

An Exploratory Study of Consumer Satisfaction and Purchase Behaviors for Fashion Subscription-Based Online Services (SOS)

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Introduction

A subscription-based online service (SOS) is an online business where the company sends the customer a customized merchandise box periodically, for a weekly or monthly fee (Woo & Ramkumar, 2017). With approximately 2,000 different SOS business options (Pike, 2016), consumers can purchase from nearly any product category such as beauty, apparel, pets, kids, food, beverage, art, and lifestyle products (Kestenbaum, 2017; Ramkumar & Woo, 2018). Retail industry experts have suggested that the SOS format will become increasingly common in the Omni business channel, much like e-commerce and brick-and-mortar (Pike, 2016). However, as consumer demand is shifting from traditional retailing, retailers are looking at the SOS business model to provide their consumers convenience and personalization (Pike, 2016). Roussin (2016, para. 7) states that “when a subscription commerce model is implemented successfully, it can boost revenue, enhance customer loyalty, bring in new customers and position the brand as a disruptor in the market.”

Literature & Research Questions

Although SOS is a trending topic, there are only a few researchers who have addressed it in regard to the fashion SOS customer (Woo & Ramkumar, 2017), consumers’ perceptions of the fashion SOS retail format (Tao & Xu, 2018), variables that influence consumer attitude towards fashion SOS (Ramkumar & Woo, 2018), and consumer adoption of fashion SOS (Ramkumar & Woo, 2018; Tao & Xu, 2018). Moving beyond baseline descriptors, there is a need to understand consumers who have already used the service, or more importantly, to establish an understanding of their satisfaction and purchasing behaviors. For example, it would be beneficial to understand reasons for consumers’ continuation or cancellation of fashion SOS, and any service gaps in the SOS experience. Therefore, the purpose of this study was to explore satisfaction and purchase behaviors with past and current customers of fashion SOS, and provide valuable insight to fashion SOS companies. Following the Expectation-Confirmation Theory (ECT) (Oliver, 1980), a qualitative study was conducted to address the following research questions: RQ1: What are consumers’ motivations to try a fashion SOS? RQ2: Are customers of fashion SOS satisfied with their experience? RQ3: What are the purchase behaviors of fashion SOS consumers?

Theoretical Framework

Satisfaction of consumers who purchase fashion SOS can be explained using the Expectation-Confirmation Theory (ECT). ECT postulates that prior to an event, a consumer has an expectation, and if that expectation is met in a positive manner, it leads to satisfaction (Bhattacharjee, 2001; Oliver, 1980, 1981). When that expectation is not met, then the consumer can be dissatisfied. Repurchase intentions result if the sequence of expectation-confirmation-satisfaction is achieved (Oliver, 1980).

Methods & Analysis

In order to gain rich, in-depth knowledge of the phenomena, qualitative methods were employed (Creswell, 2009). A purposive sampling technique was used and participants who were past or current fashion SOS consumers were recruited via Facebook for the study. A total of 10 female participants from the Midwest were interviewed with sessions lasting approximately 30 to 45 minutes. Interviews were conducted face-to-face or by phone, based on the participants’ location and/or preference. In order for participants to freely contribute their thoughts about fashion SOS, a standardized open-ended approach

was used (Turner, 2010), as well as a standard interview protocol guide. The interviews were audio recorded for accuracy, and then transcribed using the Transcribe Me! App. Transcriptions were analyzed using a constant comparison method. Key words or phrases from participants were identified, resulting in emergent codes and themes (Creswell, 2009). Prior to conducting the interviews, Institutional Review Board (IRB) approval was obtained.

Findings

RQ1: Consumers who purchase SOS were not only willing to purchase products that they were not familiar with, but also willing to allow strangers to pick out products and curate the package for them (Pike, 2016). They were also looking for a way to broaden their style horizons in a way brick-and-mortar and online shopping cannot fulfill. They also stated they were searching for a way to avoid the headache of shopping themselves (Smiley, 2019) and enjoy the surprise factor (Woo & Ramkumar, 2017). Some additional motivations found in the study were ease of process, promotion and special offers, and curiosity about the service. RQ2: Overall, only four out of 10 participants were completely satisfied with the fashion SOS that they used based on ECT. Most participants had high expectations of the fashion service, especially if it was a curated box, and hoped to receive unique styles they would not have tried otherwise. They expected that the service would be easy to navigate using their mobile phone app or desktop computer. Product criteria they expected from the service included good quality, appropriate fit, functionality, style and comfort. SOS quality, which includes good customer service and ease of process (e.g., signing up for the service, check out, and exchange/returns), was confirmed by all participants. However, disconfirmation occurred in relation to satisfaction with the product provided in their boxes. Study participants felt that the product did not match their style profile or comments given to their stylist. One participant expressed the need for more personal contact and sensed she was “talking to a machine” most of the time. RQ3: Most participants had purchased at least one item from their box that they received, but some mentioned that they did that because of the stylist fee that was automatically charged. One participant said, “I felt obligated to buy something to not lose out on the \$20 I had already paid”. However, a few participants purchased their entire box in order to receive a sizeable discount. Only four out of the 10 participants had agreed to receive a regularly scheduled box from the service they used, which suggests that their loyalty to and satisfaction with the fashion SOS was not consistent.

Conclusion & Implications

Findings of this research provide a variety of implications for both SOS retailers and consumers. While consumers liked the convenience of SOS package delivery and ease of website navigation, they were still not completely satisfied with their current fashion SOS experience in terms of the delivered product selection. In order for this business model to be sustainable in the highly competitive fashion market, retailers must invest more in personal interaction to meet customer expectations. Recommendations include a potential new model, where two out of five items would be specifically selected by the consumer and the other products are chosen by the stylist. This would give the consumer a chance to actively engage with the brand, select some merchandise, yet still experience the surprise factor and receive novel items. This model would reduce the feeling of consumer obligation to purchase items that they had not seen before, or did not fit with their expectations and user profile. Since this business model thrives on repurchase intentions from consumers month to month, this recommendation could provide retailers with a more sustainable revenue stream and profitability from SOS. The findings of this study can be used in future research to create modified scales of ECT factors and to quantitatively examine fashion SOS consumer satisfaction phenomena in greater depth such as consumer motivations, expectations, loyalty, and repurchase behaviors.

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