

In-Store Consumer Shopping Behaviour Through Mobile Phones

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DEGREE THESIS					
Arcada	ada				
Degree Programme:	International Business Management, MBA				
Identification number:					
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Title:	In-Store Consumer Shopping Behaviour Through Mobile Phones				
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Commissioned by:					

Abstract:

The present study sought to explore the ways consumers are using their mobile phones for shopping related purposes in-store. The purpose of this thesis was to examine the shopping behaviour of consumers in Finland through the in-store usage of mobile phones. The research attempted to reveal what and how often consumers buy with the help of mobile phones and for which purposes consumers use their mobile phones in-store. The theoretical background of the thesis was based on the concepts of consumer behaviour and consumer journey. The impact of mobile phones on consumer behaviour, consumer mobile phone usage in-store and challenges related to shopping through mobile phones were also covered in the theoretical background of the thesis. The empirical part of the thesis was conducted by means of a quantitative research method. The data collection for this thesis was implemented through questionnaires. The research revealed the frequency of mobile phone purchases, main mobile product categories and key mobile activities related to shopping in-store. Besides, the major consumer challenges related to shopping though mobile phones were identified.

Keywords:	Consumer behaviour, mobile, smartphone, shopping, decision-making process, consumer journey
Number of pages:	
Language:	English
Date of acceptance:	

CONTENT

1	IN	TRODUCTION	6
1.1		Statement of the Problem	. 7
1.2		Background, Motivation and Need	. 8
1.3		Purpose and Research Questions of the Study	. 8
1.4		Limitations of the Study	. 9
1.5		Structure of the Study	10
2	TI	HEORETICAL FRAMEWORK	12
2.1		Defining the Concept of Consumer Behaviour	12
2.2		Factors Influencing Consumer Behaviour	13
2	.2.1	Social Factor	13
2	.2.2	Cultural Factor	14
2	.2.3	Personal Factor	15
2.3		Consumer Decision Journey	16
2	.3.1	The Purchasing Funnel	17
2	.3.2	The Consumer Journey	18
2	.3.3	The New Consumer Journey	19
2.4		Mobile Phone as a Tool for Shopping	20
2	.4.1	Smartphone Adoption	22
2	.4.2	The Impact of Mobile Phones on Consumer Behaviour	23
2	.4.3	Consumer Mobile Phone Usage In-Store	24
2.5		Key Mobile Activities Related to Shopping	25
2	.5.1	Mobile Applications	26
2	.5.2	Mobile Social Networking	29
2	.5.3	Mobile Browsing	31
2	.5.4	Mobile Shopping Assistants	32
2.6		Challenges Related to Shopping Through Mobile Phones	32
2	.6.1	Online Security	33
2	.6.2	Screen Size as an Obstacle	34
2	.6.3	Mobile-Compatible but not Mobile-Optimized	34
2.7		Overview of Smartphone Consumer in Finland	35

3	R	ESEARCH APPROACH, DESIGN AND METHOD	37
	3.1.1	Research Design	38
	3.1.2	Methodological Approach: A Quantitative Research	39
	3.1.3	Questionnaire Design	39
	3.1.4	Sampling	40
	3.1.5	Analysis Method	40
	3.1.6	Validity and Reliability of the Study	41
4	E	MPIRICAL STUDY	42
4.	1	Respondent Characteristics	42
4.	2	The Frequency of Purchases Through Smartphones	43
4.	3	Consumer Smartphone Usage In-Store	45
4.	4	Key Mobile Activities Related to Shopping	47
	4.4.1	Mobile Applications	47
	4.4.2	Mobile Social Networking	48
	4.4.3	Mobile Browsing	49
	4.4.4	Mobile Shopping Assistants	50
4.	5	Challenges Related to Shopping Through Smartphones	51
	4.5.1	Online Security	51
	4.5.2	Screen Size as an Obstacle	52
	4.5.3	Mobile-Compatible but not Mobile-Optimized	52
5	C	ONCLUSION	54
5.	1	Research Findings	54
5.	2	Managerial Implications	57
5.	3	Future Research Challenges	58
L	IST (OF REFERENCES	59
A	PPE	NDICES	65
ΔΙ	PPFNI	NX 1. Questionnaire	66

LIST OF FIGURES

Figure 1: Structure of the Thesis	11
Figure 2. The Purchasing Funnel	17
Figure 3. Consumer Decision Journey	18
Figure 4. The New Consumer Journey	20
Figure 5: The Usage of Mobile Apps Versus Mobile Browsers	28
Figure 6. Consumers' Shopping Related Activities in Social Media	31
Figure 7. Consumer Confidence When Using Mobile Phones	33
Figure 8. Smartphone Usage Among Finnish Adults	36
Figure 9. Quantity of Online Purchases Through Different Devices	43
Figure 10. Frequency of Different Products' Purchases Through Smartphone	44
Figure 11. Frequency of In-Store Mobile Activities Related to Shopping	45
Figure 12. Importance of In-Store Mobile Activities Related to Shopping	46
Figure 13. Social Media Activities Related to Shopping on a Smartphone	49
Figure 14. Consumer Concerns Keeping from Shopping Through Smartphones	51
Figure 15. The Importance of Mobile Features for Shopping on a Smartphone	53

1 INTRODUCTION

The retailing business has changed enormously in the past decades. Together with the advent of the Internet, the development of online channel and appearance of new digital channels as mobile channel have changed retail business models and consumer behaviour to a large extend. New technologies have enabled consumers to research and shop at the their convenience, anytime, anywhere.

Today almost everyone has a mobile phone at hand. Mobile phones have become an integral part of people's lives and no one can further imagine the daily routines without having a mobile device at pocket. Mobile phones can do more than just listening. They can do shopping, make payments, texting, videos, photos and many other things.

Modern consumers are connected. They are well equipped with different mobile devices. They are empowered as never before. They are multichannel. Consumers have multiple ways of doing shopping. They can easily do shopping using different smart devices. Modern consumers are eager to have consistent customer experiences and challenging retailers to keep up with their evolving needs and demands.

Empowered consumers have possibility to choose from many different options. They can easily switch from one retailer to another with a couple of touches on their smartphones. The increased opportunities also increase competition. Competition among companies is intense as never before. Today's businesses are trying to win the attention of out-of-time, equipped with smartphones and in-control customers.

New types of channels for connecting with customers are emerging all the time. Modern consumers are getting more advanced with technologies and their behaviour is continuously changing. Marketers need to satisfy their changing needs and meet consumer expectations. Moreover, they need to understand their behaviour and the usage of technologies in order to better satisfy their needs. This thesis studies the concept of consumer behaviour and examines the current shopping behaviour of consumers in Finland through the prism of in-store mobile phone usage.

1.1 Statement of the Problem

As a result of fast-paced technological developments consumer behaviour has changed a lot in past decades. Earlier, people used to do window-shopping. Nowadays, they are doing mobile shopping as they glued to the screens of their phones. Consumers are researching and receiving information, evaluating and buying products and services with the help of the Internet enabled technologies in different locations and various circumstances, when they at home, at work or when they on the move using mobile phones.

Consumers increasingly use smartphones. Almost everyone has a smartphone nowadays. Smartphones have become an essential part of consumers' lives. People always have their phones with them; nobody leaves a house without a mobile phone. More and more people use their smartphones as their shopping assistants. The usage of smartphones affects the ways of how companies and consumers interact, that is has a great impact on the nature of consumer behaviour.

The changing retailing environment creates new realities for retailers. Today, success means connecting to consumers wherever they are and whatever device they use. As consumers are always connected through their phones, it also gives companies the nonstop connectivity to their customers. In order to engage consumers, companies need to understand who they are. It means knowing important factors about consumers such as their demographics, location, website browsing and search and purchasing habits.

A thorough understanding of how people use their mobile phones in-store for shopping related purposes is essential. Knowing how, where and why consumers are using their mobile phones could assist companies in improving of their marketing efforts and better satisfying customer needs. All these indicators suggest that a further understanding of the way in which consumers use their mobile phones in shopping process is of a great importance.

1.2 Background, Motivation and Need

Usage of mobile phones for shopping is a topic of significant interest to many consumer marketers nowadays. Nearly all types of consumer products are sold to consumers through online channels and via mobile phones. As mentioned before, more and more consumers are using mobile phones for shopping and many other purposes. Besides, mobile phones are increasingly used inside stores for shopping related purposes. The usage of mobile phones affects consumer behaviour in many ways. Consumer behaviour is a study of human beings, which is an interesting subject to learn. Wagner (2011) points out "if retailers understand the behaviour of their customers in mobile channel, the smartphone has the potential to revolutionize the shopping experience". For these reasons, the author of the thesis regards this topic as an actual one.

Though we are living in a smartphone era nowadays, the research regarding the consumer behaviour in mobile phone context is limited. As Holmes et al. (2013) states there are no recent empirical studies that have examined consumer behaviour and its usage in different stages of the consumer decision-making process. This fact also explains the choice of the research topic.

We are all consumers as we regularly use different products and services. Nearly everyone has a mobile phone in Finland. It is slowly, but increasingly used for shopping related purposed. Being a consumer myself, and a daily user of the smartphone, I have a great interest in studying more about the in-store usage of mobile phones in a shopping process.

1.3 Purpose and Research Questions of the Study

The present study seeks to explore the way consumers are using their mobile phones for shopping related purposes in-store. The purpose of this thesis is to examine the shopping behaviour of consumers in Finland through the in-store usage of mobile phones.

The study will attempt to reveal and analyse what and how often consumers in Finland buy with the help of mobile phones. Moreover, the study will survey how and for which purposes consumers use their mobile phones in-store.

More specific research questions the thesis attempts to answer are:

- How do consumers use their mobile phones for shopping related purposes in-store?
- What are the key consumer in-store mobile activities related to shopping?
- Are there any challenges related to shopping through mobile phones?
- At what stages of consumer decision-making process consumers use mobile phones?

1.4 Limitations of the Study

The concept of consumer behaviour is wide and diverse. It involves the study of human beings: how they buy and use products and services. Consumers' needs, wants and desires are different. They vary across different cultures, situations and circumstances.

Alongside with the development of new technologies and appearance of new shopping channels consumers' preferences are continuously changing and becoming highly diversified. In addition, consumers' values and norms are changing over time. As could be seen from theoretical background of this thesis consumer behaviour is affected by many various factors.

The present thesis is conducted from the point of view of understanding the behaviour of consumers in Finland through the usage of mobile phones. The study does not include all aspects of consumer behaviour concept. The implementation of the research is limited to specific period of time, group of consumers and place. For this reason, the findings of the thesis cannot be fully generalized.

1.5 Structure of the Study

The overall structure of the thesis is shown in Figure 1. As Figure 1 illustrates the thesis comprises of five chapters: Introduction, Theoretical Background, Research Design, Empirical Study and Conclusion.

The thesis starts with the introduction chapter that defines the subject of the study, purpose and research questions of the study. It also presents the structure of the thesis and limitations of the study.

