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The Omnichannel Marketplace: A Look at Modern Consumers

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The Omnichannel Marketplace: A Look at Modern Consumers

by

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in Communication & Media Technologies

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THE OMNICHANNEL MARKETPLACE: A LOOK AT MODERN CONSUMERS

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Abstract

Since the advent of the digital marketplace, marketing techniques to reach consumers have shifted. Traditional media and demographic analysis are no longer the only means for brands reaching consumers. Marketing has now taken an omnichannel approach. This study examined the relationship between the omnichannel consumer, the consumer benefits sought online versus in brick and mortar, and the modern marketer's approach to omnichannel marketing. It outlines a psychographic and demographic profile of today's omnichannel consumer, which will ultimately create a more detailed profile for businesses to market across integrated channels ultimately delivering a hybrid consumer experience (HCE). Findings in this study include cluster analyses related to consumer benefits sought and demographics as well as correlations between psychographic profiling data and demographics.

Keywords: omnichannel, marketing, hybrid consumer experience

The Omnichannel Marketplace: A Look at Modern Consumers

Kim states, “Two retail revolutions have caused significant transformations in the history of retail since the Second World War: the mall/shopping center concept and the World Wide Web” (Kim, 2002, p. 595). The Internet and brick and mortar stores had become huge competitors in the retail marketplace by the late 1990s. These two marketplaces provided significantly different values to the consumer. The selection process had traditionally been based on the consumer benefits sought (CBS). The convenience of shopping online had been shown to be the leading benefit sought by a consumer (Kim, 2002). However, as technology continued to move forward, the former self-indulgent motives associated with shopping only in brick and mortar stores or the online retail marketplace have started to converge.

This convergence has caused the traditional customer-buying model to move from linear and discrete to nonlinear and continuous. Convenience and accessibility are more personalized to the individual rather than specific to online or brick and mortar consumption. Additionally, retailers and brands are no longer sending a message to their audience, but participating in a conversation with consumers. It is more difficult to create targeted customer segments because there is such a focus on the individuals and how they access and consume information. Key performance indicators (KPIs) are no longer simply increasing “likes” or “follows” on a page but ultimately looking at the overall level of user engagement and interactivity across channels, and tying those KPIs to the return on investment annually. This study examines the emerging and ever-changing omnichannel marketplace, and identifies the differences in CBS between

online purchases and brick and mortar purchases as well as the self-reported satisfaction of consumers on their overall expectation of their hybrid consumer experience (HCE) with a brand.

Shim and Bickle (1994) conducted a survey that investigated the CBS, patronage behavior, and the benefits delivered based on three elements: psychographics, shopping orientations, and demographics. This study employed a survey similar to that of Shim and Bickle's *Benefit Segments of the Female Apparel Market: Psychographics, Shopping Orientations, and Demographics* (1994). The Shim and Bickle study used benefit segmentation with regard to apparel purchase in order to form a cluster analysis of psychographic profiles and shopper behavior. "This [benefit] method of segmentation capitalizes on unmet consumer needs and attempts to measure a consumer's value systems and perceptions of various product classes" (Shim & Bickle, 1994, p. 1). The present study explored the differences in benefits sought by consumers between brick and mortar stores and online sites as well as the relationship between consumer satisfaction and the hybrid consumer experience.

Research Questions

RQ1: What are the differences in consumer benefits sought between online purchase versus brick and mortar purchase?

RQ 2: What are the relationships between demographics and consumer benefits sought?

RQ 3: What is the relationship between self-reported consumer satisfaction with hybrid consumer experience and the frequency of purchase with a brand?

Rationale

Scholarly

The goal of this study is to help both e-marketers and marketing strategists further understand the CBS in the omnichannel retail marketplace as well as the traditional brick and mortar retail marketplace. It offers an updated framework for better understanding why consumers choose one channel to consume information over the other. The satisfaction associated with each channel should provide further insight as to how to effectively market a wide range of brands in the business to consumer marketplace (B2C) to a more detailed demographic and psychographic profile of consumers.

Personal

I am an avid online shopper interested in learning more about who is consuming what online. As a student focused on omnichannel marketing, I am interested in the different benefits that consumers associate with each channel as well as why patrons choose one channel over the other for both consumption and purchase.

Social

As marketers begin to understand consumer preferences for channel engagement, businesses may be able to better identify and understand their market segment's channel preferences and buyer behavior. This will ultimately help understand benefit segments for consumers today.

Literature Review

Omnichannel

Omnichannel by definition is the ability to access and consume information across multiple channels pending a user's variable environment, device accessibility, and preference (Skorupa, 2013). Whether consumers are at home on their computer or tablet, browsing on their mobile device, or walking by signage at a nearby store, the brand messaging should be consistent and accessible across any channel. Businesses have started to transition to this omnichannel model for their integrated marketing activities (Taylor, 2014). "An omnichannel customer is 21% more profitable than a single channel customer" (Skorupa, 2013, p. 4). Personalization toward consumers has to do with presenting information on a number of channels so that individuals are able to gain access information based on their own preferences. In 2014, brands such as American Apparel, Apple, Macy's, and Target implemented even more experimental channels such as beacon technology, wearable technology, visual search, and augmented reality. "As many as 86% of consumers and 96% of retailers said personalization has at least some impact on the purchasing decision" (Taylor, 2014, p. 2).

As technology has continued to evolve, society has moved from a mechanical world to a digitally enabled world where consumers have the power to participate in conversations with each other and with corporations. The Internet, computer access, mobile phones, and other communication platforms such as social media have now enabled consumers to promote themselves and their opinions (Kotler, 2007). "The rapid growth of e-commerce attests to the advantages of using Internet facilities to identify, reach, and persuade an audience to join in action" (Zureik & Mowshowitz, 2005, p. 3).

With this evolving world of technology, marketing has moved from being product-centric to consumer-centric (Kotler, 2007).

