

**FACTORS AFFECTING BRICK AND MORTAR
CHANNEL CHOICE IN AN OMNICHANNEL
ENVIRONMENT**

**Jyväskylä University
School of Business and Economics**

Master's Thesis

2018

**Author: Iida Helke
Subject: Marketing
Supervisor: Heikki Karjaluoto**



**JYVÄSKYLÄN YLIOPISTO
UNIVERSITY OF JYVÄSKYLÄ**

ABSTRACT

Author Iida Helke	
Title Factors affecting brick and mortar channel choice in an omnichannel environment	
Subject Marketing	Type of work Master's thesis
Date 16.9.2018	Number of pages 55 + app.
Abstract <p>Due to the effects of digitalisation, modern day retailers have had to reconsider the range of channels they are available in. Acting exclusively through brick and mortar store is not enough. Customers are active in both online and offline channels and as a result, so should retailers.</p> <p>Companies acting in multiple channels requires consistency through channels. This is called omnichannel. To reach a fully functioning omnichannel status the company needs to take note of multiple factors that affect retailer's success in the modern information technology driven market. Such factors are for example channel integrations, mobile solutions and the changing role of the physical store.</p> <p>When customers act in this multichannel environment, their behaviour is difficult to predict. Factors affecting channel choice are numerous. These factors may originate from the retailer's marketing efforts, channel attributes, channel integration, social influence, situational variables or individual differences between customers.</p> <p>The current research aims to clarify the factors that affect a customer's channel choice. This research was conducted for a telecommunication operator to shed light to the factors that affect the channel choice of customers that end up making a purchase in a brick and mortar store. This study also explored the channels customers visit before the purchase.</p> <p>The results of this research revealed that the main factors that affected a brick and mortar stores customers' channel choice were attitude towards the channel, technological know-how, service perception, need for choice confirmation and situational factors. To even further deepen the understanding on the customer segments and their actions, four customer profiles were created.</p>	
Key words Channel choice, omnichannel, multichannel, buying path	
Place of storage Jyväskylä University School of Business and Economics	

TIIVISTELMÄ

Tekijä Iida Helke	
Työn nimi Kivijalkakaupan valintaan vaikuttavat tekijät monikanavaisessa ympäristössä	
Oppiaine Markkinointi	Työn laji Pro gradu -tutkielma
Päivämäärä 16.9.2018	Sivumäärä 55 + liitteet
Tiivistelmä <p>Digitalisaation myötä monet nykypäivän kauppiat joutuvat tekemään valintoja sen suhteen, missä kanavissa he ovat tarjolla. Pelkän kivijalkakaupan kautta toimiminen ei enää riitä. Asiakkaat ovat aktiivisia sekä digitaalisissa (esim. verkko- ja mobiilikanavat) että ei-digitaalisissa perinteisissä kanavissa (esim. myymälä), ja samoin pitäisi olla myös kauppiaiden.</p> <p>Monikanavaisessa ympäristössä toimiminen vaatii yritykseltä johdonmukaisuutta läpi kanavien. Saavuttaakseen täysin sulavasti toimivan monikanavaisuuden täytyy yrityksen huomioida useita tekijöitä, jotka vaikuttavat menestymiseen nykypäivä teknologiavetoisilla markkinoilla. Tällaisia tekijöitä ovat esimerkiksi kanavien integrointi, mobiiliratkaisut sekä kivijalkakaupan muuttuva rooli.</p> <p>Monikanavaisessa ympäristössä toimivien asiakkaiden käytöstä on vaikea ennustaa. Kuluttajan kanavavalintaan vaikuttavia tekijöitä on lukuisia. Näihin tekijöihin vaikuttavat muun muassa yrityksen markkinointi, kanavien ominaisuudet ja integroinnin taso, sosiaaliset tekijät, tilannetekijät ja kuluttajien henkilökohtaiset erot.</p> <p>Tämä tutkimus pyrkii selkeyttämään asiakkaan kanavavalintaan vaikuttavia tekijöitä. Tutkimus toteutettiin suomalaiselle teleoperaattorille tarkoituksena selkeyttää niitä tekijöitä, jotka vaikuttavat asiakkaan kanavavalintaan, kun itse ostos tehdään kivijalkakaupassa. Tutkimus tarkastelee myös sitä, missä kanavissa asiakkaat vierailevat ennen ostosta.</p> <p>Tutkimuksen tulokset osoittavat, että tärkeimmät tekijät, jotka vaikuttivat kivijalkakaupan asiakkaan kanavavalintaan olivat asenne kanavaa kohtaan, tekninen osaaminen, palvelumielikuva, tarve ostopäätöksen vahvistamiselle sekä tilannetekijät. Asiakasymmärryksen lisäämiseksi tutkimuksessa luodaan myös asiakasprofiilit neljälle esiin nousseelle asiakassegmentille.</p>	
Asiasanat Kanavavalinta, monikanavaisuus, ostopolku	
Säilytyspaikka Jyväskylän yliopiston kauppakorkeakoulu	

CONTENTS

1	INTRODUCTION.....	10
1.1	Justification of the study	10
1.2	Research problem and the objectives of the study	11
1.3	Methodology.....	11
1.4	The structure of the study.....	12
1.5	Definitions of central concepts.....	12
1.5.1	Omnichannel	12
1.5.2	Channel choice	12
2	THEORETICAL FRAMEWORK	13
2.1	Omnichannel - IT in retail.....	13
2.1.1	Channel integration.....	14
2.1.2	Mobile solutions.....	15
2.1.3	Role of social media.....	15
2.1.4	Changing role of the physical store	16
2.1.5	Diverse customer requirements.....	17
2.1.6	Personalization versus privacy.....	18
2.1.7	Supply chain design	18
2.2	Channel choice	19
2.2.1	Marketing efforts	21
2.2.2	Channel attributes	22
2.2.3	Channel integration.....	25
2.2.4	Social influence	26
2.2.5	Situational variables	26
2.2.6	Individual differences	29
3	METHODOLOGY	33
3.1	Choosing the method	33
3.2	Conducting the study.....	34
3.3	Analyzing the data.....	35
4	EMPIRICAL RESEARCH.....	37
4.1.1	Attitude	37
4.1.2	Know-how	38
4.1.3	Service perceptions.....	38
4.1.4	Choice confirmation	39
4.1.5	Situational factors	40
4.2	Buying paths.....	40
4.3	Customer profiles.....	41
4.3.1	Young and modern.....	42
4.3.2	Technology resistant	43
4.3.3	Service appreciators	43
4.3.4	Current customers	44

5	DISCUSSION	45
5.1	Theoretical contributions	45
5.1.1	Channel choice factors	45
5.1.2	Buying paths.....	47
5.2	Managerial implications	48
5.3	Evaluation of the research	49
5.4	Limitations of the research	50
5.5	Future research.....	50
	REFERENCES.....	51

APPENDIX 1: INTERVIEW FRAMEWORK

FIGURES

Figure 1. Main themes of IT in Retail.....	13
Figure 2. Factors affecting channel choice.....	21
Figure 3. Marketing efforts affecting channel choice.....	22
Figure 4. Channel attributes affecting channel choice.....	25
Figure 5. Situational variables affecting channel choice.....	29
Figure 6. Individual differences affecting channel choice.....	31
Figure 7. Factors affecting channel choice found in current study.....	37

1 INTRODUCTION

1.1 Justification of the study

In the beginning of 21st century we can confidently state that the internet is here to stay. In the year 2016 about 45 percent of global population accessed the internet (Statista, 2018), and this number increases by the minute. Internet has changed our lives in innumerable ways. Among other things, it has had a remarkable impact on our shopping behavior.

Online channels are now more than ever used for online shopping, or e-commerce. Worldwide online sales grow every year: in 2017 global retail e-commerce sales were 2290 billion US dollars, 11.6% share of all retail sales (Statista, 2018). In Europe, e-commerce is growing 10 % a year, estimated total is in 134 billion euros in 2015 (The American Genius, 2015). The biggest in the online retail sales are UK (13.5% market share in 2014), Germany (10.0%) and France (6.9%) (Centre for Retail Research, 2015).

The rise of online shopping has given the consumer a broad range of shopping channels from which to choose from. There is some variation in the ways we tend to use these channels. Information search does not always lead to purchase through the same medium, since some may use internet only as an information search tool. (Moon, 2004.)

In practise, some may search for product information and compare different alternatives online and make the purchase in the brick and mortar store, while others test the product in the offline environment before hunting for the best price online. Furthermore, we may switch between these tactics depending on the product or situational variables. Infact, according to Deloitte's report (2014) we have reached a stage where digital channels should no longer be considered a separate distinct business. Online and offline worlds support each other and more and more frequently they both have an impact on the purchase decision.

Understandably the traditional brick and mortar salesperson might be terrified of the way things seem to be evolving, and some of their fears might be justified. Since the development will not come to an end any time soon, the storekeeper must react to the changes. Rather than being frightened of the internet, they should harness it into their service. The course of action varies on different store types, seeing that one digital strategy does not fit all. (Deloitte, 2014.)

The factors affecting the channel a consumer chooses vary on a wide range. Customers may make the decision in the beginning of the purchase process, but often they switch between channels through the process (Gupta et al. 2004).

The interest for this topic rose from the needs of a Scandinavian telecommunication corporation operating in Eurasia, that wishes to increase their online sales. To succeed in their objective, they need a wide understanding on the motives of their target consumer's current behavior. Only when they

understand the present circumstances, can they make the strategic changes needed to guide the customers to the online channels. Due to this need, the current research was conducted.

1.2 Research problem and the objectives of the study

The objective of the present study is to gain more knowledge on how customers choose the channel they end up using. We wish to clarify what are the factors that affect channel choice and if possible, how can these factors be acknowledged in retail. In addition, the research is interested in the customers journey to the brick and mortar store and aims to look into the channels customer visits before purchase.

The research problems of this research are:

What are the factors behind a customers' channel choice?

What channels customers use before entering an offline channel?

With these questions we hope to find new, explanatory information to increase the knowledge on the topic. This information will be valuable for both the science community, and the corporation in question. Furthermore, future studies may be based on the findings of current research.

1.3 Methodology

The current research is conducted with an interview method. Interview is a fitting method for researches where the goal is to gain more and deeper knowledge on the topic. Since this research is not trying to make generalizations for a bigger audience, but only focuses on the customers of the telecommunications' operator in question, interview is a fitting method for data gathering. (Eskola & Suoranta, 1998, 66.)

The sample for the research is collected in a physical store of the said operator with a purposive sample to ensure that there will be enough versatile data to get a general view of the topic.

1.4 The structure of the study

The study is structured as follows: in the next section the theoretical framework for the study will be presented. It contains an information technology point of view on the multi-channel changes faced by retailers, as well as an interpretative part concerning customers' channel choice and factors affecting this choice. This will be followed by the methodology of the study in hand followed by the empirical research chapter. The final section on the study outlines the contributions of the present study, remarks the main limitations and proposes possible themes for future research.

1.5 Definitions of central concepts

1.5.1 Omnichannel

Omnichannel is the target condition of any business acting in any market with more than one channel. To react fluently to modern range of channels, companies must integrate channels into consistent channel offering. Omnichannel is the state where "online and offline channels converge to a seamless shopping experience" (Chen et al. 2018, 1). In that case the customer experience is coherent between different channels and moving from a channel to another will not disrupt the experience (Schoenbacher & Gordon, 2002).

1.5.2 Channel choice

Every time a customer is in contact with a business, there is a channel in use. *Channel* is the contact point or a medium that the business and the customer use to interact with each other (Neslin et al. 2006). It may be online or offline, but it is the channel of communication. Each time a customer has to make a *channel choice* to decide which channel to use for this communication. Neslin (et al. 2006) argue that the channel choice is determined through firm marketing efforts, channel attributes, channel integration, social influence, situational variables and individual differences. All these factors are discussed later in this study.

2 THEORETICAL FRAMEWORK

2.1 Omnichannel - IT in retail

IT (or information technology) has entered retail with a bang and revolutionized the ways of business. As a result of this revolution all consumers have been introduced to a selection of new, electronic shopping channels. To adapt to this change, every retailer needs to adjust their channel assortment into a seamless omnichannel experience.

The shift has affected retailing in numerous ways. Internet gives consumers more power, since now they can browse, research and purchase online. They are no longer reliant on local businesses. (Pophal, 2015.) Not only does this change alter the ways of purchasing, but it also sets new expectations to retailers. Customers demand information from retailers to make shopping decisions and purchases. (Lobaug et al. 2014.)

Piotrowicz and Cuthbertson (2014) describe the new opportunities and challenges that new technologies create for retailers. They have gathered an inclusive list of the different factors that retailers must take into account when new technologies emerge. They state that the following seven factors should be considered vital for academics as well as practitioners. In this chapter these seven factors will be discussed from the point of view of the retailer: how should a retailer react to the change and what should he pay attention to.