The second chapter provides the theoretical framework for the study. In the second chapter the author of the thesis introduces the reader to the concept of consumer behaviour. The chapter explains the factors influencing consumer behaviour and describes consumer decision journey. Further, the chapter provides the understanding of the impact of mobile phones on consumer behaviour and decision-making process. Besides, the chapter describes the consumer mobile phone usage in-store. The chapter also presents the challenges consumers encounter in the usage of mobile phones in regards to shopping. Finally, the chapter provides the overview of the smartphone consumer in Finland.

The third chapter presents the methodology of the study. The chapter describes the research design and methodological approach chosen for the study. In addition, it presents the methods used to implement the study and describes the data collecting and analysing methods. The chapter also covers the issues related to validity and reliability of the study.

The fourth chapter of the thesis deals with the empirical part of the study. Here, the author presents the data of the study concerning the in-store behaviour of consumers related to shopping through mobile phones.

The fifth chapter of the thesis is a conclusion. In the fifth chapter of the thesis the author presents the findings of the research. Managerial implications and future research challenges are also discussed in this chapter.

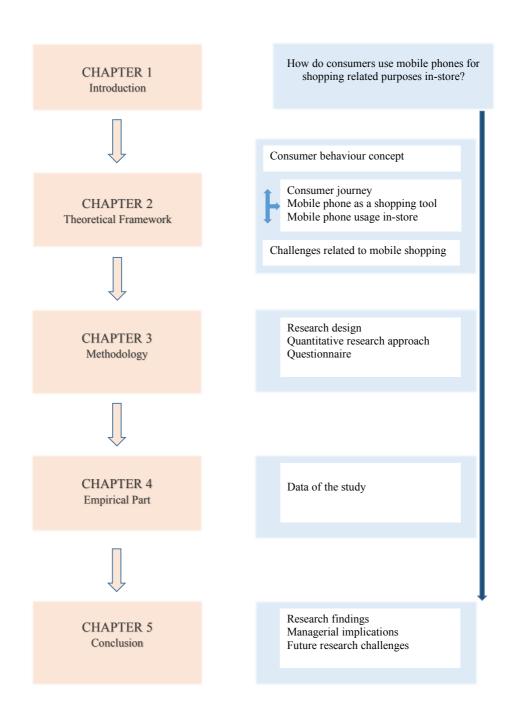


Figure 1: Structure of the Thesis

2 THEORETICAL FRAMEWORK

2.1 Defining the Concept of Consumer Behaviour

Consumer behaviour is the study of how individuals or groups buy, use and dispose of goods, services to satisfy their needs and wants. The needs and wants of consumers differ across various cultures, situations and individual characteristics. Kotler et al. (2009, p. 224)

Shiffman and Paladino (2014) state that the term consumer behaviour implies to the behaviour the consumers show in searching, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. Consumer behaviour focuses on how consumers make decisions to spend their available resources (time, money, effort) on consumption-related items. That includes what they buy, why they buy it, when they buy it, where they buy it and how often they use it and how they dispose of it.

Solomon (2013, p. 31) agrees with previous definitions and points out that the field of consumer behaviour covers a lot of issues. According to him consumer behaviour is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas, or experiences to satisfy needs and desires.

In order to be successful, marketers need to understand the wants and needs of different customers. Kotler et al. (2009) emphasizes that successful marketing requires that companies fully connect with their customers. According to Blackwell et al. (2006), Kotler et al. (2009) consumer behaviour must be the main focus of company's marketing program, as studying consumers help to market the right products to the right customers in the right way.

In the following chapters the factors influencing consumer behaviour, consumer decision journey will be discussed in order to provide thorough understanding of consumer behaviour concept. Besides, the impact of mobile of phones on consumer behaviour will be discussed.

2.2 Factors Influencing Consumer Behaviour

There are many different factors that have influence on the behaviour of consumers. According to Kotler et al. (2009, p. 224) a consumer buying behaviour is influenced primarily by cultural, social and individual factors. All these three factors have a mutual influence on each other as well.

2.2.1 Social Factor

According to Solomon (2013) social factors, such as reference groups, family and social roles also influence consumer behaviour. Kotler (2009, p.227) defines reference groups as all the groups that have a direct and indirect influence on the attitudes and behaviour of consumers. Reference groups affect people in three ways: they expose them to new life styles, they influence their attitudes and self-concept and also they create pressures for conformity that may affect their product or brand choices.

Consumers ask for advice about purchases from people who are knowledgeable about products and whose advice is considered valuable. According to Solomon (2013) opinion leader is a person who is frequently able to influence others' attitudes and behaviours. Marketers try to identify opinion leaders because they have impact on the consumer decision-making process. Today, marketers try to reach opinion leaders starting to collaborate with them in social networks, such as Facebook, and offering them sponsorships of personal blogs (Kotler et al., 2009, p. 228).

Kotler (2009, p. 229) states that family members constitute the most influential primary reference group. Blackwell et al. (2006, p. 482) points out that families are of critical importance in the study of consumer behaviour because families and households purchase many products. Besides, family members heavily influence on buying decisions.

Consumers belong to many groups such as family, clubs and different organisations. These groups are important source of information and help to define norms of behaviour. Consumer's position in the group is defined in terms of his or her role and status. A role comprises of activities a person is expected to perform. Each role has a status. Consumers buy products that reflect their role and actual or desired status in society. (Solomon, 2013; Kotler, 2009)

Molenaar (2012, p. 221) agrees that people still organize in groups. In the past these groups were static, at present they are much more mobile. Consumers live in a changing social structure that influences her or his behaviour. The need for social contacts cause consumers to move, search for the same kind of people with the same interests or needs. Today, consumers participate in multiple groups of interest using the Internet as a platform. The groups might be of interest, a problem or a passion for a brand. Online networking gives possibilities for consumers to communicate with anyone in the world, at any time without geographical boundaries. (Molenaar, 2012, p. 221)

2.2.2 Cultural Factor

Culture, subculture and social class are important influences on consumer behaviour. Culture in the context of consumer behaviour is the sum of learned beliefs, values and customs that serve to direct the consumer behaviour of particular society members (Shiffman and Kanuk, 1994, p. 409).

According to Solomon (2013, p.539) subcultures are large groups that exist within a society, and membership in them, give marketers valuable information about individuals' consumption decisions. Consumers' memberships in ethnic, religious, racial subcultures often guide their consumption behaviours. As countries become more culturally diverse, marketers should take these factors into account.

Another determinant of consumer behaviour is social class, the term used to describe overall rank of people in society. People belonging to the same social class are considered to be more or less equal in terms of the social standing in society (Solomon, 2000, p. 449). Social classes display certain product and brand preferences in many areas. Understanding these differences is useful to consumer analysts. (Kotler et al. 2009, p. 227)

Consumer behaviour differs across cultures and geographies. The reason consumers go online dramatically differs across countries. For instance, Turkish, French and British consumers turn to the Internet in search of deals. For consumers in Switzerland convenience and home delivery are top reasons for online shopping. (PwC, 2013)

Poynter et al. (2014, p. 218) point out that people use mobile devices differently across different geographies and within individual markets. Some of the differences can be explained by the usage of different devices, some of them can be explained by cultural differences and economical situations. Some differences relate to what people do with their phones. Some consumers download dozens of apps, others don't, some use a phones as camera, while others don't. Poynter et al. (2014) emphasize that changes in behaviour do not always flow from the most developed markets to the less developed ones. For instance, mobile payments and banking are widely used in large parts of Africa, but are much less used in Europe and North America.

2.2.3 Personal Factor

Consumer's decisions are influenced by personal characteristics. Consumers' personal characteristics are age and stage in the life cycle, occupation and economic circumstances, personality and self-concept, lifestyle and values. Consumers' needs towards different products are often age related. Consumers belonging to the same age cohort share common values and tend to buy similar products. Clearly, that economic circumstances and occupation of consumers also affect product choices. Personality is an important factor in analysing consumer brand choices because brands also have personalities and consumers are likely to choose brands matching their own traits.

Besides, lifestyles, i.e. consumer's pattern of living expressed in activities and interest, are shaped according to whether consumers are money-constrained or time-constrained. (Kotler et al. 2009, p. 231)

Personal factors should be especially considered when it comes to the question of mobile phone usage. Young consumers have an intimate relationship with their mobile phones. Mobile phones have become the focal point of technology conversion. As the possibilities of phones increase, their importance to young generation will continue to grow. It is likely that mobile phones will surpass the personal computer (PC) as the most important single piece of technology in young consumers' lives. Texting is as natural to youth as picking up phones. Marketers should understand that the use of mobile phones by young consumers is different from the one of adults. Young consumers prefer two-way interaction on their mobiles because they welcome dialogue. Pelsmacker (2013, p. 510)

2.3 Consumer Decision Journey

In order to better meet customers' needs, companies need to understand consumers' buying decision process, which includes all their experiences in learning, searching, choosing, using and disposing of a product. Kotler et al (2009)

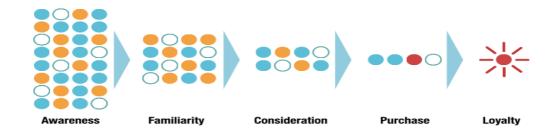
Modern marketing authors define consumer's path to purchase as consumer journey or consumer decision journey. Many authors agree that understanding consumer journey is essential for success. Understanding consumer journey is the ability to understand how the consumer moves from awareness to purchase. Especially, understanding the consumer journey is becoming an increasingly important for marketers as the number of online and offline touch-points increase (Econsultancy in Association with Adobe, 2015).

2.3.1 The Purchasing Funnel

It is obvious that mobile phones have evolved the way consumers behave. Consumers don't sit long at their computer keyboards to make purchases anymore. They reach for their smartphones and make informed decisions faster than ever before. This type of change affects the entire consumer journey across screens, devices, and channels (Adams et al., 2015).

Reaching consumers at the touch points or at the moments they are open to be influenced is one of the main marketers' goals. For many years these touch points were understood through the funnel, when consumers start evaluating a number of potential brands and reduce the number of alternatives when moving through the funnel. At the end of the funnel they emerge with one brand they choose to purchase. Figure 2 illustrates the consumer's path through the traditional funnel.

Figure 2. The Purchasing Funnel



Source: Court et al. (2009). The Consumer Decision Journey

The funnel approach suggests that consumers systematically narrow the initial consideration set as they consider alternatives, make decisions and buy products as Figure 3 shows. As Court et al. (2009) suggest, today, the funnel concept doesn't capture all the main buying factors and all the touch points resulting from the explosion of product choices and mobile channel, coupled with empowered and connected consumer.

The path consumer goes through is less linear and more complicated than the traditional funnel suggests. Baik et al. (2014) also agree that purchase motivation, search, evaluation and purchase decision are no longer expected to be separate, linear stages of consumers' path to purchase.

2.3.2 The Consumer Journey

In 2009 Court et al. (2009) suggested that the decision-making process is a more circular journey, which has four primary phases: **initial consideration**, **active evaluation** or the process of researching potential purchases, **closure**, when consumer buys brand and **post-purchase**, when consumer experience it. Figure 3 illustrates the consumer decision journey.

(2) Consumers add or subtract brands as they evaluate what they want. **(1)** (3) **Active evaluation** The consumer considers Ultimately, the consumer an initial set of brands. selects a brand at based on brand perceptions the moment of purchase. and exposure to recent touch points. Loyalty loop Initial-Moment consideration purchase set Postpurchase experience **(4**) After purchasing a product or service, the consumer builds expectations based on experience to inform the next decision iourney.