Fortune 500 brands, and those striving to become so, have taken on an omnichannel approach to their marketing efforts (The digital engagement selfie: A new perspective on customer experience, 2014). From the business perspective, they are putting end users in direct contact via multiple channels, such as social media, with sales marketing and customer service professionals so that consumers have direct access to personalized service. In a recent study by Retail TouchPoints, 226 executives participated in a “digital engagement selfie,” where they were placed into two categories: businesses that used real-time engagement marketing tools and platforms, and those that did not. The idea of the “digital engagement selfie” came from the term “selfie” meaning taking a photo of yourself. This term was the Oxford Dictionary’s “word of the year in 2013 (Oxford Dictionary, 2013). Per the study, “as a ‘selfie culture’ continues to emerge, we couldn’t help but wonder: What if businesses took a selfie of their organization? How would they stack up against customer demands and against each other?” (The digital engagement selfie: A new perspective on customer experience, 2014, p. 2). The key findings in this assessment highlighted trends and tactics that were used by the most successful businesses participating in the study. The organizations were then grouped into segments based on their omnichannel marketing infrastructure. The segments consisted of (from least acclimated to most acclimated with omnichannel) the enthusiastic newcomer (10% of businesses), the trend watcher (35% of businesses), cross-channel champions (41% of businesses), and the digital innovator (14% of

businesses). The study identified a number of channel segments for businesses. Single channel businesses only have either an e-commerce site or a brick and mortar store. Multi-channel businesses have a standard online website along with a brick and mortar store. Cross-channel businesses are present across three or more channels such as website/e-commerce site, social media, physical stores, and mobile optimized micro-sites or applications. Finally, omnichannel businesses are consistently present across numerous channels where they have a streamlined sales, marketing, and service strategy with consistent brand messaging across all media as well as in physical stores (Taylor, 2014). The study concluded that 78% of organizations self-reported existing silos in their channel strategies (The digital engagement selfie: A new perspective on customer experience, 2014).

On the consumer omnichannel side of things, businesses are still seeking more information on their customers. Organizations are looking to mimic the technologies that Amazon had implemented early on, such as grabbing customer demographic information through social logins, past customer service interactions, and overall buying behaviors, so they can better personalize their omnichannel approach. One of the overall goals of tracking the behaviors and consumer experience is to be able to identify high impact shoppers or segments who hold a high level of influence among peers (Taylor, 2014). Shoppers want individualized experiences across each channel in which they access information. Consumers also revisit businesses across channels when they have experienced a rich customer experience. "A complete end-to-end retail platform enables businesses to process and deliver personalized interactions by tapping

into all channel data where they can better identify a more centralized view of customer psychographics and consumer benefits sought via each channel” (The 5 Building Blocks of Integrated Retail, 2014, p. 8).

Consumer Benefits Sought (CBS)

Consumer benefits sought have been examined in many studies related to retail shopping because market segmentation is an important construct in understanding consumer behavior (Park & Sullivan, 2009). Over the past 60 years, shopping and consumption have changed with technology. Previous studies regarding consumer motivation for purchases have focused on measuring the importance of attributes rather than focusing on CBS (Shim & Bickle, 1994). However, in order to more appropriately measure motivations for purchases it is more accurate to focus on the CBS rather than attributes (Shim & Bickle, 1994). CBS can also be looked at as consumer expectations.

The Shim and Bickle (1994) study sought to segment the female apparel market based on clothing benefits sought and to then develop a profile of the segments based on psychographics, shopping orientations, patronage behavior, and demographics. It sought to identify which factors influenced the differences among the segments. Three groups of benefits were identified based on “cluster analysis.” The three grouping elements were sex appeal, self-improvement, and social status.

In a similar study conducted by Kinley (2010) the clothing benefits sought were more focused on the apparel itself rather than the benefits derived from psychographics, shopping orientation, patronage behavior, and demographics. Instead, this study focused on the clothing benefits sought, such as fit and emotional feelings

toward purchases. Similar to the Shim and Bickle (1994) study, it identified three segments of shoppers: symbolic, practical, and apathetic users of clothing. These three segments were found by using an adaptation of the Shim and Bickle (1994) scale.

Shim and colleagues developed a model of prepurpose intentions and consumer benefits in using the Internet (Shim, Eastlick, Lotz, & Warrington, 2001). Using the theory of planned behavior, Shim, Eastlake, Lotz, and Warrington (2001) posed that both attitude toward a behavior and subjective norms are determinants of intention to perform a specific behavior. This directly relates to the segments profile developed in Shim's (1996) previous research. Results of this study concluded that searching for information about products on the Internet was the strongest predictor of online purchase intention.

More recently, IBM implemented a study where 30,554 consumers across 16 countries were surveyed to discover attitudes about shopping with regard to adoption of omnichannel capabilities between 2012 and 2013 (Klena, Puleri, & Van Tine, 2014). The respondents, aged 18-60, were surveyed across numerous types of products such as apparel, luxury, health, and beauty. Between 2012 and 2013, the online channel increased from 14% to 27% as the chosen purchase channel, and the in-store purchase preference dropped from 84% to 72%. Other findings from the study were related to doubling in level of comfort with sharing their social handle, location, and mobile number (SoLoMo) with 36% of surveyed consumers saying they would submit that information to retailers. The top five most important benefits from omnichannel adoptions by consumers were as follows:

1. Price consistency across channels
2. In store, locate out of stock item and get it shipped from to home
3. Tracking order status
4. Consistent assortment across channels
5. Return in store of online purchase

All of these are focused on consistency and self-service features. In addition to identifying the top consumer benefits sought, IBM grouped consumers into four groups:

- The Traditional Shopper – consisting of 19% of consumers surveyed. This group uses the least amount of technology for shopping.
- Transitioning Shopper – consisting of 40% of consumers surveyed. This group uses technology mostly to do research and gather information.
- Tech-intrigued Shopper – consisting of 29% of consumers surveyed. This group uses SoLoMo from browsing to buying.
- Trailblazers – consisting of 12% of consumers surveyed. This group uses SoLoMo extensively including as a retailer evaluation tool.

Satisfaction is crucial in repatronage behavior. Although e-commerce has continued to grow in the past 15 years, Internet shopping is perpetually challenged based on consumer dissatisfaction with the channel. Consumer preferences and expectation of quality of product and fit of clothing items continue to challenge the satisfaction of consumers in making online purchases (Rodgers & Harris, 2003).