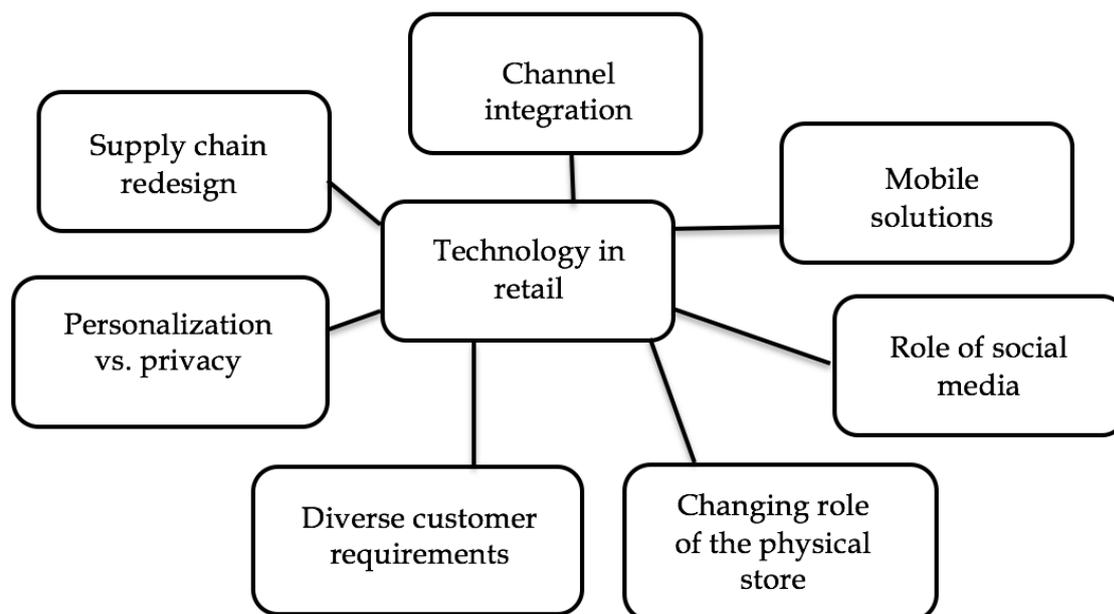


Figure 1. Main themes of IT in Retail (Piotrowicz and Cuthbertson, 2014)

2.1.1 Channel integration

The influence of digital devices on in-store purchase behaviour is major, and it is growing on a fast pace. Already in 2014 Deloitte's research showed that digital technologies influenced 36 percent of in-store retail sales. At that time, it was predicted to skyrocket in the following years. (Lobaug et al. 2014.) The change has been major, and no retailer can afford to ignore that.

Customers shift between channels during their path to purchase and expect consistency from retailers' integrated services and a uniform experience. Retailers often fail to deliver this cohesion between channels. Despite that the variety of channels is available from the same retailer, separate channels are often treated with a "silo mentality", apart from each other. (Piotrowicz & Cuthbertson, 2014.) To fully integrate channels, companies must make investments in technology and infrastructure, and be prepared to make organizational and marketing changes that allow flexible transition between channels (Pophal, 2015). For many retailers, this might be a stretch both economically and competence-wise.

Lobaug et al. (2014) state that it is no longer meaningful to separate digital channels from physical channels into two different businesses. Digital is said to be fundamental to the entire business and the entire shopping experience, regardless of the actual channel of purchase.

Then again, Betrandie and Zielke (2017) stated that it would be beneficial for multi-channel retailers to integrate their assortments asymmetrically and offer a lesser selection of products in the offline channel, since this will lower customers confusion and ease their perception of assortment. This would also be beneficial for retailers as inventory costs decrease. This sounds like retailers, despite all the integration, should remember to acknowledge the special traits of the channels in use.

At the same time, the customer experience should remain the same between channels. Yang et al. (2017) stated that customers' perception of service quality is moulded by the perception of channel integration. Integrating individual marketing channels also improves customers' transaction-specific satisfaction and consequently leads to a higher repurchase intention. Lewis et al. (2014) found that retailers face serious issues that complicate channel integration especially when trying to communicate the brand consistently through the channels in use. These challenges involved complex and challenging adjustments to existing legacy IT and logistics systems. This illustrates the complexity of channel integration, and how every aspect affects the customers perception. Fully functioning integration between channels may require notable investments to technology and infrastructure. Despite the considerable investments, integrating channels is fundamental for multi-channel success.

2.1.2 Mobile solutions

In addition to the vast range of channels available, there are also numerous different devices customers use before and during the purchase, as well as after sales. Mobile devices travel with us regardless of our location and enable information search and purchases whenever, wherever. The share of mobile sales is vastly increasing, and National Retail Federation has predicted that 50 percent of retail sales are made on mobile devices by 2020 (National Retail Federation, 2015).

The use of mobile devices for purchase alters the dynamics of a customer-provider relationship. The mobile channel may even serve as a competitor to the physical store, since valuable face-to-face contact with the customer is lost and the relationship with the actual retailer may melt away. In addition, if the worst comes to worst, efforts on mobile customers may shift resources from customers who would prefer human contact, which may lead to negative evaluation from those customers. (Newman, 2018.) For this reason, it is vital to take all channels into account when operating in a multichannel environment.

Mobile solutions may also be used in-store by the retailer to enhance the face-to-face interaction with digital content. Mobile sales assistant (MSA's) are portable digital devices that provide the sales people with extra information. This has been linked to improvement of quality and efficiency of the sales process and is an agreeable instrument for sales people. Spreer & Rauschnabel (2016) studied the topic and found that just as customers, also the staff may resist the use of technology. The staff may, for example, experience a loss of power, or feel that the personal investments for mastering this new way of selling is too much.

It is vital that the customer experience is similar in all channels, including mobile. Integration between channels becomes even more vital when a mobile device is used in-store. The traditional border between online and offline channels perishes when customers use both channels simultaneously (Piotrowicz & Cuthbertson, 2014). A total of 84 percent of smartphone owners report to use their device also in the brick and mortar store (Google 2013). Sciandra and Inman (2014) found that when a mobile device is used in store to support the purchase in hand, the purchase is usually followed through. At the same time, Piotrowicz and Cuthbertson (2014) remark that the mobile device may as well be used in-store to find a lower-cost substitute for the retailers' product.

2.1.3 Role of social media

The revolution of IT can be seen in many aspects of our modern life, but one particular factor is present in most of our lives on a daily basis. Social media is practically everywhere, and it has been predicted that the number of social media users will soar up to 3 billion users worldwide by 2021 (Statista, 2018).

Social media has made a change on the consumers' purchase process and this is a change every retailer must notice. First of all, information search has

changed drastically. Retailers have no control over the information customers get a hold of through social media. Consumers have become a media themselves, and this is a media much more trustworthy for the customers, and much more unpredictable for the retailers. Customers have become accustomed to share their experiences with products and services on social media, and consequently affecting others' choices. (Ramanathan et al. 2017.) However, user reviews have a positive effect on sales, thus offering such function on your very own online channel could pay off (Zhou & Duan, 2015).

The best way to affect how your company is represented on social media is to make sure every customer is satisfied. Since this is virtually impossible, the next best thing is to have a plan for a possible social media quagmire. More than a few companies have gotten into a serious pickle when their communication in social media has not followed any guidelines and customer feedback has been commented inappropriately. Understanding social media and reacting quickly are the keys to turning these situations around. (Ramanathan et al. 2017.)

The one-to-one relationship between the customer and the retailer has a bigger importance than ever before. The customer serves as a media that the retailer has little control over. Despite the challenges, retailers may also benefit from the new, active, social media citizen. Customers may be recruited as brand advocates, involved in co-creation or utilized as a passage into wider audiences, which may be useful for example in testing new products or services. Social media may also serve as a fully functional sales channel. (Piotrowicz & Cuthbertson, 2014.)

2.1.4 Changing role of the physical store

The introduction of IT in retail has been a huge setback for many retailers. For some retailers it has led to store closings, dissolutions and corporate layoffs, as online channels have captured a great share of the markets (Rippe et al, 2016). The traditional functions of a brick and mortar store have been replaced by other channels. Just like the purchase, information search can in many cases be performed online. The physical store needs to find a new role in this omnichannel environment.

Visitors still have various reasons to visit a brick and mortar store. They might be there for a purchase, but they also might be "just looking", testing products or looking for a salesperson's opinion on something. It is the retailer's job to make sure all these needs and a bunch of others get taken into account.

Click-and-collect is a great example of multi-channel retail. It is a way of purchase that combines multiple channels. The purchase itself is made online, but the customer collects the product from a physical store. In click-and-collect the return and exchange can also be done in the store, making it a significant part of the customer experience, even though the purchase and information search are done online. (Piotrowicz & Cuthbertson, 2014.) Click-and-collect is good for both participants: the customer makes the purchase easily online and gets the product

whenever they feel suitable, and for the retailer click-and-collect removes the delivery costs of online purchase (Lewis et al., 2014).

It also seems that the importance of the physical store varies on different products. Different product characteristics and level of customer experience needed result in purchases in different channels (Piotrowicz & Cuthbertson, 2014). For some products it is vital to be able to see, hear, touch or taste the product (Avery et al. 2012). Every retailer should know how customers act with their products.

As online stores often more or less resemble each other, the physical store has a chance to deliver a better customer experience. Unfortunately, the store layout is often more focused on the products and their visibility, and less on the customer experience itself (Piotrowicz & Cuthbertson, 2014). A better customer experience can be achieved for example by bringing digital into the store. Mobile devices and kiosks as well as free Wi-Fi in-store allow shoppers access into expanded range of product information as well as self-service at the purchase (Cao, 2014).

The role of the physical store certainly has changed, at it calls for a capability to renew oneself from the retailer. Despite the change, physical store still has a remarkable role in retail. With the right mind set physical stores may even be the key to success for some omnichannel retailers.

2.1.5 Diverse customer requirements

Although the environment of retail is changing, the basic characteristic of customers remains the same: they all are different. This is why it is important to not lose focus and to remember to improve multiple channels. Not all customers want to use online channels. Not all want to visit a physical store either.

Piotrowicz and Cuthbertson (2014) highlight the differences between generations. Digital natives have grown up to digital services and find it natural to perform different tasks online, also purchases. The other extreme is the older generation that feels awkward carrying out even the smallest tasks with digital devices. For this reason, it is crucial to have a choice.

Apart from age there are also other factors that affect the desired channel. Yarrow (2013) points out that some customers value service and wish to be served well. For these individuals, self-service is often the last option. At the same time many modern-day customers do not want to deal with a salesperson.

Adding channels aims to helping customers and offering them more options on how to purchase. Technology should never be there as a barrier that prevents or complicates the purchase. Digital channels may be added to ease information search and comparison that leads to purchase in a physical store, or to give another option for the purchase itself. Some retailers introduce new channels to reach new segments. (Lewis et al. 2014.)

The needs and special traits of the customer group should always be considered when new channels are taken into use and integrated to others. What

kinds of customer needs could different channel answer to? What features do different customer segments value?

2.1.6 Personalization versus privacy

IT has brought personalization to retail in a completely new level. The data that is collected from each and every action we make online gives retailers detailed information on customers. Nevertheless, the personalization that face-to-face communication enables can hardly be substituted by online personalization. When a customer visits a store, the salesperson has the best possible opportunity to listen and fulfil the hopes and needs of a customer.

The big players in the data collection (Apple, Google, Facebook, eBay and Amazon) have a remarkable amount of data and the resources to use this information. In a few years' time these players may acquire a status as a filter between customers and retailers. Poustittchi & Hufenbach (2014) argue that this third party creates a strategic threat to retailers, since these players recognize the customers' needs and guide the customer to selected retailers.

As a counterweight to all data collection, customers have become more aware on their privacy and want to know who knows what about them. Data collection might be perceived as a violation of privacy. This change can also be seen in the recent changes in privacy laws. Then on the other hand, the digital native generation is more than used to the data collection and might not find it problematic. Especially when the data is used openly in the benefit of the user, customers may accept it. (Piotrowicz and Cuthbertson, 2014.)

One key factor related to data collection is trust. Some of the biggest questions concerning data collection from an individual's point of view are who has my information and what will it be used for? Aljukhadar et al. (2010) note that if the consumer feels distrust, it will affect their perception of the retailer. If the perceived risks can be reduced and customer's trust enhanced it will affect positively online performance. Trust can be improved for example with privacy disclosures or with the presence of a virtual agent.

Data collection and personalization give retailers many choices, but they also come with a big responsibility. If the data collection is used, the retailer should have a clear understanding on the data that is being collected and how it is used.

2.1.7 Supply chain design

When channels are being integrated, it is vital to make sure that the supply chain is designed to support this new integration as efficiently as possible. This might require hard work if the channels have been treated with "silo mentality".

However, these investments to supply chain are crucial. The retailer must take into consideration factors such as product availability, returns, delivery options, reverse flows and inventory management across channels. Both physical and information flows must be taken into account. (Piotrowicz and Cuthbertson, 2014.)

Lewis et al. (2014) found that the implementation of multichannel entailed a considerable redesigning process of logistics and IT infrastructure. This redesign needed to be done each time a new channel was added. These difficulties in implementation often delayed retailers from taking new channel to use. Often the technical difficulties were accompanied by other problems with staff, financial issues and board-level engagement.

Integrating the information systems might be one of the biggest obstacles for a retail when planning on channel integration. Cao (2012) states that typically, different channels are managed through different information systems and this process needs a lot of thought, time and money. Nevertheless, this is an essential part of channel integration.

Redesigning supply chain is a demanding but essential part of the process towards omnichannel retailing. Since this change has such a vital influence on how the new channel integration will function, it is preferable to use an expert to help the retailer through this challenge.