Figure 3. Consumer Decision Journey

Source: Court et al., 2009. The Consumer Journey

In initial consideration phase the consumer considers an initial set of brands based on brand perceptions. Already in initial stage consumer considers the reduced number of brands. Faced with a number of brand choices and communications, consumers exclude brands in this stage and end with the limited set of brands.

In active evaluation phase consumer adds or reduce the number of brands as they evaluate what they want. Contrary to the funnel approach the number of brands under consideration during the active evaluation phase may increase, because consumer searches for information. At this stage Internet reviews and word-of-mouth recommendations from family and friends play an important role for consumers.

In **closure** phase the consumer selects a brand at the moment of purchase. In **post-purchase** phase consumer experiences the brand. After purchasing a product the consumer builds expectations based on experience to inform the next decision journey. The post-purchase experience shapes consumer's opinion for subsequent decision in the category. The consumer journey is an ongoing cycle. For instance, many consumers go online to conduct further research after the purchase. (Court et al., 2009)

Edelman and Singer (2015) state that in this type of consumer journey consumers engage in an extended consideration and evaluation phase before either entering loyalty phase or proceeding into a new round of consideration and evaluation that may lead to the purchase of a different brand.

2.3.3 The New Consumer Journey

Edelman and Singer (2015) in their article "Competing on Customer Journey" in Harvard Business Review suggest that todays' consumer goes through the new journey. The new journey compresses the consider step and shortens or entirely eliminates evaluation step, delivering customers directly into the loyalty loop and locking them within it. Digital tools have made consumers empowered, allowing them to easily research and compare products, place orders and receive doorstep deliveries (Edelman and Singer, 2015).

Figure 4. The New Consumer Journey

Streamlining the Decision Journey



Source: Edelman and Singer, 2015. Competing on Customer Journey. HBR

Adams et al. (2015) agree with previous authors and emphasize that consumer journey looks a lot different nowadays than it did before. Mobile makes consumer journey faster. Foot traffic in retail stores has declined, though consumers are spending more when they in-store. This takes place because consumers have done their research and made decisions before ever walking into the store.

2.4 Mobile Phone as a Tool for Shopping

Mobile technologies are gradually changing the behaviour of consumers and the retailing itself. Today, consumers have possibility to use a variety of Internet enabled wireless mobile devices such as mobile phones, smartphones, tablets and others for shopping.

Brunjolfsson (2013) state that mobile is bringing the Internet to consumers seven days a week, 24 hours a day at consumers' convenience where they want it to be. On the one hand, mobile phones make consumers even more empowered and demanding due to accessible online content. On the other hand, mobile technology makes it possible for both online and offline retailers to attract new customers and expand their markets.

Wi-Fi enabled devices let retailers track a store's traffic and repeat customers. Besides, mobile technology allows retailers to personalize mobile advertising.

Mobile technology offers businesses opportunities to change cost structures and lower barriers to entry across industries. Mobile decreases the need for local, physical infrastructure, devices and personnel. Besides, it offers real-time, location-based data that decreases the dependency on modelling or guesswork to set rates or draw conclusions. Hotel Tonight and Uber's serve as good examples to confirm this fact (Husson and Ask, 2014).

Chaffey (2011, p. 164) also indicate that the benefits mobile connection offers to the users are its ubiquity (access from anywhere), reachability (users can be reached when not in their normal location) and convenience (no need to have access to power supply). In addition, they provide security in terms that each user can be authenticated since each wireless device has a unique identification code, the user location can be used to tailor content and they provide a certain degree of privacy compared with a desktop PC. Another advantage is the instant access to data or being "always-on". As it could be seen, mobile have considerable advantages over PC-based Internet access, however it is still limited due to some challenges, which will be discussed later.

Mobile phones are used for multiple activities, including text messages, multimedia messaging services, emails, Internet browsing and video watching. In addition, they are used for managing calendars, GPS tracking, taking pictures and making video and for many other reasons.

Besides, mobile phones are increasingly used tools in shopping. According to Postnord (2014) every tenth consumer in the Nordic region shopped online with mobile phone in 2013. In Norway, 13 % of consumers used a mobile phone to buy products online at some point in the year 2013. As for Finland, only 4 % of consumers bought products using mobile phone in the year of 2013. (Postnord, 2014)

Nevertheless the amount of consumers who embraced mobile phones for shopping is growing year by year, online shoppers already have a favourite and trusted device with which to shop - PC. PC still rules when it comes to making online purchases. Purchasing via PC remains the preferred method of online purchasing in the majority of countries. (PwC, 2014)

2.4.1 Smartphone Adoption

A smartphone is a marvel of modern technology and consumers around the globe welcome this high-tech accessory (Solomon, 2013, p. 503). A smartphone is a mobile phone built on a mobile computing platform with more advanced computing abilities and connectivity than a feature phone has. Currently smartphones include devices with the following operating systems as iOS, Android, Windows Phone, Symbian, Blackberry OS and others (Idean, 2013). The common characteristics of smartphones include high-resolution display, touchscreen interface, capacity to run emails and apps, GPS and Wi-Fi (Pasqua and Elkin, 2013).

According to Deloitte's Mobile Consumer Survey results (2014) 65 % of the whole Finland's population has a smartphone. Mobile penetration among older Finnish consumers is around 50 %. Smartphone's penetration level differs from country to country. According to Deloitte (2014) Finland still lags behind the European smartphone penetration that is 74%. Gartner research results (2016) indicate that by the end of the year 2016 82 % of all mobile phones will be smartphones. Moreover, Gartner (2016) forecasts that by the year of 2019 95 % of mobile phones will be smartphones.

These figures indicate that smartphone penetration is on the rise. Mobile innovations especially accelerate in emerging markets. According to Husson and Ask (2014) in emerging markets from Africa to Southeast Asia, many consumers skip the adoption of a PC and go directly online with a smartphone.

2.4.2 The Impact of Mobile Phones on Consumer Behaviour

Modern consumers are connected. Mobile phone's function like calling is becoming less relevant for consumers. Today, consumers are networking, sharing experiences, browsing and shopping via a wide range of mobile platforms. Being more connected changed the way consumers use their mobile phones. Mobile phones are changing the way people make purchases both in online stores and physical locations. (Pasqua and Elkin, 2013)

The access to online sources is changing also the way consumers decide what to buy. Web has changed the way of searching information. Social media platforms now play major role in the search process. About 60 % of consumers start their online search process by typing queries into a search engine such as Google and 40 % continue for more data on other social media platforms as Youtube, Twitter, Facebook and blogs. (Solomon, 2013, p. 328-352)

The majority of consumers go online to seek deals before shopping. According to one survey results conducted in 2013, 62 % of consumers searched for deals digitally including mobile, for at least half of their shopping trips to stores. Companies relying on physical store sales complain that consumers stop by their displays in a store for freebies and product advice but at the same time consumers indicate that they will search the web for lower price instead of buying in-store. However, with the help of mobile, companies can drive in-store sales by providing mobile-activated postcards with text or scan codes for activate customers to come back to the store. (Kelley, 2014)

Mobile phone is affecting consumer behaviour in many ways and it creates new realities for businesses. However, as Kelley (2014) states mobile allows businesses to build deeper customer touch points that were not available before. Loyalty programs of different types, as rewards cards and mobile chats with sales personnel when they are on duty but consumers can't get to them in person, can definitely benefit companies.

Today, consumers are challenged to sort out excess detail than to search for more information. Comparative search sites and intelligent agents help to filter and guide the search process. Modern consumers may rely on cybermediaries, such as Web portals and forums, to sort through large amounts of information as a way to make easier the decision-making process. Although consumers have such improvements at hand, they still prefer to rely on other people to guide their search. About 80 % of online shoppers rely on customer reviews before they buy supplied by brand advocates (Solomon, 2013, p. 352).

2.4.3 Consumer Mobile Phone Usage In-Store

While most consumers still prefer to shop in physical stores, the smartphone has increasingly become an integral part of in-store behaviour. Most consumers globally reported that they used their smartphone in-store. Pasqua and Elkin (2013) point out that consumers use smartphones for shopping in different ways depending on the store type they are in. For instance, mobile coupons are most popular in grocery stores, department stores and clothing stores. Consumers in electronics stores are far more likely to use their mobile phone to read reviews, compare prices and scan quick response codes for additional information. (Pasqua and Elkin, 2013)

According to Piotrowich and Cuthbertson (2014) consumer behaviour is evolving also because smartphones and tablets are used in-stores. Consumers are searching, comparing prices and asking for advices using their own mobile phones. The increasing popularity of quick response codes and bar code scanning together with mobile online access give customers opportunity to look for cheaper options while shopping inside the store and that makes them more empowered and knowledgeable.

Mobile phones are not only driving online sales, they are driving in-store sales as well. According to Kelley (2014) consumers always have their phones with them, even while shopping in-store. Consumers have their grocery lists, recipes, coupon offers right on their phones. Many retailers are trying to drive in-store traffic and sales with in-store mobile use.

According to Duncan and Roche (2012) 44 % of mobile researches are using their phones inside the store: 43 % of these consumers are visiting store's own website or a competitor's (40%), 38 % of consumers compare prices. Besides, more sophisticated consumers are looking for mobile coupons (25 %), scanning barcodes (17%) and taking photos of the product (16 %) to share or be a visual reminder. When they find a cheaper product through mobile search, 58 % of consumers would delay their purchase and buy elsewhere. 31 % still complete purchase but report a change in perceptions of the store and future purchases.

Mobile phones are increasingly used in evaluation phase of consumer journey, where consumers are gathering and searching for information. Information search is getting especially popular on mobile phones. According Krueger (2015) 71 % of consumers who use smartphone for research in-store say that it's become an important part of the experience.

Consumers are more and more using their mobile phones to assist their shopping process. Consumers use their phones to search for store hours, location, collect information, get coupons, download apps, scan products with an app, read reviews and more. With the help of mobile phones consumers are increasingly comparing product prices and even purchasing products from their mobile phones while they are in a physical store. Mobile phones are providing consumers with the "21st century version of window shopping" and consumers are demanding more from retailers in regards of mobile offerings and experiences. (Close, 2012, p.248)

2.5 Key Mobile Activities Related to Shopping

Smartphone usage gives consumers more channels from which they can receive necessary information during the purchase decision process. Consumers' decisions can be made based on information obtained from the store channel, online store, mobile application and social media (Brynjolfsson, 2013).

2.5.1 Mobile Applications

Mobile applications or the so-called mobile apps are a software application that is designed for use on a mobile phone. Mobile apps provide mobile phone users with information, entertainment or location-based services such as mapping. Mobile apps are considered to be popular method of delivering interactive services and content via mobile phones. Mobile apps also provide imaginative new ways for retailers to guide consumers through experience. Mobile apps locate merchandise, identify the nearest restroom in a mall, help to remember where car is parked or reward consumers with points when they visit certain stores. One of the main potential benefits of apps to marketers is reaching large audiences (Chaffey, 2011).

