

Kim, Junghwan; Choi, Mideum; Hwang, ShinYoung

**Conference Paper**

## Circulation of loyalty: Relationships between mobile messenger service and offline flagship store

22nd Biennial Conference of the International Telecommunications Society (ITS): "Beyond the Boundaries: Challenges for Business, Policy and Society", Seoul, Korea, 24th-27th June, 2018

**Provided in Cooperation with:**

International Telecommunications Society (ITS)

*Suggested Citation:* Kim, Junghwan; Choi, Mideum; Hwang, ShinYoung (2018) : Circulation of loyalty: Relationships between mobile messenger service and offline flagship store, 22nd Biennial Conference of the International Telecommunications Society (ITS): "Beyond the Boundaries: Challenges for Business, Policy and Society", Seoul, Korea, 24th-27th June, 2018, International Telecommunications Society (ITS), Calgary

This Version is available at:

<https://hdl.handle.net/10419/190407>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*

## **Circulation of loyalty:**

### **Relationships between mobile messenger service and offline flagship store**

Junghwan Kim (Research Scholar, Indiana University, U.S.)

Mideum Choi (Research Scholar, Korea University, Korea)

ShinYoung Hwang (Doctoral Student, Korea University, Korea)

#### **1. Introduction**

LINE, the global mobile messenger service provider, has been extending its online business to the offline platform. Among many services, LINE FRIENDS, which manages the character business of LINE, launched an offline flagship store in Korea, Japan, and Southeast Asia (LINE FRIENDS, 2018.01.25). Among the 45 stores around the world, LINE FRIENDS opened a large scale flagship store in New York in August 2017. Characters which were originally created for online stickers soon became the key business component of the flagship store. LINE FRIENDS has collaborated with renowned global brands such as LAMY, MR MARIA, THERMOS, SWAROVSKI, BROMPTON, and L'OCCITANE. People who visit offline flagship stores can not only buy collaboration products but also enjoy time at the character themed cafe. KAKAO which operates a major mobile messenger service in Korea has also launched its first flagship store in April 2014. Around 10 thousands visitors are reported to visit KAKAO's flagship store (KAKAO FRIENDS) every day.

LINE FRIENDS and KAKAO FRIENDS have been trying to expand online customer experience (messenger service) to the offline platform (flagship store). The flagship store is a space where the product that is based on the character meet with the consumer's online experiences (Kim, 2016). It can be explained as a loyalty extension strategy. We not only communicate through the mobile messenger service but also utilize the family application that provides entertainment through the messenger's distinct characters. For example, LINE offers a lot of applications that can be enjoyed with LINE friends. In this reason, mobile messenger services provide a variety of experiences to consumers and permeate the daily lives of users. Therefore, the purpose of this research is to reveal the relations between online loyalty from mobile messenger service and offline loyalty from flagship store experience. Specifically, this paper examines how the motivation to visit offline store bridge mobile messenger usage and intention to revisit offline store.

## **2. Literature review**

### **2.1. Mascot characters in marketing**

Mascot characters or licensed characters have been an effective way to appeal to consumers. The familiarity and affection toward the characters are shown to influence users' purchase behaviors and intentions. Studies show that consumers strongly attach themselves to mascot characters on media by seeking advice on style, social interaction, and social norms (Cohen, 2001). The more the character fulfills users' innate needs and wants, the more the consumers will admire and feel attached to the character. The impact of mascot characters on products is seen in various studies related to promoting food products to children. Kotler, Schiffman, and Hanson (2012) find that children favor food products that have familiar character designs compared with characters that are unknown or disliked. Kraak and Story (2015) also suggest that cartoon characters influence children's intake of fruit and vegetables compared with no character branding. The use of mascot characters is not only effective for targeting children, but also for adults. Recent trend among brands is to evoke nostalgic flavors of childhood by using mascot characters or re-running historical ads. Capitalizing on consumers' nostalgic emotions is shown to positively influence the brand's credibility, authenticity, durability, and quality (India Forbes, 2014). Callcott and Phillips (1996) insist that character branding is effective to adults even if the character is in a nonhuman form. Disney's Mickey Mouse is a prominent example of how adults remain attached and committed to the nonhuman mascot character. From media content to theme parks and offline brand stores, the mascot characters provide quality entertainment to all generations and nationalities. The long history of Disney characters arouses nostalgic feelings for adult consumers and generates new aspirations for young children (Bennett & Schweitzer, 2014). From princesses to heroes, Disney characters appeal to all consumers and create a link between generations. Disney brand stores also serve as an immersive studio or entertainment park constructed to enhance brand desire. As brands use mascot characters to target consumers of all age, the exposure of characters in various forms and goods is likely to continuously increase.

