
The physical online store

The impact of adding bricks to clicks on
consumers' perceived shopping costs and
their evaluation of a retailer.

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ABSTRACT

The last decennia, a growing demand for online shopping was noticeable. However, traditional brick and mortar stores are still important for consumers. Eventually, omnichanneling became a trend in the retailing landscape. This study examines when it is beneficial for a retailer to add bricks to clicks, seen from the perspective of the consumer. With the use of several regression analyses it is found that consumers' perceived shopping costs will decrease when an offline channel is added. This is especially the case when consumers shop at a retailer that has a high level of brand equity and when they shop for products they would like to test before purchase. Just the fact that consumers know they can visit the offline store if they want to, might already add value for them. Eventually, when consumers perceived shopping costs decrease, consumers' satisfaction with a retailer increases.

Keywords: omnichanneling, offline channel, store distance, brand equity, testing products, shopping costs, satisfaction, preference, purchase intention.

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1. INTRODUCTION

During the last century an enormous shift has influenced the retail landscape. By the Internet and through technological developments (smart phones, tablets) consumer behaviour has changed. Nowadays, consumers can also choose to shop online instead of going to traditional brick-and-mortar (B&M) stores¹. Moreover, there has been a growing demand for the use of online shopping because of social developments as more and more consumers have a busy lifestyle and online stores can be accessed anytime anywhere. The national Dutch research agency, CBS, stated in 2013 that more and more people shop online. In 2012, the Netherlands had 12.3 million Internet users, 80% of them had ever shopped online, which is 9.8 million people. In 2005, seven years earlier, this number was around 6 million people. Not only the online buying *tendency* increased, also the buying *frequency* increased. The amount of frequent e-shoppers rose from 3.9 million in 2005 to 7.1 million in 2012 (see figure 1).



Figure 1: Online shopping by internet users (CBS, 2013)

Next to this shift towards the online environment, a trend in omnichanneling can be seen. This involves multichannel marketing, which Rangaswamy & van Bruggen (2005) define as ‘the practice of simultaneously offering customers information, goods, services and support through two or more synchronized channels’. In other words: retailers offer the best of both worlds by combining their online and offline channels. Depending on their shopping motives, they can choose a channel they prefer to do their shopping. For some products (e.g. cosmetics) it is more essential to experience the product before buying and therefore consumers might choose to shop in a ‘real’ (offline) store. For other products (e.g. books), it is more important for consumers to choose a product with the highest value-for-money.

¹ ‘B&M store’ and ‘offline channel’ are interchangeably used during this study.

Therefore, consumers might prefer the online environment as they can compare products and prices on the Internet. Regarding omnichanneling, it is quite common that offline retailers also offer their products online via their own website. Nevertheless, online channels are not always as profitable as hoped. For example, Zalando, one of Europe's biggest e-tailers, was dealing with a loss of more than €90 million on revenues of €1.15 billion in 2012 (Twinklemagazine, 2013).

The reverse happens less often; that a pure online retailer chooses to add a B&M store, besides to its online channel. This might be an opportunity for e-tailers; offline stores can serve as a *living billboard* which increases customers' awareness for the retail brand. Therefore, previously pure online retailers now slowly turn into omnichannels. One of the companies that explores the opportunities of adding B&M stores to its online channel is Coolblue. According to Nu.nl (2013), they are seriously investing in this. This is, because they noticed that consumers like to try and experience the products or like to have personal help. Especially, the investments heavily increased as soon as they saw that the online sales rose in the presence of an offline channel. This study explores if, by choosing from the best of both worlds, consumers may have lower perceived shopping costs. Consumers' perceived shopping costs are all the costs involved during the shopping experience (before, during and after the actual purchase) and consist of both monetary and non-monetary costs. In addition, it is examined if the store distance of the added B&M store has any influence on consumers' perceived shopping costs, as this may provide convenience to consumers. Does it, in itself, add value for consumers by just knowing that they have the opportunity to visit the store, even though there might be only one B&M store available in the entire country? Or do they really value having a B&M store in their own neighborhood?

Another subject under investigation is the level of brand equity. When consumers are already (more) familiar with a retailer, this may have an effect on their perceived shopping costs. It is researched if the level of brand equity influences the benefit of the additional offline channel and its store distance. In addition, the type of product is taken into account. As said before, consumers like to test and try some product more than other products. By the addition of an offline channel, this is offered to the consumers. Where they first had to rely on plain product information, they now can experience it themselves. It is expected that these two constructs ('level of brand equity' and 'type of product') both will show moderating effects in the relationship between the addition of an offline channel (and its store distance) and consumers' perceived shopping costs.

In turn, consumers' perceived shopping costs can function as mediators towards three

final constructs. When it takes consumers less time/effort and they will perceive less risk, this may influence their evaluation of the retailer. This study explores the effects on consumers' satisfaction, consumers' preference for that retailer and consumers' purchase intention. Not only mediated effects are expected, also direct effects are taken into account.

The previous discussions lead to the following problem statement and main questions:
Problem statement: *“To which extent does adding an offline channel to an online channel (no/yes) and its store distance (nearby vs. far away) increase consumers' satisfaction, consumers' preference for that retailer and consumers' purchase intention and how is this relationship mediated by consumers' perceived shopping costs (time/effort and risk)? Moreover, how is this relationship between the addition of an offline channel (and its store distance) and consumers' perceived shopping costs moderated by the level of brand equity of the online retailer (low vs. high) and the type of product the retailer is selling (no testing product vs. testing product)?”*

Main questions:

- *How did online retailing develop since the introduction of Internet?*
- *What is the role of pure online retailers?*
- *What shopping costs are associated with online and offline retailing?*
- *Which consumers' perceived shopping costs are most influenced by adding an offline channel?*
- *Does the location of a B&M store matters when adding an offline channel?*
- *What is the influence of brand equity on the benefits of adding an offline channel?*
- *What is the influence of the type of product on the benefits of adding an offline channel?*
- *Do these influences have effect on consumers' satisfaction, consumers' preference for that retailer and consumers' purchase intention?*

This study contributes to current literature as it provides more insights in the current hot topic by examining when it is beneficial to add bricks to clicks in a multichannel environment. Previous literature (Berman & Thelen, 2004; Beheshti & Salehi-Sangari, 2007; Avery et al., 2012; Kushwaha & Shankar, 2013) are just the beginning of the exploration of possible factors that affect cross-channel elasticities. This current study adds to this by examining when it is beneficial for a retailer to move from an 'online only' situation into omnichanneling, *seen from the perspective of the customer*. Next to the main effect, different aspects are included which may have influence on this. The purpose of this study is to

examine how consumers' evaluation of a retailer changes after adding a B&M store to its online channel. In addition, it is examined what the influence of consumers' perceived shopping costs is in this. Distinctions are made between the store distance, retailers' brand equity and the type of product.

This study is organized as follows. First a literature review is outlined. Then, after the hypotheses and the conceptual model, a description of the used research method is given. In the results chapter, the findings of the current study are presented. In the end, a conclusion and discussion are covered. Finally, this study will end with some managerial implications and limitations of the current study.

2. LITERATURE REVIEW

In this chapter, first, a description is given about the developments and characteristics of online retailing. Moreover, this is done for omnichanneling. After this, consumers' perceived shopping costs, retailer's brand equity and the type of product will be discussed. Finally, the three constructs concerning consumers' evaluation of a retailer are covered; satisfaction, preference and purchase intention.

2.1 Online retailing

With the rise of the Internet in 1995, things have changed in the retail landscape. Not only did offline channels have the opportunity to sell their products via the Web, also pure online players entered the market (Marketline, 2013a). One of these retailers is Amazon.com Inc. Where they started with selling books online, it now offers a range of products and services via its online channel. Marketline (2013a) shows that the last five years, Amazon's revenue grew rapidly. In 2008 this was \$19,166.0 million, whereas it rose to \$61,093.0 in 2012.

Over the years, more and more companies followed the example of Amazon and saw big opportunities in the World Wide Web. When looking at the industry profile for global online retail (Marketline, 2013a), it becomes clear that online retailing is a booming business as the online retail sector grew by 23.7% in 2012 to reach a total revenues of \$631.7 billion. It is expected that this number will increase by 97.7% to a value of \$1.248.7 billion in 2017. Worldwide, the Americas cover the main part of the online retail sector, by accounting for 37.9% of the total value. In comparison, the European sector (Marketline, 2013b) grew with 20.4% in 2012 to reach total revenues of \$230.6 billion. The future forecast for 2017 is that it will have an estimated value of \$395.5 billion (an increase of 71.5% since 2012). In online retailing in Europe, the UK covers the main part, with 22.8% of the total sector's value. Also in Europe, electronics is the largest segment with 24.2% of the total value in the online retail sector. Another independent marketing research firm, Mintel (2013), adds to this that the UK, Germany and France will remain the biggest markets in the future, but that other countries, like the Netherlands, Spain and Poland will grow at a faster rate. Northern Europe is more active on the online retail front, but at the same time, the Scandinavians spend the highest per capita. Additionally, when it comes to the collection of the goods, consumers from Germany prefer that the products are delivered at home, whereas the British and French people like to pick up their goods in a store.

To further delineate the perspective, we move from the European statistics into the Dutch market. In appendix A, an overview can be seen of the top 25 retailers in The

Netherlands (twinkle100.com). From this list, 11 out of the 25 retailers are pure online players. The director of Thuiswinkel.org, Ed Nijpels, explains this by stating that online shopping has become a habit for consumers over time. Back in the days, online ordering was special for consumers, but over the years it has become ‘normal’ (Thuiswinkel, 2014). Although the average amount spent slightly decreased (€11 in 2012, €109 in 2013), this was compensated by a higher number of orders. In 2013, online revenues grew by 8.5% to €10.6 billion in The Netherlands. The biggest increase was noticed in toys (+27%), but also music (+19%), telecom (+16%) and clothing (+16%) showed strong growth.

To get to know what it is that makes online shopping so attractive, PricewaterhouseCoopers (PwC) conducted a shopping survey about this topic. As can be seen in figure 2, the Internet provides a lot of convenience for purchasing goods online. Next to the aforementioned possibility of direct price and products comparison, which yield low prices/better offers, the time issue is also an important aspect in the top 5 consumers appreciate in online shopping. They have 24/7 access to the online store and it is easier and less time-consuming than shopping in a physical store (PwC, 2012).

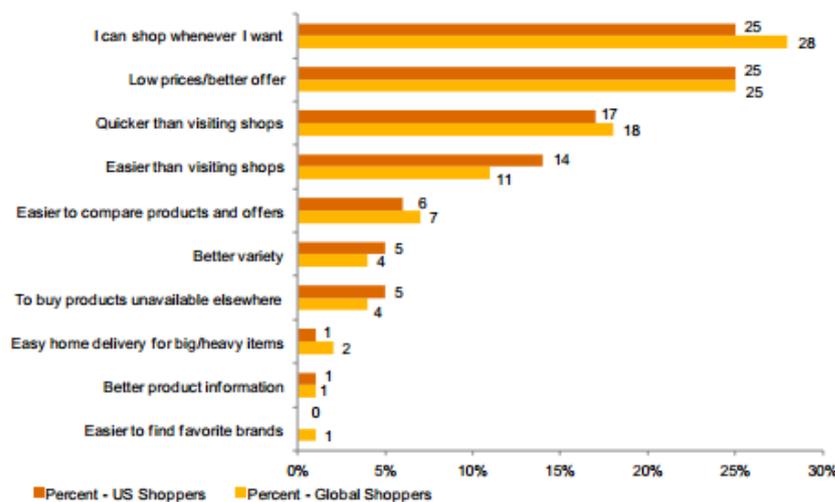


Figure 2: Convenience of online shopping (PwC, 2011)

2.2 Omnichanneling

Nevertheless, next to the benefits that online channels offer, consumers also still like to shop in a physical store. Therefore, more and more retailers sell their products through different channels. This phenomenon is called ‘omnichanneling’ in which the best of both worlds are connected by integrating the online and offline environment of a retailer. Rigby (2011) states that in this way, retailers seek to satisfy consumers who increasingly want everything. They want the advantages of digital, such as personalized recommendations, price transparency and

a limitless selection of products. But at the same time, they also want the advantages of the physical, such as trying and testing of products, direct contact with sales personnel and the social shopping experience (see table 1).

Advantages of an <i>online</i> channel	Advantages of an <i>offline</i> channel
Rich product information	Edited assortment
Customer reviews and tips	Shopping as an event and an experience
Editorial content and advice	Ability to test, try on, or experience products
Social engagement and two-way dialogue	Personal help from caring associates
Broadest selection	Convenient returns
Convenient and fast checkout	Instant access to products
Price comparison and special deals	Help with initial setup or ongoing repairs
Convenience of anything, anytime, anywhere access.	Instant gratification of all senses

Table 1: Advantages of online and offline channels (Rigby, 2011).

2.2.1 Online shopping behaviour

In the past, several research has been done about typical online shopping behaviour (Kahn & Schmittlein, 1989; Clifford, 2010; Chintagunta et al., 2012; Chu et al., 2008; Fox & Hoch, 2005; Lynch & Ariely, 2000). They found that major trips for stock ups were made online and that these mainly consisted of heavy items. In addition, online baskets (€155.80) were on average 3.5 times larger than offline baskets (€44.90). Furthermore, the research showed that consumers bought more unique categories (28 vs. 11) and unique items (38 vs. 14) online compared to offline. In addition, on average, consumers buy 29.3 categories exclusively online, compared to 32.4 categories that were exclusively bought offline. The fact that online variation is less common can be explained by the more regular nature of online shopping. Also, online customized shopping lists, with previous purchased items, might help reduce variation in the electronic basket size. This latter possibility, together with the possibility of easy obtainment of more non-price information (e.g. product features) on a website, might also explain that consumers are less price sensitive when shopping online. Finally, an online channel is most suitable for busy people and for busy days. On working days during the week, consumers have less time, so for most people the Internet is a great opportunity as this is a fast way of shopping.

