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Shopping orientations as antecedents to channel choice in the French grocery multichannel landscape

Marie-Cécile Cervellon [a], Jean Sylvie [a], Paul-Valentin Ngobo [b,*]

[a] L'EDHEC Business School, 24, avenue Gustave Delory CS 50411, 59057 Roubaix Cedex 1, France
[b] Paris Dauphine University, Paris Science and Letters (PSL), DRM UMR CNRS 7088, Place du Maréchal de Lattre de Tassigny, Paris 16ème, France

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A B S T R A C T

This paper investigates the influence of consumer shopping orientations on grocery channel attractiveness and choice. It extends the concept of shopping orientation (utilitarian and hedonic) to account for emerging motivations among French consumers: shopping in line with sustainable and ethical values. In doing so, it helps profile segments of consumers who choose to shop through new online channels (Drive through) and newly deployed store formats (city stores). A sample of 300 French customers, responsible for shopping in the household, was surveyed. Hypotheses were tested through Latent Class Analysis and Structural Equation Modeling with categorical outcomes. Our findings indicate that consumers shopping orientations influence the way consumers will combine the different channels and store formats for grocery purchase. In particular, our results highlight the importance of responsible retail practices and ethical assortments in consumers' choice of online formats whilst local product orientation influences the choice of city stores and market places.

1. Introduction

Consumers are increasingly transacting with retailers through different channels and formats (e.g. supermarkets, hypermarkets, hard-discounts, online stores, mobile phones, telephone sales, mail order, TV, social media, and door-to-door). This proliferation of channels and formats has stimulated new theoretical developments and empirical studies. Researchers have examined drivers of channel choice (Venkatesan et al., 2007; Montoya-Weiss et al., 2003), channel migration (Ansari et al., 2008; Thomas and Sullivan, 2005; Verhoef et al., 2009), customers' multichannel choice across decision stages (Gensler et al., 2012a, 2012b), and the profitability of multichannel customers (Venkatesan et al., 2007).

Much headway has been made in understanding the drivers of channel choice (Neslin et al., 2006). Yet, most studies have focused on the role of channel attributes. Scarce research has considered individual differences in channel choice (Keen et al., 2004; Inman et al., 2004), despite their importance in customer segmentation (Neslin et al., 2006; Konuş et al., 2008). Also, more attention has been devoted to consumer demographics compared to other individual characteristics, with mitigated results, demographic variables appearing to be poor predictors of the differences between online and offline shoppers (Gupta et al., 2004). One individual characteristic that has been established as an important predictor of store choice and multichannel usage is consumer shopping orientations or shopping motives (Swaminathan et al., 1999; Vijayasarathy, 2003; Gehrt et al., 2007; Hsiao et al., 2012; Kwon and Jain, 2009; Choi et al., 2009).

In this paper, we extend prior research by examining whether consumer shopping orientations influence channel purchase decisions. In so doing, we suggest a channel-based segmentation that relies on customers' preferences for different channels and formats (Neslin and Shankar, 2009) and uses shopping motives as predictors. Contrary to prior studies, we consider a wider range of channels and formats used by consumers in the grocery retailing context, including new channels not examined in previous studies. Over the last 15 years, the French grocery retailing industry has faced a mutation in the channels of distribution, which is unseen in other developed economies. New channels including the *drive* model (e.g. Carrefour Drive) and the *city store* model (e.g. Carrefour City) are thriving across the country. The *home delivery* model (with online ordering) has never fully succeeded in France for grocery, partly due to pricing and logistic issues. The *Drive* model (*drive through* and *direct drive*) was introduced by Auchan in 2000 with Chronodrive. Under the Drive model, customers place their order online and drive up to a dedicated warehouse, sometimes shared with conventional stores, where an employee will place the items in their car for them. They save time at no added costs compared to the home delivery model (as there are no delivery

* Corresponding author.
E-mail addresses: Marie-Cecile.CERVELLON@edhec.edu (M.-C. Cervellon), Sylvie.JEAN@edhec.edu (J. Sylvie), paul.ngobo@dauphine.fr (P.-V. Ngobo).

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fees, and prices and promotions are identical to stores). Retailers also reduce costs by transferring downstream logistic to the customers compared to home delivery. All French retailers (Carrefour Drive, Leclerc Drive, etc.) have embraced the drive model so that it now represents 2.3% of the food and FMCG in France, a market share equivalent to that of hard discounters like Lidl (Key Partners, 2013). Retailers, e.g. Auchan, have also started to deploy it outside of the French boundaries. Aside to the *Drive* model, French retailers are "currently rushing towards city centers and developing human sized stores close to where their customers live" (Key Partners, 2013, p.11). Carrefour City, A2pas (by Auchan), and Monop (by Monoprix) have reinvented the concept of the grocery store next door and of the marketplace, a model that prevailed at the beginning of the 20th century. These small supermarkets (also called "superettes") emphasize special assortments and aim at offering the shopping experience provided by fresh products.