According to Chaffey (2011, p. 164) one of the main goals of apps for most of organizations is increasing awareness and sales. As for publishers, it is the revenue from advertising and subscriptions. According to Adobe (2013) 67 % of smartphones shoppers only use apps from their favourite stores. 42 % of smartphones shoppers say apps strengthen their brand connection.

There are free and paid forms of apps. In general, retailers provide free apps offering convenience to their customers in return to loyalty. There are numerous types of mobile apps and some of them have proved themselves to be popular among users. Mobile app categories as games, entertainment, social networks and news are the most popular apps among users (Chaffey, 2011, p. 164). Pelsmacker (2013) indicated that the top five apps in the USA were Facebook, YouTube, Android market, Google Search and Gmail.

Brynjolfsson et al. (2013) point out that the popularity of location-based apps on mobile devices is growing. Smartphone users increasingly use their phones to receive location-based information. Retailers are taking advantages of possibilities given by these location-based apps. For instance, some retailers in cooperation with a location-based social networking website offer customers electronic coupons on their phones for the customers entering their stores. Location-based apps open up new selling opportunities. Retailers can send promotions to consumers even in competitors' stores.

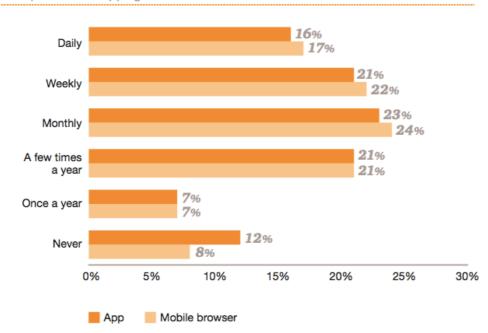
According to Brynjolfsson et al. (2013) mobile apps are "merging touch-and-feel information in the physical world with online content in the digital world". Amazon's Flow app serves as a good example to confirm this fact. This app lets customer point a smartphone camera at a book or DVD to see Amazon's price and customer reviews.

Despite the certain popularity of apps, Husson and Ask (2014) point out that in the future consumers will spend more time on mobile phones but with fewer apps. According to them UK and US consumers make use of an average of 24 apps each month, however they choose to spend more than 80 % of their time just on five apps. As Husson and Ask (2014) state this happens for the reason that consumers have mobile app fatigue. Advanced companies have realized this and developed their approach to offer more seamless, integrated experiences across devices. For instance, Uber make it possible for its customers to book a service not only in its own app but also directly within Google Maps. In other words, there will be shift from mobile apps to mobile experiences.

According to PwC research (2014) online shoppers are evenly divided in their preferences for mobile browsers versus mobile apps. As Figure 5 indicates 16% of global consumers did shopping through apps daily and 17 % of consumers through browsers. The difference in consumers' preferences for mobile apps and website are negligible also in other categories.

As it could be seen from Figure 5 consumers have no strong preferences for apps or browsers. Mobile consumers view browsers more convenient than apps (48 % to 37 %), most likely for the reason that apps require downloading process. Interestingly, the results of Nielsen Mobile Consumer Report (February, 2013) indicate that mobile browsers were 20 % more popular than apps.

Figure 5: The Usage of Mobile Apps Versus Mobile Browsers



Q: How often do you use either an app or mobile browser on your mobile/smartphone for shopping?

Source: PwC, 2014. Achieving Total Retail

Smartphones enable users to check and receive emails on their phones (Miller, 2012). With consumers spending more time on mobile, the popularity of email app is now exceeded desktop. According to Econsultancy and Adobe report (2015) consumers spent 2,01 hours a day on email in 2014. Email plays a significant role across all phases of the customer journey. The majority of marketers agree that email plays a central role in the retention phase of consumers. (Econsultancy in Association with Adobe, 2015)

According to Pelsmacker (2013) mobile app should add value for consumers and help them do things better. Retailers should make the app content so that it makes them feel it's an exciting experience so they want to come back. Shopping through the app should be easy and it should be rich experience.

2.5.2 Mobile Social Networking

Social media and mobile use are rapidly growing. There are different types of social media. There are social networking like Facebook and LindkedIn; blogs like LiveJournal and Wordpress; microblogs like Twitter, video sharing like YouTube, picture sharing like Flickr and Instagram; ratings and reviews like Amazon; forums, virtual worlds like Second Life and lastly social news web sites like Digg and Reddit (Molenaar, 2012; Close, 2012, p. 87).

According to Rowles (2014) when looking at the spread of social media usage on mobile phones, Facebook comes out ahead for all regions (except CIS and China). YouTube is a close second for mobile access. According to YouTube statistics, 25 per cent of all YouTube videos are accessed though mobile devices. As Total Retail Survey (PwC, 2015) results indicate, the top three social media sites consumers use as a part of shopping experience are Facebook, Google Plus and YouTube followed by Twitter.

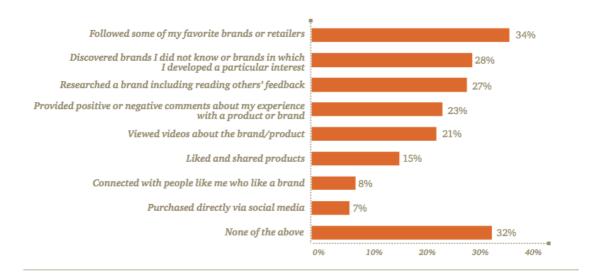
Rowles (2014, p. 122) points out that consumers spend more time using social media than any other activity on their smartphones. Mobile phones allow consumers to capture and share experiences, connect real-world experiences to online world and to stay up-to-date with what's going on around. Therefore, mobile phones are intrinsically social and for this reason social media is considered to be an important aspect of mobile.

The use of social media in all stages of customer journey is rapidly increasing. Generally, consumers use social media for brand research, engagement and shopping itself. According to PwC (2014) social media engagement is extremely important for brand communication and direct sales. Companies increase their chances to be successful if they systematically communicate with their customers through different social media platforms to deliver a unified communication line. Social media empowers customers to make influence on the success of retailer's offering, which means that customers are becoming dependent on social media reviews. Companies have to engage existing and potential customers in two-way communication and not just respond to potential complaints.

Piotrowich and Cuthbertson (2014) point out that "mobile revolution together with growth of social media has created the situation where the customers "bring" into the store their whole social network". In social media consumers check product ratings, promote products, contact brand to ask questions. Besides, they share opinions, videos, pictures as well their satisfaction and dissatisfaction with the provider offerings in real time. In addition, customers expect direct links from the store to social media in order to comment immediately. Piotrowich and Cuthbertson (2014) state that this creates challenges, as retailers have no direct influence on any social network.

However, Piotrowich and Cuthbertson (2014) point out that social media interaction also creates opportunities. Customers might be employed as brand advocates, they might be involved in product design and new product testing. Social media provide an opportunity for brands to interact in a new way with current consumers. According to Close (2012, 210) 40 % of Facebook users like a brand and 25 % of Twitter users follow a brand. The rules of the game have changed and traditional marketing efforts are not effective anymore to reach consumers. As much as consumers will follow brands, they will be quick to "unfollow" if the content becomes boring.

Figure 6. Consumers' Shopping Related Activities in Social Media



Source: Total Retail Survey (PwC, 2015)

In Total Retail Survey (PwC, 2015) consumers were asked what of the above they had done using social media. As Figure 6 shows 34 % of consumers followed their favourite brands on social media, 28 % found brands they didn't know and 27 % researched a brand using others' feedback. Only 7 % of consumer purchased directly via social media. When asked what attracted consumers to a particular brand's social-media page the majority of consumers (45 %) said they were attractive with deals and promotions. The second largest group (33 %) was interested in new products.

2.5.3 Mobile Browsing

According to research results conducted by Google (Adams et al., 2015) in many countries more searches take place on mobile phones than on computers. Mobile is quickly becoming consumers' go-to. Consumers check their phones 150 times a day. Consumers browse their phones to search for store hours, location, collect information, get coupons, download apps, scan products with an app, read reviews and more. With the help of mobile phones consumers are increasingly comparing product prices and even purchasing products from their mobile phones while they are in a physical store.

More and more consumers access the mobile version of the retailer's website through their mobile phones instead of computers (Miller, 2012). Consumers use their smartphones to access mobile websites rather than download a specific app, because sites are increasingly developed to be more "mobile friendly".

2.5.4 Mobile Shopping Assistants

Barcodes and Quick Response codes (QR) are tools, which are also used by consumers to assist their shopping. A barcode is a visual pattern encoded with information that a device can read. A linear barcode holds text information such as an identifying number to find the product (Molenaar, 2012, p.220). QR codes are more complex and hold a variety of information. QR code is a small program that is usually used in print ads. QR codes appear as small crossword puzzle-like images that consumers can scan with camera feature of various apps to immediately take the actions or visit the website the brand is offering right on mobile phone (Kelley, 2014). QR and augmented reality applications bring extended content to consumers and give possibility to create unique experiences. For instance food magazines could provide how-to videos and recipes to mobiles for consumers, sport magazines could provide workout videos. (Kelley, 2014)

2.6 Challenges Related to Shopping Through Mobile Phones

As discussed above, Internet enabled mobile phones are widely used for shopping related purposes by consumers. However, PC and tablet remain to be the most preferred channel for online shopping. Consumers want to have a faster mobile experience. Half of mobile phone users report that waiting for slow pages to load as their top frustration with mobile. Retailers should provide consumers with "mobile-proof" content readable on smaller screens and "call-to-action" link clickable by thumb (Pelsmacker, 2013). Below are discussed some of the main challenges consumers confront while using mobile phones for shopping purposes.

2.6.1 Online Security

Online security of consumers when purchasing through mobile phones is one of the main challenges confronting both consumers and retailers. As Figure 7 shows, 66 % of global consumers are worried about having their personal credit information hacked while using mobile phones. Besides, 41 % of consumers are not willing to load their credit information onto their mobile devices to pay for products. However, taking into account the fact that not long ago consumers were also uncomfortable about putting their credit card information on the web, it could be assumed that the security issues with mobile phones will decrease as the security technology is continuously being improved. (PwC, 2015)

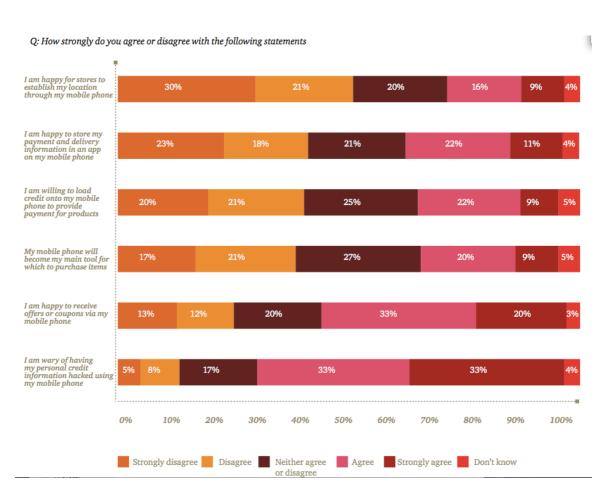


Figure 7. Consumer Confidence When Using Mobile Phones

Source: Global PwC 2015 Total Retail Survey

As PwC (2015) states consumers prefer more traditional ways of payment to complete their purchasing processes: 40 % of consumers use credit cards, 28 % use debit cards, 20 % use cash. Only 3 % of consumers complete purchases using mobile phones.

