own “Value Stores” (a pseudonym) fieldwork will be presented. Our findings will subsequently be compared to the aforementioned theory and prior fieldwork. Some new insights will then be offered.

SOME RELEVANT PRIOR LITERATURE

How Big-Boss Tours Fit into Various Theories

The simplest conception of a big boss tour would be that it is a vertical control method. The visitor observes the local facility and its staff to check for compliance with corporate policy and procedures (e.g. cleanliness, product displays, current promotions, proper attire, required postings, safety procedures and quality service). Discussions often take place with some of the local managers and employees to see how things are going and what problems, if any, exist. Suggestions for improvement are made when appropriate. A local manager should not just say something will be done to take care of a problem and slough it off, because the issue will be raised the next time this superior is encountered (Wall, 1986: 61). When existing problems are not taken care of, changes in local leadership may be considered. Such control methods are often portrayed as being rational, neutral and objective (Hatch with Cunliffe, 2013).

Big boss tours are a part of an overall culture. Anthropologist Edward Burnett Tylor in 1871 defined culture as “that complex whole which includes knowledge, beliefs, art, laws, morals, custom, and any other capabilities and habits acquired by man as a member of society”
(Hamada, 1994: 10). Today, some scholars say this definition is largely accepted and followed (Maccoby, 1994: 267). Others argue culture has “no fixed or broadly agreed meaning even in anthropology” (Alvesson, 2002: 3). This general definition will suffice for our purposes, albeit many others exist (Hatch with Cunliffe, 2013: 160; Trice and Beyer, 1993: 1-32).

After reading some about anthropology, organization development consultant Edgar Schein (1985) concluded culture can be studied via examining artifacts, values and assumptions. The artifacts are visible to outsiders, but can be hard to decipher. People are most aware of the importance of shared values. The underlying assumptions are critical to understanding situations, but these are taken for granted by insiders, making them somewhat invisible. Thus, these are the hardest for an outsider to come to grips with. A particular culture forms around assumptions about the nature of the group’s relationship to its environment, the nature of reality and truth, the nature of human nature, the nature of human activity, and the nature of human relationships (Schein, 1985: 85-111; Kluckhohn and Strodbeck, 1961). We will now examine two different approaches to culture that are based on different assumptions about work relations.

In the 1980s, some consultants advised corporate leaders that performance could be improved quickly, easily and considerably if they created an engaging culture (Deal and Kennedy, 1982; Peters and Waterman, 1982). Greater unity and direction could be fostered via authoring shared values, mission and vision statements (Sathe, 1985). Leaders could also carry out rites, ceremonies and rituals as well as tell stories, legends, sagas, and myths to convey messages (Trice and Beyer, 1993). These cultural forms were added to the traditional formal controls, which had long relayed what should and should not be done.

This unilateral control from above mindset stands in stark contrast to the older anthropological and sociological view of culture as being a joint product of the interactions of all
of a group’s members (Blumer, 1969; Fortado and Fadil, 2012). Examples of failed cultural change efforts have sometimes been used to show leaders do not have strong unilateral control (Legge, 1994; Ezzamel, Wilmott, and Worthington, 2001). This interaction perspective recognizes subcultures can exist within a culture. For example, the local executives in a big-box store can have an “operating culture” (e.g. their own norms and ways of doing things), which differs from the “official culture” put out by the corporate executives (Franklin and Pagan, 2006; Ingersoll and Adams, 1992). Any “informal organization” among the employees (e.g. having their own norms, informal leaders, informal work methods, and informal communication) would also qualify as an employee subculture (Roethlisberger and Dickson, 1939; Trice, 1993).

Going forward we will look for evidence of whether a big boss tour was (1) a unilateral control method, or (2) an interactive process. Many tours have ritualistic aspects. Barry Turner (1971: 26) has asserted that as organizations become larger, there is likely to be a decrease in the number of executive tours and an increase in the amount of ritual and ceremony surrounding them. The accuracy of this proposition deserves assessment.

**Prior Fieldwork Mentioning Big Boss Tours Outside of Big-Box Retailing**

Bill Whyte (1951) conducted fieldwork on the operation of a U.S. steel fabricating plant from 1937-47. The owners believed that discipline and productivity could be best maintained if their workers and foreman were constantly in fear of losing their jobs. One day, a member of the controlling family took a tour and fired a man for wearing a white shirt. He assumed no one dressed this way could really work (Whyte 1951: 8). This left the impression it was important to appear hard working. It also made workers paranoid, so some hid during tours.
The fired worker was actually one of the company’s best. There was no one else who could do his job. He asked his manager why he was fired. He thought there was plenty of work available. He wanted an explanation of what he had done wrong. His superior secretly kept him on. Compliance was merely feigned. This employee was later promoted to foreman.

When a new manager was put in charge of production, he was given one piece of advice by the president (Whyte 1951: 30): “You ought to walk through the plant once a week- and fire somebody. That’s the way to maintain discipline and keep people on their toes.” The new manager felt he could not manage that way. The president cautioned him that he would soon find out that this was the practical, businesslike way of doing things.

The workforce unionized via a sit-down strike. The workers later pursued their interests via wildcat strikes, slowdowns and a flood of grievances. It took a great deal of time and effort to build trust, respect and orderly communications at the all levels of the company and the union. When an outside executive came to learn about this change, leaders from both union and management escorted him on a tour. This show of unity symbolized the new teamwork.

More recently, U.S. manufacturing fieldwork by Robert Jackall (1988: 22) uncovered some local managers had spent a great deal of money when their CEO came for a visit. In one company, the facility was painted to make a good impression. This cost over $100,000. Jackall was told at another corporation about touring superiors being presented with a specially made book that described the operation, including many photographs and illustrations. Such books could cost $10,000 for a single copy. These sorts of expenditures seem wasteful to outsiders. Jackall argued these visits were political events where the local managers paid homage and showed fealty to ‘the king.’ In a feudal bureaucracy, the fear of having one’s reputation damaged, or even worse, losing one’s job, took precedence over profitability (Jackall 1988: 84).
Hannah Cooke (2006) did a nursing field study in England. The Labor government introduced National Health Service reforms that were described as “empowering” nurses. In practice, an attempt was made to save money by raising nursing standards, cutting staffing levels and increasing certain responsibilities. One nurse said “We have seagull managers here, they fly in from a great height, make a lot of noise, drop a lot of crap, then fly off again” (Cooke 2006, 223). The managers described how they corrected mistakes with “a good slap” or “an ear bashing” (Cooke 2006: 238). Nurses had been chastised for taking unwarranted breaks, the untidiness of the ward, wearing inappropriate jewelry, and not having the right attitude (Cooke 2006: 235-36). These criticisms produced distrust, demoralization and higher turnover.

Bruce Fortado and Paul Fadil (2014) conducted a U.S. field study of Amalgam Bank. A Regional Vice-President of retailing came for a “friendly visit’ at least once a month. He told his subordinates to call him “Sam.” In the next staff meeting, the branch manager would explain what Sam had observed. Specific people would subsequently be asked why a certain thing was or was not done. This was a part of the new culture that exerted regular and considerable pressure upon the employees to sell. This implementation of this sales culture damaged customer service, demoralized many employees, raised turnover and resulted in “juiced” sales activity (i.e. false referrals and numerous accounts for family members and friends being opened and closed).

Additional tour coverage appears elsewhere in print. Donald Roy (1953) found U.S. manufacturing workers failing to “look busy” during an upper level visitation. They knew this would get their superior “chewed out.” These workers were evidently not afraid of being fired or disciplined. Yiannis Gabriel (2000: 44-47) documented where a U.K. cafeteria employee “spoke truth to power” during a tour. This made her an epic hero to her peers. Bruce Fortado (1991: 83-86) discovered an employee who exposed his superior’s improper conduct in U.S. food retailing
to an executive during a tour. The local superior later carried out numerous acts of retribution. In another U.S. field study, John Landefeld and Bruce Fortado (1988) recorded how a wildcat strike was conducted during a tour of a manufacturing plant. As a result, the plant manager and HR manager were replaced and a more cooperative relationship later developed.

Prior Material on Big Boss Tours in Retailing

Sears, Roebuck and Company started in the 1880s as a U.S. mail order business that competed with Montgomery Ward. In the 1920s, Sears started opening brick and mortar stores. Customers were willing to pay a bit more than the catalog price, so they could handle the products prior to purchase. After WW II, the leadership of Sears was optimistic about the economy and aggressively built more new stores. Sears became the biggest retailer in the U.S. up to the early 1980s, when first K-Mart and shortly afterwards Wal-Mart took over this position.

Dave Moore (1954) conducted fieldwork at Sears from 1946 to 1950. The leadership adopted a flat and loose structure, hired highly qualified managers, and delegated a lot of authority to them. Upper level managers went out of their way to get to know people and be friendly (Moore, 1954: 152). Employees were trusted and largely left on their own to do their jobs. This fostered flexibility, innovativeness and entrepreneurship (Worthy, 1994).

Sears had a set of democratic principles (i.e. shared values), slogans, sales pep rallies, and stories were told about the leaders and sales heroes. Sears had good pay and benefits, including profit sharing (Moore, 1954: 133). The employees owned one-third of the company (Moore, 1954: 141). A standardized questionnaire entitled the SRA Employee Inventory was used. This made it possible to compare Sears’ results to those of other retailers. Reviewing 14 items, Sears was higher on every item. The average for all 14 items was 8.4% higher (Moore, 1954: 132).
Big boss tours provided the main face-to-face central contact with the store personnel. Store managers normally learned of an upcoming tour via the grapevine. They would typically warn employees to be on their best behavior. The staff was also ordered to dust, polish, paint, and straighten up merchandise displays. Every effort was made to keep criticism to a minimum.

Judgments would be made based on fragmentary information, so surface impressions were important. The following anecdote was documented as being told (Moore, 1954: 262-263): near the end of a tour, a vice-president who had just taken hold of a freshly painted doorknob said “Well, at last, we’re catching up with the S.O.B.” This reflected how all of the parties involved knew great efforts had been made to make things look nice. At the same time, most touring managers knew there were many other things that remained out of view. The visiting dignitaries became known for checking on certain things in order to render an assessment. The store managers learned these behavior patterns and strove to be perfect in every respect.

Conflicting instructions were sometimes issued. For example, a general merchandise manager instructed a store manager to spend over his budget to support sales. At the same time, a vice-president from the territorial office told him if he bought over his budget it was at his own risk. He would be held accountable for excesses. Generally speaking, if a good job was done merchandising, there was only “an occasional furious visit from top-side” (Moore, 1954: 262).

When store managers were pushed and pulled like this, they often resorted to “double talk” and alibis (Roethlisberger, 1945). When tour questions were asked, the local manager might preface his reply with “I have been meaning to talk to management about” that particular subject (Moore, 1954: 261). In practice, the local managers were often told what to do rather than helping them make their own decisions (Moore, 1954: 260). Practically all of the VPs were described as tough men to deal with, but to keep peace in “the family” people did what was
necessary (Moore, 1954: 261). The store managers normally did everything they could to present a “clean face” to superiors and appear to be on top of everything in their store.

The leaders of Wal-Mart have taken great pride in the culture they have created: including among other things, a set of shared values, a company cheer, a Saturday corporate inspirational management meeting, daily store meetings, and numerous stories being told about founder Sam Walton. Wal-Mart has historically conducted more tours than other retailers. A number of former executives have described how multiple levels of management were involved (Soderquist, 2005: 120-21; Bergdahl, 2004). District Managers have 6 to 12 stores. They are expected to visit each one at least once every two weeks. Regional VPs supervise about 10 district managers and 100 stores. They are expected to visit each store about every three months. Senior officers must set aside one day a week to visit stores, and see 5 or 6 stores on these days. These visits reinforced the culture, communication was furthered, appreciation was shown, and the executives were seen as accessible ordinary people who cared (Soderquist, 2005: 122).

Sam Walton loved touring his stores. Upon arriving, he would often bring the associates together in the front of the store. He would ask how things were going, what was selling well, and how things could be improved. Walton would often praise them for how the store looked and say how much he appreciated their efforts. He walked the store and visited with customers and associates as he went. Before he left, he would lead a Wal-Mart cheer (Bergdahl, 2004: 71).

Don Soderquist (2005: 54-55), former COO, has described how he liked to enter unannounced and walk the store. He would go to the lunchroom and ask some associates to join him. They would be asked to evaluate their store on customer service, housekeeping, having products in stock, signage, morale and other issues. In discussions with the store manager, Soderquist stressed how things could be improved, rather than harping on what was wrong.
THE VALUE STORES FIELD STUDY

Gathering Case Material

Every tour experience mentioned above was different, so additional fieldwork seems warranted. Our exploration will be grounded on retailing case material that was gathered in the U.S. (Glaser and Strauss, 1967). The interviews referred to here were conducted over a five year period as a part of a larger organization culture project. Our participants were from the middle and lower levels of their organizations. No consulting relationship existed with any of the organizations involved. All of the names of the people and organizations have been disguised.

An interview guide was used (available upon request). The guide was pilot tested. During this process, the importance of big boss tours became apparent. Four tour questions were therefore added. Some background questions were covered first, so participants could relax and become comfortable with being interviewed (Whyte, 1984). They were subsequently encouraged to talk at length about their work experiences. The participants were not interrupted. The interviewer did not morally judge anything that was said (Roethlisberger and Dickson, 1939).

Our participants were interviewed in places where work colleagues could not overhear them: such as, a university office or a library conference room. The interviews ranged from 40 minutes to 3 hours and 45 minutes. The average interview was 96 minutes. Some people were interviewed several times. The interviews were recorded. This is a good way to lessen interpretive errors (Mishler, 1986). Involving an insider is another way to improve the accuracy of reports (Vaughn, 1992: 198; Mishler, 1986: 126). After a draft was prepared, an insider reviewed and commented on it. In the space available here, only a small amount of the material can be described. These examples were selected as useful illustrations.
Some Background Material on Value Stores

Value Stores had brick-and-mortar stores and an Internet business. The smallest facilities were called “Express” stores. The largest “Super” stores carried food in addition to clothing, shoes, accessories, jewelry/watches, kitchen and table wares, school and office supplies, card/party items, pharmacy, health/beauty, cosmetics, sporting goods, luggage, pet care, picture frames, bedding, furniture, home improvement, bath, entertainment, toys, automotive supplies and various technology/electrical appliances. There was a service desk at the front of the store, which handled returns and other various tasks. The cash registers were concentrated in the front of the store, instead of being spread out in the various functional areas like many department stores. The back area handled incoming products and stored products that were not on the floor. The intention was to have “assisted self-service.” This meant there were a network of team members spread across the store to interact with customers, but fewer than in a department store.

Value promoted its products as being stylish and reasonably priced. The named product lines were from lesser known designers, but they were good designers. The prices of some products were a bit more than their direct competitors, which was consistent with Value being more upscale. Edgy advertisements were used that normally had a touch of humor.

Value Stores focused on a more affluent customer than its direct competitors did. Women and young families were the group the chain hoped to attract. The typical customer was the upper middle class, and college educated, with some also being drawn from the middle class and upper class. In support of serving these groups, a number of registries were created: including, a baby, wedding and college registry. The product wish list of could be printed out at a computer terminal next to the Service Desk at the front of the store.
Value tried to make each visit as pleasant as possible. Ample free parking was provided. Enough staff was allocated to the checkout area to keep lines relatively short. Good lighting was provided, the aisles were clear and the store was clean. Each store was organized around a broad “racetrack.” Large signs with big print on them identified the various product areas.

The Official Value Stores Organization Culture

The leadership of Value Stores took great pride in its organization culture. A number of distinctive symbols were used. Sometimes these appeared in unison and sometimes one would be used separately. The brand was associated with a shade of green, which was used in name signage, some store walls, shopping bags, and the shirts team members were asked to wear.

The leadership of Value called the customers “guests” and the employees “team members.” Each group had a “team leader.” Above them were the “executive team leaders” who were responsible for the various functional areas. There was also a Human Resource (HR) manager, who was responsible for the store’s organization culture as well as the normal HR functions. These managers reported to the store manager or “store team leader.” There were four hierarchical levels above the store manager (i.e. District, Group, Regional and Corporate). The store executives were rotated to another store and area every eighteen months. The HR manager was also rotated every eighteen months, but stayed in the HR area.

A team leader needed to have a high school degree or the equivalent (i.e. a GED). A modest number of college students were hired as interns. Value did hire some people who had college degrees, but no retailing experience, as executive team leaders. Each of the college graduates had to have at least a 3.0 grade point average (i.e. a mid-B). If a person was taking a
management job for the first time, a period of time was spent doing jobs such as running a cash
register. This was meant to help them later empathize with how team members thought and felt.

The orientation for new employees lasted roughly 4-1/2 hours. The corporate office
provided videos that were to be introduced by different store executives. The store manager
would cover the mission and vision along with the areas of activity associated with them. A
second executive would cover guest experiences. A third executive would cover safety. A
fourth executive would cover asset protection. The HR manager would cover valuing diversity,
the harassment free workplace, the Americans with Disabilities Act, policies and procedures, IDs
and social security cards. When other executives could not attend, the HR manager took over
that material. A catchy slogan conveyed how the guests should be served quickly and warmly.

The HR manager ran a number of training modules. These covered subjects such as
leadership, coaching and corrective action. The corporate managers were fond of using
acronyms consisting of the first initials of words they wanted the local staff to learn across all of
their stores. For example, the DESC acronym stood for Describe, Explain, Specify and
Consequences. This represented a checklist of what a leader should cover in coaching and
corrective action talks, as well as what needed to be documented. It should be recognized more
was covered in training than simply these acronyms. For instance, in conducting a coaching
discussion, the leader involved was asked to bring up an example of something the employee
was doing well. Rather than spending too much time on what had been done incorrectly, the
leader was also told to show the team member how he or she did the behavior in question.

The HR manager would also recruit team trainers to help new people learn how to do
things. It would generally take one to two days for a new hire to learn how to properly run a
cash register. Learning how to do a job in the back or working overnight might take a week or
more of training. One HR manager was proud of the fact a recent survey found 89% of the responding team members felt they were trained and could properly do their job.

Each day, three “huddles” (i.e. staff meetings) would be held. These would last about 10 minutes. Everyone was invited to attend. The first was at 8 or 9 AM, and the last was for the overnight crew. Every Value meeting began with recognition. The source could be a customer, a peer or a superior. Both groups and individuals could be recognized. “Great Team Member” cards always included a team member’s name, the date of the event, the location, who spotted the action, and a description of how a customer was assisted. The help described could be something as simple as asking a customer if he/she could help locate a product, discussing personal experiences with the product options available, or in a “stock out” situation, finding a nearby Value Store that had the product available. After each story, the team members would give the person involved a round of applause. The cards were then displayed on a bulletin board in the break room for a month. At the end of the month, the board was cleared, and some of the team members mentioned in the cards were selected to receive a gift card for $10 or a DVD. The huddles also covered what the sales figure had been for the previous day. The team would also be prepped for what to expect that day. If there were sales or promotions, these would also be mentioned. Certain products might be identified that were to be “pushed.”

Each store also had other meetings. There was a weekly executive meeting that dealt with subjects like sales and payroll costs. There was a team leads meeting every other week. In large stores, this could include over twenty people. These covered recognition, ads and sales

There was a monthly culture meeting. Leaders were asked to bring the names of three team members for recognition and the name of one that needed coaching. One “Great Team Hero” would be selected per month from the group of team members that been brought forward
for recognition. The winner would be announced at the next huddle. At that time, a $20 gift
certificate or a DVD would be given as a recognition reward. The store HR manager needed to
follow up after the culture meeting with the presenting leaders to see what they were doing to
help the struggling team member to improve. This was one of the subjects the District HR
manager would check on periodically to make sure the process was working as intended.

There were several avenues for team members to voice themselves. An annual survey
was run. There were periodic “chat sessions” between the store HR manager and small groups
of team members. Those who had a concern could also privately visit the HR manager. Each
store had an appreciation budget, which was normally used to provide free food. Some leaders
listened to suggestions from the team members about food, while others made all the decisions.

Steps had been taken to enact Value’s slogan about being quick and warm on a daily
basis. Customers who desired assistance could pick up an internal phone or punch a button that
requested service. A team member was expected to arrive within one minute. Each time this did
not happen, the instance was recorded as a black mark against the store’s performance.

Efforts were also made at the cashier stations to speed the process. Whenever a
manager noted lines were growing too long, additional team members would be called to cashier
stations. A portion of the checkout process was also timed for quickness. Value pioneered
waiving the need for customer signatures for credit card purchases below $25.

Value used a color-coded rating system where green was positive, yellow was alarming,
and red signified a problem. This system was used to rate the performance of applicants on an
employment test. Normally only candidates with green ratings would be hired. The same system
was also used in performance appraisal. Value obtained information about ongoing service via
customer surveys and mystery shoppers, in addition to the time measurements on speed of
checkout and answering customer contacts quickly. When too many employees fell in the red zone, a district manager would come to deal with the situation and then check on it periodically.

**Big Boss Tour Field Examples**

Pat Wood was a store HR manager. She was interviewed several times over the course of five years. Pat was asked how she would define organization culture. Her answer vividly contrasted the meanings of different types of big boss tours.

Pat spent her first 10 years working at Bargain Stores. She worked long hours in hopes of achieving recognition and appreciation from her superiors. Pat moved up from being a store HR manager to a regional HR manager. She believed the overall culture was one of expecting undying loyalty to “the beast.” You should “live and breathe” for Bargain. Those with greater tenure were seen as having wisdom for the business. The leadership was something of “a club.” This club was dominated by men. Pat felt the culture was “old school,” and it sometimes reared its unprofessional head. She found it to be a segmented culture based on turf. Overall, it was not very embracing. Much like “battered wife syndrome,” some people put far more in than they got back in return. It was a managerial norm for executives to work twelve hour days.

A traditional Bargain big boss tour was a major event. If a manager would normally be off on the scheduled day, the person’s plans would have to be changed. A tour could last from 7 AM to 2 PM. A group of up to five managers might visit: including, district managers and VPs. Pat normally got to the store by 4 AM to memorize her numbers for the upcoming “battle.”

The entire staff would be assembled at the front of the store to greet the touring managers. The local managers escorted their guests around the store. They would go “2-1/2 feet by 2-1/2 feet.” The local managers were expected to explain any problems, such as why a
product was “stocked out.” They would take notes on what needed to be corrected. The reason for a problem, such as a product being out of stock, might be the same. Yet, a point was made via this repetitive process. These tours were very stressful and they were meant to be.

In an effort to improve Bargain’s performance, a group of managers were hired from a successful competitor named Cheaper Stores. The newcomers tried to transplant some of the methods from Cheaper. A set of shared values and a cheer were authored. Previously, some Bargain executives had regarded shared values as “Tom foolery.”

The newcomers bluntly told people what they were doing wrong. They never mentioned what was being done right. They could be very expressive in communicating that they were in charge and what issues the staff needed to address. Pat conveyed the following tour story to illustrate what she meant. Harry Thompson was a VP who came from Cheaper. He was scheduled to tour a store one day with Pat. She believed Harry intended to motivate employees by giving them an “ass kicking.” The store was in an aged building. There was a no smoking rule inside the store. The store manager was a 25 year Bargain veteran.

As Harry entered the front door, he was holding a cigarette in one hand. The entire staff was lined up at the front of the store. Harry was roughly eight feet inside the front door when he grabbed at his heart with one hand, raised his other hand toward the sky and said “On my God, what a $#!% hole. Who is running this &*@^ bastard?”

Pat got Harry to go back outside with her. She wanted to say: “We cannot talk to our people like this. You need to get a hold of yourself. We cannot act like this in our building.” Instead, she tried to be diplomatic, logical and use a touch of humor by saying: “Harry, cursing and grabbing your heart when you walk in a building is not really friendly. That is not where we really want to go with this. We are not going to be heard.” Pat feared the store manager was not
going to react well to this conduct. Harry had put himself above the rules by smoking. He was blunt and crude. His remarks had probably embarrassed the store manager in front of his staff.

In terms of morale, Pat believed Bargain was in a far more fragile state than Cheaper had been. Years of success would have strengthened Cheaper’s employees. Bargain’s declining performance had negatively impacted its employees. Jobs had been cut. Those who remained were expected to do more. They had to cover areas of the store beyond what they were accustomed to. Their future was uncertain. Pat concluded both socially and psychologically this was a more delicate situation. As an HR manager, it was her job to stand up for the staff.

The traditional Bargain big boss tours were stressful due to their length and the repetitive questioning over shortcomings. It was long term Bargain managers, though, who were “kicking the snot out of you.” In the end, they might tell you that they “loved you” for being a loyal member of “the Bargain family.” Pat feared a stranger aggressively giving negative feedback would not be received in the same way. Further, drama had not been used upon entering a store.

Pat felt Harry Thompson accepted what she said. What she did was not without risk. Pat had seen nine VPs come and go for her market. She recalled the following story about Operations Manager Steve Ward. He had been hired largely based on his experience with Practical Stores. He believed in lavishing praise on his subordinates. When he toured, he showed his appreciation and embraced the local team.

One day CEO Mark Schmidt, a former Cheaper manager, took a tour with Steve Ward. Mark started raising problems that needed to be dealt with. Steve told him “We can’t beat our people up.” He was fired on the spot for lacking “the vision.” Steve had started at Christmas time. He was let go in the “Father’s Day massacre.” Pat risked being labeled as lacking “the
“vision” when she asked Harry to tone it down. She felt her six years of experience, along with how she handled the matter, made the difference.

Roughly a year and a half before our first interview, Pat took a job at Value Stores. She described her first tour at Value. The District Manager, John Henry, came by himself. He arrived at 9:30 AM. Pat arrived at 4 AM. She did her best to memorize her numbers. Pat was waiting to take notes on what needed to be fixed. She soon discovered there was no need to “sweat bullets.” This tour was far more relaxed. Two other managers joined Pat.

John asked if she felt like a Starbucks. He ordered a latte. After this, they walked around the “racetrack.” John knew many of the area executives and long term team leads. He was aware one woman was having a child and told her “Way to go.” John praised them for the great job they were doing. He said Pat’s boards looked “fabulous.” These boards were in Pat’s office and tracked her ongoing work. John had asked questions and gathered information. Nevertheless, this tour was far less stressful than Pat’s Bargain experiences had been.

In a subsequent interview, Pat shared experiences from her most recent two 18 month rotations. Her superiors had sent her to locations to turn the human relations around and restore the corporate culture. These stores had produced troubling numbers (i.e. turnover or sales). Her superiors also learned of problems via tour observations and conversations with local leaders.

Julia Thompson was a store HR manager. Tours by superiors were often conducted during her Value career. Julia believed some stores got more visits than others did. There were some surprise visits, and forewarning was given for others. Some visits only took 10 minutes. Others had lasted 30, 45 and 60 minutes.

Julia gave an example of when the Group VP, HR manager, asset protection leader and two executives who were on the fast track to get Group level jobs arrived via a corporate jet.
They inspected things that were on their checklist. One thing the visitors looked at was whether the store was “flowing.” If there were five customers in any checkout line, when the goal was three or less, this was deemed inappropriate. The local leaders would be asked why backup team members were not arriving as they should. If the visitors saw shelves that were not stocked, they would ask if there were products in the back which were not being properly pushed forward. The signage was also examined to see if any expired signs that were still in place.

Julia recalled some of the issues that her Group HR manager has raised. Periodically a “chat session” was to be run with a group of team members. This was intended to see what was going on, including both what they were happy and unhappy about. The notes about what was said, and what could be done about the subjects raised, were to be posted in 24 hours. Julia was coached this was not being done as it should have been. Her superior also looked to see if all the corporate posters and brochures had been posted for the month in question. Julia was somewhat nervous during her initial tour visits, but soon became accustomed to the process.

Yvonne Owens was a store HR manager. Yvonne explained there were periodic tours conducted by managers from the district, group and regional levels. The district manager came for tours by himself. The higher level tours often involved three to five people. For example, group executives representing hard lines, HR and asset protection might come together.

The tone taken would vary greatly depending on whether the store, or an area within the store, was doing relatively well or badly in terms of sales. If sales were lower than hoped, the visitors showed there were a lot of “opportunities.” Sometimes the local managers knew where their sales stood and sometimes they did not. The visitors would check on what was being emphasized at the time. They would see if a corporate campaign had been implemented, and if the store had made the proper seasonal changes and had the right merchandise up. When visiting
managers arrived in this urban area, an e-mail warning was sent out to all of the local stores. Yvonne she had seen some straightening up, but sometimes there was not time to do much.

George Sanchez was a team member. Over a two year period, he progressively worked as a cart boy, a cashier and a service desk representative. His favorite memory was of “pizza day.” A district manager occasionally came for a tour. George thought there was a checklist on his clipboard, but he had never seen it. The district manager would walk around the facility with the store manager, Penny Thomas. Afterwards, they would meet for some time in the store manager’s office. When things went well, Penny Thomas would provide pizza, breadsticks and Coke for everyone in the breakroom. George recalled this was really good pizza brought in from the outside. On some of these days, he had pizza before, during and after work. You could warm it up in the micro-wave if it was cold. George liked having all he could eat.

When George got a chance to work the registers, he made the most of it by getting six or seven customers to adopt the company credit card. This earned George a cashier job. Value Card adoptees got 10% off this purchase and 5% off future purchases. The area manager occasionally offered free food from the embedded café when all of the cashiers got four or more card adoptions. George appreciated this food, but not as much as the all you could eat pizza.

During George’s time at the service desk, he learned a telephone call would come from a nearby store warning them the district manager had just “hit” them. The caller said he would be there in about 45 minutes. George never saw any drastic action being taken in the meantime.

**DISCUSSION**

Conducting fieldwork is much like approaching a corporate structure where all of the doors and windows are initially locked to outsiders. Locating and properly interpreting key
cultural symbols can open up critical themes, orientations and values (Benedict, 1934; Ortner, 1973). The tremendous variability of big boss tour interactions signal meaningful underlying characteristic differences exist. Important actions can take place before, during and after a tour. Tours frequently directly draw attention to certain key issues, while other issues are only briefly touched upon and must be further investigated to fully appreciate their meanings.

Tours by upper level executives have been recognized as a type of ritual (Turner, 1971: 26). Rituals have been described as repetitive behaviors that are carried out with little thought, because the process has become taken for granted. More complex ceremonies and rites often follow a certain etiquette and decorum. These processes generally express the importance and value of hierarchical positions as well as status distinctions. The organization culture literature includes rites of renewal, degradation and enhancement (Trice and Beyer 1993: 113-17).

Tours were described earlier as allowing the big boss to observe the operation and ask questions. In the vintage Sears field study, the upper level executives were said to fear “While the cat is away, the mice can play” due to the geographic dispersion of the stores and the high degree of delegation (Moore, 1954: 255). Everett Hughes (1958: 19) has explained ceremonies of renewal imply that “faith and fervor cool and want reheating.” The visitor raises problems, local remorse should be expressed and responsibility for correction is then assumed. While there may be some emotions involved, those on the lower levels often can accept being coached or reprimanded for not following rules and procedures during a tour. Such a rite restores the status quo and reinforces the existing system of values and authority (Trice and Beyer, 1993: 118).

Degradation rites may temporarily or permanently lower the prestige, damage the status, and alter the identities of the targets. Our literature review revealed visiting executives in various industries had historically used arbitrary firings (Whyte, 1951), bashed employees’ ears (Cooke,
2006), and raised pointed questions for specific employees to push hard for better results (Fortado and Fadil, 2014). At Bargain Stores, the seven hour tours evoked stress. As problems were repetitively reviewed, the locals felt lowly and woeful. They referred to these tours as “an ass kicking” and “kicking the snot out of you.” The newcomers from Cheaper Stores went further, firing a resistant executive as well as using public humiliation, profanity and histrionics.

Some of these big bosses meant to strike fear into those on the lower ranks. The local managers were sometimes intentionally put under pressure, which evoked stress. Some local managers or employees were publicly shamed. One could say these figures experienced a loss of face. Some people were personally embarrassed by what took place. Strong negative emotional reactions naturally ensue. The touring executives assumed those on the receiving end would go to great lengths to avoid this happening again in the future. Higher expectations were being set. Future submission, devotion, subservience, loyalty and eagerness to please were envisioned.

The pep rally style tour that Steve Ward favored from his days at Practical Stores was a rite of enhancement. Appreciation and recognition will be lavished on the local staff for all they do for the operation. We have also encountered “pep rally” tours at a few other retailers. Pat’s first Value tour qualified as a rite of enhancement. Since things were largely in order, the local managers were praised. The Value daily “huddles” and the monthly selection of a “Great Team Hero” were also enhancement rites. The managers involved believed in motivating and improving human relations by boosting subordinates’ confidence, raising self-esteem, increasing prestige and enhancing their social status. Positive emotional reactions were anticipated. These were meant to inspire those on the lower levels to perform as well or better going forward.

In the earlier literature review, different underlying cultural assumptions about certain issues were mentioned (Schein, 1985: 85-111). The leaders who favored these different rites
undoubtedly had different assumptions about the nature of human nature. Douglas McGregor (1960) described two sets of assumptions about human nature. Theory X holds that if employees are not carefully monitored and controlled, they will work in a minimalistic fashion, loaf when they can and otherwise take advantage of their situation. In contrast, Theory Y holds that if one trusts employees, and the traditional controls are loosened or removed, they will tend to act like responsible adults who will put forward their best effort.

These two mindsets often translate into different managerial practices. For example, those who follow Theory X tend to use progressive discipline, while those who follow Theory Y tend to prefer self-discipline, peer discipline or what been called positive discipline or discipline without punishment (Barker, 1999; Campbell et al., 1985). Similarly, a split exists between leaders who seek to identify and root out faults, and those who prefer to identify peak positive experiences and try build upward spirals from there (Cooperrider and Srivastva, 1987). In the context of big boss tours, much the same divide exists between those who conduct military style inspections, those who employ intimidation methods and those who conduct pep rally type visits.

Thinking in terms of placing leaders in one of these tour rite categories raises a number of issues. Each category has a spread of behavior that reflects greater and lesser degrees. In other words, a broad spectrum of behavior exists rather than just three categories. Going a step beyond this, Value leaders were reported to be using a contingency approach. Instead of thinking in terms of using either the carrot or the stick, an enhancement rite was used when things were going well and a renewal rite was used when things were not going well. This is a new finding.

One participant talked about upper level Value executives looking at sales figures and another mentioned executive and team member turnover rates. Stores that had poor performance reportedly got more frequent visits. Further, the length of the visits varied, with 10 minutes tours
being the shortest, and it was also possible to get 30, 45 and 60 minute visits. When sales were lagging, a visiting executive would bring up “opportunities.” This positive phrasing fit with the Value protocol on how to properly “coach” team members who were struggling.

Despite considerable efforts by the leaders to create and maintain a uniform official corporate culture, each store we encountered had an operating culture with some unique aspects. Even the 18 month rotation of executives along with a multitude of corporate videos, training materials, and tours could not prevent subcultures from emerging. If the tour contingency options were not sufficient to rein in a wayward operating culture, a new HR manager might be sent to restore the culture, or in more extreme cases, an entire new set of executives might be assigned. We learned some store managers had been selected based on their merchandising or grocery experience, and they needed some help and support to better deal with human relations.

Our study discovered multiple examples of different beliefs about tours within the management ranks of companies. In the recruitment and selection process, leaders from the hiring organization should ask applicants about their beliefs. Ideally, only people with compatible views should be hired. This being said, it was far easier for Pat Wood to adjust to a less stressful culture than it would have been for a person going in the reverse direction. Managers who believe in enhancement seem unlikely to take to coercion.

We also encountered aspects of employee informal organization: including, group norms, informal work methods and active grapevines. Turnover was reported to annually range from 70% to 200% with an average of about 115% at one point during our study. Turnover of this magnitude tends to stunt the development of some forms of informal organization. Nonetheless, Value largely hired high school and college students, and many friends came on board together.
This meant cliques were present and grapevine communication could not be stopped even when team members were ordered to not talk about certain scandalous things (Fortado, 2011: 214).

Degradation tour rites were prevalent in big-box chains historically. Yet, no mention of these appear anywhere in the retailing literature reviewed earlier. Sociologist Everett Hughes (1958: 49) argued if one wants to understand a social system, it should be explored via fieldwork focusing on the lowest levels. This was due to the fact those holding the highest prestige position tend to put forward a positive front and keep secrets about what actually takes place behind the scenes. For instance, what a leader might call “helpful suggestions” or “constructive criticism” given during a tour might be described quite differently by those on the receiving end. Since evidence of managerial intimidation methods only appear in prior fieldwork conducted in other industries, our big-box fieldwork has filled a void in the existing literature.

Only a few retailers were found running enhancement tours, but some caution must be exercised here. Sears ran regular sales pep rallies in many stores during the 1940s (Moore, 1954: 172; Gardner and Moore, 1950: 359). More recently, Wal-Mart has long held regular corporate Saturday morning meetings for roughly 500 managers. These have been described as “one part theater, one part business, and one part pep rally” (Bergdahl, 2004: 66). Tours are an important part of an overall culture, but there are also other important parts. A central question is whether the various parts are consistent, complementary or contradictory (Fortado, 1994: 270-271).

Upper level managers initiate the tour process, but others interact with them. Thinking solely in terms of renewal, degradation or enhancement rites does not reflect when employees embarrass local managers (Roy, 1953), speak truth to power (Gabriel, 2000), raise improprieties (Fortado, 1991) or strike (Landefeld and Fortado, 1988). Some local managers in prior fieldwork merely feigned compliance (Whyte, 1951), wastefully paid fealty to “the king” to make a good
impression (Jackall, 1988), and employed double talk and alibis to avoid responsibility (Moore, 1954). Our Value study found two managers who tried to alter the course of a degradation rite. Bargain Operations Manager Steve Ward did not want to “beat our people up,” so CEO Mark Schmidt fired him for lacking “the vision.” In contrast, Regional HR Manager Pat Wood only asked Harry Thompson to tone down his degradation, and he did so. Our literature review included no such acts, so these were new discoveries. In sum, many leaders have thought of themselves as being in unilateral control, but fieldwork has repeatedly shown culture is a joint product based on ongoing interactions. Leaders can exert influence, but those on the lower levels still render their own interpretations and choose their own actions (Blumer, 1969).

Earlier, we mentioned Barry Turner (1971: 26) putting forward the proposition that as organizations become larger, there is likely to be a decrease in the number of executive tours and an increase in the amount of ritual and ceremony surrounding them. His study only involved manufacturers. Based on our literature review and fieldwork, this is not true in big-box retailing.

Wal-Mart conducts a very great number of tours by managers from every upper level of the hierarchy. The existing literature written by two former executives, however, only describes how founder Sam Walton and former COO Don Soderquist conducted tours (Bergdahl, 2004; Soderquist, 2005). These tours were less formal than military style inspections. There were some ritualistic aspects of Sam Walton gathering the associates for a meeting and doing the Wal-Mart cheer before he left. Soderquist preferred to come unannounced and tour as well as converse with associates without the store manager. This could well produce more candid employee remarks. These tours may well be less formal than the ones conducted by other Wal-Mart executives. Perhaps future field research can determine how these tours are conducted.
Value Stores ran fewer tours, but still had quite regular tours. The employees were not lined up in the front of the store, as was the case at Bargain. The visitors largely talked to a few of the local executives. A checklist was used, but much of the conversation was relatively informal and friendly. Since a contingency approach was used, one could not say the process had become more ritualistic. In sum, we found no evidence supporting Turner’s proposition.

There are normally both planned and emergent portions of a culture (Rock, 1979). Our study found a number of emergent aspects that one might say were part of the local operating culture. The Value upper levels managers did not always provide advanced notice of when a tour would occur. Our participants described informal warnings that were sent from the stores in the same district either by phone or e-mail. This might, for example, give 45 minutes warning. This allowed a little straightening up or finishing something an executive was in the middle of. The visitors largely saw how things actually stood on a daily basis, which was their intention.

Store Manager Penny Thomas had a tour contingency plan as part of her operating culture. When things went well, she provided all you could eat pizza, breadsticks and soft drinks in the break room. This was more a case of sharing her joy than the team members earning this food, because they just worked normally. The visitor’s focus on these tours was placed on interacting with the local managers. Despite this fact, “pizza day” proved to be a very strong positive memory for George Sanchez. It stood out more than the food he earned as a cashier.

CONCLUSION

Key symbols express the underlying substance of a culture (Trice and Beyer, 1993: 128). Some tours take place when a status quo exists. In other instances, conflicts surface during or after a tour. Sometimes cultural evolutions can be uncovered by exploring the issues that first
became evident from tour interactions. A cultural access point that can potentially show how some things stand, how this situation compares to others, and what changes are in the process of taking place, must be very highly regarded.

Our study uncovered tour renewal, degradation and enhancement rites. Even more importantly, the leadership at Value was utilizing a contingency approach where stores that were performing well got short tours filled with praise, while stores with progressively weaker results got more tours, longer tours with more coaching. Varied local operating cultures and informal organization were documented. Our study showed culture is a joint product based on ongoing interactions. Since our big-box fieldwork identified so many new things, future research on big boss tours certainly should be continued until the point has been reached where no new discoveries are being made (i.e. saturation has been achieved) (Glaser and Strauss, 1967).

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REFERENCES


The importance of location, price and quality when choosing a grocery store

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ABSTRACT

This paper evaluates the factors Icelandic consumers consider when choosing a grocery store. Factors include the importance of location, price and quality. Three hypotheses are proposed: (1) the location is of greater importance than both price and quality; (2) consumers who have discount stores at the top of their head are more price sensitive than others; and (3) younger consumers are more price sensitive than older consumers. The results are based on 2,891 answers gathered from a survey conducted in September and October 2017; 62% of respondents were female, and 47% were younger than 30 years old.

Findings demonstrate that 73% (+/-1.62%) agreed that a location close to home is important when choosing a grocery store; 73% (+/-1.63%) agreed that low price is important; and 81.3% (+/-1.43%) agreed that quality is important. Findings did not reveal significant differences between location and price, but quality had a significantly higher score than other factors. Therefore, hypothesis 1 was not supported because quality was of higher importance than location. However, findings did support hypothesis 2, since respondents who had the discount store Bónus at the top of their minds agreed more with the statement about the importance of low price than those who mention Hagkaup, a store at the pricier end of the market. Findings also support hypothesis 3, as the oldest age group agreed with this statement more than those who were older.

This research contributes to strategic marketing theories and clearly demonstrates how different demographic groups weigh certain factors when choosing a grocery store.
1 LITERATURE REVIEW AND INTRODUCTION

Location, price and quality are all important factors for customers when choosing grocery stores. In modern marketing, these three factors are considered important within the marketing mix theory. The marketing mix theory can be defined as a framework for the tactical management of the customer relationship, including product, place, price and promotion. Collectively, these four categories are often referred to as the 4Ps of marketing mix (Hunt, 1976). When the product is more of a service than intangible product, traditionally, process, people and physical evidence are elements that are also important -this is known as the 7Ps model (Booms and Bitner, 1993). Moreover, productivity and quality are often also considered (Lovelock and Wright, 2002). In this paper, the focus is on the place (location), price and quality elements of productivity and quality.

Location is part of the marketing element place, more recently defined as distribution or marketing channels. The element place includes company activities that make the product available to target consumers. Locations are part of the so-called 4Cs model where channels, coverage, inventory, transportation and logistics are also part of the place element (Lauterborn, 1990). In the early days of marketing, location and distribution were considered one of the most important marketing theories (Converse, 1951). Chosh and Craig (1983) argued that to design successful location strategies, retailers must take into account not only the marketing environment confronting them today, but they must also anticipate possible competitive and demographic changes. Drezner (1994) further argued that finding the best location requires the analysis of market share function. As one can see, the focus on location is an important component in these marketing theories, and it is still considered an important element, especially in the field of retailing where location is generally accepted as the primary key to retail success (Birkin, Clark, Clark and Wilson, 1996; Litz and Rajaguru, 2008).

Birkin et al. (1996) focus on how it is possible to integrate geographical information systems (GIS) to gain a better understanding of planning within organizations in both public and private sectors. These authors argue that there is a widespread misconception that market share is fundamentally dependent on product pricing and other complicating factors, such as brand awareness and promotion. They do not deny that brand strength, product competitiveness and promotion all play a role in determining the market share, but they assert that location also has its effects on market share since people are increasingly less likely to visit retail service centers that are farther from their homes or workplaces. Litz and Rajaguru
(2012) studied how important physical location is as a source of small-firm advantage. They tested the validity of three classic perspectives; central-place theory, spatial interaction theory and the principle of minimum differentiation, and found significant support for the central-place theory. Brown (1991) argued that location, similar to every other element of the marketing mix, is in a constant state of change; however, the academic conceptualization of retailing location has changed little since 1971.

Li and Liu (2012) utilized the locational perspective to investigate the performance of Walmart and Kmart stores. The aim of the study was to analyze and explain the difference in the performance of Walmart and Kmart stores in the greater Cincinnati area. The authors used a modified Huff model to estimate the potential sales of Kmart and Walmart stores, and results showed that selection of store location partially explained the difference in performance between the two stores.

In the ESRI knowledge brief (2018), it is concluded that growing retail sales is related to the comprehensive analysis of locations, and their product, Location Analytics, can be a useful tool. They argue that 74% of retailers believe that location is important, and 45% of the leading retail and restaurant chains use Location Analytics. Based on this knowledge of the importance of location, the following hypothesis is put forward:

- **From the customer point of view, the importance of location is higher than both price and quality.**

Pricing is one of the key elements in marketing and has been an important factor since the early days of the theory (Converse, 1951). In fact, it was to begin with, the first P’s in the 4P’s model (Chong, 2003). The importance of pricing in marketing has been well documented in the literature (Begg, Fische and Dornbusch, 1987; Eaton and Eaton, 1988; Gabor, 1977; Kotler, Leong, Ang and Tan, 1996; Mazumdar and Monroe, 1990, 1992; Misra and Trivedi, 1997; Stern and El-Ansary, 1992; ). Guiltinan and Gundlach (1996) studied the impact of predatory pricing, and Kalyanam (1996) studied pricing decisions under demand uncertainty.

Professor Monreo is known for his contribution to the field of pricing, pricing strategy and tactics. His research areas include behavioral pricing and consumer shopping behavior. In all modern textbooks on marketing, the term pricing is considered an important part of the marketing mix. Dodds, Monroe and Grewal (1991) reported on the effects of price, brand,
and store information on buyers’ perceptions of product quality and value as well as their willingness to buy. Results indicated that price had a positive effect on perceived quality but a negative effect on perceived value and willingness to buy. Findings also concluded that favorable brands positively influenced the perception of quality and value as well as willingness to buy. Customers did not always interpret price changes in a straightforward manner. A price increase, which in some cases would lower sales, may have positive meanings for buyers. This is normally the case with luxury goods. Similarly, consumers may view a price cut in several ways, such as getting a better deal or that the quality had been reduced (Byron, 2007; Burnsed, 2009).

Three major pricing strategies generally exist: customer value-based pricing, cost-based pricing and competition-based pricing (Kotler, Armstrong, Harris and Piercy, 2017). Customer value-based pricing uses buyers’ perception of value as the key to pricing, and price is considered along with all other marketing mix elements before the marketing program is set. It can be argued that value-based pricing is driven by the marketing concept philosophy. Cost-based pricing involves setting prices based on the cost of producing, distributing and selling the product in addition to a fair rate of return for the company’s effort and risk. It can be argued that cost-based pricing is driven by the production concept philosophy. Competition-based pricing involves setting prices based on competitors’ strategies, costs, prices and market offerings. It is based on the notion that consumers will base their judgements of a product’s value on the prices that competitors charge for similar products or services. It can be argued that competition-based pricing is driven be the selling concept philosophy.

Price sensitivity is an important factor for companies’ pricing strategies since customers are better informed about product qualities, benefits, alternatives and prices through a variety of information sources such as social media, family members and various marketing communications by other companies. It can be argued that consumers are sensitive to prices because they want to get as much value as they can when buying products or services. This argument suggests that the price for products or services can never be too high, however, these purchases may lack functional or emotional value (Andersen and Kumar, 2006; Blomback and Axelsson, 2007; Chernatony, Harris and Riley, 2000; Grönroos, 2008). Price sensitivity is value related and is the awareness of how consumers perceive the cost of a particular product or service. It is therefore different by segments, including younger consumers, older consumers, those who shop more often at discount stores and those who do
not. Based on various perspectives on the impact of price in the marketing mix, the following hypotheses are put forward:

- Those who have discount stores at the top of their minds are more price sensitive than others.
- Younger consumers are more price sensitive than older consumers.

Following this introduction, this paper will discuss the methodology of the study and present its results. A discussion on the findings and the contribution to theory and practice, the limitations of the study, and the possible further research in this area concludes this paper.
2 METHODOLOGY AND DATA ANALYSIS

Data were collected from surveys conducted in October 2017. Thirteen independent research groups gathered data using the same questionnaire in both web-based and paper-based forms. The questionnaire began with an open question asking respondents what grocery store first came to mind. The next four questions used the Likert scale in which 1 indicated that the respondent strongly disagreed with the statement and 5 strongly agreed to it. The first statement was, “When choosing a grocery store, location near my home is important.” The second statement was, “When choosing a grocery store, low price is the most important element,” and the third statement was, “When choosing a grocery store, quality is the most important element.” These three statement-questions were used to determine the hypotheses in this paper.

The next nine questions concerned image attributes including “freshness,” “low price,” “product range,” “boring,” “different,” “high price,” “opening hours,” “quality” and “funny.” Some of these image attributes have been used in past research and were used for comparison. None of these image questions were used in this paper; however, the last question in this portion of the questionnaire estimated how often or how rarely respondents visit the grocery stores mentioned in the survey. They included Fjarðarkaup, Nettó, Hagkaup, Víðir, Bónus, Iceland, Costco and Krónan. Finally, there were background questions on gender, age, income, education as well as whether respondents chose Bónus or Costco.

As previously stated, the data were gathered by 13 individual research groups using web-based and paper-based questionnaires. The author of this paper estimated whether there was a difference between using those two methods based on a 95% confidence interval. In two out of three questions concerning location and quality, there was a significant difference in both cases. The score for location was higher in the paper-based questionnaire, but for the quality question, the score for the web-based questionnaire was higher. In both cases, the eta-squared was low, 0.005 and 0.004, so only a small proportion of the variance could be traced to different methods of data gathering. It was also estimated whether there was a difference among the 13 research groups based on a 95% confidence interval, and only in one question concerning locations was there a significant difference among the groups. Eta-squared was low at 0.011. Therefore, all data were merged into one dataset with 2,891 valid answers.

To examine whether location is of higher importance than both low price and quality (hypotheses 1), a one-sample test was used based on a 95% confidence interval. To examine whether those who have discount stores at the top of their minds are more price sensitive than
others (hypotheses 2), an ANOVA was used. This method was also used to examine whether younger consumers are more price sensitive than older consumers (hypotheses 3).

3 RESULTS

First, we discuss whether location is of higher importance than both low price and quality, then whether those who have discount stores at the top of their minds are more price sensitive than others, and finally whether younger consumers are more price sensitive than older consumers.

Findings for the first hypothesis can be seen in table 1. The average score for location was 3.89 (SD=1.12) with the upper score (95% confidence interval) of 3.93 and the lower of 3.85. The average score for low price was 3.86 with the upper score of 3.90 and the lower score of 3.83, and the average score for quality was 3.97 with the upper score of 4.00 and the lower score of 3.94.

Table 1: Findings for the One-Sample Test

<table>
<thead>
<tr>
<th>Test Value = 0</th>
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<th></th>
<th>Test Value = 0</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>t</td>
<td>df</td>
<td>Sig. (2-tailed)</td>
<td>Mean Score</td>
</tr>
<tr>
<td>When choosing a grocery store, location near my home is important</td>
<td>186.454</td>
<td>2890</td>
<td>0.000</td>
<td>3.89</td>
</tr>
<tr>
<td>When choosing a grocery store, low price is the most important elements</td>
<td>222.939</td>
<td>2866</td>
<td>0.000</td>
<td>3.86</td>
</tr>
<tr>
<td>When choosing a grocery store, quality is the most important elements</td>
<td>271.588</td>
<td>2872</td>
<td>0.000</td>
<td>3.97</td>
</tr>
</tbody>
</table>

As seen in table 1, the average score for location was higher than that of low price but lower than the average score for quality. Quality had the highest score of the three elements. Based on the 95% confidence interval, it can be stated that quality had a significantly higher score than both location near home and low price. Therefore, hypothesis 1 is rejected since location has neither a significantly higher score than low price nor quality. In fact, it seems that quality has the highest importance of these three elements. These findings are shown in figure 1.
In figure 1, the confidence interval error bars for quality do not overlap the error bars for location or low price suggesting that quality had the highest importance of the three elements when choosing a grocery store. Based on these findings, hypothesis 1 is rejected since the quality seems to be of higher importance than both location and price.

To examine whether those who had discount stores at the top of their minds (hypothesis 2) were more price sensitive than others, an ANOVA was used. Table 2 shows the findings for the recoded open question for which grocery store was top of mind.

Table 2: Findings for which store/chain is top of mind

<table>
<thead>
<tr>
<th>Store/chain</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fjarðarkaup</td>
<td>51</td>
<td>1.8%</td>
</tr>
<tr>
<td>Nettó</td>
<td>146</td>
<td>5.1%</td>
</tr>
<tr>
<td>Hagkaup</td>
<td>297</td>
<td>10.3%</td>
</tr>
<tr>
<td>Bónus</td>
<td>1462</td>
<td>50.9%</td>
</tr>
<tr>
<td>Costco</td>
<td>286</td>
<td>10.0%</td>
</tr>
<tr>
<td>Krónan</td>
<td>539</td>
<td>18.8%</td>
</tr>
<tr>
<td>Other</td>
<td>92</td>
<td>3.2%</td>
</tr>
<tr>
<td>Total</td>
<td>2873</td>
<td>100%</td>
</tr>
</tbody>
</table>

As shown in table 2, Bónus had the highest share of mind, but almost 51% of respondents mentioned that chain stores were top of their minds when asked. Bónus operates 32 stores all over Iceland, and the store marketing positioning is low price and simplicity. Krónan, which was named after the Icelandic currency (the Icelandic Krona, ISK), had the
second highest score in the top of mind question; 18.8% mentioned the chain when asked. Krónan operates 17 stores nationwide and, similar to Bónus, focuses its marketing efforts on relatively low price. The percentage of respondents who stated that Hagkaup was top of mind was 10.3%. Costco was noted by 10% of respondents in this category. When Costco was established in 1959, it was a discount store, but it now focuses on quality and emphasizes its wide product range. Hagkaup (translates to buying and benefits) operates 11 stores, most of which are in the greater Reykjavik area. Costco opened its megastore in March 2017 to highlight the quality of its products with a fair price. Figure 2 shows the position map when two opposite image attributes, low price and high price, are used.

![Figure 2: Perceptual map for two opposite attributes, high/low price](image)

As shown, Bónus, Costco and Krónan were more strongly related to low price than the other brands, and Hagkaup had the strongest relation to the image attribute high price. A one-way between-groups analysis of variance was conducted to examine whether those who had discount stores at the top of their minds were more price sensitive than others. There was a statistically significant difference at the $p<0.05$ level within group $F(6, 2.842, p=0.000)$. Post-hoc comparison using Duncan can be seen in table 3.
Table 3: Post-hoc comparison for the importance of low price based on store

<table>
<thead>
<tr>
<th>Store/chain top of mind</th>
<th>N</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fjarðarkaup</td>
<td>50</td>
<td>3.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>91</td>
<td>3.53</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hagkaup</td>
<td>296</td>
<td>3.57</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nettó</td>
<td>145</td>
<td>3.63</td>
<td>3.63</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Krónan</td>
<td>532</td>
<td>3.74</td>
<td>3.74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costco</td>
<td>283</td>
<td>3.84</td>
<td>3.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bónus</td>
<td>1452</td>
<td>4.03</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As table 3 illustrates, Bónus (M=3.84; SD=0.85), Costco (M=3.84; SD=1.0) and Krónan (M=3.74; SD=0.93), all at the low-price end of the market, had significantly higher scores than Hagkaup (M=3.57; SD=0.97), Other (M=3.53; SD=0.96) and Fjarðarkaup (M=3.3; SD=0.97) even though these stores are at the high-price end of the market. Based on these findings, hypothesis 2 is supported.

To examine whether younger consumers were more price sensitive than older consumers (hypothesis 3), an ANOVA was used. To begin, the original six age groups were recoded into three age groups because the numbers of respondents in the former groups were uneven. After recoding, there was the group of those younger than 31 years old (n=1,357), those who were between 31 years old (n=872) and those who were older than 50 years old (n=638). Findings indicate that there was a statistically significant difference at the \( p<0.05 \) level within group \( F(2, 17.7; \; p=0.000) \). A post-hoc comparison using Duncan can be seen in table 4.

Table 4: Post-hoc comparison for the importance of low price based on age

<table>
<thead>
<tr>
<th>Age groups</th>
<th>N</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Older than 50 years old</td>
<td>638</td>
<td>3.65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31-50 years old</td>
<td>872</td>
<td>3.79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Younger than 31 years old</td>
<td>1,357</td>
<td></td>
<td></td>
<td>3.9</td>
</tr>
</tbody>
</table>

Table 4 illustrates that the youngest age group, those younger than 31 years old, agree more with the statement than both of the older groups. It is also shown that the oldest age group, comprised of those older than 50, disagree more with the statement than both younger age groups. Based on these findings, hypothesis 3 is supported.
4 DISCUSSION

This paper focuses on three elements in marketing theory: price, quality and location. Three hypotheses are put forward based on these three elements.

The first hypothesis is, “The importance of location is higher than both price and quality.” Based on research findings, this hypothesis is rejected since quality was of higher importance than both price and location. This is interesting because stores at the lower price end of the market have considerably higher market shares than stores at the higher end of market. This possibly indicates that people tend to state that quality is of higher importance than price (and location), but at the end of the day, their wallets choose for them. It may also be the case that the value for the quality they get at higher-end stores is not enough, so they tend to visit lower-price stores more often. Value is simply the price one pays for the quality one gets.

The second hypothesis is, “Those who have discount stores at the top of their minds are more price sensitive than others.” Findings show that one chain, Bónus, has the highest top of mind score, and over 50% percent of respondents mention this chain. Findings also show that those who had Bónus at the top of their minds are more price sensitive than those who mention Hagkaup. These stores are on opposite ends of the price vector. Therefore, hypothesis two is supported.

The third hypothesis is, “Younger consumers are more price sensitive than older consumers.” This hypothesis is also supported since findings indicate that older respondents tended to agree less with the statement, which indicates that low price has the highest importance when choosing a grocery store.
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The impact of Costco on the images of Icelandic grocery store markets

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ABSTRACT

In May 2017, Costco opened its first, and thus far only, superstore in Iceland. Costco is one of the largest retailers in the world and the opening of the store was expected to have a major impact on Iceland’s grocery market. This paper focuses on the images of Iceland’s local grocery stores and whether Costco has affected consumers’ perceptions thereof (and, if so, how). The results are based on 2,891 responses gathered in a survey conducted in September and October 2017. The grocery store/chains evaluated in the survey were Fjarðarkaup, Nettó, Hagkaup, Viðir, Bónus, Iceland, Costco and Krónan. Before Costco opened its store, Bónus and Krónan, both of which are classified as discount stores, were the largest grocery stores in Iceland, together accounting for approximately 55% of the market share. Hagkaup and Fjarðarkaup are classified as quality stores with relatively high prices. The other stores are considered to fall somewhere between these definitions.

A perceptual mapping methodology is used to examine store image. The image attributes considered have previously been used in several other surveys and are as follows: “freshness,” “low price,” “great product range,” “boring,” “different,” “high price,” “quality,” “opening hours” and “fun.” The participants evaluated each store on all attributes using a nine-point scale, on which 1 denotes ‘applies very poorly to this store’ and 9 “applies very well to this store.”

The findings are robust, as the attributes low price and high price, as well as boring and fun, have opposite directions. Costco seems to have the strongest image but is closely associated with the attribute low price on the one hand and several positive image attributes on the other. Bónus is closely associated with the attribute low price but also with the negative attribute boring. Hagkaup, which, prior to Costco’s opening, was closely associated with several positive image attributes, is now associated with the attribute high price and has much weaker associations with the positive image attributes which it held prior to Costco’s market entry. Other stores have positions similar to those which they occupied before Costco entered the market.
1 LITERATURE REVIEW AND INTRODUCTION

In May 2017, Costco opened its first superstore in Iceland. Costco is one of the largest retailers in the world and was therefore expected to have a major impact on Iceland’s grocery market following the opening of the store. The major players on the market prior to Costco’s entry were Bónus, Krónan, Fjarðarkaup, Nettó, Hagkaup, Viðir and Iceland. In 2014, it was estimated that Bónus’ market share was 39%, while Krónan had 16%, Nettó 9% and Iceland/10-11 6% (www.althingi.is). Together, those four chains had a market share of almost 70% of the grocery market in Iceland prior to Costco opening its store in May 2017.

Previous research has been conducted on Costco and its impact on the market. Greenhouse (2005) studied how Costco became the “anti-Wal-Mart.” In his paper, he argues that it would be preferable to be an employee or a customer than a shareholder of Costco since, on average, its prices are lower than those offered by its competitors and the average pay is 42 percent higher than that offered by its fiercest rival, Sam’s Club. Jim Sinegal, the chief executive officer of Costco Wholesale in 2005, argued that Costco members are not drawn by attractive window displays or the presence of Santa Clauses or piano players; rather, they shop at Costco because the company offers excellent value.

Cascio (2006a) argued that Costco delivers low price to consumers in a manner that is fundamentally different to that of its competitor Walmart. The differences lie in Costco’s business model, its ethical principles, core beliefs and values. Cascio (2006b) also argued that, in January 2005, 24 percent of American workers voluntarily quit their jobs, which is of major concern for a firm such as Walmart, which employed 1.6 million staff members at the end of 2004.

Hu and Chuang (2009) investigated how different brand strategies can promote the success of retailers by comparing manufacturers brand for Coca-Cola and private brand for Costco. They argue that many successful companies have strong corporate brands, such as IBM, Nokia, McDonald’s and Microsoft. These companies invest in creating, promoting and building loyalty to their brand names. In contrast, some retailers develop private brands with their own names on them, such as Costco, Walmart and JCPenney. The authors' findings indicate that corporate brands enjoy competitive advantage in product quality and innovation and integrating marketing communication strategy, while private brands benefit from favorable shelf space display and membership marketing. The authors argue that, if customers have strong manufacturer brand loyalty, they will be reluctant to change brands within stores. In contrast, in product categories in which manufacturer brands lack customer
loyalty, retailers may have high substitution elasticity. This is, according to the authors’ arguments, because the majority of customers are willing to change brands within stores when making purchases from among the brands that retailers offer.

The focus of this paper is on the images of Iceland’s local grocery stores and whether the entry of Costco has affected consumers’ perceptions thereof. This study is grounded in basic brand management theory related to concepts such as brand knowledge, brand awareness, image and whether or not brands have strong, positive and unique positions in the minds of the target groups or segments.