### **2.2. The character of mobile messenger service and offline flagship stores**

In light of the growing character industry, various media companies and service providers are creating mascot characters to target consumers. One of the most prominently used characters is from mobile instant messaging service providers. With millions of daily users using the messenger's mascot character emoticons, the characters are designed to substitute for text in digital communication. Each character has its own distinctive story and is able to express various emotions through facial or body

motions. The fame of online emoticons is shown through significant selling power (The Korea Herald, 2017). As of 2016, more than 14 million people purchased online character emoticons on the KAKAO messenger platform. LINE also had more than 441 million character stickers exchanged daily in the first quarter of 2017. The platform also reached \$73.9 million for character sticker sales during the cited period.

In 2015, LINE and KAKAO both built subsidiaries to suffice the increasing popularity of the mascot characters. The subsidiaries, LINE Friends and KAKAO Friends, strived to increase the market size of the character business by extending the online character business to the offline platform. Consumers that used character emoticons to express emotions were now able to purchase character items in the form of food products, cosmetics, stationary, standalone dolls, accessories, apparels, and other goods. The enjoyment in finding in-app characters on renowned brands and merchandized goods is shown through the profits that each company generates. For instance, LINE FRIENDS earned a profit of 69.9 million dollars in 2016 and around \$96 billion in the first six months of 2017. KAKAO FRIENDS also generated 62.3 million dollars in 2016 (The Korea Herald, 2017). The character business is expected to contribute to the company's revenues as they extend their character stores locally and globally.

The delivery of mobile messenger service provider's online characters to the offline platform has been made possible through the use of popup and flagship stores. Rather than launching a physical store, mobile messenger service providers slowly and strategically approached consumers. By understanding the value of offline stores as crucial points of interaction with consumers, mobile messenger service providers took advantage of unique store styles that deliver convenient and experiential services that ultimately enhance consumers' purchase intentions.

Flagship stores usually display one or several products from one specific brand with the intention of building or reinforcing the image of the brand (Kozinets, Sherry, DeBerry-Spence, Duhachek, Nuttavuthisit, & Storm, 2002). Located at easily approachable places, flagship stores provide products that all strongly relate to the brand's identity. By providing trendy and unique items related to consumers' essential needs, flagship stores entice and engage consumers to create favorable attitudes toward the brand. Flagship stores are therefore an entertainment stage or a retail theater that fulfill the dual responsibility of serving as a sales outlet and a brand value enhancer.

Popup stores serve the similar function as flagship stores. However, as seen from its name, popup stores differ from flagship stores as it is only available for a short period of time. First appeared in 2003 in England and New York, temporary stores are distinguished by its exclusive display and word of mouth promotion (Surchi, 2010). By promoting the opening days left and arousing consumers' emotional response, popup stores are an effective way to increase brand value and consumer attachment.

Another term for popup stores are temporary stores or guerrilla stores and serve the same pioneering role of matching consumers' lifestyles with brand value.

After testing the profitability of mobile messenger character business through flagship and popup stores, LINE and KAKAO have actively extended their offline businesses. LINE and KAKAO have established stores not only in Korea but also in other countries. For instance, LINE FRIENDS operates 84 stores in 11 countries around Southeast Asia and recently launched a brand store in New York. KAKAO FRIENDS is currently limited to the local market and operates 18 stores across the nation. Mobile messenger service provider's character business is anticipated to increase significantly as more users utilize the characters on the mobile messaging platform and have access to the character brand stores.

