

SATISFYING THE CONSUMER:

Understanding the Synergistic Effects of Education and Informational Strategies among Retail Channels

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Overview

Stores, catalogs and Internet retailers recognize that providing information and education is one of the keys to success in satisfying customers. The purpose of this research was to improve understanding of how customers use the information provided by the three retail venues and ultimately which retail channel customers use to make their purchases after obtaining product and store information.

The results indicate that most consumers are reasonably satisfied with the amount of information they receive in a store and remain in that store to make their purchases. Sales associates remain the most commonly used source of information, despite reporting a level of dissatisfaction with this information source.

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Internet (Ernst & Young, 1999). Progressive merchants are keenly aware that a profitable future with a competitive edge lies in offering a combination of bricks-and-mortar and Internet retailing (Nannery, 1999). However, given the importance of the potential market for Internet retailing, it is amazing that little information exists about how to ensure success in this format.

Retailers launching online ventures have indicated that in order to be successful it is important to have both a well-designed site and a strong store brand. In regard to site design, it is imperative that the site be educational (i.e., provide information on products and their use) in order to attract and retain visitors (Ernst & Young, 1999). The importance of information in the buying process is probably best expressed in a quote from Settle, Alreck and McCorkle (1994): "Whether it's strictly on impulse or completely deliberate, consumers don't make purchase choices in an information vacuum" (p. 31). Retailers with higher than average success in Internet retailing reported that their sites were more informative and provided a sense of community where information could be exchanged among visitors; such information is provided through quality consumer education efforts and strategies. Important factors for satisfied Internet consumers included the amount of information on product descriptions, the timeliness of the product information provided and the ability to ask questions and receive answers online. On the other hand, consumers who were less than satisfied reported that a contributing factor to their dissatisfaction was the inability to ask questions to acquire information and/or share information with other online visitors (Ernst & Young, 1999). The inability to convey such product information about how a product might feel, fit, taste or sound may also cause consumers to be reluctant to use the Internet as a purchase venue (Maruca, 1999).

Interestingly, bricks-and-mortar retailers are using the consumer's desire for information to fortify their own sales strategies. One weapon being used to combat sales loss to Internet retailers is to focus on the consumer's shopping experience. The successful in-store consumer experience contains four elements: entertainment, atmospherics (aesthetics), escapism and education (Ginsburg, 1999). While much research has focused on the first three elements, little research has focused on education. Using educational strategies to answer questions that may arise during a customer's shopping experience is important to consumer satisfaction. Traditional retailers have an advantage over Internet and catalog retailers in that they have more techniques to dispense often needed information to inquisitive shoppers including knowledgeable sales staff, informative displays, hang tags and labels and enhanced point-of-purchase materials. Each of these informational pieces assists customers in answering questions needed to make a purchase. However, recent research has found that

the Internet is increasingly being used by consumers to gather product information, often before going to stores to make a purchase (Peterson, Balasubramanian and Bronnenberg, 1997).

How information supplied by bricks-and-mortar, catalog and Internet retailers is used by consumers in the buying process is important to understand the interaction and synergy between the retail formats. Presently there is debate about whether retailers, catalog retailers and Web-based retailers should integrate or remain independent of each other. Some researchers contend that the Internet will some day replace traditional bricks-and-mortar channels (Burke, 1997). One group of retailers proposes that success will more likely be achieved through a marriage of the different distribution outlets, whereas others believe that separation is the key to success (Reda, 1999). Recently it has been reported that consumers use the Internet for the sole purpose of gathering information on products and ultimately make their purchase through other retail channels (Reedy, 1999). The majority of traditional retailers favor an integrated solution where multi-channel, multi-synergistic strategies are incorporated. Some retailers see the Internet as either an extension of the traditional bricks-and-mortar store format or as a reflection of their catalogs, where the sum of the parts is greater than the whole. While some retailers believe that a seamless transition with highly integrated strategies should exist between the different retail channels thus increasing customer service, others believe that integration of retail channels could contribute to cannibalization (Reda, 1999).