2.2 Channel choice

In the past companies got along with just one distribution channel, which would sell to a single market or single segment. In the course of time these companies have evolved their segmentation and nowadays have a clearer vision of the different customer segments they wish to serve. Different segments are most effectively served through different channels, each of them serving one or more segments desired. This is called the *multichannel distribution system*. (Kotler, 2013, 373.)

Using multiple channels for distribution offers the company many advantages when facing large and complex markets. Each new channel is a way to expand sales and market coverage, since with multiple channels the retailers can attend a broader range of customers (Payne & Frow, 2004). Furthermore, the use of different channels enables the company to tailor its products for different segments and their special needs. Freed (2005) points out that the company can also offer more information and customer support through various channels, building a more interactive customer relationship. Naturally multichannel distribution systems also have some downsides, since they are harder to control. Kotler (2013, 373) states that diverse channels may cause conflicts, as they compete for the customers.

In the past two decades the Internet has grown exponentially. This has given retailers an enormous pressure to be available also online. This means that the previous channel mix has had to make room for the online distribution

channel. After various years of growing pains of learning to master the new worldwide channel, numerous companies have been able to make Internet an equal channel in their channel mix. (Schoenbacher & Gordon, 2002.)

However profitable the online channel is for the company, when using a multichannel approach, it is always important to remember to take equally good care of all the channels. Schoenbacher & Gordon (2002) claim that it is crucial to keep the company's brand identity consistent across the channels. An inconsistent brand image would be confusing to the customers, which would likely affect the sales of all the channels available.

Having multiple channels available gives the customer a chance to choose his/her channel of use. This also makes it possible for the customer to switch between channels. According to Schoenbacher & Gordon (2002) this is called a *multi-channel shopper*. Crossing between channels should be made easy for this kind of customer. After all, usually the multi-channel customer is a desired customer, as Schoenbacher & Gordon (2002) note that the channel alternatives lead this customer to buy more.

The variety of channels gives the customer a variety of choices, but what drives channel choice? Previous research has found multiple factors that affect the selection. According to Nicholson et al. (2002), the channel choice is affected by the situation, the combination of such factors as time and date, the location of the brick and mortar store and the consumer's mood. Schoenbacher and Gordon (2002) state that such factors as perceived risk, prior home shopping experience, motive to buy online, product category and the online shopping site have an effect on the channel choice. There has also been evidence of the effect of consumers' personal attitudes towards using different technologies and their prior experience of using these technologies (Zhou & Duan, 2016). Furthermore, consumers' socio-demographic and psychological characteristics have an influence on choosing a channel (Zhou & Duan, 2016; Neslin et al. 2006). Some customers simply enjoy the atmosphere and social situations included in the traditional way of shopping, and never consider using other channels. In addition to those refusing to use online, some consumers go online just for information seeking, others use the online channels for recreation. (Kaufman-Scarborough & Lindqvist, 2002.)

Understanding the reasons behind the decisions is vital for a multichannel company. Only when we understand the customers, can we serve them in the best possible way. Kumar & Venkateseran (2005) have noted that consumers using multiple channels consume more than single-channel customers, therefore the value for a retailer is apparent.

The reasons behind customers' channel choice are various. Neslin et al. (2006) categorize these attributes into six groups: marketing efforts, channel attributes, channel integration, social influence, situational variables and individual differences. In the following chapters these attributes are opened and defined into more specific factors.

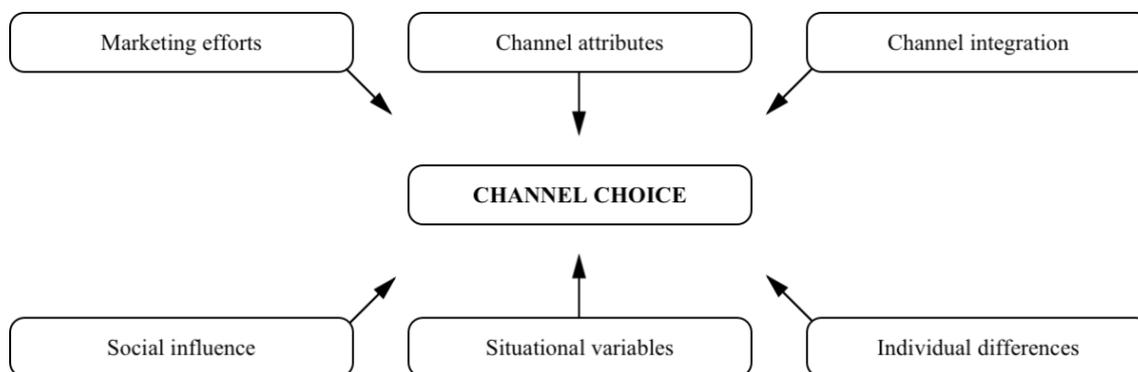


Figure 2. Factors affecting channel choice (Neslin et al. 2006)

2.2.1 Marketing efforts

Fortunately for businesses there are factors affecting the channel choice that companies can have an influence on. Marketing efforts are their chance to influence customer channel choice.

Channel. Ansari et al. (2008) found out that the use of online marketing, e.g. e-mail marketing, increases online sales. Customers can be guided to a specific channel with the chosen marketing channel. Using various marketing channels may also have other positive effects on customers. Kumar and Venkatesan (2005) stated that contacting customers through various channels may reduce the perceived risk of using new channels. It also gives these customers valuable information of the possible channels available.

Timing is a key factor when trying to affect channel choice with marketing efforts. According to Valentini et al. (2011) it is expected that a significant part of the customers may switch to another channel during the customer relationship. New customers are more likely to change channels due to marketing communication, whereas mature customers will more likely stick to the channel they have accustomed to. Different marketing strategies for new and mature customers are most likely in order.

Customer data. Marketing efforts should always be based on actual customer data. Thomas and Sullivan (2005) argue, that customer relationship management (CRM) data can be used to not only identify customer segments of different channels, but also to predict the pattern of behaviour for prospects and new customers. This information is valuable when developing a communication strategy for current and future customers in different channels.

Marketing message. Montaguti et al. (2016) argue that the retailer can guide customers to become multi-channel with their marketing messages and thus

make them more profitable. When communication brings out the apparent benefits for the customer, the crossover between channels is possible.

As a conclusion, it appears that retailers have some influence on customers' channel choice. The desired channel of use should be considered for each segment when marketing messages are planned to ensure the best possible customer experience as well as profitability for the retailer.

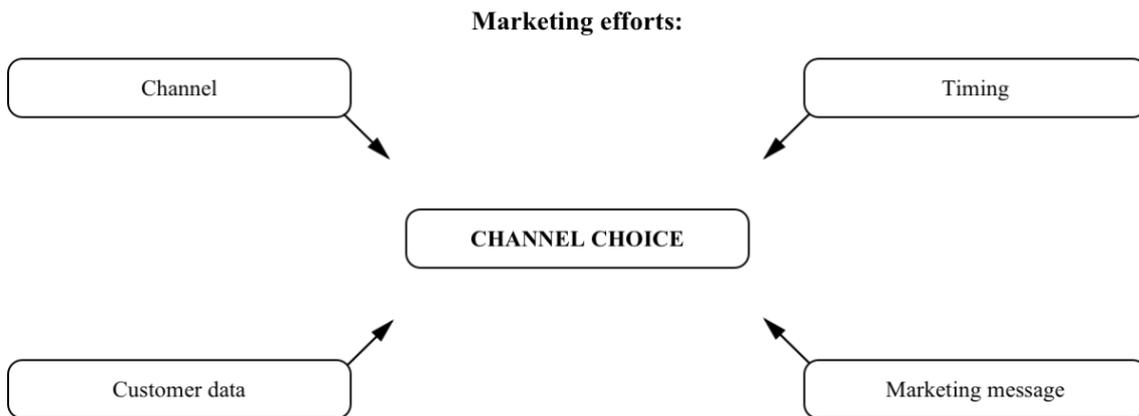


Figure 3. Marketing efforts affecting channel choice (Neslin et al. 2006; Valentini et al. 2011)

2.2.2 Channel attributes

One major factor affecting channel choice is the channel itself. The list of channel attributes that may affect customers' channel choice is extensive.

Ease of use. Davis (1993) defines ease of use as the user's perception that using the technology will be free of effort. Keen et al. (2004) state that ease of use is believed to have a big influence on customers trying new technology for the first time, and that it also has an effect on how likely the customer will use the technology again. Burke (2002) states that technology should be seen as a tool rather than an end in itself. However, the technology can enhance or impair the customer experience. Frambach et al. (2007) argue that ease of use of the offline channel is significant especially in the purchase stage and dominates the channel choice. Online channels should overcome this factor if and when customers are wished to make purchases online.

Web site design. Montoya-Weiss et al. (2003) argue that Web site design affects ease of use and has a significant effect on online channel use and overall satisfaction. Web site design gives the customer clues of the online service quality, and thus has an impact on channel choice. According to Seock & Norton (2007), from a design point of view important characteristics of an online store are easy navigation and payment, availability of product information, chance to follow one's order and product returns, and the perceived safety of the store.

Accessibility. Singh and Swait (2017) mention accessibility as an efficient factor when it comes to channel choice. Indeed, mobile devices have enabled

purchasing anytime, anywhere. Frambach et al. (2007) note that accessibility is a key factor of channel choice in the pre-purchase stage.

Price. Ancarani and Shankar (2004) argue that multichannel retailers have a higher variation on prices than other retailers. This means that although internet has an efficiency effect on price levels, multichannel firms have also other means to compete and differentiate themselves than price. Keen et al. (2004) state that price has an effect on channel choice. For some price is the most important factor, and these people are ready to use inconvenient channels to get the best price. On the other hand, Jiang and Rosenbloom (2004) argue that customer's satisfaction with shopping convenience correlates with perceived price.

After-sales. Jiang and Rosenbloom (2004) state that customer's satisfaction after the delivery has a strong influence on customer's overall satisfaction and their intention to return.

Search effort. According to Burke (2002), customer's need for product information varies through different product categories and channels. Online shoppers emphasize the importance of product specifications, price and brand feature comparison and the availability of ratings on product quality, whereas retail shoppers value the help of a sales assistant who gives them all the information they need. Gupta et al. (2004) state that the ease of price-search is one of the motivators for shopping online, and that it also is a factor that causes switching from offline to online channels.

Information quality. Montoya-Weiss et al. (2003) state that one of the key motivators for choosing to use online channels is the information available online. They also note that the relative importance of information content depends on the business as well as the target audience.

Service level may have a notable influence on customer's channel choice. Montoya-Weiss et al. (2003) argue that customers can be shifted to a desired online channel by varying the service levels across channels. At the same time, one must note the possible cross-channel effects, and balance the service levels for overall customer satisfaction. According to Burke (2002) customer service might mean different things on different channels. In a brick and mortar environment customers value traditional face to face service, whereas online shoppers are not that interested in a face to face customer service through videoconferencing. Online shoppers require customer service through phone or e-mail. Customer's need for a certain type of customer service may also affect the channel choice: when the product in question is complicated, a face to face customer service may bring comfort to a customer's buying decision.

Risk. According to Montoya-Weiss et al. (2003) perceptions of security risks may have a significant effect on online channel use. The importance of the perceived security risk varies by context. On some businesses perceived risk of the channel is the key factor on channel choice (for example financial services). On other products perceived risk is a minor factor.

Speed of purchase. According to Burke (2002), customers value different features when they are shopping for different products or services. Customers

want to make fast and effortless purchases when they buy products that are purchased frequently. For infrequently purchased products customers value more detailed product information. In addition, Gupta et al. (2004) note that the delivery time of the product has a major impact on channel choice. Naturally this makes a big difference between online and offline channels.

Effort. On the information search stage search effort and evaluation effort have an effect on channel choice (Gupta et al. 2004). In addition, purchase effort affects channel choice, and customers tend to choose the channel with least effort (Keen, 2004).

Privacy. Burke (2002) points out that maintaining a sense of privacy when purchasing personal and lifestyle-oriented products. Privacy is equally important in offline stores with a salesperson as it is online when credit card information and individual data-collection come to question.

Security. With connection to the former, also security affects customers channel choice. In addition to safe payment and privacy concerns, security is also affected through product information, return policies and shipment tracking. Perception of insecurity may lead to using physical channels. (Burke 2002.) According to Montoya-Weiss et al. (2003) the importance of security risk perception differs by context. In addition, customers' knowledge on Internet usage may lower the perceived security risk in online channels.

Assortment. Consumers value different things when purchasing different products. For infrequently bought products detailed information of the product is needed. Frequently purchased goods need to be bought fast and conveniently. When purchasing entertainment products consumers look for an entertaining shopping experience with numerous options. (Burke, 2002.) The channel choice is partially based on product category: from which channel can one get the product in an appropriate manner. Bendoly et al. (2005) note that product shortage in one channel might lead the customer to competitors' equivalent channel instead of looking for retailers' other channel for available products. For this reason, it is crucial to integrate separate channels into shared IT infrastructures in order to provide an up-to-date status of product availability to customers regardless of the channel in use.