### **3. Theoretical background**

#### **3.1. Consumer loyalty**

Consumer loyalty is an important construct that has been widely explored in the field of consumer behavior. Loyalty is generally understood as consumers' repeated purchase of a certain product driven by favorable attitudes toward the product. The concept of loyalty is important for brand marketers as it is an important way to measure consumer attachment to the brand. Many researchers have long claimed that repeated purchases and intention to repurchase are the key constructs in understanding brand loyalty. However, this approach was criticized for not embracing the attitudinal aspects of loyalty (Jacoby, 1971). Positive attitude toward the brand is an essential element in enhancing loyalty as it motivates purchase behaviors and inclinations to recommend the service to other customers (Reinartz & Kumar, 2002). Further, positive attitudes are shown to increase consumer resistance to other alternatives and decrease consumers' search of other products (Dick & Basu, 1994).

Consumer loyalty can be formed through various antecedents; yet, one of the most important motivators is consumer satisfaction. Consumer satisfaction is formed when performance meets or exceeds consumers' expectations. Satisfaction may occur from one specific transaction or from an accumulation of multiple interactions with the service or product. For studies that measure the attitudinal and psychological satisfaction, Shankar, Smith, and Rangaswamy (2003) argue that satisfaction should represent overall evaluation of the service encounter. Each interaction is thus an important determinant that contributes to the level of satisfaction.

This study focuses on what triggers consumers to visit the mobile instant messenger service provider's mascot character store. In addition, the study seeks to find whether store satisfaction leads to continued usage of the mobile messenger service. Studies from brand extension literature argue that

brands with established brand names have more potential in expanding their businesses (Aaker & Keller, 1990). Consumers that are familiar with the brand are likely to visit or adopt the service more easily as they already have an established level of trust, satisfaction and loyalty (Horppu, Kuivalainen, Tarkiainen, & Ellonen, 2008). For instance, Hwang and Kim (2018) find that satisfaction with the mobile instant messaging service positively influences user satisfaction toward online-to-offline (O2O) services launched by the mobile messenger service provider. Haenlein and Kaplan (2009) also argue that experiences made offline are transferred online and vice versa. Consumers that use the mobile messenger service and its mascot characters are thus likely to remain loyal to the firm as they find gratifications in finding the characters, both online and offline. The availability of various mascot characters can be a way for mobile messenger service providers to express genuine interest toward consumers that seek to find mascot characters on the offline platform. Social identity theory states that consumers stay loyal to the firm's services when they feel valued and appreciated by the firm (Lam, Ahearne, Hu, & Schillewaert, 2010). By understanding the motivations behind consumer's visit to the mascot character store visit and their intentions in continuously using the mobile messenger service, this study seeks to find the existence of "circulation" in consumer loyalty.

### **3.2. The theory of uses and gratifications**

The study also builds on the uses and gratifications (U&G) theory. The theory posits that users actively and purposively select media to fulfill their social and psychological needs (Rubin, 2009). While U&G theory was initially developed to understand mass communication media adoption behaviors, the theory now covers various areas such as consumers' uses and gratifications behind new technologies, mobile applications, and different types of mediated communication.

U&G theory seeks to understand the gratifications behind users' consumption of media or other services and ultimately cater services that fulfill those needs. Consumer gratifications can either be emotional or instrumental (Shao, 2008). Emotional purposes refer to users' needs in companionship, entertainment, personal attachment, or adventure. Instrumental purposes relate to users' utilitarian and goal-seeking needs. Previous studies have applied the U&G theory as a theoretical framework to understand consumers' gratifications in consuming specific products or services. This study will apply the U&G theory framework to support how various gratifications in visiting the store lead to satisfaction and ultimately loyalty towards the mobile messenger service provider.