Utilitarian and hedonic shopping benefits refer to the consumer evaluation of whether

the outcome of their shopping experience was positive or negative, and this then relates to their overall satisfaction with the experience (Carpenter & Fairhurst, 2005). Utilitarian more specifically refers to the idea that the shopping experience satisfied the goals of the consumer. The element of hedonism refers to the level of enjoyment and fun that was experienced during the consumer's shopping experience (Carpenter & Fairhurst, 2005). Consumer satisfaction and customer experience ultimately influence whether there will be repatronage as well as the consumer's perception of the overall benefits received (Burns & Neisner, 2006).

In a validity study conducted in 2007, attitudes toward computers (ATC) were measured with a total of 2050 participants using cluster random sampling. This study confirmed that there were three dimensions of ATC: sense of benefit, sense of dependence, and sense of harm. Within this sample, there were 53% males and 47% females. The majority of this sample consisted of college graduates with an overall range in age from 15 years old to 50 years old. Based on these results we see that two out of the three dimensions of ATC are more likely to be satisfied with computer related activities (Wang, Chen, & Junqi, 2007).

Demographics

Between 1984 and 1994, the world saw a 35% increase in young consumers (Shim, 1996). In 1994, teenage consumers spent \$96 billion (Shim, 1996). According to Sener (2011), the purchasing behavior of adolescents is related to a number of variables within the household. The study has shown a direct influence on household purchases online with having male adolescents in a household. Sener denotes the purchasing

power in children to be associated with both parents in a household working and being absent from some of the more traditional roles of parents such as grocery shopping. Children today have more and more responsibility when it comes to decision making for a household. Developing technology gives young people a large stake in consumerism, granting them access to resources to complete purchases on their own as well (Sener, 2011).

Shim (1996) divides young people's consumer decision-making styles into eight categories, and suggests they are influenced by socialization agents as well as developmental variables in their environment. This study surveyed 29 high schools in the southwestern United States. Respondents were influenced by peers, parents, traditional media exposure, television, and consumer awareness. Antecedent or environmental variables included gender, ethnicity, monetary allowances, and the adolescent's reasons for employment. However, this study showed only a distant relationship between the socialization agents and the antecedent variables. Socialization agents were reported to be the largest influencers in the adolescents' decision making as consumers.

Characteristics of consumer decision-making styles can be broken down into eight categories (Sproles & Kendall, 1986). These categories can be used when examining the consumer decision-making styles of both adults and adolescents. Many of these categories are easily predicted by demographics (see Table 1).

Table 1

Characteristics of Eight Consumer Decision-Making Styles

Consumer Decision-Making Style	Characteristics
Perfectionistic and high-quality conscious consumers	Consumers who search carefully and systematically for the best quality in products. Often, they are not satisfied with the good enough products.
Brand-conscious and price equals quality consumers	Consumers who are oriented toward buying the more expensive, well known national brands, believing that a higher price means better quality. They also prefer best-selling, advertised brands.
Novelty and fashion-conscious consumers	Consumers who like new and innovative products and gain excitement from seeking out new things. Keeping up to date with styles and variety seeking are important aspects of novelty and fashion-conscious consumers.
Recreational and hedonistic consumers	Consumers who view shopping as a recreation and entertainment. These consumers find shopping as a pleasant activity and shop just for the fun of it.
Price-conscious and value-for-money consumers	Consumers who are particularly conscious of sale prices and lower prices in general and, more importantly, are concerned with getting the best value for their money. These consumers are likely to be comparison shoppers.
Impulsive and careless consumers	Consumers who tend to buy on the spur of the moment and to appear unconcerned about how much they spend or about getting best buys.
Confused by over choice consumers	Consumers who perceive too many brands and stores from which to choose and who likely experience information overload in the market.
Habitual and brand-loyal consumers	Consumers who have favorite brands and stores and have formed habits in choosing these repetitively.

These decision-making styles can often overlap. This study will assess the model by examining these characteristics of respondents using the online retail marketplace. In a later study by Shim et al. (2001), prepurchase intentions were studied to gauge whether online searching was a precursor to actual intention to purchase versus simply browsing. This 2001 study found that consumers are in fact searching for products online with the intent to purchase. Based on these findings it is clear that consumer decision-making styles have adapted with new innovations in technology for online retail consumption.

Moreover, based on surveys conducted online throughout the millennia, online shoppers have indicated such behaviors as abandoning their “shopping cart,” prior to checkout. Commonly cited reasons for this behavior include reluctance to share private information such as credit card numbers, browser or technical issues with the Internet connection, and problems locating the products they wish to purchase due to poor navigation (Shim et al., 2001).

Age directly relates to socialization variables, antecedent variables, and consumer behavior (Shim, 1996). Adolescents are more likely to influence purchasing decisions when they have a deep involvement with the product category. For example, general household products or groceries need a higher level of involvement with adolescents in a family than somethings that do not directly affect them (Sener, 2011).

The term “tweens” has been used for the past decade to describe a market segment of youth that consists of a generation of web savvy consumers. This segment consists of 9-14 year-old adolescents (Goldberg, Gorn, Peracchio, & Bamossy, 2003). In a

study on understanding materialism among youth in 2003, the overall spending by children as influencers was estimated at \$290 billion. This spending allowance within households while those young people were growing up is believed to influence the now-adult lifestyle choices and decision-making styles of young adults in the United States (Goldberg et al., 2003). From electronics to vacations, tweens have been given the opportunity to make decisions on consumer decisions within households. This generation of materialists makes direct use of the web, and media have a large influence on consumer benefits sought, preference, accessibility, and overall satisfaction with products in both the brick and mortar and the online retail marketplace.