2.2.2 Offline shopping behaviour

Previous researchers also examined typical offline shopping behaviour. To start with, they found that consumers preferred offline stores for fill-in trips and that more perishables are bought offline. As customers use offline channels for fill-in trips, this may explain why this channel faces a greater variability, both in trip interval and basket size. Furthermore, also

visible promotions in the city center that may pull customers inside for some cherry picking causes high offline variation in shopping trips. Finally, the researchers found that consumers that live near the city center are more likely to shop offline, compared to consumers that live in more suburban areas.

2.2.3 Omnichannel shopping behaviour

When doing research about typical omnichannel shopping behaviour, the aforementioned researchers state that up to 34% of consumers use more than three different channels when shopping. In addition, they found that channel switch is quite common in multi channel retailing. The probability that consumers switch from online to offline was 56.5% and from offline to online was 29.6%. Furthermore, it is found that multichannel customers spend four times as much than single-channel customers. In addition, Kushwaha & Shankar (2013), found that multichannel customers that buy hedonic products are, regardless of the risk level, significantly more valuable than single-channel customers. Other researchers found that a multi-channel strategy has been shown to have several benefits, including improved brand awareness, exposure to new customer segments, increased sales and, like said before, customer convenience (Beheshti & Salehi-Sangari, 2007). Additionally, multichannel customers have shown increased loyalty compared with single-channel customers and they show an increase in purchase frequency (which makes them more profitable) (Berman & Thelen, 2004).

It becomes clear that both channels, online and offline, have different advantages, but also combined they offer special benefits. For a multi channel strategy these two channels need to be interlinked so that they benefit from each other and they will create synergy. Avery et al. (2012) did research about this topic and found different effects of a store opening for first-time and existing customers, as well as they found a difference in whether or not there were already preexisting stores in the shopping area. The introduction of a physical store increased the number of first-time customers shopping online over time, which suggests that the store functioned as a billboard for the online channel by attracting new customers at a faster rate than would have been expected when the store never opened. For customers living in a region with a preexisting store who have already built up some level of brand awareness and brand associations, this billboard effect on brand awareness appeared to be strongest. When looking at the effect of a physical store opening on existing customers, it was found that when they did not have access to the store in the past, they switched some of their demand from online to offline when a physical store opened in their region. Although a B&M store initially reduces

the number of repeat customers purchasing online, over time, it brings more first-time customers in at a faster rate and encourages higher numbers of new and repeat customers to buy online.

For the offline purchase decision-making process, the online channel plays a vital role for consumers. This is mainly because of its information intensive and convenient nature, its interactivity (Peterson & Merino, 2003) and the power of the Internet as an information search medium (McGaughey & Mason, 1998). As consumers use the Internet as a searching tool, this introduced a new type of consumer into the context of retailing: the so-called ‘research shopper’ phenomenon (Verhoef et al., 2007). These research shoppers are consumers that search via one channel and purchase it via another channel.

Next to the possibility that the online channel can drive traffic to B&M stores, this can also take place vice versa. The global study of PwC (2012), shows that traditional retail factors for success are also critical for multichannel retailing success (see figure 3). Next to some conventional answers like the offered products and trust, which are core to any retail format, quite some consumers have indicated specific offline benefits they find important for a multichannel retailer. For example, they like the store/staff or that they can return the purchased goods to the store.

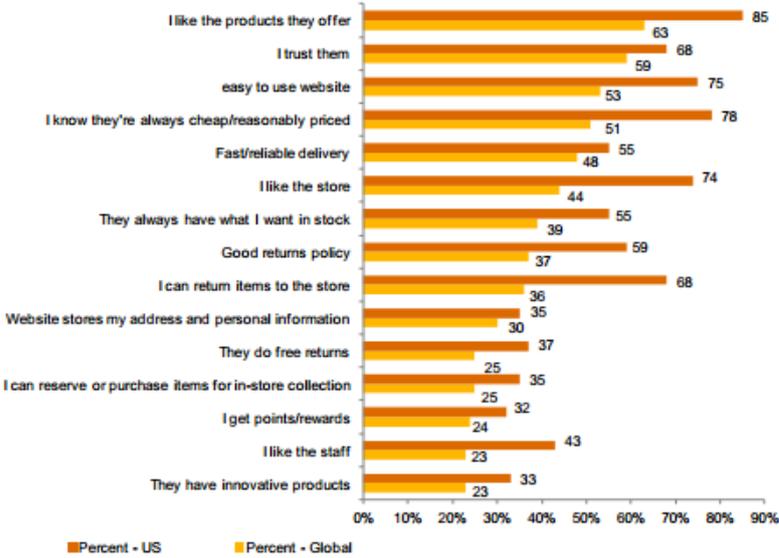


Figure 3: Benefits of a multichannel retailer (PwC, 2012)

With the rise in online technologies, how does the future of physical stores look like? What is their role in a multichannel world? According to PwC (2012), it is most likely that traditional B&M stores will serve two purposes in the future. They might be used as showrooms for

product display where customers come for inspiration, to browse and to test and try the products. Or they might be used as a customer service center which customers mainly use for personal assistance. As the Internet fades borders away, this feature of having a living billboard might especially become of importance for local retailers as they face stiff competition online.

To conclude, it has become apparent that omnichanneling is a major force that changes the way in which consumers purchase goods from retailers. Moreover, from a retailer's perspective, it also brings changes with it. This is, because it reshapes how retailers need to operate in order to compete successfully in today's market and to satisfy and retain consumers. In order to stay ahead of their competitors, they need to better align their business operating models with the help of consumers' expectations.

2.3 Consumers' perceived shopping costs

According to Chintagunta et al. (2012), shopping costs consist of direct costs and transaction costs. Direct costs are the price consumers pay for a product (i.e. shelf price), transaction costs are the costs involved by bringing products from the store to consumers' houses. These costs vary per shopping trip and differ across consumers. As differences among situations and among consumers are present, one can speak of *perceived* shopping costs for consumers (Bender, 1964). While someone can find an experience pleasant at one time, at another time this may not be the case. Moreover, while one person can have a pleasant experience, another person can find that same experience (in itself) unpleasant.

In addition, Chintagunta et al. (2012) state that transaction costs play an important role in all stages (before, during, after the actual purchase) of a consumer's retailer channel choice process. For every shopping trip, consumers make a tradeoff between the involved costs of each channel and choose the one with the lowest costs to maximize its added value. As, in most cases, retailers apply a uniform (shelf) price across channels, these direct costs are not listed in this current research.

Betancourt (2005) found that transaction costs include the following costs: (1) travel costs to and from a store (includes travel time and transportation costs), (2) search costs for the acquisition of information about the product (3) in-store shopping time costs; actual time spent while shopping (including waiting time), (4) psychic costs such as inconvenience, frustration, (5) switching costs when changing suppliers, products or brands. For shopping online, two additional costs were identified, which are (6) delivery costs and (7) waiting costs; time between the order and the delivery.

Wu et al. (2014) state that consumers' perceived value in online shopping not only includes more benefits (i.e. quality and a friendly shopping user interface), but also less sacrifice, e.g. time savings, compared with offline shopping. However, because of the electronic environmental context of online shopping, consumers still perceive it as uncertain and risky (Bhatnagar et al., 2000), which leads to increasing shopping costs.

Concluding, the aforementioned costs (Betancourt, 2005) can be grouped into two main categories: 'time/effort' and 'risk' (see table 2). All shopping costs that customers may perceive require time and effort. In addition, for some costs, risk is involved. E.g. switching costs belong to both categories. When consumers choose to do their shopping with a competitive retailer, they might not know what to expect (risk) and therefore they need to become familiar with the products/service of the competitive retailer (time and effort). In this, risk implies that consumers experience uncertainty about gain or loss before purchasing a product (Cox, 1967; Chen & He, 2003). Moreover, in general, as consumers value their time and energy/effort, the more consumers think they have to make a sacrifice, the more expensive they experience something (Zeithaml, 1988; Dodds et al., 1991). It is assumed that this is also true for making a retail channel decision.

Shopping cost	Time/effort	Risk
Travel costs	x	
Search costs	x	
In-store shopping time costs	x	
Psychic costs	x	x
Switching costs	x	x
Delivery costs	x	x
Waiting costs	x	

Table 2: Categories of shopping costs

2.4 Brand equity

For this study, differences in retailers' brand equity are taken into account when looking at the effects of adding an offline channel to retailer's current online environment. According to Leone et al. (2006), brand equity is the 'added value' given to a product in the thoughts and actions of consumers. As this research is about brand equity on a customer level, the definition of Keller (1993) about customer-based brand equity (CBBE) is applied, which states that CBBE is 'the differential effect of brand knowledge on consumer response to the marketing of the brand'. Brand knowledge includes two primary concepts which are 'brand

awareness' and 'brand image'. Brand awareness is about the likelihood that consumers can identify a brand among competitors' products. Brand image reflects the associations that consumers have with regard to a brand.

In addition to Keller (1993), Aaker (1996) listed a set of measurements with five constructs that are involved with brand equity. Next to 'brand awareness' and 'brand image', they added 'quality perception', 'brand loyalty' and 'other propriety assets'. Brand loyalty involves consumers' level of commitment towards a brand. Other propriety assets are special issues like trademarks and patents. The stronger these five dimensions are, the higher the resulting brand equity. This study builds on Aaker's (1996) measurement, leaving aside the 'other propriety assets' as this is hard to measure among consumers.

For retailers in general, Keller (1993) found that when consumers have a high level of brand awareness and a positive brand image (i.e. favorable, strong and unique brand associations), this should increase the probability of brand choice, decrease vulnerability to marketing actions of competitors and thus produces greater (retailer) loyalty. Moreover, less reinforcement through marketing communications is needed. Consequently, a positive CBBE can lead to lower costs, enhanced revenue and greater profits.

To see what kind of effect brand equity has in a multi channel environment, Kwon & Lennon (2009) did research about possible reciprocal effects between multichannel retailers' offline and online brand images. They found support for cross-channel effect of prior offline brand image on online brand beliefs, which they call the 'biased assimilation' effect. Vice versa, they found that online performances have impact on offline brand beliefs. Furthermore, consumers' attitudes towards online and offline channels were influenced by the relevant channel, but the attitude was also influenced by beliefs from the other channel. For example, someone's attitude towards the online channel can be influenced by the beliefs about the online channel, but *also* by the beliefs about the offline channel.

Most of the existing literature about brand equity focuses on the brand equity of products. However, several researchers (White et al., 2013; Kwon & Lennon, 2009) found that consumers often perceive retailers as brands and therefore one can speak of retailer brand equity (as opposed to product brand equity). This is also the case for this current study. So, when speaking about brand equity, retailer's brand equity is meant.

2.5 Type of product

This study also makes a distinction in the type of product under investigation. Products that consumers like to test/try before purchase are compared with products that consumers sooner

take for granted. According to Hoch & Deighton (1989) product trial (i.e. testing before purchase) is an important element of consumer learning as it involves consumers' prior beliefs about the performance of a product. Consequently, consumer learning is important for consumers as most people think that experience is the best teacher. Hoch & Deighton (1989) state that this is because consumers are motivated and that they are involved with the product they like to test. When you tested a product yourself, the product information is more concrete and vivid, which makes it easier to better memorize the experience (Paivio, 1971). Because of this, consumers may feel a sense of control as they made a decision based on their own experience.

Moreover, Rogers (1995) state that the decision making process for so-called testing products is involved with low product knowledge and high levels of risk. Steenkamp & Gielens (2003) found that the trial probability is lower in categories with a lot of existing brands and in categories characterized by more aggressive competitive advertising. Furthermore, the trial probability is higher for impulsive buying categories and lower in categories that are easy to stock.

2.6 Satisfaction

A first variable that is included in consumers' evaluation of a retailer is to what extent consumers are satisfied with a retailer. This study covers consumers' cumulative satisfaction, which is the overall evaluation of a product/service provider (Johnson et al., 1995). In contrast, transaction-specific satisfaction exists as well, but this is more specific, focused on one aspect of the shopping experience (Bitner & Hubbert, 1994). When talking about the overall satisfaction of consumers, Boulding et al. (1993) found that this is the sum of all previous transaction-specific evaluations which are updated each time after a transaction. During their study, Jiang & Rosenbloom (2005) found that the after-sales service satisfaction had a greater impact on consumers' overall satisfaction, compared to satisfaction at the point of checkout.

2.7 Preference

A second variable that is included in consumers' evaluation of a retailer is to what extent consumers prefer a certain retailer above other retailers. According to Laran & Wilcox (2011), consumers make purchase decisions by rejecting or choosing alternative options. In addition, Yoon & Simonson (2008) state that consumers' preferences are most of the time based on previous decisions instead of that they are retrieved from memory. According to different researches, preferences are determined by several aspects. One of these aspects are the typical

differences among consumers. Babin et al. (1994) found that differences in hedonic versus utilitarian activities may play a role in this. In addition, Laran & Janiszewski (2009) state that people's tendency to have high or low self-control have influence on consumers' preferences. Two other aspects are that one's emotional state may determine someone's preference (Wilcox et al., 2011) and that the accessibility and amount of information is also an important factor (Chartrand et al., 2008). In addition, Keen et al. (2004) found that consumers, in general, have a high preference for low price alternatives, higher control and positive, pleasant experiences.

2.8 Purchase intention

A third variable that is included in consumers' evaluation of a retailer is the purchase intention of consumers. Previous research showed that store image (Buckley, 1991) and perceived value (Dodds et al, 1991) are positively associated with purchase intention. The image of the store may in itself add value for consumers and therefore their purchase intention may increase to shop at this specific retailer. This suggests that retailers need to create a pleasant store environment and deliver superior service to ensure a great shopping experience. In addition, Grewal et al. (1998) found that both direct and indirect effects of the store name, brand name and price discounts explained 41% of the variance in purchase intention. This indicates that these three aspects are key variables in assessing consumers' intention to buy.