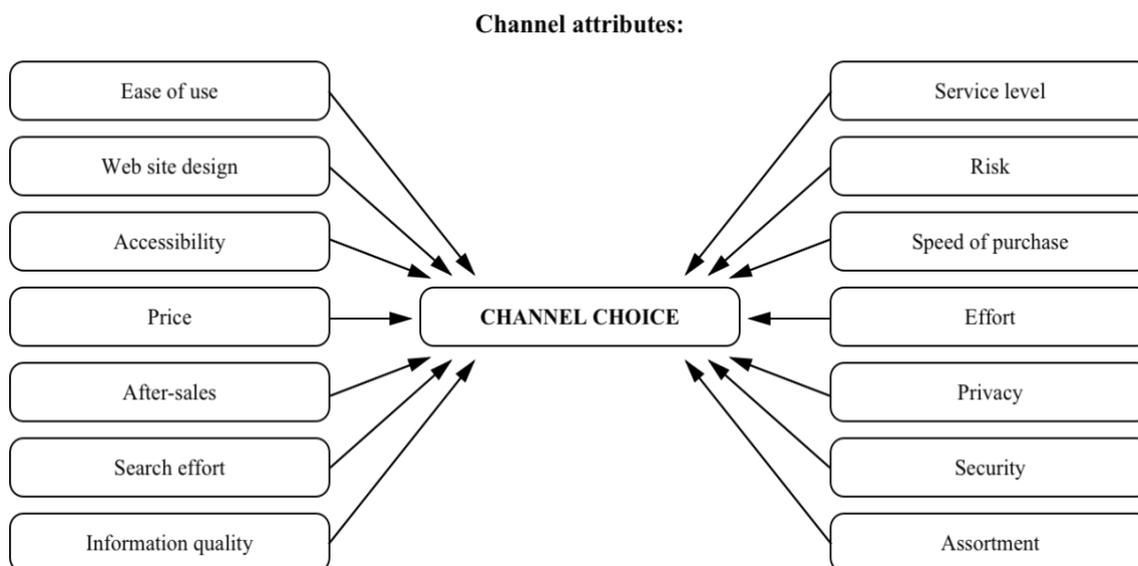


Figure 4. Channel attributes affecting channel choice (Neslin et al. 2006; Schoenbacher & Gordon, 2002)

2.2.3 Channel integration

One important factor that affects the channel choice is how well the channels have been integrated. If retailers wish to guide consumers to online channels for the sake of lower costs, the different channels must be well integrated.

Separate channels simultaneously compete and support each other. Mostly wider channel selection offers the customer a broader range of services and when managed well, competition between channels is insignificant. Coordinating separate channels as a whole increases customer satisfaction in the complete channel offering. (Falk et al. 2007.)

For the retailer it may sometimes be beneficial to guide customers to a specific channel. For example, self-service channels may be more cost-efficient for the retailer. One way to execute this is with different service levels in different channels. Even though this might be beneficial for the retailer in theory, it embodies risks. If the customers are not willing to move into the self-service channels, they might just shift over to the competitor. In this case, total sales will decline. Channels must be integrated in a manner that serves all customer segments, also those who do not wish to use self-service. (Falk et al. 2007.)

Verhagen and Dolen (2009) argue that offline store impressions may influence customers' online purchase intentions. Especially negative impressions of offline stores' merchandise, service, store atmosphere and lay out may have negative effect on the online stores image. Thus, it is crucial to integrate channels thoroughly.

If there are conflicts between channels, this will impair the whole systems' performance. Falk et al. (2007) found that sometimes the personnel may feel that self-service channels threat offline channels and consequently damage the

consistency and integration of channels. When new channels are introduced, it is vital to take the old channels into account as well.

Channel integration is especially important when customers feel a need to switch between channels during the purchase process. Frambach et al. (2007) states that considering this, physical channels should not be fully replaced by online channels. In some product categories, especially more complicated and valuable products, consumers often need an offline store with a live salesperson to make the actual purchase.

The significance of channel attributes varies on different stages of the purchase process. Consequently, it is natural that customers switch between channels on different stages. Gensler et al. (2012) mention "spill over effect" to describe the situation where a customer continues the purchase process on a particular channel since the beginning of the process has been completed in the same channel. Gensler et al. further argue that the spill over effect is surprisingly limited, especially when the different stages of the purchases process have some time between them. More important than spill over effect or the retailers' arguments for the channel choice are the experiences of the channel.

2.2.4 Social influence

Commerce has traditionally been a trade between individuals, people, a social situation. New channels have changed this, since now the purchase may be made with a machine, not a human being. For some this has no relevance, but others may feel the need for a social situation in purchase.

Frambach et al. (2007) argue that customers' need for a social presence may affect the channel choice and lead customers to offline channels. It is suggested that this could be taken into account in online channels with a system that integrates a personal service within the channel. This service could, for example, offer a chance to talk to a personal advisor over the phone or webcam. Also chat services have risen to answer this social need of customers.

According to Keen et al. (2004) some individuals may feel a social pressure to perform on a particular way. This is called a subjective norm that may have an influence on customers' channel choice on some occasions. Also, social media and the customers' network might have an influence on channel choice.

2.2.5 Situational variables

"It depends upon the situation". This common answer must too be acknowledged in channel choice. Consumers move from situation to another and these factors have a notable effect on that channel choice. Belk (1974, 157) defines situational factors as "all those factors particular to a time and place of observation which do not follow from knowledge of personal or stimulus

attributes". The following situational variables are a numerous mass of factors more or less affecting the channel choice.

Travel costs. Chintagunta et al. (2012) found that for some consumers, travel time and transportation costs may be a key element that leads to online channel choice. These costs contain monetary, time, and physical costs of traveling.

Distance to store. Offline channels are a natural choice for purchase when the store itself is at a distance. Studies have shown that in these cases consumers often prefer online channels. Similarly, living right next to a brick and mortar store may affect the channel choice the other way around. (Chocarro et al. 2013; Forman et al. 2009; Chintagunta et al. 2012.)

In store shopping time. In some product categories, the more items there are on the shopping list, the more likely the consumer is to use online channels. Chintagunta et al. (2012) state that online channels are perceived to be more time-efficient when customer needs to collect products from various categories.

Time of purchase. Online purchases are more likely to be made on weekdays, offline purchases on weekends (Chintagunta et al. 2012). Channel choice is too affected by the time of day. Close to physical stores' closing time or after that offline channels are preferred (Verhoef & Langerak, 2001; Chocarro et al. 2013).

Time pressure. Time pressure concerning the shopping task affects channel choice. Gehrt & Yan (2004) argue that time pressure may be associated with the shopping task itself or the pressure for receiving the product quickly.

Delivery costs. According to Chintagunta et al. (2012) customers need to weigh if the travel and time costs are tolerable in comparison to delivery costs. Most customers seem to feel reluctant to pay delivery costs for products they could pick up themselves.

Physical costs. When purchasing large quantities or heavy items, customers are driven to online channels. This factor is even more important when the travel costs are taken into account. Also, the inconvenience of for example weather may drive online sales. (Chintagunta et al. 2012; Verhoef & Langerak 2001.)

Inability to verify product quality prior to purchase. Chintagunta et al. (2012) found that for some products it may be crucial to get the verification of product quality prior to purchase. Depending on the product, this need for verification may lead customers to a specific channel.

Product category. The product category in question can also have an influence on channel choice. When purchasing something one just needs fast, channel choice may differ from personal hedonic purchases that consumers enjoy purchasing (Nicholson et al. 2002). In addition, Gupta et al. (2004) argue that there is a difference in channel choice when the product is a search product in comparison to a hedonic product. Experience goods are more appropriate for a physical store purchase, whereas search goods may be bought online.

Price promotions. Chintagunta et al. (2012) argue that price promotions drive customers more efficiently to offline channels than online. One notable exception is heavy and bulky items with price promotions. This combination makes online channels an even more desirable choice.

Environment. Nicholson et al. (2002) suggest that shopping channel choice may also be affected by the physical environment of the store. For some, ambient factors such as lighting, background music and overall store layout play a role in channel choice.

Other facilities. Nicholson et al. (2002) also state that for some, the determining factor is whether there are other, enjoyable services available in the physical surrounding of the store. These consumers typically seek for a leisure experience rather than just quick purchases.

Store tidiness. Chocarro et al. (2013) found that the physical setting itself has a relevance in channel choice. If the store environment is considered untidy, customers favour online channels.

Clarity of website layout. Similarly, as the perception of the physical store may affect channel choice, also the perception of the website may make a difference. Chocarro et al. (2013) found out that the clarity of website design has an impact on channel choice. A clear layout encourages online purchases, and an obscure one attracts offline purchases.

State of mind. Nicholson et al. (2002) argue that consumers' state of mind has a relevance when choosing a channel. When one is "on a good mood" going shopping to physical stores may seem more attractive than on a bad day.

Social event. In some customer groups shopping is sometimes considered also as a social event. Some consumers rarely shop alone and combine purchasing with social relationships. These consumers affect each other's purchases considerably. Opinions and advice are taken from one another. This too has an effect on channel choice, since purchases are made where the social circle is. (Nicholson et al. 2002.)

Change in living situation. Hand et al. (2009) argue that changes in consumers' living situation may affect channel choice. Such events as having a baby or developing health problems may cause changes in the habitual channel choices. Such changes in channel use may be temporary, and customers may return to customary channels when the initial trigger has disappeared.

Gift or personal use. Gehrt & Yan (2004) argue that the channel choice is also affected by the receiver of said product. The chosen channel may differ due to gift purchase compared to a personal use purchase. One significant factor is the delivery time and ease of delivery to gift receiver.

Situational variables are various. In addition, it is important to comprehend that the relevance of these situational factors changes between customer segments, product categories and, well, situations. Situational factors are not easy for the retailer to influence, but it is important to consider those situational factors that the retailers' products and customers face and plan available channels accordingly.

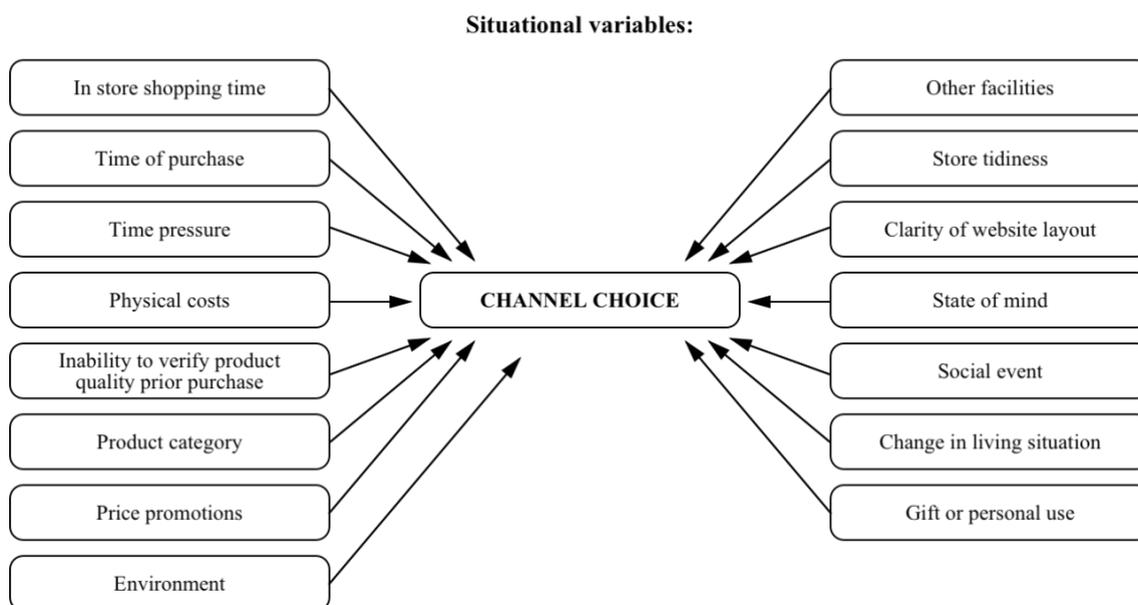


Figure 5. Situational variables affecting channel choice (Neslin et al. 2006; Chintagunta et al. 2012; Chocarro et al. 2013)

2.2.6 Individual differences

Even if there are factors that affect our channel choice generally, in the end we are all individuals with individual differences. These differences have a high impact on our choices, also channel choice.

Channel experience. Consumers' channel experience has a noticeable effect on channel choice. Gensler et al. (2012) argue that channel experience's effect can be seen when customers' use of a channel makes it more probable that customer will use the same channel again. Frambach et al. (2007) state that good experiences with a channel substantially drive customers to use that same channel in the future, especially in pre- and post-purchase stages. Gentler et al. (2012) argue that channel experience explains a notable share of channel choices. Channel experience has a greater effect on channel choice than for example spill over effects.

Sometimes the change of a channel is inevitable after retailers' channel changes. Customers that are used to a certain channel may find it difficult to change to another channel. Yet, if they have a strong relationship with the retailer in question, they are likely to switch to retailers' other channels if necessary. (Knows et al. 2014.) It is unavoidable that sometimes customers do not have the experience of a said channel. Falk et al. (2007) argue that the lack of experience

with technology may cause some consumers an experience of a psychological risk when they are confronted with self-service technologies. This kind of perception may prevent the use of an unfamiliar channel. Frambach et al. (2007) argue that customers with no sufficient internet experience may feel uncertainty and complexity when using online channels. Internet novices perhaps make different channel choices than more experienced internet users. In addition, Forsythe et al. (2006) note that consumers may also feel a time-related risk due to having to learn the use of a device. This feeling may also delay the implementation of new channels.