Purpose of Research

Understanding how consumers obtain and use information provided in the different shopping formats will enable decision makers to develop new, and enhance existing, strategies that address consumer demands for retailer and product information. Additionally, investigating where consumers obtain information and how they use the information in their selection of retail format for final purchase will answer whether synergism or antagonism exists among the venues.

Objectives

The objectives of this study were: 1) to examine consumers' perception of, and response to, the types of information sources provided by bricks-and-mortar, catalog and Internet retailers and the effect on purchasing behavior; 2) to examine the importance of consumer education to the final purchase process; 3) to identify effectiveness of various information strategies used among the retail formats; and 4) to analyze the synergistic and

antagonistic interactions among the three retail formats under investigation.

■ Methodology

Instrument Development and Data Collection

Quantitative methods of inquiry were implemented involving a mailed survey. The 36-item questionnaire was developed from studies found in a review of existing literature and research of Web sites, catalogs and in-store sites. The questionnaire was produced in a booklet form with questions that ranged from simple demographic items to more complex items using one to five point Likert-type scale responses. Dillman's (1978) procedure for survey mailing was followed. The timing of the mailing took place after the end of the retail industry's fourth sales period in order to include the major holiday shopping season (late 2000 to early 2001). Two separate mailings were performed with a reminder postcard mailed between the two mailings. An incentive for the opportunity to win \$25 was offered to increase the response rate. The survey questionnaire was mailed the first week following the holiday shopping season. Before the survey was mailed, the instrument was pre-tested on convenience samples in three different U.S. regions in order to assess the length of time necessary to complete the questionnaire and to improve the questions' readability.

Sample and Response Rate

After conducting a search for mailing lists that included both catalog and Internet consumers, only one mailing list was located. A national mailing list of 1,500 consumers was purchased from a mailing brokerage firm from which a stratified random sample of 250 males and 250 females was selected. Thirty-two questionnaires were returned as undeliverable thereby reducing the sample size to 468. The number of usable returns totaled 99, resulting in an overall response rate of 21%.

Data Analysis

Data analysis emphasized descriptive statistics due to the exploratory nature of the study. A wave analysis testing for non-response bias between the two mailings was conducted. T-tests and chi-square statistics were also used where necessary to provide a greater understanding of the data.

■ Results

Demographics

Of the 99 respondents in the sample 21% were males and 77% were females, with two non-responses. Ages of respondents ranged from 24 to 83 years with the average age being 49.3 years ($SD = 14.2$). Only 16% of the respondents had a high school degree or less, 10% received an associate of arts or science degree, with nearly half of the participants having earned bachelor's degrees and 23% possessing advanced degrees. Seventy-six percent of the respondents were married, yet 59% had no children living at home. Half of the participants were two-income households, followed by 41% single-income households. Income levels were higher than expected (as indicated in the methodology section). Only two percent of the respondents earned less than \$20,000 annually, while 14% earned over \$200,000. However, the various income levels were fairly distributed between \$20,000 and up to \$200,000. As could be expected due to the higher level of income, 81% owned a personal computer. Of those owning a computer, 78% had access to the Internet at home. Interestingly, only 56% of the participants had access to the Internet at work (see Table 1).

TABLE 1. 2000 HOUSEHOLD INCOME

2000 Income	Percentage*
Under \$20,000	2
\$20,001-\$40,000	14
\$40,001-\$60,000	7
\$60,001-\$80,000	11
\$80,001-\$100,000	12
\$100,001-\$150,000	14
\$150,001-\$200,000	10
Over \$200,000	14

*Due to rounding, totals may not equal 100.

Patronage by Retail Format

The majority of participants (70%) reported purchasing often from a bricks-and-mortar retail store in the last six months, followed by 16% who sometimes purchased from a traditional store. Only four respondents reported never or rarely shopping from a bricks-and-mortar retail store in the past six months (see Table 2).