3. CONCEPTUAL MODEL AND HYPOTHESES

Based on the previous theoretical framework, a conceptual model is designed (see figure 4). In addition, several hypotheses are discussed in this chapter.

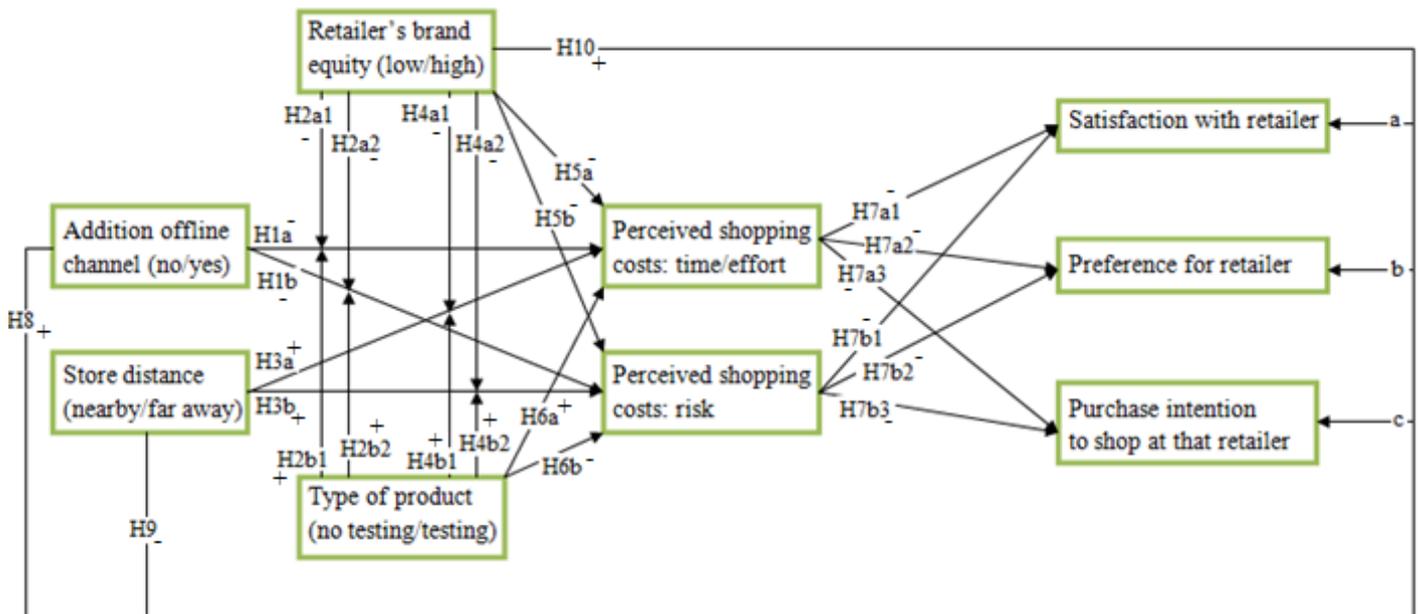


Figure 4: Conceptual model

According to Kim et al. (2008), it is common among consumers to be reluctant to make purchases online. Compared to the traditional type of shopping, they may feel a great sense of risk in the online environment. Often, consumers have to provide personal information, as well as some financial information. After the transaction, they can only hope that everything will be processed adequately. In case of shopping at a B&M store, this is a complete different shopping experience. Consumers can walk in and usually they can feel and try the product before deciding if they would purchase it. This directly reduces the amount of perceived risk and most likely boost their opinion towards the B&M store. Consequently, it is expected that the *psychic costs* will decrease by adding an offline channel. Furthermore, as Betancourt (2005) stated before, some costs are specifically associated with online shopping. Logically, consumers will perceive these shopping costs lower when they have the ability to shop offline as well. As a consequence, both *delivery costs* and *waiting costs* (which are main 'time' constructs) will decrease when moving from online retailing to omnichanneling. Chintagunta et al. (2012) add to this, that although the online channel have the benefit that products are delivered at home, for some consumers this is outweighed by the delivery charges which are involved. All in all, it is expected that both types of consumers' perceived shopping costs will decrease when an offline channel is added.

H1: Retailer's addition of an offline store has a negative effect on consumers perceived shopping costs (time/effort H1a; risk H1b).

To see if the relationship between adding an offline channel and consumers' perceived shopping costs differ among retailers, the level of perceived brand equity is taken into account. An interaction effect is expected, as we assume that retailers with a low level of brand equity will benefit most from adding an offline channel to its online channel (figure 5). This is because Avery et al. (2012) showed that a B&M store can function as a billboard for the online channel. A B&M store draws attention and can attract (more) consumers, compared to when no store was opened. Especially for less-known retailers, this effect will be bigger. Consumers are able to get to know the retailer and therefore they will experience less risk and it will cost them less effort to do their shopping. When they visit the offline channel first, they are consequently more familiar with the retailer online and therefore their shopping costs will decrease.

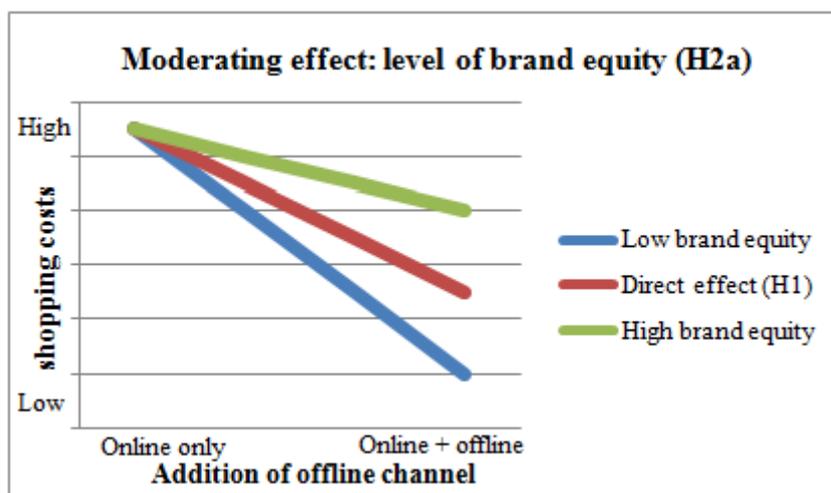


Figure 5: Moderating & direct effect: level of brand equity

H2a: The negative relation between adding an offline channel (no/yes) and perceived shopping costs (time/effort H2a1; risk H2a2) will negatively be moderated by the level of perceived brand equity of the retailer (low/high).

Another interaction effect is expected, concerning the type of product. As said before, Rogers (1995) stated that the decision making process for testing products involves high levels of risk. Consumers want to experience the product in advance in order to be sure that the product can fulfill his/her needs. When consumers would like to test a product in advance, it is expected that their perceived shopping costs will decrease more when this is possible in a

B&M store, compared to non-testing products (figure 6). Concerning testing products, it is assumed that consumers base their purchase decision on personal preferences. For non-testing products, the decision is based more on product features. Consumers will be satisfied with the provided product information online; this is what they need in order to consider a purchase. Thus, a B&M store would not provide more benefits for consumers in this case.

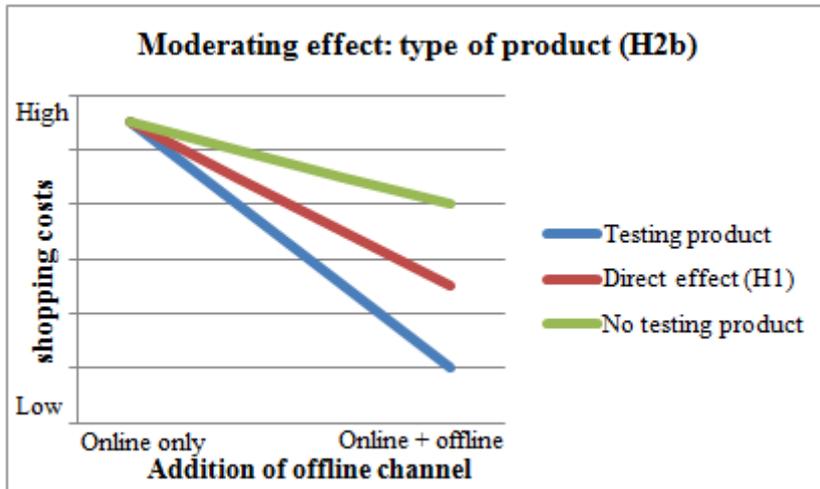


Figure 6: Moderating & direct effect: type of product

H2b: The negative relation between adding an offline channel (no/yes) and perceived shopping costs (time/effort H2b1; risk H2b2) will positively be moderated by the type of product (no testing product/testing product).

González-Benito & González-Benito (2005) state that a consumer's shopping activity implies travelling, which consequently implies additional costs in terms of effort, time and money. Thus, they argue that the further away the distance to the retailer, the higher the shopping costs involved. Therefore, it is expected that the closer the added offline channel is located near the consumers, the more consumers will appreciate this. In this way, it will cost them less time and effort to visit the B&M store. Moreover, this leads to more convenience than when there is only one B&M store opened in the entire country, so consumers' risk will be reduced as well. A small remark is needed for this hypothesis: H3 can only be accepted when H1 is accepted. Otherwise, if adding an additional B&M store does not show any effect and therefore no offline channel will be added, it does not make sense to say something about the store distance of the non-added offline channel.

H3: Retailer's offline store distance (nearby/far away) has a positive effect on consumers' perceived shopping costs (time/effort H3a; risk H3b).

It is expected that especially retailers with a low level of brand equity will benefit by having B&M stores located nearby consumers (see figure 7). The easier it is for consumers to visit a B&M store, the more their shopping costs will decrease. For example, it takes them less time/effort to visit the store, so that the travel costs of consumers will decrease. Because of the possible billboard effect (Avery et al., 2012), it is assumed that this is especially the case for less-known retailers.

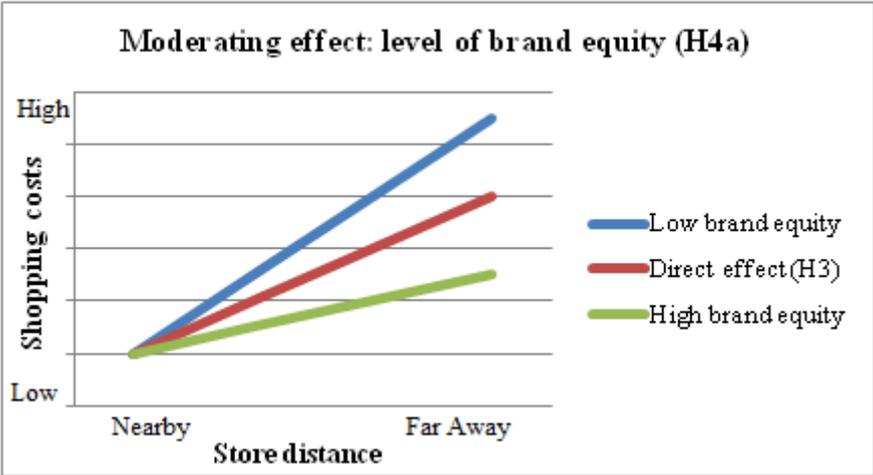


Figure 7: moderating & main effect: level of brand equity

H4a: The positive relation between the store distance of the offline channel (nearby/far away) and perceived shopping costs (time/effort H4a1; risk H4a2) will negatively be moderated by the level of perceived brand equity of the retailer (low/high).

Concerning the type of product, it is expected that it is more beneficial for testing products to have the added offline channel located nearby the consumers (see figure 8). Also here, the argument of Rogers (1995) is taken into account, as he states that the decision making process of testing products is involved with high levels of risk. By the addition of an offline channel this can be minimized, as they offer additional value to customers that are planning to buy a testing product. The easier accessible these stores are (i.e. the store is located nearby the consumer), the easier it is for consumers to experience the product before purchase, and thus, it is expected that their shopping costs will decrease.



Figure 8: moderating & main effect: type of product

H4b: The positive relation between the store distance of the offline channel (nearby/far away) and perceived shopping costs (time/effort H4b1; risk H4b2) will positively be moderated by the type of product (no testing product/testing product).

Besides that brand equity possibly will function as a moderator, it is also expected that the level of brand equity will have a direct effect on consumers' perceived shopping costs. This is because Stahl et al. (2012) found that brand equity has impact on customer retention. For this reason, it is expected that when consumers are (more) familiar with a retailer (thus when their level of brand equity is high), both types of consumers' perceived shopping costs will be lower. Consumers may trust the retailer and know what to expect from him. They may stick to the same retailer, and therefore, this may cost consumers less. For example, *switching costs* are strongly influenced by brand equity. Consumers rather stay with the same retailer when they have built a relationship with him, instead of constantly switching to competitors. Although switching may yield cheaper alternative options, it also involves lots of effort and possible frustration. Thus, as churning is less common when retailers have a high level of brand equity, the *physic costs* will also be lower for consumers.

H5: Retailer's brand equity (low/high) has a negative effect on consumers perceived shopping costs (time/effort H5a; risk H5b).

Also for the type of product it is expected to have a direct effect on consumers' perceived shopping costs. For testing products, people like to experience the product before they consider a purchase. When a product does not fulfill the needs of a customer, a customer

will look further until she finds a good match. This process may take a while and costs quite some time/effort. Although testing might be time-consuming, it may decrease the risk consumers perceive. Hoover et al. (1978) state that the risk of buying an untried brand is greater, compared with a tried brand. With product trial, a satisfactory experience can be provided which eventually promote the purchase of a product.

H6: The type of product (no testing product vs. testing product) has a positive effect on consumers perceived shopping costs concerning time/effort (H6a) and a negative effect on consumers perceived shopping costs concerning risk (H6b).