The recent evolution of the grocery retail landscape described above, characterized by the deployment of different formats per channel within the same retail chain (e.g. home delivery vs. drive; EDLP vs. HILO stores) encourages consumer inventiveness in combining and integrating multiple channels when shopping for food, e.g. purchasing canned vegetables through the drive and fresh vegetables in city market stores. Consequently, additional research portraying this "new" multichannel shopper and investigating the motivations of channel choice within this evolving context is needed. Furthermore, we extend the existing studies by investigating how consumers' sustainable values influence their channel choice decisions. Despite the growing consumers' environmental concerns, we still know little about the way an environmental and social consciousness influences the attractiveness and choice of different channels (Hsiao et al., 2012).

In this paper, we extend prior research on channel choice by examining whether consumer shopping orientations influence channel purchase decisions. In so doing, we suggest a channel-based segmentation that relies on customers' preferences for different channels and formats (Neslin and Shankar, 2009) and uses shopping motives as predictors. We consider a wider range of channels and formats used by consumers in the grocery retailing context, including new channels not examined in previous studies. *Substantively*, we hypothesize that different shopping orientations, including the sustainable shopping orientation, influence the attractiveness and consequently the choice of existing grocery retail channels and formats. *Managerially*, our research offers a multichannel segmentation that should help retail managers identify their customers' needs and search benefits and consequently direct them to specific channels based on their shopping motives.

In the next section, we review prior research on channel choice in a multichannel context. Then, we present our conceptual framework and hypotheses. Next, we describe our data and the variables. Further, we present our empirical model. The subsequent section reports our results. We conclude with a discussion of the implications, limitations, and avenues for future research.

2. Literature review

Given our objectives of investigating the influence of shopping orientations on channel choice, our paper is related to studies pertaining to consumer channel choice as well as to studies, which proposed consumer segmentations based on multichannel preferences and usage.

2.1. Channel choices determinants

With regard to channel choice, Neslin et al. (2006) identify six basic determinants in the marketing literature: firm marketing efforts (e.g. Ansari et al., 2008; Thomas and Sullivan, 2005), channel attributes (Gensler et al., 2012a, 2012b; Keen et al., 2004; Montoya-Weiss et al., 2003), channel integration (Montoya-Weiss et al., 2003), social influence (Keen et al., 2004), situational variables (Mathwick et al., 2002), and individual differences (Inman et al., 2004; Keen et al., 2004). In terms of individual differences, prior research has focused on consumer risk aversion (Dholakia et al., 2005), geodemographic (Inman et al., 2004), socio-demographic characteristics (Kushwaha and Shankar, 2008; Heitz-Spahn 2013), task or goals pursued by the consumer (Balasubramanian et al., 2005), and prior experience with the channel or attitude towards the channel (Shankar et al., 2001; Dholakia et al., 2005; Fader et al., 2005). These individual differences are important as they allow managers to define channel segments. Yet, current efforts have not identified a universal scheme of consumer segmentation. Keen et al. (2004) identified four segments: the 'generalists' who are sensitive to all channels, 'formatters' who prefer specific channel, the price 'sensitives' who choose channels based on price, and the experiencers who tend to be state dependent in their channel choice. Thomas and Sullivan (2005) conducted a behavioral segmentation of customers based on their usage of three channels, i.e. store, internet and catalog. They found that 63% of the shoppers patronized the retailer's stores. Only 12% of the shoppers used two channels and 1% used all the three channels. These numbers have probably increased given the growing adoption of multichannel behavior by consumers across society. Konuş et al. (2008) found three segments: (1) the multichannel enthusiasts with positive attitudes towards all channels for search and purchase, (2) the store-focused, and (3) uninvolved shoppers. In terms of covariates, multichannel enthusiasts are innovative and are driven by shopping enjoyment while the store-focused tend to be more loyal consumers than the other segments.

2.2. Shopping orientations background

In recent years, researchers have argued that it is possible to segment customers based on their shopping orientations. Shopping (value) orientation (hereafter shopping orientation) can be defined as the "*desired consumer value* (assessed prior to a specific shopping activity), instead of received shopping value (assessed after a specific shopping activity)" (Kim et al., 2014, p. 2885, emphasis added) in situations when there is the intention to purchase a product (i.e. it is goal oriented). It is different from shopping motivation, which relates to the benefits derived from the shopping experience (as a goal), not necessarily with the intention to purchase goods (Arnold and Reynolds, 2003; Childers et al., 2002; Cardoso and Pinto, 2010). Shopping orientation encompasses attitudes toward shopping that create a style that will influence the customers' decisions. It captures the enduring aspects of shopping in one particular product category (for instance food or fashion) but might vary across product categories, for instance having a predominantly hedonic orientation concerning fashion whilst having a predominantly utilitarian shopping orientation concerning food (Kim et al., 2014).

With regard to channel choice, Hsiao et al. (2012) argue that consumers use multiple channels for pragmatic reasons (e.g. saving time, money saving and effort). Utilitarian perceived value explains usage and eventually purchases on internet or in brick and mortar stores. For instance, consumers perceive brick and mortar stores to have the greatest immediate possession value whilst internet has the best price comparison value (Noble et al., 2005). Verhoef et al. (2007) results suggest that in a multichannel environment, stores are positioned on service whilst internet is positioned on search convenience, ease of information comparison and, to a lesser degree, money savings. Empirically, Kwon and Jain (2009) found that the use of multiple channels across industries is