TABLE 2. PERCENTAGE OF PATRONAGE BY RETAIL FORMAT

Response	Retail Format (by percentage)*		
	Bricks-and-Mortar	Catalog	Internet
Never	0	2	29
Rarely	4	20	18
Sometimes	16	37	29
Often	70	39	22
Always	8	1	1
Mean	3.84	3.17	2.47
Standard Deviation	0.62	0.83	1.16

*Due to rounding, totals may not equal 100.

Approximately 39% of the respondents reported that they often made purchases from a mail order catalog in the last six months, followed closely by 37% who sometimes bought from a catalog retailer during this same time period. The percentage of those who reported that they rarely or never purchased from a catalog was 22%. The most frequent reasons given for rarely or never purchasing from a catalog were product assessment-related, i.e., the inability to see, touch, examine or try on the products (see Table 3).

TABLE 3. REASONS FOR RARELY OR NEVER SHOPPING FROM CATALOG OR INTERNET

Reason	Retail Format (by percentage)	
	Catalog	Internet
Can't see item	10	14
Can't touch item	7	14
Can't examine or try on item	12	17
Can't talk to anyone about the item	4	12
Don't receive enough information	4	10
Don't like to give personal information through phone/mail/Internet	1	18
Don't like to give credit card information through phone/mail/Internet	4	22
n =	22	47

The Internet had the highest percentage (29%) of consumers who had never made a purchase in the last six months, which was shared equally with those who sometimes purchase from the Internet (29%). Only 22% of participants stated that they had often made a purchase from

the Internet in the last six months. The number of respondents who rarely or never shopped from the Internet was more than double ($n = 47$) those who had rarely or never shopped from a catalog. The reasons for rarely to never shopping on the Internet were also product assessment-related, similar to non-catalog shoppers. However, additional reasons appear to be more risk avoidance-related. Specifically, 40% of those who never or rarely shopped from the Internet gave reasons that included not wanting to give either personal or credit card information over the Internet.

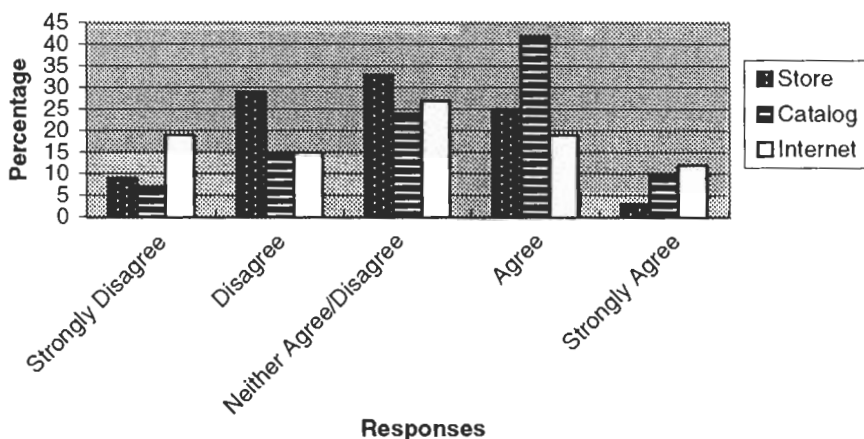
Not surprisingly, the mean response for purchases at bricks-and-mortar retailers was highest at 3.8 ($SD = .62$) which indicated that respondents often shopped from this type of retailer. Respondents indicated they purchased through a catalog sometimes in the previous six months (Mean = 3.17, $SD = .83$), while the mean for Internet shoppers was only 2.47 ($SD = 1.16$) indicating that shoppers rarely to sometimes purchased items through the Internet in the previous six months. It should be noted that the data were collected immediately after the end of the fourth sales period that included the major holiday shopping season. These numbers may imply a higher degree of usage compared to a six-month sales period not including major holiday shopping. Of respondents who ordered products through a catalog, 92% placed the orders from home.