Kidwell, Hardesty, and Childers (2008) investigated consumer emotional intelligence (EI) with regard to how their EI affected their ability to make satisfying purchases for themselves, stating “consumer emotional intelligence is defined here as a person’s ability to skillfully use emotional information to achieve a desired consumer outcome” (Kidwell, Hardesty, & Childers, 2008, p. 154). Prior to this study the concept of how consumers used their EI to make mindful and satisfying purchases had been largely ignored. The authors developed the Consumer Emotional Intelligence Scale (CEIS) to assess individual differences in buyers’ abilities to use emotional information.

The idea of examining emotional intelligence was controversial among researchers. However, Mayer, Caruso, and Salovey (2000) focused their research on the development and validation of emotional ability models, which ultimately conclude “mixed” characteristic and personality preferences lack consistency internally among people. This research included a number of personality dispositions and took

into consideration mental ability. Ultimately, measuring mental ability alone was found to be the most appropriate emotional intelligence test (Mayer, Caruso, & Salovey, 2000).

Gault (2012) examined user innovation in the market. User innovation is defined as the consumer taking a good or service and modifying it or enhancing the benefit that it initially provided (Gault, 2012). If this is true, it also infers that users are influencing the market itself by using emerging technologies as a means to promote brands themselves. Younger consumers are using technologies like social media as a platform for dialogue with both their peers and brands to share information on products and services.

Content and Channel

Shopper behavior across channels is highly important when considering marketing strategy because consumers tend to behave differently in different contexts. It is important for retailers to strive toward a cross-channel analysis and understanding of their markets, which ultimately allows channel-specific content to reach their target markets more efficiently. An example of cross-channel behavior is that a shopper's store visit might be more likely to stimulate impulse purchases whereas an online shopping experience may lead to a larger overall purchase. This is an area of marketing that could be further exploited, "49% of U.S. consumers say integrating store, online and mobile shopping experiences are the areas where retailers need the most improvement" (The Secret Sauce, 2014, p. 2). In order to embrace today's digitally savvy consumer while not missing out on more traditional buyers, marketers need to create a hybrid consumer experience which streamlines the user experience and brand consistency across all

channel outlets (The Secret Sauce of Modern Omnichannel Retail: 10 Key Ingredients, 2014). This creates a marketplace consistent with omnichannel consumerism.

In the study made public by Toshiba, Accenture, and RetailTouchPoints in 2014, the “Secret Sauce” to effectively streamline omnichannel marketing consisted of 10 key components. Understanding today’s omnichannel consumer was the first and most valuable component. Understanding the current state of technology and the consumer marketplace is needed to effectively market a brand. The remaining components consisted of collecting data and analyzing the data, both passively and actively, so shoppers can begin to see the importance of them sharing their personal information via social logins and other user ID technologies. In order to create a mutually beneficial argument, marketers need to ask consumers what they want, how they want it, and why.

Delivering consistent in-person and online brand messaging and experience is another proven tactic for the modern marketer to succeed. Brands are no longer delegating one message over another on each channel. In order to remain consistent and authentic, brand messaging, though segmented to different audiences on some channels, needs to remain consistent for the omnichannel consumer to remain engaged.

E-commerce has trained shoppers to expect a wealth of multimedia experiences and information sources around their purchases, no matter the channel. An omnichannel platform facilitates interactivity by making multimedia resources available across channels and devices, and investing in technologies to deliver those experiences, such as mobile apps, NFC tags, digital displays, gesture

technology, social media and websites. (The Secret Sauce of Modern Omnichannel Retail: 10 Key Ingredients, 2014, p. 3)

The implementation of omnichannel solutions offers benefits to encourage store associates to be brand advocates, enhance the shopping experience for both employees and shoppers, and ensure that there is a sustainable future for the brand, both online and in store. According to Urban Land Institute, “50% of GenY men and 70% of GenY women consider shopping a form of entertainment as long as retailers keep their offerings fresh and interesting” (Lachman & Brett, 2013, p. 1).

Traditionally there were two sides to the argument surrounding brick and mortar shopping. According to Kim (2002), the negative impact on malls would be that the disposable income associated with retail shopping would be redistributed to shopping online. In contrast, brick and mortar shopping continues to offer a “real” shopping experience that the Internet will never fully replace. Kim compares Internet shopping to catalogue shopping and argues that a consumer’s shopping experience is only complimented by the online retail marketplace. Kim (2002) views the Internet as an information-seeking channel while brick and mortar shopping remains the channel through which consumers purchase their products. However, more and more we are now finding brands that are creating what is identified as user experience, available in-person at stores but also found online.

The most common benefit associated with shopping in the online retail marketplace is convenience. Online shopping offers consumers 24-hour accessibility, a great speed of transaction, and many shipping options, which for many consumers

contributes greatly to their lifestyles (Kim, 2002). Kim (2002) suggests that the Internet has transcended the online shopping experience into something more multidimensional as technology becomes more advanced. Now this form of shopping can also serve as a form of entertainment and feed into the hedonic value that brick and mortar shopping had formerly offered. However, as technology and digital channels continue to evolve, more and more research is moving to support this hybrid consumer experience.

According to a study conducted by Oracle (2014),

The retail power dynamic of the past was arguably more predictable and static. To create relevant representation for today's consumer, retailers still need to be consistently and powerfully seductive but they also need to have better, more open communication where quality information and knowledge is shared between both parties...a modern retailer's priority has become the provision of commerce anywhere. (p. 2)

The study argues that the current state of retail is one that embraces consumer knowledge and power, and that in order to conform to the "retail democracy," brands need to provide access to their audience so the audience can be the catalyst for brand advocacy and customer loyalty. The key findings in this study are related to three key strategies for retailers: access, technology, and replacing personalization with individualization.

Giving consumers access to process and information about businesses helps them feel empowered about their decision-making abilities. Consumers today want to understand what is available, how they can purchase it, and understand the value of

the products that they are buying, "...providing access to new areas that allows the consumer to direct their individual shopping process and making product and information always available, anywhere and at speed" (Oracle, 2014, p. 11). The practices that the study refers to is with relation to building out brands' retail brick and mortar stores to support the customer journey that is happening across various channels. The goal for retailers is to create a continuative process using supporting platforms so customers are first able to identify the brand, the products, and then harness the value both digitally and in person at brick and mortar locations. Each consumer's journey will look different as there is now such heightened need for individual user experiences. The study argues that personalization is identified where the consumer assumes control of their retail process and the information they share with retailers, whereas individualization is based on using touch points to validate that the experience the consumer has is authentic and encourages interaction. The study concludes that, "Loyalty is not purely driven by rewards anymore and there is no room for misunderstanding the importance of the fundamental drivers" (p. 12).