Trust. Uncertainty may also cause problems in channel choice. Financial risk perceptions may too occur when customer is not completely sure if they can trust the channel in question (Montya-Weiss et al. 2003). Trust with the service provider increases with good experiences. Falk (2007) argues that this trust also has an effect on channel choice. On one hand, trust makes it easier to turn to self-service channels, but on the other hand when consumers enjoy their current situation with their current channel they sometimes wish to keep things the way they are.

Prior experience. Highly satisfied customers might experience a stronger desire to hold on to the channel they are used to. Consumers wish to maintain the satisfaction level they have received and form a bias towards their current channel. Then again, customers with higher experience level with internet give less weight to offline channel satisfaction and are more prone to use self-service channels. (Falk, 2007.) Frambach et al. (2007) note that high experience level with a particular channel or technology does not surpass all product factors. When the product is complicated enough, customers may prefer offline channels even if they have internet experience. This shows that online and offline channel are needed often despite consumer segment's capabilities, if the customer needs a specialist's help in the purchase process.

Demographics. There is also some evidence that demographic differences guide consumers' channel choice. As expected, age is a factor on channel choice. Ansari et al. (2008) found that younger generation are accustomed to different things than older generations and thus prefer different channels. In addition to age, in some cases it has been noted that sex has an influence on channel choice. Mostly sex has been a moderating effect for such factors as satisfaction to offline channel and the perceived usefulness of online channels (Falk, 2007). Furthermore, different sexes may perceive retailer's communication in different ways and this may lead to different channel preferences. Falk (2007) noticed that when women feel they are talked down to because of their sex in a physical store, it might lead them to use online channels where such treatment is less likely. Moreover, Chintagunta et al. (2012) argue that family size has an effect on channel choice. They found out that larger families prefer online channels and also that families with preschool children are more likely to purchase from online channels. Additionally, the location of the household may have an impact on the channel choice.

Psychographics. The psychosocial benefits involve consumer feelings related to using a particular marketing channel. Consumers are led by both functional and psychosocial benefits in their choice (Frambach et al. 2007). Knows et al. (2014) stated that emotional costs are related to channel choice. When a customer is, for example, forced to use some other channel than they would normally prefer, it can evoke emotional resistance towards other channels. In these cases, it is beneficial for the retailer to bring out the benefits of new channels for the customers to lower the resistance towards channels. Frambach et al. (2007) found that customers perceived psychosocial benefits in different ways from offline and online channels. Psychosocial factors were found to be important to channel choice especially in pre- and post-purchase stages. Frambach states that retailers should try to “enhance the feeling of confidence, excitement, happiness and self-assurance” of the customer.

Psychosocial factors are as various as consumers and they may vary on different products categories, retailers and occasions. For a retailer it might be difficult to prepare for these factors but becoming conscious of the range of psychosocial factors will most likely facilitate channel integration.

Attitude. One important psychosocial factor affecting channel choice is attitude. Seock and Norton (2007) studied the significance of attitude to channel choice and found that customers’ attitude towards a channel had an evident effect on the channel choice. Goldsmith & Bridges (2000) state that history has a notable role in creating an attitude: former online buyers hold a more positive attitude for online shopping. Then again, Van Dijk et al. (2007) argue that situational factors may cause a consumer to act inconsistently with their attitudes towards a channel. Bobbit & Dabholkar (2001) emphasize that marketers should identify the unfavorable attitudes their customers have towards using technology, recognize the factors behind these attitudes and react to these factors with “appropriate measures”. For example, by decreasing perceived risks attitudes for technology may be changed.

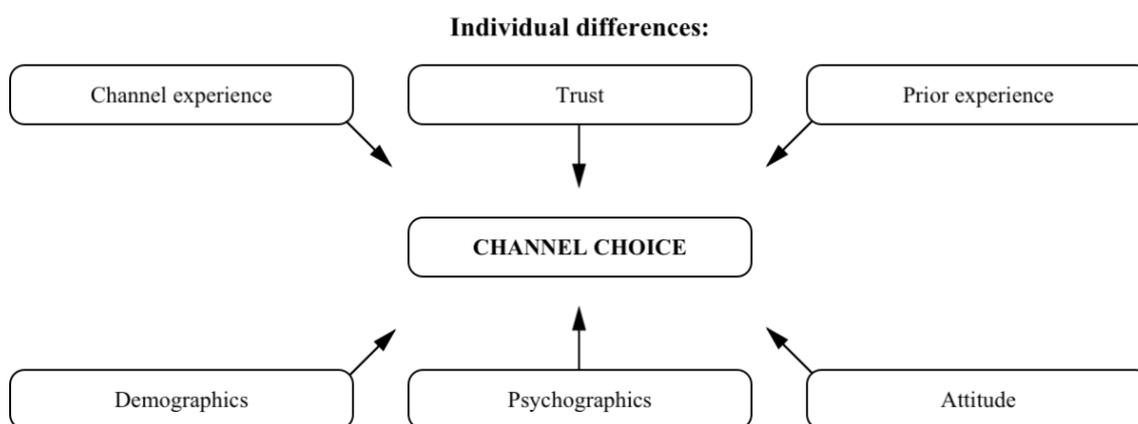


Figure 6. Individual differences affecting channel choice (Neslin et al. 2006; Schoenbacher & Gordon, 2002)

3 METHODOLOGY

In this chapter the chosen research approach and method are presented and discussed. After that, the process of conducting the study and the methods of analysing the data are portrayed and argued.

3.1 Choosing the method

Research approaches are plans and procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation (Creswell, 2014). A method is formed from the practices and operations that the researcher uses to generate observations, and from the rules, that can be used to further process and interpret these observations (Alasuutari, 2011, 64). Choosing the method of the research is a critical stage of conducting a study. Before you choose the method, you have to know what it is you hope to find out. When hoping to reveal how extensive or intensive a phenomenon is, you usually choose the quantitative research method (Hirsijärvi & Hurme, 2001). With it you can make generalizations on a bigger population and form generic models. On the other hand, the basis of qualitative research is in picturing real life, as it aims on getting a comprehensive description of the subject (Hirsijärvi et al. 2004). The qualitative method is based on an inductive process, focusing on individual meaning and rendering the complexity of a situation, whereas the quantitative researcher has assumptions about testing theories deductively and being able to generalize and replicate the findings (Creswell, 2014). Both methods can be used for numerous research settings, and sometimes they can also be combined to gather even more extensive information of the phenomenon in hand and to increase the trustworthiness of the study (Hirsijärvi & Hurme, 2001, 38).

Alasuutari (2011, 65) states that qualitative data is typically expressive, complex and has multiple levels. This data can exist independently from the study, or it can be collected specifically for the study. Eskola & Suoranta (1998, 47) note that when collecting the data, the researcher must consider its coverage of the research question under consideration. This can be examined through the size, saturation and focus of the data.

Analysing the qualitative data is usually considered time-consuming and burdensome. Suoranta (1995) stated that the most difficult part of the qualitative research is the analysis phase. The researcher has a big role in the qualitative analysis, since the results can never be totally separated from the researcher's personal experiences. Eskola & Suoranta (1998, 101-104) state that the researcher has to interpret the data to find meanings, which most of the times are not visible on the first glance. For this procedure the researcher chooses the method best suitable for the data and the research question.

Interviews are one of the most popular ways of data collection. An interview is typically an interactive situation that is 1) planned in advance; 2) initiated and directed by the interviewer; in addition 3) it is typical that the interviewer has to motivate the interviewee and uphold the conversation; 4) the interviewer knows his role and the interviewee will learn it; 5) the interviewee has to trust that their words will be used in confidence. After all these positive aspects, there are also negative sides in using interviews. First of all, they are more expensive, and especially in an unstructured or semi-structured interview, you gain a lot of information that is not relevant for your study. Furthermore, in an interview the anonymity of the study subjects cannot be guaranteed as securely as in surveys. Interviews are also notably more demanding for the researcher. (Hirsijärvi & Hurme, 2001, 34-43.)

3.2 Conducting the study

Different interview methods bring out different information, and this is why the method should be chosen based on the research (Eskola & Suoranta, 1998, 66). In the present study choosing the method for the data gathering was relatively straightforward, since from the beginning we had a clear idea, that with this study we wish to gain more and deeper knowledge on the topic. We do not try to make generalizations on a bigger population or to establish a generic model. Glesne (2010) states that quantitative research aims for generalizations, predictability and causal explanations, whereas qualitative research directs to contextualization, interpreting actions and understanding the perspectives of different actors. Therefore, we decided on the qualitative research method. It would answer the purpose of the current study better. With this research method the data will be versatile and give a comprehensive illustration of the consumers' way of thinking. The results of the present study may lay the ground for quantitative research on the same topic in the future.

Within the qualitative research approaches there is a vast selection of research methods. With the objective of learning more of the consumers' opinions regarding channel choice, we knew we had to go to these people and question them. The goal of an interview is to find out what is in a person's mind (Eskola & Suoranta, 1998, 64). For the current research, we decided on interviewing the focus group. The interview itself was conducted in a semi-structured manner. Hirsijärvi & Hurme (2001, 103) state that it is characteristic for the semi-structured interview to have certain aspects fixed in the beginning, while some features may change in the course of the research. For instance, the researcher may decide on the themes the interview will discuss but leave room for defining questions. Performing semi-structured interviews leaves room for the interviewees' opinions, stories and other aspects that the researcher could not predict. Hirsijärvi et al. (2004) state that an interview is a valid data gathering method when the subject of survey is only slightly mapped or unknown, and when it is likely that the results will be versatile. This was exactly the case on the

current study, since the focus group of this study was a selection of customers of one brick and mortar store. A great advantage in using interviews for the data gathering is that the researcher may control the data collection in a flexible manner, depending on the interviewee (Hirsijärvi et al. 2004). This fitted the current research very well, since the interviews were un-scheduled, and the respondents had a varying amount of time or knowledge of the topic in question. Flexibility was greatly important to receive as extensive data as possible.

The number of interviewees required differs between studies, depending on the topic. Often in qualitative studies the researcher tends to interview either too many or too few subjects. The basic guideline is to simply “interview as many subjects as necessary to find out what you need to know”. (Kvale, 1996.) A good guideline is to look for the saturation in the data. When new subjects give no more new information, the data has been saturated. Naturally, this mind set gives the researcher a big responsibility. (Hirsijärvi & Hurme, 2001; Eskola & Suoranta, 1998, 48.) This was the course of action used in the present study. The original objective was to interview more than 20 consumers. When we reached this point, we evaluated that the data was extensive enough since clear signs of saturation were visible.

The interviews took place in a brick and mortar store of a telecommunications operator in Jyväskylä, Finland. Interviewees were from both sexes and from various age groups. The present study used purposive sample, which means that instead of choosing random respondents for the questioning, we decided to find the interviewees that can best answer our questions. Purposive sample is used when instead of statistical generalizations the study hopes to understand an event deeper, gain knowledge on some regional phenomenon, or find new theoretical viewpoints on events and phenomena (Hirsijärvi & Hurme, 2001). The interviews were conducted with total confidentiality, which was also informed to the interviewees. We wanted to briefly question the customers on the reasons for their current channel choice and on how their buying path was formed before entering the store. The interviewees were chosen on the basis that they did an actual purchase in the store before the interview. This decision was made to narrow the study down to customers that completed their buying path to this store. The interviews followed roughly the interview framework based on previous study covered in the previous chapter.

3.3 Analyzing the data

The analysis of qualitative data is aimed to clarify the material and this way produce new information of the study subject (Eskola & Suoranta, 1998, 101). It is rare that the data would give direct answers to the original research question (Ruusuvaori et al. 2010, 11).

The data of this study was analyzed after all the interviews were done. The interviews were recorded with a tape recorder, to which each interviewee gave their consent. The interviews were transcribed to a text form. Transcribing

is a tool for converting the data to a form that is easier to control. This is an essential part of getting to know the data, and its accuracy should be defined in relation to the research subject and the specificity of the analysis. (Ruusuvuori et al. 2010, 11.) In the current study transcribing minor details such as pauses, and sighs was purposeless, since the focus of the analysis is strictly on the information the interviewees communicate in their answers. According to Ruusuvuori (2010, 357), when the analysis focuses on factual content, there is no need for highly detailed transcribing.

The first approach to the data is in most cases a phase where the researcher categorizes the data and structures it by contrasting different parts to each other (Hirsijärvi & Hurme, 2001, 147). This kind of approach was also used in this research to point out the repetitive topics from the data. This was found to be effective for categorizing the material into segments that make it easier to control. However, categorizing only creates the basis or framework that enables the researcher to interpret the actual analysis and the results for the research (Hirsijärvi & Hurme, 2001, 149). The categorizing was followed by thematic analysis, in which the researcher may point out important themes from the material for the study in question (Eskola & Suoranta, 1998, 127). Usually in this phase themes from the semi-structured interview arise, accompanied with other, unsuspected themes. These themes are based on the researcher's interpretations of the interviewees' answers. (Hirsijärvi & Hurme, 2001, 173.)