Information

Level of Importance

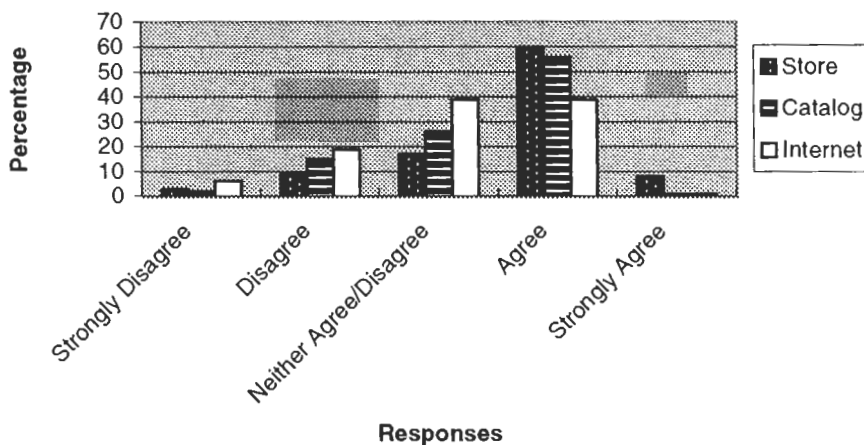
Since 78% of respondents often or always shopped at a bricks-and-mortar store in the past six months, respondents may have been confused about being able to inspect and work with the actual product as a source of product information. This may explain the lower importance placed on obtaining product information in a retail store compared to the other two retail formats (Mean = 2.85, $SD = 1.01$). Approximately 52% of all respondents felt that obtaining information from catalogs was important (Mean = 3.32, $SD = 1.08$) compared to only 28% of respondents who reported that obtaining information from traditional stores was important. This may be attributed to respondents' inability to see, touch, examine or try on the products in catalogs (see Figure 1).

Responses regarding the importance of obtaining information from the Internet were highly variable, and therefore inconclusive (Mean = 2.92, $SD = 1.28$). This may be due to the large number of respondents who rarely/never use the Internet (47%) and therefore do not seek information for products. This number is in contrast to the 59% of respondents who reported using the Internet at some point to purchase products, and therefore require more information.

FIGURE 1 IMPORTANCE OF OBTAINING PRODUCT INFORMATION BY RETAIL FORMAT

Level of Sufficiency

The majority (68%) of respondents agreed or strongly agreed that enough information is received in a traditional store. This is in comparison to 57% of respondents who feel that they receive sufficient information when catalog-shopping and only 27% respondents who use the Internet (see Figure 2). The average response for customers receiving sufficient information in a retail store was 3.67 ($SD = 0.84$), for catalogs the mean was 3.36 ($SD = 0.86$) and for the Internet the mean was 3.00 ($SD = 0.89$).

FIGURE 2 LEVEL OF SUFFICIENCY OF INFORMATION BY RETAIL FORMAT

Information Sources

Respondents were asked to indicate the frequency with which they use different types of information while shopping in the three different retailing formats. As can be expected, 69% sometimes to always use sales associates explanations in a traditional store, compared to 46% of catalog shoppers and 27% of Internet shoppers (see Table 4).

TABLE 4. RETAIL FORMAT INFORMATION SOURCES USED

Source	Response	Retail Format (by percentage)		
		Bricks & Mortar	Catalog	Internet
Sales associates' explanations	Never	8	36	58
	Rarely	23	18	16
	Sometimes	51	38	23
	Often	15	6	4
	Always	3	2	0
		n = 97	n = 88	n = 80
Store and product information provided on Internet	Never	43	44	22
	Rarely	20	11	13
	Sometimes	21	24	22
	Often	15	18	23
	Always	1	4	20
		n = 80	n = 80	n = 86
Information provided in mail order catalogs	Never	24	2	41
	Rarely	17	3	11
	Sometimes	41	28	30
	Often	17	31	12
	Always	3	36	7
		n = 79	n = 95	n = 76

Sixty-three percent of respondents rarely to never use store and product information provided on the Internet when shopping in bricks-and-mortar stores, while only 46% report using this information to shop in a catalog. Conversely, it was not surprising to find that 65% sometimes to always report that they use store and product information from the Internet to shop on a store's Web site (see Table 4).