Technology in the Digital Marketplace

Companies like SAP in Germany have created enterprise software to manage business operations as well as customer relations. Most recently, they exhibited their newest retail solutions software in Dallas, Texas at the SAP Retail Forum North America. The new technology uses data mining to pull consumer information from numerous channels like Facebook, mobile phones, and email to provide market research on buying behavior in real time. This new solutions application is called SAP

Customer Activity Repository (SAP Newsroom, 2013). SAP is far from the only company employing these software solutions. Social networks now offer web integration and login to most brand's websites, where social information is pulled and often used to customize user experiences on websites. Similarly, iOS and Android applications allow users to sign up for programs and create logins with one-click that bounces back through their social network of choice.

Data collection had not traditionally been integrated in the past. Customer data had formerly been more structured, to where purchase history was directed and managed by IT departments, and web analytics were driven by and managed by e-commerce departments. Marketing departments now have access to social media activity as well as geolocation in addition to the more traditional purchase history and web analytics. Unifying these data types is emerging as a best practice for marketers across industries (How to harness the power of personalization, 2014).

Business intelligence (BI) has emerged as one of the largest new software solutions this decade. Employing software solutions that can harness data and spit out reports not only saves time but has also created a new breed of marketers solely dedicated to consumer analytics. Truly understanding customers using these advanced data software solutions not only includes the traditional demographic attributes, but it also offers historical data, situational data, and contextual data, ultimately creating a storyline of user experience.

New technology is not just emerging online anymore. In brick and mortar locations, advancements in Point of Sale (POS) systems, back end inventory

management software, and updated customer databases have taken on additional functionality to help consumers and brands build omnichannel and hybrid consumer experiences. By streamlining and integrating the retail operations and sales cycle right through point of sale with a customer, brands are able to give consumers a real life experience that remains consistent with the brand they are familiar with across all channels (Skorupa, 2013). According to Skorupa (2013), the term omnichannel is largely misunderstood. However, when you discuss the idea of “cross-channel” marketing, it becomes clearer to retailers who “grew up in an era when growth meant building a distributed network of stores and systems to support them” (Skorupa, 2013, p. 3). Skorupa explains that these omnichannel or “cross-channel” insights are becoming more and more vital to businesses because there needs to be an integrated approach to reaching consumers in today’s marketplace.

Edgell Communications is a leading business-to-business (B2B) media organization that connects marketers with business and technology leaders in key vertical industries such as retail, consumer goods, hospitality, and apparel. In their study “Understanding the Retail Singularity” (2013), they propose the idea of “retail singularity” where, rather than digging deeper and deeper into who the consumers are, what they are doing, and where they are doing it, they understand that cross-channel and omnichannel consumption is simply today’s retail marketplace. However, retailers are just beginning to adapt to the idea that they must saturate the marketplace on all channels. It is no longer a question of which social media channels to use but how to integrate all social media channels with customer identification and business

intelligence solutions so that the user experience translates no matter how that consumer accesses the brand.

Retail Info Systems News (2013) estimated that by 2016 brick and mortar stores would effectively contribute to 70% of revenue as they will be seen as a hub for information, customer service, and unique customer experiences. However, online, mobile, and other channels will continue to considerably increase their revenue contributions.

Personal Devices and Customer Loyalty

According to Retail Touch Points (2015), retailers currently aim to find their target markets' "sweet spot" in the power of personalization. Personalization itself has advanced to the point that companies are now able to send push notifications directly to consumers' personal devices. For example, Target patrons who have their cartwheel application downloaded on their personal devices will receive live notifications as they approach a certain radius of any target store. This platform creates an opportunity for increased customer loyalty with even more access to coupons or deals of the day. Companies like Stadio, LLC of Oakland, California have simply created a third party platform where retailers are able to purchase in-store via Wi-Fi monetization solutions, which then create a platform for in-store advertising when consumers connect to their Wi-Fi network.

Consumers are no longer asked to actively seek or browse for their preferred retailers. Retailers now actively market to passively introduce new features, verticals, or offers that they are providing. Customers are becoming more and more comfortable

with granting access to their personal information because it directly affects their experiences with brands to be more positive. Consumers said that they were comfortable with providing their personal information, and that over half of the consumers surveyed would provide even more data if they were offered an even more personalized experience with that brand. More than 60% of people surveyed claimed that they would increase their purchase with a brand if there were a customer loyalty program in place (How to harness the power of personalization, 2014). Sephora, the specialty beauty boutique, is an example of this practice. Each consumer is offered a free program with direct benefits to each individual purchase as well as cumulative rewards. Having both a hard copy of a customer loyalty card as well as online access to a customized profile, members are able to input their physical attributes along with their beauty product preferences, which creates a customized experience when browsing their website. Within the retail locations, the program has an in-store experience where more cumulative purchases grant larger rewards. The customer loyalty program called “Beauty Insider” of Sephora.com has a multi-level approach and annual gifts on consumers’ birthdays as well as special gifts and coupons for holiday purchases. Samples of a range of products are available with each individual purchase no matter how small, which ultimately encourages consumers to expand their personal preferences at no cost to them.

In a survey conducted by DataCandy, 84% of consumers participating in customer loyalty programs said that they were more likely to visit stores that had a customer loyalty program (Retail TouchPoints (2014). Gartner.com (2014) predicts that

by 2017 mobile device users will provide personalized data streams to over 100 apps and services per day, ultimately driving even more consumer interactions with brands (How to harness the power of personalization, 2014). In order to win the game of customer loyalty, organizations must effectively create strategies that harness their data and analytics to better segment and target their markets.