As people value their time and energy (Zeithaml, 1988) and prefer to make decisions with positive outcomes that improve their welfare (Rivers & Arvai, 2007), it is expected that both types of consumers' perceived shopping costs show direct effects towards consumers' evaluation of a retailer. When shopping takes less time/effort and involves less risk, it is expected that consumers are more satisfied with a retailer and therefore prefer this retailer over other retailers. Also, their purchase intention will be higher for this retailer when consumers will shop faster/more often and inconvenience (risk) is reduced. In addition, concerning the aforementioned hypotheses, it is expected that consumers' evaluation of a retailer is mediated by consumers' perceived shopping costs.

H7: Consumers' perceived shopping costs (time/effort a; risk b) have a negative effect on consumers' satisfaction (H7a/b1), consumers' preference for that retailer (H7a/b2) and consumers' purchase intention (H7a/b3).

As Rigby (2011) stated before, both offline and online channels have channel specific advantages which are beneficial for consumers. With this in mind, it is expected that by adding an offline channel to an online channel, consumers' evaluation of a retailer will be improved. By the introduction of an additional B&M store, consumers are offered the opportunity to touch and test products before buying. As most consumers like this multisensory experience, it is expected that they are more satisfied about the retailer and that they therefore prefer a retailer *with* an offline store over a retailer without an offline store. Furthermore, it is expected that consumers' purchase intention will increase as they better know upfront if the product will fulfill their needs. E.g. with clothes, consumers can feel the fabric and they can see if the clothes fit them by trying them on in-store.

H8: Retailer's addition of an offline store (no/yes) has a positive effect on consumers' satisfaction with a retailer (H8a), consumers' preference for a retailer (H8b) and consumers' purchase intention at a retailer (H8c).

In addition, it is expected that when a retailer opens a B&M store in a consumers' neighborhood, this retailer is evaluated more positively by consumers. According to González-Benito & González-Benito (2005) is consumers' convenience of a store mainly determined by its location. The further away the store is located, the higher the involved costs are and thus, the lower consumers' perceived utility will be. Consequently, the tendency to visit the store will also be lower in this case. So, when a retailer is located nearby, the higher the possibility that consumers are more satisfied with this retailer and therefore also prefer this retailer over retailers that are not located nearby. Moreover, their purchase intention will be higher, because they have the opportunity to walk inside when being in the city center and directly experience the product.

H9: Retailer's offline store distance (nearby/far away) has a negative effect on consumers' satisfaction with a retailer (H9a), consumers' preference for a retailer (H9b) and consumers' purchase intention at a retailer (H9c).

Finally, previous research found that high equity is associated with high customer satisfaction (de Chernatony et al., 2004). In addition, Cobb-Walgren et al. (1995) did research about the effect of brand equity in a high risk service category and a low risk product category. For both, they found that the higher the brand equity in each category the greater the preference and the purchase intention of consumers. With this in mind, we expect that the same findings will hold when investigating this for a retailer's brand equity, as consumers often perceive retailers as brand (White et al., 2013).

H10: Retailer's brand equity (low/high) has a positive effect on consumers' satisfaction with a retailer (H10a), consumers' preference for a retailer (H10b) and consumers' purchase intention at a retailer (H10c).

4. METHODOLOGY

In this chapter, the methodology of the data collection is explained. Information is provided about the research design, respondents and variables. An online questionnaire with the description of an experiment is used for doing quantitative research (see appendix C). This type of instrument is used, as respondents can be reached in a fast and easy way. Furthermore, the data of an online questionnaire can easily be processed (Malhotra, 2009).

4.1 Research design

For this study, a 3 (adding offline channel: no vs. yes (nearby) vs. yes (far away)) by 2 (brand equity: low vs. high) by 2 (type of product: no testing product vs. testing product) factorial design is used. For this, measurements are done *between subjects*. According to Aronson et al. (1998), in a between-subjects design, respondents are randomly assigned to different levels of the independent variables. Thus, the scores of one participant in a certain condition are compared to the scores of other respondents in a different condition. Consequently, each participant is involved in only one specific condition. Furthermore, with a random assignment, any individual differences among the respondents are averaged across conditions. Because there are twelve conditions, twelve versions of the questionnaire are designed (see table 3).

Version	Condition		
1	Wehkamp	Table lights	Online
2	Wehkamp	Table lights	Offline nearby
3	Wehkamp	Table lights	Offline far away
4	Light in the box	Table lights	Online
5	Light in the box	Table lights	Offline nearby
6	Light in the box	Table lights	Offline far away
7	Wehkamp	Sneakers	Online
8	Wehkamp	Sneakers	Offline nearby
9	Wehkamp	Sneakers	Offline far away
10	Light in the box	Sneakers	Online
11	Light in the box	Sneakers	Offline nearby
12	Light in the box	Sneakers	Offline far away

Table 3: Conditions questionnaires

These twelve conditions were added to the database by adding a new variable. So, all respondents that filled in the questionnaire with the condition Wehkamp – table lights – online, were given a ‘1’, for Wehkamp – table lights – offline nearby, this was indicated by a ‘2’ etcetera. In addition, four dummy variables were added. The first dummy variable showed the differences in whether or not the retailer had an offline store. When the scenario described

that it was about a pure online retailer a '0' was filled in. Otherwise, when the retailer also opened a B&M store recently, this was indicated by a '1'. It should be noted that one-third of the respondents faced the online only situation, whereas two-third of the respondents were told that the retailer recently also opened a B&M store recently. A second dummy variable shows distinction in the store distance of these offline-added conditions. If the store was located nearby this was labeled by a '0', if the store was located further away, this was labeled by a '1'. The third dummy variable showed the differences between the retailers, whereas Light in the box (low retailer's brand equity) was labeled by a '0' and Wehkamp (high retailer's brand equity) with a '1'. The fourth dummy variable showed the difference in the types of product, whereas table lights (no testing products) were indicated by a '0' and sneakers (testing products) by a '1'.

4.2 Respondents

As 25 respondents are required for each condition, a total of 300 respondents (12x25) is needed for this study. To reach the respondents, snowball sampling is used. According to Blumberg et al. (2011), this is a special sampling technique in which initial respondents recruit potential respondents. In this way, the sample size grows eventually. To establish this, social media is used to reach the initial respondents. A request, with a link to the online questionnaire is posted on Facebook, as well as people are asked to share the request within their own network of friends. This generates more exposure and thus probably more people will participate.

For this study, 285 respondents participated. Unfortunately, some people did not completely fill in the questionnaire. After cleaning the data by removing inconsistent observations, the number of useful data dropped to 242 respondents. Of this, 44.6% was male vs. 55.4% which was female. The average age of the respondents is 44 years, ranging from 20-69 years old. More specific descriptive statistics about the respondents can be found in chapter 5.1.

4.3 Variables

Fashion retail brands that are used for this study are: 'Wehkamp' and 'Light in the box'. These retailers are chosen because big differences in brand equity are assumed between both. Wehkamp is a more well-known retailer because of its many years of existence and because it uses a lot advertisements. In contrast, it is assumed that the brand equity of Light in the box is much lower as it uses no/few advertisements in the Netherlands and therefore consumers are less aware of the existence of this retailer. Both are pure online retailers that sell all kind of

products; from home accessories to fashion items. We had special interest in examining differences in product types, as most retailers sell specific product items. Because both retailers under investigation offer a broad range of products, testing products and non-testing products of them are used for this. Firstly, a pair of blue sneakers is chosen. Although it is expected that consumers may prefer an offline store, as this gives them the opportunity to feel the fabric and try the shoes on to see if it looks good on them, it seems that this type of product is frequently brought online (Nanji, 2013). Secondly, table lights are chosen. In contrast to shoes, consumers do not necessarily have to test these products before the purchase will be made. In appendix B, some examples of the websites that were used during this study, can be seen. The lay out for both websites are *manipulated* in such a way that the lay-out of both retailers look the same, the same assortment is offered and the price ranges of the sneakers and the table lights are more or less equally distributed. By manipulating the websites, consumers evaluate the situation on the retailer names and are not biased by any other element.

With the use of a cover story, the independent variables and moderators were *manipulated* as well. For each version a different scenario was described in order to get the respondents in a certain mind set. With the described scenario in mind they were asked to fill in the rest of the questionnaire. In the end of the questionnaire, some questions were asked about this to check if the respondents read the scenarios carefully. More about this can be read in chapter 5.2.

To *measure* the variables, different scale items from the Handbook of Marketing Scales of Bearden (1999) were used. All variables are measures with the use of several statements, measured on a 7-point Likert scales, whereas 1 = totally disagree till 7 = totally agree. For a 'pure' measurement of the variables, respondents were asked to reply on different statements that actually measured the same. For example, consumers' satisfaction was measured by the following three statements: 'I believe that buying a table light at Wehkamp could give a satisfied feeling.', 'To purchase a table light, I believe I would be delighted with Wehkamp's store.' and 'When I would need a table light, I believe I would be pleased to do my purchases at Wehkamp'. An exception of the coding is applied to the two mediators. The variables, and consequently also the formed factors, about both types of consumers' perceived shopping costs were reverse coded in SPSS; so 1 = totally agree till 7 = totally disagree. In this way the results were more easy to verify. For example, the higher the number, the more risk consumers perceive.

In the end of the questionnaire, (socio)demographic control variables were included

which provided more insights in the respondents. Next to the gender, age, education and income level, respondents were asked about their online behavior. Examples of these questions are 'How would you describe yourself as an online consumer? (Beginner – Expert)' and 'How many hours per day do you (on average) spend online? (≤ 1 - ≥ 4)'.

5. RESULTS

In this chapter, the results of the analyses are explained. In order to accept the hypotheses, the results from the regression analyses needed to be significant and in line with what was expected. If this was not the case, the hypothesis is rejected.

5.1 Descriptive statistics

For this study, 285 respondents participated. Unfortunately, some people did not completely fill in the questionnaire. After deleting approximately 15% of the incomplete data, the data of 242 respondents, spread across 12 versions, was used. When comparing the sample statistics with the CBS statistics in the Netherlands, which provides statistics of the entire Dutch population, major differences can be seen (see table 4).

Demographic variable	CBS Statistics (2014) (%)	Sample Statistics (N=242) (%)	Sample after Weighting (N=242) (%)
Gender			
Male	49.5	35.5	44.6
Female	50.5	64.5	55.4
Age			
20 < 30	19.0	65.7	19.0
30 < 40	18.3	12.4	18.3
40 < 50	22.8	9.9	22.8
50 < 60	21.6	9.1	21.5
60 < 70	18.4	2.9	18.3
Education (2013)			
VMBO	4.8	-	-
HAVO	3.3	-	-
VWO	1.0	0.8	1.2
MBO	26.3	10.3	17.5
HBO	33.0	42.6	45.7
WO	31.6	45.0	33.5
PhD		1.2	2.0
Annual Net. Income (2012)			
No income		8.7	4.2
≤ €10.000	53.6	33.5	9.7
€10.000 < €20.000	12.4	12.4	9.4
€20.000 < €30.000	22.5	12.4	17.7
€30.000 < €40.000	8.6	7.9	12.6
€40.000 < €50.000	1.9	3.7	9.1
≥ €50.000	1.0	5.4	14.5

Table 4: Demographic variables of the sample compared to CBS statistics

It became apparent that the sample was especially not representative according to age. Therefore, the data set was weighted by this variable (see table 5). In this way,

underrepresented groups are weighed heavier than groups that are overrepresented. The weight factors are calculated by dividing the population percentage by the sample percentage.

Age group	CBS (%)	Sample (%)	Weight factor
20 < 30 years old	19.0	65.7	0.29
30 < 40 years old	18.3	12.4	1.48
40 < 50 years old	22.8	9.9	2.30
50 < 60 years old	21.6	9.1	2.37
60 < 70 years old	18.4	2.9	6.34

Table 5: Weight factors

Although the sample shows a different division in gender, compared to the CBS, for the weighting no distinction is made between men and women. This is, because it is assumed that women shop more (often) than men. Therefore, it makes sense that women, before weighting, are overrepresented in this study.

After cleaning data by removing inconsistent observations and reweighting the data of the 242 respondents 44.6% was male vs. 55.4% which was female (table 4). After reweighting for age, age was more equally distributed among the respondents (20 < 30: 19.0%; 30 < 40: 18.3%; 40 < 50: 22.8%; 50 < 60: 21.5%; 60 < 70: 18.3%). The majority of these respondents (79.2%) has a high degree of education (HBO/WO). The biggest group of respondents (17.7%) has an annual income between €20.000 < €30.000.

To know a bit more about the respondents, some questions were asked about their online (shopping) behavior. On average, the majority of the respondents (60.3%) spend between one and three hours per day online. When looking at the age categories (figure 9) it can be seen that the youth (20 < 30 years old) spends the most time online (4 < 5 hours), older people (60 < 70 years old) spend less time on the Internet (1 < 2 hours). An explanation for this might be that the 20 < 30 age group exists mainly of students and the 60 < 70 age group is less technologically savvy.

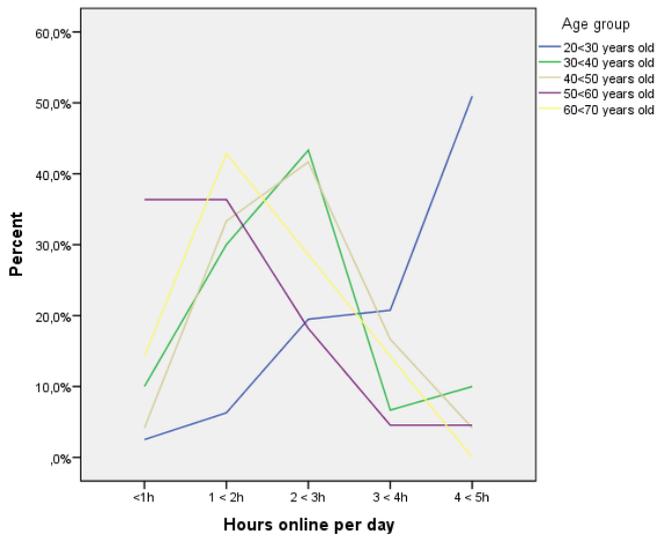


Figure 9: Hours online per day per age group

When asking how they characterize themselves as an online consumer (figure 10), most respondents (61.7%) rate themselves as average (3-5). In line with the previous findings, the youth has most skills as an online consumers, while most of the older age groups rate themselves as beginners.