Approximately one-third (41%) rarely or never use information provided in a catalog for purchasing in a retail store. The majority of respondents (95%) use the information from the catalogs to shop in catalogs. However, 49% use the information in catalogs to shop on the Internet. This may be due to promotions within catalogs to push Internet usage (i.e., price-off coupons) (see Table 4).

Approximately 80% of respondents found magazine ads to be useful when shopping in a traditional store, compared to 67% for catalog shopping and 60% for Internet shopping. This is in comparison to 70% of respondents who reported using newspaper ads when shopping in a bricks-and-mortar store. A large percentage (47%) of respondents reported rarely or never using newspaper ads when shopping in a catalog; 40% rarely or never use newspapers for Internet shopping (see Table 5).

TABLE 5. OTHER INFORMATION SOURCES USED

Source	Response	Retail Format (by percentage)		
		Bricks-& Mortar	Catalog	Internet
Magazine advertisements	Never	7	20	28
	Rarely	13	12	13
	Sometimes	57	49	35
	Often	23	18	25
	Always	0	0	0
		n = 92	n = 89	n = 80
Newspapers advertisements	Never	15	34	43
	Rarely	14	20	17
	Sometimes	48	36	29
	Often	21	11	11
	Always	1	0	0
		n = 91	n = 86	n = 79
Friends' opinions/ advice	Never	1	7	21
	Rarely	10	18	13
	Sometimes	53	49	40
	Often	35	25	24
	Always	1	1	1
		n = 92	n = 89	n = 82
Family members' opinions/advice	Never	3	8	23
	Rarely	11	19	13
	Sometimes	54	49	40
	Often	28	21	21
	Always	3	3	2
		n = 92	n = 90	n = 82

Friends' opinions and advice were used by 89% of respondents when shopping in traditional stores, while 75% use this information for catalog shopping and 64% use this source when shopping on the Internet. Family members' opinions and advice were also highly regarded. The majority of respondents (85%) report using this source of information when shopping in a traditional store, while 73% use this information

when shopping in a catalog and 63% use it for shopping on the Internet (see Table 5).

Synergy

Unanimously, respondents agreed that once information was gathered from a retail store they would remain in the store to make the purchase (Mean = 3.79, $SD = .63$). However, 26% said that they would sometimes use the store information to make the purchase through the retail catalog (Mean = 2.11, $SD = .79$), and 16% would use the store information and go to the store's Web site to make the purchase (Mean = 1.82, $SD = .82$).

The majority of respondents (85%) use information provided in the catalog and then place the order directly through the catalog sales associate (Mean = 3.63, $SD = 1.03$). Respondents were almost equally divided about obtaining information from a firm's catalog and then going to the firm's Internet site to make the purchase (Mean = 2.59, $SD = 1.07$). Over two-thirds (69%) of respondents reported that they will take catalog information and go directly to the retail store to make the purchase (Mean = 2.94, $SD = .91$). Again, respondents were almost equally divided in regard to using catalog information and whether they would go to a retail competitor's store to make the purchase (Mean = 2.46, $SD = .78$) (see Table 6).

Whenever respondents logged onto a retailer's Web site to shop, 57% reported that they were likely to remain on the site to make the purchase (Mean = 3.00, $SD = 1.14$). Yet they were just as likely to go to the retailer's store (58%, Mean = 2.91, $SD = 1.11$) or catalog (62%, Mean = 2.85, $SD = 1.01$) to make the purchase. More than half would never or rarely go to a retail competitor's store after going to a retail Website (Mean = 2.52, $SD = .87$) (see Table 6).