Methodology

This study employed an email survey as its method of data collection. A convenience sample was drawn from RIT undergraduate and graduate students, and then the survey was shared through social media to produce a snowball sample for additional participants (see Appendices B, C, D, and E). Since the subject matter involves shopping online, this would seem to be an effective way to collect a sample.

There were two variants of a survey labeled A and B. Survey A focused on the online shopping channel, while survey B focused on the brick and mortar channel. Each survey consists of three sections. The first section, benefits sought, is the only section to include different statements between survey A and survey B. Section two measures the frequency of online purchases. The final section uses a series of belief statements to identify customer satisfaction in retail shopping. Reliability and validity of the survey are based on a validity study from 2007 in which attitudes toward computers were measured in everyday life (Wang et al., 2007).

Benefits Sought

A number of Likert-type statements adapted from the Shim and Bickle (1994) study are included to measure consumer benefits sought from apparel distributors.

Survey A will focus specifically on digital shopping, and survey B will focus specifically on retail stores. Respondents will be asked to indicate their level of agreement with each statement on a 5-point scale ranging from 1 (*strongly agree*) to 5 (*strongly disagree*).

Frequency of Purchase

The purchasing behavior of the participants will be measured by a series of closed-ended questions regarding recent purchases online. These questions, like the statements from section one, will use a 5-point Likert scale ranging from 1 (*never*) to 5 (*four or more times*). Questions asked will be similar to, "Last month how many online purchases were made?"

Satisfaction

The third section will include a series of belief statements to convey the consumer satisfaction with their overall shopping experiences. Elements included range from environment of the shopping experience to quality of the product purchased. This section, similar to the first, will employ a 5-point scale that ranges from 1 (*strongly agree*) to 5 (*strongly disagree*).

Channel

The fourth section will exist solely on survey A, which relates to online user preferences. This section will focus on the primary social channels that consumers use and aim to find a relationship between how users prefer to consume information with regard to brands. This section will also employ a 5-point scale that ranges from 1 (*strongly agree*) to 5 (*strongly disagree*).

Results

In a sample of 162 people, the study was able to identify prominent and/or significant data points with regard to consumer benefits sought when purchasing online versus brick and mortar retail stores. The same survey also looked at the relationships between CBS statements as clusters to identify consistent benefits sought when looking to purchase an item either online or in brick and mortar stores. The first research question was what are the differences in consumer benefits sought between online purchase versus brick and mortar purchase? No significant differences were found between online and brick and mortar purchases.

The second research question was what are the relationships between demographics and consumer benefits sought? Spearman's rank correlations (ρ) between the demographic information and consumer benefits sought found that only age was significantly correlated with any of the CBS: enjoying shopping based on one's mood ($r_s = .212, p = .012$), feeling good about online purchases ($r_s = .207, p = .014$), looking for websites that are easy to navigate ($r_s = .198, p = .019$), looking for discounts when shopping online ($r_s = .206, p = .014$), and distaste for local shopping ($r_s = .200, p = .018$). It appears that the older the respondents were, the more they enjoyed those consumer benefits. However, age was negatively correlated with purchasing online ($r_s = -.233, p = .006$) and approached significance with purchasing in a mall ($r_s = .155, p = .067$). One may conclude that older shoppers are very wary about purchasing online but look for discounts there. They seem to prefer websites that are easy to navigate. Although they may be open to shopping at brick and mortar stores they have a distaste

for local shopping but are more likely to shop based on their mood.

Regarding social media, age was strongly and positively associated with the use of Instagram ($r_s = .361, p = .000$), but neither Twitter ($r_s = .148, p = .081$), LinkedIn ($r_s = -.045, p = .598$), nor Pinterest ($r_s = .125, p = .140$) were significant. Instagram is the newest of the main stream social media networks, and is a platform where only photos with captions, or short 15 second videos with captions are shared. The conclusion of age being strongly associated with Instagram, but none of the others would lead one to conclude that this platform would be the most effective for brands to share information or advertisements.

The third research question asked what is the relationship between self-reported consumer satisfaction with hybrid consumer experience and the frequency of purchase with a brand? A two-step cluster analysis was used to divide subjects into segments based on both categorical and continuous variables. In grouping of 4 out of 6 benefits statements used in the survey, the best clusters were found to be of only fair cohesion and separation (see Figure F1). These statements included the following:

1. I look for websites that are easy to navigate.
2. I shop for specific products online.
3. I know what product I am looking for before I begin.
4. I am a brand loyal consumer.
5. I look for discounts when I shop online.

Thus, in conclusion it was found that website navigation, looking for specific products when shopping online, knowing in advance what product one is looking for,

being brand loyal, and searching for a discount tend to make up the general psychographic of those who shop online.

The statement that did not improve cluster quality when grouped with the others was the expectation of a certain fit when purchasing online. That resulted in a “poor” model of cluster quality (see Figure F2). Once that statement was removed from the benefits sought in the analysis, the cluster model improved to “fair.” This same statement, however, held significance for brick and mortar shopping benefits. Of the six benefits sought statements surveyed for the brick and mortar piece of the survey, all six were necessary in identifying a cluster of fair cohesion and separation (see Figure F3).

The statements used in the survey related to consumer benefits sought in brick and mortar are as follows:

1. I enjoy going to stores and shopping around.
2. I like interacting with sales people.
3. I have an idea of what I want before I go shopping.
4. There are specific stores that I am loyal to.
5. I look for discounts when I shop.
6. I prefer to try things on when I go shopping.

By grouping benefits sought in both online and brick and mortar, only a fair level of cluster quality was achieved when a demographic variable was added. When education and gender were added, only a fair cluster quality was produced (see Figure F4). The cluster of online benefits sought is made up of easy navigation of a website, shopping for a specific product, being brand loyal, and looking for discounts. The brick

and mortar cluster was related to enjoying shopping in stores, interacting with sales people, shopping for a specific product, being brand loyal, and looking for discounts. However, when the expectation of fit of a product either purchased online or in a store, both clusters then had poor quality when associated with the education level of participants (see Figure F5). The same was true of gender when looked at with the clusters outlined for each survey.