Brand knowledge can be divided into brand recognition and brand recall (Keller, 2008). Brand recognition refers to when consumers are familiar with a particular brand or associate it with the needs that may be fulfilled by a particular product. Brand recall refers to consumers’ ability to associate a brand with product categories, various needs or different buying intentions. Generally, in cases in which impulsive buying behavior is dominant, recognition is more important, but, in cases in which more thoughtful buying behavior is demonstrated, brand recall is more important (see Bettman, 1979; Rossiter and Percy, 1987). There is frequently a strong connection between brand awareness and “top-of-mind” observations, and it is therefore possible to measure brand awareness based on such observations (Gruber, 1969; Romaniuk and Sharp, 2004). However, authors have voiced a range of criticisms that should be taken into consideration when using the results of such measurements as an indicator of brand awareness (see Buil, Chernatony and Martínez, 2013; Homburg, Klarmann and Schmitt, 2010; Huang and Sarigöllü, 2012). Marked differences also exist between sectors such as the tourist industry (e.g., Fung So, King, Sparks and Wang; 2013; Huang and Cai, 2015), the automobile industry (Fetscherin and Baker, 2009), the broad range of retail and service industries (Nyadzayo, Matanda and Ewing, 2011, Tsai, Lo and Cheung, 2013) and the retail banking industry (Al-Hawari and Ward, 2006; Aziz and Yasin, 2010) when respondents mention certain brands as top of mind.

Brand awareness can also be divided into familiarity and image (see, for example, Davis, 2002; Keller, 2008; Trout, 2000). Familiarity is related to several factors, such as whether a brand comes to mind when “its” product category, referring to that to which a brand “belongs” are mentioned and whether consumers associate a brand with different conditions or uses (Rossiter and Per,ci, 1987). Brand image has long been considered important in marketing literature (Levy and Dennis, 2012); there are thus many definitions of image and therefore multiple ways of measuring this concept. Branding literature proposes that brand
image is concerned with ensuring that a brand has a strong, positive and unique position in the minds of a target group (Keller, 2008).

Having a strong position is partly associated with awareness, but it is also important that a brand is associated with specific image attributes (Chernatony, 2001, Keller, 2008). A comprehensive discussion of this topic can be found in Keller’s white paper (2001), in which he presents the so-called customer-based brand equity (CBBE) model. The focus of this model is on both awareness and a connection between image attributes and performance. It is important to note that a strong connection alone is not sufficient: A brand also needs to be associated with something that customers consider to be important or positive (Bettman, 1979, Keller, 2001, Rossiter and Percy, 1987).

Some image attributes can be positive, while others are negative. It is important that a brand has a position that is both strong and positive in the minds of its target group. In addition, it is important that a brand has a unique position in the mind of its target group; that is, it should be clear how consumers distinguish one brand from another in the market (Chernatony, 2001; Keller, 2001; Trout and Rivkin, 2008).

Following this introduction to the relevant literature, this paper outlines the methodology employed in this study; thereafter, the results are presented. Finally, there is a discussion of this paper’s findings and contributions to theory and practice, its limitations and the further research that could be conducted in this area.

2 METHODOLOGY AND DATA ANALYSIS

This chapter provides an overview of how the research was planned and performed and how the data were processed. The research uses data obtained from surveys that were conducted in September and October 2017. Thirteen independent research groups gathered the data, all using the same questionnaire and the same web- and paper-based forms. The questionnaire began with an open question in which respondents were asked which grocery store first came to mind. The following four questions were statements on a Likert scale, on which 1 indicated “strongly disagree with this statement” and 5 “strongly agree with it.” The first question was “When choosing a grocery store, a location near my home is important.” The second question was “When choosing a grocery store, low price is the most important factor,” and the third question was “When choosing a grocery store, quality is the most important factor.”
The subsequent nine questions concerned image attributes, including “freshness,” “low price,” “product range,” “boring,” “different,” “high price,” “opening hours,” “quality” and “funny.” Some of these image attributes have been used in previous research and were included for the purposes of comparison. Final question in this portion of the questionnaire concerned how often or rarely the respondents visit the grocery stores mentioned in the survey. These stores included Fjarðarkaup, Nettó, Hagkaup, Víðir, Bónus, Iceland, Costco and Krónan. Finally, there were background questions concerning gender, age, income and education, as well as whether respondents chose Bónus or Costco.

As stated previously, the data were gathered by 13 individual research groups using both web- and paper-based questionnaires. The author of this paper estimated whether there was a difference in the responses obtained using those two methods based on a 95% confidence interval. In two out of three questions, concerning location and quality, there was a significant difference. The score for location was higher in the paper-based questionnaire, but, for the quality question, the score for the web-based questionnaire was higher. In both cases, the eta-squared was low, 0.005 and 0.004, respectively, meaning that only a small proportion of the variance could be attributed to the different data-gathering methods employed. The author also estimated whether there were differences among the 13 research groups based on a 95% confidence interval; only in one question concerning locations was there a significant difference among the groups. Eta-squared was low, at 0.011. Therefore, all data were merged into a single dataset, which contained 2,891 valid answers.

To examine store image, a perceptual mapping methodology is used. The image attributes considered have been used in several other previously conducted surveys; the participants evaluated each store on all attributes using a nine-point scale, on which 1 denotes “applies very badly to this store” and 9 “applies very well to this store.”
3 RESULTS

Table 1, below, presents the average scores for the image attributes for each grocery store.

Table 1: Average scores for image attributes

<table>
<thead>
<tr>
<th>Brands / Attributes</th>
<th>Fjarðarkaup</th>
<th>Nettó</th>
<th>Hagkaup</th>
<th>Víðir</th>
<th>Bónus</th>
<th>Iceland</th>
<th>Costco</th>
<th>Krónan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshness</td>
<td>6.84</td>
<td>5.94</td>
<td>6.98</td>
<td>6.37</td>
<td>5.15</td>
<td>4.58</td>
<td>7.07</td>
<td>6.54</td>
</tr>
<tr>
<td>Low price</td>
<td>4.46</td>
<td>5.03</td>
<td>3.16</td>
<td>4.06</td>
<td>7.38</td>
<td>4.62</td>
<td>7.25</td>
<td>6.58</td>
</tr>
<tr>
<td>Great product range</td>
<td>6.89</td>
<td>6.21</td>
<td>7.50</td>
<td>5.32</td>
<td>5.71</td>
<td>5.03</td>
<td>7.02</td>
<td>6.73</td>
</tr>
<tr>
<td>Boring</td>
<td>3.56</td>
<td>4.54</td>
<td>3.50</td>
<td>4.67</td>
<td>5.17</td>
<td>5.07</td>
<td>3.86</td>
<td>4.04</td>
</tr>
<tr>
<td>Different</td>
<td>6.42</td>
<td>4.67</td>
<td>5.38</td>
<td>4.79</td>
<td>3.52</td>
<td>4.62</td>
<td>7.61</td>
<td>4.57</td>
</tr>
<tr>
<td>High price</td>
<td>6.16</td>
<td>5.46</td>
<td>7.51</td>
<td>6.25</td>
<td>3.11</td>
<td>5.59</td>
<td>3.34</td>
<td>3.93</td>
</tr>
<tr>
<td>Quality</td>
<td>6.87</td>
<td>5.66</td>
<td>6.89</td>
<td>5.74</td>
<td>4.78</td>
<td>4.59</td>
<td>6.93</td>
<td>6.08</td>
</tr>
<tr>
<td>Opening hours</td>
<td>4.61</td>
<td>7.16</td>
<td>8.27</td>
<td>9.90</td>
<td>4.95</td>
<td>7.18</td>
<td>6.30</td>
<td>6.51</td>
</tr>
<tr>
<td>Fun</td>
<td>6.40</td>
<td>5.04</td>
<td>6.35</td>
<td>4.67</td>
<td>4.06</td>
<td>4.28</td>
<td>6.66</td>
<td>5.54</td>
</tr>
</tbody>
</table>

Chronbach’s alpha:

As can be seen in Table 1, the average scores varied: Costco, for example, received the highest scores for “freshness,” “different,” “quality” and “fun,” while Bónus received the highest scores for “low price” and “boring.” Those two stores appear to have very different images among the respondents, as Costco is “fun, fresh and different,” while Bónus is “cheap and boring.” Hagkaup received the highest scores in three out of nine attributes, namely “great product range,” “high price” and “opening hours.” The image of Hagkaup is therefore that of “the store where I can always get everything but at high price.”

As indicated in Table 1, Costco seems to have the strongest image; however, to examine this, a perceptual technique is used. This technique generates perceptual maps that depict the attributes as vectors, which should be read in both directions, and the lengths of these vectors indicate how well each attribute functions as a point of difference for the brands evaluated. A long vector denotes that an attribute is decisive in participants’ minds, whereas a short line indicates that that attribute does not distinguish a brand and is therefore not a differentiator. However, this evaluation does not mean that the “short-line attributes” are not important; on the contrary, they could be very important for a brand, as well as other brands, on that particular market. An attribute with a short line is therefore what is referred to as point of parity and may be extremely important for all of the brands on a particular market.

Figure 1, below, depicts the position map of the grocery stores in 2003 (n=300). The representations in Figure 1 indicate that the findings were robust since the attributes “boring” and “fun” have opposite directions, as well as “opening hours” and “low price.” Attributes that have features in common should also be grouped together, and this was the case with the attributes “freshness” and “product range.”
As can be observed in Figure 1, Bónus had a strong association with the attribute “low price” but was also considered boring. Krónan was also at the “low-price side” of the map and was even more boring than Bónus. Hagkaup, Nóatún (which now operates only one store and is thus no longer part of this study) and Fjarðarkaup were all on the quality side of the map. Hagkaup had strong associations with the attribute “freshness,” “product range” and “fun.” Nóatún had a similar position on the map and Fjarðarkaup was strongly associated with the attribute “different.” 10-11 had a strong association with the attribute “opening hours,” but this store is not considered further in this study because it has changed significantly. Several similar studies have been conducted over the years, but their findings were very similar to those obtained in 2003.

Figure 2, below, displays the position map of the grocery stores in 2017 (n=2,891). The representations in Figure 2 indicate that the findings were robust since the attributes “boring” and “fun” had opposite directions, as did “low price” and “high price.” Attributes that have features in common were also grouped together, such as “freshness” and “product range.”
As can be observed in Figure 2, Bónus, as in 2003, has a strong association with the attribute “low price,” but was also considered boring. Therefore, it can be concluded that the opening of Costco did have a minor effect on Bónus’ image. Nettó also occupies a similar position on the map as that which it did in 2003. Nettó is located near the center of the map, which means that its position is unclear in the respondents’ minds. Fjarðarkaup also has a similar position on the map as that which it occupied in 2003. Hagkaup is now first and foremost associated with the image attribute “high price” and has shifted away from the positive attributes “freshness,” “product range,” “fun” and “quality”. Costco has a strong position on the map: It is strongly associated with not only the attribute “low price” but also with the positive attributes “different,” “freshness,” “product range,” “fun” and “quality.” It seems that Costco has “pushed” Hagkaup away from the positive attributes, with the consequence being that Hagkaup is now strongly associated with the attribute “high price” and therefore with a relatively weaker image than that which it had prior to the opening of the Costco store.
4 DISCUSSION

The focus in this paper was on evaluating the effect of the entry of Costco into the Icelandic market on the images of grocery stores in Iceland. Its findings indicate that Bónus, Nettó and Fjarðarkaup occupy positions on the perceptual map that are similar to those which they occupied in 2003, and it is therefore concluded that opening of Costco had a minimal impact on those stores from the image perspective.

Krónan does have a stronger image than it did previously; it is still associated with low prices, but has become more strongly associated with the positive image attributes. Perhaps this is due to the adoption of a different strategy and has nothing whatsoever to do with opening of Costco; alternatively, the opening of Costco may have prompted Krónan’s managers to consciously attempt to more strongly associate the chain with positive attributes such as quality and freshness.

From the image perspective, Hagkaup seems to be the store that has been the most affected by the opening of Costco. Prior to the opening, Hagkaup was strongly associated with positive attributes, such as freshness, product range, fun and different, but it is now viewed as the store with the highest price. Therefore, its value for the customer seems to have fallen, and that is likely because Costco has “pushed” Hagkaup from the positive attributes and nearer to the attribute “high price,” which lower the value for the customer. Costco occupies a strong position that is similar to that of Sinegal, the chief executive of Costco in 2005, who argued that Costco delivers quality at lower prices than its “rivals” (Cascio, 2006a).

What is interesting to note is that the image attribute “opening hours” is now more of a point of parity than a point of difference than it was in 2003. This is because stores like Hagkaup, Nettó and Iceland are open 24/7, and, as other stores have flexible opening hours, the effect of this attribute as a differentiator is decreased.
5 REFERENCES


The Role of Psychological Ownership in Shoplifting Prevention: An Exploratory Study

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Balkrushna is a PhD scholar and a winner of International Doctoral Scholarship at University of Otago, New Zealand. Before joining this university he was an Assistant Professor for 8 years and authored 20 research articles. He is interested in international research collaborations in areas of Marketing, Management, and Organizational Behaviour.

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The Role of Psychological Ownership in Shoplifting Prevention: An Exploratory Study

Abstract
Despite increased expenditure on traditional approaches to the management and control of retail crime, it continues to increase globally at an exponential rate leading to calls from academics and practitioners alike to explore alternative avenues of retail crime prevention. Focussing on the role of psychological ownership, this study offers empirically generated insights into how employee based, non-technological factors may be developed to prevent and/or deter retail crime through employee intervention behaviours. Adopting a phenomenological approach, semi-structured in-depth interviews were conducted with 26 employees across two supermarkets. Findings suggest positive relationships between employees and employers may evoke feelings of possessiveness and psychological ownership towards their place of work among employees. This may have implications on employee propensity to intervene when witnessing deviant in-store customer behaviour. Consequently, retailers should consider identifying and strengthening factors that evoke psychological ownership amongst their employees.

Keywords
Psychological Ownership; Retail Crime Prevention; Organizational Citizenship Behaviour; Supermarkets.
1.0 Introduction

Global retail crime continues to rise with associated costs as a percentage of year-on-year sales similarly increasing (Guthrie & Mulder, 2017; Hayes, 2017; Sidebottom et al., 2017). Financial losses due to shoplifting are estimated to be an average loss of 6.6% of sales to retailers (Perlman & Ozinci, 2014). Indeed, many retailers now view management and control of retail crime as an inherent component of the industry (Ekwall & Lantz, 2015; Potdar, Guthrie, & Gnoth, 2016). Preventative measures to date include technology based solutions encompassing such as CCTV, facial recognition, RFID and GIS tags, and burglar alarms or, intervention by security staff. However, given the apparent ineffectiveness of many of these traditional approaches, both academics and practitioners are increasingly calling for research that explores alternative avenues of retail crime prevention (Potdar, Guthrie, & Gnoth, 2018). To this end, this research examines how the nature of employee-employer relationships may influence motivations for employees to proactively intervene to prevent shoplifting – which is a form of consumer misbehaviour (Potdar, 2015a, 2015b). Focussing on the role of psychological ownership and its significance in terms of employee-employer relationships, this study aims to offer empirically generated insights into how employee based, non-technological factors may be nurtured and developed in an attempt to prevent and/or deter retail crime through the evocation of employee shoplifting intervention behaviours.

The paper is structured as follows. Initially and to set the study in context, there is a brief overview of relevant retail crime literature before employee-employer relational literature is examined with a specific focus on psychological ownership within the workplace. Next, the methodology adopted to address the research aim is outlined. Findings are presented in three key areas: the respondents, the nature of the employee-employer relationship and employee
propensity to intervene in retail crime prevention. Findings are discussed before conclusions are drawn and directions for future research are suggested.

2.0 Literature Review

An examination of the extant literature on retail crime reveals much of the focus to be on the perpetrators, their motivations and behaviours. Such research has produced a plethora of models and concepts including frameworks such as CRAVED (Concealable, Removable, Available, Valuable, Enjoyable, Disposable) model (Clarke & Webb, 1999) and the opportunity-motivation-justification model (Del Bosco & Misani, 2011). Deterrents such as surveillance and security guards are viewed as primary barriers to the perpetration of retail crime (Hagberg, Kjellberg, & Cochoy, 2017; Stavrova & Schlösser, 2015; Turco & Zuckerman, 2017). These encompass the use of tangible deterrents such as CCTV, RFID tags, electronic shelf labels, burglar alarms, as well as uniformed or civil dressed (store detectives) security personnel to detect and deter shoplifting (Hagberg et al., 2017; Smith, 2016; Soutjis, Cochoy, & Hagberg, 2017). However, as year-on-year losses through retail crime continues to rise (Kelkar & Emilus, 2016), the use and effectiveness of such measures is increasingly being questioned. Consequently, there are increasing calls among both academics and practitioners alike to investigate alternative, and potentially more effective avenues of retail crime prevention. In particular, the potential role that employees may have in retail crime prevention attracting such increased attention.

2.1 Employee-employer relationships

Within retail contexts, employees have long been recognised as key stakeholders. As a result, the nature of their relationship with their employer and the key factors that contribute towards this have been widely reached within the management literature (see Appendix 1). Key among
these has been the nature of interpersonal interaction between employers and employees (For example, Banks et al., 2014; Kovjanic, Schuh, Jonas, Quaquebeke, & van Dick, 2012). In particular, culture and management style and their impact on the psychological empowerment of employees are posited as having a significant effect on employee-employer relational quality (For example, Dust, Resick, & Mawritz, 2014; Kovjanic et al., 2012).

Organizations with a ‘listening’ and participative decision-making culture that is inclusive of employees frequently develop stronger bonds with employees (Barton & Ambrosini, 2013; Lee & Hyun, 2016). Management style has also been identified as impacting both organizational and interpersonal trust (For example, Frazier, Tupper, & Fainshmidt, 2016; D. C. Lau, Lam, & Wen, 2014). Furthermore, Gupta, Ho, Pollack, and Lai (2016) observe that an outcome of the presence of organizational trust is its impact on the performance of employees and the organisation at large. The outcomes of organisational trust have been identified as the evocation of organizational commitment, notions of ‘bonding’ with the organisation (Banks et al., 2014; Kovjanic et al., 2012; Pundt & Venz, 2017; Spitzmuller & Van Dyne, 2013), and employee engagement frequently manifesting in organizational citizenship behaviour or OCB (Malik & Dhar, 2017). Organizational behaviour literature increasingly identifies one potential influencer of organisational citizenship behaviour as the potential existence, nature and extent of psychological ownership (Chan, Yim, & Lam, 2010).

2.2 Psychological Ownership (PO)

Psychological ownership is frequently interpreted as an independent higher level characteristic of employee-employer relationship (see Appendix 2) that may influence employee decisions in relation to particular behavioural outcomes (Herzberg, 1964, 1965; Herzberg, Mausner, & Snyderman, 2011). Whilst the behavioural implications of the evocation of PO have long been
recognised in disciplines as diverse as anthropology, psychology, social psychology, geography, history and philosophy (Ye & Gawronski, 2016), it is only relatively recently that it has emerged as a focus of research within the management literature (Gineikiene, Schlegelmilch, & Auruskeviciene, 2017).

Jussila, Tarkiainen, Sarstedt, and Hair (2015) refer to PO as “a personal sense of possession an individual holds for a material or immaterial target (i.e. ‘This is MINE!’)” (p. 121). Crucially, such a sense of possession may be disjunction of any legal right of ownership (Pierce, Jussila, & Li, 2017). Widely recognised as comprising a cognitive dimension (Brown, Pierce, & Crossley, 2014; Pierce, Kostova, & Dirks, 2003) that is manifested through an individual’s awareness, thoughts and beliefs about a target possession, PO also encompasses an affective component in terms of emotions and personal meaning that a sense of ownership of a target possession may evoke (Jussila et al., 2015).

These thoughts and emotions may be accentuated when individuals have a sense of responsibility and/or control of an object potentially resulting in an increased connection to that object (Fuchs & Edwards, 2012). This is particularly pertinent when individuals have actively participated in decision making related to an object and consequently perceive themselves as the cause of a particular outcome (Pierce & Jussila, 2011). PO is not dichotomous or prone to ‘switching on’ or ‘switching off’ (Jussila et al., 2015). Instead, research suggests it emerges over a period of time. Consequently, individuals are increasingly motivated to engage in behaviours that ‘nurture, advance and protect the target of ownership’ (Spitzmuller & Van Dyne, 2013).
Within a number of contexts, PO has been demonstrated to play a pivotal role in facilitating positive behavioural outcomes (For example, Baer & Brown, 2012; Hulland, Thompson, & Smith, 2015). However, recent research questions the generalisability of such findings suggesting the context specificity of such results may play a pivotal role in the evocation and nature of behavioural manifestations of PO (For example, Anne Garretson Folse, Guidry Moulard, & Raggio, 2012). To this end, this research aims to offer empirically generated insights into the role of psychological ownership and its significance in terms of employee retail crime intervention behaviours.

3.0 Methodology

As this is an exploratory research and the nature of enquiry is qualitative, a phenomenological approach was applied and in-depth semi-structured interviews were conducted for data collection. Interviews focused on the lived experiences of the shop-floor staff of these supermarkets (the interview guide is shown in Appendix 3). The appropriateness, suitability, and intelligibility of the questions was confirmed using three experts within this field and consequently piloted using three interviews.

Using a phenomenological approach it is possible to explore and gain new insights to effectively address an existing real-life problem (Garry & Hall, 2015). A target of 25 interviews was set based on our initial literature review on qualitative studies in the area of organizational behaviour (For example, Cappellen & Janssens, 2010) with 26 interviews actually being conducted. Respondents comprised shop floor employees from two major national supermarket chains in a New Zealand conurbation (respondent profiles are shown in Appendix 4). Further,
for analysis of these interviews, a semio-pragmatic method (Engberink et al., 2016) was used (the steps are shown in Appendix 5).

4.0 Findings

Findings are presented in three key areas reflecting the most important themes emerging from the data. Initially, and in order to fully comprehend subsequent findings, it is important to present broader information relating to the respondents and their backgrounds. Second, the respondents’ perceptions of their working environment and the nature of their relationship with their employee is outlined. Finally, potential attitudinal and behavioural outcomes related to the first two sets of findings are outlined in relation to the prevention of retail crime.

4.1 The Respondents

What was particularly striking about the profile of the respondents was the diverse range of cultures from which they were. Only four of the twenty-six respondents were originally from New Zealand. Three of these had been employed significantly longer by their respective employers than other respondents (15, 16 and 22 years). Of the remaining respondents, nine were from the Indian sub-continent, four from Southeast Asia, two from Europe, two from South America, two from Pacific islands, two from Africa and one from Australia. Hence, a number may be considered as being from lesser-developed countries and have experience of work cultures that contrast significantly with those of their new domicile residence. This is likely to have had a significant impact on their expectations of conditions of service and the nature employer-employee relationships and their perceptions of their current employer.
4.2 Nature of Employee-employer (Supermarket) relationship

Overall, respondents considered their relationship with their respective employer (that is - supermarket) to be positive. A diverse range of interrelated factors were identified by respondents as contributing to this. At a general level, most of the respondents recognised organisational culture as playing a pivotal role. Indeed, one respondent went as far as suggesting that their store’s working atmosphere was ‘absolutely outstanding’ (Respondent S). When probed further, a number of organisational wide policies and practices were mentioned. Many of these were directly related to employee conditions of service such as accessibility to employee healthcare, pension schemes, and the availability of comfortable workplace facilities. A number of respondents considered the store’s activities in this respect to be ‘above and beyond’ the statutory or legal minimum and as such, was interpreted as a genuine commitment by the business to its employees. In elaborating this, Respondent R comments:

“Apart from getting health and safety lessons, wages, a hygienic and comfortable staff room, free flu vaccination once a year, fresh fruits, milk, tea and coffee, a nurse who is an expert of massage therapy comes every fortnight to help employees to ease muscle pain of employees who strain their muscles. I believe this is a good facility as mostly we do physical work of loading-unloading and shelving products, so it is possible that accidentally we injure our muscles and as the expert nurse is available, she guides us on correct massaging techniques for fast healing of the injury.” (Respondent R)

The Corporate Social Responsibility (CSR) activities of one of the stores also contributed to the perceived sense among respondents that this was a ‘caring’ employer not just in terms of immediate employees but also the wider community. CSR initiatives included voluntary
programmes, sponsoring welfare events, and arranging charitable campaigns (e.g. blood donation camps and fund-raising events for the homeless). Indeed, many of the respondents volunteered outside of working hours to participate in such activities. When considering these events and the role of the employer, respondents frequently used terms such as ‘respect’ and ‘care’.

For example, Respondent A comments:

“I have immense respect for this store and the social welfare activities it undertakes for the poor and needy” (Respondent A)

and Employee E states:

“I love our store’s gesture of doing well for the society.....it’s great that they do it proactively...” (Respondent E)

Such activities consistently and continuously evoked low level positive emotions among employees directed towards their employer with one respondent (Respondent J) going as far as to declare:

“... the owners of our store are not always obliged to donate, but they do this and that’s what touches my heart!” (Respondent J)

A number of respondents also mentioned the nurturing environment that their employer attempted to engender and the nature of interactions that accompanied this. This comprised
both formalised training but also informal on-the-job training. This tended to encompass managers and supervisors imparting their skills, experience and tacit knowledge in a congenial, ‘easy-going’ manner. One respondent elaborates on how this style of mentoring resulted in his efforts being not only recognised but rewarded through promotion to departmental deputy for the liquor section. This position comprised the operational running of the department on a day-to-day basis in the absence of the departmental manager. In discussing this, Respondent R outlines how this approach helped him:

“……to learn……helped me to handle or run the department by myself. Not only professionally, but also I have a nice experience to get to know them [the managers] personally.” (Respondent R)

Interestingly, in attempting to articulate the nature of their relationship with their employer, many respondents did not distinguish between their ‘corporate’ employer per se and their individual supervisors and managers. By way of example, states:

“My relationship with the store and my seniors is really very good” (Respondent W).

Related to this, a continual theme to emerge was the ‘hands-on’ approach adopted by many supervisors and managers, working alongside staff literally on the shop floor on a daily basis. This enabled perceived two-way interaction and engagement between managers and employees. There was a sense of managers ‘working with us’ with one respondent outlining how they have:
“...always have had an amazing experience working with my superiors.”
(Respondent R)

This in turn appears to have engendered an atmosphere of reciprocity and mutual assistance. As Respondent X states:

“My colleagues, my bosses, my customers, and my work make me feel valued....... encourages me to deliver good results.” (Respondent X)

Taken holistically, the overall nature of both the stores’ culture and atmosphere together with the perceived reciprocal relationship employee and employer evoked positive cognitive and affective responses frequently manifested in workplace attitudes and behaviours. At one level, there was evidence of normative commitment through the fulfilment of job expectations and delivering positive results as Respondent Q demonstrates:

“I have a positive atmosphere at work that keeps me motivated to do my assigned duties in a diligent manner.” (Respondent Q)

However, at another level the language that many respondents use to describe their relationship with their employer suggests a much deeper level of psychological attachment to the organisation leading to longer term outcomes such as affective commitment. As Respondent W states:

“I enjoy what I do and I am passionate about any work so I give it my all.”
(Respondent W)
Interestingly, there was evidence to suggest that this sense of commitment and close association with the store extended into a sense of belonging. Parallels with family and home were frequently drawn in an attempt by respondents to elaborate this.

For example, Respondent G comments:

“It [the supermarket] has been my home away from my real home…!” (Respondent G)

and Respondent F suggests:

“It’s [the supermarket] been my second home” (Respondent F)

Respondent A takes this further, alluding to notions of familism and even expressing feelings of possessiveness in relation to their place of work:

“…I consider a [name of the supermarket] as my second family. I spend more time here than my home since I feel as if it is my own business…” (Respondent A)

A number of other respondents echoed such sentiments. For example, Respondent G suggests:

“It [the supermarket] reverberates a reciprocal sense of belonging” (Respondent G)

and Respondent P states:
“I belong to this store and it belongs to me” (Respondent P)

4.3 Retail Crime and Respondent Attitudes and Behaviours

Respondents were asked about their experiences of customer instigated retail crime within store and their reactions to it. Most had witnessed some kind of in-store deviant behaviour by customers. Such behaviours primarily revolved around ‘grazing’ on food items prior to check-out so they were consumed without payment, putting through incorrect bar-codes at self-service check-outs and placing items in pockets with the intention of not paying for them. Reactions to witnessing such behaviours invariably involved some kind of intervention behaviour. For the majority of respondents, this involved notifying in-store security who would then intercept the perpetrator(s). In one or two instances, respondents would confront the perpetrators directly.

When probed, motivations for intervening varied. At one level, some of the respondents elaborated on such deviant behaviours were incongruent with their personal value system and so they felt compelled to intervene. When probed as to why she called security after witnessing an attempted theft, Respondent K commented:

“I think I did that because that was the correct thing to do if you see someone doing the wrong thing ….. My personal belief, more than anything that motivated me to do this.”

(Respondent K)

Similarly, Respondent J states:
“...he was stealing something that is of my employer’s and I hate someone stealing. I believe in being honest. If you can’t pay for it, don’t take it. That’s the simple thing.”

(Respondent J)

At another level, many respondents justified their motivations to intervene and prevent such behaviour as an integral part of their job role. In such circumstances, terms such as ‘duty’ and ‘responsibility’ were used by respondents when elaborating on their motivations. Many of the same respondents highlight the importance of acting ‘professionally’ and ensuring ‘correct procedures’ are followed. By way of example, Respondent Y states:

“I believe it’s my responsibility to do something about it. I may not be directly going and physically doing something with them but saying something and not just ignoring. ..........A lot of times I have witnessed stealing dry fruits and lollies from the bulk bins. Also, sometimes empty or half consumed packets of biscuits, cookies and soft drink are left on the shelves. It get on my nerves but I professionally handle the situation and inform about it to my duty manager.” (Respondent Y)

For a number of respondents, there was evidence to suggest that there was a sense of affront or even personal violation when they witnessed such actions. Possessive and collective terms such as ‘my store’, ‘our supermarket’ and ‘a supermarket like ours’ were frequently used in conjunction with a justification for intervention behaviours. There was an implied sense of a crime being committed on something personal and the need to protect against such actions was evoked. Respondent L explains:
“It has been 6 years I work here. It is a second home for me. I spend a total of 10 hours 6 days a week here. I would never approve of someone stealing from my store”

(Respondent L)

And Respondent U states:

“This is our supermarket and I don’t think there is no reason for me not doing it. I won’t appreciate if someone steals from our store.” (Respondent U)

For Respondent W, the feeling of possession and responsibility for the store is more intense, evoking strong emotions when discussing retail crime:

“...I felt angry that someone chose to shoplift from my place of work and I immediately approached that thief and asked him politely to come to the ‘confrontation room’ and with the help of store detectives we fetched the video recording and called the police to take further action against the shoplifter.” (Respondent W)

5.0 Discussion

At an organisational level, management literature has long recognised the importance of conditions of service and organisational culture in influencing interpretations and perceptions of organisational values, behaviours and decision-making (Das & Varshneya, 2017; Turner Parish, Cadwallader, & Busch, 2008) and how these may influence the nature of the relationship between employee and employer. At a shop-floor level, leader-member exchange theory suggests that managers may significantly influence the atmosphere in which social
exchange takes place between employees and their managers and how this influences attitudes and performance (Tojib & Khajehzadeh, 2017). A number of studies identify how a supportive organizational approach toward employees coupled with interactions at both the organisational and interpersonal level may have an affective as well as attitudinal impact on employees (Michel, Baumann, & Gayer, 2017). This in turn may manifest in the evocation of satisfaction, trust and commitment amongst employees (Hennig-Thurau, Gwinner, & Gremler, 2002; Johnston, Parasuraman, Futrell, & Black, 1990). A consequence of this is increased OCB. According to P. Lau, McLean, Lien, and Hsu (2016), OCB is defined as, “...a personal preference for performing additional work so as to gain motivational rewards and social acceptance in the community, (p. 573). As such, it comprises “...any form of behaviour that is not formally described as being on the job and no reward is provided” (p. 572).

However, amongst a number of respondents of this research, a higher level dimension to the employee-employer relationship was identified. Whilst identifying many of the attributes of commitment and OCB, there was evidence to suggest a level of responsibility akin to a sense of personal ownership was evoked among some respondents. Organizational commitment merely suggests a willingness on behalf of employees to have a long-term relationship with their employee. However, psychological ownership encompasses emotions and personal meaning that evoke a sense of personal possession (For example, Jussila et al., 2015). The target objects of PO may be both tangible and/or material (For example, a product, a physical space) and intangible/immaterial (For example, ideas and/or values) but crucially, can be ‘sensed’ by the individual as being their own (For example, Hulland et al., 2015; Pierce & Jussila, 2011). This, despite being disjunct of any legal right of ownership (For example, Pierce et al., 2003).
Feelings of PO are not dichotomous and prone to ‘switching on’ or ‘switching off’ but emerge over a period of time (Jussila et al., 2015) and when intense, drive individuals to “use possessions, think of them, observe them, care for them, and when required...defend and protect [them]” (p. 125).

There was certainly evidence within these findings to suggest that some of the antecedents necessary to evoke the emergence of PO over the period of the employee-employer relationship were present. For example, Jussila et al. (2015) identify “a fixed point of reference around which to structure daily lives” (p. 124) as a precursor for PO. These supermarkets, as a place of work, do appear to provide both structure and ‘psychic security’ for many of the respondents as a place to go, interact, and socialise on a regular basis.

The atmosphere and organisational culture that exists within the stores appears to evoke a sense of both efficacy and effectance among employees (Pierce et al., 2003). This in turn, leads to a sense of responsibility and ultimately, PO. The empowerment, responsibility and inclusiveness that employees perceive they are given evokes and strengthens these feelings of ownership and connection with their employer (Fuchs & Edwards, 2012). Hair, Barth, Neubert, and Sarstedt (2016) identify how ‘spending time and effort’ with a target object [the supermarket] and Jussila et al. (2015) identify that the investment of resources that encompass “time, ideas and skills as well as physical, psychological and intellectual energies” (p. 126) are also likely to evoke PO (e.g. Respondent R). To quote Jussila et al. (2015) “we own what we create, shape or produce” (p. 126).

Self-Identity or as Jussila et al. (2015) posit, contributing towards answering questions such as ‘Who am I?’ (Pierce, Kostova, & Dirks, 2001), ‘Who was I?’ (Jussila et al., 2015) and ‘Who
"will I become?" (Olckers & Koekemoer, 2017) are also important in terms of the evocation of PO. Such questions may be particularly pertinent to many of these respondents as they have migrated to New Zealand from overseas or are studying long term in New Zealand as overseas students. Consequently, their place of work becomes a significant influence on their acculturation process. Employment provides status and an opportunity for inclusiveness and may act as an ‘anchor’ that assists the stabilisation of identity within a new socio-cultural context (Joy & Dholakia, 1991; Mehta & Belk, 1991). As such, according to Pierce et al. (2001), employees attach meaning to their workplace insofar as they regard it as symbolic component of their evolving self-identity and extended self within a new context (Belk, 1988).

Based on these insights we propose a conceptual model for employee PO and shoplifting prevention (see Figure 1).

**Figure 1**: Conceptual Framework for Employee PO and Shoplifting Prevention

The model portrays how organisational culture and atmosphere influences employee perceptions of their working conditions, and the nature of employee-employer relationships.
These in turn determine the evocation of PO and the motivations to engage in shoplifting prevention behaviours.

### 6.0 Conclusion

This study explored how employee based, non-technological factors may be nurtured and developed in an attempt to prevent and/or deter retail crime through the evocation of employee shoplifting intervention behaviour. The above synthesis of findings and the extant literature on employee-employer relationships and psychological ownership, provide valuable insights into this. Key amongst these is that the nature of the relationship between employer and employee can engender and nurture feelings of PO amongst employees towards their store. Moreover, PO encompasses a sense of protection which, when evoked, may manifest itself in intervention behaviours by employees when they witness retail crime within their store. As such, this has implications for storeowners and managers insofar as they may implement policies that attempt to engender PO through their relationship with their employees. In doing so, there may be implications on the nature and extent of retail crime within their stores.

The research reported in this paper has a number of limitations. Firstly, findings need to be interpreted within the context of the data that was gathered. This is particularly relevant when considering the profile of the respondents and their cultural backgrounds. Secondly, the research design of this study does not afford the same kind of generalizability that other methodologies do. Related to this, our analysis highlights a number of areas ripe for future investigation including transnational comparative studies with stores in other countries. Longitudinal studies may also shed light on the emergent nature of PO perhaps related to a simultaneous analysis of retail crime figures to identify potential correlations. This would be an interesting direction to take further research.
## Appendix 1: Research studies relevant to employee-employer relationship quality

<table>
<thead>
<tr>
<th>Author (Year)</th>
<th>Context/ Theoretical positioning and Country (if applicable)</th>
<th>Methodology/ Sample</th>
<th>Findings</th>
<th>Consequence(s)</th>
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</thead>
<tbody>
<tr>
<td>Banks et al. (2014)</td>
<td>Leader-member exchange and team-member social exchange studies (Theoretical study)</td>
<td>Psychometric meta-analysis of 33/480 studies</td>
<td>Leader-member exchange (LMX), Team-member exchange (TMX)</td>
<td>Organizational citizenship behaviour, Job performance, job satisfaction, organizational commitment, turnover intentions</td>
</tr>
<tr>
<td>Carter, Armenakis, Feild, and Mossholder (2013)</td>
<td>Service organizations, China</td>
<td>Survey, questionnaires (employee and manager) from full-time employees working in teams in early 2009, 143 team members and 63 team leaders from company-A, 108-team members and 35-team leaders from company-B. Total 251 employees and 78 team leaders, 7-point Likert scale, hierarchical linear modelling (HLM), Confirmatory Factor Analysis (CFA) for transformational leadership, LMX-multidimensional scale-MDM for RQ,</td>
<td>Leader-member exchange</td>
<td>Transformational leadership (TL), Relationship quality (RQ), Change frequency, Task performance, organizational citizenship behaviour (OCB)</td>
</tr>
<tr>
<td>Dust et al. (2014)</td>
<td>Multiple sectors, United States of America (USA)</td>
<td>306 individuals i.e. 174/480 - employees and 167-supervisors with 153 employee-supervisor pairs from - 27%-Service, 19%-financial/insurance, 13%-education, 12%-retail, 10%-healthcare, 8%-manufacturing, and 11%-other sectors, survey, CFA, hierarchical multiple regression (HMR) analysis</td>
<td>Transformational leadership</td>
<td>Transformational leadership, mechanistic-organic structure of the organization, Psychological empowerment, Task performance, interpersonal behaviour, organizational citizenship behaviour</td>
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<td>Author (Year)</td>
<td>Context/ Theoretical positioning and Country (if applicable)</td>
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<tr>
<td>Frazier et al. (2016)</td>
<td>Multiple companies, USA</td>
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<td>Perceptions of supervisor trustworthiness</td>
<td>Low integrity – low trust, High integrity-high trust</td>
</tr>
<tr>
<td>Gupta et al. (2016)</td>
<td>Business Networking International groups in the Virginia chapter, USA</td>
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<td>Interaction effect of trust centrality and trust network centralization</td>
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<tr>
<td>He, Fehr, Yam, Long, and Hao (2017)</td>
<td>A large business School, USA and Multiple organisations, China</td>
<td>74 undergraduate students and 201 employees recruited via Sojump.com (a voluntary online survey panel)</td>
<td>Interactional justice and Interactional justice differentiation in Leader-member exchange (LMX)</td>
<td>The relationship between interactional justice and LMX is stronger when interactional justice differentiation is low than when it is high</td>
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<td></td>
<td>A large electronic company, China</td>
<td>203/252 employees, 44 groups, survey, questionnaire</td>
<td>Interactional justice and Interactional justice differentiation in Leader-member exchange (LMX)</td>
<td>Interactional justice, interactional justice differentiation, leader-member exchange (LMX), Task performance, Creative Performance</td>
</tr>
<tr>
<td>Kovjanic et al. (2012)</td>
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<td>410 employees, descriptive statistics, CFA</td>
<td>Employee-supervisor relationship</td>
<td>Transformational leadership (TL), need satisfaction, job satisfaction, occupational self-efficacy, affective commitment</td>
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<td>Antecedent(s)</td>
<td>Dimension(s)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>citizenship behaviour, LMX, organization-based self-esteem</td>
<td></td>
</tr>
<tr>
<td>Pundt and Venz (2017)</td>
<td>system, Macau, China</td>
<td>Leader-member communication</td>
<td>Humour in leadership, personal need for structure, LMX, affective organizational commitment, burnout</td>
<td>Low humour in leadership – low LMX, High humour in leadership – high LMX</td>
</tr>
<tr>
<td>Schermuly and Meyer (2016)</td>
<td>A reputed company, Germany</td>
<td>Relationship between leader and employee, meaning, competence, self-determination, impact</td>
<td>LMX, psychological empowerment, emotional exhaustion</td>
<td>The effect of LMX on exhaustion is partially mediated by psychological empowerment, which extends prior knowledge on the underlying processes governing the relationship between LMX and emotional exhaustion.</td>
</tr>
<tr>
<td></td>
<td>A reputed company, Germany</td>
<td>318/750 employees, survey, questionnaire via <a href="http://www.soscisurvey.de/">www.soscisurvey.de/</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A reputed company, Germany</td>
<td>144/541/959 employees, survey, questionnaire,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>LMX and psychological empowerment, TMX, Depression</td>
<td>The experience of psychological empowerment fully mediates the effect of LMX and TMX on subsequent feelings of depression.</td>
</tr>
</tbody>
</table>
## Appendix 2: Research studies on Psychological ownership of Employees

<table>
<thead>
<tr>
<th>Author, Year</th>
<th>Context/ Theoretical positioning and Country (if applicable)</th>
<th>Methodology/ Sample</th>
<th>Findings</th>
<th>Antecedent(s)</th>
<th>Dimension(s)</th>
<th>Consequence(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Byrne, Barling, and Dupré (2014)</td>
<td>Reputed organizations, Canada</td>
<td><a href="http://studyresponse.syr.edu/studyresponse">http://studyresponse.syr.edu/studyresponse</a>, 159 full-time employees (minimum 30 hours per week) reported directly to a supervisor, descriptive statistics, inter-correlations, scale reliabilities, regression analysis</td>
<td>Leader apology, transgression severity, follower well-being</td>
<td>1. None</td>
<td></td>
<td>1. Positive relationship with followers’ psychological well-being and emotional health</td>
</tr>
<tr>
<td>Byrne, Barling, and Dupré (2014)</td>
<td>Reputed organizations, Canada</td>
<td><a href="http://studyresponse.syr.edu/studyresponse">http://studyresponse.syr.edu/studyresponse</a>, 236 full-time employees (minimum 30 hours per week), managers or supervisors with a minimum of three employees reporting to them, descriptive statistics, inter-correlations, scale reliabilities, regression analysis</td>
<td>Leader apology, transgression severity, Leader well-being, Leader authentic pride</td>
<td>2. None</td>
<td></td>
<td>2. Positive relationship with leaders’ own psychological well-being, positive emotional health, and authentic pride</td>
</tr>
<tr>
<td>Farmer, Van Dyne, and Kamdar (2015)</td>
<td>A large multinational bank, Singapore</td>
<td>Survey, questionnaire, 236 employees and their managers, group meetings at company facilities, at least three months of tenure within the group.</td>
<td>Differentiation (Individual level): Team and member exchange relative to group members; Assimilation (Group level): group average team-member exchange</td>
<td>Identification with co-workers in the group</td>
<td></td>
<td>Helping organizational citizenship behaviour directed at co-workers in the group</td>
</tr>
<tr>
<td>Kim and Kim (2013)</td>
<td>Reputed companies, South Korea</td>
<td>Survey, questionnaire, 102 employee supervisor pairs from 7 companies (2-electronic, 2-financial service, 1-bank, 1-manufacturing, 1-electric power), 7-point Likert-type scale</td>
<td>Leader-member exchange, Person-supervisor fit, Psychological empowerment: Task performance, Positive Organizational Citizenship</td>
<td>None</td>
<td></td>
<td>Positive Psychological empowerment: positive Task performance, Positive Organizational Citizenship Behaviour towards leader</td>
</tr>
<tr>
<td>Author (Year)</td>
<td>Context/ Theoretical positioning and Country (if applicable)</td>
<td>Methodology/ Sample</td>
<td>Findings</td>
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</tr>
<tr>
<td>Kim, Liu, and Diefendorff (2015)</td>
<td>Reputed companies, China</td>
<td>Survey, questionnaire, 212 employee-supervisor pairs from 8 companies (2-financial securities, 3-manufacturing, 1-service, 1-real estate),</td>
<td>Behaviour towards leader</td>
<td>Leader and member exchange quality, Psychological empowerment, taking charge, organizational tenure, job performance, organizational tenure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lee and Hyun (2016)</td>
<td>Airline industry, South Korea</td>
<td>Offline and online surveys, questionnaire, 304 Korean employees of 8 Airline firms in Asia, Structured Equation Modelling (SEM)</td>
<td>Cooperative Conflict Management (COP), Competitive Conflict Management (COM), Avoidance conflict management (AVO)</td>
<td>Subjective relational experience (positive regard, mutuality, relational vitality), perceived insider status, organization based self-esteem</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liu, Wang, Hui, and Lee (2012)</td>
<td>Telecommunication firms, China</td>
<td>284/313/387-Employees and their 105/121/129-supervisors, Survey, questionnaire (Chinese and English), 5-point Likert’s scale, at least two matched cases out of three for one supervisor and deleted supervisors who didn’t complete employee behaviour ratings. One-way ANOVA</td>
<td>Managerial control</td>
<td>Participative decision-making, Self-managing team climate, Psychological ownership, Power distance, Organization-based self-esteem, affective commitment, Organization citizenship behaviour</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Malik and Dhar (2017) | Hospitals, India | 42 small and medium-sized hospitals, survey, questionnaire (Hindi and English), 5-point Likert scale, 520 nurses and 163 supervisors, Process macro (Hayes), Confirmatory Factor Analysis (CFA) | Authentic leadership | Psychological capital | Extra role behaviour – this means, whenever required, performing any additional activity which is above and beyond the normal duties.
<table>
<thead>
<tr>
<th>Author (Year)</th>
<th>Context/Theoretical positioning and Country (if applicable)</th>
<th>Methodology/ Sample</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qian et al. (2015)</td>
<td>Hotel group, China</td>
<td>228 subordinate-supervisor dyads, survey, 2-types of questionnaires (Chinese and English), 59-supervisors, 290-subordinates, CFA, Descriptive statistics</td>
<td>Future time orientation</td>
</tr>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Spitzmuller and Van Dyne (2013)</td>
<td>Theoretical or conceptual study</td>
<td>Social exchange theory and reciprocity, other-interest, reciprocation to and compassion for others, relational or collective identity orientation, predominantly generalized, low-motive to helping ceases to exist when beneficiary or context no longer needs help</td>
<td>Reactive helping</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Functional motives to engage in helping, self-interest, satisfaction of personal functional motives, personal identity orientation, predominantly negotiated, high-motive to helping continues to exist irrespective of beneficiary and context</td>
<td>Proactive helping</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Van Laer, De Ruyter, and Cox (2013)</td>
<td>Banking or financial sector, Belgium</td>
<td>350 branch managers from a global Fortune 100 banking group</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td></td>
<td>254 service employees from a different global Fortune 100 financial group</td>
<td>None</td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

27
<table>
<thead>
<tr>
<th>Author (Year)</th>
<th>Context/ Theoretical positioning and Country (if applicable)</th>
<th>Methodology/ Sample</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xie, Peng, and Huan (2014)</td>
<td>Hotel industry, China</td>
<td>207/279-employees, 429/596-customers, survey, questionnaire, Structured Equation Modelling (SEM)</td>
<td>Perceived organizational support</td>
</tr>
<tr>
<td>Xiong and King (2015)</td>
<td>Hotel industry, USA</td>
<td>Employees, online survey, questionnaire, 202/420/550/7433, Likert scale, CFA, EFA, SEM, Common Method Variance (CMV)</td>
<td>Brand meaningfulness, brand value fit</td>
</tr>
<tr>
<td>Zhao, Kessel, and Kratzer (2014)</td>
<td>A large diversified company, China</td>
<td>358/578-employees and 98/109-team leaders (i.e. 358 supervisor-subordinate dyads), CFA, Description Statistics, Correlation</td>
<td>Leader-member exchange (LMX), perceived LMX differentiation</td>
</tr>
<tr>
<td>Zhu, Chen, Li, and Zhou (2013)</td>
<td>Companies controlled (with more than 50% ownership) by family and managed by the owner, China</td>
<td>166/235/256 managers, Descriptive statistics, CFA</td>
<td>Benevolent leadership, Particularistic/friendship ties</td>
</tr>
</tbody>
</table>

- Author: Xie, Peng, and Huan (2014)
- Methodology: 207/279-employees, 429/596-customers, survey, questionnaire, Structured Equation Modelling (SEM)
- Findings: Perceived organizational support
- Consequence: Employees- (Propensity for further development, willingness to help, brand enthusiasm); Customers (Brand trust)

- Author: Xiong and King (2015)
- Methodology: Employees, online survey, questionnaire, 202/420/550/7433, Likert scale, CFA, EFA, SEM, Common Method Variance (CMV)
- Findings: Brand meaningfulness, brand value fit
- Consequence: Brand performance

- Author: Zhao, Kessel, and Kratzer (2014)
- Methodology: 358/578-employees and 98/109-team leaders (i.e. 358 supervisor-subordinate dyads), CFA, Description Statistics, Correlation
- Findings: Leader-member exchange (LMX), perceived LMX differentiation
- Consequence: Perceived insider status

- Author: Zhu, Chen, Li, and Zhou (2013)
- Methodology: 166/235/256 managers, Descriptive statistics, CFA
- Findings: Benevolent leadership, Particularistic/friendship ties
- Consequence: Relationship closeness at work, managers’ psychological ownership
## Appendix 3: Interview Guide

<table>
<thead>
<tr>
<th>Question No.</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>How long have you been working with this supermarket? How do you perceive your journey of working with this supermarket?</td>
</tr>
<tr>
<td>2</td>
<td>How do you perceive your overall relationship with this supermarket?</td>
</tr>
<tr>
<td>3</td>
<td>How often do you interact or help customers? Prompt: How do you perceive your experience of interacting or helping customers?</td>
</tr>
<tr>
<td>4</td>
<td>Are you aware of any social welfare activities carried out by your store? If yes, please mention what activities are you aware of. Prompt: How do you feel about such gesture of this supermarket?</td>
</tr>
<tr>
<td>5</td>
<td>Do you suggest any improvements with respect to the social welfare activities conducted by this store?</td>
</tr>
<tr>
<td>6</td>
<td>Do/did/will you participate voluntarily in any social welfare activities? If yes, please share.</td>
</tr>
<tr>
<td>7</td>
<td>How was the experience?</td>
</tr>
<tr>
<td>8</td>
<td>As an employee, what facilities you get at this supermarket?</td>
</tr>
<tr>
<td>9</td>
<td>What does motivate you to come to work? Prompt: How do you feel while coming to work?</td>
</tr>
<tr>
<td>10</td>
<td>How often do you interact with your superiors? Prompt: How do you perceive your experience of interacting with your superiors?</td>
</tr>
<tr>
<td>11</td>
<td>What does it mean to you to work at this supermarket, both, personally and professionally? Prompt: On a scale of 1 (lowest) and 10 (highest) rate your level of satisfaction, trust, and commitment towards your attachment for this supermarket.</td>
</tr>
<tr>
<td>12</td>
<td>Do you know what retail losses from theft is?</td>
</tr>
<tr>
<td>13</td>
<td>Have you ever witnessed shoplifting while working at this workplace? Prompt: If yes, what was your reaction?</td>
</tr>
<tr>
<td>14</td>
<td>What guided you to react in that particular way?</td>
</tr>
<tr>
<td>15</td>
<td>Will you react in a similar way at another place that is not directly related to you (i.e. neither your personal place nor your workplace)?</td>
</tr>
<tr>
<td>16</td>
<td>Based on your association with this store what would you individually do to prevent or reduce shoplifting? Prompt: What are your thoughts on taking more care of employees for effective shoplifting prevention? And any final comments, please.</td>
</tr>
</tbody>
</table>
## Appendix 4: Respondent Profiles

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Gender</th>
<th>Age</th>
<th>Employment status</th>
<th>No. of Year(s) of association with the store</th>
<th>Interview Duration (minutes)</th>
<th>Department</th>
<th>Qualification</th>
<th>Country of Origin</th>
<th>Supermarket</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Male</td>
<td>34</td>
<td>Full-time</td>
<td>11</td>
<td>64</td>
<td>Grocery</td>
<td>B. Com.</td>
<td>South East Asia</td>
<td>α</td>
</tr>
<tr>
<td>B</td>
<td>Male</td>
<td>24</td>
<td>Part-time</td>
<td>3.5</td>
<td>47</td>
<td>Produce</td>
<td>B. Sci.</td>
<td>South America</td>
<td>α</td>
</tr>
<tr>
<td>C</td>
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<td>32</td>
<td>Full-time</td>
<td>15</td>
<td>68</td>
<td>Grocery</td>
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<td>α</td>
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<tr>
<td>D</td>
<td>Male</td>
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<td>Full-time</td>
<td>4</td>
<td>53</td>
<td>Liquor</td>
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</tr>
<tr>
<td>E</td>
<td>Male</td>
<td>62</td>
<td>Full-time</td>
<td>10</td>
<td>64</td>
<td>Grocery</td>
<td>Secondary School Certificate</td>
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<tr>
<td>F</td>
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<td>31</td>
<td>Full-time</td>
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<td>Chilled Foods</td>
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<td>Pacific Islands</td>
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<tr>
<td>G</td>
<td>Male</td>
<td>29</td>
<td>Part-time</td>
<td>3</td>
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<td>Forklift Driver</td>
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</tr>
<tr>
<td>H</td>
<td>Female</td>
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<td>Full-time</td>
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<tr>
<td>I</td>
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<tr>
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<tr>
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<td>M</td>
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<td>O</td>
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<tr>
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<tr>
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<tr>
<td>U</td>
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<tr>
<td>Respondent</td>
<td>Gender</td>
<td>Age</td>
<td>Employment status</td>
<td>No. of Year(s) of association with the store</td>
<td>Interview Duration (minutes)</td>
<td>Department</td>
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<td>Supermarket</td>
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<tr>
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<td>2</td>
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<td>Class 10</td>
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<td>Checkouts</td>
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**Appendix 5: Steps for semio-pragmatic analysis**

<table>
<thead>
<tr>
<th>Step No.</th>
<th>Step</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Correct transcription of the recordings;</td>
</tr>
<tr>
<td>2</td>
<td>Determining the most relevant elements of contextual anchoring;</td>
</tr>
<tr>
<td>3</td>
<td>General readings of the transcripts followed by targeted readings.</td>
</tr>
<tr>
<td>4</td>
<td>Distributing text in meaning sections (i.e. themes);</td>
</tr>
<tr>
<td>5</td>
<td>Categorizing or classifying by continued comparison;</td>
</tr>
<tr>
<td>6</td>
<td>Semio-pragmatic categorization of evolving classifications (i.e. themes) according to their semiotic or level of meaning;</td>
</tr>
<tr>
<td>7</td>
<td>Organizing all classifications (i.e. themes) according to their coherent inter-associations;</td>
</tr>
<tr>
<td>8</td>
<td>Building the connotation of an evolving phenomenon via a common suggestion or general proposition.</td>
</tr>
</tbody>
</table>
References


Chan, K. W., Yim, C. K., & Lam, S. S. (2010). Is customer participation in value creation a double-edged sword? Evidence from professional financial services across cultures. *Journal of marketing, 74*(3), 48-64. doi:https://doi.org/10.1509/jmkg.74.3.48


The identification of phases of the retail establishment into foreign markets

A multiple case study of two Swedish retailers

Linnea Haag
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ABSTRACT
Retail internationalisation has received a lot of research attention during the last three decades. Previous research has mostly studied specific aspects of retail internationalisation such as motivations and market entry strategy, but seldom describe the actual process of retailers for establishing into new foreign markets and what phases it encompasses as well as resources involved. Therefore, the aim of this study is to explore the phases of the retail establishment process into new foreign markets including internal and external individuals/functions involved. The establishment process is here defined as the process ranging from first action to enter a new market, to full sales operations.

The research is based on a multiple case study of two large-sized, Swedish retail companies that have entered new foreign markets by opening physical stores and e-commerce. The case companies are within the home and leisure sector and fashion sector. In addition to the case companies, two external export promotion organisations have been interviewed to verify the establishment process of retailers.

The establishment process encompasses of three phases; a market-analysis phase, an implementation phase and a follow-up phase. The market-analysis phase includes a market study and an economic evaluation, where market-specific and company-specific characteristics are identified. The implementation phase encompasses activities for establishing both physical stores and e-commerce. The follow-up phase includes daily monitoring of sales of all customer markets. Throughout the establishment process, an internal establishment team including the CEO has been involved as well as external resources in terms of export promotion organisations and informal business networks.

The practical contribution of this paper is the explored phases of the retail establishment into new foreign markets, which can provide retail managers valuable insight of how to plan and organise the establishment into new foreign markets. The theoretical contribution is the content of the identified phases for both establishment of stores and e-commerce in new foreign markets.
1. INTRODUCTION
The retail industry is becoming more global as domestic retailers seek new foreign customer markets. Retail internationalisation encompasses international sales operations and is driven by growth incentives, saturated home markets, ease of legal trading barriers and technical developments. Today, it is common that retailers establish internationally by both physical stores and e-commerce.

For the last three decades, internationalisation of retail has been in focus in international business research. Scholars have studied individual aspects of the foreign sales operations of retailers such as internationalisation motives (Hutchinson et al., 2007), entry modes (Agarwal and Ramaswami, 1992; Doherty, 2000), market selection (Sakarya et al., 2007) and transfer of retail format (Swoboda and Elsner, 2013). However, these aspects are seldom combined together to describe the market entry as a whole, from start to end.

As previous research has covered individual aspects of the foreign market entry, there is a lack of research that offers a complete picture of the establishment of retailers into foreign markets and the phases the process includes. Therefore, the aim of this study is to explore phases of the retail establishment process into new foreign markets including internal and external individuals/functions involved. The establishment process is here defined as the process ranging from first action to enter a new market, to full sales operations. As internationalisation constitutes a critical business success factor for many retailers (Akehurst and Alexander, 1995) and requires large amounts of management time, resources, and expertise, the process of foreign establishment is a critical managerial issue. To establish efficiently in terms of time and company resources, there is a great managerial value of knowing what phases to emphasise on in the establishment into new foreign markets.

This study investigates how two large-sized, Swedish retailers have established physical stores and e-commerce in foreign markets. The establishment for each retailer is analysed individually as well as compared with each other to identify and describe phases of the establishment process into foreign markets.

The remainder of the paper starts with an overview of the key literature, which includes literature about establishment decisions, establishment activities, and internal and external establishment resources. Thereafter, the methodology is addressed and followed by the findings and analysis. The paper ends with a conclusion and some suggestions for future research.

2. FRAME OF REFERENCE
The theoretical framework of this paper encompasses literature that together describes the establishment process by retailers into foreign markets by physical stores and e-commerce. The establishment process includes key decisions and activities necessary to plan, enter and operate in a new foreign market, as well as internal (e.g. projects managers) and external resources (e.g. consultants and export promotion organisations). Therefore, the frame of reference of the study includes literature about decisions (i.e. foreign market selection, retail market entry mode, and retail format transfer), activities for establishing sales operations (e.g. activities included in the store-opening process and activities included in the establishment of e-commerce) and internal and external resources in the establishment process. The establishment literature starts with establishment decisions, followed by establishment activities and internal and external establishment resources.
2.1 Establishment decisions
Retail internationalisation includes several important decisions (Picot-Coupey et al., 2014), which highly influence the establishment process. The key decisions in the establishment process are strongly connected to market-specific decisions, or market-oriented decisions as Elsner (2012) defines them, which are decisions that occur for each individual market entry. As for market-oriented decisions, the key establishment decisions encompass choice of market (i.e. market selection), how to enter a new market (i.e. entry mode) and how to adapt market operations (e.g. transfer retail format). These key decisions are described further below.

Foreign market selection
Foreign market selection is a strategic decision that refers to the choice of market and is identified as a critical success factor as it affects how well firm-specific advantages are transferred into new foreign markets (Brouthers et al., 2009). This decision has been studied by numerous scholars, as the majority of the foreign market selection literature have been of descriptive nature and focused on target country characteristics (e.g. Cavusgil, 1997; Ghemawat, 2001). However, there are also studies that cover company-specific characteristics. For instance, the Dunning’s OLI paradigm bases market selection on three sets of strategic variables (i.e. ownership advantages, location advantages and internalization advantages), which relates to firm-specific resources and experience, as well as market potential and market risk (Brouthers et al., 2009). In a study by Vida (2000), it was found that US retailers enter neighbouring or culturally similar markets. Similar market-selection pattern has also been seen in Europe for European retailers as well (Swoboda et al., 2009). This approach has been referred to as psychic distance as companies initially enter markets similar to the domestic market in terms of culture and distance (O’Grady and Lane, 1996).

Retail market entry mode
Retail market entry mode can be defined as the practice that retailers use for entering new foreign markets in order to implement their business concept (Root, 1994). The choice of entry mode is considered a crucial decision for retail performance (Brouthers 2002; Brouthers et al., 2003) and has been analysed intensively for the last 20 years (Brouthers and Hennart, 2007; Morschett et al., 2010). The entry mode decision includes the choice between full- or shared controlled modes, which involves a varied level of risk, control and investment. The most common retail entry modes range from wholly-owned subsidiaries and acquisitions with high degree of control, investment and risk, to joint ventures and franchising with low degree of control, investment and risk. In an extensive analysis of 102 international retailers, Evans et al. (2008) studied the outcome of chosen entry modes and found that full-control entry modes are strategically more effective as these entry modes tend to have lower coordination costs. The study showed however no relation between financial performance and chosen entry mode. In the choice of entry mode, Elsner (2012) stresses the importance of fit between company resources and chosen entry mode. In a similar vein, Huang and Sternerquist (2007) argues the importance of taking both company-specific and market-specific (e.g. economic, regulations and culture) characteristics into account in the choice of retail entry mode.

Retail format transfer
The choice of retail format transfer is the selection of business concept (i.e. product/service, selling proposition, marketing and sales channels), and internal retail systems and processes (e.g. supply chain operations) to transfer into foreign markets (Goldman, 2001). The choice of
retail format transfer has been a key issue in international business literature for the last 10 years, where research has focused on the debate of standardisation and adaptation of business concepts. Several scholars stress the importance of adapting the business concept to achieve success in foreign markets (Johansson and Theander, 2009; Wigley and Chiang, 2009), while other scholars highlight the importance of standardization to create competitive advantage through economic of scale (Gamble, 2010). In an extensive empirical study of the global, Swedish company IKEA, Jonsson and Foss (2011) discloses a flexible replication of the retail business concept. This replication includes high-level features (i.e. fundamental values and vision) of the retail format that are standardized and replicated, as well as lower-level features (i.e. product offerings, marketing efforts, pricing) that are adapted to the local market.

According to Bianchi and Ostale (2006), it is important to adapt the retail format to local regulations and culture to achieve legitimacy with respect to customers, competitors and suppliers. The overall conclusion from previous contributions is to transfer a standardized retail business concept that allows some local adaptations.