■ Conclusions

Based on the results of this study, it can be concluded the usable sample responses reflect prevailing societal purchase/shopping consumer behavior in U.S. society, where women still take on the majority of the shopping purchase role.

People between the ages of 24 and 83 years were fairly evenly represented in this sample. However, the sample appeared to be better educated (71% had at least a bachelor's degree, 23% had advanced degrees) and with a higher-than-average income than the average U.S. population. Approximately half of the respondents were from households with dual incomes.

TABLE 6. SYNERGISTIC SHOPPING BEHAVIOR ACCORDING TO RETAIL FORMAT

Retail Format	Never	Rarely	Sometimes	Often	Always	Mean
Bricks-and-Mortar						
Stay in store, make purchase	0	0	33	56	11	3.78
Purchase from company Web site	50	34	13	3	0	1.82
Purchase from company catalog	26	48	23	3	0	2.11
Catalog						
Place order through catalog	4	11	30	38	17	3.63
Purchase from company Web site	27	20	37	15	1	2.59
Purchase from company store	9	21	47	22	1	2.94
Purchase from competitors' store	17	32	49	2	0	2.46
Internet						
Remain on site, make purchase	22	22	33	21	3	3.00
Purchase from company store	25	17	36	21	1	2.91
Purchase from company catalog	25	14	48	14	0	2.85
Purchase from competitors' store	25	29	43	3	0	2.52

A large number (76%) of the respondents reported being currently married with 59% reporting that they do not have any children living at home, perhaps indicating a higher disposable income. This, coupled with the higher than average income, may explain the high number of respondents who own a PC (81%) and have Internet access at home (78%).

Overall, the majority of respondents indicated that they prefer to shop in a retail store. Interestingly, although a large percentage of this sample owns a PC, and has access to the Internet at home, only half purchased anything from the Internet in the previous six months. The obvious shopping preference is retail stores, followed by catalogs.

Of those respondents that rarely or never purchase from a catalog or Internet site, the most common reasons identified included those related to product assessment, such as the inability to see, touch, examine or try on the product. Additional reasons identified by respondents who rarely or never shop over the Internet were risk avoidance-related, specifically in

regard to giving out personal or credit card information. This is in agreement with the privacy and security issues raised by Reda (1999).

Because more people who shop catalogs are more likely to purchase through the catalog, they appear to want more information from this source. This contrasts with people who use the Internet to gather information and then expect to purchase the product through another company format. For example, respondents said they would use the Internet for information and shop for the product at the store, perhaps because they can gain additional information for assessing product attributes such as color, fit and tactile characteristics.

Respondents were fairly ambivalent about the importance of obtaining information in both bricks-and-mortar and Internet retail formats. As stated previously, this could be due to stores having the presence of the product for personal assessment. On the other hand, responses for the importance of obtaining information on the Internet had a stronger deviation, perhaps due to the fact that almost half of the respondents rarely or never use the Internet to purchase products. Obviously these respondents have a lower need for information to purchase products than do those that intend to purchase products through Internet retail formats.

Overall, two-thirds of people are reasonably satisfied with the amount of information they can get in a store. However, one-third of store patrons feel they do not obtain enough information about products from a store, a fact that should concern many retailers. Sales associates are still a commonly used source of information in a traditional store. However, only 40% of respondents use catalog sales associates, and only 21% use sales associates in an Internet format. This may be due to people's confidence in catalog sales associates' ability to answer questions about products, or perhaps the time lag required to receive answers to questions posed to Internet sales associates.

Almost half of the respondents said that they use catalog information to purchase products on the Internet at least some of the time. Consumers also appear to be influenced by information provided in magazines for shopping in all three retail formats, but primarily use magazine ads for shopping in stores. As Web site addresses are commonly offered in magazine advertisements, it may contribute to the high percentage of consumers obtaining information about Internet sites from this media source. On the other hand, newspaper advertisements are a more effective medium for retail stores than for catalog or Internet formats. This parallels the fact that most retail stores or branches advertise through newspapers to reach local audiences.