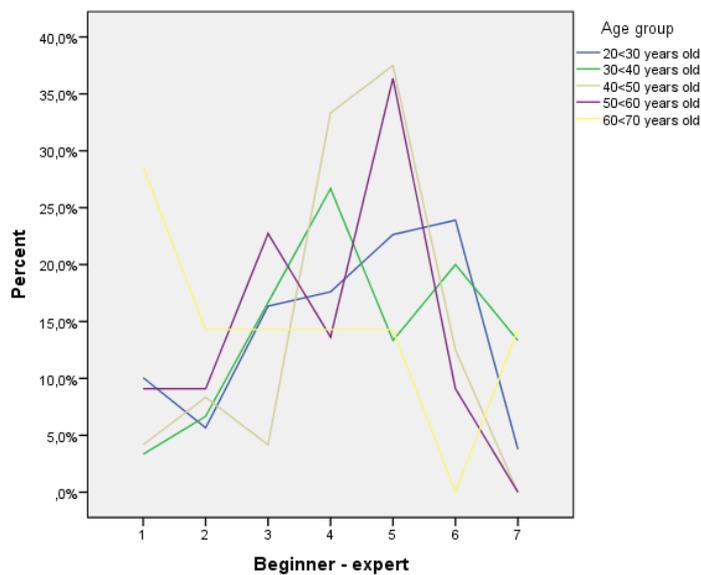


Figure 10: Rating online consumers per age group

5.2 Manipulation checks

To check if the respondents carefully read what situation was applicable (online, offline nearby, offline far away), an independent sample T-test was performed. For this test, the question in which respondents were asked what situation was applicable to the scenario they read was compared with the version number. Consequently, a new variable in SPSS was

created. When the answers of the respondents and the concerned version number corresponded, a '1' was filled in, which meant that the respondent 'understood' the manipulation. If not, a '0' was filled in. Table 6 shows that 28.8% of the respondents did not read the scenario right.

Manipulation understood	N	%
Yes	172	71.2
No	70	28.8

Table 6: Manipulation check addition of offline channel and store distance

Something that was remarkable was that the respondents that were shown the 'online only' scenario, almost all passed the manipulation check (see table 7). This might be because both retailers indeed only have an online store currently. Even though the respondents might not have read the scenario carefully, they may have answered the manipulation question with the knowledge they have from real life.

Applicable situation	Check: online	Check: offline, nearby	Check: offline, far away
Online	86*	0	4
Offline nearby	33	38*	4
Offline far away	29	0	48*

Table 7: Manipulation check addition of offline channel and store distance in detail (*manipulation understood)

Beforehand it was expected that Wehkamp is a more well-known retailer than Light in the box. By asking about the brand equity of the retailer, a manipulation check was performed. An independent sample T-test compared the brand equity factor with the dummy variable of the retailers (Light in the box = 0, Wehkamp = 1). The test showed that this was true (see table 8), as the values for Wehkamp (M=4.89; SD=.79) were indeed higher than for Light in the box (M=2.88; SD=.95). Brand equity was perfectly manipulated as the p-value is .000 (<.05).

To see if people indeed saw sneakers as a testing product, for this, also a manipulation check was done. The independent sample T-test compared the statement 'I want to try product X in advance before I buy it' with the dummy variable of the type of product (table lights = 0, sneakers = 1). The test showed that the respondents preferred to test the sneakers (M=5.80; SD=1.33) more than they would do this for table lights (M=3.02; SD=1.46) before they continue to purchasing the product. This result is significant as the p-value is .000 (<.05) and

therefore the manipulation was done successfully (see table 8).

Variable	Mean	Standard deviation	N	Sig.
Wehkamp	4.89	.79	127	
Light in the box	2.88	.95	115	
				.000
Table lights	3.02	1.46	125	
Sneakers	5.80	1.33	117	
				.000

Table 8: Manipulation check brand equity and type of product

For these three manipulation checks, three new dummy variables were formed which showed whether the respondents understood the check or not. Only the respondents that understood the manipulation check correct were given a '1', otherwise a '0' was filled in. During the regression analyses, these dummy variables were used as selection variables.

5.2 Basic insights

Before starting the actual data-analysis, it is important to get some basic insights first. As said before, most variables were tested with the use of several statements that measured the same. To continue the analyses, it is wise to see if these separate variables can be grouped together as this simplifies the dataset. In addition, the Cronbach's alpha's for these factors are tested. Moreover, normality is tested and insights are gathered about the correlations.

5.2.1 Factor analysis

To start with, the items that measured one construct were grouped together. With the use of a factor analysis, it was tested which items had common underlying variables. For one of the moderators (brand equity), the mediators and the dependent variables this was done at once. The KMO test was high enough with a value of .802 ($> .5$) and the Bartlett's test was significant as well (.000). These two numbers show that there is enough correlation in the data set, so it is appropriate to perform a factor analysis. The Eigenvalues (> 1) and the cumulative percentages ($> 60\%$) showed that it was wise to use six factors for the rest of the analyses (one factor concerning brand equity, two factors concerning the shopping costs and three factors concerning consumers' evaluation of a retailer). As expected, the questions that asked the same about one subject could be grouped together to form a factor (new variable in SPSS). One exception on this, is that two questions about consumers' perceived shopping costs concerning time/effort were deleted as these showed inconsistent values with the rest of the

time/effort questions.

To check if the factors were ‘strong’ enough, the internal consistency was tested by calculating the Cronbach’s Alpha (α). A rule of thumb for this is that a value $\geq .70$ shows that the new formed variable is significant reliable (Blumberg et al., 2011). Table 9 indicates that this is true for all the α ’s of the factors. For the rest of the analyses, the values of these factors are used.

Variable	Cronbach’s alpha (α)	Number of items
Shopping costs: time/effort	.822	5
Shopping costs: risk	.842	5
Brand equity	.784	4
Satisfaction	.904	3
Preference	.892	3
Purchase intention	.930	3

Table 9: Cronbach’s Alpha

5.2.2 Test of normality

To test if the variables are normally distributed or not, two tests for normality are applied.

First, the skewness of the variables is tested. According to Blumberg et al. (2011), this measures to what degree the distribution is asymmetrical. When skewness shows a negative sign, this means that the distribution is skewed to the left; extreme values are on the left of the mean, while most of the values are on the right of the mean. Vice versa, when skewness is positive, distribution is skewed to the right. Extreme values are on the right of the mean, while most of the values are on the left of the mean.

Second, it is looked at the Kurtosis values. Blumberg et al. (2011) state that this statistic measures the flatness and peakedness of the distribution. A negative Kurtosis shows a flat distribution, while a positive Kurtosis shows a peaked distribution.

In table 10, it can be seen that ‘addition of an offline channel’, ‘store distance’ and ‘brand equity’ are all negatively skewed and show a negative Kurtosis value. This means that the extreme values for these variables are on the left of the mean and that the distribution is flat. ‘Satisfaction’ has its extreme values on the left as well, but the distribution for this variable is peaked. Moreover, ‘type of product’, ‘risk’, ‘preference’ and ‘purchase intention’ are all skewed to the right with a flat distribution. ‘Time/effort’ shows positive signs for both skewness and Kurtosis, which indicates that the extreme values are on the right of the mean and that the distribution is peaked. Skewness and peaked distribution should be kept in mind for the rest of the analyses.

Variable	Skewness	St. error Skewness	Kurtosis	St. error Kurtosis
Addition offline	-.516	.156	-1.749	.312
Store distance	-.049	.197	-2.025	.392
Brand equity	-.100	.156	-2.007	.312
Type of product	.067	.156	-2.012	.312
Time/effort	.817	.156	1.398	.312
Risk	.164	.156	-.236	.312
Satisfaction	-.697	.156	.099	.312
Preference	.137	.156	-.677	.312
Purchase intention	.302	.156	-.543	.312

Table 10: Skewness and Kurtosis statistics

5.2.3 Correlations

To see if different ‘variables occur together in some specific manner, without implying that one causes the other’ (Blumberg et al., 2011), Pearson’s correlations were examined. The relationship can either be positive or negative. A positive correlation means that when one variable increases/decreases, the other variable increases/decreases as well (they move in the same direction). A negative correlation means that when one variable increases/decreases, the other variable decreases/increases (they move in the opposite direction). Moreover, the closer to 1, the stronger the relationship.

When looking at the correlation between the independent variables and the mediators, it can be seen that the ‘addition of an offline channel’ shows a significant negative correlation with ‘time/effort’. There is no significant correlation concerning the three dependent variables ‘satisfaction’, ‘preference’ and ‘purchase intention’. ‘Store distance’ shows some significant correlation effects as well. It is positively correlated to ‘time/effort’ and ‘risk’ and negatively correlated to ‘satisfaction’ (see table 11).

	Time/effort	Risk	Satisfaction	Preference	Purchase intention
Addition offline channel					
r	-.236*	-.111	.086	.110	.119
Sig.	.000	.084	.180	.088	.065
Store distance					
r	.183**	.203**	-.287*	-.101	-.016
Sig.	.024	.012	.000	.219	.844

*Correlation significant at 0.01 level (2-tailed).

**Correlation significant at 0.05 level (2-tailed)

Table 11: Correlations independent variables

In addition, table 12 indicates that the two moderators also show some significant correlation effects. 'Brand equity' shows both negative correlations towards 'time/effort' and 'risk'. Concerning 'satisfaction', it shows a positive relation. For the 'type of product', opposite signs can be seen. It is positively correlated to 'time/effort' and 'risk' while being negatively correlated to 'satisfaction'.

	Time/effort	Risk	Satisfaction	Preference	Purchase intention
Brand equity					
r	-.347*	-.586*	.141**	.009	.062
Sig.	.000	.000	.029	.887	.336
Type of product					
r	.224*	.236*	-.163**	.039	.005
Sig.	.000	.000	.011	.544	.938

*Correlation significant at 0.01 level (2-tailed).

** Correlation significant at 0.05 level (2-tailed).

Table 12: Correlations moderators

Lastly, the correlation between the mediators and the three dependent variables are investigated. Both 'time/effort' and 'risk' show significant negative correlations with 'satisfaction', 'preference' and 'purchase intention' (see table 13).

	Satisfaction	Preference	Purchase intention
Time/effort			
r	-.572*	-.335*	-.340*
Sig.	.000	.000	.000
Risk			
r	-.436*	-.181*	-.241*
Sig.	.000	.005	.000

* Correlation significant at 0.01 level (2-tailed).

Table 13: Correlations mediators

5.3 Testing the hypotheses

For testing the expected relationships of the conceptual model, regression analyses are used.

The regression equation is as follows: $Y_i = \alpha_i + \beta_1 x_{1,i} + \beta_2 x_{2,i} + \dots + \varepsilon_i$ (Malhotra, 2009).

Where i denotes a particular individual and

Y = dependent variable

α = constant (intercept)

β = unstandardized coefficient (slope)

x = independent variable

ε = error

During all regression analyses, the demographic control variables for gender, age, education and income are included as these may also have impact on the dependent variables. However, these effects are not displayed at each of the hypothesized variables, but only displayed once.

Next to the significance level and the direction of the relationship (positive/negative unstandardized coefficient), it is looked at the degree of multicollinearity. This is the case when all or some of the independent variables are highly correlated (Blumberg et al., 2011). To determine this, the variance inflation factor (VIF) and the level of tolerance are computed. Multicollinearity is present when $VIF > 4$ or the level of tolerance < 0.2 . Table 14 shows that this is not the case for any of the independent variables, moderators or control variables.

Underlying constructs of consumer's perceived shopping costs

	Tolerance	VIF
IVs		
Addition offline	.331	3.020
Store distance	.257	3.879
Moderators		
Brand equity	.960	1.042
Type of product	.945	1.059
Control var.		
Gender	.986	1.014
Age group	.742	1.347
Education	.976	1.025
Income	.752	1.329

Table 14: Tolerance and VIF scores

After this, we move on to the actual regression analyses. To start with, table 15 shows that when an online retailer adds an offline channel, this will save consumers' time/effort and they will perceive less risk. As these results are significant and in line with what was expected, H1a and H1b are accepted. In addition, both moderators show significant positive

effects for both types of consumer's perceived shopping costs. This means that both consumers' perceived shopping costs, in case of high retailer's brand equity, are stronger influenced by the addition of an offline channel, compared to when a retailer's level of brand equity is low. Beforehand, it was expected that consumers would benefit most from an added offline channel when they shop at a retailer with a low level of brand equity. Thus, H2a1 and H2a2 are rejected. Concerning the type of product, it can be concluded that both consumers' perceived shopping costs, in case of shopping for a testing product, are stronger influenced by the addition of an offline channel, compared to shopping for a non-testing product. This is in line with what was expected, so H2b1 and H2b2 are accepted. For time/effort, 30.0% ($R^2 = .300$) of the variance is explained by the model, for risk this is 40.2% ($R^2 = .402$). Both models are overall significant ($\text{sig.} = .000$). Moreover, table 15 shows that some of the control variables also show significant effects towards consumers' perceived shopping costs. The older consumers are, the more time/effort it costs them to do their shopping. As well, females perceive more risk while shopping.