The transfer of internal retail systems and processes, encompasses the transfer of internal systems and processes related to sales operations abroad such as supply chain operations. The choice of the transfer of internal retail systems and processes is however not well-researched, as it is unknown what systems and processes exist within the company and to what degree these should be adapted (Elsner, 2012). Coe and Hess (2005) argues that international business networks must be supported by extensive infrastructure (i.e. IT, purchasing, logistics and finance) and that can be achieved by either standardization or adaptation of the sales-related systems and processes.

### 2.2 Establishment activities

The establishment activities in foreign establishments include activities to establish operating sales operations abroad. The establishment activities depend on the chosen sales channel, as the establishment of physical stores and e-commerce differ due to different sales-channel characteristics. For instance, a store establishment consists of activities to locate and build physical stores, while e-commerce establishment includes mainly IT activities to create an e-platform. In the following sections, activities for establishing physical stores and e-commerce are described.

The actual establishment of physical stores in foreign markets is an unexplored research area in previous internationalisation literature. However, there are some contributions concerning the store establishment in domestic markets. For example, Sandberg (2014) provides a detailed description of the store establishment of physical stores of Swedish retailers. In agreement with other scholars, Sandberg (2014) describes a store establishment including a range of activities such as identification of site location, store build-up, education of staff and store opening.

Similar to foreign store establishment, the establishment of foreign e-commerce is also an unexplored research area where the practical approach of establishing e-commerce into foreign markets is not well-researched. Previous research has mainly focused on how retailers can benefit of using e-commerce abroad (Tolstoy et al., 2016), but not how to actually establish international e-commerce. However, previous research has highlighted important key aspects that are relevant for establishing foreign e-commerce. For instance, scholars have identified content preparation as one of the key aspects in the development of e-commerce that enables companies to serve several customer markets (Liao et al., 2008). To adapt the e-commerce to local conditions such as economy, infrastructure and culture has become crucial for international e-commerce and is found to be a prerequisite for achieving efficient e-commerce.
abroad (Hwang et al., 2006). Single local adaptations such as just translating a website is proven to be insufficient and instead information preferences of different markets must be taking into consideration to better serve international customer markets (Liao et al., 2008).

2.3 Internal and external establishment resources
In the establishment into foreign markets, internal and external resources in terms of financial resources, market knowledge, experience and business network, are used. There is internal staff in shape of top management that drives the establishment process forward and that coordinates smaller projects, and smaller projects are delegated to suitable managers. For instance, a domestic store establishment is usually managed by an establishment team, which is an independent unit that is partly or completely dedicated to establishing new stores (Sandberg, 2014). This establishment team is closely intertwined with other company functions such as sales, marketing and logistics (Chen et al., 2009). According to Sandberg (2014), the store establishment is accomplished by a cross-functional project that encompasses a number of projects managed by various functions within the company.

Retailers can also get external support by export promotion organisations (EPOs), which performs export promotion programs (Brewer, 2009) and national trade promotion programs (Ahmed et al., 2002). These programs are common worldwide and are usually government funded. According to Seringhaus and Botschen (1990), two of the main objectives of an EPO are to assist firms in the planning and preparation for entering new markets and to assist firms in acquiring expertise and know-how to successfully enter and develop in foreign markets. The range of export promotion activities vary and can include activities, such as market analysis and identification of store locations. Literature suggests that most national EPOs is steered to provide support and assistance to firms that expand first into physically close markets and later enter more distant markets (Seringhaus, 1987; Rosson and Seringhaus, 1991). The range of services that an EPO provides consider the fact that firms are in different internationalisation stages and therefore need different types of export-related assistance (Kotabe and Czinkota, 1992). For instance in a pre-export phase, EPOs emphasis on stimulating export initiation, where an extensive amount of resources is employed in providing standardised market information about the foreign markets (Bell et al., 2001).

3. METHODOLOGY
The aim of this paper is to identify phases of retail establishment into new foreign markets, including internal and external individuals/functions involved. To fulfil the aim, an inductive, multiple case study has been performed based on empirical data from two Swedish retail companies. A case study is an appropriate method for answering questions of what and how (Voss et al., 2002; Yin, 1994), which is suitable in this study for understanding how the foreign establishment process is constructed and what phases this establishment process includes. As the establishment process into new foreign markets appears to be scarcely researched, constructs from nearby research areas (i.e. key decisions, establishment activities, and internal and external establishment resources), have been used to map the establishment process and identify establishment phases.

Case studies are good for developing new theories (i.e. theory building) (Voss et al., 2002) and this study is an initial step for creating a new theory of the foreign establishment of retailers. According to Voss et al. (2002), a theory can be seen as a system of constructs and variables that are valid in a specific setting. In this study, the constructs are key decisions, establishment activities, and internal and external resources included in foreign market
establishments. The setting is the establishment process into new foreign markets performed by Swedish retailers.

The study encompasses a case company selection, a data collection, a literature review, within-case analysis of the two case companies and a cross-analysis to identify the overall establishment phases. In the following sections, the case company selection, the data collection, the literature review, the within-case analyses and the cross-analysis are presented.

3.1 Company selection
The case companies chosen in this study are large-sized retail companies in Sweden that belong to two different retail sectors (i.e. home and leisure, and fashion). These companies are well established in Sweden and have for the past decade focused on expanding in foreign markets. Both companies are at an initial stage in their expansion into foreign customer markets. Therefore, the establishment processes studied in this paper are a general process for the first foreign establishments. The case companies have established to nearby markets by fully-owned physical stores. One of the two have also established its own foreign e-commerce. Table 3.1 presents the overall case company information, including retail sector, number of foreign market entries by physical stores, market entries by physical stores, number of physical stores per foreign market, number foreign market entries by e-commerce, and foreign markets entries by e-commerce.

Table 3.1 – Overall case company information

<table>
<thead>
<tr>
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<th>Company A</th>
<th>Company B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail sector</td>
<td>Home and leisure</td>
<td>Fashion</td>
</tr>
<tr>
<td>Number of foreign market entries by physical stores</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Number of physical stores per foreign market</td>
<td>87 (Sweden), 19 (Norway), 2 (Germany)</td>
<td>88 (Sweden), 38 (Norway), 24 (Finland), 20 (Denmark), 13 (Germany)</td>
</tr>
<tr>
<td>Number of foreign market entries by e-commerce</td>
<td>None</td>
<td>27</td>
</tr>
<tr>
<td>Foreign markets entries by e-commerce</td>
<td>None</td>
<td>Norway (2009), Finland (2009), Denmark (2009), Germany (2010), and 23 other European markets (2012)</td>
</tr>
</tbody>
</table>

In addition to the two case companies, two Export Promotion Organisations (EPOs) have been interviewed. The EPOs are two of the largest EPOs operating in Sweden. The first EPO (EPO1) is a semi-government organisation founded in 2013 that aims to help Swedish companies to
increase their international operations and support international companies to invest and expand on the Swedish market. The organisation offers strategic advice and hands-on support. The other EPO (EPO2) is an organisation established in 1951 that promotes German and Swedish business relationships. The organisation offers both strategic advice and practical support for both Swedish and German companies. For the purpose of this study, the EPOs are used to verify the establishment process and works as a support in the identification of establishment phases.

3.2 Data collection
The gathering of empirical data and literature was made by iteration. An initial literature review was performed before the actual data collection, to obtain a basic understanding of retail internationalisation and to develop interview questions. Empirical data was collected mainly by semi-structured interviews with managers responsible for the foreign establishments. Also, some questions have been answered by mail. Additional empirical data was collected by interviews with the two EPOs. The respondents from the case companies and the EPOs are presented in table 3.2 below. All interviews have been recorded and transcribed. The summaries of the establishment processes have been reviewed by all interviewees to ensure that the interpretation of the author was correct, which increase the reliability of the study (Voss et al., 2002).

Table 3.2 – Informants in the study

<table>
<thead>
<tr>
<th>Company/Organisation</th>
<th>Title(s) of informant(s)</th>
</tr>
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<tbody>
<tr>
<td>A</td>
<td>Project manager, Company founder, Logistics manager, Logistics developer, Supply Chain Excellence manager</td>
</tr>
<tr>
<td>B</td>
<td>Establishment manager, Brand director, Logistics manager, Transport and Custom manager</td>
</tr>
<tr>
<td>EPO1</td>
<td>Senior Project Manager</td>
</tr>
<tr>
<td>EPO2</td>
<td>Business Area Manager</td>
</tr>
</tbody>
</table>

3.3 Literature research
To identify the establishment phases, a frame of reference was established based on literature about internationalisation decisions, activities for establishing foreign sales operations, and internal and external establishment resources for retailers. Literature, in form of peer-reviewed academic journal papers, was obtained by using the database UniSearch and by using references from obtained papers (i.e. snowball approach). By using peer-reviewed journal papers, a higher quality of literature could be ensured, which increase the credibility of the study and its conclusions. The frame of reference was used to identify key decisions, activities and key staff in the establishment process of the three retailers.

3.4 Within-case analyses and cross-case analysis
The process of interpreting qualitative data in an analysis stage is challenging (Stuart et al., 2002) and to ensure an organised, logic analysis, the analysis of the establishment phases was divided into two steps, starting with within-case analysis of each case company before performing a cross-case analysis. Both the within-case analyses and the cross-case analysis were based on the frame of reference, which was used to identify key establishments decisions, key establishment activities and key staff in the foreign establishment process of retailers. To increase the rigor of the study, controlled observations were used, which refers to the use of
one unit of analysis that depend on factors of both constant or varying nature (Lee, 1989). In this study, the unit of analysis is the establishment process, while the factors (i.e. establishment decisions, establishment activities, and internal and external establishment resources) were identified by the data collection and the literature review. In this study, the factors are seen as constant as establishment processes are studied from a retro perspective.

In the within-case analyses, the key establishment decisions and the point of store opening were used to identify when an establishment phase starts and ends. An establishment phase was labelled based on the including activities. For instance, a phase including market-analysis activities was labelled a market-analysis phase, while a phase including activities for implementing stores (e.g. finding store location and store build-up) was labelled an implementation phase.

The cross-case analysis was performed by comparing the establishment phases of the case companies. The establishment processes were layered on top of each other to identify similarities, which later was summarised. In addition to the case companies, empirical data from the two EPOs was used to verify the results.

This study resulted in an initial theory about phases in the establishment process, which can be applied in similar retail cases and is therefore seen as replicable (Lee, 1989). In terms of generalisability, the findings of this case study are valid for this specific case situation and therefore not generalizable in a high extent. The study is however an initial step to identify the overall establishment phases that retailers perform for each new foreign establishment. A strength in this study is that two retailers from two different retail sectors have been studied, which help capture common phases between two different sectors that can describe the overall foreign retail establishment.

4. FINDINGS
The purpose of this paper is to identify phases of the retail establishment into new foreign markets. In the following sections, the establishment process of the case companies is presented.

4.1 Company A
The establishment process of Company A encompasses of three phases (i.e. market analysis, implementation and follow up), which are illustrated in figure 4.1 below.
Figure 4.1 – Establishment process of Company A

The market-analysis phase includes of: (1) a pilot study including a desktop study of nine countries including different demographical and geographical variables (e.g. market size, BNP, unemployment, similar concepts on the market, purchasing power per capital, the market growth in the specific retail segment) managed by the EPO, (2) a detailed study including economic evaluations, initial store location and comparison of local competitors of the four remaining markets managed by the EPO, and (3) a viability study including an analysis of previous market studies and additional data collection managed by the operational steering group (i.e. the CEO, one of the company founders, the Marketing manager and the Project manager).

The market selection (i.e. Go/No-Go decision) made by the board and followed by an implementation phase that includes eight establishment projects: (4) a IT project including testing and adaptation of IT-system (e.g. business system and warehouse system) managed by IT manager, (5) a packaging project including local adjustment of product packaging and product labels managed by the Packaging manager, (6) an establishment project including identification of store location and sign store contract managed by the Establishment manager, (7) a store build-up including the construction of department stores managed by the Build-up manager, (8) a recruitment and education project including requirement and education of local store staff managed by HR manager, (9) a marketing planning and execution project including the establishment of local marketing managed by Marketing manager, (10) an assortment and pricing project including adjustments and pricing of the local assortment managed by the Business and Range manager, and (11) a store replenishment project including the planning and execution of store replenishment managed by the Replenishment manager.

After the store opening, the Follow-up phase follows, which includes of a standardised monitoring of sales managed by Business coordinators.

In the establishment in to foreign markets, both the decision of retail entry mode and retail format transfer was made before the actual establishment process. In terms of entry mode, the company establishes fully-owned physical stores, to obtain a high degree of control. The physical stores are established in centralised store network in the foreign markets to simplify marketing and logistics operations. The company strives to keep a standardised retail format
based on the domestic market with minor local adjustments of its business concept and retail systems and processes, to meet local regulations and market preferences. For instance, the company has product labels in several market languages, which reduces the number of market-specific products. According to the project manager, the standardised format increases the economies of scale that in turn lower the prices for all markets, which increase the competitive advantage of the company:

*It is not only that we sell more from the contribution we get from Germany and Norway, but we also create the conditions to lower the prices on everything we sell in Sweden.*  

(Project manager)

The expansion into foreign markets has been driven by the board and all strategic decisions regarding foreign sales operations are managed at centralised level by board in order to have full control of all company operations. Also, the company aims to enter markets similar to Sweden.

In terms of management of the establishment process, foreign establishments have been initiated by the board, especially by one of the company founders. Thereafter, the establishment into new foreign markets was managed by an operational steering group including the project manager, who the latter had monthly check offs with key staff in the different establishment projects. After the store opening, the responsibility of the specific foreign operations is assigned to a country manager. The Norwegian market is managed by a local company manager, while the German market is managed by a Swedish country manager.

In the market-analysis phase, the company sought support in EPOs and searched for individuals with foreign market experience. For instance, in the implementation phase to Norway the company required two individuals with market knowledge (e.g. knowledge of infrastructure and customer knowledge) and contacts (e.g. property owner and lawyers). Later, one of these two become the country manager of Norway. In the implementation phase to the German market, Company A used an EPO to solve similar issues as for the Norwegian market, but no individuals were requited locally for the German market entry.

### 4.2 Company B

The establishment process of Company B encompasses of three phases (i.e. market analysis, implementation and follow up), which are illustrated in figure 4.2 below.

![Figure 4.2 – Establishment process of Company B](image)

9
The establishment process starts with a market selection made by the board. The market-analysis phase encompasses of: (1) a *market study* including an investigation of the market in terms of demography, store locations and customer behaviour, and was managed by the CEO and establishment manager, and (2) an *economic evaluation* including an economic assessment of market managed by the CEO and establishment manager. In parallel with the economic evaluation, (3) a *IT project* begins, which includes adaptation of IT-systems (e.g. business system) managed by the IT manager. The IT project continues and end in the next phase.

The final market selection (i.e. Go/No-Go decisions) is made by the board and followed by the implementation phase, which includes (4) a *store location project* including identification of store location and sign store contract managed by the establishment manager, (5) a *store build-up project* including the construction of department stores managed by the build-up manager, and (6) a *recruitment and education project* including requirement and education of local store staff managed by the HR manager.

In parallel with the implementation phase, (7) an *e-commerce project* starts including the establishment of a local e-commerce managed by the board, the CEO and the Board director.

After the store opening, the Follow-up phase follows a standardised monitoring of sales managed by the operative manager.

In the establishment in to foreign markets, both the decision of retail entry mode and retail format transfer was made before the actual establishment process. In terms of entry mode, the company establishes fully-owned physical stores and e-commerce, to obtain a high degree of control of the foreign sales operations. In terms of retail format transfer, the company uses a standardised business concept based on the Swedish customer and uses standardised retail systems and processes. The establishment manager thinks the business concept works well, as the fashion trends are uniform for the Western markets and therefore the assortment needs to have an international imprint.

“It is a Swedish company with a Swedish focus. However, with today’s and especially the fashion’s international fashion scene... ...the big product mass should have such an international imprint that it can handle all markets.”

( Establishment manager)

The company has kept the assortment standardised, with minor time adjustments for individual markets. For example, the delivery of white dresses to Norway starts earlier in Norway and then in Sweden as the demand of white dresses starts earlier in Norway. Moreover, the company has product labels that enables sale by physical stores as well as e-commerce.

The foreign sales operations are managed at a central level by the board. According to the establishment manager, the previous foreign establishments have been very ‘hands on’ and based on the gut feeling of the CEO.

“This is a relatively young company that has not had a specific organisational structure, where you have different hierarchy levels. It is very much ‘hands on’ ourselves and been a lot of gut feeling.”

( Establishment manager)
The company have aimed for nearby markets that are similar to the Swedish markets. In previous establishment the CEO and the establishment manager visited the potential markets and observed it on the spot to get a sense of the business offer could work.

"Previously, the CEO and I used to visit the potential markets and investigate the market and the style of the women right on the spot. From these visits, the CEO and I got an idea of the potential foreign market and if the concept could work."

(Establishment manager)

Moreover, the CEO of Company B used his informal network with other retailers to obtain market knowledge and also hired external lawyers to obtain necessary legal knowledge, before eventually choosing market. In the market entry to Germany, Company B hired a contact from its business network as a consultant, who had experience of the German market as the consultant been involved in the establishment of HM.

In terms of management in the establishment process, new foreign establishments were initiated by the CEO, who made the initial market selection together with the board. Thereafter, the process was mainly driven by the CEO and the establishment manager, which the latter was responsible for the coordination of the establishment projects. After the store opening, the management of the foreign operations was assigned to a country manager, who was responsible for one customer market. The establishment manager mentions that the company has only Swedish country managers as the company had bad experience of local country managers as they showed no interest in implementing their market knowledge on the company brand.

"Their knowledge about the country, about the locations, rents and staff is country knowledge. They have not been interested at all to implement that on what this company stands for."

(Establishment manager)

The company focuses on establishing physical stores as the business concept centres around attractive stores and the company aims to keep its store network centralised to a specific region in the foreign markets. The e-commerce is established as a complement to the physical stores and is used as a marketing platform that provides additional customer service. The company established local e-commerce (including language adaptation) after the establishment of local stores, with exception for the market entry to Germany as the local e-commerce was established a few months before the actual store opening. In 2012, Company B opened an additional e-commerce for the EU. The establishment manager argues that it is important to enter a market with physical stores, as potential customer does not discover Company B through e-commerce if no market-specific adaptations (e.g. language) are made.

"It is not like people discovers the company because there is an e-commerce for Czech Republic. It is not like that. That approach does not approach does not work, because in that case you need to do an adjustment, for example in language so people truly feel that this is really a brand that likes Czech Republic."

(Establishment manager)
5. ANALYSIS

The aim of this study was to identify phases of the retail establishment process into new foreign markets, including internal and external resources involved. Before the individual establishment phases are discussed, the general establishment process and related aspects are discussed.

From the findings it was found that the establishment process of the case companies encompasses of three phases; starting with a market-analysis phase, followed by an implementation phase and a follow-up phase. All phases are dependent of each other as the market-analysis phase is the base of the final market selection, and the market selection initiates the implementation phase of establishing stores and e-commerce. This in turn result in store opening followed by monitoring of sales in the follow-up phase.

In terms of key establishment decisions, Elsner (2012) states that the choice of foreign market, entry mode and retail format transfer occur for each market entry. However, this study shows that only the choice of foreign market is explicitly included in the establishment process, while the other two decisions are taken by the board before the actual establishment process begins. The choice of entry mode and foreign market has however an indirect impact on the establishment process, as a change in entry mode or retail format result in other establishment activities and maybe also other establishment phases. In terms of entry mode, both case companies chose to establish by own stores and e-commerce, which enables them full-control of the foreign sales operations. Moreover, both companies chose to transfer its domestic retail format abroad, with minor adjustments to customer demand and regulations, to create economies of scale. The project manager at Company A clearly confirms the ambition of creating economies of scale as the standardised retail format increases the economies of scale in the company operations. This enables the company to lower the prices for all markets and increase the competitive advantage. This is in line with previous research such as Gamble (2010), who mentions the economic benefits of a standardised business concept. However, this study shows that small parts of the business concept have been adjusted as Company A has adjusted a minor part of its product range to meet local regulations, while Company B has made time adjustments for individual markets to better meet local customer demand. This shows that both companies have made room for some local adaptions in their retail format to meet local regulation and culture, which is align with scholars such as Bianchi and Ostale (2006).

The foreign establishments have been driven by the top management, where the operational steering group including the CEO from Company A and the CEO from Company B, have been the major initiators and driving forces throughout the establishment process. In agreement with the domestic store establishment described by Sandberg (2014), the companies have established an establishment team that is involved to the foreign establishment. Moreover, both companies have assigned a project manager (Company A) or an establishment manager (Company B), who is responsible for keeping track of the projects in the establishment process. This type of manager seems to have a unique, overall knowledge about the company and coordinates necessary resources and has also close communication with the CEO throughout the establishment process. So, alike the domestic store-opening process, the establishment process is managed by an establishment team and has an additional manager responsible for the coordination of the projects in the establishment process.
**Market-analysis phase**
As the final market selection is performed, the market-analysis phase begins. The market-analysis phase includes several activities, where both companies investigated different market aspects in different ways. Company A explicitly mentions how demographical and geographical aspects were studied in the pilot study and in the detail study, to gain better understanding of the potential foreign markets. Company B used an ad hoc approach as the potential market was mainly studied by observations. The number of markets investigated in the market analysis differed between the case companies, as Company A investigates a set of markets, while Company B investigates only one before performing the actual market study. Both companies made economic evaluations to ensure financial capability of the company. Both companies have performed market analyses that considers both company resources such as money and experience, as well as market-specific characteristics such as market size and culture.

For both companies, the market analysis was managed by the top management and was performed by using additional external resources. Company A used EPOs and Company B used informal business networks, to obtain market-specific knowledge and also both companies hired external lawyers to obtain necessary legal knowledge, before eventually choosing market. EPO1 and EPO2 mentions that they specialise in market analysis but can help with other issues if requested. The Senior Project manager at EPO1 states that the amount of support depends on the experience of the company, as a company with little foreign market experience are in need for more help than a company with more experience. This is in line with the findings, as Company A had less experience than the Company B and chose to hire an EPO as well as staff from the local market. Company B mainly originated from previous foreign experience and discussed foreign establishments in informal networks. In the choice of market, a lot of gut feeling was involved for both companies as the company founder of Company A as well as the CEO from the Company B both had a strong belief in the business concept and a will to take the company abroad. As companies get more experienced of foreign establishments, the extent of the market-analysis phase may reduce as performing an extended market study for every new foreign establishment seems ineffective for finding potential markets.

**Implementation phase**
After the final market selection, both companies started to establish into foreign markets in a similar way. The implementation phase focuses mainly on the store establishment, as the business concept of both companies centres around physical stores. The number of identified implementation projects differs as Company A has eight projects, while Company B has three if the e-commerce project is not included. Both companies have dedicated projects for store location, store build-up as well as recruitment and education of staff, which all are similar to the domestic store establishment process described by Sandberg (2014), who also mentions identification of site location, store build-up and education of staff. However, there are also some additional projects related to foreign sales operations that explicitly cover market adaptations that are not mentioned in literature, which are not directly related to the store-opening process. For example, Company A performs a packaging project, a marketing planning and execution project, as well as an assortment and pricing project, which all refers to adaptation to local markets. However, Company B explicitly does not mention any market adaptations in the establishment process. All products of Company B can be sold within the EU, which indicates some type of market adaptation in terms of labelling and pricing should have been performed. So, it seems that market adaptations might have been performed in earlier establishments and therefore does not need to be performed in the establishment process. In
In terms of IT, both companies perform an IT project to ensure that vital IT systems (e.g. business system) is compatible with multiple markets, which is emphasised by Coe and Hess (2005) as important for creating a well-functioning infrastructure.

In terms of management, the implementation phase is managed by the top management of the companies. All implementation projects were managed by managers from different function of the companies. For instance, recruitment and education of staff project was managed by the HR manager for both companies. This is in line with Chen et al. (2009), who describes how the store establishment involves not just a dedicated establishment team, but also involves several other company functions. Thus, this study confirms how different functions of expertise are used in different parts of the establishment process into foreign markets.

Both companies obtained additional market knowledge (e.g. store locations and local regulations) by hiring individuals with experience of specific foreign markets. For instance, Company A hired two Norwegians, who had been involved in market entries to Norway by two other large Swedish companies, and thus had a good understanding of the Norwegian infrastructure and had general legal knowledge. Company B also hired an experienced contact from the Swedish fashion company HM as a consultant for its market entry to Germany. This shows that also the implementation of stores in the establishment process involves external resources.

The implementation of e-commerce was also made during the implementation phase and started in parallel with the store establishment. The establishment of an e-commerce platform is an individual project that includes both internal and external resources. Previous scholars have highlighted the importance of adapting the e-commerce to local conditions to achieve efficient e-commerce abroad (Hwang et al., 2006), which relates to the establishment of local transport operations and payment service for the local market performed by Company B. According to previous Liao et al. (2008), it is not enough to just translate a website to reach the customers and instead more local adaptations need to be done. This is in line with what the establishment manager mentions that it is simply not enough to translated a website for the foreign markets. However, the establishment manager argues that the best way for Company B to enter a new market is by physical stores as the customers get to know the brand by its attractive stores.

The company established e-commerce after the establishment of local stores with exception for the market entry to Germany and the rest of EU. This implementation pattern of e-commerce might be explained in the increased technical maturity of e-commerce for the last 10 years, which made purchasing by e-commerce common.

The management of the e-commerce implementation has been a project driven by the Brand director in a close collaboration with the CEO. This shows that both the establishment of physical stores and e-commerce is driven and managed by top management.

Follow-up phase
After the store opening, the daily sales operations begin and are monitored continuously within the companies. Both companies analyse the store revenues in a standardised way to identify the profitability of individual stores. In the establishment into a new foreign market, there is a high interest of following the revenues of new stores, as it confirms if the business concept is a success. Previous domestic and foreign establishments can be used to compare new store establishments to predict the future outcome of new establishments.
As the establishment team hands over the responsibility of the foreign market to the country manager, the country manager is responsible for the market and to manage the foreign stores according to company directives. The Business Area manager of EPO2, recommends companies to establish a good connection to the foreign market in terms of cultural connection and therefore recommends Swedish retailer to hire a country manager from the local market. However, Company B disagrees as the establishment manager mentions a mismatch between local country managers and the company, where the country managers were not interested of knowing the brand and implement their market knowledge in favour of the brand. The establishment manager argues the importance of having Swedish country managers that truly know the brand to have a successful international organisation. However, Company A has local country managers for the Norwegian market and does not express any complaints.

6. CONCLUSION AND FUTURE RESEARCH

To better understand the foreign establishments of retailers, this study aims to explore the phases of the establishment process into new foreign markets. This study has investigated two large-sized, Swedish retailers that have established by physical stores and e-commerce into foreign markets. The study is based on literature about key establishment decisions, establishment activities and internal and external establishment resources, to identify and describe the phases of the establishment process as well as internal and external resources involved.

The establishment process encompasses of three phases; a market-analysis phase, an implementation phase and a follow-up phase. The market-analysis phase includes a market study and an economic evaluation, where market-specific and company-specific characteristics are identified. The implementation phase includes activities for establishing both stores and e-commerce. The study shows that the foreign store establishment has similar activities as the domestic store-opening process described by Sandberg (2014) and can also include additional market-adaptation activities. The follow-up phase includes daily monitoring of sales for all customer markets.

In terms internal resources, the establishment process is managed by an establishment team including the CEO and involves several other company functions, which are involved in different establishment activities throughout the process. In terms of external resources, the establishment process involves support by EPOs and informal business networks.

This study contributes to the field of retail internationalisation as it combines individual retail concepts to provide a full picture of the foreign establishment of retailers, as well as internal and external resources involved. This study shows that the choice of country manager would be an interesting research topic for future research as there are different opinions on hiring a local country manager. The study also touches upon the establishment of e-commerce, which is an unexplored research area that needs further research. A detailed study of the establishment of e-commerce is therefore of interest for future research. Also, similar studies of other types of sales channels such as the omni-channels would be interest in future research, especially as omni-channels are becoming more common in retailing. The foreign establishment of retailers focuses mainly on transfer of business concept, while the transfer of logistics operations is not in focus. As companies expands into new as well in existing markets, logistics operations play an important role for companies to be competitive in terms of service and cost. Therefore, the transfer of logistics operations in foreign establishments of retailers is of interest in future research.
As for any study, there are limitations in this study. Both case companies are at the beginning of their expansion to new customer markets. They have performed a few, sporadic foreign establishments and in this study a general establishment process of the previous establishments has been studied. This general establishment process gives an overview of how the establishment process can look like in an initial internationalisation stage for retailers. However, the establishment phase may change as new foreign establishments are performed. It is likely that the first 3-5 establishments will differ from the twentieth, as companies becomes more experienced and learns from previous establishments. For instance, the market-adaptation activities in the implementation phase may constitute a smaller part, as retailers adjust parts of their business concepts at once, instead of adapting for each new establishment. Therefore, a more longitudinal study of the establishment process is of interest in future research, to identify learnings that shapes the foreign establishments.
REFERENCES


When do you trust your doctor more?
- A cross-cultural study of the role of demographic homophily in the context of service provider-customer interaction -

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This research examines the role of demographic homophily in the medical service context. It suggests that demographic homophily between a customer and a service provider has a positive effect on trust, thereby leading to customer loyalty. Meanwhile, there is a mediating effect regarding the clarity of communication and a moderating effect of cultural background on the relationship between demographic homophily and trust. For a cross-cultural study, this research compares Korean and German consumers, who are clearly distinguished by the dimensions of collectivism-individualism and femininity-masculinity in their respective societies. By investigating the significance of demographic homophily and the impact of cultural background, this research contributes to the service marketing field, both academically and practically.

Figure 1. The hypothetical model of demographic homophily, trust, and customer loyalty

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1. Introduction

In the context of medical services, communication between a service provider, which usually refers to doctors, and a customer, that is, a patient, is more important and critical than any other service in that it deals with health issues, which vary from small, miscellaneous issues to fatal, emergent conditions. Furthermore, a feeling of trust, which develops from effective interactions and clear communication between two parties, is what patients seek from their own doctors. In many healthcare services, customer and provider interactions are extensive and repeated (Dellande, Gilly and Graham 2004). Therefore, this research attempts to identify and explicate what helps customers experience clarity of communication and trust, the relationship between these two factors, and the resultant trust that a customer experiences toward a service provider, specifically in the medical service environment. Furthermore, the impact of cultural background on customer and provider interactions is analyzed.

The service marketing literature has explored customer-service provider relationships more thoroughly than other marketing research streams because of the unique characteristics of these relationships and services (Bendapudi and Berry 1997). While there are many factors that are known to contribute to building trust toward service providers, in service settings, where customers expect to have extensive and repeated interactions with service providers, customers anticipate receiving better service from demographically homophilous people because they feel more comfortable when interacting with them than those who do not share many similarities with them (Fisher, Gainer and Bristor 1997). The current research focuses on this demographic homophily as an antecedent of perceived ease of communication, which then leads to customer trust. According to the literature, homophily promotes attitude change and/or cooperation in two ways: by clarity of communication, and by trust and liking (Dellande, Gilly and Graham 2004). Additionally, trust is assumed to enhance customer loyalty to service, as underlying loyalty is known to foster trust, and the willingness to act without immediately calculating the costs and benefits, which results in loyalty to and trust in a brand (O’Shaughnessy 1992). Although the effect that perceived homophily has on the perceived clarity of communication and trust is known to be a universal phenomenon, it is also thought that cultural background may have an
impact on the degree of the effect regarding perceived homophily. According to Hofstede’s theory of cultural differences among nations, the individualism-collectivism and masculinity-femininity of a society are the main dimensions that distinguish one nation from another. These two dimensions are used to describe the relationships between the people, self-concepts, communication, and values of each nation. In addition, as South Korea and Germany are on opposite sides of the continuum with respect to these two dimensions, this research assumes that these two counties are appropriate entities for examining the impact of cultural differences on customer and service provider interactions. Therefore, this research compares Korean and German consumer groups in the context of medical services, focusing on demographic homophily.

2. Theoretical Framework

2.1. Homophily

The relationship between the communication source and the receiver account for many aspects of communication, such as credibility, empathy, attraction, and ultimately, the effectiveness of communication (Rogers and Bhowmik 1970). One of the most obvious and fundamental assumptions of human communication is that the exchange of messages most frequently occurs between a source and a receiver who are alike, similar, or homophilous. Also widely assumed is the notion that communicators who are perceived as similar to their audiences are more likely to foster persuasion than those sources who are seen as dissimilar (Bersheid 1966). This notion is based on cumulative studies, which suggest that people tend to be more favorable toward those who are similar to themselves.

Homophily is the degree to which people in a dyad are similar on certain attributes, such as demographic variables, attitudes, beliefs, and values (Touhey 1974). McPherson, Smith-Louvin and Cook (2001) define homophily as a principle in which contact between similar people occurs at a higher rate than between dissimilar people. The pervasive fact of homophily indicates that cultural, behavioral, genetic, or material information, which flows through networks, tend to be localized. In
other words, homophily implies that distance, in terms of social characteristics, translates into network distance, or the number of relationships through which a piece of information must travel to connect two individuals (McPherson, Smith-Louvin and Cook 2001).

An extensive investigation of homophily has also indicated that homophily ultimately promotes trust as a result of various favorable feelings that the participant has toward the homophilous individual. In other words, similar sources are alleged to be more credible than dissimilar sources. Homophily leads to trust, respect, and/or in-group feelings (Simon, Berkowitz and Moyer 1970). Crosby, Evans, and Cowles (1990) asserted that in goal-interdependent contexts, similarity may be a cue for expecting the other party to facilitate one’s goals. Other studies also clearly demonstrate that similarities along such dimensions as attitude, background, and conceptual style lead to reduced uncertainty, whereas dissimilarities along such dimensions lead to increased uncertainty (Berger and Calabrese 1975). To sum up, when the source and receiver share common meanings, attitudes, and beliefs, as well as a mutual code, communication between them is likely to be more effective. Therefore, most individuals enjoy the comfort of interacting with others who are similar in social status, education, beliefs, and so forth, because interaction with people who are quite different from themselves requires more effort to make communication effective (Rogers and Bhowmik 1970). Among numerous attributes, the current research mainly focuses on demographic homophily, given that it is the most applicable factor in service environments (i.e., assigning a doctor of the same gender to the customer). Based on the above discussion, customers who regard themselves as being more similar to the service provider tend to trust him/her more.

**H1:** The customer trusts the service provider more when he/she perceives more demographic homophily with the service provider.

### 2.2. Clarity of communication

With respect to the effectiveness of the communication itself, a great many studies have suggested that when the receiver perceives him- or herself as similar to the source of the message, communication between the two is more effective in shaping or changing attitudes. That is, communication is more accurate and efficient (Simpson, Christiansen and Simple 2000). Studies
have also demonstrated that when a greater degree of homophily exists between communicators, they are more likely to share common meanings of the messages they exchange (Rogers, Ratzan and Payne 2001). This finding is even more evident in the context of medical service, where two individuals oftentimes not only differ in medical expertise, but also in gender, age, cultural/linguistic background, and other personal/demographic factors. When such a high degree of heterophily – the degree to which two individuals who communicate are dissimilar – is present, communication is often ineffective. The more heterophilous a patient and a service provider are, the less effective their communication is, as they are less likely to share common meanings in the messages that they exchange. One problem of health illiteracy is the communication gap between individuals who are the least knowledgeable concerning health and medicine, and providers who possess such expertise (Rogers and Bhowmik 1970). Therefore, it can be assumed that the more homophilous a patient and a doctor are, the more effective and clearer their communication is, as they are more likely to share common meanings.

It is widely known that in general, good communication should affect all aspects of the relationship, particularly trust, satisfaction, and loyalty. “Good” in this context is defined as effective, helpful, positive, easy, useful, clear, and pleasant communication. The service provider provides information in such a way that the customer personally benefits with minimal effort necessary to decode the communication and determine its utility (Ball, Coelho and Machâs 2004). Morgan and Hunt (1994) also proposed that communication is an antecedent of trust, along with shared values and a lack of opportunistic behavior. Therefore, it can be assumed that clarity of communication, which is derived from perceived homophily between patients and doctors, leads to the patient’s trust toward the doctor.

**H2:** Clarity of communication mediates demographic homophily and trust.

### 2.3. Cultural Background

The globalization of service industries has compelled service providers to pay increased attention to customers’ cultural backgrounds. Culture is often considered in explaining specific consumer behaviors such as preference, choice or attitude from the standpoint of economic behavior. Although it is also true that globalization and interactions have reduced differences resulting from cultural
background, culture is still considered as one of the most prominent factors that shape an individual’s behaviors, attitudes, beliefs, thoughts, values, and most other personal attributes (Kim, et al., 2013). Although the effect that perceived homophily has on the clarity of communication and trust is regarded as a universal phenomenon, it is also assumed that cultural background has an impact on the degree of the effect of perceived homophily.

According to Hofstede’s theory of cultural differences among nations, which is one of the most frequently cited studies in the field of cross-cultural research, each nation can be distinguished concerning its cultural background based on four dimensions: Individualism-Collectivism, Masculinity-Femininity, Uncertainty Avoidance, and Power Distance (Hofstede 1983). The current research focuses on the dimensions of Individualism-Collectivism and Masculinity-Femininity and distinguishes between the individuals of two nations that show marked differences on these two dimensions.

**Individualism-Collectivism**

Hofstede (1980) defined individualism as a focus on rights above duties, concern for oneself and one’s immediate family, an emphasis on personal autonomy and self-fulfillment, and basing one’s identity on his/her personal accomplishments. The core element of individualism is the assumption that individuals are independent of one another. From this core assumption, a number of plausible consequences or implications of individualism can be discerned, such as self-concept, well-being, attribution style, and relationality (Oyserman, Coon and Kemmelmeier 2009). For example, in individualistic cultures, which include most Western societies, there exists faith in the inherent separateness of distinct persons. Achieving the cultural goal of independence requires construing oneself as an individual whose behavior is organized and made meaningful primarily by reference to one’s own internal repertoire of thoughts, feelings, and actions, rather than by reference to the thoughts, feelings, and actions of others. The essential aspect of this view involves one’s self-conception as an autonomous, independent person (Markus and Kitayama 1991; Triandis 2001). Also, individualism implies that judgment, reasoning, and causal inference are generally oriented toward the person rather than the situation or social context because the decontextualized self is assumed to be a
stable, causal nexus (Choi, Nisbett and Norenzayan 1999; Miller 1984; Morris and Peng 1994).

On the other hand, collectivists are described as closely linked individuals who view themselves primarily as parts of a whole, be it a family, a network of coworkers, a tribe, or a nation who are mainly motivated by the norms and duties imposed by the collective entity (Trandis 1995). The core element of collectivism is the assumption that groups bind and mutually obligate individuals. From this core assumption, theorists have identified a number of plausible consequences or implications of collectivism (Oyserman, Coon and Kemmelmeier 2009). According to Schwartz’ definition (1990), collectivist societies consist of social units with a common fate, goals, and values. These communal societies are centralized and characterized by diffuse, mutual obligations and expectations based on ascribed status. With respect to self-conception, collectivistic cultures (which include most non-Western societies) insist on the fundamental connectedness of human beings to one another. As the self becomes more meaningful and complete within the appropriate social relationships, people feel more comfortable about being homophilous and less differentiated from others. This is because these societies focus on the fundamental connectedness of human beings to one another. Therefore, people are likely to maintain this interdependence among individuals, which is positively correlated with social support and low levels of alienation and anomie (Markus and Kitayama 1991; Triandis 2001).

Unlike individualism, definitions of collectivism suggest that the social context, situational constraints, and social roles figure prominently in person perception and causal reasoning (Miller 1984; Morris and Peng 1994).

**Masculinity-Femininity**

Hofstede (1984) argued that masculine cultures use the biological existence of two sexes to define very different social roles for men and women. These cultures expect men to be assertive, ambitious, and competitive, to strive for material success, and to respect whatever is big, strong, and fast. On the other hand, masculine cultures expect women to serve and care for the nonmaterial quality of life, children, and the weak. Men are expected to dominate in all settings, and independence and machismo are considered as ideal. On the contrary, feminine cultures define relatively overlapping social roles for the sexes, in which neither men nor women need to be ambitious or competitive, and both sexes
may pursue a different quality of life than material success; in addition, both sexes may respect whatever is small, weak, and slow. In this context, interdependence and being unisex are viewed as ideal.

In his study of national cultures regarding four dimensions (1983), Hofstede suggested the index values and rankings of 50 countries on each dimension. The current research considers South Korea and Germany as the participants of this cross-cultural study, as the indices of both dimensions – individualism and masculinity – regarding these two countries show clear differences. In terms of Individualism, the index of Korea is 18, which ranks it as the 11th lowest, while that of Germany is 67, with a ranking of 36. With respect to masculinity, Korea is ranked as the 13th lowest, with an index of 39, while Germany is ranked as the 42nd highest, with an index of 66. Therefore, this research assumes that Korea and Germany have different social characteristics from the perspectives of individualism and masculinity.

According to Hofstede’s connotations of the Individualism-Collectivism and Masculinity-Femininity dimensions (1984), Koreans are born with a “we” consciousness; therefore, one’s identity is based on a social system that emphasizes belonging to organizations and idealizes membership. Group decisions have priority over individual or personal decisions. To be in harmony with the group and maintain interdependence among individuals, one has to be more homophilous and less unique; as a result, he or she is less differentiated from others in terms of being “better” or more outstanding than others, which is not considered as proper. On the other hand, Germans are born and raised to have an “I” consciousness that emphasizes identity based on the individual. Everybody is supposed to take care of himself/herself, and emotional independence is critical. In such a context, individual initiative and aspirations to be the best among the group is considered as ideal and valuable; moreover, expressing one’s uniqueness is important. Therefore, it can be assumed that demographic homophily, which gives people a strong sense of belonging, is more important to Koreans than it is to Germans. That is, Koreans tend to be more sensitive to the feeling of homophily. This tendency to find it more comfortable and easy to communicate with people who are similar to themselves, and to experience more trust with those who are homophilous is stronger among Koreans than among Germans.
H3a: Cultural background moderates the effect that demographic homophily has on the perceived clarity of communication.

H3b: Cultural background moderates the effect demographic that homophily has on trust.

2.4. Customer Loyalty

Loyalty creates increased profit through enhanced revenues, reduced cost to acquire customers, lower customer price sensitivity, and decreased cost to serve customers who are familiar with a firm’s service delivery system (Hallowell 1995). According to Dick and Basu (1994), there are two types of customer loyalty--attitudinal loyalty and behavioral loyalty. Behavioral loyalty refers to repeated transactions or the percentage of total transactions in the category, or the total expenditure in the category; on the other hand, attitudinal loyalty is often defined as both positive affect toward the relationship’s continuance, and the desire to continue to remain in the relationship. Attitudinal loyalty is sometimes defined equivalently with relationship commitment (Morgan and Hunt 1994). This research focuses on attitudinal loyalty, which is measured via questionnaires.

A great deal of research has revealed the various determinants that foster customer loyalty. Trust has been one of the factors that service providers have concentrated on, as the growing importance of relationship marketing has heightened interest in the role of trust for fostering strong relationships between customers and brands (Sirdeshmusk, Singh and Sabol 2014). Brand-loyal consumers may be willing to pay more for a brand because they perceive some unique value in the brand that no alternative can provide (Jacoby and Chestnut 1978; Pessemier 1959); this uniqueness may originate from greater trust in the reliability of a brand, or from more favorable affect when customers use the brand (Sirdeshmusk, Singh and Sabol 2014). Berry (1996) asserted that the inherent nature of services, coupled with abundant mistrust in America, positions trust as perhaps the single most powerful relationship marketing tool available to a company. According to Zeithaml, Berry and Parasuraman (1996), customer loyalty is indicated by the intention to perform a diverse set of behaviors that signal one’s motivation to maintain a relationship with the focal firm. More directly, Reichheld and Schefter (2000) observed that “you must first gain the trust of customers to gain the loyalty.” This empirical observation is supported by reciprocity arguments: when providers act in a way that builds consumer
trust, the perceived risk of doing business with the specific service provider is likely reduced, thus enabling the consumer to make confident predictions about the provider’s future behaviors (Mayer, Davis and Schoorman 1995; Morgan and Hunt 1994). O’Shaughnessy (1992) also asserted that underlying loyalty is always based on trust, or a willingness to act without calculating the immediate costs and benefits. Therefore, loyalty to a brand involves trusting it. That is, those who are not willing to trust a provider in a competitive marketplace are unlikely to be loyal (Coelho and Machas 2003). Based on all of these findings from the previous literatures, it can be assumed that the trust a customer has toward a service provider promotes customer loyalty to a service provider or a brand.

**H4**: Trust has a positive effect on customer loyalty.

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**Figure 1. Hypothetical model**

3. **Method and Procedure**

To study the effect of demographic homophily between customers and providers with respect to trust and customer loyalty, along with the moderation and mediation effect of the two variables, an experimental method was employed.

**Sample**

A 2 x 2 between-subjects design was used, that is, demographic homophily-heterophily and cultural background (Individualism/Masculinity-Collectivism/Femininity). The participants were Koreans and Germans; 109 Koreans (74% Female; 36% Male; Mean age=32) and 70 Germans (41% Female; 59%
Male; Mean age=26). The participants in each cultural group were assigned randomly to one of the two scenarios and were then asked to answer questions, including a manipulation check. Moreover, they were asked to provide information on their age and gender.

**Manipulation**

A scenario was used to manipulate the participants so that they would perceive homophily or heterophily with respect to the service provider. In the *homophily* scenario, the participant visits a dermatology clinic, where the participant is introduced to a new doctor. While consulting with the doctor, the participant finds out that they both have many things in common, such as gender, hometown, school, current residence, and religion. On the other hand, in the *heterophily* scenario, the participant finds out that the doctor is different from him- or herself with respect to gender, hometown, school, current residence, and religion. The two scenarios assume two opposite situations. The scenarios were first written in English and were then translated into Korean and German, based on double-back translation method (Brislin1980).

**Questionnaire**

All constructs were measured on multiple seven-point scales ranging from 1=definitely no” to 7=“absolutely yes.” The questionnaire consisted of four sections, which included a manipulation check and measurements of trust, clarity of communication, and customer loyalty.

To check whether each participant was manipulated as intended, perceived similarity was measured (e.g., “Your doctor is similar to you” and “Your doctor’s background is similar to yours”) (McCroskey and Daly 1975). Measuring items of trust were modified from previous literatures (e.g. “Overall you have complete trust in your doctor” and “You completely trust your doctor’s decisions about which treatments are best for you”) (Coelho and Machas 2004; Hall, Zheng, Dugan, Camacho, Kidd, Mishra and Balkrishnan 2002). Clarity of communication was measured by four items, which were also used in previous studies (e.g. “You would clearly understand what your doctor intended” and “Clear and complete explanations would be provided by the doctor about your health condition/ treatment”) (Calassi, Schanberg and Ware 1992; Sharma and Patterson 1999; Sun, Keh and Lee 2012).
Customer loyalty to the service provider was measured with three items (e.g., “If there was another hospital that you could go to, you would not switch over to it” and “You consider yourself to be highly loyal to this doctor”) (McMullan and Gilmore 2003; Mittal and Lassar 1998).

4. Result

Manipulation Check

To check whether each group was manipulated to perceive demographic homophily or heterophily, as intended, t-tests were used to compare the means of each group. The participants in the demographic homophily situation reported significantly higher scores on the perceived demographic scale (M=4.05) than those in the demographic heterophily situation (M=2.35; p<.001). Therefore, the participants were successfully manipulated, as intended. However, an additional manipulation check was conducted to assure that each cultural group was fairly manipulated, as well. The Korean participants who were assigned to the demographic homophily scenario reported higher scores (M=4.04) than those in the demographic heterophily scenario (M=2.23, p<.001). The German participants in the demographic homophily scenario also perceived more homophily (M=4.06) than those in the heterophily scenario (M=2.55; p<.001). As a result, every group was sufficiently manipulated. Thus, a main effects test analysis, was conducted.

Main Effects

Trust

A regression analysis between demographic homophily and the trust variable revealed that participants evaluated the doctor as more trustworthy when they perceived themselves as being similar (homophilous) to the doctor. In other words, it showed a main effect of perceived demographic homophily (vs. heterophily) on trust (β = .56, t = 8.90, p = .000). Therefore, Hypothesis 1 was supported (Table 1).

Customer loyalty
To test the main effect of trust on customer loyalty, a regression analysis was employed. The result revealed that there existed a main effect ($\beta = .63, t = 10.79, p = .000$), supporting Hypothesis 4. According to this hypothesis, participants who feel trust toward the doctor also tend to feel loyalty toward the service provider (Table 1).

Together, these results emphasize the importance of perceiving demographic homophily with the service provider from the customer marketing standpoint. The more customers consider themselves as being similar to service providers, the more they trust the providers, which then leads to customer loyalty.

<table>
<thead>
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<th>Dependent Variable</th>
<th>Independent Variable</th>
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<th>$\beta$</th>
<th>t</th>
<th>p</th>
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<td>Customer loyalty</td>
<td>Trust</td>
<td>.59</td>
<td>.63</td>
<td>10.79</td>
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***p<.001

**Mediating Effect**

A mediation analysis (Baron and Kenny 1986) was conducted to observe whether clarity of communication has a mediating effect between the independent variable, perceived demographic homophily, and the dependent variable, trust. Given that all three variables are continuous, a regression analysis was used. The first step, which tested the effect of demographic homophily on the clarity of communication, showed that they were positively related ($\beta = .47, t = 7.03, p = .000$). The second step, which was intended to test the effect of demographic homophily on trust, was already revealed as statistically significant in the main effect test ($\beta = .56, t = 8.90, p = .000$). As the last step, demographic homophily and clarity of communication were assigned as independent variables, and were tested to ascertain whether they had any effect on trust. Results showed that both of the variables have a positive effect ($\beta = .38, \ t = 5.84, p = .000; \ \beta = .38, \ t = 5.90, \ p = .000$). Therefore, clarity
of communication mediates demographic homophily and trust. Additionally, given that the regression coefficient of the independent variable from the second step was bigger than that from the third step ($\beta = .56 > \beta = .38$), clarity of communication has a partial mediating effect (Table 2). As a result, Hypothesis 2 was supported, which assumed that customers who perceive demographic homophily with the service provider tend to trust the provider more, as they believe that the communication is clearer.

![Diagram showing mediating effects](Figure 2: Mediating effects)

<table>
<thead>
<tr>
<th>Coefficient</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>.47</td>
<td>7.03</td>
</tr>
<tr>
<td>b</td>
<td>.38</td>
<td>5.09</td>
</tr>
</tbody>
</table>
Table 2: Model-path Estimates

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>c</td>
<td>.56</td>
<td>8.90</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>c'</td>
<td>.38</td>
<td>5.83</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>
Moderating Effect

Then the moderating effect of cultural background on the relationship between demographic homophily and trust was tested. Given that these two variables were shown to be partially mediated by clarity of communication, two hypotheses were assumed: cultural background moderates the effect that demographic homophily has on the mediator, clarity of communication; and cultural background directly moderates the relationship between demographic homophily and trust. Before the analysis, the moderator variable, cultural background, was converted into a dummy variable (0 = Cultural background: Korea; 1= Cultural background: Germany), which was then also used to create an interaction term with an independent variable, demographic homophily.

The first regression analysis was conducted to test the moderating effect that cultural background has on the demographic homophily-clarity of the communication relationship. The result revealed that there was no moderating effect: the change in $R^2$ was 0%, which means that there was no increase in the variation explained by the addition of the interaction term. Moreover, it was not statistically significant ($F$ change = .03, $p$>.05). Therefore, cultural background does not moderate the effect that demographic homophily has on clarity of communication, and Hypothesis 3a was not supported (Table 3a). In other words, the tendency to perceive clarity of communication with people perceived as similar to oneself was not stronger among Korean consumers versus German consumers.

**Table 3a**

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Model</th>
<th>Predictor</th>
<th>$R^2$</th>
<th>$R^2$ Change</th>
<th>$F$ Change</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarity of communication</td>
<td>1</td>
<td>a. Homophily</td>
<td>.225</td>
<td>.225</td>
<td>60.897</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cultural background</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>a. Homophily</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>b. Cultural background</td>
<td>.225</td>
<td>.000</td>
<td>20.110</td>
<td>.856</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c. Homophily * Cultural background</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The second analysis tested the moderating effect of cultural background on the relationship between
demographic homophily and trust. It showed that there was a moderating effect. The change in R² was 2%, which was statistically significant (β = -0.37, t = -2.21, p<.05). Cultural background was shown to moderate the effect that demographic homophily has on trust, which supported Hypothesis 3b (Table 3b).

Taken together, this moderation analysis confirmed that depending on the cultural background, the degree to which demographic homophily affects trust can be changed, while it does not change the degree to which demographic homophily affects clarity of communication.

**TABLE 3b**

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Model</th>
<th>Predictor</th>
<th>( R^2 )</th>
<th>( \Delta R^2 )</th>
<th>F Change</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>1</td>
<td>a. Homophily</td>
<td>0.314</td>
<td>0.314</td>
<td>40.266</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cultural background</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>a. Homophily</td>
<td>0.333</td>
<td>0.019</td>
<td>4.872*</td>
<td>0.029</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. Cultural</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>background</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>c. Homophily *</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cultural</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>background</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* *<.05

**5. Discussion**

The findings from this research confirm that the demographic homophily between the service provider and the customer actually plays an important role in the service marketing environment, affecting several variables that are highly emphasized in the market. It also suggests a considerable number of practical implications that can be applied to the service market, whose importance is growing quickly. However, there still exist some methodological limitations in this study. Several further studies can advance this research in the fields of service marketing, cross-cultural studies, and psychology.

**Trust**

As Simon, Berkowitz and Moyer have already proposed, the study results revealed that homophily
leads to trust. In a situation where the customer shares a number of common attributes with the service provider, the customer tends to feel more trust. With respect to the questions that measured whether the respondent could completely trust the doctor and his/her decision for treatment, those who were manipulated to perceive demographic homophily with the doctor reported higher scores. That is, when the doctor was similar to the patient, the patient found it unnecessary to be cautious in the relationship and believed that the doctor only considered what was best for him- or herself. They felt more comfortable with the doctors who were similar to themselves than those who were not. The contribution of this study suggests that the positive effect of demographic homophily on trust is also significant in the context of medical services, a field that has been relatively less investigated than other service contexts, but whose importance is increasingly growing.

Clarity of Communication

One of the most significant contributions of this research is that clarity of communication was revealed to partially mediate demographic homophily and trust between the customer and the service provider. Though it has already been widely known that people tend to like and trust others more who are similar to themselves, the linkage between the two variables was not completely clear. This research found that people find it easier and more comfortable to communicate with similar people (as opposed to people who are different from them), which then leads to trust. The results reconfirmed previous studies, which have shown that when a greater degree of homophily exists between communicators, they are more likely to share common meanings in the messages they exchange (Rogers, Ratzan and Payne 2001). Morgan and Hunt (1994) also proposed the notion that communication is an antecedent of trust, along with shared values and a lack of opportunistic behavior. Given that communication is more critically highlighted in the medical service context than in any other service environment, this finding again suggests the significance of demographic homophily between the medical service provider and the customer.

Cultural Background

This research started with two assumptions: cultural background moderates the effect that demographic homophily has on clarity of communication; and cultural background moderates the
effect that demographic homophily has on trust. In addition, it was confirmed that cultural background significantly moderated only the direct effect that demographic homophily has on trust, but not the mediating effect of clarity of communication. In other words, people from a collectivistic and feminine culture (Korea) tend to feel more trust in others when they are similar to themselves, whereas this tendency is weaker in an individualistic, masculine culture (Germany). In Korea, where the self becomes more meaningful and complete within appropriate social relationships, people feel more comfortable being homophilous and less differentiated from others: in order to maintain harmony in the group and maintain interdependence among individuals, one has to be more homophilous and less unique. In other words, he or she tries minimize differences between him-/herself and others, given that being “better” or more outstanding than others is considered as inappropriate. On the other hand, German culture, which is similar to most other Western societies, emphasizes faith in the inherent separateness of distinct persons and the expression of one’s uniqueness, given that individual initiative and aspirations to be the best among the group is considered as ideal and valuable. This provides sufficient explanation for the results of this study, in which Korean participants showed a stronger tendency to feel trust toward those who are similar to themselves, compared to the German participants.

Customer Loyalty

Loyalty has been one of the traditional variables that researchers, as well as practitioners, have focused on, as it is directly linked to revisits, repurchases and sales. Moreover, this study confirms the positive relationship between trust and loyalty, which has been shown to be significant in the medical service context, as well. As Reichheld and Schefter (2000) argued, “You must first gain the trust of customers to gain their loyalty.”

Limitations & Further Research

In spite of its significant contributions to the service marketing literature, there are still limitations in this research, which provide insights for further research. First, only demographic homophily was investigated in this study, although there are other dimensions that lead people to perceive homophily with others. For example, attitudinal homophily is also known to have an effect on people’s attitudes
toward others. Therefore, further research can investigate whether other dimensions of homophily, such as attitudinal homophily, also show the same effects on trust and customer loyalty as demographic homophily.

Second, this study does not reveal the relative importance of each demographic factor. In other words, among the demographic factors applied in this study – gender, hometown, school, residential area, and religion – there may be other factors that can have a more substantial effect than others. Additionally, this impact of each factor could also vary as a result of gender, age, or cultural group. It would be extremely insightful for practitioners if research could reveal the factor that has the most significant role in terms of fostering trust and loyalty in customers from each consumer segment. In future research, other demographic factors should be included, investigating the weight of each factor to better understand consumers’ tendency and sensitivity regarding homophily. Furthermore, future researchers can examine whether certain age groups or gender groups are more sensitive to specific demographic factors, which could be practically applied to market segmentation.

Third, this research deals with the medical service context, where patients usually have strong trust in doctors due to their professionalism. Although it was still clear that demographic homophily increases customers’ trust in their service providers, a weaker tendency or different result may occur if other service contexts, such as hair salons or moving services are considered. Therefore, future research can investigate whether demographic homophily has the same effect in different service contexts.

Fourth, it is widely known that homophily not only leads to trust, but also to attraction, which is actually known to be mediated by clarity of communication. For example, Newcomb (1956) suggests that attraction between persons is a function of the extent to which reciprocal rewards are present in their interaction; these rewards frequently originate from interactions in which source and receiver attitudes toward the message content are homophilous (Rogers and Bhowmik 1970), while the quality of communication was found to be related to attraction and the desire to see the other individual again. Its importance, however, was greater for women than for men, and was greater for friendship attraction than for romantic attraction (Sprecher and Duck 1994). In future research, the effect that demographic homophily has on the attraction that the customer feels toward the service provider can
be examined.
Fifth, the duration period of the relationships between the service provider and the customer can be a prospective moderator that determines the degree of trust. Although it was assumed that the customer was visiting the doctor for the first time, the relationship period can moderate the effect that demographic homophily has on trust.

**Implications**

The findings from this research provide implications for marketing practitioners, especially in the field of service marketing, by highlighting the importance of perceived demographic homophily between the service provider and the customer. The results of this study show that customers tend to feel more trust and loyalty toward those who are similar to themselves, given that they feel greater ease of communication. It implies that providing customers with options can enhance their satisfaction with the overall service. For example, hospitals or clinics with several doctors can provide profiles of doctors and let the patients decide on which doctor they would like. It can also be applied to other service contexts.

Furthermore, the mediating role of clarity of communication implies that enhancing perceived clarity of communication can be one of the strategies to directly increase customers’ trust. It can be practiced in various ways, such as providing extra visual materials or additional consulting services to the patients.

In addition, this cross-cultural study reveals that the significance of demographic homophily is different in each cultural group, which has important implications for the globalized service market. For instance, as Korea has gained increased fame for its plastic surgery, medical tours to Korea are becoming more popular among other Asian people. Even though the cultural differences among these countries might be less than what was revealed from the current study, it is still meaningful to consider the cultural backgrounds of the customers in order for them to perceive better service and experience greater customer satisfaction.
References


Rural local retail in the public discourse or how to ‘solve’ food deserts verbally – preliminary results

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Introduction to the topic

The discussion on so-called food deserts is being conducted in a number of very different disciplines, ranging from a) technology-led subjects such as information sciences and applications like Geographical Information Systems (GIS), b) to nutritional science approaches and the rather unproductive discussion about which foods are ‘healthy’, in which regions these foods are insufficiently available and the distinctive patterns of ill health that result, c) to political and social sciences that consider the population groups who are particularly affected by so-called food deserts and whether their origin and demographic structure suggests systematic discrimination in food supplies. Drawing on the work of the social ecologists of the Chicago School, this dystopian view of a lack of the right food supplies has been discussed for about twenty years, particularly in the Anglo-American context. Much of the academic research undertaken in the last decade has emerged in the fields of medicine and public health planning and has adopted a perspective that views space as a container, an approach that has negative connotations in more recent spatial science and geographical work. Data and knowledge are assigned to spaces with fixed borders such as census districts or other administrative units, without exploring the relations and interlinking of the borders of the units with one another. The concept of space adopted by these disciplines is correspondingly simple and one-dimensional, indeed the traditional perspective of these subjects does not require a discussion of spatial concepts. Mental spaces or verbal spaces that could define food deserts have not yet played a role in the mainstream of the food desert discussion.

At issue here is whether in addition to concrete and reified spaces there are also subjective, perceived, qualitative information spaces and action spaces of every individual, which are different to or overlap with the objective spaces. It is clear that it is not the concrete provision of retail structures alone that triggers a demand but that subjective criteria also play a role: a) whether the customer knows the shop; b) whether the customer is prepared to travel the distance to the shop or to ‘correctly’ assess the distance and travel costs in comparison to those pertaining to other shops; c) whether the customer could develop a particular form of loyalty to a certain type of shop, d) what experiences and expectations the customer links with a particular type of shop; e) which criteria the customer uses for comparison with other types of shops and locations; f) what variations in demand could be triggered by other household members; g) which types of basic need (only from the place of residence?) are linked to shopping activities, h) whether type of shop and supply structures correspond with the ‘attitude’ of the customer. In contrast to the areal big data approach of social ecology, the latter issues can only be explored by using case studies. They make clear, however, that objective spaces of accessibility compete with subjective understandings of space and that the notion of food deserts is therefore much more complex than suggested by the original definition of cohesive spaces which lack a sufficient quantity of affordable, fresh and healthy food articles.
Furthermore, in the context of a broadly based discourse (which surrounds all objective and subjective spaces like a ‘cloud’) it is important to identify rhetoric spaces that ‘take possession’ of the terminology and that are dominantly, hegemonically, positively or negatively connoted in the mainstream of public opinion. Drawing on the French school of discourse, language can become reality if within the overall discourse different players use linguistic selection, concentration or omission to influence thematic fields like food desert and local retail and thus to trigger concrete behaviour among customers.

