Chapter 8

Convergence of Physical and Virtual Retail Spaces: The Influence of Technology on Consumer In–Store Experience

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ABSTRACT

This chapter examines the effective integration of online within the offline physical store in one holistic shopping experience in the fashion sector. It explores the merging of three key dimensions in creating an integrated experience – physical store atmospheric variables, technology implementation and consumer attitudes and motivations. An extensive literature review was conducted from which a conceptual framework ensued. A multi-method qualitative research utilising case study strategy was adopted (Bryman & Bell, 2007). The data was collected by observation of technology enabled fashion stores, experiential consumer interviews (Silberer, 2009) to examine motivations, behaviour and interaction with in-store technologies and interviews with experts providing insights on the role of the store, experiential retailing and the implementation of technologies in store design.

INTRODUCTION

Digital disruption has created empowered consumers whose demands for convenience, speed, efficiency, flexibility and consistency across channels has created seismic shifts for retailers (Blazquez 2014; Knowles, 2016). Adoption of new technologies has changed shoppers’ behaviour with the growth of smartphone ownership and increase in mobile Internet penetration contributors to this change (Blazquez 2014; Knowles, 2016). In recent years, the distinction between offline and online retailing has become increasingly blurred due to the proliferation of technologies, such as smart mobile devices (smartphones

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and tablets) and related software (apps, mobile payments, location based services etc.), their reduced cost and accessibility (big data and cloud based services) and increased availability of in-store technologies (virtual screens / mirrors, digital signage, self-service kiosks, vending machines, QR codes, augmented reality etc.) (Piotrowicz & Cuthbertson, 2013). This merging of the channels reflects the fact that whilst online may be the fastest growing channel (Brown et al., 2013), the physical store remains the cornerstone. A study in 2013 of US and UK consumers show that 92% of consumer spending consistently took place in stores (Blazquez, 2014; Brown et al., 2013; Guillot, 2015), surmising that they value the bricks and mortar store experience and importantly, highlights the stores extended value in aiding increased sales across all channels. Retailers now interact with consumers through multiple touchpoints (Brynjolsson et al., 2013) or what is commonly referred to as multichannel. However, multichannel implies a division between the physical and online store, whilst the more recently termed omnichannel approach sees customers moving freely between channels, all within a single transaction process. Thus, embodying the importance of channel integration than merely operating multiple siloed channels, which requires a seamless, unified experience (Piotrowicz & Cuthbertson, 2013; Knowles, 2016).

Achieving channel integration has been perceived as a major challenge for retailers (Kent et al., 2014) with issues including a lack of unified customer view across channels, inventory management and mobile access (Piotrowicz & Cuthbertson, 2013). To combat these challenges many retailers have utilised technology as the medium to deliver a convergent customer experience (Alexander & Olivares, 2014; Kent et al., 2014). In this digital world, the role of the physical store must be rethought as an opportunity to combine the best of both worlds, that is, the multi-sensorial experience of the offline with the access, interactivity and convenience of the online.

There is a growing body of research on the role and impact of technologies utilised in the physical store. Pantano and Naccarato (2010) assert how technology innovations can modify store appearance and directly impact consumer shopping behaviour and Blazquez (2014) links technology within the ambient cues of store atmospherics. Many studies highlight the impact of technology on the retailer-customer relationship, enabling retailers to create more customised services, optimise logistics and better understand consumer preferences (Bharadwaj et al., 2009; Pantano, 2010; Pantano & Naccarato, 2010; Renko & Ficko, 2010), whilst others contribute to the growing literature on technology’s impact on enhancing the shopping experience (Pantano, 2010; Vieira, 2010; Pantano & Laria, 2012; Blazquez, 2014). Piotrowicz and Cuthbertson (2013) suggest the physical store could change its role to a “hub”, as the focal point, integrating all sales channels. The role of the store in attracting customers depends however on the product characteristics and the level of customer experience provided or demanded.

There has been extensive research on the role of atmospherics and sensory cues on delivering an enhanced customer experience in-store (Kotler, 1973; Holbrook & Hirschman, 1982; Healy et al., 2007; Bitner, 1992; Gobé, 2001; Hultén, 2011; Pine & Gilmore, 1999; Schmitt, 1999; Smilanksy, 2009; Turley & Milliman, 2000; Verhoef et al., 2009; Wade-Clark et al., 2012). Pine and Gilmore (1999) define experiences as the result of an encounter between a company and a customer, using services as the stage and goods as props to create a memorable event. Schmitt (1999) adds that experiences provide sensory, emotional, cognitive, behavioural, and relational values. Hence, customer experience is a holistic concept that involves every aspect of a retailer’s service offering (Zomerdijk & Voss, 2010). Since technology is part of the in-store experience, it is inferred that it can create an enhanced, immersive, memorable shopping environment, whilst acting as the glue to channel melding.

This chapter posits that technology adoption within physical store environment is a catalyst for effective channel convergence and positively impacts the fashion consumer shopping experience. Thus,
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