Husson and Ask (2014) predict that in the nearest future many innovative offerings, like Apple Pay, will accelerate the shift to mobile payments and consumers will have a secure and convenient one-touch checkout experience. Marketers need to prepare to the most of the upcoming mobile wallet era and start working hard on this issue. "Mobile wallet will better serve customers than a deep dive into individual apps", emphasize Hussin and Ask (2014).

2.6.2 Screen Size as an Obstacle

Another major issue, which concerns consumers, when it comes to mobile phone usage, is its considerably small screen size. In accordance with PwC (2015) "it's not as easy to transact on a phone yet, but the advances that are being made with one touch shopping are going to make the world of difference for a retailer." Chaffer (2011, p. 164) agrees with above-mentioned saying and points out that nevertheless mobile has many advantages it is still limited by the display limitations. According to Adobe (2013) consumers using tablets for shopping are twice as likely as smartphone users to purchase products via their device. Tablets have twice larger screen size and that is the reason for consumers' preferences for that device for shopping.

2.6.3 Mobile-Compatible but not Mobile-Optimized

Mobile optimization is also considered as an obstacle for a wider usage of mobile phones. Piotrowich and Cuthbertson (2014) point out that online stores and pages of the companies are often not designed or not optimized for mobile devices. According to Rowles (2014) it often happens that the website works on mobile but not mobile optimized meaning that site loads up well on the phone but consumers have to zoom dozen of timers to see anything clearly.

Rowles (2014, p.43) points out that consumers are even more impatient on mobile devices, than they are when using laptop. "They have come across so many poor mobile site, they just give up very quickly. If retailers can create a seamless mobile experience they can stand a better chance of achieving their targets and build customer loyalty", emphasizes Rowles (2014). Rowles (2014, p.75) suggests that the key issue of mobile-optimized site is offering experience that best suits consumers' needs, which means consumers should be able access data on the mobile phones in an easy and efficient way.

2.7 Overview of Smartphone Consumer in Finland

Smartphones play an important role in Finnish consumers' lives. The majority of mobile phone users have a smartphone in Finland and three out of four mobile phones sold in 2013 were smartphones (Idean, 2013). According to Deloitte (2015) research results most of Finnish consumers make use of their smartphones at every possible opportunity.

As Deloitte Mobile Consumer survey (2014) results indicate in Finland 35 % of smartphone users check their phone more than 25 times a day. Young people are even more addicted as Finns under 25 use their phones about 55 times per day. More than half of the Finns use their smartphones within 15 minutes of waking up. Most of them first check their text messages, followed by emails and social networks.

Finnish consumers exhibit multitasking behaviour when using smartphones as they often use them when shopping, eating, socializing, travelling or commuting. Over half of all Finnish smartphones users use their phones in public transport, over 75 % when at work and almost half when spending time with family and friends. Smartphones play an important role in storing memories; they are increasingly used for taking photos and video during holidays. (Deloitte, 2015)

Slowly but steadily mobile phones are used for shopping purposes in Finland, mainly driven by user-friendly applications. As Figure 8 shows over 70 % of Finnish smartphone users have browsed retailers' sites on their smartphones and 28 % of Finnish consumers are doing it weekly. (Deloitte, 2015)

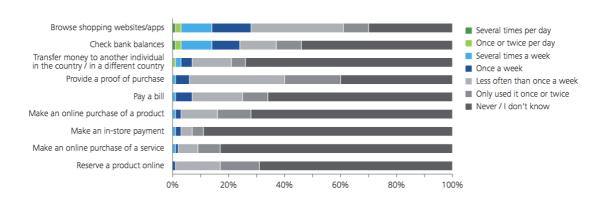


Figure 8. Smartphone Usage Among Finnish Adults

Source: Deloitte Global Mobile Consumer Survey, 2015. FIN edition.

In Finland mobile banking apps are already widely established and quite well in use among Finnish consumers. Finnish consumers are quite confident in using banking apps on their phones as nearly 30 % of smartphone users check their bank balance by using smartphones on a weekly basis. However, 51 % of Finns have never used their smartphones for checking bank balances.

According to Deloitte (2015) survey results mobile payments will not replace the traditional wallet in the nearest future, though they are becoming increasingly marginal especially among youngsters, because of smartphones. Public transportation and parking mobile payment apps are quite well used in Finland and these two are perceived as the most beneficial scenarios for mobile payments. Besides, 30 % of smartphone owners would like to use mobile payments also for paying taxi and 25 % at coffee shops or when buying fast food.

According to Idean (2013) Finns are not active application downloaders and users if compared to other nations. In Finland, on average there are 20 apps installed per smartphone, of which four apps are paid applications. On average Finns make use of 8 apps per month. These numbers are quite modest if compared to other Nordic countries. For instance, these figures are almost double in Sweden.

Mobile Consumer Survey results (Deloitte, 2014) show a major decline in average number of apps downloaded per user in Finland. The number of downloads per month among Finnish smartphone users fell drastically from two apps in 2013 to one app in 2014. Only a small amount (10 %) of Finnish consumers make app-related purchases monthly. Average monthly spend on apps was 2.74 Euros per smartphone user. Only 4 % of consumers download more than four apps in a month. Moreover, purchasing an app is even more uncommon, as more than half of the Finns have never purchased an app.

This type of behaviour is explained by the fact that consumers are loosing interest for downloading apps even if they may use them frequently. Most of consumers already have the apps they need. Besides, they use their smartphone to access mobile website rather than download a specific app, because sites are increasingly developed to be more "mobile friendly". (Idean, 2013, Postnord, 2014)

3 RESEARCH APPROACH, DESIGN AND METHOD

This part of thesis describes the research methodology applied to conduct this study. The choice of the methodological approach, methods used in this study and issues related to validity and reliability of the research are explained in this section of the study.

3.1.1 Research Design

The steps taken to construct the research design for this study are described in the present part of the thesis. The research started from the scanning of the literature related to the purpose of the study. A variety of different resources including books, articles and online resources relevant for this study were studied and then used as sources of information.

Further, a quantitative methodological approach based on the purposes of the study was chosen. The survey method to collect primary data in a quantitative research was determined, as the survey is considered to be an efficient method to learn about consumer preferences and behaviour and to collect information from a sufficient sample of people.

The next step entailed the selection of the research site and the selection of the respondents. On the basis of convenience in accessing the sampling population it was decided to carry out the research in the Arcada University of Applied Studies, as the author of the thesis was the student in the mentioned institution itself. The students studying under the Degree Programme in Business Management were chosen to be surveyed, assuming that they shore common characteristics and were likely to actively make use of different technologies, i.e. smartphones.

The following step involved the development of the data collection instrument: a self-completion questionnaire was developed and then tested. The questionnaire was distributed to the sample and the data of the study was collected. The questionnaire is presented in Appendix 1 of the thesis.

Further, after the information was collected, the data of the study was quantified and coded. Finally, the data was analysed and conclusions were drawn. Conclusions are presented in the fifth part of the present thesis.

3.1.2 Methodological Approach: A Quantitative Research

The methodological approach selected for this research is a quantitative research approach. Bryman and Bell (2015) outline that a quantitative research is distinctive research strategy that entails the collection of numerical data. A quantitative research approach employs measurement, while a qualitative research do not use it.

The choice of methodological research approach for this study is based on the research problem and purpose of the study. Besides, the choice of a quantitative research approach is explained by the fact that this type of research involves a large number of respondents and the usage of structured questionnaires, where the response options are predetermined. A quantitative research approach was adapted with the purpose of gathering information regarding consumer behaviour from a considerable number of mobile phones users.

3.1.3 Questionnaire Design

The data for this research was collected through questionnaires. The author of the thesis tried to design the questionnaire in such a way that it would be objective and easy to fill in for respondents. The questionnaire was constructed with the assistance of the thesis supervisor. The assistance of thesis supervisor enabled the author of the thesis to improve a questionnaire and establish its content validity.

In order to enhance the research, questions relevant for purpose of the study as well as demographic questions were included in the questionnaire. The majority of the questions were 5-scale Likert questions. The questionnaire was constructed in the English language and were given to complete for the students studying in the English language programme. (See Appendix 1)

The questionnaire was pre-tested to assure the validity of its content prior to collecting the research data. The purpose of testing was to refine the questionnaire so that respondents would not have problems in answering questions. The questionnaire was completed by two people. Based on their comments received, the questionnaire was improved. This helped the author to make all necessary changes to the structure of the questionnaire before its distribution to the public.

3.1.4 Sampling

Sampling is an integral part of the research design. The size of the sample was 102 people and the respondents to be surveyed were chosen at one particular location - Arcada University of Applied Sciences. The respondents were chosen to be Bachelor degree students, taking into account the fact that they are active users of smartphones. The size of the sample was limited due to time and resources constraints of the thesis author. However, the sample size is sufficient for this type of the study as usually young respondents are usually reluctant to spend time and respond to surveys. For the reason of inappropriate completion of questionnaire forms the survey answers of three respondents were not included in the final sample of the study. As a result, the answers of 99 respondents were used and analysed for this research. The sampling method chosen for the survey was a convenience sample, which is the method where people are selected on the basis of their availability and willingness to respond.

3.1.5 Analysis Method

When the data for the present research was collected, the data obtained was analysed and conclusion were drawn. The data of the study is presented in the fourth part of the thesis and the findings of the study are presented in the fifth part of the study.

The analysis was implemented with the help of Microsoft Excel 2016 programme. The data collected from questionnaires first was coded and quantified, then the responses were analysed.

3.1.6 Validity and Reliability of the Study

According to Bryman and Bell (2015) validity of the study refers to measuring what is intended to measure, meaning whether the research design, methods and tools help the researcher to understand the concept under study. In regards of the validity of this study, there are some issues to be mentioned.

This study aims at examining the behaviour of consumers through their in-store usage of mobile phones, therefore the selection of respondents and their responses are an important issue in establishing validity. One aspect that may affect the validity of the study is that the respondents could understand some issues in a different way than it was expected. In this study, though the respondents share several common characteristics, their behaviour and ways of mobile phone usage could vary a lot, for this reason their experiences are hard to generalize.

Bryman and Bell (2015) refer to reliability as to the consistency of a measure of a concept. Reliability is the extent to which measurements are repeatable. Reliability and validity are related as validity presumes reliability. One issue related to reliability of the study is concerned with the design of survey questionnaire and data collection. The questionnaire can be considered as a reliable tool for this particular study, because it was constructed based on literature scanning, tested and improved by thesis author.

In addition, the questionnaire was pre-tested. The author of this study tried to increase reliability of the research by attempting to combine data scanned from a wide range of theoretical studies with the implementation of the survey. The fact that the author of the thesis is also daily user of smartphone and the shopper using the phone inside the store in some way reinforced the reliability of the research. Due to the lack of necessary resources the author adopted only a quantitative research approach in the thesis. Therefore, the research cannot be considered as totally reliable. The research subject of consumer behaviour is diverse and evolving by its nature. For these reason, the findings of this research may differ under similar conditions in the course of time.