Case-study area

Within the framework of a German Research Foundation project extensive empirical surveys of the development of food retail in rural areas of northern Germany were undertaken between 2015 and 2017 in order to gain a broad and complex understanding of food deserts. Anglo-American approaches examining the areal depletion of supplies of so-called fresh and healthy food feature many academic articles focusing exclusively on the provision of larger supermarkets as antipodes to fast-food shops. In contrast, research from Central and Northern Europe highlights the fundamental loss of retail structures especially in rural areas and on solutions involving the preservation or revitalisation of such shops as niches away from the supermarkets and discounters that tend to be located in urban areas. The project discussed here uses, firstly, datasets that display the overall distribution of retail businesses for an entire federal state and, secondly, questionnaires of households and passersby conducted in 18 rural municipalities and central places.

Objectives and methods

A distinctive mix of methods including GIS analyses, quantitative surveys and qualitative in-depth interviews is intended to bring understanding of the complex reality of food deserts. The aim is a) to compare the ‘objective’ world of the calculable catchment areas of food retail shops with a subjective and mental world consisting of the sets of attitudes of potential customers; b) to investigate whether these sets of attitudes actually impact on behaviour, e.g. whether customers are more or less open to certain forms of local retail and then also use such forms accordingly; c) to recognise that households do not necessarily live in food deserts but by their intransience or lack of interest in issues of local retail actually create food deserts for ‘others’ who are dependent on local retail facilities; d) based on the sets of attitudes of local customers to identify and establish strengths, weaknesses and commercial niches other than standardised supermarkets and discounters.

Through in-depth interviews with so-called experts and focus groups from the local population it was also possible to analyse: a) the relevance of the topic of local retail in comparison to other municipal topics, b) how well-informed and knowledgeable the local population are in their dealings with local retail. To this end 44 residents in eight rural municipalities were invited to take part in group discussions. It emerged that the topic of local retail is characterised as being extremely contextual and verbally varied. It is assumed that, despite their diversity, these local discourses are embedded in a broad media discourse that impacts upon the language, perceptions and behaviour of the population in relation to local retail.
Five bodies of texts were analysed using lexicographic analysis, and the contents of three multimedia presentations of village shops in the form of YouTube clips were extracted to investigate: a) how different types of media linguistically present the decline of local retail, b) how different target groups are linguistically addressed, c) the extent to which the bodies of text complement or overlap with one another, d) the images and symbols with which local retail is charged.

Tab. 1: Bodies of text and YouTube clips utilised (analysed with MAXQDA)

<table>
<thead>
<tr>
<th>Type of Source/Title</th>
<th>Publisher and Size of the Document</th>
<th>Type of publication</th>
<th>Fig.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply of everyday goods in rural areas Versorgung mit Waren des täglichen Bedarfs im ländlichen Raum - Text</td>
<td>Institute for Ecological Economy Research Berlin 2005 (200 pages)</td>
<td>Policy advice</td>
<td>Text1</td>
</tr>
<tr>
<td>Good-practice-villages Good-practice-Dörfer - Text</td>
<td>Rosa-Luxemburg-Stiftung ca. 2011 (20 pages)</td>
<td>Policy advice</td>
<td>Tz4</td>
</tr>
<tr>
<td>Market Meeting Place - Marketing for a village-shop concept Markt-Treff Marketing für Dorfladenkonzept - Text</td>
<td>249 articles in local newspapers 2012-2016</td>
<td>Newspaper article</td>
<td>Ty3</td>
</tr>
<tr>
<td>Printed material 15/2076 Rural service centres and market meeting places Drucksache 15/2076 Ländliche Dienstleistungszentren und Markttreffs - Text</td>
<td>Land Schleswig-Holstein – Landtag 2002</td>
<td>Policy position paper</td>
<td>Tx2</td>
</tr>
<tr>
<td>7 days in the village shop 7 Tage im Dorfladen - Video</td>
<td>NDR (30 minutes)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not starving - but 7 km for every bread roll Nicht verhungert – aber 7km für jedes Brötchen - Video</td>
<td>Municipality of Koberg – in-house production (6 minutes, 20)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How a village shop is revitalising Forchtenberg Wie ein Dorfladen Forchtenberg neu belebt - Video</td>
<td>SWR (4 minutes, 12)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The analysis of the texts employed only nouns, adjectives and verbs that were used at least six times in all texts considered together. Overall there were 707 terms that were categorised into seven categories: a) General geographical references and specific place names (e.g. city, village, rural, location, Hamburg); b) References to retail (e.g. shopping, demand, product); c) References to politics and policy (e.g. actor, recommendation, society); d) References to infrastructure and planning (e.g. plan, quality of
life, services of general interest); e) Analysis and methods (e.g. evaluation, expert reports, significant); f) Perspective and time (e.g. transformation, prognosis, tendency); g) People and population (e.g. age, family, demographic).

Results in brief and relevance

Using statistical analyses and network representations undertaken with the help of the software Gephi092, verbal similarities or anomalies between the text groups could be analysed, initially descriptively. Figure 1 shows an example of a visualisation of clustering, verbal segregation, overlapping and similarities.

![Network representation of all relevant terms in the text groups (Tab. 1), compiled with the help of Gephi092; Source: Jürgens](image)

Fig. 1: Network representation of all relevant terms in the text groups (Tab. 1), compiled with the help of Gephi092; Source: Jürgens

a) How large is the linguistic spectrum that deals with the topic of local retail?
b) To what extent is the linguistic spectrum narrowed in the public discourse for the wider population? Which terms used in the local discourse on neighbourhood retail among residents and mayors have become fixed? In the end, how important is this discourse for concrete action concerning local shopping?
c) What motivates those shaping the discourse to write and speak (in our basic texts and video sequences)? And what critical, uncritical or symbolic words and figures of speech relating to village idylls and rural local retail are used for the arguments in the texts analysed?

d) Finally, attention is turned to whether the usually positive discourse about rural local retail corresponds with demand in practice and can thus prevent food deserts.
Will Organic Food Consumption Increase Consumer Well-Being?

Hyun-Joo Lee, Inha University, Republic of Korea

Introduction

Despite the global economic downturn, consumer demand for organic foods has increased due to consumers’ high interest in well-being. The global organic food market grew to approximately USD $88.1 billion in 2015, an 11.5% increase from the previous year ("Global organic food industry profile," 2016). Also, the organic food market in Korea has seen a steady increase in sales over the years. According to the Korea Rural Economic Institute, domestic organic produce sales have increased from KRW 172.1 billion in 2007 to KRW 327.9 billion in 2015 and are estimated to reach KRW 635.9 billion in 2020 (Jeong, Lee, & Kim, 2016).

Recently, researchers have become interested in the concept of value consumption, a phenomenon in which consumers apply the personal values that they consider important to their consumption behavior. Personal values serve as principles that guide the selection of attitudes and behaviors (Schwartz & Bilsky, 1990). Scholars generally agree that personal values are “enduring beliefs” or “motivational goals” relating to “desired modes of conduct or end-states of existence” (Rokeach, 1973).

According to Homer and Kahle (1988), personal values are the most abstract concept of social cognition, reflecting the most basic characteristics of social adaptation; thus, personal values are the prototype from which attitudes and behaviors are framed. Extending that idea, Kahle (1980) suggested that personal values indirectly affect human behavior through attitudes, which are abstractions of intermediate levels. In other words, the abstract concept of value is linked to concrete action through the
mediating variable of attitude. This successive event is called the value-attitude-behavior hierarchy (Homer & Kahle, 1988).

**Conceptual Framework and Hypothesis Development**

The conceptual model of this study is grounded in the value-attitude-behavior hierarchy model suggested by Homer and Kahle (1988). The objectives of this study are as follows. First, this study examines how personal values influence attitudes toward the consequences of organic food consumption. In particular, the current study focuses on Schwartz’s (1992) self-transcendence values (i.e., universalism and benevolence), which have been proven to strongly influence environmentally friendly consumption, responsible consumption, or sustainable consumption (Dreezens, Martijn, Tenbült, Kok, & de Vries, 2005; Krystallis, Vassallo, Chryssohoidis, & Perrea, 2008; Lea & Worsley, 2005). Second, this study investigates the effects of attitudes toward the consequences of organic food consumption on consumption behavior of organic foods. In the current study, attitudes toward the consequences of organic food consumption are examined multidimensionally as environmental, health-related, and psychological consequences. While many previous studies have investigated attitudes toward organic foods, few studies have examined attitudes from a multidimensional perspective. In Homer and Kahle’s (1988) value-attitude-behavior hierarchy model, behavior is determined by attitude. Thus, the current study uses actual consumption behavior of organic foods to explore value-attitude-behavior hierarchy. Finally, this study explores the importance of organic food consumption in improving consumers’ perceived well-being. In this study, consumer well-being is evaluated in terms of perceptions of physical, psychological, and social well-being. To accomplish the three objectives of this study, the following hypotheses are proposed:
H1: As consumers consider universalism more important, the consumers develop more positive attitudes toward a) environmental, b) health-related, and c) psychological consequences of organic food consumption.

H2: As consumers consider benevolence more important, the consumers develop more positive attitudes toward a) environmental, b) health-related, and c) psychological consequences of organic food consumption.

H3: As consumers develop more positive attitudes toward a) environmental, b) health-related, and c) psychological consequences of organic food consumption, the consumers consume organic foods more often.

H4: As consumers consume organic foods more often, the consumers perceive higher a) physical, b) psychological, and c) social well-being.

Method

The samples for this study were people aged 19 or over who lived in the Republic of Korea, were primary grocery shoppers for their household, and had ever purchased organic foods. A self-administered web survey was administered with panel members pre-recruited by a market research firm. A total of 420 usable questionnaires were obtained after excluding unqualified, ineligible, and incomplete questionnaires. All the scales had multiple items and were mostly derived from previous studies. Self-transcendence values (universalism and benevolence) were measured using Schwartz’s (1992) 18 items on a 6-point Likert scale. Attitudes toward environmental and health-related consequences of organic food consumption were measured using 10 items developed by Magnusson, Arvola, Hursti, Åberg, and Sjödén (2003). Based on the findings from the qualitative studies conducted by Padel and Foster (2005) and Fotopoulos, Krystallis, and Ness (2003), three items were constructed to measure attitudes toward psychological consequences of organic food consumption. Consumption behavior of organic foods was measured based on frequency of consuming six categories of organic foods: dairy products; fruit or vegetables; grains;
meat, poultry, fish, or eggs; non-dairy beverages; and prepared foods. To measure consumer well-being, seven items for physical well-being, 12 items for psychological well-being, and five items for social well-being were borrowed from Pontin, Schwannauer, Tai, and Kinderman’s subjective well-being scale (2013).

Results and Discussion

Of a total of 420 respondents, 59.8% were female. The age range was between 19 and 68 years, with a mean age of 39 years. The majority (54.8%) classified themselves as married. For education level, 49.8% of respondents had completed a four-year college degree. For income category, the largest percentage of respondents (20.2%) had an average monthly income of KRW 4.5 million (USD $3,480-4,360).

The data were analyzed by applying confirmatory factor analysis (CFA) to evaluate the validity of the measurement model. CFA was computed with maximum likelihood estimation method using AMOS software. The measurement model had a good fit: $\chi^2$/df = 1.572, CFI = .955, IFI = .956, and RMSEA = .037. All constructs showed convergent validity: all factor loadings were above .60, with the lowest value being .62 (significant at $p < .001$); the composite reliability ranged from .778 to .901; and the values for the average variance extracted (AVE) were between .505 and .752. Chi-square difference tests were used to assess discriminant validity. Chi-square difference tests showed highly significant differences ($\Delta \chi^2 [1]$ ranging from 79.738 to 868.297, $p < .001$) between the unconstrained model in which the correlation was freely estimated and the constrained model in which the correlation was fixed to 1. Thus, the results suggest adequate discriminant validity.

The hypothesized relationships were tested using standardized path coefficients in the structural model. The structural model yielded an acceptable fit: $\chi^2$/df = 1.604, CFI = .951, IFI = .952, and RMSEA = .038. We found strong evidence for the proposed
model as indicated by support for seven hypothesized relationships. H1 was partially supported based on the findings that universalism was positively related to attitudes toward environmental consequences ($\gamma = .468, p < .001$) and psychological consequences ($\gamma = .482, p < .001$). However, contrary to H1b, universalism was not significantly related to attitudes toward health-related consequences ($\gamma = .182, p = n.s.$). For H2, no significant paths were found between benevolence and attitudes toward environmental consequences and between benevolence and attitudes toward psychological consequences ($\gamma = -.009, p = n.s.; \gamma = -.070, p = n.s.$), rejecting H2a and H2c. However, H2b was supported, as benevolence positively impacted attitudes toward health-related consequences ($\gamma = .271, p < .05$). H3 was partially supported: consumption behavior of organic foods was positively influenced by attitudes toward psychological consequences ($\beta = .163, p < .05$) but not by environmental consequences ($\beta = .030, p = n.s.$) or health-related consequences ($\beta = .104, p = n.s.$). Thus, only H3c was supported. H4 was fully supported: consumption behavior of organic foods significantly impacted physical well-being ($\beta = .263, p < .001$), psychological well-being ($\beta = .264, p < .001$), and social well-being ($\beta = .231, p < .001$).

**Conclusions and Implications for Theory and Practice**

Results of this study indicated that universalism was positively related to attitudes toward environmental and psychological consequences, whereas benevolence positively affected attitudes toward health-related consequences. As consumers considered universalism more important, they were more likely to believe that organic food consumption was environmentally beneficial and made them feel better. On the other hand, as consumers considered benevolence more important, they were more likely to believe that organic food consumption improved their health. Findings from this study also showed that consumption behavior of organic foods was positively influenced by
attitudes toward psychological consequences of organic food consumption. As consumers were more likely to believe that organic food consumption made them feel better, they were more likely to consume a variety of organic foods more often. Lastly, we found that consumption behavior of organic foods significantly impacted physical, psychological, and social well-being. As consumers were more likely to consume a variety of organic foods more often, they were more likely to perceive higher physical, psychological, and social well-being.

This study strengthens the theoretical foundation of existing organic food consumption research. First, in this study, Homer and Kahle’s (1988) value-attitude-behavior hierarchy model was extended to include perceived consumer well-being as an outcome variable. The study results demonstrated that organic food consumption could increase consumer well-being in terms of physical, psychological, and social well-being. These findings have rarely been validated in organic food studies. Second, the current study went beyond previous studies by subdividing attitudes into three dimensions in order to address broader aspects of the consequences of organic food consumption. Third, this study applied Homer and Kahle’s (1988) value-attitude-behavior hierarchy model to the context of organic food consumption. In this study, as in the case of Homer and Kahle (1988), personal values (i.e., universalism) had an indirect effect on behavior through attitudes (i.e., attitudes toward psychological consequences).

This study also offers several managerial implications. The results demonstrated that universalism was closely associated with attitudes toward two consequences of organic food consumption (environmental and psychological), whereas benevolence was associated with attitudes toward health-related consequences of organic food consumption. Universalism focuses on the welfare of mankind and nature; therefore,
universalism might be closely related to environmental and psychological attitudes toward organic food consumption. On the other hand, benevolence focuses on the welfare of those with whom one has a close relationship in everyday life; therefore, benevolence might be firmly related to health-related attitudes toward organic food consumption. From this finding, we conclude that for Koreans participating in this study, universalism is more closely related to organic food consumption than is benevolence. Thus, for organic food producers, manufacturers, or retailers to encourage more consumption of organic foods, they need to target consumers who value universalism in their lives. It is surprising that actual consumption behavior of organic foods was greatly influenced only by attitudes toward psychological consequences of organic food consumption. Little scientific evidence supports health-related consequences of organic food consumption, and it is hard to be certain whether there are environmental consequences from consuming organic foods; therefore, Korean consumers may depend on psychological consequences of organic food consumption in deciding to consume organic foods. Thus, advertising or promotional messages should emphasize psychological consequences of organic food consumption to increase Korean consumers’ organic food consumption behavior. Lastly, consumption behavior of organic foods greatly influenced Korean consumers’ perception of well-being, so advertising or promotional materials should highlight the role of organic food consumption in improving physical, psychological, and social aspects of consumer well-being.
References


Abstract

The paper presents an exploration of retail innovation in third sector retailing. Through examination of a single sector within the retail industry, an in depth understanding of characteristics of innovation is obtained. Innovation within the context of this study is the application of new ideas that stimulate business performance. This is achieved through both a literature review, which adopts an historical perspective to examine innovation within retailing, and empirical enquiry, to explore the practitioner context in which innovation occurs. An industry case study approach was adopted, wherein in-depth interviews took place with industry expert informants. Research results indicate that innovation in third sector retailing is evidenced through a greater professionalisation of business and marketing practices. Originality of the research is the novel conceptual framework, which captures four stages of retail innovation in third sector retailing. Practitioner value is provided by way of presenting a clear means of better understanding innovation with the third sector retailing.

Key Words: Retail Innovation, Third Sector Retailing, Charity Retailing

Introduction

Since the first charity retail shop opened in the UK in 1947, this form of retailing has proved to be resilient to various retail developments evident over the past 70 years. Within the UK, it is estimated that 8,300 charity retail shops exist, generating over £820,000 a day in profit to directly fund charitable purposes (ACVEO, 2017). In addition, over half of all UK charities also sell online (Lake, 2011). Over recent years, third sector retailing has improved its image and professionalised through moving away from being volunteer led and, in some cases, traded up to open up specialist stores (Du et al., 2010; IBISWorld, 2017). However, in so doing, conflict is evident wherein other retailers deem unfair competition is at play as third sector retailers operating in the UK currently benefit from 80% discount on business rates.
Further criticism targeted at this sector is that they have become less concerned with the welfare of a local population, as whilst once charity shops were to be found in economically deprived areas (Horne and Maddrell, 2002), they are now often located in affluent areas raising funds for the parent charity, which often operates on a global scale (Livingstone, 2011). Such criticisms provide an opportunity to question the boundaries between business and third sector retailing, which has received scant academic attention within literature. Rather, studies in third sector retailing have been focused on marketing and distribution (e.g. Liu & Ko, 2012; Liu et al., 2014), whilst other research has examined charity retail as part of the built environment (Alexander et al., 2008 and; Livingstone, 2011).

Drawing upon theories explaining retail innovation, the aim of this research is to examine the historic evolution of third sector retailing. In doing so, the paper presents four waves of third sector retail development, wherein through gradual trading up, there has emerged a credible business model that offers better investment prospects for the buyer and more money for the charity. This is explored within the context of the growing social acceptance of making second hand purchases across social and economic groups, that is, not just the deprived. Data was collected via qualitative interviews with key informants who hold management positions employed across three prominent UK Charities who have a strong presence on the high street and online. The contribution of this research is to offer a new perspective on third sector retailing that provides retailers with a model against which to assess their retail format, business strategy, and stage of retail development. In terms of academic contribution, the research offers a typology of retail formats which will help to describe third sector retailing in developed markets.

Literature review

Hristov and Reynolds’s (2015) empirical research characterised innovation as a strategic priority of a company, its crucial role being to contribute to growth and performance of the business. Common to definitions of innovation is change, wherein it can be both strategic and operational. For example, creation of merchandise models, new product and service offerings or new channels to market to differentiate the retailer from the competition or a store layout refresh to create operational efficiencies. Innovation in third sector retailing is evident as charities have developed and then subsequently discarded varying retail formats over time. Retail formats defined as the physical embodiment of a retail business model, which describes the firm’s activities in relation to its context and strategy (Reynolds et al., 2007:648).

Whereas there is no one business model for a particular retail sector, historical examination reveals a ‘type’ of retail format occurring at particular points in time. Scrutiny of charity retail literature uncovers a classification of four types or waves of retail formats occurring. The first wave being at the beginnings of charity retailing in the nineteenth century wherein the target donor was the wealthy and the target customer the poor, the focus of the retail efforts being ‘relief of poverty’ (Horne, 1998). Limited thought was given to presentation of goods. The second wave of charity retail witnessed the sector being more professionalised wherein charities saw their retail stores as a popular choice for revenue generation (Liu & Ko, 2012). As a consequence of increased car ownership, this period, the 1970’s 1980’s, witnessed retailers moving to out of town locations thereby providing an opportunity for
charities to move into vacated units in local high streets (Horne, 1998). In more recent times, a third wave has emerged in which the sector has matured through the development of sub-brands which serve to denote specialist stores, for example, Oxfam Boutique and Oxfam Books. Heightened competition within the sector is evident and some efforts are evident to attempt to compete on quality (Hibbert, 2005). The final and most recent wave is the fourth wave, which is evident through charities deliberately targeting affluent consumers both in terms of capturing their donations and also targeting them as customers (Livingstone, 2011).

**Methodology**

Adopting an interpretivist case study approach, in depth interviews were undertaken with key informants who were either directly associated with or have expert knowledge of the UK charity sector and UK charity retailer, Mary’s Living & Giving (ML&G), which is the brain child of Mary Portas, UK retail consultant and broadcaster. ML&G first retail store was set up in 2009 in partnership with the charity organisation Save the Children with whom Portas is identified as this charity’s Global Retail Ambassador. The rationale for selecting Mary’s Living & Giving is that the business model can be classified as falling into the fourth wave of charity retail wherein product specialisation is evident (clothing and fashion in the case of ML&G); affluent consumers are targeted for both donations and purchasers of goods; stores are located in affluent ‘village’ communities and unlike traditional charity stores, a high degree of effort is put into merchandising stock and creation of an appropriate store environment. In total, seven interviews were undertaken, each lasting between 50 – 85 minutes, which included both the Former and Current Retail Head of ML&G; ML&G former Brand Ambassador, a Store Manager, Former Retail Director of Save the Children, plus, Head of Retail Operations and Head of Recycling and Sorting Centre at a completing charity. Interviews took place between July and August 2017.

**Results**

From the research results, it is evident that third sectors retailers have come to see themselves as in direct competition with mainstream retailers:

‘Don’t think of competition as other charity shops, think of competition as being other shops’

Third sector retail has come a long way from its outdated image of a jumble sale feel, moving towards current fashion practices, for example, less is more when making merchandise and store display decisions. Charities now realise the need to move towards giving customers a more upmarket and enjoyable experience is important to business performance.

*As consumers, design has come to be more and more important to us, all of our standards are higher, so why should it be any different in the charity sector.*

As with mainstream retailing, consumers visiting charity shops are looking for experiences and entertainment. For this reason, newer charity shops have looked towards fostering the local community:
The shops are community hubs – do a bit of knitting, just come and have a chat, run classes and events. Entertainment key to building brand within that community

Fostering the local community also serves to differentiate in the fairly mature and crowded market, which third sector retailing is.

**Conclusion**

Through this research, we have sought to capture innovation in third sector retailing. Literature findings tell us that third sector retailers have engaged in innovation in an incremental fashion, becoming more professional as time has moved on. Empirical findings indicate that innovation has occurred through strategic thinking, that is, viewing direct competitors beyond other charity retailers. Rather, direct competitors are any other retailers on the high street selling the same goods as themselves, albeit third sector retail goods are generally second hand. Quality of merchandise display, customer service and care of the product must hold equal importance in both the charity and non charity sector.

**References**

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Extended Abstract  
The importance of corporate (firm) reputation has received considerable research attention in the services literature (e.g., Walsh and Beatty 2007). However, the impact of personal reputation in services has been largely ignored. This paper argues that personal reputation is particularly important in services because of the nature of services and the important role that people play in service delivery. Many services are person to person, particularly in personal and professional service industries. These services have been categorized as “high contact”, involving extensive personal contact and customization (Bowen 1990). Further, the existing literature clearly shows that customers develop relationships at the individual level (Macintosh and Lockshin 1997), as well as the firm level and that generally, relationships are stronger at the individual level (Iocabucci and Ostrom 1996). Drawing on existing research from a number of disciplines, we integrate personal reputation into the existing services literature and develop a conceptual model with testable research propositions. This model highlights the potential role that personal reputation may play as a key mediating and moderating variable; linking service provider behaviors, orientations, and resources to important relational outcomes.

Reputation in Services  
Extensive research on corporate reputation suggests that it is an important firm asset that reduces transaction costs (Williamson 1985) and positively contributes to important firm outcomes, such as trust and loyalty (Dowling 2001; Rose and Thomsen 2004). Thus, corporate reputation plays an important role in building and maintaining customer to firm relationships. However, a growing body of literature clearly shows that in many service industries, relationships exist at both the firm and interpersonal level (Iocabucci and Ostrom 1996; Macintosh 2007). Further, this research suggests that positive interpersonal relationships contribute to more positive relational outcomes for the firm, such as higher trust and loyalty (e.g., Macintosh and Lockshin 1997). The highest forms of loyalty in services are often expressed at the individual level (Bendapudi and Barry 1997), when customers think of their service provider in a proprietary sense (my attorney, my hairstylist). This fact and the substantial literature documenting the important role of firm (corporate) reputation provides a strong rationale for why we need to also look at the role personal reputation in services.

Personal reputation may also be more important in services because of the characteristics of services and the difficulty that consumers have evaluating and making judgments of services before, and even after purchase. Some services have primarily experience or credence qualities, which “forces consumers to rely on different cues and processes when evaluating services” (Zeithaml and Bitner 2003, p.36). The literature suggests that in ambiguous situations, decision
makers often use reputation as a proxy for information and outcomes that are difficult to judge (Ferris et al. 2003; Kreps and Wilson 1982). Therefore, reputation may be an important cue used by consumers for services high in experience and credence qualities.

**Conceptualization and Definition of Personal Reputation**

Research on corporate reputation has assessed the perceptions of a wide range of stakeholders (e.g., stockholders, employees, investors). Walsh and Beatty (2007) recognized that most of this prior research does not capture the perceptions of perhaps the most important stakeholder group, customers. Therefore, they developed and validated a measure of customer-based corporate reputation (CBR) (Walsh and Beatty 2007). While CBR is based upon multiple aspects; such as the firm’s products and services, external communications, company policies, external activities, and employee behavior and performance; personal reputation stems from perceptions of the individual service provider. Walsh and Beatty (2007) define CBR as the customer’s overall evaluation of the firm, we define customer-based personal reputation as the customer’s overall evaluation of the individual service employee, reflected in the amount of positive regard he/she holds for the employee. Zinko et al. (2011, p. 157) define personal reputation in organizations as the perception of individuals “performing their jobs competently and being helpful towards others in the workplace.” Our definition of customer-based personal reputation captures the customer’s perception of how well service providers perform their jobs competently and are helpful. Reputation is a perceived “quality promise,” (Walsh and Beatty 2007) that reflects an expectation that the service provider will do a good job for the customer. Ultimately, consumers continue to work (or chose to work) with service providers that they perceive will deliver high quality service. This judgment is reflected in the service provider’s personal reputation.

**Model and Hypotheses**

A number of authors suggest that personal reputation is influenced by an individual’s personal characteristics and accomplishments (Zinko et al. 2011), including human capital and social competency (Ferris et al. 2003; Funer, Rolyle, and Hall 2010). The links between human capital and social competency and reputation are based on the premise that service providers will appear more competent and helpful when they possess skills and abilities to perform the service effectively and create positive interactions with the customer (Ferris et al. 2003). Personal reputation is also a socially influenced construct in that it is not only based on personal experience, but also by the communicated perceptions of others (Ferris et al. 2003). Perceptions of reputation communicated by others may be particularly relevant to consumer decision making when they lack personal experience with a service provider.

Based on Zinko et al. (2011), we propose a model of the role of personal reputation in services with key antecedents and outcomes (see Figure 1). The antecedents fall into three categories, 1) human capital, 2) social control and competency, and 3) the perceptions of others. Customer-based personal reputation (CPR) is seen as an important mediating variable, leading to enhanced relationship quality (satisfaction and trust).

**Antecedents**
We focus on two elements of human capital that are highly relevant in services, service provider expertise and customer orientation. Traditionally, most research has examined direct links between service provider expertise and customer orientation and relationship quality (e.g., trust and satisfaction). Our model suggests that both expertise and customer orientation are at least partially mediated by CPR.

To the extent to which CPR reflects a perception of competence, the literature suggests that expertise will have a positive impact on personal reputation (Zinko et al. 2007). Empirical support for this contention can be found in Zinko et al. (2012), who found a significant positive relationship between expertise and personal reputation in organizations.

H1: Service provider expertise is positively related to CPR.

Prior research has examined expertise as a direct antecedent of relationships quality (e.g., Crosby, Evans, and Cowles 1990; Macintosh 2007). However, since reputation develops over time based on experience, observation and evidence of expertise are likely to contribute to the development of reputation. Therefore, we expect that personal reputation (at least partially) mediates the effect of expertise on relationship quality.

H2: CPR mediates the effect of expertise on relationship quality.

Customer orientation is a fairly well established construct in the service literature (Brady and Cronin 2001; Hennig-Thurau 2004). Customer orientation basically means practicing the modern marketing concept at the interpersonal level by putting the customer’s interests first (Saxe and Weitz 1982). In other words, service providers engage in behavior that leads to positive outcomes for the customer. Research in services shows that customer orientation is directly related to relationship quality (trust and satisfaction) (Macintosh 2007). However, since reputation develops in the customer’s mind based on past experience with the service provider, it seems likely that the accumulated effects of customer oriented behavior likely help shape CPR. Therefore, we expect that CPR mediates (at least partially) the effect of customer orientation on relationship quality.

H3: Customer orientation is positively related to CPR.

H4: CPR mediates the effect of customer orientation on relationship quality.

Social control and competency are also believed to be related to personal reputation (Zinko et al. 2012). We examine two important social control and competency constructs, political skill and emotional regulation. We expect that these characteristics influence reputation both by directly facilitating more positive interactions and by also by more effectively influencing other’s perceptions of the service provider.

Political skill is conceptualized as a social control and competency construct, developed explicitly to address influence at work. Political skill is defined as “the ability to effectively understand others at work, and to use such knowledge to influence others to act in ways that enhance one’s personal and organizational objectives.” (Ferris et al. 2007). Research has demonstrated its usefulness as a measure of social influence and effectiveness (Ferris et al., 2007).
for a review). Further several research studies show a positive link between political skill and personal reputation (e.g., Blickle et al. 2011) and that reputation mediates the relationship between political skill and job performance ratings (Liu et al., 2007). Therefore, we expect that the level of political skill possessed by the service provider will relate positively to personal reputation and that personal reputation mediates the impact (at least partially) of political skill on relationship quality.

**H5: Political Skill is positively related to CPR**

Researchers have examined the importance of emotional labor in facilitating positive service interactions and outcomes (e.g., Hennig-Thurau et al. 2006). Particularly, the positive impact of deep acting strategies (Groth, Hennig-Thurau and Walsh 2009). With deep acting, service employees actually modify their felt emotions leading to genuine emotional displays (Hochschild 1983). Deep acting leads to more positive customer perceptions of the service provider because he/she is perceived as sincerely interested in helping the customer. Therefore, we believe the surface acting will also relate positively to the service provider’s reputation.

**H6: Deep acting is positively related to CPR.**

Reputation is a social construct (Ferris et al., 2003; Zinko et al., 2007), in the sense that it stems from both personal experience but is also influenced that the communicated experience and perceptions of others (e.g., word of mouth). Word of mouth is particularly important in services (Berry and Parasuraman 1991; Voyer 2000). Therefore, we expect that word of mouth received from others influences personal reputation.

**H7: Positive word of mouth received (POW-R) is positively related to CPR.**

**Personal reputation as a moderator**

In the model presented, both expertise and customer orientation are conceptualized as attributes of the service provider, not customer perceptions of the service provider. In other words, the provider’s actual objective level of expertise and the level of customer-oriented behavior exhibited. Therefore, we propose that CPR will moderate the impact of expertise and customer orientation on satisfaction and trust because it enhances the service provider’s credibility. Previous research has primarily examined the direct effects of expertise and customer orientation on trust and satisfaction (e.g., Macintosh 2007). However, just because the service provider is an expert does not necessarily mean that everyone will trust the service provider. Evidence of expertise and customer oriented behavior will be perceived with more credibility if one possesses a positive personal reputation. Thus both expertise and customer orientation will be viewed more positively leading to greater customer trust and satisfaction.

**H8: CPR moderates the relationship between service provider expertise and customer trust and customer satisfaction, such that the relationship will be more positive for service providers who have more positive CPR.**
H9: CPR moderates the relationship between service provider customer orientation and customer trust and customer satisfaction, such that the relationships will be more positive for service providers who have more positive CPR.

Implications and Conclusion

Both a well held view that firm reputation is important in services and the nature of services and service relationships suggests that customer based personal reputation should also be important in services. We make a case for this assertion and offer a model integrating personal reputation into the services literature. This model suggests both the potential of personal reputation as a mediator and moderator of a number of important service provider characteristics and capabilities. The model also suggests the impact third party word of mouth on personal reputation. From a research perspective, we draw attention to a potentially important and understudied construct that may enhance our understanding of the connection between service provider capabilities and behavior and important service outcomes. Managerially, personal reputation should be viewed as an asset, which can be proactively managed from both a personal and organizational level.

References available on request

Figure 1 Model of Proposed Relationships
Exploring Purchase behaviour of Country of origin - “Producers club” brand.

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March, 2018
Exploring Purchase behaviour of Country of origin - “Producers club” brand.

Abstract
Due to a crescent globalisation of the food market and demand of quality insurance by the consumers, producers and retailers have adopted strategies to certify products and increase sales. Considering the number of customers demanding some kind of certification, manufacturers and retailers are increasingly under (economic) pressure to become somehow, certified. For this and in order to ensure consumer demand for food product quality and safety, a growing attention has been placed on labelling strategies dealing with traceability and origin certification. Apart from the conventional country of origin general labelling – Produced in Portugal, retail chains developed their own labelling strategies based on the origin of food as it is the case of the “Continente Clube de Produtores (Continente Producers Club)

Both cues -“Produce in Portugal” and “Continente Producers club”- are used to differentiate quality in various product categories, applying to the consumer’s ethnocentrism character. The consumers ethnocentrism and how they evaluate and differentiate both the above labels is not yet fully studied in Portugal.

The aim of this work is to use the theory of Planned Behaviour to evaluate how Ethnocentrism influence the purchase intention of Portuguese labelled food products. It will be tested the moderating effects of Product Category and label (retail “Continente producers club”/conventional Country of origin labelled) and product category (“vice” or “virtue”) on actual purchase behaviour.

With this work, it is expected to shed some light into the way how consumers evaluate food under country of origin direct or indirect label cues. This could present some guidelines to adjust consumer communication for both producers and retailers.

Keywords: Consumer Behaviour, Purchase Intention, Consumer Ethnocentrism, Portugal, Certified food products; retail, Theory of planned behaviour.

Introduction
As international trade barriers diminish, food market faces the major competition from foreign countries which, most of the times, expand their markets competing with smaller countries. Food product surplus is thus directed internationally in order to protect domestic prices and to expand markets. Due to this strategy, consumers are exposed to food products with both domestic and foreign origins.

Due to this globalisation in the food market, quality insurance demanded by the consumers, forced producers and retailers to adopt strategies to certify products origin in order to bust sales. Also applying to the “country of origin” effect which has become one of the most common strategy adopted throughout the food market.

To face this, producers and retailers increasing try to differentiate national food products from the imported one. Labelling strategies adopted include “Country of Origin” labels and also retail origin labels as “Continente Clube de Produtores” (Continente Producers Club). Continente is the major retail chain in Portugal and the one with the larger shops. Its Producers Club created in 1998 aims to approach the retailer to national producers, promoting national products in several categories, based on quality and traceability norms.

On the other end, producers became more conscientious to promote their products under an origin label together (or instead of) with their brand. The origin has become an important cue to influence consumer purchase behaviour. Through this strategy, applying
Recent advances in retailing and services science

to the consumer ethnocentrism, labelling and promoting food products based on its origin in many situations, in fact, origin became a brand.

Consumer ethnocentrism (CE) is the factor that influences attitudes and preferences of consumers regarding national products compared with foreign products and the importance of this construct is being recognized in marketing practice and research (Shimp and Sharma, 1987; Luque-Martínez, Ibáñez-Zapata and Barrio-García, 2000; Chryssochoidis, Krystallis and Perreas, 2007; Makanyeza and du Toit, 2016).

The aim of this work is to use the theory of Planned Behaviour to evaluate how Ethnocentrism influence the purchase intention of Portuguese labelled food products. It will be tested the moderating effects of Product Category and label (retail “Continente producers club”/conventional Country of origin labelled) and product category (“vice” or “virtue”) on actual purchase behaviour. Our study attempts to determine the impact of ethnocentrism in the evaluation of specific food products by urban Portuguese consumers with both origin labels.

Following the recommendations of several authors (Lorenz, Hartmann and Simons, 2015; Grunert and Aachmann, 2016) this work intents to bring some light into to what extend label information on origin of a product influences consumer’s purchase behaviour.

This paper is divided into three parts. In the first part a brief literature review of, Country of Origin and retail labelling, Ethnocentrism and the Theory of Planned Behaviour has presented by Ajzen (1991). In the second part a model and suggested methodology is presented. Finally, limitations and contributions for the study are discussed.

**Country of Origin labelling**

The globalized, anonymous and urban world, where a large variety of exotic and imported food products can be found makes consumers to feel confused as like they have lost their identities and roots. In this sense. To undertake this, product labelling has been gaining attention as a mean to provide consumers information and reduce uncertainty as a regulatory point of view (Verbeke and Roosen, 2009). As cue utilization in food product evaluation is a complex process (Bello Acebrón and Calvo Dopico, 2000), origin has become an important criterion for European consumers in their product evaluation and purchase behaviour (Lorenz, Hartmann and Simons, 2015).

The origin of a product, is normally communicated through the expression “made in ……,” or “produced in……” which is intangible product attribute as well as an extrinsic product cue that is different from a physical product characteristic, not directly associated with product performance and having a direct and substantial impact on the overall product (Hossain, 2015). “Origin” is a cue that has been observed to have considerable influence on product quality evaluations (Bilkey, Warren and Nes, 1982; Bello Acebrón and Calvo Dopico, 2000; Lorenz, Hartmann and Simons, 2015), either directly or indirectly(Maheswaran, 1994) being used widely has a label strategy to promote food products.

It is known that consumers evaluate alternatives among different brands, products and services available, by judging one or several cues. Examples of these cues include product appearance, brand name and geographic origin (Verlegh and van Ittersum, 2001) As demonstrated by Hossain (2015), the country of origin (COO) cue has a direct and substantial impact on the overall product evaluation being many times linked to a consumer willingness to pay premium price for food characterized as a specific origin (Lorenz, Hartmann and Simons, 2015).

Country of origin research has looked mainly into the use of COO as an informational
stimulus about (or relating) to a product and it is used by consumers to infer beliefs regarding various product attributes as quality, traceability, flavour etc. (Verlegh and Steenkamp, 1999). Although throughout research it has been argued that COO is not a merely cognitive cue like any other and cannot be explained entirely by a quality signalling process.

Despite this the amount of research produced on COO effects, nothing has been found on how Portuguese food consumers consider Country of origin on their everyday food purchase decisions. The research analysed so far not conclusive on effects of COO label on purchase intention, Insch & Jackson (2014) suggested that consumers misinterpret COO labels. In their study, just 3.5% of respondents recognized COO label as one of the factors influencing their purchase decision, despite the fact that 62% mentioning that they look at COO labels when making food purchase decisions. Loureiro & Umberger (2007) have demonstrated that geographical indications in the form of COO labelling for beef were not considered the most important quality attribute. On the opposite side, studies (van Ittersum et al. 2007; ) indicate, that consumers are positively influenced by COO labels. This is in line with findings of Verbeke, Wim and Roosen (2009) who indicate that findings from consumer studies are not unanimous with respect to whether COO labelling have a favourable impact on product valuation by consumers.

**Private labelling strategies**

Private labelling strategies were developed, as a part of the total value retail chain (from manufacturer to customer) with the development of private brands (private-label merchandise, private-label brands, store brands, house brands, own brands). A retailer’s private brand (PB) is a service or product that carries the retailer brand or a separate name that is controlled by the retailer (Oxera, 2010). It differs from national brands (NB) as the later are generally owned by producers. Also, PB are sold within a particular retail chain, while NB are sold nationwide, not restricted to a particular distribution chain (Oliveira, Marques and Mendes, 2015). Considering the PB definition, “Continente Clube de Produtores” can be, therefor considered a Continente’s private label.

Private brands have been active on brand innovation in an attempt to respond to consumers’ growing demand for a high range of quality products a lower price when compared to national brands (Loureiro, 2017). The bargaining position of large retailers may have improved as a result of an increase in retail expansion and private labels. This lead to a significant growth of PB in the last two decades, holding the potential to increase store loyalty a profitability (Oliveira, Marques and Mendes, 2015). It has also been seen that during economic crises, consumers tend to increase purchase of PB which, in turn helps to increase PB loyalty.

According to Nielsen (2018, p, 2), “There is a new retail revolution underway, and it’s going to affect the food industry across the globe over the next five years in ways we have never seen before. We’re talking about the development of private-label products and the new challenges that this will present for brands and manufacturers across the globe, as retailers develop and market their own products rather multinational name brands to meet changing consumer needs”. In Portugal, in Nielsen’s’ 2016 evaluation, PB represents a 30% market share in 2018.

Until recently grocery retailers have used private labels as cheaper versions of manufacturer brands. That time has changed and PB are now competing with manufacturer brands on both quality and price adding further sub-brands at different points in the price/quality hierarchy, and sub-brands catering for particular customer preferences or demands, such as organic, allergen free brands (Philipsen and Kolind, 2012). Retailers now design, develop and market-test their own-brand products before
contracting out the final production, in the same way that many branded-goods manufacturers do. (Oxera, 2010). It can be said that, today, the main retailers became brand generators, competing for the same market share.

Competing in the same grounds that national brands do, retailers bring a new market complex perspective. The PB provide new opportunities for small suppliers to produce for mass markets which they otherwise struggle to access, given the costs and risks involved in developing a brand. On the other hand, the bargaining power of the retail chains can be seen negatively by suppliers where it allows retailers to negotiate more favorable terms.

This new market reality for private labels introduces changes in the pattern of collaboration between retailers and their private label suppliers. Departing from an understanding of grocery retailers’ collaboration with their suppliers this work investigates consumer behavior facing country of origin label from the major Portuguese retailer when compared with regular country of origin label.

“Continente Clube de Produtores was created in 1998 with the aim of bringing Continente (Sonae MC retail) closer to the national producers.

Its mission statement is “to promote national products according to high standards of quality and safety, supporting its members in a consistent and structured manner. The producers have thus guaranteed a way to dispose of their production, with Sonae MC being sure to be offering its customers Portuguese products of proven origin and quality” (Clube de Produtores Continente, 2018).

**Ethnocentrism.**

The term Ethnocentrism has first been introduced in 1906 by William Sumner who defined it from a sociological point as the “view of things in which one’s own group is the centre of everything, and all others are scaled and rated with reference to it”. Later, Shimp & Sharma (1987) introduced the economical version of this definition on describing consumer ethnocentrism as representing “the beliefs held by consumers about the appropriateness and morality of purchasing products originating in a foreign country”.

Ethnocentric consumers tend to consume products from their home country as it is considered to help local production instead of promoting foreign economy (Solomon, M. et al, 2013), avoid national unemployment (Verlegh, 2007), even when products quality is lower and the price is higher (Siamagka and Balabanis, 2015). Criteria as nationality and ethnicity are common for in-group/out group distinctions which helps to explain the bias of believing in the superiority of one’s group (products for this consideration) and the inferiority of other (Orth & Firbasová 2003). Also, the concept of ethnocentrism helps to understand how societies perceived events like economic interests and, applied to consumer behaviour, it represents the beliefs held by consumers about the appropriateness of buying products from abroad or even from a different region (Orth & Firbasová 2003).

Factors as financial crises contribute for the widespread of ethnocentrism as it seems to act as a self-defence reflex from local economies, producers’ organizations or governments (Siamagka and Balabanis, 2015) making ethnocentrism a pro-in-group as well as an anti-out-group construct (Sharma, Shimp and Shin, 1995; Balabanis and Diamantopoulos, 2004).

Membership to specific social groups is an essential aspect for the meaning of the ethnocentrism concept in the theory developed by Shimp & Sharma (1987) the theory is useful when explaining the link between ethnocentrism and food purchase behaviour.
People define in-groups and out-groups based on various social categories, such as religious groups, gender, age, and geographic boundaries trying to achieve and maintain a positive identity by aligning with positively valued in-groups (national) and differentiating themselves from negatively valued out-groups (foreign).

They perceive themselves and people in their groups as unique and better than others and treat people in the same in-groups better than they treat others. When identity is constructed on regional boundaries national food products represent the in-group and foreign products represent the out-group (Verlegh, 2007). Together with this reason, purchasing national food includes promoting the well-being of the local community (Newman et al., 2014). For this reason, ethnocentrism concept is an important factor to consider as influencing behaviours related to national food purchase.

**Theory of planed behaviour.**

The Theory of Planed Behaviour (TPB), as presented by Ajzen, (1991) is a theoretical framework which has been statistically proven and widely adopted to predict consumer behaviour. According to the TPB consumer behavioural intention can be predicted based on three main concepts and dimensions: **Attitude**, referring to the degree to which a person has positive or negative feelings of the behaviour entailing a consideration of the outcome of the behaviour. **Subjective norm** (SN), referring to the belief or beliefs about what significant others think about the perform of the behaviour and **perceived behavioural control** (PBC), a person’s perceived capacity to perform a behaviour. Behavioural intention, thus, represents a person motivation to perform the behaviour in the sense of his or her conscience plan (Ajzen, 1991).

According to Ajzen (1991), if attitude, SN, and PBC are strong, the intention will be strong, which will lead one to perform the given behaviour.

The TPB has become the most widely adopted theoretical framework for modelling food choice although, while researchers agree on the importance of the dimensions in shaping behaviour the original model does not explain how attitudes are created or modified (Gorton and Barjolle, 2013).
**Model and Research Hypothesis**
Based on this review, the following model an extension of the TPB model, has to be tested.

![Model Diagram]

**Methodology**
So far, it is planned to address questionnaires to consumers at major Continente supermarkets in Lisbon area during shopping situation, this is due to the fact that Continente is the major retail chain in Portugal and its Clube de Produtores the first of its kind to be created in Portugal.

Questionnaires will focus on consumer ethnocentrism (Adapted 10 item CETSCALE), as suggested by Sharma, Shimp and Shin, (1995), Brand evaluation following a proposal of Martensen et al., (2007), and Food Choice Questionnaire as presented by Steptoe, Pollard and Wardle, (1995).

As various studies indicate (Botonaki, Tsakiridou and Mattas, 2009; Font i Furnols et al., 2011; Insch and Jackson, 2014) women are the major percentage of population to be responsible for household shopping. Participants would be between 20-70 years old and fully or partially in charge of household purchases of food.

**Contribution for the study and Limitations**
In a unified and free market as the EU, it seems relevant to understand how “nationalistic” campaigns affect consumer behaviour. To a better understanding and marketing strategy design, the level of consumer Ethnocentrism has to be evaluated within the Portuguese consumer, especially when it comes to buying decisions of generic agro-food products. It is also relevant to evaluate what sort of quality cues can influence consumer behaviour in order to design an effective communication strategy.

In order to verify the model proposed as a framework for analysing purchase intention on general country of origin label when compared with “Continente Clube de
Produtores”, further research has to be done covering other product categories, regions and/or retail brands. Some research indicates a difference on behaviour of rural consumers when compared with urban consumers.
References


Making every step count – customer journeys and involvement in sports retailing.

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Introduction

Think of a sports fan watching a game of his favorite team on TV. In one of the commercial breaks he sees an ad for a new sports jersey. Remembering the shirt the next day he goes online using his mobile looking for the best price and finally buys the shirt in his local sport’s store. Content with his purchase, he posts a picture on Instagram: all these steps may be part of the customer journey in a digital retailing environment. The emergence of myriads of online touchpoints across multiple channels and the growing complexity of consumer behavior have recently generated great interest in the customer journey (Lemon and Verhoef, 2016). Customers do not follow the same purchasing habits they did a couple of years ago (Wolny and Charoensuksai, 2014). In times of digitalization, fundamental shifts are occurring with the availability of online information and the usage of smartphones being the roots of this development. Today’s empowered customers choose when to use which channel, when to leave their purchase paths, and when to hop from one channel to the other (Rapp et al., 2015).

In this environment, it is of paramount importance for retailers to keep customer interested, engaged, and involved throughout their entire decision-making process. In order to do so, they need to understand channel choice and channel switching behavior. The level of involvement plays a crucial role in the relationship between a consumer and a product, brand, or company (Laurent and Kapferer, 1985) and influences how much cognitive effort is exerted by the consumer. Therefore, this research on customer journeys in sports retailing takes involvement into account and focuses on enduring involvement (Michaelidou and Dibb, 2008). Two aspects are considered. Firstly, the personal relevance of sports in the consumer’s life. Secondly, consumers’ perceived importance of the Internet, as it is proposed that willingness to adopt new media influences the likelihood of using digital touchpoints and cross-channel shopping behavior.

Most recent studies and especially research reports on customer journeys rely on either big data or online surveys (Anderl et al., 2016a; MarketAgent, 2017; Pwc, 2015). As a consequence, consumers with a high affinity towards online media are overrepresented in those samples. Truly understanding consumer behavior in a multichannel environment, nevertheless, requires to look at both online and offline touchpoints. Therefore, in this research a field study at the point-of-sale was conducted to contribute to the discussion on customer journeys by adding data directly gathered from face-to-face interviews at physical retail stores.

Theoretical background

Retailers nowadays understand that enhancing customer satisfaction can lead to better performance, so many companies realize that they have to focus on every step during the buying process (Puccinelli et al., 2009). In order to do so, it is important to understand why
customers switch channels and buy their products from competitors. Earlier studies tried to explain channel choice and switching behavior but focused often only on single stages of the customer journey (Gupta et al., 2004; Strebel et al., 2004). However, truly understanding customer behavior requires a holistic view of the buying process so later studies tried to provide more integrative approaches by analyzing complete customer journeys (Frambach et al., 2007; Gensler et al., 2012).

With the emergence of myriads of online touchpoints, the attention shifted again in the direction of online contexts (Anderl et al., 2016a; Anderl et al., 2016b). Terms such as Zero-Moments-of-Truth and Micro-Moments coined by Google emerged, emphasizing the role of online and mobile media in the buying process, especially when consumers research a product prior to purchase. The role of digital touchpoints for consumer phenomena along the customer journey, such as webrooming and showrooiming, has also gained more interest lately (Flavián et al., 2016; Wolny and Charoensuksai, 2014).

Lemon and Verhoef (2016) stress the importance of underlying motivations when people engage in channel hopping. During many customer journeys, humans do not behave rationally all the time. They are guided by feelings, emotions and previous experience. Ratneshwar et al. (2003) argue that consumers always pursue a more meaningful goal when they buy a product or service. A claim which is supported by many studies as we shop for various reasons e.g. entertainment or social interactions (Arnold and Reynolds, 2003).

Involvement seems to be a key concept in understanding customer journeys. It refers to the emotional attachment and the inherent interest in information or products (Zaichkowsky, 1985). Involvement can be distinguished into two types: situational involvement (refers to the feelings a person has for a situation or product – i.e. temporary) and enduring involvement (refers to the ongoing feelings for a product or category – i.e. consistent over time) (Bloch and Richins, 1983).

Lemon and Verhoef (2016, 88) call for research to “evaluate not only the journeys themselves but also what drives these journeys, going beyond the widely available multichannel choice models”. This study aims to follow this advice and builds on previous similar work (Gensler et al., 2012; Wolny and Charoensuksai, 2014) by analyzing complete customer journeys, from awareness to post-purchase behavior, with a special focus on enduring involvement.

**Purpose**

It is assumed that the discussion on customer journeys is slightly skewed due to the overrepresentation of online samples. The exploratory nature of this research aims to reduce this research gap by interviewing consumers directly at the point-of-sale. Moreover, it provides insight into the influence of enduring involvement on different phases of the customer journey. The study was designed to answer the following research question:

“How do sports and online involvement affect the customer journey in sports retailing?”

It is hypothesized that sports and online involvement influence channel hopping behavior, which in turn increases the number of touch points used. Besides, the affinity for sports trends is also affected by involvement. These considerations are visualized in figure 1:
In this study, 308 offline semi-structured personal interviews were conducted at four different stores of Austria’s leading sports retailer. The research was carried out on two weekends in May 2017. Customers were interviewed when leaving the store. As the interviews concerned specific products researched or purchased in-store, it was made sure that all approached individuals had visited the respective store prior to their interview. Quotas were introduced to equally survey buyers and non-buyers (50:50), as well as females and males (50:50). Apart from these quotas, convenience sampling was used. The interviews contained primarily quantitative but also qualitative elements in form of open questions. Buyers were told to describe the customer journey of the most expensive product in their shopping bag. Having them narrate a specific customer journey was important. Very often surveys focus on what consumers do “in general” or are “likely to do” and not on what they just did or are about to do. As a result, customer journeys for a variety of products – from socks to mountain bikes – were analyzed. The questionnaire measured the different phases of the customer journey, involvement, channel hopping behavior, attitudes towards specific touchpoints, and affinity towards sports trends.

The questions on involvement dealt with the relative importance of sports and the Internet. Respondents were asked which role sports and the Internet plays in their lives. Based on these answers, they were grouped into four clusters according to their sports and online involvement (see Table 1).

<table>
<thead>
<tr>
<th>Clusters</th>
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</thead>
<tbody>
<tr>
<td>C1: Offline-Couch-Potatoes</td>
<td>(n= 28)</td>
</tr>
<tr>
<td>C3: Online-Athletes</td>
<td>(n= 112)</td>
</tr>
</tbody>
</table>

Table 1: Clusters

As the name already suggests, cluster C1 are respondents who are neither interested in sports nor the Internet. C2 shows moderate to high sports involvement but little online involvement, whereas C3 exhibits the same type of sports involvement but online involvement is higher. C4
– the Online-Sports-Fanatics – are enthusiastic about sports and the Internet plays a central role for them. Contingency analysis was used to compare clusters.

Findings

The analysis revealed significant differences in the awareness phase of the customer journey. Online-Sports-Fanatics and Online-Athletes were significantly more likely to experience their first impulse in an online setting \( (p = .029) \). However, online touchpoints in general were of marginal importance as they only accounted for slightly more than 10% of all impulses. In contrast, offline touchpoints, in particular physical stores, clearly dominated the awareness phase. 61.6% of all purchases were triggered in-store. Taking a bias, caused by the in-store research approach, into account this nevertheless seems to be a very high percentage. A quarter of all in-store impulses were initiated by sales staff. Leaflets, printed advertisements distributed by mail, accounted for 7.3% followed by word-of-mouth recommendations (6%).

Non-buyers were asked about the purpose of their store visit. Over one third stated browsing and looking for specific product information as their main motivators. Comparing and looking for new products were also among top reasons why non-buyers visited the store. No significant differences were found among the four clusters.

The analysis of the consideration phase (step 1: information gathering, step 2: comparison of alternatives) showed a similar pattern: Over 70% of all buyers gathered information in the stores, again stressing the importance of the point of sale. Online touchpoints were of greater importance during the information search than in the awareness phase, with homepage requests amounting to 20%, Google-searches to 9%, and online reviews to 7%. Moving on to comparison, 84.4% came to a final decision directly at the point-of-sale. Online touchpoints were less important. However, no significant differences among clusters were observed in the consideration phase.

Furthermore, it was of interest to ask people who used online touchpoints during their journeys how they accessed these touchpoints. Desktop accesses (e.g. via a notebook) dominated with over 50% at all three stages (awareness, information search, comparison). One third of accesses accounted for mobile phones, whereas tablets were of lower importance (less than 10%).

To account for the respondent’s general sentiment towards different types of touchpoints, they were asked to rate the importance of the most relevant ones on a 5-point-Likert scale. Again the store emerged as the most important touchpoint. Significant differences were found for online shops \( (p = .000) \), online commercials \( (p = .001) \), and social media \( (p = .015) \) sites as Online-Sports-Fanatics and Online-Athletes were more involved with them than other clusters.

Non-buyers stated their planned consecutive steps. They named store visits of other sports retailers (45.5%) and several online touchpoints (52%) such as Google searches and online review sites.

Another purpose of the study was to elicit channel hopping behavior. As a consequence, participants had to state their general switching tendencies when they purchase products. Specifically they were asked how often they engage in online research prior to an offline purchase (i.e. ROPO – research online purchase offline also known as webrooming) and how often they engage in in-store research prior to an online purchase (i.e. showrooming). Results
revealed that webrooming was significantly more prevalent than showrooming: 86% stated that they engage in webrooming at least sometimes, compared to only 44% for showrooming. Age also had an influence on channel hopping activity. Younger respondents between the age of 14 and 29 showed the highest tendencies for webrooming. No clear pattern was revealed for showrooming behavior.

In line with the assumptions of the research, the clusters differed significantly in regards to channel hopping. Online-Sports-Fanatics and Online-Athletes showed stronger likelihoods of researching in-store and subsequently buying online (showrooming-effect, \( p = .020 \)). They were also significantly more likely to engage in online search activities prior to their purchase (\( p = .014 \)). Even though cluster 3 and 4 used more touchpoints on average, the hypothesized correlation between more involved customers and number of touchpoints was not significant (\( p = .069 \)).

Respondents also talked about their potential post-purchase behavior. Social media was less important than expected. Only a few consumers considered posting their purchase online or submitting a review of the acquired product. Instead, participants made a strong claim for personal communication. People were more interested in face-to-face social interaction: Over 70% said that it was very likely that they would tell their friends or families about their purchase.

Special attention was given to selected sports trends, as it is assumed that trends are more relevant for highly-sports involved consumers. The sensitivity to all five trends included in the research was different among the clusters. Online sports enthusiasts particularly valued trends such as athleisure, customization of products, in-store experience, community sports and wearable technologies.

In addition to all structured interview questions, the study also involved qualitative aspects in form of open interview questions. The objective was to uncover typical needs and wants of customers for sport retailers. Answers were later coded and assigned to matching categories. Customer needs and wants proved to be highly similar: Selection and price were most frequently mentioned. However, customers already expect that these aspects are fulfilled. Therefore, these dimensions provide no means for differentiation of a sports retailer. It can be concluded that broad selection in form of a wide and deep assortments and cheap prices combined with discount strategies are considered must-haves.

Especially highly involved customers demand that stores provide orientation and guidance in regards to assortment and trends. Often consumers are overwhelmed by over-choice offered online. They expect stores to reduce this complexity by preselecting and offering the most relevant products and innovations based on their professional expertise. Competent customer service, knowledgeable sales staff, convenience and good locations are other ways to outperform competition.

**Originality/value**

So far, there is only limited scientific research on customer journeys. The study at hand constitutes one of the first attempts to examine purchase paths of various buyer segments in sports retailing. Findings highlight the importance of understanding customers’ level of involvement and its consequences for the decision making process. The study contributes to the discussion on multi-channel retailing in digital environments with a special focus on
channel hopping. The originality resides in the research’s field study approach. It provides insights into the influence of enduring involvement on different phases of the customer journey.

A holistic view of customer journeys requires a mixed-methods approach. While customer journey maps and big data are well suited to track customers’ purchase paths, field studies and qualitative approaches can complete the bigger picture by adding insight that cannot be uncovered by quantitative data analysis. In today’s dynamic and insecure competitive retail environment, listening to customers, fully understanding the individual needs of more and less involved customers, and responding empathically can provide differentiation.

**Research limitations and outlook**

Due to the sample size (n= 308), the sampling method and the fact that the research was carried out at stores of a single Austrian retailer, results are non-generalizable. Additionally, the field study was conducted for sports products only. Further research is needed using larger data sets and representative samples.

Regarding data interpretation, it has to be pointed out that data was gathered in stores, causing a bias in favor of in-store touchpoints. Nevertheless, results clearly show that the point-of-sale still remains the crucial touchpoint for all customer groups. While this study may overinflated the importance of the store to some extent, the importance of online-touchpoints may be overemphasized in the current zeitgeist.

Even though, this field study was conducted at the point-of-sale and referred to specific purchases, it still relied on self-reported answers. Socially desired responses and over-rationalization cannot be ruled out entirely. For some respondents it might be difficult to recall all touchpoints used, especially for longer customer journeys. Subconscious impulses may be underrepresented in self-reported data.

These acknowledged shortcomings provide opportunities for further research. It would be interesting to analyze customer journeys with qualitative approaches focusing on consumer motivation, i.e. to elicit the why behind the what.

**Practical implications**

The findings of the present study highlight the importance of understanding customers’ levels of involvement. Retailers are well advised to differentiate their marketing approaches accordingly. On the one hand, sports retailers have to meet the increasing customer-journey-complexity of highly involved customers. For this buyer segment, it is important to offer a seamless omni-channel experience and to undertake individual communication efforts. Addressing and presenting new trends is a good means to speak to these valuable, highly involved customers. For less involved customers, on the other hand, selection and price are the top priorities and retailers have to come up with ideas on how to engage those buyer groups. Strategies of creating perpetual curiosity, offering an engaging customer experience and exciting consumers throughout their individual customer journeys are essential to stay ahead of the game in the future.
References:


The Impact of Frontline Employees’ Suggestive Selling Approaches on Customer Satisfaction and Service Patronage
Tim Norvell, Piyush Kumar, Sunil Contractor

Extended Abstract

Retailers often train and incentivize salespeople to suggestively sell additional or more expensive products than what customers might otherwise purchase. For example, insurance companies advise agents to promote higher premium policies, banks direct employees to encourage customers to open additional accounts, and computer stores urge salespeople to promote high-end devices to increase the revenue per customer. Generally speaking, up-selling has a positive impact on retailers’ short-term revenues, lowers customer acquisition costs and increases share of wallet. Restaurants, salons, and shoe stores have all been found to increase revenues from promoting complementary products.

A less-often-discussed, yet also widespread, suggestive selling practice is down-selling, defined as a process whereby salespeople guide customers towards less expensive or fewer products than what they were otherwise planning to purchase. Retailers strongly discourage down-selling for fear of a loss of revenue per-customer visit. However, employees frequently engage in down-selling for a variety of reasons: personal interpretation of customer-oriented selling, pro-social behavior, or anti-citizenship behavior.

This paper presents the results of an exploratory study into the effects of up-selling versus down-selling on customer post-purchase attitudinal and behavioral responses. Our central thesis is that the two strategies have opposing effects on customer subjective quality, perceived value,
and overall satisfaction, because of which up-selling adversely affects customers’ repurchase intentions, while down-selling has a favorable impact. We test these predictions using data from a field study of over 2000 customers across ten restaurants of a major casual dining chain.

**Hypotheses:** Based on a foundational understanding of how people interact with salespeople who are up- or down-selling, we look at the impact of the two suggestive selling strategies on perceptions of quality, value, customer satisfaction, and repurchase intentions. We argue that, because customers resist upselling and may welcome down-selling efforts, the credibility of the salesperson who up-sells is likely to be lower than that of one who down-sells. As a result, customers are more likely to be vigilant and ready to make a contrastive judgment about an up-sold product’s quality relative to the high expectations set for it than for a down-sold product. Conversely, customers who are down-sold are likely to trust the server more and be less vigilant about the differences between the quality of the received product resulting in an assimilation effect in judgments of post-consumption quality.