It was found that information gleaned from stores is less likely to be used for purchasing from a company's catalog or Internet site. In addition, catalog shoppers overall are using information contained in catalogs to

purchase products through this format. However consumers are also using this information to make purchases through the store and to order products through the Internet.

■ Implications

Retail strategic planners continue to incorporate strategies in their business operations in order to gain competitive advantages. Although numerous strategies are available for retail decision-makers in achieving their goals and objectives, in today's information age, the use of the Internet in combination with traditional retail venues is worth taking note of. The results of this investigation provide valuable implications for the development of "integrative" strategies for channel delivery methods of education and information.

Overall, although it appears that stores are providing many customers with sufficient information for making purchases, there still remain a large number of consumers who want more in-store information so that they can make satisfactory purchase decisions. In fact, if retailers in any format want to increase their relationship marketing efforts, one area that needs to be addressed is the improvement of person-to-person communication, including more sales associates/representatives, better question/response turn-around time and more knowledgeable sales associates. It should also be noted that respondents who reported gathering information from stores and then purchase items through catalogs (26%) or Web sites (16%) may be doing so as a result of merchandise stock-outs within stores.

Although it appears catalog customers are confident with information provided in a catalog, it is important to remember that some customers require hands-on experience to acquire product information. Additionally, some of the reasons that respondents may use catalog information to make purchases on the Internet may be due to confidence and/or familiarity with catalogs, or the ability to scan catalogs quickly, compared to the length of time required to scan Internet sites.

Because the Internet is still considered a relatively new innovation, it appears that people may not yet be comfortable with using this format to make purchases. In fact, even highly educated consumers with high incomes who have computer and Internet access are still using the Internet for information purposes primarily, but not very often to purchase a product. Although catalog users seem to need additional product assessment information, such as how products feel, fit and look, Internet retailers appear to suffer from the compounded effects of risk aversion. However, it does strongly emerge that consumers are using the Internet to

obtain both retailer and product information. Providing consumers with adequate information may thus demonstrate to be a critical competitive tool for positively impacting sales. Therefore, if retailers aspire to increase their Internet purchase percentages, they should address security issues frequently—not only on the Web site itself, but also in company stores (i.e., signage) and in catalogs where consumers also obtain company and store information. Purchasing frequency may increase as consumers become more familiar and comfortable with the Internet, and thus more confident with purchasing products that require physical examination and evaluation (Maruca, 1999).

Store retailers are traditionally strong users of local and regional advertising in newspapers and appear to benefit from customer usage more than do catalogs and Internet retailers. Magazine advertisements are an effective strategy for companies wishing to promote their Web sites, stores and catalogs simultaneously. Additionally the impact of friends' and family members' opinions cannot be ignored. Analysis shows that these are important sources of information regardless of the type of retail format.

Overall, from the findings of this research a synergistic relationship exists between store, catalog and Internet retail formats (via consumers' search for and use of information) and purchasing behavior. Although some retailers are concerned that the information they provide is being used by customers to do comparison shopping and purchase items in competitors' stores, this happens infrequently, with customers expressing some loyalty to stay within one of the company's retailing formats to make their purchases.

■ Limitations and Further Research

Several limitations of this research existed as a result of the sample size and composition. At the time of the study, our research found that there was only one mailing list available for purchase from a mail list brokerage firm that included consumers who used all shopping formats of traditional stores, catalogs and the Internet. Although this sample was stratified with an equal proportion of men and women and randomly selected thereafter, the majority of respondents were well-educated females possessing higher incomes. Therefore future research is warranted to investigate other market segments.

Further research into the use of information by consumers should try to include more males, as well as a wider variety of education and income levels. Further areas of research should address whether there is a correlation between education and income levels and the search process to obtain store and product information.

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