### **3.3. Research questions**

The offline stores provide various accessories that arouse utilitarian and emotional motivations to

shop and remain in the store (Singh, 2006). The flagship store is the retail shop where customers can experience the character emotion offline. Despite this new phenomenon of online service providers extending their businesses to the offline platform, it is difficult to find related research. Thus, the purpose of this paper is to investigate how motivations for visiting the offline store is different from motivations in using media (mobile messenger service). Moreover, we try to examine whether online service loyalty can be transferred to the offline platform, or whether a reversed direction is formed. To reveal the motivation to visit the flagship store, we reviewed previous literatures on uses and gratification theory (e.g., Rubin, 1983) and loyalty theory (e.g., Ryu, Kim, Kim, 2014). Therefore, the following research questions are proposed.

RQ1. What are the motivations to visit the flagship store?

RQ2. How is the relationship between online loyalty and offline loyalty designed?

## **4. Research method**

### **4.1. Data collection and sample characteristics**

It has not been developed and tested in previous studies in measuring the motivations of mobile messenger users to visit offline flagship stores (eg, KAKAO FRIENDS, LINE FRIENDS Store). Accordingly, this study used two steps to prepare items that measure the motivations in visiting the offline flagship store.

Firstly, we conducted a small-scale focus group interview with two men and women at 20s and one woman at 30s who have experience in visiting the offline store. Two researchers participated as interviewers and performed semi structured interviews to organize the research design (Patton, 1990). The intimate relationship between the interviewer and the interviewee, that is, building a 'rapport' helps collect superior data (Jorgenson, 1992; Kieckhaefer et al., 2014). Therefore, the interviewees were selected from among the people who are familiar with the researchers. Two researchers participated as interviewers and performed semi structured interviews to organize the research design, and to collect data in free conversations among respondents (Patton, 1990). The interview was held for two hours on 20 April 2016.

Secondly, we investigated the redundancy and simplicity of the items that measure the motivations in visiting the offline flagship store which were derived from focus group interview. Then, we conducted an online survey with 36 motivation measurement items. A total of 332 valid responses were obtained during the first week of May 2016 through a professional survey company "Macromill Embrain". Respondent characteristics are as follows (Table 1).

**Table 1. Descriptive Statistics (N=332)**

	N (M)	% (SD)
Gender	-	-
Female	153	46.1
Male	179	53.9
Age	(31.29)	(8.47)
10s	31	9.3
20s	114	34.3
30s	118	35.5
40s	69	20.8
Income*	-	-
fewer than 100	9	2.7
more than 100-fewer than 200	24	7.2
more than 200-fewer than 300	68	20.5
more than 300-fewer than 400	49	14.8
more than 400-fewer than 500	62	18.7
more than 500-fewer than 600	45	13.6
more than 600-fewer than 700	26	7.8
more than 700	49	14.8
Education (graduate)	-	-
elementary	2	0.6
middle school degree	12	3.6
high school degree	65	19.6
college degree	47	14.2
Bachelor's degree	173	52.1
graduate degree	33	9.9
Messenger use**	(6.19)	(1.05)
Emoticon use**	(5.82)	(1.24)

Note: \* Income Unit=10,000Won (USD=939.8).

\*\* 7 point scale

## 4.2. Measurement

As described above, the motivations variable in visiting an offline flagship store was measured with 36 items which were derived from pilot test (focus group interview). Through the interview, new various



items which were not revealed in previous U&G studies were found. For example, ‘desire to visit a store to buy a gift’<sup>1</sup>, ‘desire to take a photo themselves at store and show others’<sup>2</sup>, and ‘preference for emoticon characters which are frequently used on the messenger’<sup>3</sup> were newly discovered.

The satisfaction is the ongoing and static emotion and its consequence that arises when the expectations formed by the needs and desires of the consumer are met (Oliver, 1980). The satisfaction variable in visiting an offline flagship store was measured with six items that were drawn from the previous study (Bischoff, Gassmann, & Emrich, 2017; Io, 2017; Lee, Cho, & Park, 2012; Sohn, Seegebarth, & Moritz, 2014). For online loyalty variables, the degree of messenger & emoticon use and the intention to continuous use messenger service were measured. Loyalty is defined as having a strong emotional and behavioral bond with a company, so that people who formed loyalty will continue to select and maintain its use in the future (Oliver, 1997; Yun & Woo, 2008). The specific measurement items are shown in Table 2. All these items were assessed on 7-point rating scale ranging from not at all (1) to very much (7).