Observing the arising matters in relation to each other is probably the most essential part of the analysis. One way for doing this is the typological analysis. (Hirsijärvi & Hurme, 2001, 174.) After the thematic analysis, we continued analyzing the data with a typological analysis. Typological analysis searches for similarities in the data and aims to create types that help understanding the results of a study (Eskola & Suoranta, 1998, 131). In this study the typological analysis resulted in four customer profiles that give a clear and practical representation on the data gathered from the interviews.

The main focus of the analysis was finding the reasons for the customers' channel choice and discovering their buying path of this particular purchase. At the same time, the interviews discovered the customers' shopping behavior more extensively, as well as their hidden attitudes, habits, preferences and courses of action regarding the research area in a wider scale.

4 EMPIRICAL RESEARCH

The factors affecting channel choice found in the current study will be described in the next five sections. These factors are attitude, know-how, service, choice confirmation and situational factors.

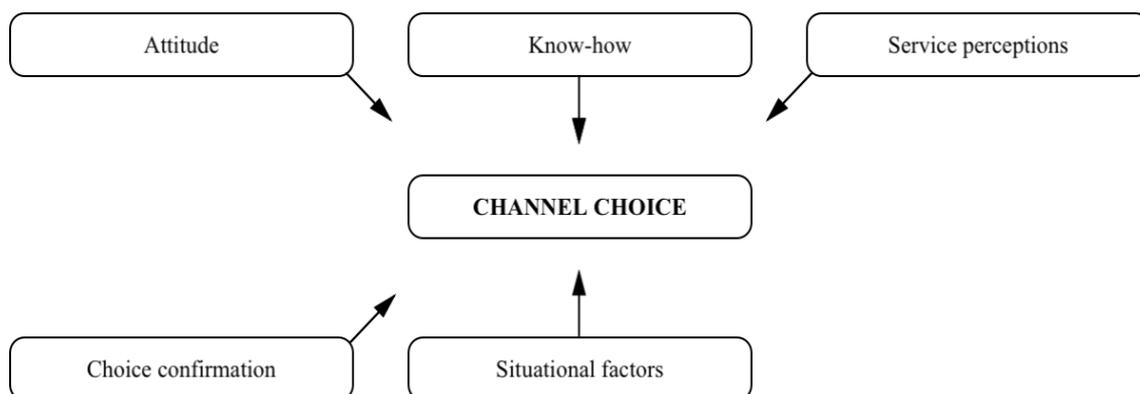


Figure 7. Factors affecting channel choice found in current study.

4.1.1 Attitude

Attitude towards channels was one of the biggest influencers in channel choice process of the brick and mortar customers. The most influential attitude was the negative attitude towards online stores. This attitude could be detected in various interviews.

These interviewees described the online store as a channel that was difficult to understand, even though they had not really even tried using it. Online stores and internet itself was very distant and unfamiliar for them. Some of them even got a bit annoyed and frustrated when they were asked if they could consider using online stores in the future. In their opinion using online stores would require a great amount of learning, and even after that one could not trust it would work properly.

Having a negative attitude towards online channels made these customers more flexible towards possible down-sides of using the physical stores. Since they felt that they had no other options, they considered that these disadvantages were something they could not avoid.

I just do not use the online store. Usually the errands have been taken care well here. But now that I am older I would need more guidance. Sometimes I get a bit frustrated because these boys here are so busy, that they keep on selling, but do not advise us older people that much. And the lines here in the store are always terribly long, so that is unpleasant.

In addition to the negative attitudes towards the online stores, many of the customers had a positive attitude towards the brick and mortar. The physical store was considered as a place where “everything works out at the first try”. Customers felt that the physical store was a place where the risks of failing were trivial, which illustrates that the customers trust the stores and their staff greatly.

4.1.2 Know-how

Some of the interviewees felt that they did not have the competence to use online channels for their purchases, and thus ended up using the physical store. These people typically had very little or no experience of using any internet stores. The concept of shopping online was distant and unfamiliar to them.

The biggest obstacle for this group of customers was the lack of technical knowledge. For them, the web page appeared as a complex site where they did not know how to operate. They were also overwhelmed with all the information available and did not know where to find the information essential for them. Some of these people had never tried using online stores, because they had such a little trust on their own capabilities.

The brick and mortar store was the only potential channel for these people. They felt that using the services of the physical store required no experience or special skills, for there the salesperson would take care of them and their needs. These people did not necessarily have a negative attitude towards online shopping, it was just something they felt they could not manage on their own.

I tried checking the online store first, but I just did not understand diddly squat. [- -]
In theory I could do whatever if I knew how to.

This comment indicates that it could be possible to lure these customers to online channels in time, if the user interface was simplified and the benefits of online channels were clearly stated. It is also likely that the weight of this factor will diminish through time as basic knowledge of internet spreads even further and internet becomes commonplace in the lives of more and more people.

4.1.3 Service perceptions

Customer service received in the brick and mortar store was a matter that nearly every interviewee was pleased with. In pursuance of the interviews the customers were also asked to grade their service experience on a scale from 1 to 10. The average perception of customer service within this group on interviewees was over 9. Customers were very pleased with the service they received in the store.

For some of the interviewees the high-quality customer service was also the reason why they chose the physical store instead of online stores. Running errands in the brick and mortar was described as “easy” or “effortless”. They felt that this channel did not require that much work from the customers as online channels did.

The customers of the physical store had great trust in the professional knowledge of the salespersons. Some of them trusted the personnel so much that they did no research before entering the shop and depended on that the professional would know what solution is best for their problem.

In contrast to the online store where the customers felt they had to survive on their own, the interviewees valued that in the store a salesperson was there to help them through the process, and that when the customers knowledge on the topic was limited, the employee would help them. Customers also appreciated that in the brick and mortar store the complicated things would be explained slowly enough and that they could ask as many questions as they needed to understand the topic.

I use this brick and mortar store, it is easier to do business here. I endorse it absolutely. It is a bit slower, in a way, so then you always get answers to your questions. And you can ask again when you do not understand.

Some of the customers felt that they deserved to get good personal service, and it was something they had gotten used to. For them, changing to online store seemed like a bad deal, since there they had to do so much more work themselves. They also complimented the employees on the service quality a lot.

No, no, no [when asked about using online channels]. I want very personal service. [-] They are truly customer servants here these guys. Young, talented men, most of them.

With this knowledge the service appreciators can be divided into two groups. First group consist of the people who feel like they would not be able to make decisions without the professional help of a customer servant. They have too little knowledge on the topic and need an expert's opinion to support their buying decision. This group of people might use also online stores, if they felt that they get all the needed information from online channels.

On the contrary, the other customer group values the availability of the customer servant because it reduces the workload of the customer. For them, the salesperson is there to make the process easier and effortless for the customer. They have gotten used to being served and have no reason to change the circumstances if it leads to an increase in their own workload. For this group switching to online store is switching to self-service. To make this change likely the online shopping process should be very effortless and offer some benefits that the brick and mortar store cannot provide.

4.1.4 Choice confirmation

Approximately half of the interviewees had been in the online channels before entering the physical store. Most of them had a relatively limited choice set based on their previous research, some had already made their choice.

These customers ended up to the brick and mortar store to get the final confirmation for their purchase. Even though they had compared the products carefully and read a large amount of detailed information of the product as well

as user reviews, all this information was not enough for them to confirm their choice. For some of them, the buying decision was confirmed when they got the recommendations from the salesperson. They consider the personnel as experts of their field and trust their opinion.

We wanted to hear the salesperson's opinion. We trusted that they can recommend and give advice on these things.

For others the brick and mortar was a pleasant environment for the purchase, for there they could actually see and feel the product. They got a sense of security from being able to hold the product in their hand before buying it.

Somehow, I feel more secure. It's a lot of money and it feels safe to buy it here. [--]
Some way I just want to hold the phone in my hand.

Many of these customers who needed the choice confirmation from the physical store stated that they do actually use online stores for other, mainly less expensive, products. Buying a phone was experienced as such an important, expensive and complicated purchase that they needed the confirmation. The sense of security and lesser feeling of risk was the reason why these customers chose the physical channel.

4.1.5 Situational factors

Not everyone has a clear opinion on which channel is the best one. This was also noticeable in the interviews. Some of the interviewees could not actually give an explanation to why they had chosen to shop in the brick and mortar.

For some reason I just have walked to the store. Usually I actually run my errands online. On the other hand, this is also easy.

Many customers mentioned that it was important that they got to take the product with them from the store right away. Waiting for the delivery from the online store, even if just for one day, was an unpleasant thought. Especially when buying electronics this factor was emphasized. The customers who mentioned this factor were experienced online shoppers and had no problem with the delivery times on other kinds of products.

4.2 Buying paths

All the interviewees were asked what kind of activities they did before they entered the brick and mortar store. Few of them stated that they did not actually look for information anywhere actively. They had noticed a need and walked to the store to fulfil it. These customers were exposed to mass marketing activities, such as TV advertising and direct mail advertising, and felt that they got all the information they needed through these channels. Also, the relevance of sales calls

was mentioned in the interviews, for it had been the initiator of one customer's buying process.

I did not feel I needed to go to Internet to search for information. Somehow, I feel I get a lot of the advertising leaflets and TV ads, they are enough.

A handful of the interviewees had visited other stores before visiting the brick and mortar where the interviews took place. These were stores of other operators or ones selling electronics and household items. These customers had not found what they were looking for in those other stores, and this is why they continued their path to the next place. For them it did not make a difference where they would make the purchase, they just wanted to find the right product.

Internet was an extremely popular channel for information search. At least half of the interviewees stated that they had done some kind of information search online before entering the physical store. Some of these customers had given up relatively easily, since they felt that the information was hard to find or understand. These customers had visited the web page of the operator in question but felt that the online store was too difficult to use.

Others had done a proper investigation from numerous sites to gather all the information they possibly could. The most popular sites for information search were the telecommunication operator's pages. These pages were used for comparing prices and technical information. Few interviewees had also visited foreign web sites when learning about different products.

It is a good thing that in the Internet there are those technical facts that I can read by myself since I understand something about the topic, and all the information is visible at once, and I can compare the different options without lining up to a service counter of a store.

Social media sites were not mentioned in any of the interview responses. It is possible that the interviewees did not realise the possible affect the social media might have had in their buying process, since social media is around them all the time and the information from this channel is gained unconsciously. It is also possible that social media simply had no effect on the buying path of these customers.

4.3 Customer profiles

To clarify the results of the study even further, this chapter will demonstrate four customer profiles created from the results. These customer profiles cover the brick and mortar stores clientele relatively well and give us a better understanding of the variety of different customers that use the brick and mortar store. The customer profiles make it easier to compare the motives of the customers visiting the physical stores.

4.3.1 Young and modern

This group of customers consists of the pioneers of modern age, also known as the generation Y. These young adults (from 16 to 30) know what they want. Usually they have a lot of foreknowledge on the digital devices they are looking for. They are interested in the newest products and appreciate the new attributes they are offered. They are curious to know more of the alternatives and usually spend some time to compare possible choices. Information search is natural for them, and in addition to the traditional Medias of information such as company websites, they also value the information provided by their peers. Various social media sites with product reviews added with everyday conversations of the man on the street make a difference in these customers' minds. The information search of such customer can be extended to cover domestic and global websites, comparison services and social media. This is not an inconvenience for the customer, since he or she is accustomed to using the web each and every day.

These customers are no strangers to using online stores. Since they practically live online, also shopping online is a natural part of their life. On online shopping they value such attributes as ease of use and possibility to access stores around the world, which guarantees wide selection. They also have a strong mental image of the lower prices online stores can offer compared to the traditional brick and mortar stores.

Despite the fact that this group of people values the possibility of online shopping, many of them end up in the physical store for purchase. This is somewhat surprising since they seem to do everything online, and as stated earlier, online store is no stranger to these people. Even though these customers have a rather precise opinion on the products when they arrive to the store, many of them appreciate the opinion of the in-store salesman. The recommendation of such authority as a salesman who is an expert in his field probably doesn't even affect the choice of product but makes the customer more secure with his or her selection. This kind of confirmation makes the customer more confident with the purchase, which has a huge positive effect on the after-purchase evaluation.

Probably the most significant factor guiding these people to the physical store is the fast delivery. For them, buying a new gadget is mostly not a rational purchase that they genuinely need. In fact, the entertainment features of the new device seem at least as important as the traditional attributes. Thus, when this kind of customer buys a new device, he or she is actually buying a new toy. And with this kind of toys they act exactly like toddlers with their toys: they want it NOW. Hence, waiting for the delivery of their new toy for a day or two is simply too much for many of them. Even though they know that the selection may be wider online, and the prices may be lower, they come to the store for the purchase mostly because they do not want to wait for the delivery.

4.3.2 Technology resistant

This group of customers is almost the opposite of the young and modern customers introduced in the previous section. They are usually older and have very limited experience of online shopping. Some of them may have used internet for very basic functions, others try and avoid it as much as they can. Even if they had some experience on internet, they all have the same strong attitude: I will not use online stores. They do not trust on their own know-how on the internet enough to consider shopping online. For them, the online store is something very complicated and distant, and they feel that there is a great chance for mistake if they would try it.