	Time/effort			Risk		
	B	t	Sig.	B	t	Sig.
Add offline	-1.423	-5.854	.000*	-1.463	-6.502	.000*
Gender	.083	.628	.531	.377	2.744	.007*
Age group	.170	3.078	.002*	.047	.814	.416
Education	-.022	-.263	.793	-.133	-1.507	.133
Income	.021	.613	.540	.037	1.024	.307
Offline * brand equity	.367	3.910	.000*	.723	8.318	.000*
Offline * type of product	.330	3.498	.001*	.288	3.290	.001*
	$R^2 = .300$ Sig. = .000			$R^2 = .402$ Sig. = .000		

*significant at 0.01level

Table 15: regression analysis of addition of an offline channel of consumers' perceived shopping costs

When looking at the store distance, it can be seen that the further away the added offline channel is located, the less time/effort it will cost consumers to shop and the less risk they will perceive (see table 16). Beforehand, it was expected that consumers will appreciate the offline channel more, the closer it is located near them. Therefore, H3a and H3b are rejected. Also here, both moderators show significant positive effects for both types of consumer's perceived shopping costs. This means that both types of consumers' perceived

shopping costs, in case of high retailer's brand equity, are stronger influenced by the store distance, compared to when a retailer's level of brand equity is low. This is not in line with what was expected and therefore H4a1 and H4a2 are rejected. Concerning the type of product, it can be concluded that both consumers' perceived shopping costs, in case of shopping for a testing product, are stronger influenced by the store distance, compared to shopping for a non-testing product. Thus H4b1 and H4b2 are accepted. For time/effort, 35.9% ($R^2 = .359$) of the variance is explained by the model, for risk this is 52.2% ($R^2 = .522$). Both models are overall significant ($\text{sig.} = .000$).

	Time/effort			Risk		
	B	t	Sig.	B	t	Sig.
Store distance	-.961	-3.298	.001*	-1.227	-4.137	.000*
Store distance * brand equity	.257	2.455	.016**	.612	5.750	.000*
Store distance * type of product	.429	4.257	.000*	.355	3.464	.001*
	$R^2 = .359$ Sig. = .000			$R^2 = .522$ Sig. = .000		

*significant at 0.01level, ** significant at 0.05 level, *** significant at 0.10 level

Table 16: regression analysis of store distance on consumers' perceived shopping costs

The direct effects from both moderators towards consumers' perceived shopping costs are also examined. It seems that the higher retailer's brand equity, the less time/effort this will cost consumers to do their shopping and the less risk they will perceive (see table 17). As this is in line with H5a and H5b, both of these hypotheses are accepted. For time/effort, 25.0% ($R^2 = .250$) of the variance is explained by the model, for risk this is 43.9% ($R^2 = .439$). Both models are overall significant ($\text{sig.} = .000$).

	Time/effort			Risk		
	B	t	Sig.	B	t	Sig.
Equity	-.951	-7.537	.000*	-1.360	-11.897	.000*
	$R^2 = .250$ Sig. = .000			$R^2 = .439$ Sig. = .000		

*significant at 0.01level

Table 17: regression analyses of retailer's brand equity on consumers' perceived shopping costs

Furthermore, when consumers are shopping for testing products, the more time/effort this will cost them and the more risk they will perceive, compared to when they shop for non-testing products (table 18). As these outcomes are partly in line with our expectations, H6a is

accepted, while H6b is rejected. For both time/effort and risk, 15.0% ($R^2 = .150$) of the variance is explained by the model. Both models are overall significant ($\text{sig.} = .000$).

	Time/effort			Risk		
	B	t	Sig.	B	t	Sig.
Product type	.606	4.368	.000*	.590	4.028	.000*
	$R^2 = .150$ Sig. = .000			$R^2 = .150$ Sig. = .000		

*significant at 0.01level

Table 18: regression analyses of the type of product on consumers' perceived shopping costs

In turn, consumers' perceived shopping costs have direct effects on consumers' evaluation of a retailer. Table 19 shows that when it costs consumers more time/effort to do their shopping, they are less satisfied and that their preference and purchase intention towards that specific retailer decreases. Furthermore, the more risk consumers perceive, the less satisfied they are with a retailer. All models are overall significant ($\text{sig.} = .000$). Therefore, H7a1, H7a2, H7a3 and H7b1 are accepted and H7b2 and H7b3 are rejected.

	Satisfaction			Preference			Purchase intention		
	B	t	Sig.	B	t	Sig.	B	t	Sig.
Time/effort	-.529	-6.440	.000*	-.404	-3.970	.000*	-.390	-3.528	.001*
Risk	-.132	-1.662	.098***	.023	.239	.812	-.043	-.404	.687
	$R = .393$ Sig. .000			$R^2 = .142$ Sig. = .000			$R^2 = .139$ Sig. = .000		

*significant at 0.01level, *** significant at 0.10 level

Table 19: regression analyses of consumers' perceived shopping costs on consumers' evaluation of a retailer

To test if there are any mediation effects, the four step procedure of Baron & Kenny (1986) is used. The model which is presented in figure 11, is used for this. For a mediation effect to happen, the regression analyses in paths *a*, *b* and *c* need to be significant.

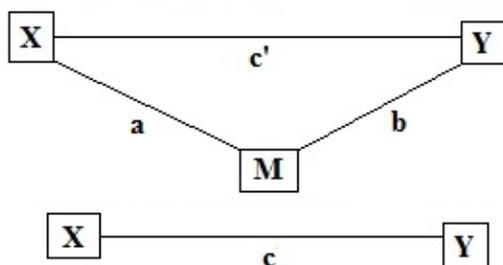


Figure 11: Mediation relationship whereas X is the independent variable, M is the mediator and Y is the dependent variable.

After this, it is looked at the regression analysis in path c' . Three things can happen:

- no mediation: no change in significant level of X, when M is controlled.
- partial mediation: significant level of X is reduced (but still significant), when M is controlled.
- full mediation: X is not significant anymore, when M is controlled.

The significance level of a , b , c from figure 11 are presented in tables 15-24. Concerning path c , it turned out that only the relation between the independent variables (except for the addition of an offline channel) and 'satisfaction' is significant. Consequently, for these relationships, it is looked at the difference in significance level for X in the paths a and c' . These are displayed in table 20. From this, the following can be concluded:

- time/effort shows *no* mediation effect in the relationship between the store distance of the added offline store and consumers' satisfaction with a retailer.
- Both types of shopping costs *partial* mediate the relation between the type of product and consumers' satisfaction with a retailer. A partial mediation effect also holds for risk that mediates the relation between the store distance of the added offline store and consumers' satisfaction with a retailer.
- *Full* mediation is present when both types of shopping costs mediate the relation between retailer's level of brand equity and consumers' satisfaction with a retailer.

Mediation relationship	a (sig.)	b (sig.)	c (sig.)	c' (sig.)	Mediation effect
Store distance → time/effort → satisfaction	.001	.000	.000	.001*	None
Store distance → risk → satisfaction	.000	.000	.000	.002*	Partial
Brand equity → time/effort → satisfaction	.000	.000	.000	.900	Full
Brand equity → risk → satisfaction	.000	.000	.000	.411	Full
Type of product → time/effort → satisfaction	.000	.000	.002	.010*	Partial
Type of product → risk → satisfaction	.000	.000	.002	.001*	Partial

*significant at 0.01level

Table 20: mediation effects

Table 20 also shows some other noteworthy finding. Different than expected, the type of product also has an effect on the evaluation of the retailer. The conceptual model expected that no other than a mediation effect was expected. A direct effect was not taken into account as it was expected that the level of satisfaction would not be influenced by the type of product

itself. It was assumed that consumer characteristics, e.g. utilitarian vs. hedonic shopping behavior, rather than product characteristics play a role in this. For example, if consumers really like shopping in itself (hedonic, Arnold & Reynolds, 2003) they would be more satisfied with a retailer when they can browse around and test the products. If consumers have utilitarian shopping motives (they visit a store because they need a product), they would browse less and testing does not add immediate value for them. However, table 20 indicates that the type of product also shows a direct effect towards consumers' satisfaction (effect c). Consumers' that are looking for testing products are less satisfied with a retailer than when they shop for non-testing products (table 21). Apparently consumers' expectations about testing products are higher than for non-testing products, so they sooner will be less satisfied with a retailer when they want to buy a testing product.

	Satisfaction			Preference			Purchase intention		
	B	t	Sig.	B	t	Sig.	B	T	Sig.
Type of product	-.690	-4.303	.000*	-.134	-.735	.463	-.081	-.422	.674
	<i>R = .206 Sig. .000</i>			<i>R² = .045 Sig. = .114</i>			<i>R² = .091 Sig. = .002</i>		

* significant at 0.01 level

Table 21: regression analysis type of product on consumers' evaluation of a retailer

Something else that is remarkable, is that the addition of an offline channel does not increase consumers' evaluation of a retailer. Table 22 shows that there is a positive relation between the addition of an offline channel and consumers' satisfaction, preference and purchase intention. However, these are all not significant. Thus, H8a, H8b and H8c are all rejected. Moreover, it can be seen that the older consumers are, the more their evaluation of a retailer will decrease. In addition, the higher educated consumers are, the more satisfied they are with a retailer.

	Satisfaction			Preference			Purchase intention		
	B	t	Sig.	B	t	Sig.	B	t	Sig.
Add offline	.001	.003	.998	.045	.231	.818	-.056	-.281	.779
Gender	-.167	-1.100	.272	.261	1.575	.117	-.182	-1.011	.313
Age	-.290	-4.587	.000*	-.200	-2.900	.004*	-.221	-2.949	.004*
Education	.217	2.228	.027**	.019	.177	.859	.111	.963	.336

Income	.003	.064	.949	.037	.851	.396	.038	.803	.423
	$R^2 = .237$ Sig. = .001			$R^2 = .098$ Sig. = .004			$R^2 = .129$ Sig. = .000		

*significant at 0.01 level, ** significant at 0.05 level

Table 22: regression analysis of the addition of an offline channel on consumers' evaluation of a retailer

The same conclusions can be drawn for the store distance of the added offline channel. Only, the model concerning consumers' satisfaction shows a significant finding. From table 23 it can be seen that the further away the B&M store is located, the less satisfied consumers are. As this finding is in line with our expectations, H9a is accepted. In addition, 27% ($R^2 = .270$) of the variance is explained by the model. In addition, as the findings concerning consumers' preference and their purchase intention are not significant, H9b and H9c are both rejected.

	Satisfaction			Preference			Purchase intention		
	B	t	Sig.	B	t	Sig.	B	t	Sig.
Store distance	-1.103	-4.300	.000*	.059	.165	.869	-.435	-1.395	.167
	$R^2 = .298$ Sig. = .000			$R^2 = .258$ Sig. = .353			$R^2 = .197$ Sig. = .003		

* significant at 0.01 level

Table 23: regression analysis of the store distance on consumers' evaluation of a retailer

Lastly, also for brand equity, only the model concerning satisfaction is significant (sig. = .000). Table 24 shows that the higher a retailer's brand equity, the more satisfied consumers are. This result is in line with our expectations, thus, H10a is accepted. In addition, 30.2% ($R^2 = .302$) of the variance is explained by the model. The findings concerning consumers' preference and their purchase intention are both not significant, therefore, H10b and H10c are rejected.

	Satisfaction			Preference			Purchase intention		
	B	t	Sig.	B	t	Sig.	B	t	Sig.
Brand equity	.561	3.581	.000*	.192	1.064	.289	.273	1.437	.152
	$R^2 = .164$ Sig. = .000			$R^2 = .036$ Sig. = .175			$R^2 = .044$ Sig. = .091		

* significant at 0.01 level

Table 24: regression analysis of brand equity on consumers' evaluation of a retailer

6. CONCLUSION AND DISCUSSION

In the introduction, the following problem statement was presented :

“To which extend does adding an offline channel to an online channel (no/yes) and its store distance (nearby vs. far away) increase consumers’ satisfaction, consumers’ preference for that retailer and consumers’ purchase intention and how is this relationship mediated by consumers’ perceived shopping costs (time/effort and risk)? Moreover, how is this relationship between the addition of an offline channel (and its store distance) and consumers’ perceived shopping costs moderated by the level of brand equity of the online retailer (low vs. high) and the type of product the retailer is selling (no testing product vs. testing product)?”

This chapter provides answers on this by highlighting the main findings from the analyses and discuss the results. Table 25 shows an overview of the hypotheses that are supported.

This study showed that consumers will see differences in their shopping costs and their overall evaluation when an offline channel is added to an online channel. When an online retailer decides to open a B&M store, it will cost consumers less time and effort to do their shopping. Also, less risk will be perceived by them (H1). This effect is most beneficial for consumers when they shop at retailers with a high level of brand equity and when they shop for products they would like to test in advance (H2). It is implied that the distance of the offline channel does not have a great effect for consumers. The findings of H3 showed that the further away the B&M store is located, the lower consumers’ perceived shopping costs will be. This may indicate that by ‘just knowing’ that there is a possibility to visit a B&M store of the online retailer, this in itself may already add value for consumers. It might not be necessary to open a lot of B&M stores, just to be near the consumer. Also here, consumers will find most advantages for retailers with a high level of brand equity and for retailers that sell testing products (H4).

The results of H2 and H4 concerning the type of product are in line with what was expected. This was not the case for the level of retailer’s brand equity. It was expected that consumers benefit most when a less-known online retailer decides to open a B&M store (because of the billboard effect, found by Avery et al. (2012)). This would in particular be the case when the B&M store would be located nearby the consumers. The results from the regression analyses showed opposite findings. An explanation for this might be that when consumers already are familiar with a retailer (high level of brand equity) online, they do not have to find out anymore what to expect from the retailer offline. Therefore, the amount of

time/energy is reduced and less risk will be perceived. When a less-known retailer will add an offline channel, it is assumed that consumers will be less impressed. They do not know that it offers them any benefits, because they do not know that the retailer already has a store on the internet.

The two moderators also show direct effects towards consumers perceived shopping costs; it will cost consumers less time/effort and less risk will be perceived when shopping at retailers with a high level of brand equity (H5). The opposite is true for consumers when shopping at retailers that sell testing products; this takes more time/effort and more risk will be perceived (H6). That consumers may perceive more risk while shopping for testing products may be caused by the probability that consumers base their decision on their personal needs. When a product does not fulfill the needs of a customer, a customer will look further until she finds a good match. There is a chance that the 'right product' is from a less-known retailer. Although consumers might be less certain about the reputation of this retailer, they may still want take this risk.