4 EMPIRICAL STUDY

The fourth part of the thesis is the empirical study. The empirical part of the thesis presents the data obtained as a result of the survey. The data of the study includes the description of characteristics of survey respondents, the presentation of the ways consumers use their smartphones in stores. Moreover, the challenges smartphone users confront in the usage of their mobile phones for shopping related purposes are covered in the present section of the thesis.

4.1 Respondent Characteristics

The total number of the respondents participated in the survey was 102 people. The survey answers of three respondents were not included in the final sample of the study due to non-response. As a result, the answers of 99 respondents were used and analysed for this research

Slightly more than half of the respondents participated in the survey, that is 53 %, were females, and 47 % of the respondents were males. As the survey took place in the Arcada University of Applied Sciences, it could be concluded that all the respondents surveyed were students and had at least an incomplete higher education. The results made it clear that the respondents belonged to the age group of 19-36 years old. The mean age of the survey participants was 22,4 years old. According to the data obtained, 84 % of the respondents were Finns and, correspondingly, 16 % of the survey participants were foreigners residing in Finland.

The survey started asking the respondents about the quantity of physical products they bought online during the past 6 months using smartphones, tablets and PC/laptops. As can be seen from Figure 9 on average consumers bought slightly more than 2 physical products in the past 6 months using smartphone and almost 7 physical products using personal computers and/or laptops.

Surprisingly, the consumers surveyed didn't make much use of tablets in the past 6 months for buying physical products online. All in all, the average respondent bought almost 10 products online using smartphone, computer and tablet during 6 months period.

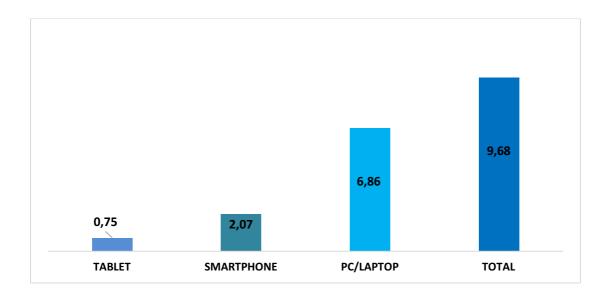


Figure 9. Quantity of Online Purchases Through Different Devices in Past 6 Months Period

The research results showed that 28 % of survey participants bought physical products using smartphone in the 6 months period prior to the conduction of the survey. Almost 80 % of the respondents used PC/laptops for the mentioned purposes in the given period of time. When speaking about tablet usage for online purchases, only 8 % of the respondents reported their use for making online purchases in the past 6 months period.

4.2 The Frequency of Purchases Through Smartphones

Clothes and (or) footwear are the product categories most of the surveyed buy using a smartphone. As Figure 10 shows the majority of survey participants use smartphones for buying clothing and (or) footwear: 40 % of consumers buy the mentioned products using smartphones at least a few times a year.

The second most popular product category for purchasing through smartphones among surveyed young consumers in Finland is books: 33 % of the respondents reported buying them using smartphones at least a few times a year. The third top product category for smartphone purchases is divided between such categories as music, sports/leisure/outdoor equipment and food/beverage (28 %), followed by games and electronics (27 %).

As Figure 10 shows 86 % of respondents never buy household appliances and furniture/home furnishing using smartphones. The respondents were asked to indicate what else excepting mentioned categories they buy using smartphone. Almost 5 % of the respondents specified that they buy public transportation tickets at least a few times a year.

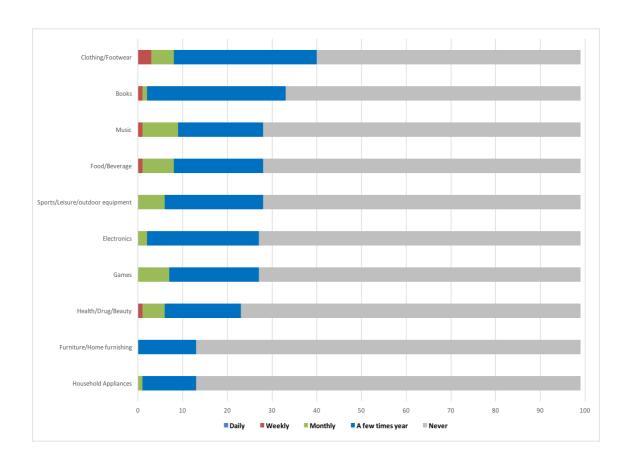


Figure 10. Frequency of Different Products' Purchases Through Smartphone

4.3 Consumer Smartphone Usage In-Store

As mentioned before, consumers are increasingly using their smartphones inside stores for different purposes. Survey participants were asked about how and how often smartphone users are using their phones for shopping related purposes inside the store. As Figure 11 shows young Finnish consumers use their smartphones for a wide range of in-store activities: 85 % of respondents reported using their phones for finding nearby stores at least sometimes, around 40 % of respondents are often researching the products while in store and also sending pictures of products to friends for comments. Besides, over 30 % of survey participants are often comparing prices and searching online for reviews inside the store. Results indicate that texting or calling to get trusted advice from friends and checking product availability are also popular in-store activities among young consumers in Finland.

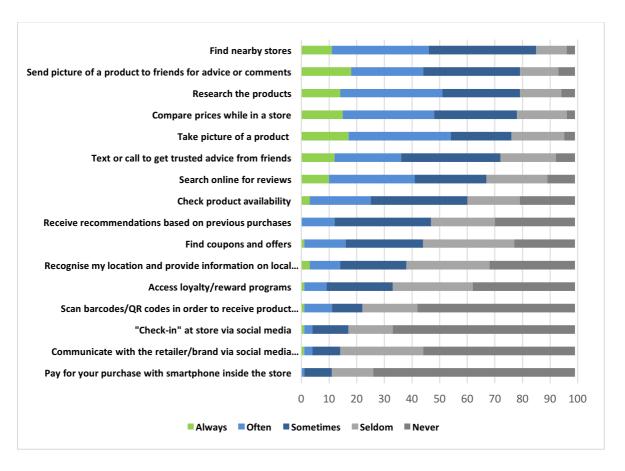


Figure 11. Frequency of In-Store Mobile Activities Related to Shopping

In addition, survey respondents were asked about the importance of using smartphone inside the store for the activities shown in Figure 12. Results show that for most of the respondents researching products, sending picture of products to friends for advice and comparing prices while inside the store are important activities. These top three options received 68 % of responses.

Interestingly, 15 % of respondents feel that it is extremely important for them to take picture of product inside the store and sending it to friends for advice or comments. Texting or calling to get trusted advice from friends while in store is extremely important for 13 % of respondents.

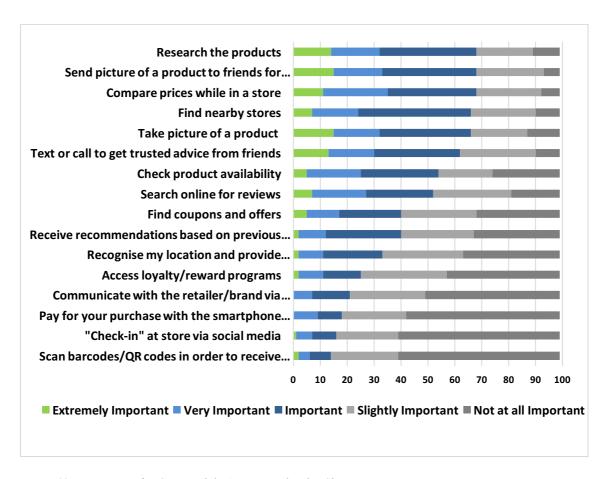


Figure 12. Importance of In-Store Mobile Activities Related to Shopping

Besides, survey respondents were asked to rate the degree of importance of several issues, which could improve their shopping experience inside the store. A sizable percentage of surveyed smartphone users, which is 68 %, think it is important to be able to check other store or online stock quickly inside the store. In-store WiFi with fast, simple login is very important for almost 40 % of surveyed smartphone users. A considerable part of survey respondents feel that sales associates with tablets showing alternative products are also important. This option received 37 % of responses.

Almost half of the respondents, 47 %, state that using smartphone to pay for shopping is not important at all to improve the shopping experience. Besides, half of the respondents point out that paying for product through store app is not important at all for them.

4.4 Key Mobile Activities Related to Shopping

4.4.1 Mobile Applications

The respondents were surveyed on the question of their preferences towards mobile apps versus mobile browsers for shopping related purposes. The results indicate that young consumers in Finland prefer to use mobile browsers over apps for shopping related purposes. The number of those who prefer using mobile browsers over apps is estimated at 40 % and the number of those who prefer mobile apps over browsers is 12 %. One third of the respondents have not formed preferences concerning the use either of apps or browsers for shopping related purposes.

The participants in the survey were also questioned about the frequency of using mobile apps or browsers for shopping related purposes in-store. 10 % of the surveyed people make use of them on weekly basis, while 33 % use them monthly. Almost 30 % of the respondents never used mobile apps or browsers for shopping related purposes inside the stores.

In order to help make purchase decisions mobile apps are seldom used inside the stores by 38 % of the respondents. Besides, almost half of the respondents think that paying for products through the store's app inside the store is not at all important for them.

4.4.2 Mobile Social Networking

In the survey the respondents were asked about the degree of their agreement with the statements concerning the shopping related activities consumers do in social media. According to the survey results the majority of the respondents (73 %) follows some of their favourite brands and/or retailers via social media. Besides, discovering new brands via social media is also most popular activity among the respondents. The same amount of respondents, 73 %, reports that they use social media for discovering new brands.

Figure 13 demonstrates that 48 % of respondents watch videos about the products and brands in social media. A considerable amount of survey participants (47 %) researches brands, including reading others' feedbacks in social media channels.

The research results show that only 5 % of respondents buy products directly from social media channel. When it comes to the question of "checking-in" at store via social media, a considerable amount of respondents, 66 %, outline that they never do it.

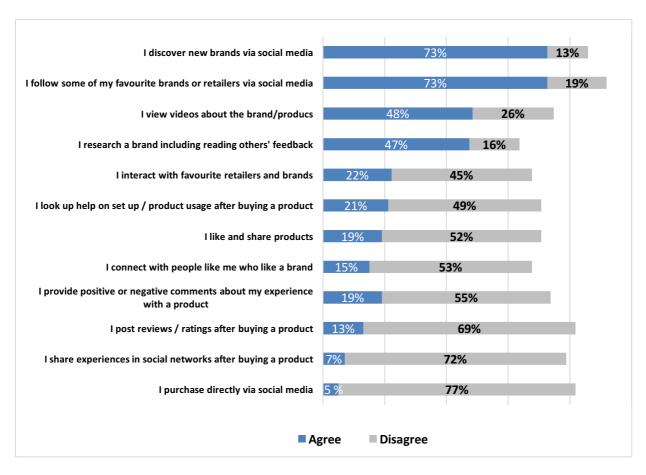


Figure 13. Social Media Activities Related to Shopping on a Smartphone

4.4.3 Mobile Browsing

One of the questions addressed in the study concerned such mobile phone activity as mobile browsing. As mentioned before, consumers browse on their phones for many different reasons. A sizable percentage of respondents, that is 69 %, browse online on their smartphones before visiting a store, while 37 % of respondents do online research on their smartphones while visiting a store.