The technology resistant customer feels that the brick and mortar store is the only relevant channel to get service. Their view of the channels under consideration is so limited, that they go to the brick and mortar store even if they are not that satisfied with the service they get. In the interviews one lady stated that she will always come to the physical store to get service, even though she always has to wait a long time to get assistance and she feels that the salespersons in the store are more eager on selling than helping the customer. This describes perfectly how limited their view of available channels is.

This customer values the opportunity to describe his or her problems to the salesperson in the store and trusts the answers the professional suggests. For this customer it is important that he or she can ask the same questions again and again until they are sure they understood everything. In this case the salesperson is considered the expert in the field, a person who can be trusted to give the customer the best possible guidance. For these customers it is important that they can feel they are taken care of, and that there is someone who listens to their problems and helps them to overcome these difficulties.

4.3.3 Service appreciators

The service appreciator has a strong opinion on the relationship between the customer and the company. This, usually middle-aged, male or female is used to getting great customer service and expects this also in the future. He or she comes to the brick-and mortar store to get served and feels negative about self-service. Why would you do something by yourself that a professional can do for you? They have gotten accustomed to the high level of service and see no reason why they would settle for less. They value especially that the salesperson gives them personal attention and service.

Before coming to the store these customers rarely use online channels for information search. The advertising material they receive through television and mail gives them enough information. They trust that the salesperson knows what they need, and usually have no need to use their own time to search and compare options. If they do visit online channels before entering the physical store, they usually look at the company's website.

4.3.4 Current customers

Quite surprisingly, the biggest group of customers that visit the brick and mortar store are there not to buy. They are existing customers that need the salespersons help in other issues, such as invoice questions, instructions for use of their mobile devices or other minor questions. This group of customers might sound like a distraction for the employees, but actually they are a surprisingly important factor in the success of the store. According to an estimation made by a salesperson in the store, 80-90 per cent of the customers belong to this group. This situation has forced the employees of the store to get accustomed to the situation and to aim their sales pitches to these people. Even though it requires more of effort from the salesperson to do business with these customers that are not looking for new deals, most of the sales generated in the brick and mortars are made to these people. The employees interviewed in this study estimated that approximately 80 per cent of the sold subscriptions in the store were sold to this group of people. This demonstrates how important it is to have the right, sales-oriented employees in the store. They can make sales even with the unlikely customers, as well as generate additional sales to increase the value of the average purchase.

5 DISCUSSION

This research aimed in understanding what are the factors affecting customer's channel choice in a communication operator business. The results of this study give a useful understanding of the factors behind a customers' channel choice. This information is useful in the modern environment where more and more businesses operate in an omnichannel environment. With this information and its managerial implications retailers have a wider understanding in the factors that they must take into consideration in an omnichannel business.

From a theoretical point of view this research has given importance to specific factors behind channel choice. However, these factors require further research in different surroundings to give an even wider understanding of the relevance of these factors. In the end of this chapter are suggestion for future research on the topic to further extend the understanding of customers' channel choice.

5.1 Theoretical contributions

5.1.1 Channel choice factors

The key findings of this study were that a telecommunication operators' customers' channel choice is affected by the following factors: attitude, know-how, service perceptions, choice confirmation and situational factors.

Attitude towards channel was a factor that came up in multiple interviews. Customers often seemed to have a negative attitude especially towards online channels that resulted in physical store visits. This is in line with Seock and Norton's (2007) finding that showed the influence of attitude in channel choice. This negative attitude consisted of advanced presumptions of the online channel being difficult to understand. Montoya-Weiss et al. (2003) stated that uncertainty may affect channel choice, and that risk perceptions may occur when the channel is not familiar in advance. Seems that these factors affected the channel choice significantly and emerged as a negative attitude. At the same time, these customers were accustomed to using brick and mortar store as a channel of running errands and consequently had a positive attitude towards offline channel use. Falk (2007) stated that highly satisfied customers experience a stronger desire to hold on to their current channel and may even form a bias towards the channel in question. This kind of bias can be seen in the attitude-driven customers, that wish to use offline channels even if they had experienced

some downsides of using a physical store, such as frustration with the personnel or queuing.

Another definite factor affecting channel choice was the customers know-how. These customers' do not necessarily have a negative attitude towards online channels, they just do not trust their own capabilities to use them. Sometimes they even have tried online channels but then faced their lack of competence and moved over to other channels. This finding is in lines with Falk et al. (2007) that argue customers with the lack of experience of technology may even face a psychological risk when faced with unfamiliar channels. In addition, the relevance of ease-of-use is evident. If a customer tries a new channel but is faced with challenges with the user interface or complicated information search, switching to another channel is probable. Keen et al. (2004) note that the experience of ease of use also has a big influence on future channel choice. Negative perceptions might hinder online use in the future as well. This situation may still be affected by the retailers marketing messages, as stated by Montaguti et al. (2016), if one succeeds in assuring customers of the benefits and ease-of-use of online channels.

Perceived service was a factor that seemed to affect the channel choice of most interviewees. Personal service from a competent salesperson reduced the effort required from the customer. This finding is in line with Keen's (2004) argument that customers tend to choose the channel with least effort. Some interviewees even felt that as a customer they are entitled to have someone serve them. Moving into self-service channels would most likely be a difficult transition for these customers.

In addition, for some customers the key on channel choice was to acquire confirmation for their choice. Even after (sometimes extensive) information search on various channels, customers needed that last opinion from someone with the expertise on the matter. Then again, some did no information search before entering the brick and mortar store and trusted the expert fully. Burke (2002) noted that retail shoppers value the help from a sales assistant giving them all information needed. Especially when the product in question is complicated they may base their channel choice on this. Based on the findings in this research this argument can be supported, since using a professional and their knowledge instead of time-consuming information search was important for many.

Additionally, some customers needed different kind of confirmation for their choice. For some, the purchase of an expensive product needed more confirmation than online channels could offer. This in line with Keen et al. (2004) who stated that price has an effect on channel choice. In the need of this kind of verification for the purchase, it was important for the customers to see and feel the product before the purchase, just as Avery et al. (2012) stated.

Finally, one important factor affecting channel choice were situational factors. Some customers had no individual reason for the current channel choice, they just felt that the brick and mortar store was just "conveniently there". This factor supports Nicholson's et al. (2002) findings of other facilities affecting the

channel choice. When a customer is in a shopping centre on other errands physical store is a natural choice of channel. It was also pointed out that some customers chose the offline channel to acquire the product immediately. For them the delivery time was the most important factor of channel choice, just as Gupta et al. (2004) stated. The importance of delivery time was intensified with the product category in hand. Some customers stated that because they were purchasing a new mobile phone, the thought of waiting for the delivery was unbearable. This indicates that the product category has an influence on channel choice, which supports the findings of Nicholson et al. (2002) and Gupta et al. (2004).

In addition to these factors affecting channel choice, this research also revealed an interesting characteristic of brick and mortar stores and their clientele. It was discovered that majority of brick and mortar store customers are actually current customers, who are there not to purchase, but to take care of other kinds of errands and feel that this is easier in the physical store. This group of customers accurately demonstrates the changing role of brick and mortar store. As Piotrowicz & Cuthbertson (2014) argue, the physical store has many different roles and only one of them is selling. In addition, it is important to serve the existing customers in their needs and to keep them satisfied. In this study a significant success for the retailer was that the sales personnel were skilful and could make additional sales along with customer service tasks.

5.1.2 Buying paths

When it comes to omnichannel activities, that is switching from channel to another, the interviewees divided into two separate groups. Some had visited no other channels with this purchase in mind but had seen advertising from such channels as TV and advertising mail. Then again, some customers had done information search through channels prior purchase. Online channels were the most important channel for information search.

Some felt that the retailers web site was too difficult to use, and that the information was hard to understand. These findings show the importance of web site design and search effort. As Montoya-Weiss et al. (2003) stated, web site design has a significant effect on online channel use and overall satisfaction. When the web site design has faults, consumers tend to switch channels or service providers. Burke (2002) and Gupta et al. (2004) emphasized the significance of search effort especially in online channels and this study underlines the importance of search effort as a channel choice factor. Several interviewees had "given up" on online information search and switched to offline channel. In this situation there is always a notable risk of losing customers to competitors with lower search effort.

On the contrary, some interviewees had done a proper research on the topic before entering the brick and mortar store. They valued the information available

on the operators' site, as well as other information available online. This is evidence of the change in information sources used. As Zhou & Duan (2015) and Ramanathan et al. (2017) stated, online content such as user reviews and experience sharing in social media is affecting customers' choices. This does not remove the importance of retailers' information quality online. The web site of the service provider in question was an important information source to nearly all those customers who did information search online. This emphasizes the significance of information quality and web site design as Montoya-Weiss et al. (2003) argued. These customers benefit from the possibilities omnichannel companies offer during their buying path.

5.2 Managerial implications

For the managerial implications we will use the customer profile approach introduced in the empirical research chapter 4.3. In this chapter managerial implications will be proposed to serve different customer groups even better.

The first customer group introduced, young and modern, is no stranger to online channels. To best serve this group, retailers must make sure there is information available in an easy-to-acquire form online. These customers also surf through other channels easily, thus online presence is valuable also outside the retailers' own channels. For example, communication through social media channels is desirable. Additionally, this group is impatient and craves for fast deliveries. Investing in the supply chain design is crucial.

Then again, the next group, technology resistant, needs totally different service from the retailer. This customer group needs to have all the services available also offline. Trying to direct these customers to online channels will most likely result in displeased customers. Retailers must make sure that the service quality in offline channels is sufficient. This group will tolerate some failing in their service since they feel that the brick and mortar is the only available channel for them. Nevertheless, there is always a risk of losing these customers to competitors if service quality declines too much. These customers also value simplicity and clarity in communication.

Service appreciators are a customer group that demand quality service and that might switch to a competitor if their needs are not taken care of. The retailer must make sure this group of customers gets the quality it demands. Guiding these customers to self-service options will most likely be a rocky road for the retailer. For this customer, the benefits of using a self-service channel should be remarkable and communicated thoroughly.

Lastly, the group of current customers is an interesting one. These people come to the store in need of a customer service, not to purchase. To turn this crowd into profit retailers must focus on customer service personnel's training

and communicating the goals clearly. The first task with this group is to keep them satisfied, as this will prevent switching to competitors. The next important step is to make as much additional sales as is possible. Since these people take much of the store personnel's time, it should also bring in sales.

5.3 Evaluation of the research

For the evaluation of this research the research is viewed from credibility, transferability, dependability and confirmability points of view.

Credibility depicts the truthfulness of gathered data and findings (Lincoln & Cuba, 1985, 294 - 296). In the current research, data was gathered with interview methods. The interviews were tape-recorded and carefully transcribed to observe all possible factors affecting the results. As always in interviews, the answers from the interviewees are their words which cannot be proven truth or false, hence this form of research always has some risks of untruthful data. To encourage truthful answers from the interviewees, the interview was anonymous, and the interview questions did not concern too private matters, since the interviews were made on a public scenery.

Transferability represents the applicability of the result to other contexts and times outside the current research setting (Lincoln & Cuba, 1985, 294-296). Since this study aims for gathering a deeper understanding on the topic and not make generalizations, this method for gathering data was well justified. On the results similarities inside the data are easy to point out. This tells us that there is a chance of generalization also on these results.

Dependability proves that the study in question could be repeated in similar circumstances to receive similar results (Lincoln & Cuba, 1985, 294-296). To confirm the dependability of this research, the research questions were based on previous theoretical background. In addition, the analyse of the interviews was carried through carefully by the same person who made the interviews. This way it was assured that also all facial impressions, voice variations and other nuances in addition to the verbal answers were taken into consideration. In the analysis stage the answers were analysed individually multiple times and then categorized and compared with each other. The findings were also supported by citations from interviewees to authenticate the results.

Confirmability depicts the objectivity of the results, and if results arise from truthful data or from researches subjective point of view (Lincoln & Cuba, 1985, 294-296). To underline the objectivity, citations from interviewees were used in empirical research section. In addition, in the conclusions section the results were combined with numerous previous results with the same outcome and conclusion.

All in all, the quality of this research has been evaluated and considering the circumstances, the research has done their best to secure the quality of the research in question.

5.4 Limitations of the research

The setting of the current research had some limitations that should be considered when applying the results to other context. First of all, the research was conducted in one brick and mortar store and the sample is consequently constricted to the clientele of this said store. This kind of a purposive sample was justifiable since this way it was possible to find interviewees that could best answer to our research questions. Generalizations of the results must be made with caution, since the sample was constricted. A study with interviews of online customers would most likely extend the results to new dimensions and factors.

In addition, this research applies only one line of business. In some other businesses the relationship between online and offline channels may be different. Furthermore, the factors affecting channel choice may vary on different fields of business. This should be taken into consideration if the results are compared to other lines of business.

5.5 Future research

This research opens an interesting premise for future research. Expanding the channel choice factor research into other lines of business and other channels of purchase would broaden the understanding of the topic. In addition, focusing on particular demographics or customer groups could deepen the understanding gained in this study. Also, further research on customers' personal characteristics and their influence on channel choice would most likely interest researchers from multiple fields of research.