Therefore, we expect that customers’ post consumption quality assessment of a down-sold product will be assimilated towards the higher expectation while that of an up-sold product will be contrasted away from its high expectation. Up-selling will have a negative impact on subjective post-consumption quality perceptions and down-selling will have a positive impact. Further, a shift to a higher price point because of up-selling will have a direct, adverse effect on value perceptions, while the shift to a lower price point because of down-selling will have a direct, favorable effect. These changes in product quality and value perceptions induced by
suggestive selling will have a downstream effect on customer satisfaction and repurchase intentions. Therefore, we hypothesize that:

\( H_{1a/b} \): Customers who are up-sold (down-sold) will have lower (higher) re-patronage intentions for a retail brand than those who are not successfully suggestively sold to.

\( H_{1c} \): The effect of up-selling versus down-selling on re-patronage intentions is chain mediated by subjective quality, perceived value, and overall satisfaction.

We also expect the two suggestive selling strategies to have an asymmetric effect on customers’ expenditure during a purchase occasion. While those who are up-sold may spend more than those who were not suggestively sold to (henceforth “the control group”), there may be no difference between the expenditures of those who are down-sold and the control group. Formally, this is hypothesized as:

\( H_{2a/b} \): The expenditure per-customer for those who are up-sold (down-sold) will be greater than (comparable to) that for those who are not successfully suggestively sold to.

\( H_{3a/b} \): Customers who are down-sold (up-sold) will have higher (lower) future brand patronage than those who are not successfully suggestively sold to.

**Study**: The hypotheses were tested using data from a field study among customers of a casual dining chain. The chain has institutionalized up-selling and corporate headquarters provides each store with a list of typically four entrees that its servers are encouraged to suggestively sell. These entrees are priced higher than all other entrees on the menu and are developed with the goal of increasing the average amount spent by the customers. The specific products on the up-
selling list change about eight times in a year. At the beginning of every shift, store managers at each location remind their servers about the current up-selling list and how to promote each item. The servers are expected to suggestively sell the products on the up-selling list when they first approach a table for the beverage order.

We administered surveys in our main study to customers of a casual dining chain in ten restaurants across five geographically dispersed markets. The same set of high and low-priced products were available across the ten restaurants during the period of the study. In order to maintain a natural setting for the study, we did not influence either the retail operations or the suggestive selling strategies routinely employed at the chosen restaurants. The self-administered, two-part, survey instruments were distributed uniformly over a week to yield a reasonably representative mix of the chain’s customer base. A total of 2,381 participants completed the instrument in return for a $5 gift card. The participants completed the first section of the survey prior to their meal, and the second section after receiving their bill. At the end of the two-part survey, we invited each respondent to participate in a subsequent online study to be conducted one month later for which the compensation would be a $10 gift card. A total of approximately 1,200 respondents agreed, of which 352 completed the follow-up survey.

We categorized the customers into one of three groups based on two criteria that considered what entrée they bought and whether they self-selected it or chose it based on the server’s influence. If they purchased items from the up-selling list because the server suggested it, then they were placed in the up-sold group. If they purchased an item from the down-selling
list because of server recommendation, then they were placed in the down-sold group. Those
who did not buy any product based on the server’s suggestions were placed in the control group.

A one-way ANOVA of the stated revisit intent data in the study showed that suggestive
selling did have a significant effect ($F_{2,2112} = 9.26$, $p < .001$). The average revisit intent among
those who were down-sold ($M_{DownSold} = 4.76$) was higher than those in the control group ($M_{Control}
= 4.64$, $p < .02$). On the other hand, the average revisit intent among those who were up-sold
($M_{UpSold} = 4.43$, $p < .001$) was lower than that in the control group. These results suggest that the
two suggestive selling strategies had the expected effect on revisit intent.

We also evaluated whether the effect of up-selling and down-selling on revisit intentions
was chain mediated through perceptions of quality, value, and satisfaction. We find that the
conditional indirect effect of down-selling on revisit intention mediated through perceptions of
quality, value, and overall satisfaction was positive and statistically significant ($B_{Down-Sell->Quality->
Value->Satisfaction->Revisit Intention} = .0177$, s.e. = .0777, 95% CI = [.0097, .0298]). In contrast, the total
effect of up-selling on revisit intentions was negative and statistically significant ($\beta = -.2151$, s.e.
= .0608, 95% CI = [-.3343, -.0959]). Those who were up-sold had lower repurchase intentions
than the control group. Importantly, the conditional, indirect effect of up-selling on revisit
intention mediated through perceptions of quality, value and overall satisfaction was negative
and statistically significant ($B_{Up-Sell->Quality->Value->Satisfaction->Revisit Intention} = -.0086$, s.e. = .0050, 95%
CI = [-.0208, -.0007].

Impact on Current and Future Behavior: A one-way ANOVA ($F_{2,2112} = 24.84$, $p < 0.01$) shows
that those in the up-sold group generated higher revenue-per-customer than the control group
(M_{UpSell}=$16.62 \text{ versus } M_{Control}=$13.24, F_{1,2112} = 29.71, p < 0.01). More importantly, we find that the difference between the revenue-per-customer for those who were down-sold and the control group was not statistically significant (M_{DownSell}=$13.30 \text{ versus } M_{Control}=$13.24, F_{1,2112} = 0.2, p > 0.10). We used the data from the follow-up online study to examine whether the frequency of visits to the focal brand changed because of the suggestive selling strategy deployed during the time of the earlier, first study. A one-way ANOVA (F_{2,349} = 6.583, p < 0.01) shows that the effect of the two suggestively-sold groups relative to the control group on the increase in store visits was statistically significant (M_{DownSold} = +0.51 visits versus M_{UpSold} = -0.40 visits, t_{67} = 3.647, p < .01). The down-sold visited significantly more (t_{313} = 2.631, p < .01) and the up-sold group visited significantly less (t_{318} = 2.230, p < .05) than the control group (M_{Control} = -0.01).

On average, the down-sold group made almost one extra visit to the brand during the previous 30-day period than did the up-sold group. Recall that in the initial study, the average expenditure per person in the down-sold group was $13.25, and that in the up-sold group was $16.61. Our results suggest that, even ignoring the secondary purchases by those in the down-sold group, a potential short-term loss of $3.36 per person from down-selling rather than up-selling may have been more than compensated for within 30 days with additional revenue of $13.25 per person from one extra visit.

We next repeated these analyses for category visits. Those who were down-sold visited the category significantly more than those who were up-sold (M_{DownSell} = +0.76 visits versus M_{UpSell} = -0.99 visits, t_{67} = 2.258, p < .05). The residualized change score for those who were up-sold was substantially lower than the control group (M_{Control} = -.003 visits versus M_{UpSell} = -
0.99 visits, \( t_{318} = 1.96, p < .05 \). On the other hand, the change scores for those who were down-sold were expectedly higher than for those in the control group, but the difference was not statistically significant (0.763 difference, \( t_{313} = 1.390, p > 0.10 \)). This pattern of results is consistent with our assumption that customers have mental budgets for anticipated category expenditures which may serve as reference points. Upward deviations from these reference points because of up-selling may induce customers to re-balance their budgets by reducing their future category expenditures. On the other hand, because customers who are down-sold spend the “windfall” savings immediately on secondary purchases, they may not increase future category expenditures, even though they increase the focal brand’s share.

*Implications:* The paper attempts to make several related contributions to our understanding of suggestive selling strategies. First, the paper formally articulates the concept of down-selling as an alternate suggestive selling strategy to up-selling and shows that down-selling can favorably affect customer post-purchase responses, while up-selling can have an adverse effect. Second, the paper shows that subjective quality, perceived value, and satisfaction mediate the relationship between the two suggestive selling strategies and customer repurchase intent. Lastly, the paper demonstrates that down-selling may not necessarily reduce the revenue-per-customer and may actually improve future brand patronage. In contrast, the increase in short-term revenues from up-selling may come at the cost. The findings suggest that retailers can gain from a selective use of down-selling and may build be able to build enduring customer relationships by switching them to less, rather than more, expensive products.
Our findings point to some potentially adverse long-term consequences of the widely followed practice of up-selling and address some of the prevailing skepticism among managers about idiosyncratic, non-institutionalized down-selling. We show that nudging the customer towards lower rather than higher price points may be a superior long-term suggestive selling strategy. If retailers consider a longer time horizon, the cumulative revenues over multiple transactions from customers who are down-sold may ultimately exceed the one-time gain from customers who are up-sold. Further, if customers can buy ancillary products, then down-selling may not necessarily shrink the size of the initial transaction. Taken together, our findings suggest that firms may want to consider expanding their portfolio beyond up-selling because in many cases, the goodwill generated through alternate approaches, such as down-selling, will improve satisfaction, loyalty, and future revenues over time. However, in other instances where the inter-purchase times are long or where it is impossible for customers to spend their windfall gains, the returns from up-selling may remain greater than those from down-selling.

Our results also have implications for retailers that follow a value-based positioning strategy, promote some of their lowest-priced products to attract, and subsequently use up-selling to move them to higher price points. Such an approach leaves little room to implement down-selling strategies. Our results suggest that an alternative strategy would be to promote moderately priced products and switch customers down during the sales process in order to increase satisfaction and enhance brand loyalty. Therefore, unlike discounting, down-selling can serve as a point-of-sale marketing tool for building enduring customer relationships.
Hunger and Hedonic Choices: 
Temporal Orientation Mediates the Effect of Hunger on Hedonic Choices across Domains

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Hunger and Hedonic Choices: 
Temporal Orientation Mediates the Effect of Hunger on Hedonic Choices across Domains

Abstract
This study investigated the effect of hunger on individuals’ inclination to make hedonic choices in several distinct consumption domains. Participants (N = 244) made a set of binary choices between hedonic and utilitarian items, both from the food domain (for example, between chocolate and carrots) and from domains unassociated with food (for instance, between an apartment with a nice view and an apartment close to work). Next, participants indicated their level hunger, after which they replied to items measuring temporal orientation (the extent to which a person has a present-oriented or future-focused mindset). The results revealed that hunger (vs. satiation) increased participants’ proclivity to make hedonic choices across domains. This effect was moderated by the domain specificity of the items to be consumed and was mediated by participants’ temporal orientation. Thus, although hunger resulted in a generalized pleasure-seeking propensity, leading to more hedonic choices regarding virtually anything, hungry (vs. satiated) participants showed a particularly powerful increase in their desire to acquire hedonic food (vs. non-food) items, and this effect was driven by a shift in their temporal orientation, with a more prominent focus on present pleasures. The findings have several important implications for theory and practice.

Keywords: hunger; intertemporal choice; temporal orientation; spillover effects; self-control; hedonic consumption.
Hunger and Hedonic Choices: 
Temporal Orientation Mediates the Effect of Hunger on Hedonic Choices across Domains

Introduction
There is an old maxim that says, “Don’t go to the grocery store hungry.” Indeed, several studies have verified that hunger increases people’s propensity to overeat, indulge in delicious dishes, and buy more food when shopping for groceries (e.g., Cheung, Kroese, Fennis, & De Ridder, 2017; Cheval, Audrin, Sarrazin, & Pelletier, 2017; Hill & McCutcheon, 1984; Nisbett & Kanouse, 1969; Read & van Leeuwen, 1998). The present research takes a slightly more provocative approach, arguing that hunger makes people more present-oriented and pleasure-seeking, not only in the food domain, but also in domains that have nothing to do with food. Previous research has revealed that hunger increases the desire to acquire both food and non-food objects, indicating that acquisition-related concepts are more accessible among hungry (vs. satiated) individuals (Xu, Schwarz, & Wyer Jr., 2015). Studies have also shown that appetitive stimuli that are assumed to induce a state of hunger (for example, the scent of cookies or the sampling of delicious foods) lead to a generalized tendency for individuals to prefer smaller-sooner versus larger-later rewards and to choose “vice” over “virtue” in several distinct consumption domains (Li, 2008; Wadhwa, Shiv, & Nowlis, 2008). To the best of my knowledge, however, the present study is the first to show that the subjective sense of hunger is sufficient for such effects to occur and that a shift in people’s temporal orientation, with a more prominent focus on present pleasures, is the psychological mechanism justifying the link between hunger and hedonic choices across domains.

Theory and Hypotheses
A large body of research shows that certain visceral states (that is, needs or drives such as hunger, thirst, and sexual desire) tend to change people’s decision-making in intertemporal choice, making
them more prone to prefer those products and activities that produce the most pleasurable short-term effects (Berns, Laibson, & Loewenstein, 2007; Loewenstein, 1996; Soman et al., 2005). Interestingly, several studies indicate that the activation of a particular visceral state exhibits cross-domain effects, thus influencing individuals not only in the domain associated with the specific drive, but also in other unrelated domains (e.g., Berger & Shiv, 2011; Briers, Pandelaere, Dewitte, & Warlop, 2006; Kim & Zauberman, 2013). Such spillover effects typically result in choices that are often referred to as hedonic; these can be described as affective, immediate, vice, and impulsive rather than cognitive, delayed, virtuous, and deliberate (Dhar & Wertenbroch, 2000; Ramanathan & Menon, 2006). For instance, Li (2008) found that participants who viewed pictures of mouth-watering desserts were significantly more likely to choose smaller-sooner (vs. larger-later) monetary rewards than participants who viewed pictures featuring nature motifs or did not view any pictures at all. After exposure to the desserts, participants were also more inclined to choose vices over virtues, and hence favored hedonic rather than utilitarian options (for example, an attractive colleague rather than a competent colleague). Similarly, Wadhwa et al. (2008) found that sampling a delicious drink not only increased participants’ preferences for rewarding foods (such as a juicy steak), but also resulted in a more generalized pleasure-seeking propensity, with a stronger desire to acquire virtually anything hedonic, such as a spa visit or an exotic vacation. Based on these findings, it seems plausible that hunger and stimuli triggering a state of hunger (delicious foods, for instance) should increase individuals’ inclination to make hedonic choices across domains, even when other more utilitarian alternatives – whose positive effects occur at a later point in time – might be objectively superior (Chang & Pham, 2012; Dhar & Wertenbroch, 2000). Therefore, I hypothesize:

**H1:** Hungry (vs. satiated) individuals are more motivated to make hedonic choices across domains.
Notwithstanding this hypothesized cross-domain effect, recent meta-analytic evidence indicates that hunger (vs. satiation) particularly prompts hedonic and shortsighted choices in the food domain, and has a weaker – but still significant – impact on people’s decision-making in other domains (Orquin & Kurzban, 2016). Thus, although hunger or stimuli that are believed to induce a state of hunger seem to increase the future discount rate for both hedonic food (e.g., Cheung et al., 2017; Cheval et al., 2017; Read & van Leeuwen, 1998) and non-food items (e.g., Li, 2008; Wadhwa et al., 2008; Wang & Dvorak, 2008), this effect is arguably stronger for domain-specific stimuli. Hence, I hypothesize:

**H2:** The presumed effect of hunger on hedonic choices is moderated by the domain specificity of the items to be consumed, and is stronger for food (vs. non-food) items.

One plausible psychological process that could explain why hunger should result in more hedonic choices across domains is that hunger seems to induce impatience in intertemporal choice, impairing the ability of individuals to resist temptation and delay gratification (e.g., Li, 2008; Read & van Leeuwen, 1998; Wang & Dvorak, 2008). Thus, similar to the activation of other visceral states, which has been shown to increase choice likelihood of immediate rewards relative to delayed rewards (e.g., Kim & Zauberman, 2013; Van den Bergh, Dewitte, & Warlop, 2008; Wilson & Daly, 2004), hunger should make people more shortsighted in their decision-making, and hence shift their temporal orientation toward present pleasures and smaller-sooner-rewards. Indeed, many scholars hold that a more present-oriented (vs. future-oriented) mindset is the psychological mechanism that justifies people’s seemingly myopic decisions when under the influence of various visceral states (Ariely & Loewenstein, 2006; Hoefling & Strack, 2010; Kirk & Logue, 1997; Li, 2008; Loewenstein, 1996; Soman et al., 2005; Van den Bergh et al., 2008; Wilson & Daly, 2004). Therefore, I hypothesize:
**H3**: The presumed effect of hunger on hedonic choices is mediated by temporal orientation, with hungry (vs. satiated) individuals being more present-oriented and, consequently, more motivated to make hedonic choices across domains.

**Method**

The final sample comprised of 115 male and 129 female university students. Twenty-one additional participants were originally recruited, but were excluded due to missing values or because they scored more than two standard deviations away from the mean on the dependent variables, and were therefore treated as outliers (Patel, Aschenbrenner, Shamah, & Small, 2015; Wästlund, Otterbring, Gustafsson, & Shams, 2015; Yeomans, Chambers, Blumenthal, & Blake, 2008).

In the first part of the survey, participants were presented with a set of binary choices and were asked to choose the alternatives that best applied to them at that particular moment. Each choice included items differing in hedonic value, with one of the options being relatively more utilitarian and the other alternative being more hedonic in nature (cf. Dhar & Wertenbroch, 2000). The binary choices both included food items (for example, apple vs. candy; carrots vs. chocolate) and non-food items (for example, competent colleague vs. attractive colleague; apartment close to work vs. apartment with a nice view), and were adapted from prior related literature (Chang & Pham, 2012; Li, 2008; Sengupta & Zhou, 2007). A sum score was created by calculating the number of hedonic choices, if any, participants made out of eight choices per category (that is, food and non-food items).

Next, participants indicated their level of hunger on six items (for example, “I need to do something about my hunger”) using a seven-point scale anchored at 1 (strongly disagree) and 7 (strongly agree). Items were averaged to create a hunger index, with the Guttman split-half reliability coefficient yielding a highly reliable value of .9. At the end of the survey, participants replied to five
temporal orientation items from Li (2008), using the same response format. Items include statements such as “It is all right to indulge once in a while” and “It is my present wellbeing that is most important,” and measure the extent to which an individual has a present-oriented or future-oriented mindset. Items were averaged in order to calculate an index of participants’ temporal orientation, with the Guttman split-half reliability coefficient yielding an acceptable value of .6.

Pretest

A pretest was conducted on 21 male and 16 female university students to ensure that the items in each binary choice differed on a set of key dimensions associated with hedonic value, as established in previous related research (e.g., Chang & Pham, 2012; Li, 2008; Wertenbroch, 1998). For each binary choice, participants were asked to choose the most affective, immediate, vice, and impulsive option. Pearson’s chi-square analyses revealed that participants consistently classified the hedonic food and non-food items as affective, immediate, vice, and impulsive to a significantly higher degree than what could be assumed by chance (Ms ≥ 79% correctly classified; χ² ≤ 18.36, ps < .001). Thus, the items were deemed suitable for use in the main study.

Results

Following the guidelines laid out by Iacobucci, Posavac, Kardes, Schneider, and Popovich (2015), a median-split procedure was used on the hunger index to create a variable indicating whether participants felt hungry or satiated. Treating hunger as a continuous variable did not change the nature or significance of the results.

A 2 (hunger: hungry vs. satiated) × 2 (choice category: food vs. non-food) mixed ANOVA, with hunger as the between-subjects factor and choice category as the within-subjects factor, found a significant main effect of choice category, F(1, 242) = 11.27, p < .001, η²p = .04. Participants made
more hedonic choices in the non-food category ($M = 4.28, SD = 1.32$) than in the food category ($M = 3.75, SD = 2.25$). The main effect of hunger was also significant, $F(1, 242) = 25.86, p < .001, \eta^2_p = .10$. Supporting H1, hungry participants ($M = 8.84, SD = 2.58$) made more hedonic choices than satiated participants ($M = 7.17, SD = 2.56$) across domains. However, in line with H2, these main effects were qualified by the hypothesized interaction, $F(1, 242) = 4.68, p = .031, \eta^2_p = .02$; see Figure 1 for a graphical representation of the results. In the food category, hungry participants ($M = 4.33, SD = 2.34$) made significantly more hedonic choices than satiated participants ($M = 3.14, SD = 1.98$; $F(1, 242) = 18.02, p < .001, \eta^2 = .07$). This also applied in the non-food category, with hungry participants ($M = 4.52, SD = 1.26$) making significantly more hedonic choices than satiated participants ($M = 4.03, SD = 1.34$; $F(1, 242) = 8.73, p = .003, \eta^2 = .04$). However, this latter effect was weaker than the effect obtain in the food category, as indicated by the interaction.

Figure 1: Average number of hedonic choices in food and non-food categories as a function of hunger.

To examine whether hunger could also have an impact on participants’ temporal orientation, a one-way ANOVA was conducted on this variable. Indeed, hungry participants ($M = 4.58, SD = 0.91$)
were significantly more present-oriented than satiated participants (M = 4.10, SD = 1.01; F(1, 242) = 15.46, p < .001, ƞ² = .06).

Because participants’ temporal orientation was shifted in the same way as their tendency to make hedonic choices, a mediation analysis (PROCESS Model 4; see Hayes, 2013) was conducted to examine whether a more present-oriented mindset could be the psychological mechanism that justifies why hungry (vs. satiated) participants made more hedonic choices across domains (H3). Participants’ level of hunger was the predictor, the temporal orientation index was the mediator, and a difference score (cf. Otterbring, Ringler, Sirianni, & Gustafsson, 2018) between the number of hedonic food and non-food choices was the outcome variable. First, mirroring the above analysis, there was a significant effect of hunger on participants’ temporal orientation, with hungry (vs. satiated) participants being more present-oriented (β = .48, t = 3.93, p < .001). Second, there was a significant total effect of hunger on participants’ hedonic choices, with the increase in hedonic choices among hungry participants being stronger for food items relative to non-food items (β = .69, t = 2.16, p = .031). In addition, temporal orientation had a significant impact on participants’ tendency to make hedonic food choices rather than non-food choices (β = .37, t = 2.25, p = .026). Furthermore, when the difference score was regressed on both hunger and temporal orientation, the size of the hunger effect on this score was clearly reduced and was no longer significant (β = .51, t = 1.56, p = .119; see Figure 2). Finally, a bootstrapping procedure, generating a sample size of 5000, assessed this mediation effect. The results of a 95 percent confidence interval (CI) indicated that the indirect effect through temporal orientation was significantly different from zero (95 percent CI = [.04, .40]). Thus, in support of H3, hunger positively influenced participants’ tendency to make hedonic choices in general and hedonic food choices in particular because hunger triggered a more present-oriented mindset, devoted to present pleasures and immediate rewards.
Discussion

As far as I can ascertain, this is the first study to show that the subjective sense of hunger increases individuals’ inclination to make hedonic choices across several distinct consumption domains. Although the domain specificity of the items to be consumed moderated this effect, with hunger (vs. satiation) exerting a particularly powerful increase in the desire to acquire hedonic foods, this pleasure-seeking propensity also had spillover effects in other unrelated domains, resulting in more hedonic choices of virtually anything pleasurable, even products and activities that had nothing to do with food. The psychological process driving this effect was a more present-oriented mindset focused on immediate rewards, with this change in temporal orientation mediating the effect of hunger on hedonic choices across domains.

From a practical point of view, the present study suggests that hungry consumers may not only buy more mouth-watering foods, but may also be more prone to purchase other pleasurable products and services. Although previous research suggests that hunger may lead to a generalized tendency to make unplanned purchases beyond the food domain (Xu et al., 2015), the present study indicates that such a potential effect is contingent on the reward value and hence the hedonic properties of the items to be consumed. Thus, hunger should arguably not increase impulse purchasing of utilitarian goods.
such as household cleaning products and basic toiletries, given their lack of explicit reward value, but may make a consumer more motivated to buy something like a massage, an exclusive watch, or a sports car (Erk, Spitzer, Wunderlich, Galley, & Walter, 2002, Gal, 2011; Wadhwa et al., 2008). Therefore, one managerial implication of the current findings could be to have time-specific marketing campaigns, with special in-store offers of hedonic items and commercials featuring such items at times when people can be assumed to be hungry (for example, at lunch and dinner hours). A related strategy, with demonstrated downstream effects on consumer behavior (e.g., Kim & Zauberman, 2013; Li, 2008; Van den Bergh et al., 2008; Wadhwa et al., 2008; Wilson & Daly, 2004), could be to rely on appetitive stimuli, such as pleasurable scents or free sampling of delicious foods, to induce a state of hunger in consumers while they visit a store.

A fruitful avenue for future research would be to test whether hunger could also influence people’s decision-making on dimensions other than those investigated in the present study. Previous research has found that the activation of various visceral states typically impairs people’s self-control, thereby increasing their tendency to act impulsively on aspects ranging from risk taking, drug addiction, and alcohol abuse, to compulsive buying, financial impatience, and acts of immorality (Ariely & Loewenstein, 2006; Chiou, Wu, & Cheng, 2017; Loewenstein, 1996; Van den Bergh et al., 2008). It has been shown, for instance, that male smokers exposed to sex cues are less likely to abstain from smoking (Chiou, Wu, & Cheng, 2015) and that thirsty individuals are more likely to behave dishonestly to win a prize, particularly if the prize can satisfy their thirst (Williams, Pizarro, Ariely, & Weinberg, 2016). Future research could continue along those lines to examine, for example, the link between hunger and banned behaviors. After all, it may be easier for hungry individuals to find a grain of truth in the old saying, “The forbidden fruit is the sweetest.”
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Mirror, Mirror, on the Menu:
Visual Reminders of Overweight Stimulate Healthier Meal Choices

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Mirror, Mirror, on the Menu:
Visual Reminders of Overweight Stimulate Healthier Meal Choices

Abstract
This study examined whether viewing an overweight (vs. normal weight or no) female on a food menu influences women’s visual attention toward healthy and unhealthy menu alternatives and, in turn, their actual food choices. Participants ($N = 121$) viewed a food menu depicting healthy and unhealthy food options, with their calorie content stated, and selected the food option they were most willing to eat. Depending on condition, the menu featured an overweight female (unhealthy), a normal weight female (healthy), or no female (control). Participants in the unhealthy condition looked more (less) at healthy (unhealthy) meal alternatives and were more inclined to choose healthy food options with lower calorie content, with visual attention toward healthy and unhealthy meal alternatives mediating the effect of experimental condition on calorie content and food choices. These results suggest that exposure to overweight women in food settings may make customers more motivated to choose healthier meals.

Keywords: body type; food choice; eye tracking; visual attention; overweight stereotype.
Mirror, Mirror, on the Menu: 
Visual Reminders of Overweight Stimulate Healthier Meal Choices

1. Introduction

Research shows that the physical appearance and body type of others can have a strong influence on the food-related decisions that people, particularly women, make (Campbell & Mohr, 2011; McFerran, Dahl, Fitzsimons, & Morales, 2010a, b; Mori, Pliner, & Chaiken, 1987; Otterbring, in press; Pliner & Chaiken, 1990). However, the research is inconsistent; some studies suggest that women eat significantly more unhealthy foods (candy, cookies, etc.) after viewing an overweight female (Campbell & Mohr, 2011), whereas other studies indicate the exact opposite pattern (McFerran et al., 2010b).

We asked 61 female undergraduates to indicate how they thought that other people’s food choices would be influenced by viewing a person with a healthy or an unhealthy appearance just before deciding what to eat.1 Participants then indicated whether they thought this would make people (a) more inclined to make a healthy food choice; (b) more inclined to make an unhealthy food choice; or (c) would not impact people’s food choices. A Pearson’s chi-square analysis on 2 (healthiness: healthy, unhealthy) × 3 (prediction: healthy, unhealthy, no impact) crosstabs produced a statistically significant effect, $\chi^2(2, N = 61) = 5.97, p < .05, V = .31$. Whereas 48 percent of participants predicted that the viewing of a person with unhealthy appearance would increase people’s inclination to make a healthy food choice, this proportion was substantially higher (78 percent) for the person with healthy appearance. These results show that people have a lay theory that viewing a healthy-looking individual should make them more inclined to choose healthy foods; in other words, that the viewing of a person with unhealthy appearance should reduce the likelihood of making such healthy food choices.

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1 Consistent with previous related research (e.g., Campbell & Mohr, 2011; Huneke, Benoit, Shams, & Gustafsson, 2015), we used overweight as a bodily indicator of unhealthy appearance, and normal weight as an indicator of healthy appearance.
Therefore, our intuition-based results are similar to those obtained by Campbell and Mohr (2011).

In direct contrast to these results, we argue that exposure to a person with unhealthy appearance will actually have the reverse effect, not only when food choices are considered, but also when it comes to visual attention directed toward healthy and unhealthy food menu alternatives. The aim of the present research, then, is to examine how exposure to an unhealthy-looking (vs. healthy-looking or no) female on a food menu influences women’s visual attention to the available menu alternatives and, in turn, their subsequent food choices as well as the calorie content of these choices. To the best of our knowledge, this is the first study to show that the body type of others influences the attentional mechanisms underlying people’s choice behavior. Our research also helps to explain inconsistencies in previous theorizing pertaining to this particular topic.

In what follows, we first delineate the theoretical framework that justifies our research and present a set of testable hypotheses, after which we describe the method and results of our empirical examination. We then discuss the implications of our findings and conclude by acknowledging the limitations of our work, while simultaneously offering fruitful avenues for future research.

2. Theory and Hypotheses

To date, only a few studies have explicitly examined how the body type of others can influence customers’ food-related decisions. One stream of research has focused on how prior exposure to overweight (vs. normal weight or no) females influences people’s subsequent choice behavior and food consumption (Campbell & Mohr, 2011). According to this paradigm, seeing an overweight person will act as a prime of behaviors associated with the overweight stereotype (for example, eating indulgent foods), and will therefore increase individuals’ inclination to engage in such stereotype-consistent actions. Across five experimental studies, Campbell and
Mohr (2011) found that people in general and women in particular were more motivated to choose and consume sweet, fatty, and calorie-dense foods after a priming procedure with pictorial exposure to overweight (vs. normal weight or no) females. The authors also speculated that it may be necessary to distract attention from (vs. focusing on) the weight of the person representing the pictorial prime – as overweight or not – for the effect to occur, but did not find empirical evidence supporting this claim. This stream of research has focused on how prior exposure to overweight others influences customers’ attention and food-related decisions, when the exposure and the subsequent food consumption is framed as separate from one another and is claimed to be unrelated experimental tasks. Thus, the pictorial priming procedure in the studies by Campbell and Mohr (2011) consistently preceded, and was framed as having nothing to do with, the consecutive food task. Participants were firstly presented with the prime and were then asked to choose or consume a set of unhealthy food items as part of an allegedly unrelated study.

Another stream of research has focused on how exposure to overweight others influences customers’ attention and food-related decisions, when the exposure is closely connected with the food consumption task itself and related to the food context (Huneke et al., 2015; McFerran et al., 2010a, b). Within this research tradition, studies have shown that people generally, and women specifically, choose smaller food options and eat less unhealthy food after viewing an overweight (vs. thin) female selecting a large quantity of that food (McFerran et al., 2010a). Women also eat significantly fewer snacks (for instance, chocolate chip cookies) when served by an overweight (vs. thin) female server, assuming they are not on a diet (McFerran et al., 2010b). A more recent study found that women spent a more time looking at healthy food menu alternatives and less time looking at unhealthy menu alternatives after being exposed to a video clip featuring a female server who looked overweight (Huneke et al., 2015). The present study relates to this latter stream of research, so our theorizing is consistent with these findings.
Although Huneke et al. (2015) did not report any statistical details pertaining to the potential link between body type and food choices, it seems plausible that women exposed to an overweight (vs. normal weight) female in a food consumption context should be more concerned about searching for, and ultimately choosing, healthier food options. We base this premise on extensive research on stereotype activation and stigmatization associated with overweight. Indeed, a large body of literature has shown numerous facets of prejudice towards overweight people, ranging from ideas that they are stupid, lazy, and weak-willed to ugly, unsuccessful, and unlikable (e.g., Bessenoff & Sherman, 2000; Cramer & Steinwert, 1998; Crandall, 1994; Harris, Harris, & Bochner, 1982; Larkin & Pines, 1979; Wade & DiMaria, 2003). Of particular relevance for the current investigation is that people often assume overweight individuals to have an unhealthy lifestyle, characterized by overeating and indulging in unhealthy foods (Bacon, Scheltema, & Robinson, 2001; Campbell & Mohr, 2011; Weiner, Perry, & Magnusson, 1988). This suggests that exposure to an overweight female, and the associated activation of the overweight stereotype, will move women away from unhealthy meal alternatives in favor of healthier food options with lower calorie content (cf. Reynolds & Meltzer, 2017; Wasilenko, Kulik, & Wanic, 2007). In other words, seeing an overweight (vs. normal weight or no) female in a food context should make the healthiness and the corresponding calorie content of the meals more salient and should therefore be a meaningful metric of the health impact, and the potentially costly consequences, associated with consuming too many calories.

We further argue that this stereotype activation will be apparent already at a perceptual stage, in terms of women’s visual attention, guiding their subsequent choice behavior in a perceptually congruent way. Thus, unlike the findings of Campbell and Mohr (2011; Experiment 5), we argue that attention will be a powerful predictor of food choices (healthy vs. unhealthy) and the calorie content of these choices after exposure to an overweight (vs. normal
weight or no) female. Indeed, visual attention is a commonly conceptualized antecedent of choice behavior and is a necessary condition for product or brand choice (Chandon, Hutchinson, Bradlow, & Young, 2009; Pieters & Warlop, 1999; Wästlund, Shams, & Otterbring, 2018). Therefore, we hypothesize:

**H1:** Exposure to an overweight (vs. normal weight or no) female on a food menu increases women’s visual attention toward healthy food options and decreases their visual attention toward unhealthy food options.

**H2a:** Exposure to an overweight (v. normal weight or no) female on a food menu makes women more motivated to choose healthy rather than unhealthy food options.

**H2b:** Exposure to an overweight (v. normal weight or no) female on a food menu makes women more motivated to choose food options with lower calorie content.

**H3:** The presumed effect that exposure to an overweight (vs. normal weight or no) female has on women’s food-related decisions (H2a-b) is mediated by their visual attention toward healthy and unhealthy food options.

### 3. Method

#### 3.1. Participants

A total of 121 female undergraduates participated in the study, which was conducted at a university in northern Europe. The data were collected in connection to another project, which relied on other stimuli, variables, and analyses than those used in the present study (cf. Huneke et al., 2015).

#### 3.2. Design, Procedure, and Materials

The study used a three-group between-subjects design, with experimental condition (unhealthy, healthy, control) as the between-subjects factor. Participants viewed a food menu depicting
three healthy and three unhealthy food options. The three healthy food options included a Greek salad, salmon with vegetables, and a chicken skewer with vegetables, whereas the three unhealthy food options included a hamburger with French fries, fish and chips, and fried chicken with strips. The food options were briefly described in terms of their ingredients and calorie content. The number of calories ranged from 257 to 881 and was based on information provided from the food database CalorieKing.com. Participants were instructed to decide which food option they would be most willing to eat and hence choose one of the menu alternatives.

Depending on the randomly assigned condition, the food menu featured a healthy-looking, normal weight female (healthy condition), an unhealthy-looking, overweight female (unhealthy condition), or no female (control condition). The control condition was included to ensure that our presumed effects on attention and choice would be driven by the unhealthy condition. According to our theorizing, participants’ visual attention and subsequent choice behavior should be different in the unhealthy condition relative to the healthy and control conditions, whereas participants in these latter conditions should not differ on any of these measures.

In an attempt to minimize person-specific confounding variables and keep as much as possible constant across conditions, the female in the healthy and the unhealthy condition was the same person, but her physical appearance was manipulated using the FatBooth application. Since the female was actually of normal weight and deemed to be healthy-looking under regular circumstances (see pretest details below), we incorporated an unedited photo of her on the food menu in the healthy condition, but used the edited photo, in which she looked overweight, in the unhealthy condition.

During the choice process, participants’ visual attention was recorded by means of eye tracking (Holmqvist et al., 2011). Specifically, data were collected with respect to the number of observations that participants had on the healthy and unhealthy food options, respectively.
This measure is an indicator of interest and is commonly used in eye-tracking research (e.g., Wästlund, Otterbring, Gustafsson, & Shams, 2015).

As the key variables of interest, we used participants’ visual attention directed toward the healthy and unhealthy food options, their actual food choices, and the calorie content of these choices.

3.3. Pretests

Two separate pretests were conducted to ensure that the healthy-looking food menu model was perceived as significantly healthier than the unhealthy-looking food menu model, and that the healthy food menu alternatives were perceived as significantly healthier than the unhealthy food menu alternatives.

In the pretest corresponding to perceived healthiness of the food menu models, 38 undergraduates (53 percent female) were randomly assigned to either the healthy or unhealthy conditions and viewed a picture of the model, whom they rated on six health-related items (namely: She is healthy-looking; I think she has a healthy lifestyle; I think she works out regularly; She seems to take care of her physique; I think she is in good physical condition; She seems to care about what she eats) using a seven-point scale ranging from 1 (strongly disagree) to 7 (strongly agree). Items were combined to form a composite index of perceived healthiness (α = .95). A one-way ANOVA on perceived healthiness revealed a statistically significant difference between conditions, $F(1, 36) = 85.15, p < .001, \eta^2 = .70$. The normal weight model ($M = 4.92; SD = 0.93$) was perceived as significantly healthier than the overweight model ($M = 2.30; SD = 0.81$). Including participant gender as an additional between-subjects factor did not change the nature and significance of these results. Furthermore, one-sample $t$-tests revealed that the normal-weight model was perceived as significantly healthier than the scale midpoint of 4 ($t(19) = 4.41, p < .001$), whereas the overweight model was perceived as significantly less
healthy than the scale midpoint ($t(17) = -8.95, p < .001$), thereby indicating that the stimuli would be appropriate to use in the main study.

In the pretest corresponding to the six food menu alternatives, 30 undergraduates (47 percent female) rated each food option on one pair of opposites (unhealthy/healthy) using a seven-point scale anchored at 1 and 7. A composite healthiness index was created by averaging the responses for the three healthy food options ($\alpha = .74$) and the three unhealthy food options ($\alpha = .74$), respectively. A repeated measures ANOVA on perceived healthiness revealed that the healthy food options ($M = 5.10; SD = 0.87$) were rated as significantly healthier than the unhealthy food options ($M = 1.81; SD = 0.67; F(1, 29) = 219.72, p < .001, \eta^2 = .88$). Additional one-sample $t$-tests demonstrated that the perceived healthiness of the healthy food options was significantly above the scale midpoint of 4 ($t(29) = 6.91, p < .001$), whereas the healthiness of the unhealthy food options was significantly below the scale midpoint ($t(29) = -17.88, p < .001$). Including participant gender as a between-subjects factor did not change the nature and significance of these results.

4. Results

Three participants were excluded from all analyses since they scored more than three standard deviations away from the mean on the visual attention measures, and were therefore treated as outliers (Otterbring, 2017). Including these participants did not change the nature and significance of the hypothesized results pertaining to visual attention, food choices, and calorie content, nor did it change the results obtained in the mediation analyses.

4.1. Visual Attention

To investigate whether experimental condition would have an impact on participants’ visual attention toward the healthy and unhealthy food menu alternatives, we conducted a 3 (condition: control, healthy, unhealthy) $\times$ 2 (food option: healthy, unhealthy) mixed ANOVA, with
experimental condition as the between-subjects factor and food option as the within-subjects factor. This analysis found no main effect of experimental condition, $F(2, 115) = 1.23, p = .30$, but did reveal a statistically significant main effect of food option, $F(1, 115) = 28.17, p < .001, \eta^2_p = .20$. Participants had a larger number of observations on the healthy ($M = 2.11; SD = 1.05$) than on the unhealthy ($M = 1.61; SD = 0.90$) food menu alternatives. However, in line with H1, this main effect was qualified by the hypothesized interaction, $F(2, 115) = 7.36, p = .001, \eta^2_p = .11$. As depicted in Figure 1, participants in the unhealthy condition looked more at the healthy options and less at the unhealthy food options relative to participants in the other conditions. In fact, while participants in the unhealthy condition had a significantly larger number of observations at the healthy options ($M = 2.45; SD = 1.06$) than the unhealthy ones ($M = 1.45; SD = 0.88; t(39) = 5.28, p < .001$), the amount of visual attention did not differ significantly between healthy and unhealthy meal alternatives in any of the other conditions ($ps > .05$).

---Figure 1---

4.2. Food Choice and Calorie Content

A Pearson’s chi-square analysis on 3 (condition: control, healthy, unhealthy) × 2 (food choice: healthy, unhealthy) crosstabs was conducted to examine whether experimental condition influenced participants’ food choices. This analysis produced a statistically significant effect, $\chi^2 (2, N = 118) = 10.58, p < .01, V = .30$. Follow-up orthogonal contrasts revealed that participants in the unhealthy condition were significantly more likely to make a healthy food choice compared to participants in the healthy and control conditions, $\chi^2 (1, N = 118) = 8.81, p < .01, V = .27$. However, food choices did not differ significantly between these latter conditions, $\chi^2 (1, N = 78) = 1.47, p = .33, V = .14$. Thus, consistent with H2a, the effect was primarily driven by the finding that participants in the unhealthy condition were significantly more likely to make a healthy food choice than participants in the other conditions. Indeed,
whereas 62 percent of participants in the control condition and 74 percent of participants in the healthy condition made a healthy food choice, 93 percent of participants in the unhealthy condition selected a healthy food option.

A one-way ANOVA on calorie content also found a statistically significant effect of experimental condition, $F(2, 115) = 4.86, p < .01, \eta^2_p = .08$. Supporting H2b, planned contrasts revealed that participants in the unhealthy condition ($M = 308.15; SD = 154.89$) chose menu alternatives with significantly fewer calories than participants in the control ($M = 458.21; SD = 252.43$) and healthy conditions ($M = 387.82; SD = 224.11; t(115) = 2.76, p < .01$), whereas calorie content did not differ significantly in these two latter conditions ($t(115) = 1.45, p = .15$).

4.3. Mediation Analyses

To examine whether participants’ visual attention toward healthy and unhealthy food options mediated the effect that experimental condition had on the calorie content of the chosen food option, we conducted a mediation analysis following the guidelines by Hayes (2013). Experimental condition (control, healthy, unhealthy) was the predictor, a difference score between the observed healthy and unhealthy food options was the mediator, and calorie content was the outcome variable. First, mirroring the ANOVA results, experimental condition had a statistically significant negative effect on participants’ calorie content ($b = -75.05, t = -3.13, p < .01$) and a statistically significant positive effect on their visual attention ($b = 0.37, t = 3.23, p < .01$), with more healthy and fewer unhealthy food options looked at in the unhealthy condition. In addition, the visual attention measure had a statistically significant negative influence on the calorie content of participants’ chosen food option ($b = -84.82, t = -4.81, p < .001$). This means that those participants who looked more frequently at the healthy (relative to unhealthy) food options were more likely to make a food choice with lower calorie content. Furthermore, when calorie content was regressed on both experimental condition and the visual attention measure, the size of the experimental condition effect was reduced and was no longer
statistically significant \((b = -43.37, t = -1.89, p = .06; \text{ see Figure 2})\). Finally, a bootstrapping procedure was used that generated a sample size of 5000 to assess the mediation effect. Corroborating H3, the results of a 95 percent confidence interval (CI) indicated that the indirect effect through visual attention was significantly different from zero (95 percent CI = \([-58.38, -12.21]\)). The results were virtually identical when we conducted the mediation analysis with our dichotomous choice variable instead of the calorie content variable. Thus, an overweight female food menu model reduced the calorie content of participants’ food choices and increased the choice likelihood of healthy meal alternatives because the model increased (decreased) participants’ visual attention toward healthy (unhealthy) food options.

---Figure 2---

5. Discussion
As far as we can ascertain, this is the first study to document that the body type of others influences the attentional mechanisms underlying people’s choice behavior. Specifically, we have shown that women’s increased inclination to choose healthy meal options after exposure to a food menu featuring an overweight (vs. normal weight) female can be explained by a perceptual process in which visual attention toward unhealthy food options is downplayed in favor of healthier alternatives. Thus, contrary to consumer lay beliefs that seeing a healthy-looking female should increase choice likelihood of healthy foods, exposure to an unhealthy-looking (overweight) female made women more motivated to choose healthy meal options, presumably in an attempt to distance themselves from the salient reminder of overweight and appear healthier. This makes sense, given that people generally associate healthy foods with physically fit females (Barker et al., 1999; Vartanian et al., 2007) and believe that women have more appealing body shapes if they are described as “eating lightly” or preferring low-calorie
meals (Basow & Kobrynnowicz, 1993; Bock & Kanarek, 1995; Chaiken & Pliner, 1987; Mooney et al., 1994).

From a theoretical perspective, the present research makes three central contributions. First, it is the only experimental demonstration hitherto reported to show that activation of the overweight stereotype is apparent at a perceptual stage, guiding customers’ subsequent choice behavior in a perceptually congruent way. Second, it contributes to the growing body of literature highlighting the crucial distinction between consumer lay beliefs and customers’ actual purchase and choice behaviors (for some other notable examples, see Campbell & Mohr, 2011; Otterbring, 2016; Otterbring, Ringler, Sirianni, & Gustafsson, 2018). Third, it helps to explain inconsistencies in previous related research. In particular, we argue that one reason for the seemingly contradictory findings in past investigations is the different experimental paradigms that have been utilized. One research stream has examined how exposure to other overweight people influences customers’ food-related decisions when the exposure and the subsequent food consumption is claimed to be unrelated experimental tasks, and has found that people eat more unhealthy foods under such circumstances (Campbell & Mohr, 2011). Another research stream, including the present study, has examined how exposure to overweight others influences customers’ food-related decisions when the exposure is related to the food context, and has found that people generally eat less unhealthy food in such situations (McFerran et al., 2010a, b). Thus, studies investigating how the body type of others influences the type and quantity of food consumed seem to be sensitive to the framing of the experimental task and the strength of association between the exposure and the subsequent food consumption. Scholars planning new experimental work on this topic should consider these aspects and methodological differences, as they may well determine the outcome of their experiments.

From a practical point of view, our findings suggest that exposure to overweight women in food settings may make customers more motivated to choose healthier foods. These results
indicate that marketers, advertisers, and brand owners should perhaps consider using stimuli other than the archetypical approach of featuring physically attractive individuals in commercials, advertisements, or packaging of products linked to physical health. The same should reasonably apply to the real presence of employees in restaurants, cafeterias, and other consumption contexts where customers can acquire foods, as well as in store settings where customers can buy non-food products or services with a particular health-related connotation.

5.1. Limitations and Future Research

While we managed to uncover the perceptual process predicting subsequent choice behavior, the psychological process underlying our findings still needs to be illuminated in more detail, as it is currently unclear which specific psychological mechanism is driving our effects. It could be that seeing someone who is overweight leads to a general decrease in appetite or, alternatively, as we have argued, that it activates certain cognitions associated with the overweight stereotype (for example, “I don’t want to look like that person”), which in turn moves women away from activities linked to being overweight (such as eating unhealthy foods). Thus, a fruitful avenue for future research would be to provide evidence for the particular psychological process explaining our results.

The food menu used in the present study contained three healthy and three unhealthy meal alternatives, with the healthy options located on the left-hand side and the unhealthy food options located on the right-hand side on the menu. This organization is reasonable based on recent research showing that healthy foods are preferred to a larger extent and have a higher likelihood of being chosen when located to the left (vs. right) of unhealthy foods (Romero & Biswas, 2016). Thus, despite the fact that the organization of our meal alternatives already favored healthy food choices, our experimental manipulation still increased individuals’ inclination to choose such healthy food options, and should therefore be a conservative test of our theorizing. However, future research could examine whether our effects on attention and
choice will be stronger if the food menu is organized in the opposite way (that is, with unhealthy food options on the left-hand side and healthy alternatives on the right-hand side).

Another suggestion for future research would be to conduct a similar study with male and female participants to see if the results apply across gender. Women typically show more social comparison with other individuals on aspects such as body type and perceived healthiness, and may therefore be more easily influenced by others’ body types than men. Indeed, it has been standard practice in prior research to focus on female participants’ eating-related decisions after exposure to overweight others (e.g., Campbell & Mohr, 2011; Huneke et al., 2015; McFerran et al., 2010a, b). However, future research should examine whether the findings on females in the present study also generalizes to males. A related suggestion would be to investigate whether the results will depend on the match between the experimental stimuli and the participant’s gender. In the present study, female participants were exposed to a food menu featuring another female, which means that the level of congruency (the degree of similarity or match between different stimuli) was high in terms of gender. Future studies could examine whether the level of gender congruency (high vs. low) moderates the effects on attention and choice. For instance, it may be that women exposed to a healthy-looking, physically fit male on a food menu will be more motivated to look at and choose healthy food options, as a self-presentation tactic (cf. Hill & Durante, 2011; Otterbring, in press). As another aspect of congruency, a final suggestion for future research would be to manipulate the contextual information about the person pictured on the food menu. In the present study, the person had no obvious link to the available menu alternatives. However, it may be that providing the person with a ladle and a chef’s hat, thereby adding context-congruent information, could change the way participants are influenced by the person’s body type, with downstream effects on their visual attention and choice behavior. After all, as the old saying goes, “Never trust a skinny chef.”
References


Hayes, A. F. (2013). *Introduction to mediation, moderation, and conditional process*


Otterbring, T. (2016). Touch forbidden, consumption allowed: Counter-intuitive effects of


Figure 1: Visual attention toward healthy and unhealthy food menu alternatives.
**Figure 2:** Visual attention as the mediator of the condition-calorie content effect.

† $p < .10$
* $p < .05$
** $p < .001$
Using big data analytics to understand the effect of retail store buildings on place attractiveness: evidence from of a large luxury department store

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Abstract
While previous research recognized shopping as one of the oldest tourism activities, and luxury tourism shopping is emerging as a hot topic in recent tourism and retail literature, no previous studies have directly examined the extent to which big data analytics might support the understanding of the effect of retail store buildings on a place’s attractiveness, with emphasis on luxury store buildings. The aim of this paper is to understand the extent to which a large luxury department store becomes a tourism attraction, using Harrods (in London, UK) as case research, and Flickr API to collect all pictures uploaded by tourists within 1km from the famous building between the 1st of January 2016 and the 31st of August 2017. The emerging 1,557 pictures have been analysed through Mathematica software. Findings show the extent to which the building of Harrods is central on the majority of the pictures posted online within the radius of 1 km. Results contribute to the literature on the importance of big data analytics on social media for achieving deep information on tourists’ and consumer’s behaviors, and provide useful suggestions for marketing management to develop more customized retail strategies.

Keywords. big data analytics; retail store buildings; place attractiveness; tourism behavior; consumer behavior.

1. Introduction
Recent advances in computational capabilities provide new tools and methods to analyse large quantities of heterogeneous data retrieved from user generated content posted online (big data), representing a key differentiator for marketing managers and retailers who might use these technologies to collect insights on consumers and adjust management strategies accordingly (Bradlow et al., 2017; Pantano et al., 2017). Indeed, marketers are encouraged to exploit the variety, velocity and volume of big data to gain competitive advantage through the extraction and interpretation of insights about consumers facilitated by big data analytics (Bradlow et al., 2017; Erevelles et al. 2016; Germann et al. 2013). To this end, retailers might collect and interpret big data available on the different social networks and social media platforms to drive new revenue streams, to capture consumers’ perceptions of brands, their satisfactions and expectations, and to predict their behavior towards (for example) a new or unfamiliar product (Tirunillai and Tellis, 2014; Xu et al. 2016). Thus, this method of enquiry is fast acquiring the attention of marketing and retailing studies, with many applications for different subsectors. Although previous research recognizes’ shopping as one of the oldest tourism activities, and tourism shopping has acquired the attention of scholars in past tourism and retail literature (Choi et al., 2016; Kemperman et al., 2009; Moscardo, 2004; Murphy et al., 2011; Park et al., 2010; Shin and Santos, 2014; Turner and
no previous studies have directly examined the extent to which big data analytics might support understanding the effect of retail store buildings on places attractiveness, with emphasis on luxury store buildings, which could have useful implications in retail management.

Therefore, the current study aims to answer to the following research questions:

RQ1: To what extent do big data analytics support the understanding of the effect of retail store buildings on a place’s attractiveness?

RQ2: How might big data analytics based on tourists’ pictures posted online support retail management?

Drawing upon the analysis of pictures that consumers posted on Flickr (famous social media for photo sharing), the aim of this paper is to understand the extent to which a large luxury department store affects place attractiveness, using Harrods (in London, UK) as case research, and Flickr API to collect pictures uploaded by users within 1km of the famous building between the 1st of January 2016 and the 31st of August 2017.

The emerging 1,557 pictures have been analysed through Mathematica software, to distribute them across a map and identify the exact location of the pictures. Findings show the extent to which the building of Harrods is central on the majority of the pictures posted online, representing the main photographed point within the radius of 1 km. Results contribute to the literature on the importance of big data analytics on social media for achieving deep information on tourists and consumers behavior, and provide useful suggestions for marketing management to develop more customized retail strategies.

The paper is structured as it follows: the next section is devoted to the literature review on place attractiveness, with emphasis on shopping place attractiveness for tourists. The subsequent section focuses on the case research, data collection and procedure. Finally, results are discussed, and implications for scholars and practitioners are outlined.

2. Theoretical background

Place, location, or destination attractiveness is the foundation of the tourism industry, as the attractions in a certain place will solicit the flows of tourists (drivers of tourism intention to visit a certain destination) (Cho, 2008; Cheng et al., 2013). Destination attractiveness can be defined as the sum of tourist’s perceptions of a destination’s capability to deliver value for tourists (Hu and Ritchie, 1993). In particular, destination attractiveness consists of a set of attributes including natural and cultural resources (i.e. landscapes, museums, archaeological parks, etc.), transportation and infrastructure (i.e. highways and roads, health services, communication and public transport, etc.) environmental services, along with recreational and shopping facilities such as souvenir and gift shops (Gearing et al., 1974; Giglio et al., 2015; Reitsamer and Brunner-Sperdin, 2015; Stylidis, 2017).

Marketing and retail literature specifically stresses the characteristics of shopping malls and retail agglomerations to be perceived as shopping destinations for domestic consumers (Dennis et al., 2002; Dolega et al., 2016; El-Adly, 2007; Reimers and Clulow, 2009; Sit et al., 2003; Teller and Elms, 2010; Teller et al., 2010) (Table 1).

<table>
<thead>
<tr>
<th>Study</th>
<th>Methodology</th>
<th>Antecedents of shopping malls/retail agglomerations attractiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dennis et al., 2002</td>
<td>Questionnaire survey with 287 consumers</td>
<td>Number of (favoured) shops</td>
</tr>
<tr>
<td>Dolega et al., 2016</td>
<td>Theoretical</td>
<td>Size (total shops), retail mix (including the plurality and diversity of shops), entertainment (leisure activities), number of anchor stores, number of vacant spaces (unit not occupied by any store/activity), distance from consumer’ place</td>
</tr>
<tr>
<td>El-Adly, 2007</td>
<td>Questionnaire survey with comfort (i.e. security in the mall, car parking, etc.).</td>
<td></td>
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</tbody>
</table>
404 consumers

entertainment, diversity (i.e. plurality and variety of restaurants, cinemas, etc.), mall essence (i.e. product quality, plurality and variety of stores, etc.),

convenience (i.e. ease of reaching to the mall, late working hours in the mall, etc.), and luxury (popularity of the mall, and external appearance of the mall).

Reimers and Clulow, 2009 Questionnaire survey with 541 consumers Time convenience (i.e. extended trading hours, locations close to consumers’ place, etc.)

Sit et al., 2003 Questionnaire survey with 503 consumers Shopping centre image, entertainment elements (i.e. cinemas) and food court

Teller and Elms, 2010 Questionnaire survey with 1008 consumers Retail tenant mix, product range and atmospherics

Teller et al., 2010 500 face-to-face interviews Retail tenant mix and atmospherics

Table 1. Past studies on the antecedents of shopping malls/retail agglomerations attractiveness.

These studies investigate domestic consumers’ perceptions of shopping malls and retail agglomerations through methodologies that involve researcher interaction with consumers (i.e. surveys, questionnaires, and interviews), which might bias their answer. Moreover, when considering the characteristics of these places, only one study (El-Adly, 2007) considered the importance of the building as an influencing factor in terms of external appearance of the mall. Indeed, the purely affective stimuli emerging the shopping malls or department stores can evoke sensory and affective experiences leading to increased shopping behaviour such as number of times purchased and total spend instore (Dennis et al., 2013).

Indeed, research further sheds light on shopping as an important tourism activity (Choi et al., 2016; Kemperman et al., 2009; Hsieh and Chang, 2006; Oh et al., 2004; Yu and Littrell, 2003), which can even influence the choice of a destination (Moscardo, 2004). To this end, several destinations organize shopping festivals in order to encourage more tourists, such as the “Great Singapore Sale” (GSS) with the message “66 days to please all shopaholics” organized yearly, “The Magnificent Mile Shopping Festival” (occasionally organized in Chicago), the “Fashion Night Out” organized yearly in different cities (i.e. Milan in Italy, London in UK, etc.). Another example is the Grand Bazaar in Istanbul (Turkey), which is usually at the top of any list of “things to do” in the city according to travel portals such as TripAdvisor. However, tourists’ shopping behaviours differ from those of domestic consumers (LeHew and Wesley, 2007). For this reason, further studies attempt to understand shopping malls as a possible venue for tourists (Choi et al., 2016; Moscardo, 2004; Park et al., 2010; Rasouli and Timmermans, 2013; Shin and Santos, 2014; Yamamoto et al., 2014) (Table 2).

<table>
<thead>
<tr>
<th>Study</th>
<th>Methodology</th>
<th>Antecedents of shopping destinations attractiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choi et al., 2016</td>
<td>Survey questionnaire with 708 tourists</td>
<td>Trust in the shopping destination</td>
</tr>
<tr>
<td>Kim et al., 2011</td>
<td>Survey questionnaire with 300 domestic tourists</td>
<td>Companion, guarantee of product quality and cheaper prices than home country</td>
</tr>
<tr>
<td>Moscardo, 2004</td>
<td>Survey questionnaire with 1,630 domestic and international tourists</td>
<td>Individual characteristics (cultural background, social obligations, personal values, and type of travel)</td>
</tr>
<tr>
<td>Park et al., 2010</td>
<td>Survey questionnaire with 275 tourists</td>
<td>Demographics factors, frequency of shopping and importance for shopping</td>
</tr>
<tr>
<td>Shin and Santos, 2014</td>
<td>Semi-structured face-to-face interviews with 26 respondents among international tourists, residents and shop</td>
<td>Image of the place</td>
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As can be gathered from from Table 2, past studies on the antecedents of shopping destination attractiveness have yet to focus on the extent to which a particular shopping place (i.e. a department store or mall) can play a role in the tourism attractiveness of a specific area. Rather, prior research mainly considers factors related to tourist characteristics and utilitarian values. Such prior studies mainly evaluate the characteristics of places only in terms of image, trust and travel distance.

3. Methodology of Research
3.1 Harrods building as case research
Harrods opened the world-famous building in 1849, and have never moved location since then. To date, it is recognized as one of the world’s few single-site department stores, occupying a prime five-acre site along Brompton Road, in Knightsbridge (London, UK). However, the headquarters has moved to Hammersmith (London, UK) and the distribution centre to Thatcham to allow the historic building to be fully devoted to retail, counting 330 showcase departments and 28 restaurants distributed among 7 floors, while recently Harrods has opened “little stores” in London Heathrow and Gatwick Airports Terminals. TripAdvisor considers Harrods to be one of the main attractions to visit in London, publishing about 14,000 tourists reviews, rating on average of 4.5 stars out of five. A typical user review says: “Always worth a visit. This place is all about shopping and expensive food” (January 2018), while another female tourist from US declared: “Harrods is a London icon which should not be missed” (January, 2018).
Figure 1 shows the Harrods area on London map, including other stores and attractions located nearby (i.e. Harvey Nichols, Bulgari Hotel, etc.).

<table>
<thead>
<tr>
<th>owners</th>
<th>Simulation models</th>
<th>Travel distance</th>
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<tbody>
<tr>
<td>Rasouli and Timmermans,</td>
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<td>2013</td>
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<td>Yamamoto et al., 2014</td>
<td>Survey with</td>
<td>Expected benefits</td>
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<td></td>
<td>3047 domestic</td>
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Table 2. Past studies on the antecedents of shopping destinations attractiveness.
3.2 Data Collection and procedure
Data were collected through Flikr API, by setting the constraint of 1km radius from Harrods building, and we limited the selection of images to the ones uploaded from January 2016 to August 2017. We used Flickr since all the contents posted on this social medium are completely public. In other words, Flickr allows any internet user to access its contents without a previous registration, which is compulsory for accessing other social media like Facebook and Twitter. The query to Flickr API allows building a dataset including all the information related to the image (i.e., name of the uploader, location in terms of longitude and latitude, date, image, etc.). This process produced 1,557 images.

The subsequent step consisted of the identification of the place of the images on the map through the latitude and longitude coordinates of each picture. To this end, Mathematica software imports the data from our data set and automatically places each image on the map (Figure 2).

Figure 2: Mathematica function for placing pictures on a map based on latitude and longitude.

Figure 3 graphically shows the results, by representing each photo as a point in the map (the map includes only the photos taken within 1km from Harrods building).
Since the placement of the photos in the map is based on the latitude and longitude, pictures might show the same object from different points of view. To avoid this issue, Mathematica software supports the production of plots to better distribute the pictures related to the same objects in the same place (point of interest). The plots show the density of the images within the area within 1km from the Harrods building, graphically indicating that in this area there are smaller zones that tourists photographed more. In other words, the peaks represent the points of interests (Figure 4).
In order to identify better the emerging points of interest, Mathematica allows the use of unsupervised machine learning to define clusters with the geographical data. In other words, the process of clustering can be seen as an unsupervised data-analysis technique employed to figure out hidden patterns in datasets (Hodeghatta and Nayak, 2017). These kinds of machines are called predictors as they can build functions from any Input-Output sequence. These systems are also particularly useful in predictions based on time series. Unsupervised classification systems can use K-Means, Spectral methods and Gaussian Mixture, nonlinear fitting methods, Gradient, Newton, and N-minimize methods (Rasmussen, 2004). Among the available methods, Mathematica automatically selects the best one for the selection of the identification of the clusters. We limited the choices of clusters to ten in total, through the command FindCluster. The emerging 10 clusters are shown in Figure 5; Harrods is the central one.

![Figure 5: 10 clusters obtained through Mathematica.](image)

4. Harrods as point of interest

By placing the clustering results on the map, we obtain Figure 6, which synthetizes the detail of the cluster referring to Harrods building. This figure also shows to what extent the Harrods building is the object with the major number of images taken, considering the exterior of the building (both in front of the main entrance and the rear of the store), and inside the building. These findings show to what extent Harrods has become a point of interest for the whole area.
Results show that the analysis of pictures posted online by tourists, in terms of number and location, emerges as new tool to collect useful information on the extent to which a store building might be an attractive tourism venue. In particular, the results demonstrate that Harrods is being the most photographed object in the area (1km radius from the building), as one of the most attractive places for tourists. Drawing upon the high number of these photographs related to the building, we might assume that the building itself is an attractive element for tourists along with the previously-studied characteristics of image, atmospherics, popularity of the luxury department store and so on. Moreover, if we consider that another huge luxury department store as Harvey Nichols is located in the same area, our findings show that Harrods is able to catch more of the interest of shoppers (resulting in more pictures). Indeed, no relevant clusters resulted related to the Harvey Nichols building.