## 5. Research results

### 5.1. Model specification

Firstly, exploratory factor analysis (EFA) analysis was conducted using SPSS 16.0 program. We chose the varimax orthogonal solution method to obtain a factor structure that kept the information characteristics as intact as possible. The criterion for acceptance as an independent factor structure was set to be .60 or more in primary factor loading, .40 or less in secondary factor loading, and at least two items. Following from the factor analysis procedures, seven factors were drawn: Character, Product, Pass time, Entertainment, Take photos, Present, and Curiosity. 12 items that did not meet the criteria were omitted.

Secondly, we checked our measurement model by performing confirmatory factor analysis (CFA) using the AMOS 18 program with the maximum-likelihood estimates method. The CFA model was reasonably well fitted with the 10 latent constructs and 33 observed indicators: Chi-square (450)=1051.86,  $p < .01$ , RMSEA=.064 (90% Confidence Interval [CI]=.059, .069), CFI=.94, TLI=.93,

---

<sup>1</sup> “I’ve been to stores to buy my girlfriend’s gift. She often says that “items are so cute and I want to have them (Respondent A).”

<sup>2</sup> “I stop by store to take a photo with a big doll in front of the store. There are a lot of good places to take selfie (Respondent B).”

<sup>3</sup> “The characters are frequently used on the mobile messenger when talking with people. So I feel it is more familiar to me (Respondent C).”

SRMR=.055. (For factor loadings see Table 2.)

**Table 2. Result of confirmatory factor analysis**

Variable	Items	Mean	Standard Deviation	Factor loading	t-value	Composite Reliability
Messenger & Emoticon use	I use a mobile messengers frequently.	6.19	1.05	0.75	-	.701
	I use the emoticons and stickers frequently when using mobile messengers.	5.82	1.24	0.81	9.91	
Character motivation	I visit the offline flagship store because the character is friendly.	5.17	1.27	0.94	-	.936
	I visit the offline flagship store because character is familiar.	5.19	1.24	0.93	32.55	
	I visit the offline flagship store because I like the character.	5.12	1.31	0.91	30.75	
	I visit the offline flagship store because the character is same as the emotion and stickers I use on the messengers.	5.13	1.33	0.89	28.84	
	I visit the offline flagship store because the stores sell my favorable characters.	5.02	1.32	0.87	26.21	
	I visit the offline flagship store because it is the same character as emoticon/sticker that people around me use.	4.92	1.29	0.82	22.70	
	I visit the offline flagship store because the character products are cute and adorable.	5.39	1.23	0.79	21.03	
Product motivation	I visit the offline flagship store to see new products.	4.68	1.33	0.67	-	.775
	I visit the offline flagship store because there are various goods in the store.	4.81	1.33	0.91	13.75	
	I visit the offline flagship store because there are practical goods in the store.	4.14	1.33	0.87	13.46	
Pass time motivation	I visit the offline flagship store because there is nothing special thing to do.	4.20	1.34	0.93	-	.813
	I visit the offline flagship store because I'm bored.	4.27	1.35	0.87	20.48	
	I visit the offline flagship store to kill time.	4.52	1.34	0.75	16.46	
Entertainment motivation	I visit the offline flagship store because it is fun.	5.20	1.16	0.84	-	.866
	I visit the offline flagship store because it is entertaining.	5.02	1.14	0.89	21.39	
	I visit the offline flagship store because there are many interesting things to see.	5.39	1.10	0.80	17.89	