REFERENCES

- Aljukhadar, M., Senecal, S., Ouellette, D. 2010. Can the media richness of a privacy disclosure enhance outcome? A multifaceted view of trust in rich media environments. *International Journal of Electronic Commerce* 14, 103-126.
- Alasuutari, P. 2011. *Laadullinen tutkimus 2.0*. Tampere: Vastapaino.
- Ancarani, F., Shankar, V. 2004. Price levels and price dispersion within and across multiple retailer types: further evidence and extension. *Journal of the Academy of Marketing Science*. 32, 176-187.
- Ansari, A., Mela, C. F., Neslin, S. A. 2008. Customer channel migration. *Journal of Marketing Research* 45, 60-76.
- Avery, J., Steenburgh, T., Deighton, J., Caravella, M. 2012. Adding bricks to clicks: Predicting the patterns of cross-channel elasticities over time. *Journal of Marketing* 76, 96-111.
- Belk, R. W. 1974. An exploratory assessment of situational effects in buyer behavior. *Journal of Marketing Research* 11, 156-163.
- Bendoly, E., Blocher, J. D., Bretthauer, K. M., Krishnan, S., Venkataramanan, M. A. 2005. Online/in-store integration and customer retention. *Journal of Service Research* 7, 313-327.
- Bertrandie, L., Zielke, S. 2017. The effects of multi-channel assortment integration on customer confusion. *International Review of Retail, Distribution & Consumer Research* 27, 437-449.
- Burke, R. R. 2002. Technology and the customer interface: what consumers want in the physical and virtual store. *Journal of the Academy of Marketing Science* 30, 411-432.
- Bobbitt, M., Dabholkar, P. A. 2001. Integrating attitudinal theories to understand and predict use of technology-based self-service: The internet as an illustration. *International Journal of Service Industry Management* 12, 423-450.
- Cao, L. 2014. Business model transformation in moving to a cross-channel retail strategy: a case study. *International Journal of Electronic Commerce* 18, 69-96.
- Centre for Retail Research. 2015. *Online Retailing: Britain, Europe, US and Canada 2015*. [Sited 6.7.2015]. Available at:
<URL: <http://www.retailresearch.org/onlineretailing.php> >
- Chen Y., Cheung, C. M. K., Tan. C-W. 2018. Omnichannel business research: opportunities and challenges. *Decision Support Systems* 109, 1-4.
- Chintagunta, P. K., Chu, J., Cebollada, J. 2012. Quantifying transaction costs in online/off-line grocery channel choice. *Marketing Science* 31, 96-114.
- Chocarro, R., Cortiñas, M., Villanueva, M. 2013. Situational variables in online versus offline channel choice. *Electronic Commerce Research and Applications* 12, 347-361.

- Creswell, J. 2014. Research design. Qualitative, quantitative and mixed methods approaches. UK: Sage Publications Inc.
- Davis, F. D. 1993. User acceptance of information technology: system characteristics, user perceptions and behavioral impacts. *International Journal of Man-Machine Studies* 38, 475-487.
- Eskola, J., Suoranta, J. 1998. Johdatus laadulliseen tutkimukseen. Tampere: Vastapaino.
- Falk, T., Schepers, J., Hammerschmidt, M., Bauer, H. H. 2007. Identifying cross-channel dissynergies for multichannel service providers. *Journal of Service Research* 10, 143-160.
- Frambach, R. T., Roest, H. C. A., Krishnan, T. V. 2007. The impact of consumer internet experience on channel preference and usage intentions across the different stages of the buying process. *Journal of Interactive Marketing* 21, 26-41.
- Freed, L. 2005. Foresee results/FGI Research report. Customer satisfaction, loyalty, and buying behavior in the evolving multi-channel retail world. [Sited 3.8.2015]. Available at: <URL:<http://www.brickmeetsbyte.com/images/uploads/FSRHoliday04E.pdf>>
- Gehrt, K. C., Yan, R. 2004. Situational, consumer, and retailer factors affecting Internet, catalog, and store shopping. *International Journal of Retail & Distribution Management* 32, 5-18.
- Gensler, S., Verhoef, P., Böhm, M. 2012. Understanding consumers' multichannel choices across the different stages of the buying process. *Marketing Letters* 23, 987-1003.
- Glesne, C. 2010. Becoming qualitative researchers. An Introduction. Boston: Pearson Education.
- Goldsmith, R. E., Bridges, E. 2000. E-tailing vs. retailing: using attitudes to predict online buying behavior. *Quarterly Journal of Electronic Commerce* 1, 245-253.
- Google. 2013. "Mobile in-store research: how in-store shoppers are using mobile devices" [Sited 3.8.2015]. Available at: <URL:<http://www.thinkwithgoogle.com/research-studies/mobile-instore.html>>.
- Gupta, A., Bo-chiuan Su, Walter, Z. 2004. An empirical study of consumer switching from traditional to electronic channels: a purchase-decision process perspective. *International Journal of Electronic Commerce* 8, 131-161.
- Hand, C., Riley, F. D., Harris, P., Singh, J., Rettie, R. 2009. Online grocery shopping: the influence of situational factors. *European Journal of Marketing* 43, 1205-1219.
- Hirsijärvi S., Hurme, H. 2001. Tutkimushaastattelun teoria ja käytäntö. Helsinki: Yliopistopaino.
- Hirsijärvi, S., Remes, P., Sajavaara, P. 2004. Tutki ja kirjoita. Helsinki: Tammi.

- Jiang, P., Rosenbloom, B. 2005. Customer intention to return online: price perception, attribute-level performance, and satisfaction unfolding over time. *European Journal of Marketing*. 39, 150-174
- Kaufman-Scarborough, C., Lindquist, J. D. 2002. E-shopping in a multiple channel environment. *Journal of Consumer Marketing*, 19, 333-350.
- Keen, C., Wetzels, M., de Ruyter, K., Feinberg, R. 2004. E-tailers versus retailers: Which factors determine consumer preferences. *Journal of Business Research* 57, 685-695.
- Kotler, P. *Principles of marketing*. 2013. Harlow : Pearson Education 2013.
- Kvale, S. 1996. *InterViews. An introduction to qualitative research interviewing*. Thousand Oaks, CA: Sage Publication Inc.
- Lewis, J., Whysall, P., Foster, C. 2014. Drivers and technology-related obstacles in moving to multichannel retailing. *International Journal of Electronic Commerce* 18, 43-68.
- Lincoln, Y. S., Guba, E. G. 1985. *Naturalistic inquiry*. Beverly Hills, CA: Sage Publications.
- Lobaugh, K., Simpson, J., Ohri, L. 2014. The new digital divide [online]. [Sited 6.7.2015]. Deloitte Consulting LLP. Available at: <URL:<http://www2.deloitte.com/content/dam/Deloitte/us/Documents/consumer-business/us-rd-thenewdigitaldivide-041814.pdf>>
- Montaguti, E., Neslin, S. A., Valentini, S. 2016. Can marketing campaigns induce multichannel buying and more profitable customers? A Field Experiment. *Marketing Science* 35, 201-217.
- Montoya-Weiss, M., Voss, G. B., Grewal, D. 2003. determinants of online channel use and overall satisfaction with a relational, multichannel service provider. *Journal of the Academy of Marketing Science* 31, 448-458.
- Moon, B. 2004. Consumer adoption of the internet as an information search and product purchase channel: some research hypotheses. *International Journal of Internet Marketing and Advertising* 1, 104-118.
- National Retail Federation. 2015. Turning mobile shoppers into mobile buyers. [Sited 30.3.2018]. Available at: <URL: <https://nrf.com/blog/turning-mobile-shoppers-mobile-buyers>>
- Neslin, S. A., Grewal, D., Leghorn, R., Shankar, V. 2006. Challenges and opportunities in multichannel customer management. *Journal of Service Research* 9, 95-112.
- Newman, C. L., Wachter, K., White, A. 2018. Bricks or clicks? Understanding consumer usage of retail mobile apps. *Journal of Services Marketing* 32, 211-222.
- Nicholson, M., Clarke, I., Blakemore, M. 2002. 'One brand, three ways to shop': situational variables and multichannel consumer behaviour. *International Review of Retail, Distribution & Consumer Research* 12, 131-148.
- Payne, A., Frow, P. 2004. The role of multichannel integration in customer relationship management. *Industrial Marketing Management* 33, 527-38.

- Piotrowicz, W., Cuthbertson, R. 2014. Introduction to the special issue information technology it retail: toward omnichannel retailing. *International Journal of Electronic Commerce* 18, 5-16.
- Pophal, U. 2015. Putting the 'strategic' into strategic content marketing. *EContent* 38, 6-10.
- Pousttchi, K., Hufenbach, Y. 2014. Engineering the value network of the customer interface and marketing in the data-rich retail environment. *International Journal of Electronic Commerce*. 18, 17-42.
- Ramanathan, U., Subramanian, N., Parrott, G. 2017. Role of social media in retail network operations and marketing to enhance customer satisfaction. *International Journal of Operations & Production Management* 37, 105-123.
- Rippe, C. B., Weisfeld-Spolter, S., Dubinsky A. J., Arndt, A. D., Thakkar M. 2016. Selling in an asymmetric retail world: Perspectives from India, Russia, and the US on buyer-seller information differential, perceived adaptive selling, and purchase intention. *Journal of Personal Selling & Sales Management* 36, 344-362.
- Ruusuvuori, J. 2010. Haastattelun analyysi. Tampere : Vastapaino 2010.
- Schoenbacher, D. D., Gordon, G. L. 2002. Multi-channel shopping: understanding what drives channel choice. *Journal of Consumer Marketing*, 19, 42-53.
- Sciandra, M. R., Inman, J. J. (2014). Smart phones, bad calls: In-store mobile technology use and consumer purchase behavior. *Marketing Science Institute Working Paper Series*, 14, 1-49.
- Seock, Y-K., Norton, M. 2007. Attitude toward internet web sites, online information search, and channel choices for purchasing. *Journal of Fashion Marketing and Management: An International Journal* 11, 571-586
- Singh, S., Swait, J. 2017. Channels for search and purchase: Does mobile Internet matter? *Journal of Retailing & Consumer Services* 39, 123-134.
- Spreer, P., Rauschnabel, P. A. 2016. Selling with technology: understanding the resistance to mobile sales assistant use in retailing. *Journal of Personal Selling & Sales Management* 36, 240-263.
- Statista. 2018. Number of social network users worldwide from 2010 to 2021. [Sited 30.3.2018]. Available at: <URL: <https://www.statista.com/statistics/278414/number-of-worldwide-social-network-users/>>
- Statista. 2018. Retail e-commerce sales worldeide from 2014 to 2021. [Sited 10.9.2018] Available at: <URL: <https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/>>
- Suoranta, J. 1995. Laadullisen tutkimuksen kurjuus. *Kasvatus* 26, 15-23.
- The American Genius. 2015. Online shopping increasingly popular, here are the freshest stats. [Sited 6.7.2015]. Available at: <URL: <http://agbeat.com/business-news/online-shopping-increasingly-popular-here-are-the-freshest-stats/>>

- Thomas, J. S., Sullivan, U. Y. 2005. Managing marketing communications with multichannel customers. *Journal of Marketing* 69, 239-251.
- Valentini, S., Montaguti, E., Neslin, S. A. 2011. decision process evolution in customer channel choice. *Journal of Marketing* 75, 72-86.
- Van Dijk, G., Minocha, S., Laing, A. 2007. Consumers, channels and communication: online and offline communication in service consumption. *Interacting with computers* 19, 7-19.
- Verhagen, T., van Dolen, W. 2009. Online purchase intentions: A multi-channel store image perspective. *Information & Management* 46, 77-82.
- Verhoef, P. C., Langerak, F. 2001. Possible determinants of consumers' adoption of electronic grocery shopping in the Netherlands. *Journal of Retailing and Consumer Services* 8, 275-285.
- Yang, S., Lu, Y., Chau, P. Y. K., Gupta, S. 2017. Role of channel integration on the service quality, satisfaction, and repurchase intention in a multi-channel (online-cum-mobile) retail environment. *International Journal of Mobile Communications* 15, 1-25.
- Yarrow, K. 2013. Three unexpected side-effects of smartphones on shopping: Phone-induced shopping shifts include rejected salespeople & bumper car browsing. *Psychology Today*. [Sited 10.8.2015] Available at: <URL: <https://www.psychologytoday.com/us/blog/the-why-behind-the-buy/201308/three-unexpected-side-effects-smartphones-shopping>>
- Zhou, W., Duan, W. 2016. Do professional reviews affect online user choices through user reviews? An empirical study. *Journal of Management Information Systems* 33, 202-228.

APPENDIX 1: INTERVIEW FRAMEWORK

The interviews were conducted in Finnish. Here is a translation of the interview framework.

Current channel choice

On what errands were you here today?

What made you decide to use the brick and mortar store for your purchase today?

Buying path of current purchase

What channels did you use before entering this store today?

Did you use company web site, other web sites, other stores, this store, catalog, tv, social media? Other channels?

How did you use these channels?

Online channel perception

Do you generally use online channels for purchases?

Do you generally use online channels before purchase, for example for information search or product comparison?

For what kinds of products would you use online channels?

What positive aspect can you name of online channels?

What negative aspects can you name of online channels?

Offline channel perception

Do you generally use offline channels for purchase?

Do you generally use offline channels before purchase, for example for information search or product comparison?

For what kinds of products would you use offline channel?

What positive aspect can you name of offline channel?

What negative aspects can you name of offline channel?

Service quality perception

How would you rate today's customer service?