5. Discussion and Conclusion
The aim of this study was to examine to what extent big data analytics might support the understanding of the effect of retail store buildings on places’ attractiveness, with emphasis on a large luxury department store. Our study finds Harrods as the main photographed building in the area (1km radius), an intensive retail area where famous, up-market department store Harvey Nichols is also located. The contributions of the findings are manifold. First, the paper contributes to the literature on shopping malls and retail agglomerations attractiveness, extending previous works (Dennis, 2002; Dolega et al., 2016; Reimers and Clulow, 2009; Sit et al., 2003; Teller and Elms, 2010; Teller et al., 2010) by demonstrating the appearance of the store building as a new antecedent. Indeed, this study adds new knowledge of the physical appearance of the store building as a characteristic able to influence the attractiveness, to be added to previously-identified drivers as image, trust and travel distance. This result further confirms the preliminary work of El-Adly (2007) through a new effective methodology of research based on pictures posted by tourists and the subsequent big data analytics.

Second, our results extend previous research on the importance of shopping for tourism (Choi et al., 2016; Kemperman et al., 2009; Hsieh and Chang, 2006; Oh et al., 2004; Yu and Littrell, 2003), and the shopping location as a venue for tourists (Choi et al., 2016; Moscardo, 2004; Park et al., 2010;
Rasouli and Timmermans, 2013; Shin and Santos, 2014; Yamamoto et al., 2014), by building on the number of pictures taken in front of a store building like Harrods, which can be comparable to the ones taken in front of monuments, museums, and other tourism attractions. Finally, our results show the extent to which big data analytics based on tourists’ pictures posted online might support retail management, by highlighting the most photographed points around the building (inside and outside). Due to the extensive dimensions of the Harrods store, it offers several storefront windows. If the research were to be extended to consider pictures taken within a specific period (such as Christmas), the results could further illuminate the storefronts that catch more tourists and consumers attention, which result in the highest number of pictures, in a sort of real time evaluation of their effectiveness. If compared with other store buildings in the area (i.e. Harvey Nichols), these results determine the retail buildings that are most favoured by tourists. Moreover, the study supports the understanding of store external appearance as a way to attract both tourists and consumers, based on the number of pictures taken and posted/shared online. If such data were to be combined with related text (comments) the results would shed further light upon tourists'/consumers’ evaluations of store management strategies by consumers. Similarly, retail managers can use these data to understand the extent to which other tourism attractions in the area arouse interest, in order to develop new strategies/offers to encourage more tourists to visit the store.

However, a limitation of our study is that it considers pictures posted on only one social platform, Flickr. Future studies might consider combining data from different media, such as Twitter, Pinterest, Facebook, and so on. Extending the data sources would facilitate a more comprehensive view of the attractiveness of appearance of the store building, with emphasis on the storefront. Indeed, this current research considers the whole building, while new studies might use the same methodology to focus more specifically on storefront appearance.

Finally, the authors encourage retail and tourism managers to integrate big data analytics into their marketing and management strategies to develop this new differentiator as a successful element for achieving competitive advantage.

References


Diffusion of digital technologies in retail industry: an exploratory study

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Abstract.
To date, the diffusion of digital touchpoints, as the first digital point of contact between retailers, brands, and consumers supporting the interaction with clients, is rapidly increasing in the physical stores. To date, retailers have adopted different technologies with different strategies. To the authors’ knowledge, there are no academic studies that investigate their diffusion among retailers operating in different sectors. Thus, the aim of this study is to investigate the actual diffusion of these technologies to understand the level of penetration in retail industry. To achieve this goal, the research employs a qualitative analysis based on the observation of more than 200 stores located in Oxford Street (between Marble Arch and Tottenham Court Road tube stations), London, UK in October and November 2017. Results provide an overview of the actual retailers who are innovation adopters, and the ones more sceptical towards the benefits emerging from the innovation. In particular, drawing upon Rogers’ Theory of Innovation Diffusion, the present study figured out that the large majority of retailers is innovating within the points of sale as the early majority, while only a limited number of stores consists of the technology enthusiasts.

1. Introduction
Technologies such as interactive storefront windows, devices for supporting contactless payments, ad hoc mobile apps for guiding consumers in the store are becoming common and common. Elicited by the continuous technology push (Pantano et al., 2017), retailers are trying to adopt new, attractive and exciting technologies to catch consumers and improve the retail management strategies. In the one hand, the progress in technology continuously offer new consumer solutions, in the other one consumers demand for new experiences increase (Bertacchini et al., 2017; Dacko, 2017; Hagberg et al., 2016; Pantano et al., 2017; Roy et al., 2017; Willems et al., 2017). For instance, Nike store (Nike Town), in Oxford Street, London, UK introduced tablet available for consumers to customize their new pair of shoes (i.e. choose the model, color, engrave, etc.). Similarly, the fast fashion brand Reserved, in the same street, introduced digital wallpapers (in the store and in the fitting rooms), displaying the newest collection and the news of the brand. Thus, we are witnessing to the increasing diffusion of these digital touchpoints as the new first digital point of contact between retailers, brands, and consumers supporting the interaction with clients. However, the current studies on the importance of integrating interactive and innovative technologies within
the stores mainly focus on (i) how to make these innovations be accepted by consumers (Perry, 2016; Rese et al., 2017; Roy et al., 2018), and (ii) the best retail management strategies for their suitable integration (Demirkan and Spohrer, 2014; Hagberg et al., 2016; Pantano et al, 2018; Willems et al., 2018). Indeed, retailers have adopted different technologies with different strategies. According to the level of interactivity of these touchpoints and the services provided, these technologies might support or even substitute the traditional human touchpoints (sellers) (Chang et al., 2016; Pantano and Gandini, 2017). Despite the huge deal of research on digital touchpoints in the modern retail, to the authors’ knowledge, there are not academic studies that investigate the digital touchpoints diffusion among retailers operating in different sectors. Therefore, new research questions arise:

RQ1: To what extent are new technologies diffused among retailers?  
RQ2: To what extent the technology diffusion changes when considering size or product typology?  
RQ3: Who are the retailers innovation adopters?

The aim of this study is to investigate the actual diffusion of these technologies to understand the level of penetration in retail industry, and to provide a comprehensive overview of the retailers competing in this emerging scenario.

To achieve this goal, the research employs a qualitative analysis based on the observation of more than 200 stores located in Oxford Street (between Marble Arch and Tottenham Court Road tube stops), London, UK in October and November 2017.

The paper is organized as it follows: the next section will relate to the innovation diffusion theory. The subsequent one will focus on the methodology of research. Subsequently, key results will be presented and discussed. Finally, the last section will focus on the impact of our findings for scholars and practitioners.

2. Theoretical background

In 1962, Rogers developed the Theory of Innovation Diffusion (Rogers, 2017) to explain innovations spread among users (adopters). The theory emphasizes how, why, and at what rate these innovations are adopted, and has been largely adopted to investigate the initial adoption of a certain innovation (Chuah et al., 2016; Hong et al., 2017). Diffusion is a process by which a new technology/innovation is promoted over time among the users in a certain social system (Rogers, 2017). In particular, it is a “sequence of complementary technical and organizational choices which can be viewed as adaptive responses limited and induced by past choices” (Consoli, 2005, p.472). Moreover, this process is not instantaneous, and its profits might persist for several years before being fully completed (Teece, 2007). In particular, this process, the characteristics of the innovation, the communication channels determine the spreading of the innovation. The innovation further need to be largely adopted for the self-sustain, otherwise it fails. For instance, Pantano and colleagues (2017) showed the number of patented innovations that might affect retail industry, but not all the pates consist of suitable innovations. Indeed, few of them might require management costs too high, or new human resources or capabilities, etc.

According to Rogers (2017), innovation adopters can be also classified in (i) innovators, who are the technology enthusiasts believing that the new technology will lead to new benefits; (ii) early adopters, who tend to buy the new product very early if considering the product life-cycle (the S-curve), believing that being the first to adopt the new technology will maximize their benefits; (iii) early majority, who adopt a certain new technology because it is already largely adopted, thus they believe that having the new technology has become a status (or a standard); (iv) late majority, who consist of the more conservative part of the market if compared with other groups, being quite uncomfortable towards an innovation and showing a risk-adverse attitude (they adopt because they are influence by social norms and reference groups); and (v) laggards, who show negative attitude towards new technology in general, being very sceptical towards the benefits emerging from the adoption of a new technology. Roehrich (2004) further summarized the characteristics of innovation
diffusion among consumers in: newness attraction (the extent to which an innovation is perceived as attractive), creativity/originality (the extent to which an innovation is perceived as creative/original), risk attraction (the extent to which adopting an innovation involves a certain level of risk), and attention to others’ opinion (the extent to which the others’ opinion is perceived as important for choosing to adopt a certain innovation).

Since the spreading of a new technology in the market determines the innovation diffusion across time, these aspects have largely investigated from consumers’ perspective to understand their adoption of certain technologies (Chang et al., 2016; Perry, 2016; Roy et al., 2018), in other words the measure of their innovativeness (if they can be assigned to a single adopter category) (Goldsmith and Hofacker, 1991). However, innovation diffusion indicators are not fully available to measure the diffusion of innovative strategies, practices and other innovation not related to an artefact (Nelson et al., 2014). This limit might obstruct the building of a theory around the innovation diffusion encompassing strategies and practices (Nelson et al., 2014). Moreover, the studies of innovation diffusion theory in retailing, mainly focused on consumers’ acceptance of a new technological product (Gupta and Arora, 2017; Kowatsch and Maass, 2010; Natarajan et al., 2017; Park et al., 2015), with limited attention towards the understanding of the diffusion of technological advancements among retailers’ adopters (Tsai et al., 2010). Thus, the present research aims at understanding the extent to which the new technologies are diffused among retailers, and which group of retailers is the largest majority.

3. Methodology of Research
Due to the exploratory nature of this study, the research employs a qualitative approach, aimed at measuring the actual diffusion patterns derived by observation. In particular, the research is based on the observation of more than 200 stores located in Oxford Street (between Marble Arch and Tottenham Court Road tube stops), London, UK in October and November 2017. In particular, the data have been collected through the participant observation of each store located in Oxford Street (2.5 km) and taking notes about the technologies available. In other words, the researcher collected data spending time in the store observing the available technologies while trying to understand their functions and possible interactions with consumers (Grbich, 1999; Savage, 2000). The researcher visited each store with a research protocol based on product typology, location, size of the store (small, medium, large), number and typology of technologies (checkout machines, click and collect, tablets, digital signage, digital wallpapers or others). This method allowed to achieve insights and onsite data not available through other methods (Lai et al., 2014). Observations were made in October and November 2017, and each observation lasted 25 minutes, while the researcher/observer entered the store as typical customer. This time might be considered sufficient to understand the technology without arouse any suspicious about spending time in the store without making any purchase (Lai et al., 2014). Data for each store were systematically tabulated through an excel file that further allowed the comparison among the different stores. The final a descriptive analysis was conducted to show the diffusion of digital technologies among stores accordingly with size and typology.

4. Key results and discussion
The first analysis identified per each store the number of available digital touchpoints (innovative digital technologies), which we place on the map (Figure 1), where the size of the symbol is linked to number of the technologies. The simultaneous adoption of different technologies by the same store results in a different size of the adopted symbol: the little one represent a store with one digital touchpoint, the medium ones are for stores with two or three digital touchpoints, and the big ones represent stores with more than three digital touchpoints.
Although the map shows a distribution of technologies throughout the full street, the area around Oxford Circus Underground, which considered the busiest point in Oxford Street with more than 100,000 pedestrians per day (Transport for London, 2018), is the one showing the larger number of innovative technologies. The subsequent analysis considered the innovation diffusion according to the store size (Figure 2).

![Figure 1. Number of technologies per store in Oxford Street in London (UK), between Marble Arch underground station and Tottenham Court Road Underground Station.](image)

Results shows that only a limited number of medium and large stores has more than three different types of digital technology, emphasizing the extent to which the number of adopted digital technologies increases with the increase of the store size. None of the small store has three different types of technologies, and none of large store has only one type of digital technology. Moreover, the large majority of large stores has at least two different types of new technologies, while about the half of the small stores has at least one digital technology. Thus, according to the Rogers (1962) typology of adopters, retailers managing large sized stores are early adopters, while the ones managing medium sized stores are large majority, and the ones managing small stores are late.
majority. In other words, findings show the extent to which the large stores seem to be more willing to adopt new technologies if compared with the others. Similarly, the small stores seem to be the last to adopt a new technology, maybe because of the pressure of competitors’ adoption. Subsequently, the research focused on the number of technologies for store typology, classifying in watches, underwear, toys, telecommunications, sweets, sunglasses, sports and footwear, souvenirs, legwear and footwear, jewellery, footwear and accessories, fast fashion, fashion/footwear, fashion and homeware, fashion and accessories, fashion, entertainment, electronics, department stores, health and pharmacy, and accessories (Figure 3).

![Figure 3. Digital technology diffusion according to the store typology.](image)

The first result emerging from this analysis is that stores selling sweets, souvenirs or accessories (including just accessories, fashion and accessories, and footwear and accessories) did not introduce any kind of digital technology. According to Rogers’ classification (1962), they are the laggards, by considering the introduction of new digital technologies not beneficial for their business. In opposite, all the stores selling footwear, fashion, electronics, department stores and, beauty, health and pharmacy introduced at least two different types of digital technology. Thus, they seem to be early adopters, believing that the adoption of those technologies would largely increase their benefits. The other typologies of stores (i.e. watches, toys, legwear and beachwear, underwear, telecommunications, sunglasses, jeweller, fashion/footwear, fashion and homeware and, entertainment) has only one digital touchpoint. According with Rogers’s Theory of Innovation Diffusion (1962), they represent the early majority, adopting a certain new technology because it is
already diffused among the competitors. Finally, fast fashion, sports and footwear are the only two store typologies that introduced more than three digital touchpoints. They seem to be the only type of store that could be classified as innovators, thus they are the technology enthusiasts believing that the new technology will lead to new benefits.

5. Conclusions and future research directions
The aim of the present research is to investigate the actual diffusion of innovative digital technologies among retailers, to evaluate their strategies to reply to the increasing technology push. In particular, results show the actual digital technologies diffusion among retailers in one of the most important shopping street in Europe (Oxford Street in London, UK). Results demonstrate that very few store has more than three different types of digital technology, while the number of adopted digital technologies increases with the increase of the store size. Similarly, following Rogers’ adopters classification (2017), retailers specialized in sweets, souvenirs or accessories are the laggards, showing a very sceptical attitude towards the benefits emerging from the adoption of a new technology. In opposite, all the retailers specialized in footwear, fashion and homeware, and department stores introduced at least one type of digital technology, consisting of the early adopters, the ones considering the adoption of those technologies largely beneficial for their business. Therefore, if combining the results of the diffusion among size and product typology, large retailers specialized in in footwear, fashion and homeware and department stores are the innovation adopters. Thus, the large majority of retailers is innovating within the points of sale as the early majority, while only a limited number of stores consists of the technology enthusiast according to Rogers’ classification (1962).

While Pantano and colleagues (2017) sheds light on the technology push affecting retail sector, this paper extends their work by showing the actual retailers reply. In the one hand, our paper further contributes to the understanding of innovation management, with emphasis on diffusion theory in retailing by extending the previous studies (Gupta and Arora, 2017; Kowatsch and Maass, 2010; Natarajan et al., 2017; Park et al., 2015), with a new focus on retailers’ perspective. In the other, it adds new knowledge to the innovation diffusion theory previously investigated in other sectors (Chuah et al., 2016; Hong et al., 2017). Finally, our paper contributes to the discussion on the importance of integrating interactive and innovative technologies within the stores (Perry, 2016; Rese et al., 2017; Roy et al., 2018; Demirkan and Spohrer, 2014; Hagberg et al., 2016; Pantano et al, 2018; Willems et al., 2018), with new evidence on the actual diffusion.

From a practical perspective, the paper highlights the state of the art of the actual diffusion of digital technologies among a sample of 200 retailers on one of the busiest shopping streets in Europe. Findings would help retailers, in UK and Europe, to understand competitors orientation towards the adoption (or not) of a certain technology to improve the business. Finally, they might have a clear overview of the most diffuse digital typologies, and the extent to which they are linked with the store size.

Although the results, this research encounters also some limitations. The first is related to the evaluation of digital technology diffusion among certain categories of store as grocery. Since Oxford Street does not offer any Grocery, its evaluation is not included in the present study. Therefore, future research might consider also other categories to offer a more comprehensive overview of the actual innovation diffusion, and compare and contrast among different retailers operating in different cities or different areas, such the shopping centers and the anchor stores. For more generalizable results, the research can be further extended to different European cities to compare and contrast the diffusion at country level.

References


**Fairtrade Towns as Novel Place-Based, Ethical Retail Brands**

**Professor Ken Peattie and Dr Anthony Samuel, Cardiff Business School.**

**Introduction: The Fairtrade Brand and Fairtrade Towns**

Fairtrade™ (FT) is viewed as one of the most successful retailing, marketing, branding and labelling initiatives of recent decades (Nicholls 2010), whose history is captured in detail by Doherty et al. (2013) and more specifically in relation to branding by Reed (2009). Fairtrade labelling commenced in Europe in 1988, with the founding of the Max Havelaar label in the Netherlands followed by several other national labelling initiatives including the UK Fairtrade Foundation in 1992. Today, the UK is one of the most developed FT markets with over 4000 FT products available to consumers, benefiting an estimated 384 producer groups in the developing South with UK FT sales in 2013 worth an estimated £1.78 Billion (Doherty, et al. 2013). This success is consistently attributed to the marketing communication influence of the FT label (Doherty et al. 2013; Davies, 2009) with 70% of the UK population recognising the FT trademark and logo, and perhaps more pertinently 64% displaying an understanding of the concepts behind it (Fairtrade facts and figures 2009). The FT label is often referred to as a brand in terms of its ability to instil consumer trust, firstly through its contribution to sustainable development in Southern producer communities and secondly (in recent years) by indicating high quality products to Northern consumers (Golding, 2009; Low and Davenport, 2006). The most specific theme explored in FT branding is the power of a trustworthy, third-party product label, of which the FT Mark represents an international exemplar in its ability to drive the mainstreaming of ethical consumption (Low & Davenport, 2006; Reed, 2009).

Davies, (2009) and Doherty, et al. (2013) argue that to endure successfully the FT brand must maintain and communicate the value of its transformative, developmental trading system with people and the environment at its core. Without this FT marketing risks being limited to a form of product augmentation and in FT consumption becoming merely a ‘lifestyle’ choice’ (Moore et al. 2006). Therefore although conventional retailing, branding and marketing communications activities are acknowledged as integral to the successful growth and mainstreaming of FT (Golding 2009), an educational and social approach to promotion is also needed to protect and develop FT’s ethical brand values (Nicholls & Opal, 2005).

A significant and relatively recent contributor to the social construction and mainstream success of “Brand FT” and FT retailing is the Fairtrade Towns (FTT) movement. Since their inception in Garstang in 2001 FTTs have grown rapidly, with 604 FTTs established in the UK, and a global expansion into a further 26 countries totaling 1,100 FTTs (Fairtrade Towns, 2016).

Despite their prevalence, FTTs represent an under-researched phenomenon, but a few papers have considered or studied them from particular marketing perspectives including: Peattie and Samuel (2016) study of the role of FTT steering group members as ethical activists, Samuelet al.’s (2017) paper exploring the role of community-based co-creation in the construction of the FTT brand, and Nicholls and Opal (2005) whose pioneering exploration of FTTS as place-based marketing systems used an actor network perspective to demonstrate how products, producers, places, audits, and certification processes combine in the effort to market FT products to new and existing consumers. A number of papers from outside marketing also shed light on the operation of FTTs including the work of Malpass et al. (2007) who explored the development of Bristol as a FTT from a social geography perspective; Wheeler’s (2012) sociological exploration of one FTT focusing on FT support and consumption as social practices; and Lyon’s (2014) political economy based study of American FTTs focusing on interrelations between FTT groups and other entities.
FTT as Place-Based Branding.

'Place-based' marketing and branding has two dominant research streams. The first is place of origin marketing, which focuses on place of production as an element of perceived quality to differentiate products such as wine, coffee or cheese, and also extends to durable products such as cars and watches (Thode and Maskulka, 1998). The second is destination marketing, which aims to promote particular places (e.g. countries, regions, cities or towns) as destinations, usually for tourism, but also for investment or the hosting of particular events such as conferences, sporting events, concerts or festivals. Skinner (2008) argues that such place marketing suffers from confused identity and terminology, whilst others contend that the strong promotional focus in place branding aligns it with image and reputation management more than conventional marketing and branding (Morgan et al, 2011). Aitken and Campelo (2011) view such ‘top-down’ place branding to increase visitors and commerce as failing to capture the ‘authentic’ elements of destinations. They argue for the importance of authenticity in place branding that is built from the “genuine and foundational relationships” (p. 917) linking people, communities, places and experiences. Place branding, in order to be perceived as authentic is therefore dependent upon the unique relationships or ‘ecosystems’ within a given place (Bergvall, 2006) and, in order to be understood fully, the role of resident citizens as both consumers and co-creators (or perhaps co-architects) of a place needs to be appreciated as well as considering the ‘outsider’ target audience (Braun et al., 2013).

There are other emerging contributions concerning specific place-based marketing processes beyond these two dominant spheres. For example, localism as a retail marketing strategy is explored by Coca-Stefaniak et al (2010) and McCaffrey and Kurland (2015), revealing that smaller retailers can use a sense of community embeddedness, a deeper understanding of local socio-economic factors as a potential basis for competitive advantage. There are clearly opportunities to extend research into, and understanding of, marketing phenomena that are specific to particular places and the retailing activities that go on within them.

Place branding is thought to play a major role in facilitating a place’s ability to compete for new resources, generate economic growth, build authenticity and attract interest from those traditionally perceived as from outside its ‘container space’ (Amin 2004). Aitken & Campelo (2011, p. 913) argue that place branding should be driven by local culture and community identity that builds a place brand from the ‘culture and the people who live and create it’. Likewise this paper considers place branding as the result of ‘interactions and relationships between people and their place’ (Aitken & Campelo, 2011, p.914) through marketing and retailing activities that promise an opportunity to ‘locally’ consume and experience FT products whilst globally assisting the economic, social and environmental sustainability of producers from developing nations. This research expands existing understandings of ethical retailing and of place branding (and their interaction), embracing ethical consumption (Tallontire et al., 2001), socially constructed landscapes (Creswell, 2004) and the spatialities of globalisation (Amin 2002; Barnett et al., 2011), which are all evident in the life of a FTT.

Methodology

This study applied Grounded Theory to explore of the social world of the FTT movement through the eyes of the key stakeholders involved in its construction and implementation within particular towns. This was achieved by capturing qualitative data from the social situations, views, motives, interactions, interpretations and everyday actions of insiders (Blaikie 2000), in this case the activists involved in promoting FTTs considered both individually and collectively. There were three core
elements of qualitative enquiry. Firstly ethnographic involvement over three years with a FTT group and membership (with permission to record and research) of its Steering Group, with official minutes and researcher journals of meetings and general observations acting as data sources. Secondly semi-structured interviews with participants in FTT Groups covering eleven different towns and 29 interviewees. Finally a serendipitous development (something GT encourages) allowed for three days to be spent in the company of a founder of the FTT movement, learning more about the development of the movement and its application in their home town. Each stage helped to secure rich qualitative data from within the movement, with interview transcripts, researcher journals and other documents being subject to immediate line-by-line coding (by hand), followed by focussed and then theoretical coding, from which core categories emerged. This paper reproduces key comments made by activists serving on FTT Steering Groups to illustrate its findings.

Findings and Discussion.

The data and analysis within this project revealed a range of novel elements to the marketing and retailing dynamics at work within FTTs, and many of these are the focus of other papers (e.g. Peattie & Samuel, 2016 and Samuel et al., 2017). Of particular interest here are the ways in which the operation of FTTs transformed a form of consumption usually associated with the relatively abstract concepts of ethics and global commodity chains (Hartwick, 1998), to become rooted in more specific places of consumption (as well as production). This revealed several different types of relationship between retail marketing and place within FTT:

FTT as marketing through place. FT products require distribution through specific places, and FT’s expansion via mainstreaming is strongly connected to conventional place distribution issues (Davies, 2009). This locates it in a very conventional realm of ethical consumption amongst consumers, and socially responsible marketing strategies amongst producers and retailers. However some places acting as channels, and the actors encountered promoting consumption through those channels (including teachers, religious leaders and council officials), are far from conventional. FT suppliers include both social and commercial enterprises, but within FTTs much of the promotional effort is handled by non-commercial stakeholders coordinated and facilitated by the local steering group. Such stakeholders seek to promote FT consumption by leveraging their existing place-specific social networks (Barnett et al., 2011; Wheeler, 2012) to develop new opportunities.

The types of place we observed acting as channels of distribution and promotion include the conventional (retailers from local to global) but also institutions (churches, schools, councils and libraries), situations (events such as farmers’ markets) and physical places represented within the fabric of a town. In doing so they transform what would conventionally be considered elements of the marketing environment into active participants in the marketing system.

Getting the Fairtrade logo and supporting literature as widely spread as possible within ‘their’ local retailers, schools, churches and other institutions was viewed by supporters as crucial to promoting FT consumption as both a social norm and a social movement that local councils should respond to and support. This process appears to be strengthened by the movement’s attachment to place, as steering group representation is developed to represent, or at least reach out to, unite the places and social constructs that come to uniquely define a given town. Members therefore identify the validity of a FTT as a representation of ‘all walks of life’ from their place:

“I never said we are defining the community, not in those words because who can define what a community is? And it is very different from place to place. But what a Fairtrade Town
tries to do, and I think to an extent succeeds to do, is it actually reaches out to the whole community, not just a part of it.” (Chairman of FTT, Garstang)

The result is a specific geography of retailing and consumption in which both the consumption and the marketing of FT demonstrably influence aspects of the physical form of the urban space, for example through signage, flags and even floral displays within towns.

**FTT as the marketing of place.** By making FTT status visible within marketing materials associated with towns (such as guides and websites) and within their physical fabric (through signs and banners) the towns in the study all sought to promote themselves. Achieving FTT status is commonly used as part of the place branding strategy of accredited towns (Rowley and Hanna, 2007), and in keeping with the wider destination marketing literature, such branding is dependent on the combined efforts of a network of local stakeholders (Baggio, 2011).

Adding empirical depth to the suggestion of Malpass et al (2007, p. 637) that FTT campaigns rely on ‘particular devices and discursive strategies through which actors can “speak for the city”’ the FTT movement’s achievements in connecting FT consumption to the organisations and groups specific to a given town was often highlighted. This connectivity to place is driven by FTT supporters who, by contextualising their understanding of the social makeup of their town, are able to identify and connect FT retailing and consumption with the individuals, organisations and places that socially construct its meaning. For example, Keswick was singled out as successful because FT has been integrated into key activities that construct its identity via tourism:

> Well, because this is a tourist town, we certainly wanted to work with the tourism sector, and we have worked with the tourism sector. My hope would be that every guest house and hotel in Keswick offered Fairtrade tea and coffee, and every café and restaurant and coffee shop and tea shop all offered it. So that is an aspiration because it does open opportunities to switch Keswick and our tourists on to Fairtrade. (NGO Worker, Keswick).

This strategy combines the community embeddedness of localism with an appeal to care at a distance reflecting Amin’s (2002) spatiality of globalisation. However, as FTTs evolve and become more prevalent, there is a risk that FT status no longer adds to the distinctiveness of town identity in the way that it did for the earlier pioneers of the movement (several of which were amongst the study towns).

**FTT as place of origin marketing.** FTTs seek to develop relationships with citizens, local authorities, retailers and other local stakeholders to promote FT consumption as a behaviour with value beyond the local community and the consumers involved, through its contribution to global development. This applies both of Amin’s (2002, 2004) place-based lenses to create a binocular vision in which retailing and consumption activities within the ‘container space’ of a local economic system connects through the ‘spatiality of globalisation’ to the development agenda and welfare of producer communities. This creates a parallel with place of origin marketing in the sense of the product gaining perceived attributes linked to the place of production, albeit from the prevailing socio-economic conditions rather than the terroir.

**FTT as place of consumption marketing.** Place of origin marketing emphasises the product-related benefits to consumers linked to the place of production. FTTs are unusual in having a place of consumption focus. As Lyon (2014: 149) notes:

> “Fair Trade Towns advocacy moves beyond the primary goal of most third-party certification systems, which is to reconnect commodities, their producers, and their locations of origin in
the minds of consumers, by encouraging consumers to think critically about the communities where they themselves live.”

This connection between FT and the place of consumption may provide a practical benefit in extending FT’s appeal through place-based connections. Tallontire et al. (2001) suggest that FT consumers appear to be dominated by minority groups who are not typical of the broader population, limiting the potential for future expansion. Although the success of mainstreaming may have partially overcome this, the limits of conventional appeals to consumers based on ethics and/or quality remain a common theme within the field. FTTs, as a place-based retailing initiative, perhaps have the potential to supplement such conventional appeals, with one based on local identity, belonging and social solidarity, and a shared connection to one’s town as a place (Creswell, 2004). As such it could offer an approach to placating those who perceive conflicts between FT’s support of ‘distant others’ and support for local economies (Lyon, 2012). The following quote outlines how a farming crisis in one FTT was used to connect the plight of their place of consumption to the troubles of distant places of production. Thus through an affinity to one’s sense of place, perceived tensions between local and global citizenship were ameliorated:

“The same year we started, the Cumbria foot and mouth crisis which was absolutely horrendous started. It was spring and the countryside was silent and even locally we heard of tragedies in families and farms everything was slaughter and it was totally heart rending. So when we came to appealing for Fairtrade and understanding the poverty and suffering of third world nations, as we went around we did a lot of campaigning and talking to organisations we used this angle. Immediately they would understand the suffering because we were going through it very much here in Cumbria.” (Retired Teacher, Millom)

The early phases of FT marketing involved ‘solidarity selling’ (Nicholls and Opal, 2005) whereby consumers expressed upstream social solidarity with producer communities through purchasing. Engaging with FT consumption within one’s FTT could also express ‘downstream’ social solidarity by supporting your town’s identity as a FTT.

**FTT as place-bridging marketing.** FT has always sought to bridge the perceived space between consumers and producers (Hartwick, 1998), for example through the use of producer ‘stories’ contained on the packaging of FT products (Golding, 2009). Nicholls and Opal (2005) and Alexander and Nicholls (2006) propose that FTTs drive community social and civic engagement by encouraging consumers to connect to both their own local places of consumption, and to distant places of production, by actively promoting the ethos and products of FT. This research revealed more concrete and personal connections being forged between specific producer and consumer communities particularly through representatives meeting at FTT events. This takes FT beyond conventional notions of representing a window through which consumers can view and understand the conditions endured by producers (Goodman, 2004), to become a bridge through which the two can physically meet and become connected. In doing so it goes further than conventional FT activity in trying to close the geographical and informational spaces between producers and consumers (Nicholls and Opal, 2005) opened up by processes of industrialization and globalization. The Fairtrade Foundation and other supporting organisations actively seek to bring FT producers from developing countries into FTTs to ‘tell their story’ and meet the people, organisations and groups from the towns in their ‘own back yard’:

“At Fairtrade Fortnight we hosted a spice farmer from Sri Lanka we had quite a large programme of events for him, which included a public reception with the mayor, and bits of presentations, and a talk, and he went to the schools and he went to Wolverhampton
Such encounters introduce into the marketing and retailing agenda a 'real' and personalised human/social element into an otherwise abstract ethical consumption agenda and reinforces the developmental and political message of FT (Davies, 2009; Golding, 2009; Low and Davenport, 2005).

Conclusions: FTTs as Hyper-Hybrid Marketing.

Attempting to understand the processes of marketing, retailing and consumption within FTTs encountered in this study led to us considering a range of theories for place-based marketing and beyond. It revealed FTT marketing as a form of place of origin marketing, but with the emphasis on benefits that are embedded in the socio-economic structure of the supply chain (Hartwick, 1998), rather than in the tangible product, and which accrue primarily to the producer rather than solely to the consumer. FTT marketing reflects destination marketing processes in integrating FTT status into the branding and identity of places, yet with the main audience for the branding message being the local residents rather than 'outsiders'. It is partly explained through conventional notions of ethical consumption and societal marketing strategies, but its emphasis on the community and on changing collective consumption practices gives it common ground with alternative consumption communities (Moraes et al., 2012) and with emerging retailing strategies that emphasise localism and community embeddedness (Coca-Stefaniak et al., 2010; McCaffrey & Kurland, 2015). This multidimensionality reveals FTT marketing to be a form of 'hyper-hybrid' marketing, which is not to argue that other types of marketing (place-based or otherwise) are not multi-dimensional, but to propose that FTT marketing is extreme in its hybrid nature.

The FTT brand for a given town (or city) is an unusual form of place-based brand, for a number of reasons. It has a strong set of interactions with other brands including the underlying FT brand, the overarching FTT brand, the brand of the place within which it operates, and the powerful brands of retailers such as the Co-op or manufacturers such as Café Direct or Divine chocolate which are all important contributors to FT retailing and marketing within FTTs. The governance and management of the brand is also unusual in being vested in a self-organising group of volunteers, rather than the professional marketing managers of a manufacturer, retailer, public sector body or third sector organisation (although the Fairtrade Foundation oversees the overall FTT brand and supports individual groups in developing their marketing strategies). Finally it represents the connection of a globalised and abstract-seeming commodity supply chain to highly localised consumption and retailing practices in order to promote a social development agenda within poorer countries. As such, it represents a strikingly practical example of the sustainable development mantra of “Think global, act local” unfolding within local retailing and consumption practices all around us. Our appreciation of the unique and innovative aspects of FTTs from a retailing and marketing perspective is only just beginning to emerge.
References


ACCESS BASED CONSUMPTION, A STUDY OF ACCESS VS OWNERSHIP IN LUXURY FASHION RETAIL

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ABSTRACT

Fashion-focused consumers would often rather rent or share a luxury item than pay full price to own the same item. Access-based consumption (ABC) involves market-mediated transactions that provide no transfer of ownership (Belk, 2007). This study investigates ABC in luxury fashion retail. This paper draws on the literature of collaborative consumption and conditions of access (Belk, 2007, 2009, 2013; Bardhi and Eckhardt, 2012; Botsman & Rogers, 2010), consumerism (Sarkar, 2011), motivations to utilize technology (Venkatesh et al., 2012), the sharing economy (Möhlmann, 2012), and materialism (Richins and Dawson, 1992). The central research question is what are the aspects of utilitarianism and consumerism that affect user adoption of ABC in luxury fashion. 138 females between the ages of 18-45 were asked to browse an ABC luxury fashion website and complete an online questionnaire. The findings report that when consumers engage in occasional rental and shared usage of luxury fashion in an online context, they are motivated by utilitarian and hedonic reasons as opposed to materialistic motives. In particular, aspects of utility and consumerism, including low cost, high quality, and familiarity, motivate them to use ABC with luxury fashion items. This study reveals the important role that hedonic tendencies (a subset of consumerism) has as a determinant of intentions to adopt ABC in luxury fashion.
1. Introduction

The sharing and renting of a myriad of products and services are accepted consumption practices. The online access to these practices is referred to as access-based consumption (ABC) and involves market-mediated transactions that provide no transfer of ownership (Belk, 2007). Access is an act in which participants mutualize access products or services, rather than having individual ownership (Botsman & Rogers, 2010).

Given that ownership has traditionally been perceived to be better for the economy and also to be a signal of the owners’ success; access can be seen as an inferior model of consumption (Bardhi & Eckhardt, 2012). However, this perception is not universally held particularly by consumers whose purchasing behaviour is more oriented towards socioeconomically conscious decisions. These consumers may rely on trading, swapping, and renting to augment their wardrobes, particularly for social events. They shop consignment sites and sell their clothes once they have been used and photographed too often. Retailers providing or considering the offer of ABC are challenged to understand the dynamics of this consumer behaviour and the features of successful business models associated with these practices.

Previous research has examined the attitudes related to the sharing economy. These studies have examined how consumers participate in ABC due to their concerns about the environmental impact of consumption, their draw to localness in their consumption patterns, their enjoyment in the online sharing experience and their economic considerations (Belk, 2009; Botsman & Rogers, 2010; Hamari, Sjoklint & Ukkonen, 2016). Researchers have examined consumer ABC motivations in multiple sectors including tourism and hospitality (Cheng, 2016), car sharing (Bardhi & Eckhardt, 2012), and maternity apparel (Catulli, Lindley, Reed, Green, Hyseni & Kiri, 2013). However, there have not been previous studies focusing on the reasons
that luxury fashion consumers would consider renting luxury fashion, the products they want, and the consumption model they prefer (i.e. subscription vs one-time-purchase). Questions remain about the motivations behind users of ABC in luxury fashion, and there have been no studies carried out with ABC in fashion, nor on ABC in Canada. By understanding their motivations, retailers can better understand how to construct ABC offerings. The discussion is relevant to retail executives and academics interested in the shared economy, ABC, and retail. This study fills the gap by investigating ABC in the case of luxury fashion retail, and thereby focuses on the following research question:

What are the aspects of consumerism, materialism and utility and that affect consumer intentions to adopt ABC in luxury fashion?

The following sections will provide discussions of previous research related to ABC, this study’s methodology, data analysis, discussion of findings, limitations and further research, and theoretical and managerial contributions.

2. Literature Review

In particular, to examine how utilitarian and consumeristic motivational factors affect user intentions to adopt ABC, this study will draw on the literature of consumerism, utility, and materialism in ABC of luxury fashion. The review of literature consists of two sections. In the first section, collaborative consumption is explored to understand the characteristics of the sharing phenomenon, ABC, and the various conditions of access. The history of ABC is described to provide insights about how the roots of sharing evolved, and about the problems which face ABC business models in fashion retail. In the second section, this study’s research model and hypothesis development are discussed to show the interactions between consumerism, utility, and materialism in ABC of luxury fashion. This section closes with the study’s research questions.
2.1 The Evolution of an ABC Model

Access based consumption (ABC) is similar to sharing, in that both modes of consumption do not involve a transfer of ownership (Belk, 2007). However, ABC differs from sharing and from renting in that temporary access to goods is enabled by collaborative efforts of the provider and the consumer and involves internet connectivity (Belk, 2013). Belk (2007, 2009) and Bardhi & Eckhardt (2012) label these efforts as collaborative consumption and define them as consumers’ acquisition of consumption time with items and, in a market-mediated context, their payment of a price to access these objects. Further, Belk (2013) describes this collaborative consumption as involving the coordination of the acquisition and distribution of a resource for a fee or other compensation.

In ABC, no transfer of ownership takes place, and access is coordinated through for-profit or community-based online services. Consumers’ use of ABC often corresponds with economic crisis, uncertain labour markets and space limitations, as consumers re-examine spending habits and values (Bardhi & Eckhardt, 2012). Participating in ABC therefore allows consumers to use objects that would otherwise be outside of their reach. Examples of ABC models include car and bike sharing programs and online borrowing programs for intangible (i.e. music streaming) and tangible items (i.e. luxury fashion) (Bardhi & Eckhardt, 2012).

Studies have examined the conditions of ABC services which are associated with likely settings for ABC transactions. These conditions of access are described in the following section.

2.2 Conditions of Access

Bardhi & Eckhardt (2012) and Catulli et al. (2013) provide an understanding of what the nature of consumption under conditions of access looks like by studying car sharing and maternity equipment, respectively (Catulli et al., 2013). Bardhi & Eckhardt (2012) were the first
to define what conditions of access look like from the consumer’s point of view. The authors’ conceptual paper draws from existing consumer research and defines six dimensions of what conditions of access look like and how they differ from one another. These dimensions include; temporality, anonymity, market mediation, consumer involvement, type of accessed object and political consumerism and are described below.

**Temporality.** In ABC, access is temporary and can be short-term (i.e. one-time use) or long-term (i.e. Zipcar membership fee). In addition, consumers may pay a subscription fee for access, where they have the choice to activate their access or sit dormant (Chen, 2009; Bardhi & Eckhardt, 2012).

**Anonymity.** Anonymity is the extent to which use is public or private. For example, car sharing services are private and exclusive, and toy libraries are public sharing services (Bardhi & Eckhardt, 2012).

**Market Mediation.** In ABC, market mediation refers to the coordination of the acquisition and distribution of a resource for a fee or other compensation (Bardhi & Eckhardt, 2012). Mediation varies from for-profit to not for profit. For example, companies like Rent the Runway are profit-oriented firms which charge a membership fee for clothing rentals. Not for profit access is seen through tool and toy libraries where users donate items to be shared among a community (Bardhi & Eckhardt, 2012). ABC in luxury fashion retail is heavily reliant on market mediation; as the level of market intervention shapes consumer relationships and norms.

**Consumer Involvement.** In ABC, consumer involvement refers to how involved the user is in the consumption of the items. Involvement can be minimal (i.e. traditional rentals) or extensive where customers clean and deliver items. This notion of self-service vs full service affects the level of consumer commitment and identification (Bardhi & Eckhardt, 2012).
Type of Accessed Object. The type of accessed object plays a role in the nature of ABC. Chen (2009) found that the nature of access may vary along the continuum of whether the object is experiential or functional (Chen, 2009). Furthermore, consumers are more familiar with accessing ABC through digital formats rather than through traditional storefronts (Bardhi & Eckhardt, 2012). Correspondingly, while ABC refers to the activity of sharing goods and services, it also refers to the software platforms that make this practice possible (Hamari et al., 2015).

Political Consumerism. In the case of bike or car sharing, forgoing ownership can signal ABC as an environmentally sustainable alternative, and consumers can therefore be politically motivated. However, ABC in luxury fashion is non-political consumption focused on filling a consumer need.

Chen (2009) also examined conditions of access with ABC by comparing the habits of art collectors and museum visitors, suggesting that the mode of consumption shapes consumers’ perceptions of value. Instead of buying and owning things, users just want access to goods and thus, prefer to pay for the experience of temporarily obtaining them. Chen’s research suggests that ownership is no longer the ultimate expression of consumer desire. Chen’s study also concludes that consumers do not derive value from functional objects which are not owned (Chen, 2009). Chen’s exploratory study provides insights into the study of possession and access and the relative roles of consumer desire versus value.

Whereas Chen’s study focuses on consumers’ experience with curated museum exhibits, this study examines luxury retailing. Multiple fashion retailers operate an ABC model offering women access to luxury clothing or accessories for a monthly fee. Without this access to collaborative consumption, it would take years for consumers to save the amount of money
required to purchase these luxury items. Möhlmann's (2015) study found that women will substitute access over ownership given that it is economically sound and convenient, the cost savings of renting over buying are attractive, and clothing doesn't clog up closets often forgotten by their owner. In particular, consumers who wish to access luxury fashion may be driven by hedonistic and status-driven motivations (Bardhi & Eckhardt, 2012). This current study therefore advances our understanding of the effect of motivations on consumer intentions to use ABC, by examining the specific conditions related to collaborative consumption of luxury fashion retail.

2.3 ABC in Luxury Fashion Retail

Traditional retailers have often offered an ABC model through subscriptions. The most successful companies featuring ABC subscription services do not handle any product (i.e. Airbnb, Netflix, and Spotify). Fashion retailers utilizing subscriptions face a disadvantage because consumers become overwhelmed with excess product. Analysts report that after approximately six months of fashion subscription services, customers face an "accumulation trap" and the novelty of new clothes wears off (Pike, 2016).

To battle this accumulation trap, fashion start-ups have launched fashion subscription memberships which allow consumers to borrow clothing. Most of these start-ups rely heavily on their partnerships with large fashion brands. The significant advantage for fashion brands that work with ABC start-ups is the access to big data, which tells them how successful items are with subscribers (i.e. how long they keep them, purchase, sizing, etc.).

ABC models in luxury fashion are expanding in scope. There are estimates that women will spend $1700 annually to access luxury through an ABC model (Rey, 2016). In November 2017, Rent the Runway, the leading company in ABC of luxury fashion, expanded their subscription service to an unlimited service (Bhasin, 2017). Influenced by the success of Rent the
Runway, in November 2017, fashion retailer Ann Taylor launched a subscription service called Infinite Style, where users can rent clothes for $95 per month. This service allows users to take out three items at a time (Horowitz, 2017).

3. Research Model and Hypothesis Development

The purpose of this research is to study the factors influencing consumer intentions to adopt ABC in luxury fashion and develop a framework which can predict the relationship between aspects of these factors to consumers’ intentions to adopt. The model is based on frameworks of consumerism (Sarkar, 2011), motivations to utilize technology (Venkatesh et al., 2012), the sharing economy (Möhlmann, 2012), and materialism (Richins and Dawson, 1992).

Although ABC models are expanding, and retailers are experiencing an increase in their uptake, the adoption of ABC in the context of Canadian fashion has been limited due to distribution challenges (i.e. delivery costs to Canada from the U.S.). Therefore, studying actual consumer use amongst Canadian women is difficult. Thus, the focal point of this research is to investigate the intentions of consumers to use ABC of fashion in the future. Given that previous studies have identified intentions as valid indicators of actual use (Sheppard, Hartwick, & Warshaw, 1988), this study examines intentions to adopt ABC in order to understand the factors that affect potential use.

3.1 Consumerism

Further to Bardi and Eckhardt’s (2010) recommendation which suggests that ABC in haute couture may have hedonistic and status-driven motivations, this study adopts a consumerism perspective. Therefore, this study examines the relationships between consumerism-related variables, including hedonic or status driven motivations, trend affinity, and utilitarian motivations, and ABC in luxury fashion. The following sections describe the rationale for examining these variables.
a) Hedonic Motivations

According to Sarkar (2011), an individual's overall perceived shopping value has two dimensions; utilitarian and hedonic value. Hedonic shopping value is derived from the perceived fun or playfulness of the shopping experience, and emotional feelings (physiological and psychological) play significant roles (Sarkar, 2011). In his study, Sarkar (2011) found that customers with high hedonic shopping values prefer direct interaction and are more likely to make the majority of their purchases in brick and mortar stores. However, Venkatesh et al., (2012) investigated hedonic and utilitarian motivations and the use of technology, and found that, in the context of consumer use of IT, utilitarian benefits and hedonic benefits are seen as important drivers of technology use, regardless of if the use is for pleasure (gaming) or efficiency (business software). Given that ABC utilizes internet connectivity, this study hypothesizes that:

• H1a: Hedonic motivation positively influences consumer intention to use ABC in luxury fashion.

b) Trend Affinity

Möhlmann (2015), found that trend affinity is a determinant in the propensity to use a sharing option. As the notion of the ‘sharing economy’ is an emerging trend, many young individuals are taking part, specifically those who follow a trend in search of innovative and fashionable new products. Möhlmann (2015), hypothesized that those who seek trendy products are more likely to choose access over ownership. The results of her study, which focused on car sharing and Airbnb, did not show a relationship between trend affinity and ABC. This paper, however, builds from Möhlmann's (2015) suggestion that future research may unveil the role of nonegotistic factors, such as trend affinity. Given that it is a challenge for women to keep up with trends in luxury fashion (Annamma, Sherry, Venkatesh, Wang & Chan, 2012), this current study
hypothesizes that trend affinity has a positive relationship with intentions to use ABC in luxury fashion.

• H1b: Trend affinity has a positive effect on consumer intention to use ABC in luxury fashion.

With multiple seasons and fashion trends, it is a challenge for women to keep up, and it is believed they would prefer a sharing option over ownership. This leads to the following hypothesis:

• H1b: Trend affinity has a positive effect on consumer intention to use ABC in luxury fashion.

3.2 Utility

Utilitarian shopping aspects relate to consumers' functional motivations including, price searching, quality determinants and familiarity with offerings (Sarkar, 2011).

Möhlmann’s (2015) study found that women will substitute access over ownership because it is economically sound and convenient. In addition, Barnes and Mattsson (2016) identified the key drivers, inhibitors and likely future developments in ABC. They found that the following utilitarian motivators, technological enablers, financial benefits and convenience, were amongst the top drivers of collaborative consumption. Researchers have also identified how consumers’ ‘self-interest’ influences their desire to maximize utility (Möhlmann, 2015; Lamberton & Rose, 2012). Möhlmann (2015) found that retail services should incorporate ABC strategies in order to accommodate these self-centred tendencies to maximize utility in their purchases. In particular, Möhlmann (2015) found that utility, cost savings and familiarity are essential determinants of consumers' adoption of ABC. This study therefore examines the relationship between utilitarian cost savings, service quality and familiarity into the model for ABC in luxury fashion retail.
In particular, Barnes & Mattson (2016) identified cost savings as a dominant motivator for consumer adoption of ABC. Given that economic considerations have also been identified as a consistent motivator in sharing economies (Hamari et al., 2016), it is reasonable to hypothesize that cost savings will also have a positive relationship with users’ intentions to adopt ABC in luxury fashion.

In addition to cost savings, Möhlmann (2015) examined the influence of service quality consumers’ adoption of ABC. Service quality is the perceptions of service that a consumer has during the consumption process (Mohlmann, 2015). The higher the perception of service quality, the greater the likelihood of using the service again. In the case of car and accommodation sharing, Möhlmann (2015) found service quality correlated with the satisfaction of a sharing option. In the context of ABC in luxury fashion, the consumer is likely to use the service in the future if they have a positive service experience.

Familiarity with sharing is likely to increase sharing propensity (Lamberton & Rose, 2012). Familiarity is the extent that consumers are familiar with the sharing option. As ABC in fashion is an emerging trend, not many are familiar with the service (Barnes and Mattsson, 2016). Barnes and Mattsson (2016) found that the most important inhibitor for consumers’ use of ABC was lack of awareness, in that they had never heard of the collaborative economy. With any new service, consumers perceive that they incur transaction costs and may be reluctant to engage (Möhlmann, 2015). Correspondingly, Lamberton and Rose (2012) suggest that increasing peoples’ familiarity with ABC increases the likelihood that they will use ABC. Thus, this study hypothesizes:

H2a: Cost savings positively influence consumer intentions to use ABC in luxury fashion.
H2b: Perceptions of positive service quality positively influences consumer intentions to use ABC in luxury fashion.

H2c: Familiarity with ABC offerings, positively influence consumer intentions to use ABC in luxury fashion.

3.3 Materialism

According to Belk (1984, 2007), materialism inhibits sharing as those who are materialistic attach importance to their possessions. When individuals consume goods for reasons which are non-utilitarian, they are often seeking status or novelty, which is directly linked to materialism (Richins & Dawson, 1992). Belk (2007) also determined that an operational component of materialism is non-generosity, which can explain why those who are more materialistic are also less willing to share. In Barnes and Mattsson’s (2016) study, materialistic culture norms were identified as inhibitors of collaborative consumption, with respondents quoting that access is difficult for many people to accept and that many people want to own key possessions.

Multiple researchers have examined materialism in consumer behaviour (Belk, 1984; Richins and Dawson, 1992). Richins and Dawson (1992) determined that there are multiple dimensions related to consumers’ materialism including acquisition centrality, acquisition as the pursuit of happiness, and possession-defined success. Concerning materialism and satisfaction/happiness, Richins and Dawson (1992) found that materialists are more likely to be dissatisfied with their circumstances than with themselves. Belk (1984) also deduced that materialism may be an important source of human satisfaction and dissatisfaction.

In relation to materialism centrality, Richins and Dawson (1992) found that materialists prefer to preserve their resources for their use and, not surprisingly, are less willing to share their
possessions. Furthermore, Richins and Dawson (1992), define acquisition centrality as placing possessions in the centre of their lives, leading to worship and the pursuit of possessions (Richins & Dawson, 1992).

Akbar et al. (2016) identified that materialism's sub-dimension possessiveness (i.e. consumers' desire to retain ownership) is a dominant inhibitor of sharing. Correspondingly, Richins & Dawson’s (1992) found that materialists tend to judge their own and others' success by the number and quality of possessions they accumulate. However, Akbar et al. (2016) also determined that materialistic consumers are more likely to accept ABC if the products are unique, thereby satisfying personal status goals for product possession. Given that their study focuses on general apparel sharing, their findings about materialism’s relation to consumer intentions are not necessarily applicable to ABC in luxury fashion. Researchers have also found that materialists’ judgments of success are not aligned with consumers who would engage in the sharing economy (Belk, 2007, 2009, 2013; Botsman, and Rogers, 2010; Bardhi and Eckhardt, 2012; Möhlmann, 2015; Barnes and Mattsson, 2016).

In order to examine materialistic motivations in ABC of luxury fashion, this study refers to Belk’s (2007) and Barnes and Mattsson’s (2016) findings and adopts research questions from Richins and Dawson (1992) to determine if respondents have materialistic tendencies. Therefore, this current study investigates if those who are more materialistic and status-driven are less inclined to choose a sharing option and poses these hypotheses:

• H3a: Consumers with materialistic motivations linked to happiness characteristics have decreased intentions to use ABC in luxury fashion.

• H3b: Consumers whose materialistic motivations are linked to success characteristics have decreased intentions to use ABC in luxury fashion.
• H3c: Consumers with materialistic motivations which are linked to characteristics of centrality have decreased intentions to use ABC in luxury fashion.

This research therefore builds on the steps of Bardhi & Eckhardt’s (2012) study on ABC in car sharing, and Möhlmann’s (2015) study of the determinants of satisfaction in collaborative consumption, to investigate the consumer’s intentions to adopt and ABC model of luxury fashion.

3.4 Research Model

The following figure (Figure 1) presents the research model along with the hypotheses which are tested for adoption intentions in ABC of luxury fashion.

![Figure 1: Framework on determinants of intentions to adopt ABC in luxury fashion](image)
3.5 Methodology

This section provides a discussion of the methods used in this study. First, the nature of this research and the quantitative methods are introduced and thereafter the data collection process and analysis are explained.

This study tests a series of hypotheses and uses quantitative analysis from questionnaire data. Given that intentions have proven to be a valid indicator of actual use (Sheppard et al., 1988), this study examines individuals’ feelings toward ABC in luxury fashion and their intentions to use the service in the future.

Given that ABC in fashion has not been prevalent in Canada, many consumers may not be familiar with this service, and may not have engaged in luxury access models. This study therefore is based on a scenario within which participants navigate through a leading e-tailer (Rent the Runway) who offers ABC in luxury fashion. The scenario involves asking participants to log on to the Rent the Runway website and browse the site as if they were choosing a perfect ‘little black dress'. The participants then complete a questionnaire based upon their reactions to the ABC service.

Survey participants were Canadian women between the ages of 18-45 who shop for clothing either online or in stores. Recruitment took place through email and the researcher’s social networks; Facebook and LinkedIn and used convenience and snowball sampling. Participants may or may not have had interaction with the researcher before receiving a request to participate. At the end of the survey, participants were given the chance to enter voluntarily into a draw to win $100 gift certificate (refer to Appendix A, Survey Description).

Previous research and constituent survey instruments informed the formulation of the questions. The questions came from Richins and Dawsons’ (1992) study on materialism; Sarkar's
(2011) study on the impact of utilitarian and hedonic value in online shopping; Venkatesh, et al.’s (2012) study on consumer acceptance and the use of IT, and four fields identified by Möhlmann (2015) (i.e. substitutability, cost savings, service quality, and familiarity).

The survey used a Likert scale to assess all questions except for the demographic questions. The Likert scale was based on a range of five points; strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree and strongly disagree (strongly agree=5, strongly disagree=1).

The data collected from the questionnaire was analyzed using SMART PLS 2.0; a series of least squares analyses. The PLS technique was chosen because it is useful when dealing with small sample sizes; data which cannot be assured to be of practical nature and to management related research with a predictive research scope (Möhlmann, 2015). SmartPLS uses a bootstrapping procedure to obtain levels of significance (t-values). (Henseler, Ringle, & Sinkovics, 2009), and the alpha and discriminant validity between the aspects of utilitarian and consumerism characteristics that affect user adoption of ABC in luxury fashion.

### 3.6 Data Collection and Analysis

The questionnaire was presented using the survey software Qualtrics and distributed to 309 women, resulting in 138 completed surveys (a response rate of 44.66%). Table 1 represents the age range of the participants.

<table>
<thead>
<tr>
<th>Age</th>
<th>%</th>
<th>Respondents</th>
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<tbody>
<tr>
<td>Until 19</td>
<td>0.00%</td>
<td>0</td>
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<tr>
<td>20-24</td>
<td>15.22%</td>
<td>21</td>
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<tr>
<td>25-29</td>
<td>25.19%</td>
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<td>30-34</td>
<td>32.60%</td>
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<td>37</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>138</td>
</tr>
</tbody>
</table>

*Table 1: Demographic Characteristics of the Respondents*
The measurement model of the study was estimated to analyze the relationship between the latent variables and their indicators (Möhlmann, 2015). The detailed results are presented in Appendix C.

The highest means were measured from constructs of cost savings, hedonic, familiarity and intention to adopt ABC in luxury fashion, thereby showing people enjoyed using the website, could see the value in ABC offers and would be inclined to use the services in the future.

Indicator reliability is often evident in the case where all factor loadings exceed the recommended value of 0.70 (Henseler et al., 2009). In this study, these criteria are fulfilled for all cases in hypotheses 2, utility. The majority of the cases in hypotheses 1, consumerism also fulfilled the recommended value. For example, when participants were asked hedonic questions regarding the ABC offering Rent the Runway, all of the factor loadings exceeded the recommended threshold significantly ("Using access-based consumption site Rent the Runway to search for the perfect outfit is fun" = 0.893, "Using access-based consumption site Rent the Runway is enjoyable." = 0.937, "Using access-based consumption site Rent the Runway is entertaining." = 0.906). However, there are three values tested in hypotheses 1, hedonic, which were well underneath the recommended threshold (i.e. “Shopping to me is truly a joy.” = 0.418, I shop not because I have to, but because I want to.” = 0.350, and “Shopping is like an escape from my daily routine life.” = 0.415).

The items related to materialism happiness and success had values over 0.70, except for three negative items. In materialism success, results show that the respondents admire people who own luxury (“I admire people who own expensive homes, cars, and clothes.” = 0.767), and that it was important for them to acquire material possessions (“Some of the most important
achievements in life include acquiring material possessions.” = 0.813). However, they did not relate material objects as a sign of success ("I don't place much emphasis on the amount of material objects people own as a sign of success.” = -0.320), nor pay attention to others owned material objects (I don't pay much attention to the material objects other people own” = 0.239. The data related to materialism happiness, showed that respondents agreed they would be happier if they owned certain things ("My life would be better if I owned certain things I don't have” = 0.856), that they would be happier with certain things ("I'd be happier if I could afford to buy more things.” = 0.771), and they were bothered by not being able to afford more ("It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like.” = 0.728). However, when asked if they would be happier if they owned nice things, the responses were negative ("I wouldn't be any happier if I owned nicer things.” = -0.674). Notably, our questionnaire included Richins and Dawson’s (1992) questions about materialism centrality. The subsequent data for materialism centrality showed that the factor loading was less than 0.70 (refer to table in Appendix D), and these data were therefore deemed insignificant for the purposes of this study.

Cronbach’s alpha and composite reliability, are two measures which estimate the level of internal consistency and the amount of common variance between latent construct indicators and the dependent construct. This value should be higher than 0.7 (Hair, Black, Babin, & Anderson, 2009). In this study, the threshold is achieved for all of the variables, excluding materialism happiness and materialism success, for which the Cronbach’s alpha was well below the 0.7 threshold at 0.194 and 0.386, respectively. Looking at composite reliability, the values are also below the 0.7 threshold at 0.626 and 0.65, respectively for materialism happiness and success. The Cronbach alpha for trend affinity also fell slightly below the threshold at 0.673.
The average variance expected (AVE) explains convergent validity, which is the degree to which the measures of a construct that should be related are, in fact, related. This is recommended to be at a threshold of 0.5 (Henseler et al., 2009). In this study, the criterion is not filled for materialism success (AVE of 0.425). Since materialism success has an AVE of below 0.5, convergent validity for this factor is questionable. By removing this poorly loading factor, the situation was not improved. Also, the AVE for hedonic was slightly below the threshold at 0.494. By removing the most poorly loading factor indicators for hedonic (“Shopping to me is truly a joy.” = 0.418, I shop not because I have to, but because I want to.” = 0.350, and “Shopping is like an escape from my daily routine life.” = 0.415), materialism success (“I don't place much emphasis on the amount of material objects people own as a sign of success.” = -0.320), and materialism happiness (“I wouldn't be any happier if I owned nicer things.” = -0.674), the situation was improved.

Discriminant validity (refer to table in Appendix C) states that all of the square roots in the AVE measure need to be larger than the correlations of the latent variables in this study (Henseler et al., 2009; Möhlmann, 2015). Looking at these values, they are all larger than the correlations of the latent variables.

The R-squared value for this model is .481, which means that in intention to adopt ABC in luxury fashion, 48% of the variance is explained by this study (refer to Appendix B).

Based on this analysis, the following changes were made to the measurement model. Firstly, the first three indicators of hedonic tendencies were rejected, they had factor loadings of 0.418, 0.350 and 0.415. Secondly, all of the indicators of materialism centrality were rejected (all had loadings below 0.7). Thirdly the second indicator of materialism happiness was dropped (factor loading of -0.674) and the third and sixth indicator of materialism success were also
dropped (factor loading of -0.320 and -0.239, respectively. These changes not only changed the model fit, they had a significant impact on the study. After the changes found in the initial measurement model had been applied, the final model was achieved (refer to Appendix E).

The final model was evaluated to determine the relationship between the latent variables (hedonic, consumerism, materialism), and the dependent variable (Figure 2, Table 3).

4. Results

Looking at the t statistic, if a construct has a value greater than 1.96, it is an indication of significance. The results revealed that three out of the seven determinants had no effect on intentions to adopt ABC in luxury fashion. This is evident for service quality, and materialism (success and happiness). Given this, hypothesis 2c, and 3a, and 3b were rejected from the study.

---

*Figure 2: Path coefficients*
### Table 3: Results of the structural model

| Hypothesis                                      | Path Coefficients | Support | T Statistics (|O/STDEV|) | P Values |
|------------------------------------------------|-------------------|---------|----------------|---------|----------|
| H1a: Hedonic -> Intention to Adopt             | 0.241**           | Yes     | 3.127          | 0.002   |
| H1b Trend Affinity -> Intention to Adopt       | 0.138 n.s.        | No      | 1.969          | 0.05    |
| H2a Cost Savings -> Intention to Adopt         | 0.378***          | Yes     | 5.001          | 0       |
| H2b Service Quality -> Intention to Adopt      | -0.024 n.s        | No      | 0.351          | 0.726   |
| H2c Familiarity -> Intention to Adopt          | 0.182**           | Yes     | 2.919          | 0.004   |
| H3 Materialism success -> Intention to Adopt   | 0.006 n.s.        | No      | 0.079          | 0.937   |
| H3: Materialism Happiness -> Intention to Adopt| 0.099 n.s.        | No      | 1.186          | 0.236   |

*p<.05  
**p<.01  
***p<.001; n.s., not significant, SmartPLS  
Bootstrapping: 5000 iterations

The analysis reveals that hedonic motivation positively influences consumer intention to use ABC (0.241** at the 99%), therefore supporting Hypothesis 1a. Hypothesis 1b was not supported, given that its t statistic of 1.969 (greater than 1.96), and p-value (0.5) were not significant enough to validate this construct.

Hypothesis 2a is confirmed because cost savings have a positive influence on consumer intention to use ABC (0.378***, 99.9%). Hypothesis 2b is rejected, as service quality does not have a positive effect on consumer intention to use ABC (-0.024 n.s). Hypothesis 2c is confirmed, because familiarity has a positive influence on consumer intention to use ABC (0.182** 99%).