Take a photo motivation	I visit the offline flagship store to take a photo with a big doll in front of the stores.	4.08	1.56	0.88	-	.780
	I visit the offline flagship store because it is a great place to take a photo.	3.95	1.50	0.91	14.75	
Purchase a gift motivation	I visit the offline flagship store to give a gift to younger brothers or sisters, nephews and families.	4.25	1.50	0.88	-	.812
	I visit the offline flagship store to give a gift to friends, colleagues and lovers.	4.33	1.55	0.95	17.62	
Curiosity motivation	I visit the offline flagship store because it was attractive when I was passing by.	5.15	1.22	0.74	-	.711
	I visit the offline flagship store just because I want to look around.	5.30	1.18	0.86	12.06	
Store satisfaction	I am happy with my decision to visit offline flagship stores.	5.18	1.09	0.81	-	.933
	I do not think it's a waste of time to visit offline flagship stores.	4.95	1.16	0.86	18.88	
	The experience of visiting the offline flagship store was satisfactory than expected.	4.82	1.14	0.79	16.80	
	I am willing to revisit offline flagship stores.	5.17	1.18	0.92	21.03	
	I will revisit offline flagship stores.	5.05	1.20	0.93	21.29	
	I am likely to revisit offline flagship stores.	5.17	1.15	0.89	19.80	
Intention to continuous use messenger service	I am willing to use the messenger of the offline flagship store I visited.	5.66	1.16	0.93	-	.945
	I will continue to use the messenger of the offline flagship store that I visited.	5.66	1.21	0.94	32.99	
	I am likely to continue using the messenger of the offline flagship store I visited.	5.65	1.22	0.96	34.92	

Next, we examined the convergent and discriminant validity of the latent variables. If the CR (Composite Reliability) value is 0.7 or higher and the AVE (Average Variance Extracted) value is 0.5 or higher, convergent validity is said to have been met (Anderson & Gerbing, 1988; Shin, 2013). And an appropriate level of discriminant validity is secured when the AVE value for each latent variable is larger than the coefficient of correlation squared ( $r^2$ ) of the every two latent variables (Fornell & David, 1981). The result shows that discriminant validity was confirmed as appropriate level (See Table 2 and 3).

**Table 3. AVE and Square of correlations between latent variables**

Latent variable	AVE	Square of correlations									
		MEU	CM	PM	PTM	EM	TPM	PGM	CM	SS	ICU
MEU	.540	1									
CM	.677	0.16	1								
PM	.538	0.03	0.34	1							
PTM	.593	0.01	0.02	0.02	1						
EM	.684	0.21	0.49	0.35	0.04	1					
TPM	.640	0.01	0.14	0.17	0.06	0.15	1				
PGM	.684	0.01	0.11	0.24	0.00	0.21	0.21	1			
CM	.553	0.13	0.35	0.15	0.17	0.26	0.07	0.05	1		
SS	.700	0.14	0.53	0.44	0.00	0.51	0.08	0.25	0.19	1	
ICU	.851	0.30	0.29	0.06	0.00	0.17	0.01	0.02	0.25	0.33	1

*Note:* MEU=Messenger & Emoticon Use; CM=Character Motivation; PM=Product Motivation; PTM=Pass Time Motivation; EM=Entertainment Motivation; TPM=Take a photo Motivation; PGM=Purchase a Gift Motivation; CM=Curiosity Motivation; SS=Store Satisfaction; ICU=Intention to Continuous Use messenger service

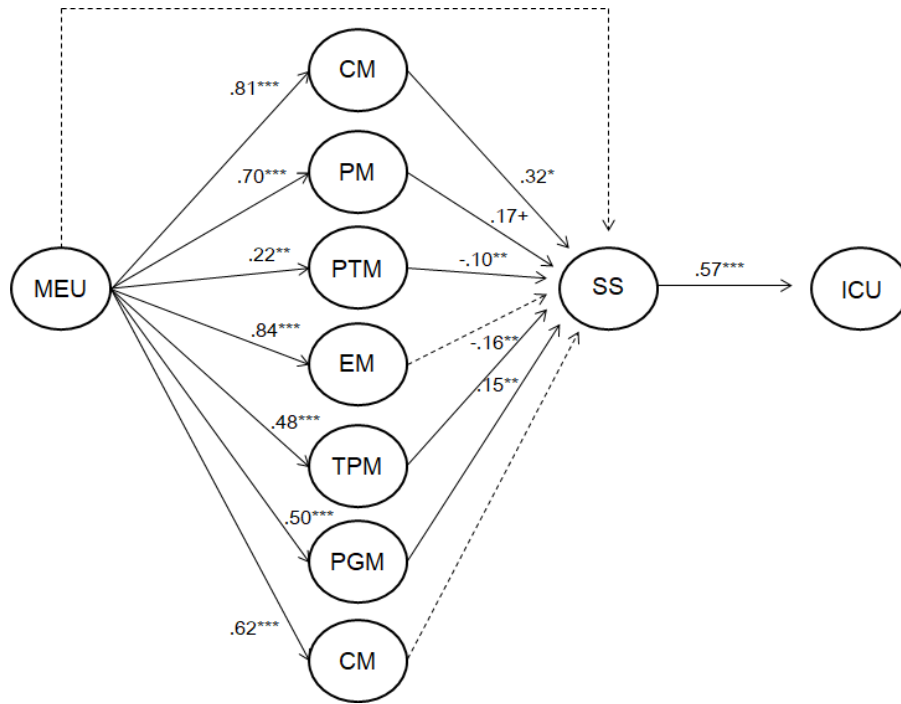
## 5.2. Results of the structural equation model analysis