As for browsing on a smartphone after visiting a store, most of surveyed people (42 %) report that they don't browse on a smartphone after visiting a store. In addition, it is worth of mentioning that the research results suggest that 73 % of the respondents do research on their smartphones, but buy later on PC/laptop.

Almost 70 % of the surveyed smartphone users do the so-called web-rooming or reverse show rooming; they intentionally browse products online and then buy them inside the store, while 32 % of the sample say they do the opposite, that is intentionally look products inside the store first and then buy them online.

Additionally, 82 % of surveyed consumers use search engines at least sometimes when doing product research inside the store. Survey participants choose search engines as their first resource to help make purchase decisions. The second popular resource used by surveyed participants is store or brand's website: this option received 71 % of responses. The third popular resource used by consumers is a different retailer's site/app (50 %), followed by deal websites (32 %) and store apps (26 %).

4.4.4 Mobile Shopping Assistants

As stated in the theoretical background of the thesis, scanning of QR codes and barcodes and retrieving more product information could assist consumers in their shopping process and making purchase decisions. In the course of the survey the participants were asked about the frequency of their scanning barcodes and QR codes in order to receive more product information and read reviews. About 40 % of the consumers make use of barcodes/QR codes at least sometimes. However, a considerable number of the surveyed smartphone users, which is 57 %, never make use of this function on their smartphones. Moreover, 60 % of the respondents think that the usage of their smartphones for scanning barcodes/QR codes inside the store is not at all important for them.

4.5 Challenges Related to Shopping Through Smartphones

4.5.1 Online Security

The survey results show that 49 % of the respondents are not willing to load credit onto their smartphones to provide payments for products. Almost half of the people surveyed (49 %) are not happy to store their payment and delivery information in an app on their smartphone. As Figure 14 indicates 36 % of the respondents have security concerns about credit card transactions when buying on smartphones. In addition, 30 % of the respondents are unsure about their security concerns, while 33 % report of not having concerns about credit card payments when making purchases through smartphones.

When it comes to the question of the security of personal data, the majority of the questioned consumers, that is 41 %, are not worried about the security of their personal information when buying on their smartphones.

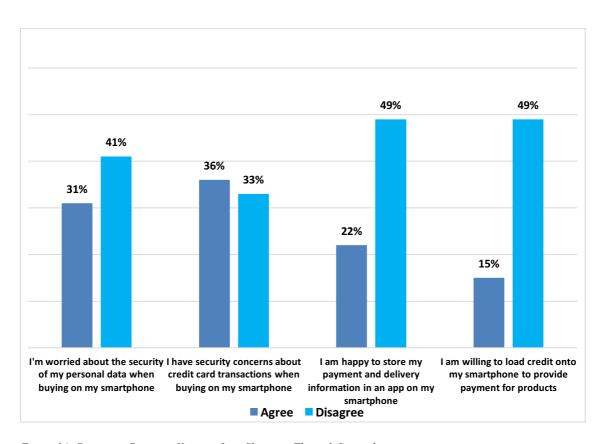


Figure 14. Consumer Concerns Keeping from Shopping Through Smartphones

4.5.2 Screen Size as an Obstacle

In the theoretical part of the thesis it was pointed out that a considerably small size of mobile phone display is considered to be an obstacle for shopping related purposes and that people tend to make online purchase more through tablets and computers. The results of the survey indicate that 35 % of the respondents don't buy products on their smartphones, because they find it too difficult. However, nearly the same amount of people, 38 %, do not find smartphone usage for shopping as too difficult.

Results suggest that 73 % of surveyed consumers do research on their smartphones, but buy later on a PC/laptop. Only 11 % of people research on smartphones and buy later on tablets, while 32 % do research and buy products on their smartphones.

4.5.3 Mobile-Compatible but not Mobile-Optimized

As stated in theoretical part of the thesis often companies' online stores or pages are not designed or well optimized for mobile phones. In the questionnaire the respondents were asked if they encounter difficulties using websites when researching products and/or shopping on their smartphones. Over half of the respondents (55 %) state that they encounter difficulties using mobile websites at least sometimes. Only 8 % of smartphone users often confront problems using the mentioned websites. The number of those who rarely encounter difficulties in the usage of the mobile websites is accounted to 38 %.

Figure 14 demonstrates that the majority of the survey participants thinks it important that the mobile website loads quickly when shopping on the smartphone. To be more precise, almost half of the respondents thinks that this feature as extremely important for them. A significant number of respondents, that is 82 %, claims that the full website must be visible on smartphone without needing to scroll left or right. In 84 % of survey respondents' opinion, one-click ordering feature on the smartphone is important.

Such smartphone features as local store locator and click to call option are also not least important according to respondents' answers, 78 % of smartphone users regard them as important features.

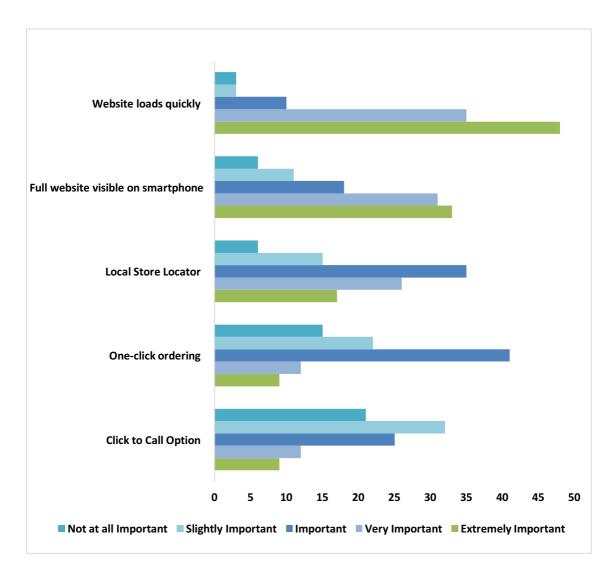


Figure 15. The Importance of Mobile Features for Shopping on a Smartphone

5 CONCLUSION

5.1 Research Findings

In the present study the author of the thesis attempted to examine the shopping behaviour of young consumers in Finland through the in-store usage of mobile phones. The researcher sought to discover what and how often consumers buy through mobile phones. Besides, the author tried to find out for which shopping related purposes consumers use their mobile phones while shopping in-store and what types of challenges they encounter when shopping through their mobile devices.

The research revealed that the majority of young consumers in Finland prefer to touch, try and buy products in physical stores. When it comes to the question of online purchases, PC is the most preferred device for shopping online among consumers. Research results suggest that mobile phones are not often used for making online purchases among young consumers in Finland, though almost one third of consumers bought products using a smartphone. When young consumers in Finland are buying on their smartphones, they purchase across all product categories. Clothes and footwear and books are the top product categories for smartphone purchases.

Online security issues are the main issues preventing from buying on the smartphone. Major concerns keeping consumers from buying on smartphones are the security concerns about credit card transactions and their mistrust for storing payment information and loading credit on their smartphones to provide payments.

Survey results suggest that in-store smartphone payments are not extensively used by young consumers in Finland. This could be also explained by consumers' security concerns and the fact that in-store mobile payments are not also widely adopted by retailers in Finland. Another issue that keeps consumers from buying directly through mobile phones is that consumers see smartphone's considerably small screen size as an obstacle. The majority of surveyed consumers are researching on the smartphone but end buying on larger screens as PC.

Even though mobile phones are not actively used for buying, they are used for a variety of shopping related purposes. Smartphones are the integral part of everyday lives of 19-36 years old people in Finland. These consumers are increasingly using their smartphones in-store. Finding nearby stores, researching products and taking and sending pictures of products for friends' advice are the primary in-store mobile activities popular among smartphone users. Comparing prices, searching online for reviews and getting in touch with friends to get trusted advice are also common for young consumers in Finland. These results suggest that mobile phones are social, they are actively used to interact with friends and family and they help consumers to make final purchase decisions.

The importance of smartphone camera while shopping inside the store and its ability to take and share pictures could not be also underestimated. The findings show that for young consumers in Finland taking and sharing pictures to get trusted advice from friends is very important in order to finalize purchase decision.

It is clear from the research results that consumers are becoming more powerful and knowledgeable. Before making purchase decisions they consider, evaluate and compare many different options on their devices. Smartphones empower consumers and evolve their shopping behaviour. Smartphones assist consumers with shopping. It looks like modern consumers need more information before making a purchase decision. For this reason, they turn to their smartphones. Thus, the research starts on smartphones. In-store mobile activities of young consumers in Finland indicate that they use their phones for pre-shopping activities. Smartphones are especially used on active evaluation phase of consumer journey.

Researching products online is crucial for young consumers in Finland. They are using a large number of different channels to make a single purchase. Consumers are gathering information online both before entering store and while inside the store. The reverse showrooming is the typical characteristic of young consumers in Finland, as they are doing online research of products first and then buying them in physical stores. Research results point out that mobile phones make consumer journey shorter, as often consumers entering physical stores have already made their purchase decisions.

According to survey results cost saving is an important issue for surveyed consumers. They are price-sensitive as they are comparing prices, check other stores and looking for coupons and offers. This is completely understandable taking into account the age group of the surveyed consumers and the squeezed budget of the students.

In regard to the question of changing consumer behaviour, it could be also added that consumers want to have a smooth shopping experience on their smartphones. They demand fast and easy Internet connection in-store. Therefore, retailers should ensure Wi-Fi available throughout the store and that consumers have easy access and mobile-friendly websites. Besides, as results show consumers demand that mobile website loads quickly, it is fully visible on the screen, there is a local store locator and purchases available by one-click ordering.

According to survey results young consumers in Finland are not active users of mobile applications, at least for shopping related purposes. This could be explained by the fact that there is a relatively small number of Finnish retailers having their own applications at present time. Research results suggest that consumers have strong preferences for using browsers over apps for shopping related purposes. Consumers use browsers most likely for the reason that apps require downloading process, time and space on the phone. Besides, store websites are more and more improving to be mobile compatible and optimized.

When it comes to the question of usage of QR and barcodes, analysis shows that this smartphone function that is supposed to assist consumers in their shopping process and making purchase decisions is not important and widely used among young consumers in Finland.

As mentioned before, consumers spend much of their time using social media than any other activity on their smartphones. The results indicate that young consumers mostly use social media for brand connectivity. Most of them discover and follow their favourite brands on social media. Young consumers in Finland are not actively interacting with brands in social media, not many people are posting reviews and sharing experiences with products or brands.

Only a small minority of consumers purchase directly from social media. Even though young consumers in Finland are not ready to purchase products via social media, they are using it for researching and following brands. As consumers use social media for discovering brands, the retailers should pay a thorough attention to social media as it influences consumer purchase decisions.

As mentioned before, consumers always have their mobile phones with them. Mobile phones affect the way consumers shop and they greatly affect their behaviour in-store. Smartphones present great opportunities for businesses to connect with their customers. In order to be fully connected with their customers, retailers need to enhance consumer experiences in-store. They need to provide fast and easy Internet connectivity and possibility for online research. Retailers should have mobile compatible and optimized websites in order to retain their customers. Besides, companies need to be actively present on social media, as consumers are connecting with brands using social media.