Hypothesis 3 a and 3b are not significant (0.006 n.s; materialism success and 0.009 n.s.; materialism happiness), and it can be confirmed that there is no correlation nor statistical evidence that consumers with higher materialistic characteristics are less likely to use ABC in luxury fashion (H3a) and status-driven motivations do not influence consumer intention to use ABC (H3b).
The coefficient of determination, $R^2=.471$ meaning that 47% of the variable intention to adopt ABC in luxury fashion can be explained by this model’s predictors.

This study confirms that hedonic motivation, cost saving, and familiarity positively influence consumer intention to use ABC (0.241** at the 99%). However, consumerism, trend affinity and perceptions of service quality in adoption did not. Consumerism and materialistic motivations were not significant.

4.1 Discussion

This study was inspired by the rise of ABC and opportunities in the field of luxury fashion retail and the Canadian market. This study confirms the original measurement model which predicts that aspects of utility and consumerism have a positive effect on intentions to use ABC in luxury fashion and that those with materialistic tendencies are less likely to use ABC in luxury fashion.

Given that the hypotheses related to both consumerism and utility were accepted, and materialism had no statistical significance, it can be concluded that utilitarian and consumeristic characteristics influence adoption of ABC in luxury fashion.

This study revealed cost savings (a construct of utility), to be the primary driver of intended use. Participants rated the offer as good (low cost, high quality). This finding is consistent with previous research on collaborative consumption and consumerism which states that individuals are looking to maximize utility, serving their self-benefit (Lamberton & Rose, 2012; Möhlmann, 2015). Familiarity (also a subset of utility), was the second largest driver in this study, indicating that the more familiarity women have with the lending process of Rent the Runway, or have had any experience with ABC in luxury fashion, the higher their intention to adopt. These findings are in line with Möhlmann's (2015) study, which found utility, cost
savings, and familiarity to be essential. However, trend affinity, a determinant of collaborative consumption, had no effect on the consumers' intention to adopt ABC in luxury fashion. This finding supports Möhlmann’s (2015) findings and also extends his findings to another B2C industry.

Furthermore, this study supports Bardhi & Eckhardt (2012) findings, that hedonic tendencies (a subset of consumerism) play an important role as a determinant of intentions to adopt ABC in luxury fashion (0.241**). This is an impressive result as hedonic tendencies have not previously been found in the context of ABC. Before removing three of the six variables which had factor loadings less than 0.7, the path coefficient was still significant at 0.244, (refer to Appendix B). In ABC of luxury fashion, hedonic values are therefore salient influencers. This finding is important in the field of consumer behaviour, in terms of Belk’s (2013) suggestion that in the case of luxury retail, the disruptive technology of collaborative consumption goods has the potential to expand the market. This study’s findings provide support for this suggestion.

4.2 Managerial Implications

When consumers engage in occasional rental and shared usage of luxury fashion in an online context, the study suggests that consumers are motivated by utilitarian and hedonic reasons as opposed to materialistic motives. Managers should monitor branding and marketing materials, so they do not emphasize social and moral benefits but rather engage directly with self-interested, utilitarian consumer motivations. Not all access practices involve sharing, or collaborative consumption and marketers need to become aware of the dominant myths surrounding non-ownership. In this study, participants rated the online offer as good (low cost, high quality), which resulted in the strongest determinant, cost savings.
The fashion industry is flooded with offerings of low cost, high quality, and fashion. Looking at the biggest players in the industry, for the most part, they are only able to fulfil two-thirds of these (i.e. H&M is low cost and fashion, but not quality; Saks is fashion and quality, but not low cost). Adopting a model of ABC in luxury fashion allows retailers to offer consumers all three, and if executed and managed correctly, has the potential to create a new stream of income for any existing online or brick and mortar retailer.

According to the literature, both the competitive landscape of seller's responses to sharing and the product/market conditions favour sharing. However, consumers can be harmed by the transaction when the value of the shared item is low to intermediate (opposed to high) (Belk & Price, 2016). Correspondingly, it is reasonable to suggest that luxury fashion thrives in the sharing economy. Executives in the retail industry need to find a way to use existing stock and create offerings which can be successful and participate in this growing market opportunity.

Similar to Möhlmann’s 2015 study, managers of B2B and C2C services must adapt market activities to these self-centred determinants, and work aspects of the sharing economy into future strategy (Möhlmann, 2015).

4.3 Limitations and Further Research

There are limitations of this study, which may suggest areas of further research. Firstly, the study was focused on Canadian women between the ages of 18-45. Given that consumer behaviour is influenced by multiple cultural and demographic factors, further research should investigate the preferences and patterns of additional age groups and locations (i.e. US, Europe).

In addition, given that substitutability between sharing and ownership was used as a determinant for the dependent variable, intentions to adopt ABC, future research should investigate the factors that affect the substitutability.
This study was comprised of quantitative measures; further research should be conducted to gather qualitative measures on the types of products they want to see and the prices they are willing to pay.

This study focused on the motivations. Specifically, intention to adopt ABC in luxury fashion. The model tested focused on the constructs of consumerism, materialism, and consumerism. As Rent the Runway is an online-focused retail operation, further research should be conducted to include questions regarding e-commerce, as a consumer may reject ABC online service because of e-commerce-related issues (i.e., shipping, need to touch/feel garment, fit), not ABC itself. Also, given that major ABC offerings have yet to turn a profit, further research on subscription services vs one-time rentals should also be conducted.
References


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Appendices

Appendix A: Survey Scenario Description:

While many life necessities have evolved into the 21st century (music, movies, car rides, hotel rooms), the closet has been left behind. By rethinking it, access-based consumption retailers are offering clothing and accessory rentals and reinventing retail to be smarter and more in line with how women actually live their lives.

Imagine that you’re on a mission to find the perfect outfit for your next BIG event. Please go to www.renttherunway.com and search for an ensemble for any outing you wish (in another browser tab). After you have finished using the site, please answer the following questions to the best of your ability based on your (first) impressions. You may browse the site while answering the questions if necessary.
Appendix B: Path Coefficients Initial Model

Table 2: Path Coefficients

| Hypothesis                        | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|-----------------------------------|---------------------|-----------------|----------------------------|--------------------------|----------|
| H1a: Hedonic _-> Intention to Adopt | 0.244               | 0.249           | 0.074                      | 3.296                    | 0.001    |
| H1b: Trend Affinity _-> Intention to Adopt | 0.116               | 0.108           | 0.068                      | 1.699                    | 0.09     |
| H2b: Cost Savings _-> Intention to Adopt | 0.373               | 0.36            | 0.08                       | 4.669                    | 0        |
| H2c: Service Quality _-> Intention to Adopt | -0.027              | -0.016          | 0.069                      | 0.394                    | 0.694    |
| H2d: Familiarity _-> Intention to Adopt | 0.164               | 0.17            | 0.063                      | 2.611                    | 0.009    |
| H3: Materialism Centrality _-> Intention to Adopt | 0.095               | 0.117           | 0.099                      | 0.963                    | 0.336    |
| H3: Materialism success _-> Intention to Adopt | -0.016              | 0.024           | 0.089                      | 0.176                    | 0.86     |
### Appendix C: Discriminant validity (initial model)

<table>
<thead>
<tr>
<th>H1a: Hedonic</th>
<th>H1b</th>
<th>H2b</th>
<th>H2c</th>
<th>H2d</th>
<th>H3</th>
<th>H3</th>
<th>H3</th>
<th>H4</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.703</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>0.415</td>
<td>0.865</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.461</td>
<td>0.45</td>
<td>0.885</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>0.403</td>
<td>0.375</td>
<td>0.356</td>
<td>0.737</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>0.198</td>
<td>0.115</td>
<td>0.061</td>
<td>0.249</td>
<td>0.814</td>
<td>0.402</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>0.202</td>
<td>0.314</td>
<td>0.278</td>
<td>0.244</td>
<td>0.2</td>
<td>0.402</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.253</td>
<td>0.29</td>
<td>0.252</td>
<td>0.133</td>
<td>0.027</td>
<td>0.245</td>
<td>0.652</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>0.206</td>
<td>0.215</td>
<td>0.111</td>
<td>0.037</td>
<td>0.033</td>
<td>0.208</td>
<td>0.593</td>
<td>0.76</td>
<td>0</td>
</tr>
<tr>
<td>0.524</td>
<td>0.442</td>
<td>0.573</td>
<td>0.313</td>
<td>0.264</td>
<td>0.329</td>
<td>0.263</td>
<td>0.241</td>
<td>0.848</td>
</tr>
</tbody>
</table>

### Appendix D: Results of initial measurement model

<table>
<thead>
<tr>
<th>CONSUMERISM</th>
<th>Based on</th>
<th>M (SD)</th>
<th>F-load</th>
<th>AVE</th>
<th>Com rel.</th>
<th>Cron. alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a: Hedonic</td>
<td>(Sarkar, 2011)</td>
<td>3.99 (1.04)</td>
<td></td>
<td>0.418</td>
<td>0.835</td>
<td>0.833</td>
</tr>
<tr>
<td>Shopping to me is truly a joy.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I shop not because I have to, but because I want to.</td>
<td>(Sarkar, 2011)</td>
<td>3.91 (1.17)</td>
<td></td>
<td>0.350</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shopping is like an escape from my daily routine life.</td>
<td>(Sarkar, 2011)</td>
<td>3.61 (1.19)</td>
<td></td>
<td>0.415</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Using access based consumption site Rent the Runway to search for the perfect outfit is fun.</td>
<td>(Venkatesh et al., 2012)</td>
<td>3.73 (1.02)</td>
<td></td>
<td>0.893</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Using access-based consumption site Rent the Runway is enjoyable.</td>
<td>(Venkatesh et al., 2012)</td>
<td>3.80 (1.09)</td>
<td></td>
<td>0.937</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Using access-based consumption site Rent the Runway is entertaining.</td>
<td>(Venkatesh et al., 2012)</td>
<td>3.80 (1)</td>
<td></td>
<td>0.906</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1b: Trend affinity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.748</td>
<td>0.856</td>
</tr>
<tr>
<td>An access-based consumption website like Rent the Runway allows me to keep up with the latest trends.</td>
<td>(Möhlmann, 2015)</td>
<td>3.81 (0.98)</td>
<td></td>
<td>0.813</td>
<td></td>
<td></td>
</tr>
<tr>
<td>An access-based consumption offering like Rent the Runway shows that it is important for me to wear the latest designer styles and trends.</td>
<td>(Möhlmann, 2015)</td>
<td>3.14 (1.14)</td>
<td></td>
<td>0.914</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### UTILITY

<table>
<thead>
<tr>
<th>H2a: Substitutability</th>
<th>0.718</th>
<th>0.911</th>
<th>0.869</th>
</tr>
</thead>
<tbody>
<tr>
<td>I believe that an access-based consumption offer like Rent the Runway substitutes quite well for an owned outfit/accessories.</td>
<td>Möhlmann, 2015</td>
<td>3.91 (1.03)</td>
<td>0.801</td>
</tr>
<tr>
<td>Access-based consumption offer Rent the Runway is just as good as an owned outfit.</td>
<td>Möhlmann, 2015</td>
<td>3.33 (1.18)</td>
<td>0.835</td>
</tr>
<tr>
<td>If I need an outfit in the future, I would prefer a sharing option like access-based consumption offer Rent the Runway to buying an outfit.</td>
<td>Möhlmann, 2015</td>
<td>3.27 (1.27)</td>
<td>0.885</td>
</tr>
<tr>
<td>In the future, I am likely to use a sharing option like Rent the Runway.</td>
<td>Möhlmann, 2015</td>
<td>3.35 (1.25)</td>
<td>0.868</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H2b: Cost savings</th>
<th>0.783</th>
<th>0.879</th>
<th>0.724</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the given prices (renting vs buying), I rate the offer as good.</td>
<td>Möhlmann, 2015</td>
<td>3.81 (1.00)</td>
<td>0.874</td>
</tr>
<tr>
<td>For the given quality, I rate the offer as good.</td>
<td>Möhlmann, 2015</td>
<td>3.95 (0.84)</td>
<td>0.896</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H2c: Service quality</th>
<th>0.544</th>
<th>0.826</th>
<th>0.725</th>
</tr>
</thead>
<tbody>
<tr>
<td>The design of the Rent the Runway website is appealing to me.</td>
<td>Möhlmann, 2015</td>
<td>4.20 (0.84)</td>
<td>0.726</td>
</tr>
<tr>
<td>I have quick and easy access to offers (receive items in a timely manner).</td>
<td>Möhlmann, 2015</td>
<td>3.95 (0.86)</td>
<td>0.782</td>
</tr>
<tr>
<td>The customer service is responsive to customer needs.</td>
<td>Möhlmann, 2015</td>
<td>3.41 (0.77)</td>
<td>0.707</td>
</tr>
<tr>
<td>I believe that Rent the Runway knows about the needs of their customer</td>
<td>Möhlmann, 2015</td>
<td>3.89 (0.84)</td>
<td>0.733</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H2d Familiarity</th>
<th>0.662</th>
<th>0.854</th>
<th>0.764</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am familiar with the lending process of the Rent the Runway offer (Möhlmann, 2015)</td>
<td>Möhlmann, 2015</td>
<td>3.41 (1.28)</td>
<td>0.824</td>
</tr>
<tr>
<td>I have experience with renting clothing and accessories (Möhlmann, 2015)</td>
<td>Möhlmann, 2015</td>
<td>2.09 (1.26)</td>
<td>0.860</td>
</tr>
<tr>
<td>Overall, I am familiar with access-based consumption in luxury fashion (Möhlmann, 2015)</td>
<td>Möhlmann, 2015</td>
<td>3.25 (1.35)</td>
<td>0.754</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H3: MATERIALISM</th>
<th>0.425</th>
<th>0.65</th>
<th>0.386</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3: Materialism Success:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I admire people who own expensive homes, cars, and clothes (Richins &amp; Dawson, 1992)</td>
<td>Möhlmann, 2015</td>
<td>3.07 (1.23)</td>
<td>0.767</td>
</tr>
<tr>
<td>Some of the most important achievements in life include (Richins &amp; Dawson, 1992)</td>
<td>Möhlmann, 2015</td>
<td>2.28 (1.19)</td>
<td>0.813</td>
</tr>
</tbody>
</table>
acquiring material possessions (Richins & Dawson, 1992)

<table>
<thead>
<tr>
<th>Item</th>
<th>Source</th>
<th>M</th>
<th>SD</th>
<th>F-Load</th>
<th>AVE</th>
<th>Com rel.</th>
<th>Cron alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>I don't place much emphasis on the amount of material objects people own as a sign of success (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>3.83</td>
<td>1.12</td>
<td>-0.320</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The things I own say a lot about how well I'm doing in life (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>2.83</td>
<td>1.17</td>
<td>0.763</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I like to own things that impress people (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>2.57</td>
<td>1.23</td>
<td>0.747</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I don't pay much attention to the material objects other people own (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>3.17</td>
<td>1.11</td>
<td>-0.239</td>
<td></td>
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</table>

**H3: Materialism Centrality**

<table>
<thead>
<tr>
<th>Item</th>
<th>Source</th>
<th>M</th>
<th>SD</th>
<th>F-Load</th>
<th>AVE</th>
<th>Com rel.</th>
<th>Cron alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>I usually buy only the things I need (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>3.07</td>
<td>1.24</td>
<td>0.640</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I try to keep my life simple, as far as possessions are concerned (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>3.33</td>
<td>1.26</td>
<td>0.567</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The things I own aren't all that important to me (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>2.77</td>
<td>1.18</td>
<td>0.136</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I enjoy spending money on things that aren't practical (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>2.66</td>
<td>1.16</td>
<td>0.237</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buying things gives me a lot of pleasure (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>3.47</td>
<td>1.06</td>
<td>0.435</td>
<td></td>
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</tr>
<tr>
<td>I like a lot of luxury in my life (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>3.09</td>
<td>1.21</td>
<td>0.227</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I put less emphasis on material things than most people I know (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>3.64</td>
<td>1.07</td>
<td>0.288</td>
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**H3: Materialism Happiness**

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<th>F-Load</th>
<th>AVE</th>
<th>Com rel.</th>
<th>Cron alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>My life would be better if I owned certain things I don't have (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>2.86</td>
<td>1.16</td>
<td>0.856</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I wouldn't be any happier if I owned nicer things (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>3.53</td>
<td>1.14</td>
<td>-0.674</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I'd be happier if I could afford to buy more things (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>3.22</td>
<td>1.21</td>
<td>0.771</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like. (Richins &amp; Dawson, 1992)</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>3.11</td>
<td>1.25</td>
<td>0.728</td>
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**Appendix E: Final measurement model**

<table>
<thead>
<tr>
<th>Based on</th>
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<th>AVE</th>
<th>Com rel.</th>
<th>Cron alpha</th>
</tr>
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<tbody>
<tr>
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<td></td>
</tr>
<tr>
<td>CONSUMERISM</td>
<td>H1a: Hedonic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------------------------------------------------</td>
<td>----------</td>
<td>----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Using access-based consumption site Rent the Runway to search for the perfect outfit is fun.</td>
<td>(Venkatesh et al., 2012)</td>
<td>3.73 (1.02)</td>
<td>0.893</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Using access-based consumption site Rent the Runway is enjoyable.</td>
<td>(Venkatesh et al., 2012)</td>
<td>3.80 (1.09)</td>
<td>0.937</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Using access-based consumption site Rent the Runway is entertaining.</td>
<td>(Venkatesh et al., 2012)</td>
<td>3.80 (1)</td>
<td>0.906</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H1b: Trend affinity</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>An access-based consumption website like Rent the Runway allows me to keep up with the latest trends.</td>
<td>(Möhlmann, 2015)</td>
<td>3.81 (0.98)</td>
<td>0.813</td>
</tr>
<tr>
<td>An access-based consumption offering like Rent the Runway shows that it is important for me to wear the latest designer styles and trends.</td>
<td>(Möhlmann, 2015)</td>
<td>3.14 (1.14)</td>
<td>0.914</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UTILITY</th>
<th>H2a: Substitutability</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I believe that an access-based consumption offer like Rent the Runway substitutes quite well for an owned outfit/accessories.</td>
<td>(Möhlmann, 2015)</td>
<td>3.91 (1.03)</td>
<td>0.801</td>
</tr>
<tr>
<td>Access-based consumption offer Rent the Runway is just as good as an owned outfit.</td>
<td>(Möhlmann, 2015)</td>
<td>3.33 (1.18)</td>
<td>0.835</td>
</tr>
<tr>
<td>If I need an outfit in the future, I would prefer a sharing option like access-based consumption offer Rent the Runway to buying an outfit.</td>
<td>(Möhlmann, 2015)</td>
<td>3.27 (1.27)</td>
<td>0.885</td>
</tr>
<tr>
<td>In the future I am likely to use a sharing option like Rent the Runway.</td>
<td>(Möhlmann, 2015)</td>
<td>3.35 (1.25)</td>
<td>0.868</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H2b. Cost savings</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>For the given prices (renting vs buying), I rate the offer as good.</td>
<td>(Möhlmann, 2015)</td>
<td>3.81 (1.00)</td>
<td>0.874</td>
</tr>
<tr>
<td>For the given quality, I rate the offer as good.</td>
<td>(Möhlmann, 2015)</td>
<td>3.95 (0.84)</td>
<td>0.896</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H2c. Service quality</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The design of the Rent the Runway website is appealing to me.</td>
<td>(Möhlmann, 2015)</td>
<td>4.20 (0.84)</td>
<td>0.726</td>
</tr>
<tr>
<td>I have quick and easy access to offers (receive items in a timely manner).</td>
<td>(Möhlmann, 2015)</td>
<td>3.95 (0.86)</td>
<td>0.782</td>
</tr>
<tr>
<td>The customer service is responsive to customer needs.</td>
<td>(Möhlmann, 2015)</td>
<td>3.41 (0.77)</td>
<td>0.707</td>
</tr>
<tr>
<td>I believe that Rent the Runway knows about the needs of their customer</td>
<td>(Möhlmann, 2015)</td>
<td>3.89 (0.84)</td>
<td>0.733</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>0.494</th>
<th>0.835</th>
<th>0.833</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.748</td>
<td>0.856</td>
<td>0.673</td>
</tr>
<tr>
<td></td>
<td>0.718</td>
<td>0.911</td>
<td>0.869</td>
</tr>
<tr>
<td></td>
<td>0.783</td>
<td>0.879</td>
<td>0.724</td>
</tr>
<tr>
<td></td>
<td>0.544</td>
<td>0.826</td>
<td>0.725</td>
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</tbody>
</table>
### H2d Familiarity

<table>
<thead>
<tr>
<th>Description</th>
<th>Source</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am familiar with the lending process of the Rent the Runway offer</td>
<td>(Möhlmann, 2015)</td>
<td>3.41</td>
<td>1.28</td>
<td>0.824</td>
</tr>
<tr>
<td>I have experience with renting clothing and accessories</td>
<td>(Möhlmann, 2015)</td>
<td>2.09</td>
<td>1.26</td>
<td>0.860</td>
</tr>
<tr>
<td>Overall, I am familiar with access-based consumption in luxury fashion</td>
<td>(Möhlmann, 2015)</td>
<td>3.25</td>
<td>1.35</td>
<td>0.754</td>
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</tbody>
</table>

### H3: MATERIALISM

#### H3: Materialism Success:

<table>
<thead>
<tr>
<th>Description</th>
<th>Source</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>I admire people who own expensive homes, cars, and clothes</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>3.07</td>
<td>1.23</td>
<td>0.767</td>
</tr>
<tr>
<td>Some of the most important achievements in life include acquiring material</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>2.28</td>
<td>1.19</td>
<td>0.813</td>
</tr>
<tr>
<td>The things I own say a lot about how well I'm doing in life</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>2.83</td>
<td>1.17</td>
<td>0.763</td>
</tr>
<tr>
<td>I like to own things that impress people</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>2.57</td>
<td>1.23</td>
<td>0.747</td>
</tr>
</tbody>
</table>

#### H3: Materialism Happiness

<table>
<thead>
<tr>
<th>Description</th>
<th>Source</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>My life would be better if I owned certain things I don't have</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>2.86</td>
<td>1.16</td>
<td>0.856</td>
</tr>
<tr>
<td>I'd be happier if I could afford to buy more things</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>3.22</td>
<td>1.21</td>
<td>0.771</td>
</tr>
<tr>
<td>It sometimes bothers me quite a bit that I can't afford to buy all the things</td>
<td>(Richins &amp; Dawson, 1992)</td>
<td>3.11</td>
<td>1.25</td>
<td>0.728</td>
</tr>
</tbody>
</table>
## Appendix F: Path coefficients (final model)

![Path coefficient diagram]

### Table: Path Coefficients

| Hypothesis | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|------------|---------------------|----------------|---------------------------|--------------------------|----------|
| H1a: Hedonic -> Intention to Adopt | 0.241 | 0.238 | 0.077 | 3.127 | 0.002 |
| H1b Trend Affinity -> Intention to Adopt | 0.138 | 0.142 | 0.07 | 1.969 | 0.05 |
| H2b Cost Savings -> Intention to Adopt | 0.378 | 0.373 | 0.076 | 5.001 | 0 |
| H2c Service Quality -> Intention to Adopt | -0.024 | -0.012 | 0.069 | 0.351 | 0.726 |
| H2d Familiarity -> Intention to Adopt | 0.182 | 0.184 | 0.062 | 2.919 | 0.004 |
| H3 Materialism success -> | 0.006 | 0.011 | 0.081 | 0.079 | 0.937 |
Intention to Adopt

<table>
<thead>
<tr>
<th>H3: Materialism Happiness -&gt;</th>
<th>Intention to Adopt</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.099</td>
</tr>
<tr>
<td></td>
<td>0.105</td>
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<tr>
<td></td>
<td>0.083</td>
</tr>
<tr>
<td></td>
<td>1.186</td>
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<tr>
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<td>0.236</td>
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</table>

**Appendix G: Discriminant validity (final model)**

<table>
<thead>
<tr>
<th></th>
<th>H1a:</th>
<th>H1b</th>
<th>H2b</th>
<th>H2c</th>
<th>H2d</th>
<th>H3</th>
<th>H3</th>
<th>H4</th>
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</thead>
<tbody>
<tr>
<td>H1a: Hedonic</td>
<td>0.916</td>
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<tr>
<td>H1b Trend</td>
<td>0.416</td>
<td>0.865</td>
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<td>affinity</td>
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<tr>
<td>H2b Cost</td>
<td>0.479</td>
<td>0.45</td>
<td>0.885</td>
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<tr>
<td>H2c Service</td>
<td>0.406</td>
<td>0.375</td>
<td>0.355</td>
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<tr>
<td>H2d Familiarity</td>
<td>0.187</td>
<td>0.115</td>
<td>0.061</td>
<td>0.249</td>
<td>0.814</td>
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<tr>
<td>H3 Materialism</td>
<td>0.244</td>
<td>0.287</td>
<td>0.248</td>
<td>0.129</td>
<td>0.025</td>
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<tr>
<td>H3: Materialism</td>
<td>0.237</td>
<td>0.206</td>
<td>0.135</td>
<td>0.07</td>
<td>0.03</td>
<td>0.613</td>
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<td>H4: Intentions</td>
<td>0.529</td>
<td>0.442</td>
<td>0.573</td>
<td>0.313</td>
<td>0.264</td>
<td>0.261</td>
<td>0.243</td>
<td>0.848</td>
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</tbody>
</table>
SHOPPING COMPANIONS AND THEIR DIVERSE IMPACTS: A SYSTEMATIC REVIEW OF RESEARCH ON CO-SHOPPING

Tobias Scholza, Sven Pagelb, Jörg Henselerc

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b Fachbereich Wirtschaft, Mainz University of Applied Sciences, Lucy-Hillebrand-Str. 2, 55128 Mainz, Germany
c Faculty of Engineering Technology, University of Twente, P.O. Box 217, 7500 AE Enschede, The Netherlands

Introduction
Social interactions are one of the main distinguishing factors between brick-and-mortar shopping and shopping online. They happen in a variety of ways, such as with store clerks or via the presence of other shoppers in the environment, but also as part of the decision to engage in “co-shopping” by taking along a companion. The roles and tasks of shopping companions are versatile. They provide advice (Lindsey-Mullikin & Munger, 2011; Prus, 1993), teach about new trends (Mangleburg et al., 2004), make the shopping trip more enjoyable, and provide moral support (Borges et al., 2010; Chebat et al., 2014; Kiecker & Hartman, 1994). The presence of a shopping companion is an important factor for retailers to consider as they have the potential to increase a shopper’s spending (Sommer et al., 1992; Mangleburg et al., 2004), but at the same time can also prevent shoppers from making purchases (Prus, 1993) or reduce the time shoppers spend in stores (Gillison et al., 2015). The type and strength of effect of companions on shopper seems to strongly depend on the type of companion involved and the strength of relationship they have with the shopper (Kiecker & Hartman, 1994; Kurt et al., 2011). Salespeople in retail stores should be aware of the various effects shopping companions can have and, as there is consensus in prior research that the shopping experience changes with the involvement of a companion (Borges et al., 2010; Mullikin & Munger, 2011), alter their selling tactics when approaching a couple of shoppers instead of a single person accordingly. However, research on salespeople interactions with customers to date has focused on a salesperson’s characteristics and individual success factors in their influence attempts rather than accounting for the additional influence of a shopping companion and their respective characteristics and needs. In order to address this missing fragment in the literature on shopping companions and personal selling, a clear understanding of the respective effects of a specific type of shopping companion in a specific shopping situation is needed. By means of a systematic and comprehensive review of the literature on co-shopping, the main contribution of this article is to structure research findings made in the field so far and to provide a thorough overview regarding different types of shopping companions and their documented effects on an accompanied shopper. To date, research does not offer a clear distinction between specific types of shopping companions and their respective influence across varying product categories. Most research has been conducted with convenience goods and shopping goods, this article will consider either product categories1. Categorizing the research findings to date by the respective product category that has been shopped for facilitates the interpretation and provides a basis for comparison. This categorization provides valuable insights for retailers regarding how to better approach

---

1 Due to the highly individual buying processes associated with them, specialty goods, such as houses or cars, will not be considered in terms of product categories.
customers that bring along a companion. The way how service is provided plays an important role for whether or not a product is being purchased (Sweeney et al., 1997). Enabling salespeople to adapt to co-shopping situations by addressing the needs of both parties, the shopper and the companion, could lead to greater customer satisfaction and increase sales numbers. By increasing customer service and by establishing the salesperson-customer interaction as a unique and valuable feature, brick-and-mortar retailers could position themselves more favorably in the customers’ minds in the growing competition with online stores (eMarketer, 2018). Eventually, missing segments in research on co-shopping will be addressed and future research opportunities are suggested.

**Salespeople interaction with customers**

Prior to any influence attempt, a salesperson needs to establish credibility with a customer (Evans et al., 2012). Salespeople should aim at customers developing a favorable attitude towards them, as it more likely leads to a positive attitude toward the retailer itself (Babin et al., 1999) and to greater customer satisfaction (Homburg et al., 2011). This goal can be achieved by means of superior personal skills such as good product/service knowledge, experience, and emotional intelligence (Kidwell, McFarland & Avila 2007; Szymanski 1988). Additionally, the adequate response to certain customer emotions is crucial, which upon failure can result in lower customer satisfaction (Menon & Dubé, 2000). Choosing an approach that caters to the individual needs of a customer, also referred to as adaptive selling, can pay off. One way of pursuing said approach is to pay close attention to the type of buyer a salesperson is dealing with. Depending on whether a customer is rather task-oriented, interaction-oriented, or self-oriented, salespeople need to use different techniques in order to make the customer accept their influence attempts (McFarland et al., 2006). Literature on the interaction of salespeople with customers has to date only focused on how salespeople deal with customers in general. Particularly in situations of co-shopping, the challenge for the salesperson is to establish credibility and be evaluated as knowledgeable and competent with not only one but at least two customers, who may have completely different needs regarding products and services. Providing retailers with concrete knowledge regarding the role and subsequent influence of different shopping companions would enable them to train their staff accordingly for situations of accompanied shopping. Another challenge for salespeople is the omni-channel consumer, who uses many different channels to shop for products and services, combining brick-and-mortar stores with online shops, catalogs, and mobile devices (Verhoef et al., 2015; Kumar & Venkatesan, 2005). Offering superior service to customers therefore is crucial for local retail stores in order to maximize the customers’ perceived value (Sweeney et al., 1997) and thus distinguishing themselves from other, less interactive shopping channels.

The categorization of existing research on co-shopping will facilitate retailers’ understanding of shopping companions’ effects and thus help them increase their service quality by adjusting personal selling techniques to the needs of shoppers and the needs of their companions.

**Methodology**

In order to provide an overview of the current state of the art, to compare the various contributions, and to point out opportunities for future research, a systematic review of the current literature on co-shopping was conducted. Three databases were used in the process: Scopus, EBSCOhost, and Web of Science. 52 articles were considered in the final analysis that met the set criteria of the review:

- Research deals with a shopper in a local retail environment.
- the shopper is accompanied by at least one deliberately chosen shopping companion.
- The research was conducted among the category of convenience or shopping goods.
- The article was published in peer-reviewed journals or in conference proceedings.
The 33 journals comprising the reviewed articles stem from several different research fields, including, but not limited to, retail management, nutritional, behavioral, psychological, and social sciences, as well as marketing, which is a suggested approach for systematic reviews (Tranfield et al., 2003). The final sample of articles was generated by employing a systematic four-step process. In the first step, relevant concepts linked to co-shopping were identified and the search strings were created. Second, these concepts were employed as keywords in the database search, which revealed a large number of results. In the third step, the abstracts of the found articles were systematically reviewed for their contribution to the field of co-shopping. Fourth, a backward and forward search approach among the references of the identified articles was conducted, leading to the final set of 52 articles.

Analysis
The analyses were carried out using qualitative data software NVIVO 11 Plus. First, the 52 articles were grouped in clusters according to the researched type of shopping companion. Five clusters were established, namely “children” (24 articles), “family members” (5 articles), “peers or friends” (5 articles), “family and friends/peers” (11 articles), and “not specified” (7 articles). The various types of shopping companions as well as the respective product categories described in each paper were noted down (table 1). The researched product categories were groceries, clothing, and small electronic goods. A number of articles dealt with different product categories at the same time or did not specify a product category. These articles were grouped in the variable “Mixed, not specified, or miscellaneous”.

<table>
<thead>
<tr>
<th>Product category / Companion type</th>
<th>Children</th>
<th>Family</th>
<th>Peers/Friends</th>
<th>Family and Peers/Friends</th>
<th>Not specified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing</td>
<td>0</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Electronics</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Groceries</td>
<td>22</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Mixed, not specified, or miscellaneous</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>7</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 1: Distribution of papers dealing with specific companion and product types

In the next step, research findings were categorized. Therefore, superordinate categories of the identified effects of shopping companions were established. These categories were held generic, yet distinguishable, ensuring that the findings of each paper included in the review would match at least one of these categories. The four established superordinate categories of research outcomes on the influence of shopping companions used in the analysis were “affective outcomes”, “behavioral outcomes”, “cognitive outcomes”, and “person-related outcomes”. The sub-categories were created by taking into account the outcome variables in the model or analysis section of each paper.

Results
The outcomes were linked to the respective type of influencer involved, providing an overview regarding how often these combinations had been researched (table 2).

---

2 Please contact the authors for the complete search strings that have been employed in the database search.
3 The overall findings include all companion types. Due to limited space, the extended abstract neglects findings on children as co-shoppers. Please contact the authors if you are interested in these particular findings.
Children | Family | Peers/Friends | Family and Peers/Friends | Not specified
---|---|---|---|---
**Affective Outcomes**
Distraction from shopping | 4 | 0 | 0 | 1 | 0
Emotions during shopping | 0 | 2 | 1 | 3 | 3
**Behavioral Outcomes**
In-store & impulsive purchase behavior | 1 | 0 | 2 | 1 | 1
Time and/or money spent | 4 | 1 | 3 | 2 | 4
**Cognitive Outcomes**
Purchase intention (food) | 12 | 0 | 1 | 1 | 0
Purchase intention (non-food) | 2 | 1 | 0 | 3 | 3
**Person-related Outcomes**
Consumer Socialization | 10 | 1 | 0 | 0 | 0
Roles and Tasks of Companions | 1 | 1 | 1 | 5 | 2
Shopper-Companion Relationship | 4 | 4 | 1 | 1 | 1
Variance Across Companion Types | 1 | 0 | 0 | 5 | 0

Table 2: Frequency matrix of outcome types by type of influencer

**Affective outcomes**
Both *family members* and *friends* can lead to a more positively perceived and evaluated shopping experience as well as enjoyment during the process (Borges et al., 2010; Gillison et al., 2015; Mangleburg et al., 2004; Hart & Dale, 2014; Mora & González, 2016; Lim & Beatty, 2011). Teenagers showed to be more open to retailing measures when enjoying the shopping trip with *friends* (Mangleburg et al., 2004). Especially friends seem to be able to trigger both strong positive as well as negative emotions, as they can increase arousal during shopping, but on the other hand, they may also increase shopping apprehension and make the shopper feel uncomfortable through the perception of being judged, evaluated, or pressured (Chebat et al., 2014; Prus, 1993). Companions also seem to make shoppers more attentive to marketing stimuli in their environment, potentially increasing their purchase volume (Mangleburg et al., 2004; Yim et al., 2013).

**Behavioral Outcomes**
Shoppers engage more in *impulse purchase behavior* when they shop with others (Luo, 2005; Yim et al., 2013). In apparel shopping, a closer relationship amplifies this effect, particularly with friends over parents as influencers (Luo, 2005), whereas the likelihood of impulsive purchases was also found to be increased particularly by a companion of the opposite gender (Cheng et al., 2013). Results of another observation of *in-store behaviors* suggest that people in groups are less likely to visit crowded areas (Zhang et al., 2014).

A single companion seems to increase *spending* (Nicholls, 1997; Sommer et al., 1992), especially, when shoppers enjoy the process (Mangleburg et al., 2004; Prus 1993), whereas men’s spending seems to be rather positively affected than women’s (Inman & Argo, 2011). Mora & González (2016) contradict these findings in terms of mall shoppers, who they found to spend most money when they had no company whatsoever. Negative influences on spending were also found through friends that may intervene with purchases and remind the shopper that they cannot or should not buy certain products (Prus, 1993). Shopper-companion dyads that are prone to conflicts, such as mother and daughter, can spend more or less *time in the store*, depending on their level of enjoyment of the trip (Gillison et al., 2015). More time
can also be spent as an effect of any sort of companion that makes the process more pleasant than shopping alone (Sommer et al., 1992; Hart & Dale, 2014) or are particularly helpful (Prus, 1993; Nicholls, 1997).

**Cognitive Outcomes**
An increased likelihood to purchase is associated with companions the shopper has a good relationship with (Nicholls, 1997) and with companions, who suggest products or areas in stores that shoppers would not have considered themselves (Prus, 1993). Companions also provide confidence to a shopper’s buying intention and facilitate decision-making (Woodside & Sims, 1976). **Friends or family members** may intervene with a shopper’s purchase intention by sharing negative experiences with a product or a brand (Chomvilailuk & Butcher, 2014), because they think the purchase is no good decision, or they act as the shopper’s conscience reminding them they cannot afford a product (Prus, 1993).

**Person-related outcomes**
The overall tasks companions are supposed to take over are numerous and range from providing product expertise, offering opinions, or sharing advice to the provision of moral support as well as fun and company (Midgley, 1983 and others). The type of relationship between shopper and companion plays a crucial role in sort, strength, and acceptance of influence during shopping. While influences in “weak” relationships tend to be of functional and knowledge-based nature, companions the shopper is close with more often provide stronger moral or psychosocial support (Kiecker & Hartman, 1994). Drawing from research regarding the consumers’ perception of risks associated with certain purchases, Kiecker & Hartman (1993) confirmed that the type of risk can determine the type of companion chosen by the shopper. Family members are chosen to reduce social/psychological risks, while non-family members the shopper has a weaker relationship with rather reduce functional risks. Family members were also found to reinforce a shopper’s focus on his actual task more than a friend does, at the same time decreasing the likelihood for spontaneous purchases (Luo, 2005; Borges et al., 2010). Shoppers and their companions being both female or of mixed gender was found to be an indicator of the strength of the relationship, while only about 50% of pure male shopping dyads were found to have a close relationship (Kiecker & Hartman, 1994).

**Discussion / Theoretical & Practical Implications**
Research up to the present day has provided a number of insights on shopping companions, highlighting the importance of the respective type of influencer and the shopping occasion. The findings on shoppers’ emotions influenced by a companion are held general and deal with a shopper’s attentiveness toward marketing stimuli, their ability to maintain a positive mood, or the relationship they have with their companion. Negative effects of companions have been addressed by just a few authors: Prus’ (1993) qualitative research found shoppers to sometimes feel uncomfortable or pressured due to a companion, while a shopper’s attachment to a shopping place determines whether they should rather take a friend along instead of a family member (Borges et al., 2010; Chebat et al., 2014). A companion in general stimulates impulsive purchases and, with great consensus, most of the time increases the money and time shoppers spend in stores or malls as well as shoppers’ confidence in purchase decisions. The particular roles shopping companions take over have been discussed widely and they have been found to either foster hedonic or utilitarian shopping behaviors. However, closer examination of these roles whilst controlling for different product categories associated with particular social risks is missing.

The perception of stress during shopping is a known and researched issue (Moschis, 2007; Albrecht et al., 2017), also as an effect of crowding. Yet, research has not dealt with the perception of stress due to a bothersome companion and subsequent consequences on shopping behavior so far. Babin & Attaway (2000) have shown that perceived hedonic and utilitarian value by consumers during a shopping trip can be harmed by negative emotions or a bad mood (Swinyard 1993). While it is likely that an unenthusiastic and annoying companion can indeed lead to negative emotions with a shopper, the question concerning subsequent behavioral consequences needs to be raised. That is, while consumers may not generally avoid a shopping place where they have experienced negative emotions caused by a stressful shopping companion, they still may “withdraw” from a stressful situation. Thus, when encountering a negative atmosphere due to a stressful companion, shoppers may decide to abort or adjourn their shopping trip or simply buy less products.

Future research should highlight the susceptibility to social influence from different sorts of shopping companions when controlling for different product categories. Earlier research has introduced several risk dimensions associated with certain product categories, one of which is social risk (Jacoby & Kaplan, 1972; Stone & Grønhaug, 1993). This sort of risk appears especially important in product categories, within of which a shopper is aware of the product visibility to others and the associated judgment concerning the buyer’s transported self-image, as for instance with clothing (Jacoby and Kaplan, 1972). This communication of the self-image via the purchased product could be perceived as a risk by the shopper prior to the purchase, regarding to whether peers may not approve of the chosen products. Consequently, product categories that require more consideration and are linked to higher perceived risks could make a shopper more susceptible to other people’s influence than they would be in other situations. Drawing from the fundamental works of Hartman & Kiecker (1991) and Kiecker & Hartman (1993, 1994), future research should pick up on these risk dimensions and examine different types of influencers during shopping for different product categories.

While a few articles mention the employment of certain retail programs in order to further benefit from shopping companions (such as “bring a friend” (Chebat et al., 2014; Lindsey-Mullikin & Munger, 2011), no research seems to have been performed on the efficacy of such measures. The literature analysis provides insight into different sorts of influences by shopping companions, such as family members, who reinforce utilitarian shopping behaviors that make shoppers more goal-oriented, or friends, who generally seem to increase the likelihood of spontaneous purchases. Therefore, an evaluation of different retail measures under consideration of the respective type of companion seems appropriate. Further research should make an effort to evaluate different retailing programs for their effectiveness, keeping in mind that there are not only positive influences of companions to be reinforced but also potential negative influences that need to be mitigated. Knowing, how different companion types respond to retailing activities could further benefit the service quality of retailers and facilitate the development of according promotional measures targeting co-shoppers.
References


Car Drivers’ Willingness to Pay for Design related Attributes of Parking Garages

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Abstract

This paper focuses on car drivers’ willingness to pay for design related attributes of parking garages. Car drivers’ preferences are retrieved from a stated choice experiment including 3 basic attributes (capacity, tariff, and walking distance) and 25 design related attributes. The 25 attributes are included in different choice task following the principles of Hierarchical Information Integration. The choice tasks were included in an online questionnaire that was completed by 315 respondents. The respondents’ preferences are evaluated using a standard multinomial logit model. The results show that the following design related attributes significantly contribute to the total utility of parking garages: width of parking space, width of road lane, pedestrians’ routes, width of staircases, types of elevator points, presence of parking guidance systems, payment options, presence of toilets, level of lighting, presence of ramps, and cleanliness and maintenance. The respondents are willing to pay most for payment options (range 2.91 euro) and cleanliness and maintenance (range 2.69 euro).

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Introduction

Parking companies aim to attract as many car drivers as possible to their parking facilities in order to increase the occupancy rates of their facilities and yield the maximum revenues (Inci & Lindsey, 2015). The companies pay a lot of attention to the demands of parking garage users (Van der Waerden, 2016). Over the years, car drivers have become more critical parking ‘consumers’ with specific requirements regarding the facility where they park their car. The parking companies recognize the importance to provide a high quality product that meets the demands of car drivers (Figure 1). A parking garage may be equipped with a high-quality design, for example good lighting, luxurious materials, high-security equipment, and ultrasonic parking space sensors (Pierce et al., 2015; Trifex, 2016). These aspects, however, do not guarantee more visitors because of the applicable parking tariff. Car drivers may prefer a car park with a lower internal quality, but located closer to their final destination and/or having a lower parking tariff (Brooke et al, 2014). The review of the existing literature reveals that there is a knowledge gap about the connection between parking tariffs and design related attributes (Agarad, 2017).

![Figure 1: Example of Advertisement of Parking Company](www.q-park.co.uk)

The aim of this paper is to fill in this knowledge gap and provide more insight into car drivers’ willingness to pay for design related attributes. The paper focuses on the results of the model estimation process. More detailed information about car drivers’ experiences with parking in garages can be found in Agarad (2017). The remainder of this paper is organized as follows. First, the adopted research approach is outlined. The data collection and some details of the sample are presented in the following section. The results of the model estimation are presented in the subsequent section. The paper ends with the conclusions and some suggestions for future research.
Research approach

To investigate the relationship between car drivers’ willingness to pay and design related attributes of parking garages, a stated choice experiment is designed. In this experiment sets of two hypothetical parking garages are presented to car drivers with the question which parking garage they liked most. The parking garages are described using three basic and twenty five design related attributes. The selection of the design related attributes is based on literature regarding car drivers’ parking choice behavior (Golias et al, 2002; Simicevic et al, 2013; Brooke et al, 2014; Pierce et al, 2015; Antolin et al, 2017), a checklist of the European Parking Association, and some handbooks of parking garage design (CROW, 2011; Hill, 2005; Rinsma & Koens, 2007; Louter & Van Savooyen, 2005). The EPA-checklist is used to evaluate parking garages for the European Standard Parking Award (EPA, 2015). Some examples of design related attributes are shown in Figure 2.

For this study, the basic attributes include parking tariff, walking distance between parking and final destination, and capacity. To make the choice task easier for the respondents, the design related attributes are categorized into five groups: attributes related to the parking area (e.g. parking space and road), pedestrian environment (e.g. routes and exits), accessibility (e.g. access control system and waiting time at entrance), service (e.g. parking guidance system and payment options), and safety (e.g. level of lighting and security). This approach follows the principles of Hierarchical Information Integration (Molin & Timmermans, 2009).

In total, each choice alternative is described by 12 attributes: three basic attributes, five attributes that detail one group, and four attributes that represent an overall score of the groups that are not detailed. A detailed specification of the attributes and corresponding levels is shown in Table 2. The overall scores of the groups range from wide supply (green) to limited supply (red). To express these scores, pictograms are used (see figure 1). To define a parking garage, a fractional factorial design is used of 3^12 resulting into 54 different alternatives. The alternatives are randomly placed in choice sets each consisting of two
alternatives. As shown in Figure 3, each parking garage was described by three basic attributes (capacity, walking distance to final destination, and tariff), five attributes described one specific construct, and four attributes represented the global effect of the remainder constructs. Respondents were asked to select the parking garage they prefer mostly. Each respondent evaluated two choice tasks per construct. When evaluating the two parking garages, the car drivers had to assume that they were visiting an inner city area.

![Figure 3: Example of a choice task: group Service](image)

The experiment was included in an on-line questionnaire that was distributed among respondents who have a driving license and experiences with parking in a public parking garage. The questionnaire also includes questions regarding parking experiences and personal characteristics.

**Data collection**

Invitations for the questionnaire were sent through different social and company networks, and published on the website of the Dutch parking organization Vexpan. In total, 315 respondents completed the questionnaire. Table 1 shows some details of the respondents. All respondents have a driver’s license and have experience with parking garage use.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Levels</th>
<th>Frequencies</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>223</td>
<td>70.8</td>
</tr>
<tr>
<td>Age</td>
<td>Female</td>
<td>92</td>
<td>29.2</td>
</tr>
<tr>
<td></td>
<td>39 years and younger</td>
<td>97</td>
<td>30.8</td>
</tr>
<tr>
<td></td>
<td>40-59 years</td>
<td>122</td>
<td>38.7</td>
</tr>
<tr>
<td></td>
<td>60 years and older</td>
<td>96</td>
<td>30.5</td>
</tr>
<tr>
<td>Education</td>
<td>Practical level</td>
<td>72</td>
<td>22.9</td>
</tr>
<tr>
<td></td>
<td>Medium level</td>
<td>123</td>
<td>39.0</td>
</tr>
<tr>
<td></td>
<td>Higher level</td>
<td>120</td>
<td>38.1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>315</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Model analyses

The respondents evaluated 3,150 choice tasks in total. For each group of attributes and all individual attributes, the contribution to car drivers’ preferences is estimated using a standard multinomial logit model. Effect coding is used to represent the effect of the attributes. Table 2 shows the part-worth utilities of the attribute levels based on significant parameters (confidence level of 90 percent or higher) multiplied with the effect coded value of the attribute levels. The results in Table 2 show that from the basic attributes walking distance and hourly parking tariff significantly contribute to the total utility of a parking garage. It appears that the longer the walking distance between parking garage and final destination, the lower the utility of the parking garage is. The part-worth utilities of the parking tariff show that the higher the tariff is, the lower the total utility will be. Regarding the constructs, all constructs significantly contribute to the utility of a parking garage except for the construct Service. For all significant constructs, the part-worth utilities indicate that the presence of a limited supply decreases the total utility of parking garages, while the presence of a wide supply increases the utility. In addition, Table 2 shows for each construct the part-worth utilities of the individual attributes. Again, the part-worth utilities are calculated by combining significant parameters with the attribute values (based on effect coding). A negative part-worth utility indicates that the total utility of a parking garages decreases if the attribute level is offered. In the case of a positive part-worth utility the total utility increases.

Almost all effects are as expected. The only exception concerns the effect of the attribute ‘Pedestrian routes’ where a separate walking route is preferred over a separate walkway with marking. The absence of effects in the case of several attributes is not always as expected either. For example, a clear signing for cars and pedestrians, the presence of columns, security, and marked escape routes are commonly mentioned issues in car drivers’ annoyances (ANWB, 2013).

To find out how much car drivers are willing to pay for influential design attributes, the contributions of the attributes are related to the effect of parking tariff. The willingness to pay is calculated as follows. First, the parameter range of parking tariff is calculated (2.0260). Next, this parameter range is related to the range of the attribute value (4 euro) which makes a part-worth utility score per euro of 0.5065 (2.0260/4). So, to get the amount of euros car drivers are willing to pay for each attribute level, the part-worth utility score of the level is divided by 0.5065. The WTP results show that car drivers are willing to pay 0.48 euro for a short walking distance between parking and final destination. In contrast, they want to have a reduction on the parking tariff of 0.48 euro in the case the walking distance is equal to 450 meter. As expected for all constructs it holds that car drivers want a reduced fee in case of a limited supply and want to pay more when the supply of construct related tools is wide. In the case of the separate attributes, the results show that the willingness to pay is largest for the attributes ‘payment options’, ‘cleanliness of parking garages’ and ‘lighting levels in parking garages’.
<table>
<thead>
<tr>
<th>Attributes</th>
<th>Attributes</th>
<th>Attribute levels</th>
<th>Part worth</th>
<th>WTP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity parking garage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Small (300 spaces)</td>
<td>2. Medium (600 spaces)</td>
<td>3. Large (900 spaces)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Walking distance to final</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>destination</td>
<td>1. 50 meter</td>
<td>2. 250 meter</td>
<td>3. 450 meter</td>
<td></td>
</tr>
<tr>
<td>Hourly parking tariff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. 0.50 euro</td>
<td>2. 2.50 euro</td>
<td>3. 4.50 euro</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parking area</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Limited supply</td>
<td>2. Medium supply</td>
<td>3. Wide supply</td>
<td>-0.4386</td>
<td>-0.87</td>
</tr>
<tr>
<td>Pedestrians’ environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Limited supply</td>
<td>2. Medium supply</td>
<td>3. Wide supply</td>
<td>-0.1726</td>
<td>-0.34</td>
</tr>
<tr>
<td>Accessibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Limited supply</td>
<td>2. Medium supply</td>
<td>3. Wide supply</td>
<td>-0.1587</td>
<td>-0.31</td>
</tr>
<tr>
<td>Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Limited supply</td>
<td>2. Medium supply</td>
<td>3. Wide supply</td>
<td></td>
<td></td>
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<tr>
<td>Safety</td>
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<td></td>
<td></td>
<td></td>
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<tr>
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<td>2. Medium supply</td>
<td>3. Wide supply</td>
<td>-0.3382</td>
<td>-0.67</td>
</tr>
<tr>
<td>Constructs</td>
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<td></td>
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<tr>
<td>Width parking space</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Small (2.20 m)</td>
<td>2. Medium (2.35m)</td>
<td>3. Very wide (2.50 m)</td>
<td>-0.4401</td>
<td>-0.87</td>
</tr>
<tr>
<td>Width road lane</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Small (&lt;3.50 m)</td>
<td>2. Average (3.50m)</td>
<td>3. Very wide (&gt;3.50 m)</td>
<td>-0.2824</td>
<td>-0.56</td>
</tr>
<tr>
<td>Clear signing car &amp; pedestrian</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of floor level identification</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. None</td>
<td>2. Color-coding by level</td>
<td>3. Color coding and identification Theming</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Presence of columns</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. No columns present</td>
<td>2. Limited columns present</td>
<td>3. Large columns present</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pedestrians routes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. No separated walking route</td>
<td>2. Separated walking route</td>
<td>3. Separated and marked walking route</td>
<td>0.0000</td>
<td>0.00</td>
</tr>
<tr>
<td>Entrance regime pedestrians</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Pedestrians environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Width staircases</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Small (1.00 m)</td>
<td>2. Normal (1.50 m)</td>
<td>3. Very wide (2.00 m)</td>
<td>-0.2046</td>
<td>-0.40</td>
</tr>
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<td></td>
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<td></td>
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<td>1. Stairs</td>
<td>2. Elevator</td>
<td>3. Stairs and elevator</td>
<td>0.0000</td>
<td>0.00</td>
</tr>
<tr>
<td>Walking distance parking space to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the stairway</td>
<td>1. 15 meter</td>
<td>2. 30 meter</td>
<td>3. 30 meter</td>
<td></td>
</tr>
<tr>
<td>Type access control system</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. License plate recognition</td>
<td>2. Staff access</td>
<td>3. Entry ticket machine</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Width entrance lanes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Small (&lt;3.00 m)</td>
<td>2. Normal (3.00m)</td>
<td>3. Very wide (&gt;3.00 m)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average waiting time at entrance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Short (&lt;1 minute)</td>
<td>2. Average (1 minute)</td>
<td>3. Long (&gt;1 minute)</td>
<td></td>
<td></td>
</tr>
<tr>
<td># special places reserved</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. None</td>
<td>2. 1 % of total spaces</td>
<td>3. 5 % of total spaces</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2 Part worth utilities based on significant parameters
Table 2 Part worth utilities based on significant parameters (continue)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Attributes</th>
<th>Attribute levels</th>
<th>Part worth</th>
<th>WTP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presence of parking guidance systems</td>
<td>1 Not present</td>
<td>-0.2583</td>
<td>-0.51</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 At floor level &amp; rows</td>
<td>0.2907</td>
<td>0.57</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 At parking space</td>
<td>-0.0324</td>
<td>-0.06</td>
<td></td>
</tr>
<tr>
<td>Payment options</td>
<td>1 Only cash</td>
<td>-0.9283</td>
<td>-1.83</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Cash and bank cards</td>
<td>0.3792</td>
<td>0.75</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 Cash, bank cards and mobile</td>
<td>0.5491</td>
<td>1.08</td>
<td></td>
</tr>
<tr>
<td>Presence music and/or fragrance system</td>
<td>1 No music and perfume</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Only background music</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 Music and relaxing scent (e.g. flowers)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 None</td>
<td>-0.2729</td>
<td>-0.54</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 1 % of total spaces</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 5 % of total spaces</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td># toilets inside</td>
<td>1 No dark spaces</td>
<td>0.3610</td>
<td>0.71</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Minimal dark spaces</td>
<td>0.0000</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 Much dark spaces</td>
<td>-0.3610</td>
<td>-0.71</td>
<td></td>
</tr>
<tr>
<td>Level of lighting</td>
<td>1 Video surveillance</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Staff present</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 Staff and video surveillance</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td>1 Staff present</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Security</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Presence of ramps</td>
<td>1 None</td>
<td>0.2439</td>
<td>0.48</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Present in limited number</td>
<td>0.0000</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 Present in high number</td>
<td>-0.2439</td>
<td>-0.48</td>
<td></td>
</tr>
<tr>
<td>Marked escape routes</td>
<td>1 Signposting</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Illuminated signs</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 Illuminations and glow in the dark road lines</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Cleanliness and maintenance</td>
<td>1 No dirt and debris</td>
<td>0.4970</td>
<td>0.98</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Little dirt and debris</td>
<td>0.3691</td>
<td>0.73</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 Much dirt and debris</td>
<td>-0.8661</td>
<td>-1.71</td>
<td></td>
</tr>
</tbody>
</table>

Conclusions

The aim of this paper is to give more insight into car drivers’ willingness to pay for design related attributes of parking garages. In total, 25 design related attributes are investigated in the study. Based on car drivers’ preferences retrieved from a stated choice experiment, part-worth utilities are calculated. The part-worth utilities are related to the effect of parking tariff on car drivers’ preferences. It appears that car drivers attach to one euro a utility of 0.5065. Figure 4 shows for each design related attribute the range of money car drivers are prepared to pay. It is clear that the range for payment options is the largest, followed by the range of cleanliness. The first result is not really expected. For designers and managers of parking garages the results of this study make clear what design related attributes are interesting to take care of when trying to attract more car drivers to parking garages. The study also gives some insight into how much car drivers are willing to pay for the ‘interesting’ attributes.

Of course, the results of the study have to be placed within some limitations related to the setup of stated choice experiment and the data collection. Only a limited number of attributes are included in the stated choice experiment (25 out of a list of 74). To avoid an overload of information for respondents, the included attributes are defined with pictures or limited text only. In the same line, the choice task was limited to two choice alternatives without an option ‘None of these’. Leaving out this latter option forced respondents to make a choice which might give some unexpected results like in the case of ‘Payment options’. Another limitation concerns the composition of the sample that does not represent the Dutch population.
To overcome with the identified limitations, the following issues could be considered in future research.

1. Replace non-significant attributes by new attributes such as length of parking spaces, separate entrance and exit points, pavement and coloring of floors;
2. Specify non-significant attributes like quality of electric charging points instead of presence per total amount of spaces;
3. Define included attributes in more detail by using more text and/or visuals;
4. Investigate the effect of an inclusion of a ‘none of these’ choice option;
5. Increase the willingness of car drivers to participate by inviting them when they are actually using a parking garage.

References

CROW (2011) Ontwerpwijzer parkeergarages. CROW, Ede, the Netherlands.


The Relation between Commercial Messaging, Trip Characteristics, and Adaptive Route Choice Behavior

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Abstract

To get insight into car drivers’ willingness to adapt their route choice, a stated preference experiment is set up. The experiment includes several attributes that describe both the type of car trip and the type of commercial message that is sent by a company. In total, 18 different hypothetical situations are generated using a fractional factorial design. The situations are randomly combined in sets of two situations and presented to respondents. Respondents were invited to evaluate each situation and to indicate the situation for which the chance to adapt the planned route is the highest. This paper focuses on the evaluation part.

In total, 160 respondents completed an on-line questionnaire. The sample consists of an acceptable mix of individuals. The respondents evaluated 1,440 hypothetical choice sets including 2,880 alternatives. The evaluations of the individual choice alternatives are analyzed using ordinal regression analysis. It appears that the attributes number of passengers, period of day, trip purpose, discount, price of product, and length of detour significantly affect the probability of adapting a planned route. The results are compared with the results of a previous study regarding car drivers’ adaptive route choice behavior.

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Introduction
Modern information systems are becoming a more and more integrated part of the day to day driving experience. Where navigational systems used to only show the right way to go, these days they continuously integrate traffic conditions to provide flexible optimal routes and arrival times. Providing this information in a flexible way can help car drivers avoid traffic jams or road constructions, but it could also provide an interesting avenue for commercial messaging. The advertisements that were previously limited to billboards or radio to provide their general message could specifically be tailored to the person receiving them by integrating the route information that modern systems provide. Knowledge regarding car drivers’ route adaptation due to commercial messaging received while driving, is still limited. The goal of the present study is therefore to provide more insight into the role this commercial messaging could play in the adaptive route choice behavior of car drivers. The study is an extension of a previous study of Van der Waerden et al. 2014.

The paper is structured in the following way. First, a short overview of the literature on adaptive route choice behavior is presented. Following, the research approach of the current study is described. Next, a brief description of the data collection and sample information are presented. This section also includes some insights in the respondents’ experiences with adapting planned routes. The results will be explained in terms of the model estimation process. The model analysis covers two models: one for the evaluations and one for choices. Concluding, these results will be contrasted to known literature, and some suggestions for future research on the topic will be discussed.

Adaptive route choice behavior
Humans are creatures of habit, and car drivers are no different. When choosing for a route to take, drivers tend to pick the route they know and are familiar with (Bovy & Stern, 1990). In traffic however, changing situations ask for a certain degree of flexibility as well. For instance, an accident might have caused a traffic jam, requiring a driver to deviate from the planned route. Modern information systems provide the information drivers can use to adapt their route choice, flexibly dealing with new situations that arise (Knippenberg & Rothengatter, 1989). Several studies focus on how drivers would adapt their behavior when receiving new information about their planned trip. Drivers have been shown to choose alternative routes, for instance, when informed about a potential delay caused by an accident (e.g. Kusakabe et al., 2012), the presence of congestion (e.g. Dia & Panwai, 2007; Razo & Gao, 2013), or scheduled construction work (e.g., Erke et al., 2007).

Many of these studies employ stated preference techniques to differentiate between relevant aspects that contribute to adaptive route choice behavior. For instance, Wu et al. (2010) conducted a
stated preference survey to study travelers' short term decision making after being provided with information about a traffic jam. Respondents were asked to indicate the likeliness of adapting their departure time, travel mode or route choice in response to the received information. Approximately one third of the respondents adapted their travel plans by changing one or a combination of these travel factors, showing that a large portion of travelers flexibly integrated the new information into their travel behavior.

A different stated choice experiment showed the importance of framing regarding route advice (Kerkman et al., 2012). This study showed that drivers tend to follow advice more readily if it personally tailored to them, rather than generic information. Additionally, when in an environment that is rich in information drivers tend to discard additional advice that is to their individual interest, but follow the advice that services a traffic management objective. These findings show that personal messages with socially desirable outcomes can be very effective in changing route choice behavior.

In a real-life example, Erke et al. (2007) showed the impact of a Variable Message Sign (VMS) on driving behavior. They presented drivers with a VMS warning for a closed tunnel ahead due to construction work and measured their route choice and driving speed (both following suggestions on the VMS). The results showed that while only 1 of every 5 drivers followed the exact alternative route suggested by the signage, no car reached the closed tunnel at the end. The authors suggest that all drivers understood and followed the main message (i.e. the closed tunnel ahead) and adapted their route choice based on the VMS information and their existing familiarity with alternative routes. Consistent with the route choice results, similar effects were found regarding driving speeds; as the measurements showed a large reduction in speed resulting directly from the provided VMS message.

One recent study attempted to translate the findings regarding the potential effects of general traffic messaging on driving behavior to the realm of commercial messaging. In their 2014 study, Van der Waerden et al. conducted a stated preference experiment with varying attributes regarding a situation where a driver received a commercial offer during a trip. While the overall likeliness of respondents choosing to deviate from their planned route was found to be low, several aspects showed promising contribution to do so anyway. Differences in adaptive route choice behavior were shown for trip characteristics such as trip purpose and time period on the one hand, and the commercial messaging aspects product price, sale reduction and length of the detour on the other hand. Correspondingly, the respondents showed more likeliness to deviate in in case of a recreational or shopping trip during off-peak hours. The type of messages these respondents reacted positively on included generally expensive products (more than 50 euro) with sales over 20 percent, for which the detour would take no more than 25 minutes. The results of this study show some first
insights regarding what type of commercial messaging could have an impact on route choice adaptation.