Not only consumers' perceived shopping costs are taken into account. Also consumers' evaluation of a retailer is examined. When consumers perceive to have higher shopping costs, the worse their evaluation about the retailer will be (H7). This is in line with previous research. Chintagunta et al. (2012) showed that consumers want the best of both worlds, so consumers make a tradeoff between the involved costs of each channel and choose the one with the lowest costs involved in order to maximize its added value.

Furthermore, it is found that consumers do not evaluate a retailer more positive when an offline channel is added (H8). Although this is not in line with previous expectations, there might be an explanation for this. Because of technological developments, it became possible for consumers to do their shopping online. The convenience of the online possibility is boosted, because consumers have experience with the provided product offers offline. The benefit that an online retailer can have by adding an offline channel is limited, as products are still available at competitors' B&M stores. As online shopping has become a habit for consumers over time (Thuiswinkel, 2014) and consumers have a busy lifestyle, it is expected that online retailing will become even a bigger booming business. Marketline (2013b) state that it will grow with 71.5% in the period 2012-2017. However, when online shopping may outgrow offline shopping and traditional B&M stores might be obliged to leave the retail arena, it is expected that at this point consumers will evaluate a retailer more positive when online and offline channels are available for consumers. Online retailers that do add a B&M store to their business will outperform online retailers that do not. This is because

omnichannel retailers provide the best of both worlds (Rigby, 2011) and, therefore, they can satisfy consumers who increasingly want everything.

Concerning consumers' evaluation of a retailer, in general, consumers are more satisfied with a retailer when a store is located nearby (H9a). Time/effort show no mediation effect in this, while the relationship is partially mediated by the amount of risk consumers perceive. Furthermore, consumers are more satisfied when the retailer is well-known (H10a). This relationship is fully mediated by both type of consumers' perceived shopping costs. Lastly, consumers are more satisfied with a retailer when they are looking for testing products (extended finding). Time/effort and risk both show partial mediation effects in this.

Hypothesis	Expected relation	Actual relation	Hypothesis supported?
H1a: addition offline channel (no/yes) → time/effort	-	-	Supported
H1b: addition offline channel (no/yes) → risk	-	-	Supported
H2a1: addition offline channel (no/yes) → time/effort, bigger effect when level of brand equity is low	-	+	Not supported
H2a2: addition offline channel (no/yes) → risk, bigger effect when level of brand equity is low	-	+	Not supported
H2b1: addition offline channel (no/yes) → time/effort, bigger effect for testing products	+	+	Supported
H2b2: addition offline channel (no/yes) → risk, bigger effect for testing products	+	+	Supported
H3a: store distance (nearby/far away) → time/effort	+	-	Not supported
H3b: store distance (nearby/far away) → risk	+	-	Not supported
H4a1: store distance (nearby/far away) → time/effort, bigger effect when level of brand equity is low	-	+	Not supported
H4a2: store distance (nearby/far away) → risk, bigger effect when level of brand equity is low	-	+	Not supported
H4b1: store distance (nearby/far away) → time/effort, bigger effect for testing products	+	+	Supported
H4b2: store distance (nearby/far away) → risk, bigger effect for testing products	+	+	Supported
H5a: brand equity (low/high) → time/effort	-	-	Supported
H5b: brand equity (low/high) → risk	-	-	Supported
H6a: type of product (no testing/testing) → time/effort	+	+	Supported
H6b: type of product (no testing/testing) → risk	-	+	Not supported
H7a1: time/effort → satisfaction	-	-	Supported
H7a2: time/effort → preference	-	-	Supported
H7a3: time/effort → purchase intention	-	-	Supported
H7b1: risk → satisfaction	-	-	Supported

H7b2: risk → preference	-	+	Not supported
H7b3: risk → purchase intention	-	-	Not supported (not significant)
H8a: addition offline channel (no/yes) → satisfaction	+	+	Not supported (not significant)
H8b: addition offline channel (no/yes) → preference	+	+	Not supported (not significant)
H8c: addition offline channel (no/yes) → purchase intention	+	-	Not supported
H9a: Store distance (nearby/far away) → satisfaction	-	-	Supported
H9b: Store distance (nearby/far away) → preference	-	+	Not supported
H9c: Store distance (nearby/far away) → purchase intention	-	-	Not supported (not significant)
H10a: Brand equity (high/low) → satisfaction	+	+	Supported
H10b: Brand equity (high/low) → preference	+	+	Not supported (not significant)
H10c: Brand equity (high/low) → purchase intention	+	+	Not supported (not significant)

Table 25: Overview supported hypotheses

7. MANAGERIAL IMPLICATIONS

As said in the beginning, this study is done from the perspective of the consumer. However, retailers can benefit from the insights that this study provides. Retailers that may benefit from current findings can be categorized into four different quadrants as each retailer shows different characteristics (figure 12). A detailed advice is provided for retailers with a high level of brand equity that sell testing products, as the findings of this study suggest that especially online retailers with a high level of brand equity should add an offline channel. In particular, this should be done when they sell products that consumers like to test before purchase, as an offline channel can fulfill these needs. For this, some main findings of previous research (Gulati & Garino, 2000; Vishwanath & Mulvin, 2001; Neslin et al., 2006) are highlighted. Also for the other quadrants, managerial implications are discussed.

1. Low brand equity No-testing product	2. High brand equity No-testing product
3. Low brand equity Testing product	4. High brand equity Testing product

Figure 12: types of retailers that may benefit from the insights of the current study.

As consumers' perceived shopping costs are directly and consumers' evaluation is indirectly influenced by the addition of an offline channel, it may be advisable for online retailers to start a B&M store. Marketline (2013a) showed that online retailing is booming, as consumers' online shopping tendency increased with 63% and the online shopping frequency with 55% between 2005-2013. However, it is not always as profitable as hoped (Twinkle magazine, 2013). Therefore, the addition of an offline channel may be an opportunity. To say what role is the best option for the added offline channel, this study shares the vision of PwC (2012) which proposed two future functions for traditional B&M stores; either to be a customer service center or a showroom.

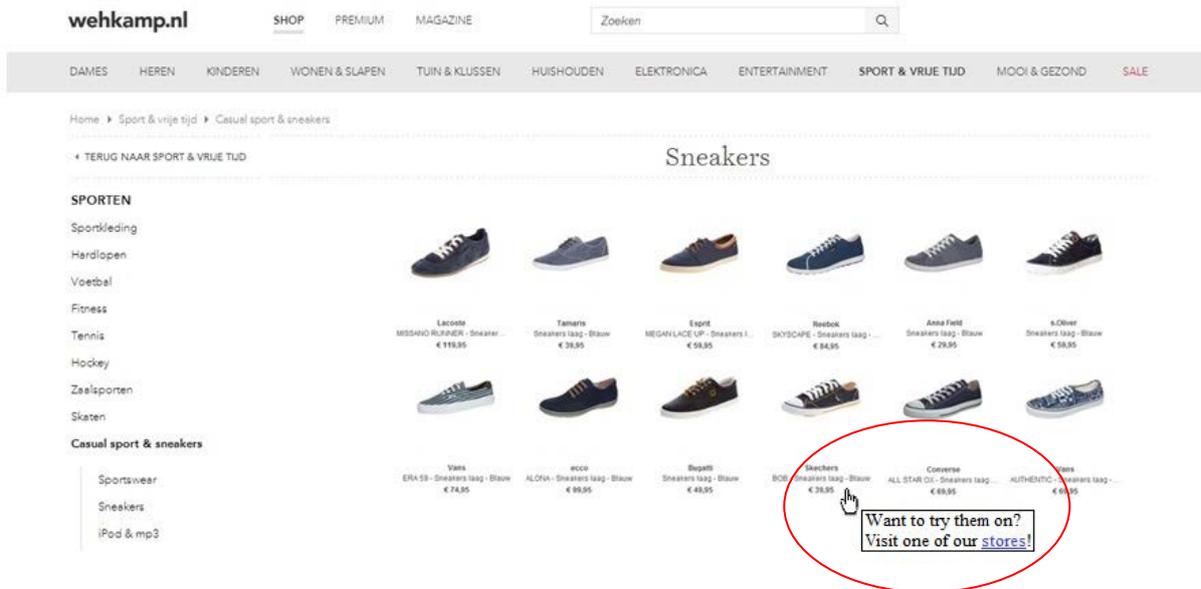
The customer service center is of special interest for retailers that sell no-testing products (quadrants 1&2). These products do not necessarily need to be tested before purchase, so physical products in a B&M store do not add special value for the consumers. However, one of the advantages of an offline channel is that consumers can have direct contact with sales personnel which can give them specialized help (Rigby, 2011).

The showroom function might in particular be advisable for retailers that sell testing products (quadrants 3&4). For retailers with a low level of brand equity, the main function of

the B&M store would be to increase consumers' awareness. The billboard effect is key in this. The findings of the current study show that especially retailers with a high level of brand equity will benefit from having an added offline channel, as consumers perceive lower shopping costs while shopping at them. In order to coordinate the online and offline channel, a retailer should implement a click-and-mortar strategy. Channel conflict, e.g. cannibalization, should be avoided which can be achieved by integrating both channels. When moving from a pure online player to an omnichannel retailer, the following is suggested: define different roles for both channels, but at the same time create synergy!

A retailer should make use of the advantages that each channel offers. According to Rigby (2011), each channel has specific aspects. Therefore, it is advisable to highlight these while becoming an omnichannel retailer. In other words; use each channel with a different purpose. Offline, in the B&M store, a selected part of the product assortment is displayed. This can e.g. be medium sized products. Consumers can feel the fabric and evaluate if the product is what they are looking for. On the shelf, a link to the website is displayed, so when they want a smaller/bigger size they can visit the store online. The other way around, when consumers visit the website and see a product they like, but are not really sure if it can fulfill their needs, a link to the (offline) store locations is displayed (see examples below).





Next to this, a retailer can even choose to make a distinction in price level among the channels. For example, it may want to use the unlimited space online for its discounted products. Simultaneously, more space is available in the B&M store for 'regular' product ranges. For this, cross-channel promotion is needed, so that consumers are aware of this distinction. Online, consumers should be able to see previews of the new collection, being displayed offline. Offline, promotion displays should be visible in-store that say that there is an online sale shopping area. Consequently, consumers are attracted along both dimensions. Traditional offline consumers are being stimulated to do part of their shopping online, while traditional online consumers are inspired to look for new products offline. In this way, cross-channel cannibalization is limited.

Another synergetic aspect concerns customer service. It is advisable for a retailer to be flexible in the delivery and return process. When consumers bought a product online, it should be possible that they have the possibility to pick it up at the (offline) store in the city center. In addition, when a product does not meet consumers' need, it should be possible to return their online order in the offline B&M store. In this way, consumers can shop freely across the channels.

A final point of attention is that the omnichannel retailer should make use of an efficient distribution process. With an integrated inventory system more value is added for consumers. In both online and offline environments it should be visible for consumers how much stock is left in each channel.

Both B&M functions should stimulate the rise of research shoppers, who search in one channel and shop in another channel (Verhoef et al., 2007). While functioning as a customer service center, customers mainly use the B&M store for personal assistance. Online they can easily compare products and prices in a fast and convenient way; offline they can go to the store for personal assistance. When functioning as a showroom, the products are displayed and can be tested in the B&M store, while the online channel serves as the actual store, which offers all product variations. In this way, both channels can enhance each other which is beneficial to the retailer.

The results of the current study suggest that, for all quadrants, the best group of consumers to target are higher educated young men. Although women are often seen as the main shoppers to target, it is advised not to do so. This is because they, in general, perceive more risk while shopping than men do. In addition, higher educated consumers, as well as younger people, are more satisfied about a retailer. So, switching to competitors is minimal. Furthermore, it costs older consumers more time effort to do their shopping and they have lower purchase intentions than younger consumers have.

8. RESEARCH LIMITATIONS AND FURTHER RESEARCH

Although the analyses show some firm conclusions that support part of the hypotheses, this study is not free of limitations. One of them is that this study is limited in the scope of firms and the scope of region. As this study is only conducted among retail companies, generalization of the results to e.g. trade, manufacturing and service firms cannot be made. Moreover, as this study only covered the Netherlands, cross-national effects are not considered. Further research, therefore, could expand the current study by covering a wide range of retailers and product types in several different countries.

Another limitation concerns the scenario with included various manipulations. The manipulation checks about retailer's brand equity and the type of product were quite obvious as these were also covered in almost each question. For example, 'the next time I need a *table light*, I will go to *Wehkamp*'. However, quite some respondents, 28.8% (see table 6) missed the manipulation that covered the addition and the store distance of an offline channel. As this was only mentioned once in the scenario in the beginning, it can be assumed that respondents read over it. To cover this problem, further research may be more explicit in making this distinction between the different versions. For example, by highlighting it in the cover story. In addition, the three manipulation checks dropped the relevant data from 242 to 89 respondents. As this is not a representative number, the sample size is another limitation of this study. In case of more respondents, the conclusions could have been more precise.

A final remark is about the choice of retailers and the choice of products. The name of 'Light in the box' implies that it rather is a retailer that sells all kind of lights, than that is an all round retailer. Especially, in combination with table lights as a type of product, it can mislead respondents. They might think 'it is a light retailer, so it should be ok'. Consequently, when respondents have to rate Light in the box according to a pair of sneakers, they might be confused as the name of the retailer brings different associations with it. Moreover, Wehkamp is more well known among the respondents, but this retail name might have been misleading as well. This is, because they currently have a TV commercial in which they explicitly state that they are an online store. Quote commercial: 'When people think about Wehkamp, they still think about a catalog. We are long gone. We have now become the biggest online store in the Netherlands'. So, the respondents that saw the scenario of Wehkamp with an offline channel located nearby/further away, may have been confused when missing out that it is not the real deal but just an example; 'why is this not in their commercial?'. Therefore, it is advisable to do thorough research about retailer's association during further research. A possibility for this, is to do qualitative research with the use of a focus group.