Lastly, we checked our structure model by performing Structural Equation Model (SEM) analysis using Amos 18 program. The proposed model was reasonably well fitted: Chi-square (479)=1390.18,  $p < .01$ , CFI=.91, TLI=.90, IFI=.91 SRMR=.0814, RMSEA=.076 (90% Confidence Interval [CI]=.071, .080). Figure 1 shows statistical significance for the final model.

First, MEU was positively related to all the visiting motivation factors such as CM ( $\beta=.81, p < .001$ ), PM ( $\beta=.70, p < .001$ ), PTM ( $\beta=.22, p < .01$ ), EM ( $\beta=.84, p < .001$ ), TPM ( $\beta=.48, p < .001$ ), PGM ( $\beta=.50, p < .001$ ), and CM ( $\beta=.62, p < .001$ ). This result indicates that people who more use messenger and emoticons are more likely to have a greater motivation (desire) to visit the offline flagship store to see their favorite characters; to see new products; to pass time; to have fun; to take a photo; to buy a gift for friends or families; and to just look around. MEU did not have a direct impact on SS, but only indirectly through the motivation variables of visit the offline store. It means, unless a desire to visit the offline

<sup>4</sup> A model counts as acceptable if SRMR is less than .08 (Hu & Bentler, 1999) or is less than .10 (Kline, 1998; Šumak & Šorgo, 2016).

flagship store is formed, the frequency of online messenger and emoticon usage does not increase the degree of the offline flagship stores satisfaction. This result also shows that the online loyalty (degree of messenger & emoticon Use) has a positive relationship to offline loyalty (store satisfaction) only indirectly through the visiting motivation.



*Note:* All the coefficients are completely standardized and dotted lines indicate non-significant paths.

MEU=Messenger & Emoticon Use; CM=Character Motivation; PM=Product Motivation; PTM=Pass Time Motivation; EM=Entertainment Motivation; TPM=Take a photo Motivation; PGM=Purchase a Gift Motivation; CM=Curiosity Motivation; SS=Store Satisfaction; ICU=Intention to Continuous Use messenger service

+p<.1, \*p<.05, \*\*p<.01, \*\*\*p<.001.

**Figure 1. Result of the SEM**

Second, among the motivation variables, CM ( $\beta=.32, p<.05$ ), PM ( $\beta=.17, p<.1$ ) and PGM ( $\beta=.15, p<.01$ ) had positive effects on SS. This result shows that people who have a greater motives (desire) to visit the offline flagship store to see the character which is same as the emotions they use on the messengers are more likely to think that visiting the flagship shop is a satisfying experience. Also, people who have a greater motive to visit the store to see various goods and to give a gift to families or

lovers are more likely to have store satisfaction. On the other hand, PTM ( $\beta=-.10$ ,  $p<.01$ ) and TPM ( $\beta=-.16$ ,  $p<.01$ ) negatively influenced SS, which demonstrates that people who have a greater motives to visit the offline flagship store to kill time or to take a photo in stores, the less they feel the experience of visiting the store is not satisfactory. EM and CM were not significantly related to store satisfaction.