To provide further insight into the topic of commercial offers and route choice, this study seeks to add to the aforementioned findings by Van der Waerden et al. (2014) by employing a slightly alternative version of the stated choice paradigm. Focusing on a discrete choice in combination with an evaluation, the general low likeliness for adaptation (that was found earlier) will be addressed. This way, the differences that specific attributes could make between adaptation choices might become clearer. Additionally, two trip characteristics (number of passengers and frequency of planned trip) were added based on the findings of Van der Waerden (2014) and earlier studies. Finally, the specification of three commercial message attributes (price level, discount, and extra time) was made more explicit and clearer.

Concluding, the current study aims to clarify the relation between commercial offer characteristics, trip attributes, and the willingness of car drivers to deviate from a planned route.

**Research approach**

For this study, a stated choice experiment was set up where respondents were asked to evaluate hypothetical situations and to choose between two situations that were varied across several attributes. Several trip characteristics and commercial message attributes (and levels) were selected, based on existing literature (Table 1).

<table>
<thead>
<tr>
<th>Table 1 Overview attributes and corresponding levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attributes</td>
</tr>
<tr>
<td>Number of passengers*</td>
</tr>
<tr>
<td>Frequency of the planned trip*</td>
</tr>
<tr>
<td>Time period of day</td>
</tr>
<tr>
<td>Trip purpose</td>
</tr>
<tr>
<td>Discount on selling price**</td>
</tr>
<tr>
<td>Price level of involved product**</td>
</tr>
<tr>
<td>Length of detour in minutes**</td>
</tr>
</tbody>
</table>

*New and ** adapted attributes compared to Van der Waerden et al. (2014)

Factors relating to trip characteristics were thus trip purpose, trip frequency, time period, travel party and the extra time connected to a detour. Commercial messaging aspects focused on price level of involved products and the amount of the price reduction offered by a shop. In total, 18 different hypothetical situations were generated using a fractional factorial design, where each situation includes a specific combination of attribute levels. Generated situations were then presented to respondents in randomly selected pairs of two. First, the respondents were asked to
look the presented situations separately (1). For each situation, the question was *how likely is it that you adapt your planned route* (answer categories Very likely, Likely, Unlikely, and Very unlikely). Next, respondents were asked to compare both situations and *indicate the situation for which the chance to adapt the planned route is the highest* (2). See Figure 1 for an example of the presented task.

![Figure 1: Example of the evaluation and choice task (Boonman, 2014)](image)

The described stated choice experiment was included in an extensive internet based questionnaire. This questionnaire additionally included questions regarding the respondent's current travel behavior (mode choice, car use and route choice behavior) and personal characteristics (age, gender, educational level, home location and car ownership).

**Data collection**

Because of limited time and money resources, the invitations to fill out the online questionnaires were sent to acquaintances of Boonman (2014). In total, 160 respondents completed the questionnaire. All respondents were living in Belgium and most of them (97 percent) have a driver’s license. Some other details of the respondents are presented in Table 2. In general, it can be
concluded that the respondents are not representative of the general Belgian population. More males than females replied to the invitation and the sample is relatively young (average age is 40 years with minimum 18 and maximum 84 years). Most of the respondents are medium or highly educated and live in rural areas (small villages and towns). Almost 80 percent of the respondents own a smartphone.

**Table 2: Some details of the respondents**

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Levels</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>98</td>
<td>61.3</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>62</td>
<td>38.7</td>
</tr>
<tr>
<td>Age</td>
<td>30 years and younger</td>
<td>64</td>
<td>40.0</td>
</tr>
<tr>
<td></td>
<td>31-50 years</td>
<td>47</td>
<td>29.4</td>
</tr>
<tr>
<td></td>
<td>51 years and older</td>
<td>49</td>
<td>30.6</td>
</tr>
<tr>
<td>Education level</td>
<td>Practical level</td>
<td>18</td>
<td>11.2</td>
</tr>
<tr>
<td></td>
<td>Medium level</td>
<td>51</td>
<td>31.9</td>
</tr>
<tr>
<td></td>
<td>High level</td>
<td>91</td>
<td>56.9</td>
</tr>
<tr>
<td>Residential location</td>
<td>Rural</td>
<td>88</td>
<td>55.0</td>
</tr>
<tr>
<td></td>
<td>Small city</td>
<td>39</td>
<td>24.4</td>
</tr>
<tr>
<td></td>
<td>Large city</td>
<td>33</td>
<td>20.6</td>
</tr>
<tr>
<td>Own smartphone</td>
<td>Yes</td>
<td>127</td>
<td>79.4</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>33</td>
<td>20.6</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>160</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The questionnaire included some question regarding experiences of car drivers with naturally changing planned routes. The first question concerns the frequency of changing routes: ‘How often do you change your planned route spontaneously?’ Figure 2 shows an overview of the frequencies of adaptation. It appears that more than 50 percent of the car drivers adapt their route at least 1-4 times per month spontaneously. Only 7.5 percent (12 car drivers) indicate that they have never adapted their planned route.

![Figure 2: Frequency of adapting planned route (N=160)](image-url)
As for potential reasons why they would naturally change their routes, participants report to most often adapt their plans for fueling and congestion purposes (49 and 52 percent respectively, as reported in Figure 3). Most relevant for the present study, are the 41 percent of car drivers that state spontaneously adapting their route for shopping purposes.

Model analyses, evaluations

The evaluation scores of the respondents (Figure 4) are related to the attributes of the alternatives using ordinal regression analysis because the evaluations are considered as ordinal variables where the distances between the ratings are not defined as equal and the distances are in fact unknown (e.g., Long & Freese, 2003). Ordinal regression is commonly presented as a latent variable model, defining $y^*$ as a latent variable ranging between $-\infty$ and $+\infty$. The equation of the ordinal regression model is:

$$y_i = \beta_i x_i + \epsilon_i$$

Where

- $y^*_i$ is the predicted outcome of dependent, latent variable for observation $i$;
- $\beta_i$ is the vector of regression coefficients for observation $i$;
- $x_i$ is the vector of independent variables as included in the model to predict $y^*$ for observation $i$;
\( \varepsilon_i \) is the error-component for the residual between the actual and the predicted value for observation \( i \).

The respondents evaluated in total 2,880 situations. In the model estimation the evaluation scores (Very likely, Likely, Unlikely, and Very unlikely) are used as dependent attribute (\( y \)). The attributes presented in Table 1 are considered as independent attributes. Effect coding is used to represent the effects of the independent attributes on the dependent evaluation scores.

The goodness of fit of the ordinal regression model is evaluated by the \( \chi^2 \) and Nagelkerke’s \( R^2 \). These statistics can be derived directly from SPSS and have been described in Table 3. The model shows a significant improvement over the intercept only model. The \( \chi^2 \) value of the model, 647.291 exceeds the critical \( \chi^2 \) value at 14 degrees-of-freedom (df) with a confidence level of 95% of 23.68. Nagelkerke’s \( R^2 \) is a goodness-of-fit measure similar to the likelihood. The outcome of Nagelkerke’s \( R^2 \) varies between 0 and 1. Nagelkerke’s \( R^2 \) explains to what extend the model predicts the influence of the independent variables on the dependent variables. In this case, about 9.7 percent of change of the dependent variable is accounted for, an acceptable percentage.

The threshold values represent the borders of the different evaluation categories, ranging from Very unlikely to Very likely. The parameters provide the details of how the various attribute levels contribute to the utility of each evaluation category. Looking in more detail to the parameter estimates the following findings can be noticed. It appears that all included attributes significantly contribute to the probability that an evaluation scores is part of one of the answer categories. A positive sign means that the attribute level directs the probability towards very likely, while a negative sign directs the probability towards very unlikely. This means that the following
circumstances direct the probability towards likely and very likely: driving alone, traveling during off-peak hours, traveling for leisure, a product price of 50 euro or more, and an extra travel time of maximal 10 minutes. Respondents tend to select unlikely and very unlikely when there are 2 extra passengers in the car, traveling in the morning peak, traveling for work, a small discount, a product price of 5 euro, and an extra travel time of 30 minutes or more. No significant effect is found for the attribute frequency.

### Table 3: Results of the Ordinal Regression Analysis

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Attribute levels</th>
<th>Parameter/Utility</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threshold</td>
<td>Level 1: Very unlikely - Unlikely</td>
<td>-0.215</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Level 2: Unlikely - Likely</td>
<td>1.446</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Level 3: Likely – Very likely</td>
<td>3.623</td>
<td>0.000</td>
</tr>
<tr>
<td>Number of passengers</td>
<td>Alone</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 extra passenger</td>
<td>-0.012</td>
<td>0.818</td>
</tr>
<tr>
<td></td>
<td>2 extra passengers(^1)</td>
<td>-0.285</td>
<td></td>
</tr>
<tr>
<td>Frequency</td>
<td>1 time per week</td>
<td>-0.093</td>
<td>0.073</td>
</tr>
<tr>
<td></td>
<td>3 times per week</td>
<td>0.041</td>
<td>0.437</td>
</tr>
<tr>
<td></td>
<td>5 times per week</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period of day</td>
<td>Morning rush hour</td>
<td>-0.151</td>
<td>0.004</td>
</tr>
<tr>
<td></td>
<td>Off-peak</td>
<td>0.169</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>Evening rush hour</td>
<td>-0.018</td>
<td></td>
</tr>
<tr>
<td>Trip purpose</td>
<td>Work/study</td>
<td>-0.238</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Shopping</td>
<td>0.043</td>
<td>0.405</td>
</tr>
<tr>
<td></td>
<td>Leisure</td>
<td>0.238</td>
<td></td>
</tr>
<tr>
<td>Discount</td>
<td>10 percent</td>
<td>-0.692</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>30 percent</td>
<td>0.088</td>
<td>0.091</td>
</tr>
<tr>
<td></td>
<td>50 percent</td>
<td>0.692</td>
<td></td>
</tr>
<tr>
<td>Price of product</td>
<td>5 euro</td>
<td>-0.937</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>50 euro</td>
<td>0.294</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>100 euro</td>
<td>-0.643</td>
<td></td>
</tr>
<tr>
<td>Length of detour</td>
<td>10 minutes</td>
<td>0.374</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>20 minutes</td>
<td>-0.024</td>
<td>0.648</td>
</tr>
<tr>
<td></td>
<td>30 minutes</td>
<td>-0.374</td>
<td></td>
</tr>
</tbody>
</table>

*Base level

Goodness-of-fit

-2Loglikelihood Intercept only      975.713
-2Loglikelihood Final              328.422
Chi-square value (df = 14; test value 23.68) 647.291
Nagelkerke’s Pseudo R-Square       0.223

### Conclusions

The increase of communication tools over the past few years has been stimulating commercial parties to extend their advertisement channels. One of these extensions is to explore the possibilities of sending commercial messages to car drivers while driving from a certain origin to a certain destination. Thus far, it has not been clear if car drivers are willing to adapt their route choice due to
commercial messages received while driving. The study presented in this paper tries to increase the insight into car drivers’ adaptation behavior. This is done by collecting and analyzing stated preference data that was analyzed using ordinal regression analysis. The current study shows that almost all included attributes (except for frequency) contribute to the willingness of car drivers to adapt their planned route due to commercial messages. All contributions are in the expected directions.

As the present study is a continuation of the study presented by Van der Waerden et al. (2014), a direct comparison between the two seems fitting. For that comparison an ordinal regression model was estimated for the previous study as well. Figure 5 shows the relative importance scores (based on parameter estimates) of both studies: Current and Previous. It is clear what the similarities and differences are between the findings of both studies. Overall, the directions of included aspects are the same for both studies; showing short detours for expensive products with high discounts are more likely to have drivers adapt their route. However, in the current study trip purpose and period of the day are relatively more important compared to the previous study. In contrast, the attribute discount is more important in the previous study than in the current study.

![Figure 5: Comparison of relative importance results](image-url)
In conclusion, it seems that both studies confirm that the number of car drivers who are willing to directly change their route as a result of a commercial message is rather low. However, some important trip and message aspects that can contribute to route adaptation have been identified. Future research should focus on potential causes of the differences in the importance regarding specific aspects (such as discount amount and trip purpose). Potential applications of the found attributes could also be explored regarding personalized advertisements, as these have been shown to be more effective in changing behavior (Kerkman et al., 2012).

References


No Risk – More Fun? Purchase Pals as Risk-Reducers or Fun-Creators for Teenagers

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Abstract

Although shopping with a companion is a significant characteristic of adolescent consumers’ behavior, only few studies have addressed this topic so far. In qualitative research, obtaining assistance has been identified as one of the predominant motives for shopping with a companion (Kiecker and Hartmann 1993). This has been especially highlighted for teenagers as, due to their adolescence, their consumption behavior is not firmly established. We examine the effect of the presence of a shopping companion on the perceived consumer risk. One lab study and two field studies demonstrate that a shopping companion does not reduce consumer risk. In contrast of our theoretical framework social motivation is the dominant motive of using a shopping companion for adolescents. A field study show a positive effect of a shopping companion on adolescents’ consumer experience. Accompanied consumers have more fun with shopping than solo shoppers.
Introduction

Over recent decades, adolescents have continuously grown in significance as a target group for retail industries as well as services industries (Ogle, Hyllegard, Yan and Littrell 2014). The discretionary spending power of adolescents has risen steadily (Zmuda 2011). As consumers, teenagers are of particular importance to the fashion and electronics industries, as they spend most of their available financial budget in those fields (Icon Kids and Youth 2017). Theirs importance is further emphasized by teenagers great influence on consumption decisions within their families (Lee and Beatty, 2002).

With the increase of the economic power, the interest in this consumer group raised. It is noticeable that teenager mainly shop in the company of peers and that they do so mostly in small groups of friends (Tootelian and Gaedeke 1992). This is especially reasonable as it is (this is in line with) a primary feature of adolescence being influenced by friends (Ennett and Baumann 2000). Adolescence is marked by the ambiguity field of individuation and assimilation (Gentina and Chandon 2013). Teenagers, at the same time, intending to define their own identity and want to belong to a popular peer group. Teenagers are inexperienced in many areas of life and are therefore uncertain about how to behave. Peers provide orientation and play a major role in reducing these behavioural uncertainties (Steinberg and Monahan, 2007). This also applies to consumer behavior. As Makgosa and Mohube stated: “Young adults are also more likely to be susceptible to the influence of peers since they have a limited capacity to cope with risk and uncertainty than more mature individuals” (2007, 67). Jugendliche informieren sich über Trends und Marken bei ihren Freunden und beobachten deren consume behaviour. Already in 1977, Moschis, Moore and Stephens found that the impact of peers is especially high on socially prominent products that relate to appearance (1977). According to Moschis (1976), the influence of peers
particularly helps to reduce teenagers’ consumer uncertainties. The individual consumer benefits from shopping with friends through information aggregation through the consumer knowledge of the companions. Furthermore teenagers are morally supported in their decision to buy what could lead to increasing confidence with the purchase decision (Kiecker and Hartmann, 1994). For this reason, the literature stipulates risk reduction as a main motive for using a shopping companion (Kiecker and Hartman 1993).

The existence of this motivation, however, has never been examined with a quantitative approach. Previous research supported the relevance of risk reduction merely with theoretical reasoning and qualitative data. The aim of the present study is to close this research gap. This research contributes to existing literature by investigating the interpersonal influence of shopping companions on adolescent customers’ perceived risk. Across three studies we examine the impact of shopping situation in which we measure the effect of shopping companion vs. solo shopping on perceived risk. Study 1a and 1b does not support the theoretical considerations. Study 2 shows that the social motive for teenagers is the decisive motivation for shopping together and that shopping together increases the shopping enjoyment.

This research therefore investigates the motivation of shopping with a companion. It contributes by extending the theoretical and empirical evidence on which motives actually determine the accompanied shopping of teenagers. This theoretical extension is important because the previously assumed risk reduction as the central motivation for shopping together is not reflected in the actual risk perception of the consumer. For teenagers, only effects on shopping enjoyment can be found. Findings from our studies provide retailers with directions on how to address adolescents as one of their target groups. Theoretical as well as managerial implications are discussed, and limitations and future research outlined.
Theoretical Background

The impact of a shopping companion on the perceived risk of teenagers

Adolescents try to gain acceptance into social groups through the products that they purchase (Vigneron and Johnson 2004). This makes them highly susceptible for uncertainty and consumer risk. In the presence of a social risk adolescents are more risk averse than adults (Bonem, Ellsworth and Gonzalez 2015). They avoid taking risks in appearance-related products. To do so young individuals observe the consumer behaviour of their friends and peers and concentrate particularly on those products that their friends and peers favor and consume (Moschis 1976). Searching for product information is a relevant strategy to minimize consumer risk (Boze 1987). So extended information supports the reduction of either the level of uncertainty or the extent of negative consequences, by the targeted selection of products and services. This includes conversations with and observation of other consumers and friends (Brüne 1989). Receiving information, especially advice given by friends and peers, takes a key role in the attempt to reduce the perceived risk (Boze 1987; Mangold, Berl, Pol and Abercrombie 1987). Individuals therefore choose shopping companions as a particular method for the interpersonal search for information (Midgley 1983). Empirical studies indicate that, in particular, consumers with little experience and low self-confidence regarding purchase decisions resort to shopping companions to get assistance with it (e.g. Furse, Punj, and Stewart 1984; Solomon 1987). This applies especially to teenagers who are more overwhelmed by an over choice of products, than adults. The observable formation of groups among teenagers leads to the individual benefiting from the consumption knowledge of his or her companionship. Due to the direct contact to the shopping companion, the assistance can directly be provided at the point of sale. This is done not only actively through the targeted exchange of purchase information, but also passively, in which the shopping com-
panion with their own consumption - according to the social comparison theory (Festinger, 1954) - serves as a benchmark for comparison.

In a qualitative study, Kiecker and Hartman (1993) learned that 85% of respondents choose a shopping companion to offer them support with a purchase (Kiecker and Hartmann 1993). Of those respondents, nearly 80% stated that a companion reduced the perceived risk. This includes all relevant risk types due to the different functions and roles that a shopping companion takes on. Because of the social support, the consumer felt more secure and self-confident in their purchasing decisions (Kiecker and Hartman 1994). Bell (1967) found that people with lower self-confidence in their buying talents resort to shopping companions, especially when they are not sure about the psychosocial appeal of the product. Furthermore, friends are seen as a support which offer helpful performance information that also ought to lower consumer risk. If perceived risk is characterized by the social approval of a product or service, peers are favoured over other informal groups as sources of information (Moschis and Moore 1979, 362). These examples illustrate that every time consumers feel there could be a risk of social embarrassing, they seek information from people who are similar to them (Bearden and Etzel 1982). These individuals could provide the most convincing information on what the peer group expects. Consequently, those subjects of comparison provide normative and informative standards, by which young consumers, in particular, can be guided (Mangleburg, Doney and Bristol 2004).

Additionally, consumers look for interpersonal sources that can provide them with information on product attributes and prices (Wangenheim and Bayón 2004). The non-transparency of markets is particularly important for inexperienced consumers such as teenagers. Peers can help, especially in minimizing the non-transparency by exchanging information regarding offers and value for money on the spot (Lindsey-Mullikin and Munger 2011). Additionally, the shopping companion
might know shops in which the desired products or services are offered at a better price. Hence uncertainties regarding a purchase can be reduced through professional expertise and the companion’s own experiences (Kiecker and Hartman 1993, 381). To fit into the social group adolescents buy only products that friends would accept or even buy for themself (Moses 2000; Isaksen and Roper 2012). The presence of a friend during the shopping process allows a direct response from the Peergroup, so that bad buys could be avoided in advance.

Because of their inexperience in purchasing situations and the increasing pressure of conformity during adolescence, teenagers are particularly susceptible to such social comparisons. Ultimately, social comparison and interpersonal information research lessens the risk that teenagers will make wrong decisions. Accordingly, it can be assumed that a teenager’s shopping companion reduces the perceived risk. The following hypothesis can consequently be made.

**H1:** The perceived risk will be lower for adolescent consumers who shop with a shopping companion than for adolescents shopping alone.

**Study 1a and 1b: The initial analyses**

**Method and sample**

185 students of an urban German comprehensive school participated ($M_{age}=15.52$, ranging from 13 – 19, 54.9% female) in the first study. The study used a one-factor between-subject experimental design (shopping alone vs. shopping with a companion). A scenario-based experiment ensures internal validity. Subjects were randomly assigned to the manipulated conditions. Teenagers are not exposed to purchase risks in every buying situation. For example, it can be assumed that the purchase of chocolate bars does not entail any social and psychological risks. In
contrast, purchases of electronic products such as smartphones or apparel, on the other hand, pose significant social and psychological risks, because these products determine their affiliation to the reference group. Accordingly, we have concentrated on the purchase of these products for quantitative studies.

**Procedere**

The participants were informed that the aim of the study was to examine the shopping behaviour of teenagers in different social situations. The participants were given assurances of anonymity and confidentiality. Furthermore, they were informed of their right not to participate. Participants should imagine buying a new mobile phone. They were randomly assigned to one of the two groups “shopping alone” and “accompanied shopping”. In the accompanied shopping condition, the scenario read:

You're going to buy a new mobile phone. There are three models for you to choose from. To make a definitive decision for a mobile phone model, go to an electronics or mobile phone retailer and take a look around. A friend is with you and you waive the support of a seller. You look at the mobile phones, try them out and after a while you decide for a model and buy it.

In the solo condition participants read that they go into the store alone and decide to buy a mobile phone without any assistance. To counteract the problem of social desirability, the participants were informed that there were no right or wrong answers and that only their own opinions mattered and that it was important for them to imagine themselves as the shopping consumer.
Measurements

Dependent variables
The risk construct was formed with indicators that reflected different types of risk (financial, social and psychological risk). Based on the concept of two components of risk, it was assumed that each individual risk dimension has a component of uncertainty and a component of consequence (Cunningham 1967). The respondents were asked to rate the likelihood of the event occurring (1 = highly unlikely, 7 = highly likely), and how important it was for them avoiding this risk (1 = extremely unimportant, 7 = extremely important) on a 7-point Likert scale. We used previously validated scales of Jacoby and Kaplan (1972) and Stone and Grønhaug (1993) and adapted the items to our context. In terms of content and expression, we have adapted the items to the needs of teenagers (Banister and Booth, 2005). Demographic variables, frequency of accompanied shopping and enjoying shopping with friends were included as control variables.

Manipulation check
At the end of the survey, the participants were asked to indicate whether they recognized that the imaginary consumer was shopping alone (yes, alone / no, with a companion) when thinking of the shopping scenario (Dahl, Machanda and Argo 2001).

Results
91 participants read the scenario without a shopping companion and 94 the scenario with a shopping companion. The manipulation of the social presence was successful (alone vs. with a companion). Participants in the solo condition reported that others were not present in the consum-
tion situation. Participants who read the scenario with social presence answered the question vice versa, \( \chi^2 (1) = 75, p < 0.001 \).

For verification of the hypothesis perceived risk under consideration were assessed using the ANOVA. The bootstrap method with 5,000 samples was used and we performed a two-tailed test. Contrary to our expectation that the impact of a shopping companion would minimize the risk, the results showed no significant difference between the groups with and without a shopping companion. Admittedly, the mean of perceived risk was higher for those who shopped alone in the scenario \( M_{\text{alone}} = 6.34 \) vs. \( M_{\text{with companion}} = 5.88 \). This difference is, however, not significant \( F(1, 176) = 1.452, p > 0.05 \). The results do not support H1, so it needs to be discarded. The control variables frequency of accompanied shopping, enjoying shopping with friends, age, and gender had no significant influence on other constructs.

**Study 1b**

**Method and sample**

The aim of the second study was to replicate the results of experiment 1a and to increase the external validity using a different methodological procedure and a different consumption context (clothes). A field experiment in form of a one-factor between-subject design (shopping alone vs. shopping in company) was conducted to test the hypothesis. The survey was conducted in a city in northern Germany. Adolescents (with and without companions) were approached while shopping in town. Only dyads were selected to represent accompanied shopping. In order to ensure that there is a certain level of product involvement and risk, participants should evaluate the most expensive item of clothing they bought that day. A total of 75 teenager participated in the study.
The mean age across respondents was 16.3 years old (ranging from 13 to 19 years of age) and nearly 68.9% were female.

**Measurements**

**Independent variable**

At the start of the questionnaire participants were asked to specify whether they were shopping alone or with a companion. The participants with a companion subsequently characterized their relationship with their companion. Only adolescent consumers in the company of friends or peers were included in the analysis. From the variable shopping alone or with a companion two categories were created.

**Dependent variables**

To measure the perceived risk the same items were used as in study 1a, based on the validated scales of Jacoby and Kaplan (1972) and Stone and Grønhaug (1993). All items were measured on a 7-point Likert scale. The two components of the perceived risk—uncertainty and consequence—were additively combined. Demographic variables, frequency of accompanied shopping and enjoying shopping with friends were again included as control variables.

**Results**

31 participants were shopping alone and 44 participants with a companion. On average, the shopping dyads had known each other for 4 years. For the verification of our hypotheses, we used the statistical procedure of the analysis of variance (ANOVA). As part of the ANOVA, we used the bootstrap method with 5,000 samples, and a two-tailed test. The results of this study are similar to the results of study 1a. Again a shopping companion had no influence on the risk per-
Participants in the solo condition perceived a higher risk (M with companion = 6.66) when shopping for apparel, than did participants in the group with social presence (M alone = 6.27). This difference is, however, not significant F(1, 71) = 0.582, p > .05. From this, results do not support H1. The control variables frequency of accompanied shopping, enjoying shopping with friends, age, and gender were also included in the model and had no significant influence on other constructs.

**Discussion**

The hypothesis, that a shopping companion will reduce the perceived consumer risk, was based on a theoretically founded, but not empirically proven, assumption that one main reason why teenagers go shopping in groups is to reduce their consumption risk. Studies 1a and 1b, however, show that a shopping companion does not reduce the perceived risk of teenagers in the most famous and important product classes’ clothes and electronics. The qualitative results in terms of risk reduction cannot be confirmed for teenagers.

Accordingly, the design of the studies 1a and 1b was configured in a way that only the impact of the shopping companion on the perceived risk was analysed. It was assumed that the intended risk reduction was the main reason for the choice of a shopping companion. But what other reasons do adolescents regularly shop in groups? In research on accompanied shopping of adults, social motivation - in addition to risk reduction - is highlighted as another antecedent for shopping together. Hartmann & Kiecker (1991) were the first to identify hedonism as a central motive for shopping support in their qualitative study in addition to risk reduction. The consumer expects the shopping companion to meet social needs (e.g. fun, pleasure and society) (Hartman and
According to Lim and Beatty (2011), it is primarily the hedonistic motives (or expected pleasure) that increases the probability of shopping together.

Against this background and bearing in mind the research results, which show that shopping in adolescence primarily satisfies social needs (Haytko and Baker 2004), we assume in the following that teenagers buy in groups, not because they want to reduce their purchase risk, but because they want to satisfy hedonistically shaped social needs. Accordingly, shopping together with people of similar interests is primarily to be seen as an expression of belonging.

Consequently, the social motivation, with a strong emphasis on the hedonistic character of teenagers’ shopping, could be the essential reason for the absence of the influence of a shopping companion on the perceived risk. This will be examined in more detail in the following. In a third study we analyse the perceived pleasure depending on the shopping situation, if they shopping alone or with a companion.

**Study 2: Social motivation and shopping companions**

The social dimension of shopping is particularly important to teenagers (Massicotte et al. 2011). They enjoy browsing through shops with their peers and looking for products. Being together with their friends is the essential part of shopping and it is what young people like most about it (e.g. Gentina et al., 2014, Wong, Osman, Jamaluddin and 2012, Tootelian & Gaedeke 1992). For teenagers, malls and shopping streets are not only places of consumption, but also attractive places where they spend their leisure time and meet friends. They do not distinguish between shopping and entertainment, but see consumption as part of entertainment (Haytko & Baker 2004). For adolescents, shopping is not simply fulfilling a task, but is perceived as an experience
and event (Taylor and Cosenza 2002). Kim, Kim, and Kang (2003) noted that: “teen consumers are more likely to be motivated to shop for the hedonic needs of diversion, enjoying the crowds, and entertainment […]” (p. 144). Kaur and Singh (2007) pointed out that social experiences during shopping are more important to adolescents than utilitarian motives. Teenagers in contrast to older cohorts are generally more hedonistically motivated during shopping, while for older consumer groups economic motives are at least equivalent (Kang, Kim and Tuan 1996). This is especially true since teenagers’ buying and consuming processes are usually hedonistic. Even the final purchase decision is influenced by hedonistic motives rather than risks. Teenagers base their buying decisions on style and fit as other essential utilitarian characteristics, such as quality (Martin, Jr. 1972). During the time of joint shopping, there is a constant social exchange that can lead to new relationships being established or already existing ones being deepened. This motive plays a role above all in the accompaniment of friends and peers (Chebat, Haj-Salem and Oliveira 2014). In studies with adults it was found that consumers experience more positive emotions and a higher hedonistic benefit when shopping with friends than alone or with the family (Borges, Chebat and Babin 2010). Shopping together is not primarily about buying something, but spending time together. Thus, hypothesis 2 reads as follows:

H2: The perceived enjoyment is higher for adolescents with a shopping companion than for adolescents without a shopping companion.

**Method and sample**

In study 2 we analysed to what extent the hedonistic motivation is reflected in the shopping experience and how it affects the perceived enjoyment during shopping. A scenario study in the form of a one-factor between-subject design (shopping alone vs. shopping in company) was con-
ducted in two comprehensive and two middle schools. 224 teenagers participated in the survey (M_{age}=16.3, ranging from 13 – 19; 42.1% female).

**Measurement**

The shopping situation as independent variable was characterized as shopping alone or shopping with a friend. The hedonic emotions relating to the shopping experience were measured through the perceived shopping enjoyment. The participants’ perceived enjoyment was assessed using Dabholkar’s (1994) fun scale. A series of 7-point semantic differential scales (i.e., will not be interesting / will be interesting, will not be entertaining / will be entertaining, will not be fun / will be fun, will not be enjoyable / will be enjoyable) was used. These items were averaged to create an index of perceived fun (α=.910). Demographic variables, frequency of accompanied shopping and enjoying shopping with friends were used as control variables.

**Results**

We hypothesized in H2 that respondents with a companion would feel that they had more fun while shopping than consumers without a companion. To analyse the data, we conducted a multivariate analysis of variance because we controlled also for perceived consumer risk either. Once again the bootstrap method (5,000 samples) was applied. As expected, the shopping companion has a significant impact on the perceived shopping enjoyment (fig. 1). Consumers who shopped with a companion had more fun during the shopping experience than those without a companion (fun_{with companion}=5.17 vs. fun_{alone}=4.70; F_{1,240}=22.60; p<.001; two-tailed). As in the other studies, there was no influence of companionship on the perceived risk (F_{1,238}=0.918; p>.05; two-tailed).
General discussion

The fundamental question of our research referred to the motivation and its consequences of teenagers to shop with friends. First of all, we explicitly examined the influence of a shopping companion on perceived consumer risk. This research showed that consumer risk is not significantly reduced in the presence of a shopping companion, in contrast to consumers who shopped alone. In fact, there was no impact of shopping companions on perceived consumer risk. The lack of influence of a shopping companion can be justified particularly for teenagers with a constant flow of information. As shopping and browsing through shops plays an important role as a way of passing time for teenagers, there is a continuous search for information. Even though teenagers don't buy anything, they still absorb a lot of information. In particular, when they are in the company of their peer group, there is a continuous exchange of information about the products they see. In this context, they are familiar with what the peers like or what advantages and disadvantages certain products and product groups have. In addition, young people usually consume in the same shops as their friends, which reduces the social risk. As a whole, this leads to a reduction in consumer uncertainty. Teenagers decide for a safe choice when purchasing clothes at popular retailers like H&M or Zara. Furthermore, risks can be minimized through observation. Adolescent consumers are already well informed before the actual purchase plan, so that the shopping company does not have a major influence on the risk. Teenagers are generally very familiar with the latest trends (Kaur and Singh 2007). These explanations are contrary to the previous opinion that teenagers are characterised by great consumer uncertainty due to a lack of information. This seems to be outdated. Adolescents' consumer behaviour and particularly their consume knowledge seem to have changed significantly over time.
Additionally, it can be assumed that a risk is perceived both when shopping alone and in company. If teenagers buy on their own, there is a risk that their peers will afterwards judge the purchase negatively or laugh about it. However, if adolescents are accompanied by their peers, the negative reaction can directly take place at the point of sale. The results of our studies also show that the perceived risk is very low in general. Considering the uncertainties teenagers face when it comes to shopping, the result is surprising. One explanation could be that adolescent consumers are less concerned about consumer risk and their risk threshold at which the specific risk becomes significant is relatively high (Dowling and Staelin 1994). Furthermore the retail itself reduces especially the financial risk through consumer-friendly return conditions. Nowadays, the products can be easily exchanged in almost every shop. In most cases, the purchase price is even refunded. The purchase decision can be reconsidered in comfort. The price war between the clothing chains is also becoming increasingly intense, which is reflected in very low prices. With the low price level, clothing becomes disposable.

During joint shopping, adolescents focus more on hedonic values, especially in the company of their friends, which is shown in our study 2. The shopping experience is more interesting in pairs and is associated with more entertainment and fun. This result corresponds to the findings of Borges et al (2010), who in a study with adults showed a positive influence of a shopping companion on hedonistic emotions during shopping. Kiecker and Hartman (1993) found that social motivation of joint shopping has been more associated with friends and the assistance motive even more with family members. This means that if a reduction of the consumer risk is particularly wanted, a companion from the family circle is selected. However, in all studies we only observed dyads that were interrelated in an amicable relationship. This could therefore be another reason for the lack of risk reduction. Perhaps in the company of peers, fun and the fostering of
relationships take priority, with the result that the function of support and advice given by the shopping companion has less influence.

The present work contributes to research on the motivation of using a shopping companion. This article extends prior work, in that we verify and disconfirm the previously qualitative results of consumer risk reduction with quantitative data. Our research contributes to the theoretical understanding of the consumer behaviour of teenagers and the impact of shopping companions on risk perception. The findings on the motivation for shopping together and the impact of doing so were extended. Furthermore, by the triangulation of laboratory and field study methods, a high external validity was generated which supports the generalizability of the results. But above all, the previous qualitative findings relating to the perceived risk were tested in a quantitative study.

For consumers, joint shopping has, above all, probably a more hedonic character. Retailers should take advantage of this and strengthen the entertainment aspects of their shops. Additionally they should encourage the hedonic character of shopping in their marketing and advertising communication. By doing this, they would be more attractive to adolescents and could increasingly participate in the high added value of this group of consumers. It has already been demonstrated that consumers who shop in groups spend more time in shops and also spend more money (Sommer, Wynes, and Brinkley 1992). One possibility could be to integrate coffee shops so that teenagers can spend shopping and time with their peers at the same time. Teenager would also stay longer in the stores. Another possibility would be special events that focus on the needs of young people (e.g. popular music, relaxing areas and lotteries). The shop environment should also be designed to be ideal for groups with wide aisles and large changing rooms. In order to increase the fun of shopping, there could be selfie areas and accessory stands in the changing rooms.
Limitations and further research

There are some limitations in this article, but they can also be seen as an approach to future research. The first limitation is the sample. We interviewed only German adolescents and conducted the studies with a small number of respondents. It would make sense to generate a larger sample with other cultural contexts. Previous research has shown that culture impacts teenage shopping behavior (Gentina and Chandon, 2013). For instance, there are differences between individualistic and collectivistic countries (Gentina et al., 2014). A larger sample could distinguish between different age groups, as previous studies have shown the impact of age on several aspects of adolescence. For example, compliance with peers increases up to the age of 15 years and then decreases (Costanzo and Shaw 1966; Walker and Andrade 1996).

Another important limitation refers to the dependent variables. We focused only on the different dimensions of perceived risk. It is undisputed that these are closely related to the motives of the shopping companionship, but it would be desirable to include the personal sense of risk. Studies show that there are individual differences in susceptibility to risks (Ross 1975). This variable could act as a moderator between the relationship of shopping guidance and perceived risk. Looking at other moderators or mediations that shed light on the relationship would certainly be another interesting area of future research. One possibility in this respect is to differentiate the relationship between shopping companions more precisely. It is possible that the implementation of relationship intensity may influence the evaluation of risk. Future research should also focus on distinguishing between gender homogenous and gender heterogeneous groups, because the influence of the presence of an accompanying friend differs between male and females (Kurt, Inman and Argo 2011). In addition, personality traits of the consumer should be included in the analysis. For example, the susceptibility to interpersonal influence may have an effect on the
consumer's willingness to accept advices of the shopping companion and thus minimize perceived consumer risk.

Another limitation of our studies is that we only examine dyads. The number of shopping companions should also be considered, as the number of shoppers in a group has an influence on the utility from product variety, money spent and number of stores visited (Mora and Gonzalez 2014). We also only manipulated the presence of another person. It would be interesting to examine whether the definition of the role of accompanying would lead to different results. For example, it might be possible to manipulate the fact that the shopping companion provides a multitude of information and supports the decision-making process or takes on a passive advisory role. In the literature there are references to the fact that people often shop together with friends who exercise a normative and informative influence (Mangleburg et al., 2004). In this context, it would be important that future research also include the product expertise of the shopping companion in the research model. The mere presence of a friend does not necessarily have to be the same as a simple addition of information. The selection of the shopping companion could depend on the shopping goal. When the focus is on having fun together, it's not always the one who has the most product expertise that is taken along as a companion. The influence of the consumer's own product knowledge and consumer self-confidence should also be investigated in the future. Hartmann and Kieker (1991) found that the selection whether to take friends, relatives or acquaintances as shopping companions varied by consumers´ level of consumer self-confidence.
References


**Connecting with the millennial consumer: A look at mobile app uptake in the quick service food and beverage sector**

**Study Purpose** - Understanding the characteristics of social media user segments is important for marketers when targeting today’s digitally savvy consumers\(^1\). Arguably the most digitally engaged group is the Millennial generation, defined as those individuals born between 1982 and 2004\(^2\). Millennials use digital media for both entertainment and utilitarian purposes\(^3\) and over 75% of them have at least one social media profile\(^4\). As digital natives, Millennials expect retailers to use technology to both enhance their experience and create value in their consumer interactions\(^5\). Their approach to digital engagement shapes many of these interactions, including how they communicate with brands\(^6\), how they interact with retailers\(^7\), and how they approach quick service (QS) food and beverage purchases\(^8,9\).

Even within this seemingly homogeneous group of consumers, there exist many unique and seemingly inexplicable differences in individual attitudes and behaviours towards digital engagement with QS food and beverage retailers. Possible explanations for these discrepancies may relate to context-specific factors such current levels of engagement with social media platforms. Prior research also suggests that females and males tend to engage with social media in different ways and for different reasons\(^10\). Another explanation relates to
more broadly based belief sets, referred to as social axioms. Defined as “generalized beliefs about oneself, the social and physical environment, or the spiritual world”, these beliefs are acquired through our unique experiences, observations and socio-cultural context, and serve as predictors of ultimate behaviour. One such belief dimension is that of social cynicism, which reflect one’s general disagreeableness and mistrust of others, and particularly those in positions of power.

This study explores the behaviours of millennial consumers when engaging with food and beverage retailers through digital mobile app platforms, and whether these behaviours are influenced by moderating variables such as gender, social media engagement level and social cynicism. Specifically, we examine the following research questions:

1. What are Canadian millennials’ attitudes towards online shopping?
2. What are Canadian millennials’ attitudes towards connecting with retail brands through digital app platforms?
3. To what extent do Canadian millennials use digital apps in the QS food and beverage sector?
4. In what way, if any, does gender impact questions 1-3?
5. In what way, if any, does engagement with social media platforms impact questions 1-3?
6. In what way, if any, does level of social cynicism impact questions 1-3?

**Design/Methodology/Approach** - An online survey was completed by 611 millennial university students in Toronto, Canada between October 2016 and April 2017. Respondents ranged in age from 17-30, with a mean age of 21, and 64% were female. The survey asked respondents to report their level of familiarity with a broad range of popular online social media applications (scale of 1-5) and their frequency of use of these applications; their attitudes towards online shopping (scale of 1-5) and engagement with retail brands through social media (scale of 1-5); which QS food and beverage apps they currently had installed on their mobile device; and what functionalities they used within their installed apps. Finally, respondents were asked to rate their level of agreement with a series of items (scale of 1-7) that comprise the social cynicism scale. The resulting data were analyzed using IBM SPSS Statistics (v24), examining summary statistics, independent samples t-tests, and one way ANOVA with post hoc tests using Bonferroni method.
Findings – Overall, attitudes among Canadian millennials towards online shopping and towards connecting with retail brands through digital app platforms tend to be somewhat positive, as shown in Table 1, with females tending to have a more favourable view than males.

Table 1. Millennials’ attitudes towards online shopping and retail brand digital apps.

<table>
<thead>
<tr>
<th>Items</th>
<th>Males</th>
<th>Females</th>
<th>Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude toward online shopping</td>
<td>2.13 (0.72)</td>
<td>1.96 (0.79)</td>
<td>0.17*</td>
</tr>
<tr>
<td>Attitude toward retail brand through digital apps</td>
<td>2.64 (0.88)</td>
<td>2.47 (0.78)</td>
<td>0.17*</td>
</tr>
</tbody>
</table>

Note: Mean values are based on a 5-point scale, where 1=very positive and 5=very negative. Values in parentheses are standard deviations.
*Significant at p < .05

In terms of the extent to which Canadian millennials use digital apps in the QS food and beverage sector, 45.8% of respondents have at least one QS app on their mobile device. Of those who have one or more such apps on their mobile device (N=280), the apps tend to be used most frequently for collecting loyalty points (91.5%), to redeem coupons or other special deals (88.5%), and for online payment (76%). Depending on the apps’ functionality, millennials also take advantage of options such as preordering food and beverages for in-store pickup (50.4%), finding nearby restaurant locations (47.8%) and checking nutritional information of menu items (44.3%). A less used app function relates to playing games/entering contests related to the QS provider (29.6%). While no gender differences were found in relation to QS app downloads to mobile devices, males were significantly more likely than females to take advantage of loyalty points, restaurant locater information, coupon offers, and the preorder function.

Social media engagement level was examined as a potential moderator of attitudes towards online shopping, retail brand connectedness through social media platforms and QS digital app usage. Based on usage frequency of a range of social media platforms (e.g. Facebook, Twitter, Instagram, etc.), respondents were classified as either light (14.4%), moderate (39.1%), or heavy (46.5%) users of social media. A one-way ANOVA revealed that social media engagement had a significant impact on feelings of connectedness to retailers through social media platforms $F(2, 608) = 22.336, p < .001$. Retail brand connectedness increased
from the light (2.9 ± 0.9), to moderate (2.7 ± 0.8) to high (2.3 ± 0.7) social media engagement groups, in that order.

Similar groupings were created for social cynicism beliefs, as low (13.6%), moderate (58.4%), and high (28%), followed by one-way ANOVA in relation to attitudes towards online shopping, retail brand connectedness through social media platforms and QS digital app usage. Results confirmed social cynicism had a significant impact on attitudes toward online shopping $F(2, 608) = 4.321$, $p < .05$. Post hoc tests revealed that attitudes toward online shopping were more positive among the low cynics (2.0 ± 0.8) and moderate cynics (2.0 ± 0.7) compared with the high cynicism group (2.2 ± 0.7).

**Discussion** – This study provides insights into the rapidly evolving retail environment from a millennial consumer perspective. Specifically, we provide a Canadian perspective of attitudes towards online shopping, retail brand connectedness through social media platforms, and adoption/use of QS food and beverage mobile apps among young Canadians. Moderating effects of gender, social media usage and social cynicism beliefs are explored. The results provide QS food and beverage providers and app developers with new insights into how millennial consumers interact with mobile technology, areas of opportunity for enhancing current app offerings, and possible ways to further segment this important customer group.

Self-motivation and cooperative effort in the O2O competition

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Abstract

When the manufacturer opens an online channel to compete with its traditional retailer, what valuable strategy can be utilized to alleviate the O2O (online-to-offline) competition and conflict and help improve the performances of all channel members? Our research addresses this important question by initiating a multiple investment strategy with the consideration of both the retailer’s self-motivation and the manufacturer’s cooperative effort for channel members to employ in a manufacturer – retailer dual-channel supply chain. Our results show that although the retail sales effort helps improve the channel coordination and leads to win-win result for both the manufacturer and the retailer, the investment in both the self-motivation and cooperative effort is a better strategy to be employed to coordinate the O2O competition and achieve higher profits for all channel members in the manufacturer - retailer supply chain. Furthermore, our results show that compared to the simultaneous mode, the Stackelberg leader-follower mode provides no competitive advantage to the manufacturer and the retailer when both the retail sales effort and a local advertising are implemented simultaneously to coordinate the O2O competition.

Keywords: Retailing; Retail sales effort; Local advertising; Marketing channels; Analytical modeling
1. Introduction

Nowadays many firms, such as Hewlett & Packard, Lenovo, Dell Computer, Compaq, Sony, Panasonic, Mattel, Pioneer Electronics, P&G, and Estee Lauder, are opening their own online channels to sell their products directly to consumers (Tsay and Agarwal, 2004; Chen et al., 2008; Amrouche and Yan, 2012). While more and more manufacturers are selling their products through their own online channels, their retailers are concerning the channel competition. In the meantime, various manufacturers also employ different approaches to alleviate the channel competition despite the selling advantages and business opportunities associated with direct sales to consumers. Some manufacturers, such as home appliance manufacturers Samsung, LG, and ZOJIRUSHI, have their direct online channels for information and product service and support only, while leaving the actual sales to the retailers. Most state laws even prohibit vehicle manufacturers from operating their own retail outlets and require that the vehicle manufacturers must by law sell their vehicles through independent franchise retail distribution network. Chiang et al. (2003) analytically show that online channel is not always detrimental to the retailers because the retailer may benefit from the manufacturer’s wholesale discount. Tsay and Agrawal (2004), Cattani et al. (2006), Mukhopadhyay et al. (2008), Cai (2010), and Yan (2013) propose some other coordinative mechanisms, such as revenue sharing, brand differentiation, and information sharing, to alleviate the O2O (online-to-offline) competition.

In this paper, we propose a fresh strategy to solve the issue of channel competition and help improve the channel member performance effectively and efficiently, and this strategy is not currently addressed in the extant literature. We show that the manufacturer
and the retailer can utilize a multiple investment strategy through self-motivation and cooperative effort to improve channel coordination and their individual profits effectively. In other words, we propose the retailer’s investment in retail sales effort (e.g., provide product demonstrations in store, resolve consumers’ issues and answer questions about products, deliver outstanding consumer services and provide consumers with an overall positive store experience, establish relationships with recurring consumers, and communicate brand image to consumers) and the manufacturer’s monetary support in retailer’s local advertising (i.e., the manufacturer provides monetary support to the retailer to implement a local advertising campaign to promote the offline sales) as such an effective strategy to coordinate the O2O competition.

Retail sales effort helps motivate the consumers to buy from the retailer and thus plays an important role in the business market. Hence, when the manufacturer opens an online channel, the retailer has a self-motivation to invest in retail sales effort to stimulate the retail sales and counter the threat of online channel. Furthermore, advertising plays a strategic role on the success of any business. Hence, we also propose that the manufacturer provides monetary support to the retailer to implement a local advertising to promote the offline sales in order to alleviate the retailer’s concern about the channel competition and conflict. Through local media (e.g., newspapers) and access to better market information (e.g., product availabilities, store location) (Young and Greyser, 1983), the retailer can use local advertising to stimulate its demand efficiently. In other words, the local advertising is not intended to influence consumer’s valuation of the product, but acts as an informative tool to help consumers obtain the needed information when they plan to buy the products or move through the purchase process (Yan, 2010a).
The manufacturer’s monetary support for local advertising helps the retailer offer creative promotional activities that the retailer normally wouldn’t undertake without its support. In the business world, Apple and Dell have been providing money support to their retailers to help them implement a local advertising campaign (Pei et al., 2014). However, manufacturer’s monetary support in local advertising is different from cooperative advertising which has been addressed by prior studies (e.g., Huang and Li, 2001; Li et al., 2002; Yue et al., 2006; Karry and Zaccour, 2006, 2007; Xie and Neyret, 2009; Xie and Wei, 2009; He et al., 2009; SeyedEsfahani et al., 2011; He et al., 2011, 2012; Aust and Buscher, 2012; Zhang et al., 2013; Jorgensen and Zaccour, 2014; Aust and Buscher, 2014; Yan and Pei, 2015; Yan et al., 2016). For cooperative advertising, the retailer makes a decision regarding how much to spend on advertising to engage in a local advertising campaign while the manufacturer and the retailer share the cost of cooperative advertising. However, the manufacturer’s monetary support in retailer’s local advertising is defined as how much local advertising expense should be provided by the manufacturer to the retailer to implement a local advertising campaign.

In general, the overall increase in the significance of retail sales effort and local advertising has motivated us to explore its role and use in practice. Especially nowadays e-commerce is becoming more and more popular in the business market and has significantly reshaped supply chain management. Many manufacturers are using online channel to sell their products directly to consumers, which leads to intensive competition between the online and offline channels. In our research, we investigate what may happen when a manufacturer opens an online channel to compete with its retailer, the retailer has self-motivation to invests in retail sales effort to counter the threat of online channel and
in the meantime, the manufacturer provides monetary support to the retailer to implement a local advertising campaign to further promote the offline sales. The results are not obvious and need careful study. When the retailer invests in retail sales effort to stimulate the consumers’ purchases, one can expect that the manufacturer’s online channel would be hurt, since some consumers would switch from online to buy from offline and could lead to profit loss to the manufacturer. Alternatively, when manufacturer provides monetary support from its own pocket to the retailer to implement a local advertising campaign, which motivates more consumers to switch from online to buy from offline, it seems that the manufacturer gives too much concession to the retailer and hurts itself since the manufacturer needs to pay the full cost of local advertising and take the negative effect of local advertising on online sales. Our model, however, indicates that this reasoning may not always hold. Introducing online channel presence and investing in retail sales effort and local advertising simultaneously to stimulate market demand could yield higher returns for all parties. As a result, it is in the interest of both the manufacturer and the retailer to utilize such a valuable strategy to achieve a Pareto result. Furthermore, we also compare the profits of both the manufacturer and the retailer under different modes to examine if any mode provides a competitive advantage to coordinate the O2O distributions when the investments in retail sales effort and local advertising are considered.

2. Literature review

The operation of a dual-channel supply chain, comprised of the traditional and online channels, has been studied in literature only recent decades. One of the first studies was by Balasubramanian (1998) addressed the competition between the online and offline
channels and showed that the level of information disseminated by the direct marketer has strategic implications to channel members. The fact that the dual-channel distribution (consisting of online and offline channels) holds most promise for the future was proclaimed by LeVary and Mathieu (2000). Rosenbloom (2007) showed that while dual-channel marketing strategy becomes a major force in the distribution of B2B market, managers have to deal with a variety of challenging issues such as creating synergies across channels and dealing with channel conflict to coordinate and integrate dual channels. Yan and Ghose (2010) investigated the effect of forecast precision on the performances of both online and traditional retailers. All these papers, however, did not address how to use coordinative mechanism(s) to coordinate the O2O distributions and improve channel performance.

When the manufacturer utilizes O2O channels to distribute its products, channel competition and conflict is a serious issue and cannot be avoided. Hence, coordinative mechanism(s) becomes an imperative tool to be utilized to alleviate the channel competition and achieve the channel coordination. Different coordinative mechanisms have been employed to reduce/eliminate the channel conflict. Without considering the factor of price as a decision variable, Tsay and Agrawal (2004) showed that the sales efforts of both online and offline channels can be used to coordinate the O2O distributions and improve the channel member performance when the manufacturer provides the retailer with the product to sell in the offline channel. Cattani et al. (2006) revealed that a specific equal-pricing strategy for the online and offline channels can be utilized to mitigate the channel conflict. Mukhopadhyay et al. (2008) demonstrated that the retailer can add some extra values to its product thereby differentiating it from the
basic product sold online. Cai (2010) found that the supplier and the retailer can use the revenue-sharing contract as effective coordinative mechanism to improve their individual performances when the supplier operates an online channel to sell directly to consumers. David and Adida (2015) showed that a linear quantity discount contract can be utilized to coordinate the dual-channel supply chain with asymmetric or symmetric retailers effectively. All the aforementioned papers, however, did not consider the importance of local advertising involved in a manufacturer’s usage of O2O distributions, while we do. Furthermore, the aforementioned papers did not consider the important factor of product compatibility with online sales in the O2O distributions, while we do. When a firm sells its product through online channel, product compatibility with online sales does play a significant importance for online sales (Kacen et al., 2002; Kwak et al., 2002; Korgaonkar et al., 2006; Kumar and Ruan, 2006; Yan et al., 2014). In addition, the aforementioned papers also did not consider the important condition where the charged wholesale price should not be higher than the online price, while we do. If the charged wholesale price is higher than the online price, the retailer would not buy from the manufacturer but buy from the manufacturer’s online channel directly or other arbitrators with a lower price.

Some papers did consider the factor of product compatibility with online sales and the limitation of manufacturer’s wholesale price (which should not be higher than the online price) in the O2O distributions. For example, Yan (2011) showed that brand differentiation and profit split can be combined together to be utilized to improve the O2O coordination. Pei and Yan (2013) assessed the importance of national advertising to channel coordination when the manufacturer opens an online channel to compete with its
retailer. Yan et al. (2016) found that information sharing with the consideration of advertising may help both the manufacturer and the retailer achieve a Pareto result conditionally. The aforementioned papers considered national advertising, brand differentiation, or information sharing as coordinative approaches to alleviate the channel competition and help improve channel coordination, while we propose a multiple investment strategy through self-motivation and cooperative effort (i.e., the retailer invests in its retail sales effort and the manufacturer provides monetary support to the retailer to implement a local advertising simultaneously) to solve the issue of channel conflict and create a win-win result for both the manufacturer and the retailer when the manufacturer uses the O2O channels to distribute its products.

3. Conclusions

When the manufacturer opens an online channel to compete with its retailer, what valuable strategy can be utilized to alleviate the channel competition and conflict and achieve higher profits to all channel members? Our research addresses this important research question by proposing an effective and valuable strategy and studying its strategic value in a manufacturer – retailer dual-channel supply chain and gives novel answers. We employ a game theoretical model to show that although the retail sales effort helps improve the channel coordination and leads to a Pareto result for both the manufacturer and the retailer, the self-motivation and cooperative effort approach is a better strategy to be employed to coordinate the O2O competition and achieve higher profits for all channel members in the manufacturer - retailer supply chain. In other words, the retailer’s investment in retail sales effort and the manufacturer’s monetary support in retailer’s local advertising can be utilized as a more valuable coordinative
mechanism to alleviate the channel competition and help improve channel member performances in the O2O distributions. Furthermore, we also show that the profits of both the manufacturer and the retailer in the Stackelberg mode are equal to their respective profits in the simultaneous mode. As a result, when the manufacturer opens an online channel to compete with its retailer, the manufacturer can employ either a Stackelberg mode or a simultaneous mode to provide monetary support the retailer to implement a local advertising to promote the offline sales and its retailer also needs to invest in retail sales effort simultaneously to stimulate the market demand and thus a much higher return can be obtained for each party.

In general, our research studies the strategic effects of the retailer’s retail sales effort and the manufacturer’s monetary support in retailer’s local advertising and different mode choices on the performances of both the manufacturer and the retailer when the manufacturer adds an online channel to distribute its products through O2O channels. Our results show that opening an online channel with retailer’s investments in retail sales effort and manufacturer’s monetary support in retailer’s local advertising through employing a Stackelberg or simultaneous mode is a valuable strategy for channel members to employ. The wise investment and decision will effectively alleviate the O2O competition and help improve the performances of all channel members. Consequently, both the manufacturer and the retailer would value these strategies very much. We also show that product compatibility with online sales significantly influences both the retailer’s investment in retail sales effort and the manufacturer’s monetary support in retailer’s local advertising.
References


WHY PUT OFF UNTIL TOMORROW WHAT I CAN IMPULSE BUY TODAY?
THE ROLE OF PROMOTIONS AND EMOTIONS IN IMPULSE BUYING BEHAVIOUR

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Abstract

This paper focuses on Impulse buying. A model entailing promotions and emotions impact in IB is developed. Using a quantitative approach, a survey will be carried out to test the proposed model.

Keywords: Emotions, Impulse Buying Behaviour, In-store Promotions, Retailers.

Introduction

Impulse buying (IB) is a concept that has been explored dating back to the 1950’s. Beatty and Ferrell (1998, p. 170) defined IB as "a sudden and immediate purchase with no pre-shopping intentions either to buy the specific product category or to fulfil a specific buying task”. Scholars have looked at what qualifies as impulse buying and observed it in different situations. In-Store Promotions is one of the techniques to attract customers to buy more or try a new product or service and cause impulse sales. Promotions have been shown to have a strong influence on customer's decision-making (Clover, 1950; Stern, 1962; Rook, 1987; Peck & Childers, 2006; Muruganantham & Bhakat, 2013).

Impulse buying behaviour is critical phenomena nowadays. Consumers take very rapid decisions while in the store without thinking or planning, and it is fundamental to understand how and why this reaction occurs. For retailers, it is also essential to know the most useful tools for triggering impulse buying decisions within a desirable shopping experience in a very competitive environment for consumers. As marketers, we should understand how impulse buying decisions can affect consumers too and the negative responses that may occur from following this behaviour and how marketers and consumers got benefits from it without any harm or psychological effects.
Conferring to the U.S. statistics, impulse buying accounts for approximately 60% of the hypermarket's businesses and is 80% of all buying in specific product types (Abrahams, 1997). Every year about $4 billion impulsively spent (Liao & Wang, 2009). Ruvio and Belk (2013) declared that 62% of market sales in hypermarkets, and 80% of sales in luxury products credited to impulsive buying, thus, the impulse buying behaviour is significant for the retail industry.

Also, the retail industry in the world has become one of the fastest rising industries, for both the foreign and domestic companies who entered the retail world, such as Carrefour, Lidl Wal-Mart, Auchan, Tesco and Metro. This growth demands a high volume of accurate international information to assist decision making of what is the most convenient marketing strategies for the hypermarkets to attract consumers. Consumers buy goods and services that are in the frame of their income and budget which shows how often the customer can go shopping into the hypermarkets. The consumer looks for the value addition, saving, pleasure and satisfaction while buying any product and want to feel good feeling after done with the purchase.

Emotions seem to play a significant role in this behaviour and are acknowledged as a variable that powerfully affects buying behaviour including impulse purchasing (Rook, 1987). We will use Dibb.et.al’ (2006) typology in consumer behaviour that there exist four types of the consumer buying behaviour known as Routine Response Behaviour, Limited Decision-Making Behaviour, Extensive Decision Making, and Impulse Buying Behaviour and focus on consumers’ pure and planned impulse buying behaviour. In this recessionary period, consumers care for the ‘price’ factor and look for goods that are ‘value for money.’ This research may contribute to understanding consumers motivation for impulse buying, precisely the role of promotions and emotions. In managerial terms, this knowledge may help retailers to elicit impulse buying behaviour. Retailers may have a more profound understanding the most effective promotional in-store tools that are perceived by consumers as a significant motive for their impulse purchasing decisions.

**Theoretical Background**

Impulse buying (IB) as a marketing tool is a concept that has been explored dating back to the 1950s, and through time, scholars have seen at what qualifies as impulse buying and observed it in different situations. Stern (1962) introduced that there exist four types of IB,

1-Pure impulse is a novelty or escapes purchase which breaks a regular buying pattern.

2-Reminder impulse happens while a customer sees an item or remembers an ad or other notice and retrieves that the stock at home is out.

3-Suggestion impulse occurs when a customer sees a product for the first time and visualises a need for it.

4-Planned impulse happens when the buyer makes specific purchase decisions based on price specials and offers.
The Pure impulse buying is the purchase on impulse whenever the buying process is different from the standard buying behaviour planned. It begins by an emotional demand during the transaction, and it is distinct from the reminder impulse which happens when the consumer remembers the need for an item from a recall or an advertisement, and in this case, the customer already knows the product's features and has bought it previously. The suggestion impulse happens when the consumer sees a product for the first time and realises a need for it, even though he has never tried it before but he thinks that it may be useful if tried. The planned impulse occurs when the customer purchases a product he usually uses based on a particular price or offer. The consumer is in the market to buy things on his shopping list. However, they will buy on "planned" impulse based on promotions.

Mehrabian and Russell's (1974) fundamental theory presented that pleasure, arousal, and dominance (PAD) underlie all emotions and that emotions can be generated through the shopping process itself (Hawkins & Motherbaugh, 2010). Many consumer decisions do not only focus on product characteristics but on the feelings related to buying the product or with the situation in which the product is purchased or used (Shiv & Huber, 2000). Also, sentiments have been found to be the fundamental trigger for the pure impulse buying behaviour according to Stern (1962). Consumers can go for purchase only as a reflection of their emotions during this time.

Also, the external factors like promotions can always have a strong influence on customer's decision-making. Stern (1960) found that products bought on impulse are usually cheap. Some of the consumers are quickly attracted once they see the world of sales promotion. Price reductions and promotional tools like free samples, bonus pack and buy one get one free was found to have a substantial effect on the consumer of acquiring more than they expect (Vitor et al., 2013). Discovering the impact of each tool on the consumer will be very efficient to understanding impulse buying behaviour. Marketing scholars mainly study sales promotion as one of the most critical techniques influencing IB (Clover, 1950; Stern, 1962; Rook, 1987; Peck & Childers, 2006; Muruganantham & Bhakat, 2013).

**Methodology**

This research will follow a quantitative approach. A questionnaire will be used as a primary source of collecting information. Previously validates scales will be used to capture impulse buying, promotions and emotions. Correctly, we will use the impulse buying tendency scale, which refers to the degree in which an individual makes unplanned immediate, and unreflective purchases (Beatty & Ferrell, 1998; Rook & Fisher, 1995). Even though is IB treated as a situational variable, consumer literature confirmed that it is a trait-based individual difference (Kacen & Lee, 2002). Verplanken and Herabadi (2001) showed consumer cognitive and affective scales for measuring impulse buying behaviour which will be used in this study to measure impulse buying behaviour for consumers who just finished their shopping trip.

Thus, to know from the consumers on the survey the last product they bought on impulse and the reason behind buying it, the questionnaire will be distributed on consumers after they finalise their purchase at the hypermarket. A mall intercept study will be used to approach consumers and ask them to fulfil the questionnaire. The mall intercept approach will allow gathering data soon after consumers completed their shopping and give us a clarification to
understand impulse behaviour. The SPSS and Amos software program will be used for the analysis of the data.

**Conclusion**

The study aims to get an in-depth understanding of the impulse buying behaviour, under the effect of promotions and emotions. The researchers will try to investigate whether there exists a relation between impulse buying, emotions and promotions for the consumers of the hypermarket.

The output of this study will be significant for retailers who need to understand the effect of the different promotional strategies on consumers’ impulse buying behaviour, and also for a marketer to get a better understanding of this phenomena on the spot after consumers finish their shopping trip.

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