In summary, the study shows that smartphones are empowering consumers and their shopping behaviour is evolving. Retailers need to adapt new technologies and attract their consumers by offering a unique in-store customer experiences to maintain customer loyalty. Understanding the influence of new technologies on consumer behaviour can open up new possibilities for brands to connect with customer.

5.2 Managerial Implications

Nowadays, nearly all types of products are available to consumers through mobile channel. The way consumers use their mobile phones for shopping related purposes is a topic of significant interest to consumer marketers. As more consumers embrace mobile phones for shopping, consumer marketers must adapt to this change.

The results of the study will be especially relevant for organizations that have or planning to have mobile channel to reach their customers. They will gain insights on the behaviour of the consumers when using mobile phones for shopping. Understanding how, what and where consumers are doing with their mobile phones will help also companies to improve their digital marketing strategies.

The survey will also help companies to keep up with the changing retailing environment. The study will provide companies with the essential information regarding the grounds of consumer behaviour and the impact of mobile technologies on the behaviour of consumers.

5.3 Future Research Challenges

As stated before, the concept of consumer behaviour is wide and complex. All aspects of consumer behaviour concept could not be included in this thesis. Some future research topics were identified during the implementation stage of the research. The present study attempted to examine the shopping behaviour of consumers through the usage of mobile phones in-store. One future research challenge could be to study the topic from a broader perspective, focusing on the overall usage of mobile phones for shopping related purposes not limiting the research on a definite location as it has been done for the present research. Research on how consumers use their phones for shopping related purposes at home, on the go and at work could provide a deeper understanding of the concept. This type of the study could benefit businesses by providing valuable information concerning the overall mobile consumer behaviour and could assist companies in improving of their marketing efforts and better satisfying customer needs.

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APPENDICES

APPENDIX 1: Questionnaire

QUESTIONNAIRE

Please kindly answer the following questions. The purpose of this survey is to investigate the behavior of consumers through the use of smartphones while shopping in stores. The data of this survey is collected for the Master's thesis under the Master's Degree Programme in International Business Management at Arcada. The survey is anonymous and will not take more than 15 minutes.

Your opinion is very important to us!

1.	Your gender	Male		Female		
					-	
2.	Your age					
3.	Your nationality					
4.	How many physical products have you approximately bought online during the past 6 months?					
	with a smartphone					
	with a tablet					
	with a PC/laptop					
	Total					
5.	How often do you buy the following products using a smartphone?				A few	
	Please tick one box that apply for each category	Daily	Weekly	Monthly	times year	Never
	Clothing/Footwear					
	Books					
	Music					
	Games					
	Health/Drug/Beauty					
	Household Appliances					
	Furniture/Home furnishing					
	Electronics					
	Sports/Leisure/outdoor equipment					
	Food/Beverage					
	Something else (please specify)					

6.	How strongly do you agree or disagree with the following statements? Please circle the number that best represents how you feel about each of the statements	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
	I do research and buy products on my smartphone		4	1	2	1
	I do research and buy products on my smartphone I do research on my smartphone but buy later on a PC/laptop	5	4	3	2	1
		5	- 1	3	2	1
	I do research on my smartphone but buy later on a tablet	5	4	3	2	1
	I buy products on my smartphone but only when I have no other option	5	4	3	2	1
	I don't buy products on my smartphone, because I find it too difficult	5	4	3	2	1
	I prefer to touch/try products and buy inside the store	5	4	3	2	1
	I'm worried about the security of my personal data when buying on my smartphone	5	4	3	2	1
	I have security concerns about credit card transactions when buying on my smartphone	5	4	3	2	1
	I am happy to store my payment and delivery information in an app on my smartphone	5	4	3	2	1
	I am willing to load credit onto my smarthhone to provide payment for products	5	4	3	2	1

7. How often do you use your smartphone for the following activities <u>inside the store</u>?

Please tick one box that apply for each category Always Often Sometimes Seldom Never

Research the products

Find nearby stores

Take picture of a product

Send picture of a product to friends for advice or comments

Text or call to get trusted advice from friends

Compare prices while in a store

Recognise my location and provide information on local offers

Scan barcodes/QR codes in order to receive product reviews and other information

Search online for reviews

Find coupons and offers

Access loyalty/reward programs

Communicate with the retailer/brand via social media about the product

"Check-in" at store via social media

Check product availability

Receive recommendations based on previous purchases

Pay for your purchase with smartphone inside the store

Something else _____ (please specify)

-			
	I	 I .	I .

8. How important is it for you to use your smartphone for the following activities inside the store?

inside the store:	Extremely	Very		Slightly	Not at all
Please circle the number that best represents how you feel about each of the statements	Important	Important	Important	Important	Important
Research the products	5	4	3	2	1
Find nearby stores	5	4	3	2	1
Take picture of a product	5	4	3	2	1
Send picture of a product to friends for advice or comments	5	4	3	2	1
Text or call to get trusted advice from friends	5	4	3	2	1
Compare prices while in a store	5	4	3	2	1
Recognise my location and provide information on local offers	5	4	3	2	1
Scan barcodes/QR codes in order to receive product reviews and other information	5	4	3	2	1
Search online for reviews	5	4	3	2	1
Find coupons and offers	5	4	3	2	1
Access loyalty/reward programs	5	4	3	2	1
Communicate with the retailer/brand via social media about the product	5	4	3	2	1
"Check-in" at store via social media	5	4	3	2	1
Check product availability	5	4	3	2	1
Receive recommendations based on previous purchases	5	4	3	2	1
Pay for your purchase with the smartphone inside the store	5	4	3	2	1
Something else (please specify)	5	4	3	2	1

	your shopping: Please circle the number that best represents how you feel about each of the statements	Extremely Important	Very Important	Important	Slightly Important	Not at a Importa
	Ability to check other store or online stock quickly	5	4	3	2	1
	In-store WiFi with fast, simple login	5	4	3	2	1
	Sales associates who can take payment without going to the cash register	5	4	3	2	1
	Sales associates with tablets to show you alternative products	5 5	4	3 3	2 2	1 1
	Using your smartphone to pay for your shopping Pay for a product through the store's app	5	4	3	2	1
0.	How strongly do you agree or disagree with the following statements? Please circle the number that best represents how you feel about each of the statements	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strong Disagr
	I do online research on my smartphone before visiting a store	5	4	3	2	1
	I do online research on my smartphone while visiting a store	5	4	3	2	1
	I do online research on my smartphone after visiting a store	5	4	3	2	1
	I don't research on a smartphone at all	5	4	3	2	1
1.	How often do you use the following on your smartphone for product research <u>inside</u> the store to help make purchase decisions?					
1.		Always	Often	Sometimes	Seldom	Neve
1.	the store to help make purchase decisions?		Often	Sometimes	Seldom	Nev
1.	the store to help make purchase decisions? Please tick one box that apply for each category		Often	Sometimes	Seldom	Nev
1.	the store to help make purchase decisions? Please tick one box that apply for each category Search engine		Often	Sometimes	Seldom	Nev
1.	the store to help make purchase decisions? Please tick one box that apply for each category Search engine Store/Brand website		Often	Sometimes	Seldom	Nev
1.	the store to help make purchase decisions? Please tick one box that apply for each category Search engine Store/Brand website Store apps		Often	Sometimes	Seldom	Nev
	the store to help make purchase decisions? Please tick one box that apply for each category Search engine Store/Brand website Store apps Deal websites	Always	Often Very Important		Seldom	Not at
	the store to help make purchase decisions? Please tick one box that apply for each category Search engine Store/Brand website Store apps Deal websites A different retailer's site/app Please indicate how important the following features are when shopping online on your smartphone: Please circle the number that best represents how you feel about each of the statements	Extremely	Very Important	Important	Slightly	Not at Impor
	the store to help make purchase decisions? Please tick one box that apply for each category Search engine Store/Brand website Store apps Deal websites A different retailer's site/app Please indicate how important the following features are when shopping online on your smartphone: Please circle the number that best represents how you feel about each of the statements The full website is visible on your smartphone without needing to scroll left or right	Extremely Important	Very Important	Important	Slightly Important	Not at Impor
	the store to help make purchase decisions? Please tick one box that apply for each category Search engine Store/Brand website Store apps Deal websites A different retailer's site/app Please indicate how important the following features are when shopping online on your smartphone: Please circle the number that best represents how you feel about each of the statements The full website is visible on your smartphone without needing to scroll left or right Website loads quickly	Extremely Important 5 5	Very Important	Important 3 3	Slightly Important	Not at Import
	the store to help make purchase decisions? Please tick one box that apply for each category Search engine Store/Brand website Store apps Deal websites A different retailer's site/app Please indicate how important the following features are when shopping online on your smartphone: Please circle the number that best represents how you feel about each of the statements The full website is visible on your smartphone without needing to scroll left or right Website loads quickly Local Store Locator	Extremely Important 5 5 5	Very Important	Important 3 3 3	Slightly Important 2 2 2	Not at Impor
	the store to help make purchase decisions? Please tick one box that apply for each category Search engine Store/Brand website Store apps Deal websites A different retailer's site/app Please indicate how important the following features are when shopping online on your smartphone: Please circle the number that best represents how you feel about each of the statements The full website is visible on your smartphone without needing to scroll left or right Website loads quickly	Extremely Important 5 5	Very Important	Important 3 3	Slightly Important	Not al Impor

13. In general, when researching products/shopping on your smartphone, do you

encounter difficulties using websites?

Please tick one box that apply

Rarely

Sometimes

Often

14.	How strongly do you agree or disagree with the following statements? Please circle the number that best represents how you feel about each of the statements	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
	I intentionally browse a product online and then buy it in the store. I intentionally look a product inside the store first and then buy it online. I prefer to use a retailer's/brand's app over mobile browser for shopping related purposes.	5 5 5	4 4 4	3 3 3	2 2 2	1 1 1
	I prefer a mobile browser over an app for shopping related purposes.	5	4	3	2	1
15.	How often do you use a mobile app or browser on your smartphone for shopping related purposes <u>inside the store</u> ?	Daily	Weekly	Monthly	Yearly	Never
	Please tick one box that apply					

16.	How strongly do you agree or disagree with the following statements? Please circle the number that best represents how you feel about each of the statements	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
	I follow some of my favourite brands or retailers via social media.	5	4	3	2	1
	I discover new brands via social media.	5	4	3	2	1
	I research a brand including reading others' feedback.	5	4	3	2	1
	I interact with favourite retailers and brands.	5	4	3	2	1
	I provide positive or negative comments about my experience with a product or brand.	5	4	3	2	1
	I view videos about the brand/product.	5	4	3	2	1
	I like and share products.	5	4	3	2	1
	I connect with people like me who like a brand.	5	4	3	2	1
	I purchase directly via social media.	5	4	3	2	1
	I share experiences in social networks after buying a product.	5	4	3	2	1
	I post reviews / ratings after buying a product.	5	4	3	2	1
	I look up help on set up / product usage after buying a product.	5	4	3	2	1

Thank you for your time and efforts!