Demographic variables, such as race, gender, education, and location, resulted in no improvement in quality when added to the cluster analysis. It can be concluded that people in general have the same expectations or sets of benefits when shopping either online or in brick and mortar stores.

Satisfaction and Frequency of Purchase

To address the third research question posed in this study, the relationship between self-reported consumer satisfaction with both online purchase and brick and mortar purchase, and the frequency of purchase with a brand were examined using a Mann-Whitney U test. No significances were found between the satisfaction of online purchases and brick and mortar purchases within the last month. However, there was a surprisingly significant difference regarding wearing clothing items purchased online versus in brick and mortar stores. Respondents were more likely to wear clothes purchased online than clothes purchased in brick and mortar stores ($u = 8385.500, p = .014$).

Age was also found to be a common indicator in user satisfaction in brick and mortar shopping versus online shopping. Correlations with age were found across all

questions having to do with online shopping. Higher levels of satisfaction with brick and mortar shopping were found to be related to older people who were surveyed. Meanwhile, the younger people surveyed were found to have emotional responses related to online shopping such as feeling better about themselves, and expressing a high level of satisfaction with their online purchases, and enjoying online shopping due to their distaste for local brick and mortar shopping. The overall correlation between age and feeling good after shopping online was significant.

Limitations

The present study was limited by the small sample size, lack of random selection, and the self-selected nature of the survey. Additionally, the locations of the respondents were on either the East or West Coast (primarily New York and California). A more random and representative sample of the entire country would likely be more generalizable.

Future Research

Future studies might further examine regional location. Consumers in isolated areas might be more likely to shop online provided they have Internet access. As access increases, so will the fortunes of online businesses. Survival has always meant adaptation to the environment, and as more and more department and retail stores close, the survivors must adapt to the changes in media. A new species might evolve and take the form of hybrid stores – those that also provide an online shopping website and flourish in a physical as well as virtual location.

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Appendix A

Literature Search Procedures

Note: All searches were conducted between the years of 1970 - 2015

Databases used:

Communication and Mass Media Complete

SAGE Journals Online

ABI/INFORM Complete

Business Source Elite

Key words: "consumer benefits sought," "retail satisfaction," "retail marketing," "retail benefits sought," "consumer statistics and teenagers," "consumer statistics and shopping," and "consumer satisfaction"

Appendix B

Email Sent to Potential Survey Participants

Dear NAME,

My name is Rosa Arnone and I am a graduate student in the Communication and Media Technologies program at RIT. My thesis focuses on the consumer benefits sought (CBS) as well as the satisfaction associated with brick and mortar retail shopping versus shopping online and digital channel consumption. I hope that you will consider participating in the following survey that I have made in order to answer the research questions posed regarding this topic. Although you are not obligated to participate in this survey, it would help contribute to my completion of the Communication & Media Technologies requirements for my thesis.

This survey should take no longer than 15 minutes. The answers will remain confidential. No names will be associated with the results used in completing the survey. You may, at any point, discontinue taking the survey. If you should experience discomfort as a result of taking this survey, you may contact the counseling center at RIT at (585) 475-2261.

Should you have any further questions, feel free to contact me at rarnone1@gmail.com.

I appreciate your time and consideration.

Sincerely,

Rosa Arnone

Appendix C

Demographics Section for Both Survey A and B

Directions: Please circle the number and/or statement, which describes your level of agreement with the statements listed below

Demographics

Male or Female

Age:

1. 18-22
2. 23-27
3. 28-32
4. 33+

Place of Origin

1. Western United States of America
2. Eastern United States of America
3. Central United States of America
4. Outside of USA

Race:

1. White
2. Hispanic or Latino
3. Black or African American
4. Native American or American Indian
5. Asian / Pacific Islander
6. Other

Education Level:

1. Freshmen
2. Sophomore
3. Junior
4. Senior
5. Graduate Student
6. Working Professional

Appendix D

Survey A - Online Shopping

Directions: Please circle the number and/or statement, which describes your level of agreement with the statements listed below

Section 1 - *Benefits Sought*

Always (1), Often (2), Sometimes (3), Rarely (4), Never (5)

- | | |
|---|-----------|
| 1. I look for websites that are easy to navigate | 1 2 3 4 5 |
| 2. I shop for specific products online | 1 2 3 4 5 |
| 3. I know what product I am looking for before I begin | 1 2 3 4 5 |
| 4. I am a brand loyal consumer | 1 2 3 4 5 |
| 5. I look for discounts when I shop online | 1 2 3 4 5 |
| 6. I expect a certain fit from the item of clothing purchased | 1 2 3 4 5 |

Section 2 - *Frequency of Purchase*

Never (0), Once (1), Twice (2), Three times (3), Four or more times (4)

- | | |
|--|-----------|
| 1. Last month I bought an item of clothing online | 0 1 2 3 4 |
| 2. Last month I visited a mall, but did not make a purchase | 0 1 2 3 4 |
| 3. Last month I visited a mall and purchased an item of clothing | 0 1 2 3 4 |
| 4. Last month I shopped online, but did not purchase anything | 0 1 2 3 4 |

Section 3 - *Satisfaction*

Strongly agree (1), Agree (2), Neither Agree nor Disagree (3), Disagree (4), Strongly

Disagree (5)

- | | |
|---|-----------|
| 1. I am happy with my purchases in the past month | 1 2 3 4 5 |
| 2. Shopping makes me feel good about myself | 1 2 3 4 5 |
| 3. I use the clothing items I purchase | 1 2 3 4 5 |
| 4. I enjoy shopping based on my mood | 1 2 3 4 5 |
| 5. Shopping online satisfies my distaste for local shopping | 1 2 3 4 5 |
| 6. Shopping in stores ensures my satisfaction with products | 1 2 3 4 5 |

Section 4 - Channel Orientation

Strongly agree (1), Agree (2), Neither Agree nor Disagree (3), Disagree (4), Strongly

Disagree (5)