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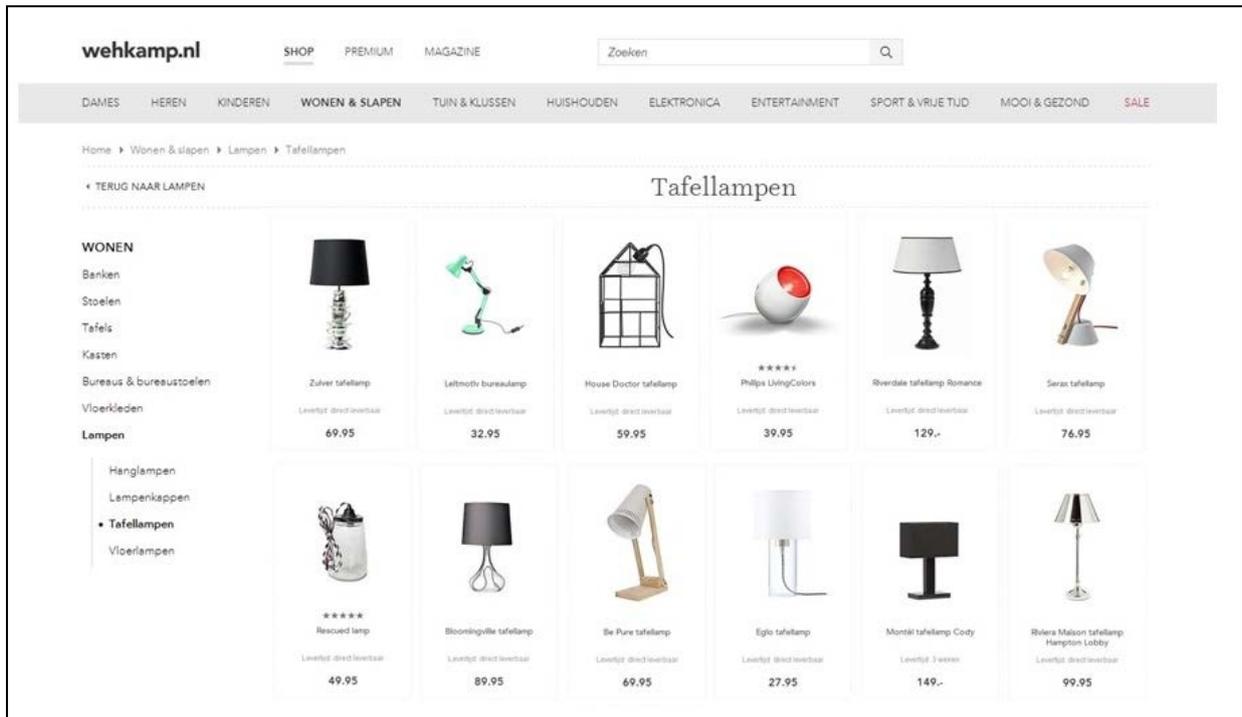
Zeithaml, V. A. 1988. Consumer perceptions of price, quality and value: a means-end model and synthesis of evidence. *Journal of Marketing*, 52(3): 2-22.

APPENDIX A: TOP 25 DUTCH RETAILERS

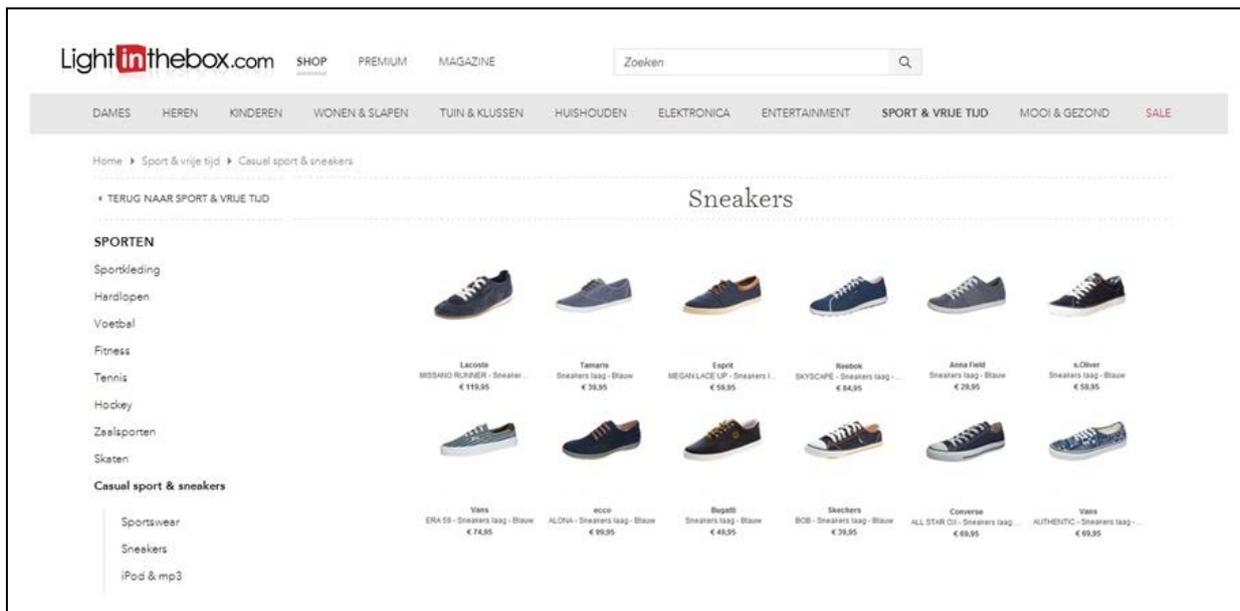
Top 25 retailers The Netherlands 2013	Turnover (€million)
1. Ahold	660
2. RFS Holland Holding*	474
3. Zalando*	200
4. BAS Groups	135
5. Coolblue	130
6. KPN	130
7. H&M	125
8. Hema	120
9. Ticketmaster Nederland*	117
10. Thuisbezorgd.nl*	110
11. Otto*	100
12. T-Mobile Nederland	97
13. See Tickets Nederland*	90
14. Vodafone	90
15. Media Markt – Saturn	80
16. Nespresso Nederland B.V.	75
17. BVA-Auctions.com*	68
18. Neckermann.com*	55
19. de Bijenkorf	54
20. 123inkt.nl*	53
21. Foppen E-Tail	52.5
22. Phone House	52
23. Conrad*	51
24. V&D	50
25. Alternade*	49.3

Source: Twinkle100.nl (pure online players)*

APPENDIX B: EXAMPLE SCENARIOS



Scenario Wehkamp – table lights



Scenario Light in the box – blue sneakers

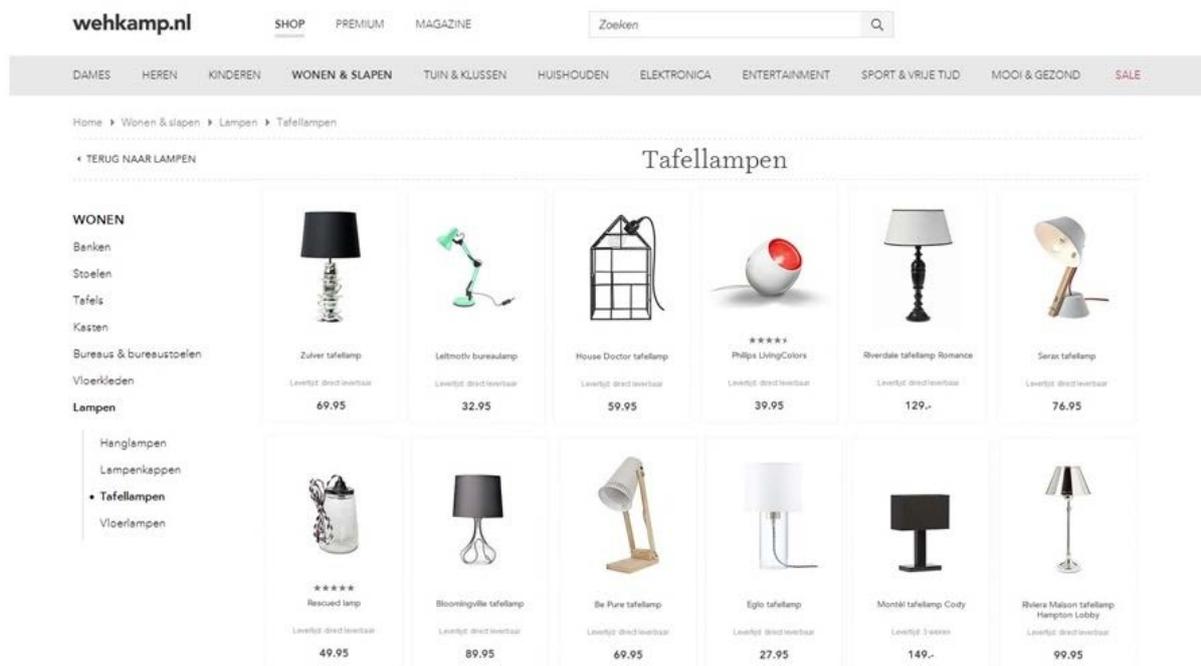
APPENDIX C: QUESTIONNAIRE

Thank you for helping me to graduate! For my Master Marketing, I am doing research in consumer behavior. Participation takes about 10 minutes. This is anonymous and your answers will not be used for any other purpose other than for this study.

You will first be reading a certain situation. Read this carefully and keep this situation in mind when completing the survey.

[Start]

Imagine that you want to buy a table light² and you visit the website of Wehkamp³. Wehkamp operates in the Netherlands for several years and only has a website⁴. You searched for the available range of table lights and have found the following products. Please look at this range carefully (about 1-2 minutes):



²In six scenarios, one buys a table lamp, in six other scenarios, one buys a pair of blue sneakers.

³In six scenarios one sees a situation at Wehkamp, in six other scenarios, one sees a scenario at Light in the box.

⁴In four scenarios, the retailer only has a website, in four other scenarios, in addition to a website, the retailer also recently opened a store in the town where you live and in four other scenarios, in addition to a website, the retailer also recently opened a store, but in a place about an hour away from where you live.

You have just seen the offer of Wehkamp's table lights. Please rate this collection with the use of the following statements.

1. Totally disagree (...) 7. Totally agree	1	2	3	4	5	6	7
Wehkamp offers a complete range of table lights.							
The range of table lights offers something for everyone.							
Looked at the price levels almost anyone can find a table light which he/she likes.							

[Next page]

Then I also have some questions about how you evaluate Wehkamp:

1. Totally disagree (...) 7. Totally agree	1	2	3	4	5	6	7
Wehkamp is easily accessible.							
It takes me little time to come to a decision at Wehkamp.							
Wehkamp provides consumers with the right information to make a right decision.							
I think that the shopping environment of Wehkamp is clear and uncluttered.							
Wehkamp helps people to come to a fast decision.							
If I order something at Wehkamp, then I usually have it quickly at home.							
Wehkamp offers a much more pleasant shopping experience than similar stores.							
I experience little risk when I buy a product at Wehkamp.							
If a product is not good, I can be confident that I can change it easily at Wehkamp.							
Others will not be surprised if they know I bought something at Wehkamp.							
When an order is not as wished for, Wehkamp will do everything they can to keep the customer satisfied.							

At Wehkamp, you know in advance what service you can expect.							
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[Next page]

To what extent do you agree with the following statements?

1. Totally disagree (...) 7. Totally agree	1	2	3	4	5	6	7
I believe that buying a table light at Wehkamp could give a satisfied feeling.							
To purchase a table light, I believe I would be delighted with Wehkamp's store.							
When I would need a table light, I believe I would be pleased to do my purchases at Wehkamp.							
Compared to similar stores, I prefer Wehkamp.							
In the future, Wehkamp is the first shop I will visit for the purchase of a table light.							
Compared to similar stores Wehkamp is in my opinion the best place to shop for a table light.							
If I would have had needed a table light last year, I would have gone to Wehkamp.							
The next time I need a table light, I will go to Wehkamp.							
During the next year, I will regularly choose Wehkamp as a retailer.							

How do you rate shopping at Wehkamp in general?

- Boring Nice
- Unpleasant Pleasant
- Necessary Fun

[Next page]

Then I have some background questions:

Did you ever shop at Wehkamp before?

- Yes
- No

To what extent do you agree with the following statements?

1. Totally disagree (...) 7. Totally agree	1	2	3	4	5	6	7
Wehkamp is a well known retailer.							
Wehkamp offers high quality products.							
Customers shopping at Wehkamp are generally loyal to the retailer.							
Wehkamp is a unique retailer.							

Have you ever bought a table light before?

Yes

No

How often do you order products online annually?

How would you describe yourself as an online consumer?

Beginner Expert

[Next page]

In this study, a situation of Wehkamp was outlined. To determine whether you perceived this correctly, I have a couple of questions.

Which situation applied to Wehkamp?

Wehkamp only has a website.

In addition to a website, Wehkamp recently opened a store in the city I live.

In addition to a website, Wehkamp recently opened a store, but not in the city I live.

How many different table lights did you see?

I don't know

4

8

12

16

To what extent do you agree with the following statement?

I want to test table lights in advance, before I proceed to buy.

Totally disagree Totally agree

[Next page]

What is your gender?

- Male
- Female

Age:

How many hours per day do you (on average) spend online?

- Less than 1 hour per day
- 1 < 2 hour
- 2 < 3 hour
- 3 < 4 hour
- 4 hours per day or more

What is your highest degree of education (including current)?

- VMBO
- HBO
- VWO
- MBO
- HBO
- WO
- PhD

What is your general net income?

- No income
- Till €10.000
- €10.000 < €20.000
- €20.000 < €30.000
- €30.000 < €40.000
- €40.000 < €50.000
- €50.000 or more
- Don't know / Don't want to say

[Send]

Thank you for your participation!