- | | |
|---|-----------|
| 1. I use Facebook and follow brands that I am a fan of | 1 2 3 4 5 |
| 2. I use Twitter and follow brands that I am a fan of | 1 2 3 4 5 |
| 3. I use Pinterest and post things that I enjoy | 1 2 3 4 5 |
| 4. I use Instagram and follow brands that I am a fan of | 1 2 3 4 5 |
| 5. I use LinkedIn and follow brands that I am a fan of | 1 2 3 4 5 |

Appendix E

Survey B – Brick and Mortar Shopping (In-store)

Directions: Please circle the number, which describes your level of agreement with the statements listed below

Section 1 – *Benefits Sought*

Strongly agree (1), Agree (2), Neither Agree nor Disagree (3), Disagree (4), Strongly Disagree (5)

- | | |
|---|-----------|
| 1. I enjoy going to stores and shopping around | 1 2 3 4 5 |
| 2. I like interacting with sales people | 1 2 3 4 5 |
| 3. I have an idea of what I want before I go shopping | 1 2 3 4 5 |
| 4. There are specific stores that I am loyal to | 1 2 3 4 5 |
| 5. I look for discounts when I shop | 1 2 3 4 5 |
| 6. I prefer to try things on when I go shopping | 1 2 3 4 5 |

Section 2 – *Frequency of Purchase*

Never (0), Once (1), Twice (2), Three times (3), Four or more times (4)

- | | |
|--|-----------|
| 1. Last month I bought an item of clothing online | 0 1 2 3 4 |
| 2. Last month I visited the mall, but did not make a purchase | 0 1 2 3 4 |
| 3. Last month I visited the mall and purchased an item of clothing | 0 1 2 3 4 |
| 4. Last month I shopped online, but did not purchase anything | 0 1 2 3 4 |

Section 3 – Satisfaction

Strongly agree (1), Agree (2), Neither Agree nor Disagree (3), Disagree (4), Strongly Disagree (5)

- | | |
|---|-----------|
| 1. I am happy with my purchases in the past month | 1 2 3 4 5 |
| 2. Shopping makes me feel good about myself | 1 2 3 4 5 |
| 3. I use the clothing items I purchase | 1 2 3 4 5 |
| 4. I enjoy shopping based on my mood | 1 2 3 4 5 |
| 5. Shopping online satisfies my distaste for local shopping | 1 2 3 4 5 |
| 6. Shopping in stores ensures my satisfaction with products | 1 2 3 4 5 |

Decision-making styles – Characteristics of Consumers

Please choose only one statement to describe your shopping decision-making style

1. I search systematically and carefully for the best quality products
2. I prefer buying brands that are of a higher caliber both with price and reputation
3. I prefer new and innovative products, keeping up to date with trends and styles
4. I only shop as a form of recreation or entertainment
5. I am a bargain shopper. I am particularly conscious of price and value for my money
6. I am a spur of the moment shopper
7. I often feel overwhelmed by the amount of choices when shopping
8. I tend to stick with the brands I know, and stores and websites I am most familiar with

Appendix F

Figures

Model Summary

Algorithm	TwoStep
Inputs	5
Clusters	2

Cluster Quality



Figure 1.

Model Summary

Algorithm	TwoStep
Inputs	6
Clusters	2

Cluster Quality

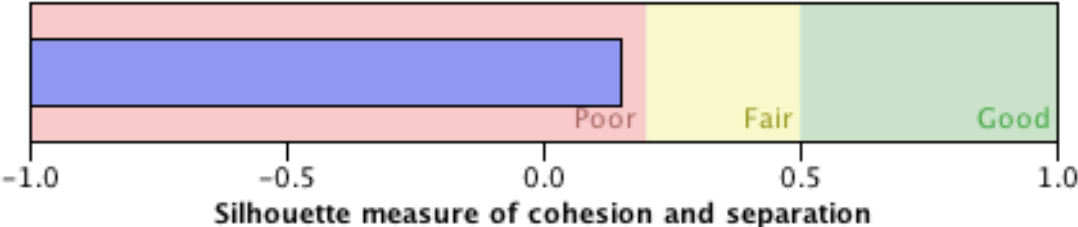


Figure 2.

Model Summary

Algorithm	TwoStep
Inputs	8
Clusters	2

Cluster Quality



Figure 3.

Model Summary

Algorithm	TwoStep
Inputs	8
Clusters	2

Cluster Quality

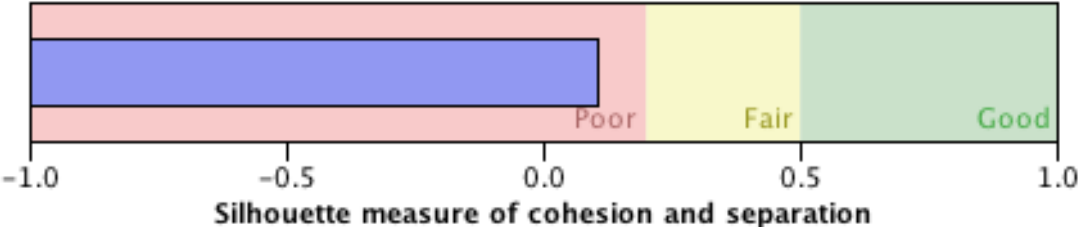


Figure 4.

Model Summary

Algorithm	TwoStep
Inputs	8
Clusters	2

Cluster Quality

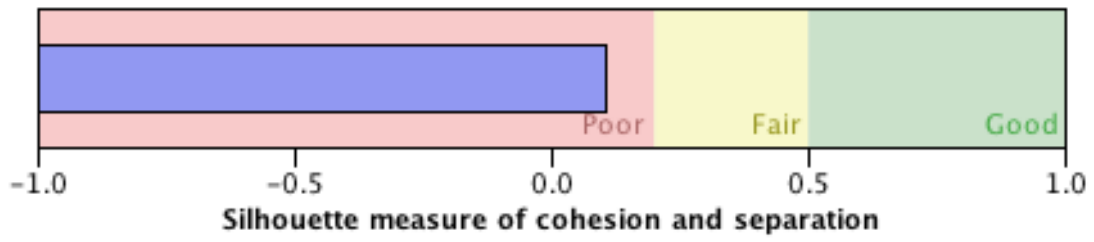


Figure 5.