Third, SS ( $\beta=.57$ ,  $p<.001$ ) had positive effects on ICU, which signifies that the more a person perceives that experience of visiting the store is satisfactory, the continuous intention to use mobile messenger service increases. This result shows that the offline loyalty (store satisfaction) has a positive relationship to online loyalty (intention to continuous use mobile messenger service).

## **6. Conclusion**

This study used two steps to prepare items that measure the motivations in visiting the offline flagship store, and Structural Equation Modeling (SEM) was analyzed. Following from the factor analysis procedures, seven visiting motivations were drawn: Character, Product, Pass time, Entertainment, Photo, Present, and Curiosity. The results show that ‘Character motivation’, ‘Product motivation’ and ‘Present motivation’ were positively related to satisfaction, while ‘Pass time motivation’ and ‘Photo motivation’ had negative impacts. Other motivation factors such as ‘Entertainment’ and ‘Curiosity’ did not have an effect on satisfaction. In addition, satisfaction has a positive relationship to loyalty (continuous intention to use mobile messenger service).

The results showed that online loyalty was not directly related to offline loyalty. The motivations to visit offline store was completely mediating the relationship between mobile messenger usage and intention to revisit offline store. This implies that online loyalty does not automatically lead to offline loyalty. Offline loyalty is rather led by motivations of users to visit the flagship store. As online service operators are expanding their businesses to the offline services, this study provides implications for businesses to consider. It also expanded the scope of discussion on loyalty theory.

For practical implications, we highlighted the importance of motivation to visit the offline flagship store in predicting consumer’s satisfaction and intention to use messengers continuously. Moreover, we revealed the relationship between online and offline loyalty. The value of loyalty was circulating from online to offline.

## References

- Aaker, D. A., & Keller, K. L. (1990). Consumer evaluations of brand extensions. *The Journal of Marketing*, 27-41.
- Anderson, J. C., & Gerbing, D. W. (1988). Structural equation modeling in practice: A review and recommended two-step approach. *Psychological Bulletin*, 103, 441–423.
- Bennett, S., & Schweitzer, M. (2014). In the Window at Disney: A lifetime of brand desire. *The Drama Review*, 58(4), 22-31.
- Bischoff, F., Gassmann, F., & Emric, E. (2017). Demand for and Satisfaction with Places at University: An Empirical Comparative Study. *International Journal of Higher Education*, 6(2), 59-74.
- Callcott, M. F., & Phillips, B. J. (1996). Observations: Elves make good cookies: Creating likable spokes-character advertising. *Journal of Advertising Research*, 36(5), 73-73.
- Cohen, J. (2001). Defining identification: A theoretical look at the identification of audiences with media characters. *Mass communication & society*, 4(3), 245-264.
- Dick, A. S., & Basu, K. (1994). Customer loyalty: toward an integrated conceptual framework. *Journal of the academy of marketing science*, 22(2), 99-113.
- Fornell, C., & David, F. L. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18 (February), 39-50.
- Haenlein, M., & Kaplan, A. M. (2009). Flagship brand stores within virtual worlds: the impact of virtual store exposure on real-life attitude toward the brand and purchase intent. *Recherche et Applications en Marketing (English edition)*, 24(3), 57-79.
- Horppu, M., Kuivalainen, O., Tarkiainen, A., & Ellonen, H. K. (2008). Online satisfaction, trust and loyalty, and the impact of the offline parent brand. *Journal of Product & Brand Management*, 17(6), 403-413.
- Hu, L. T., & Bentler, P. M. (1999). Cut off criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling: A Multidisciplinary Journal*, 6(1), 1-55.
- Hwang, S., & Kim, S. (2017). Does mIM experience affect satisfaction with and loyalty toward O2O services?. *Computers in Human Behavior*. 82, 70-80.

- India Forbes. (Mar 12, 2014). Using Nostalgia for an improved brand communication strategy. <http://www.forbesindia.com/article/special/using-nostalgia-for-an-improved-brand-communication-strategy/37307/1>
- Io, M. U. (2017). The Relationships between Positive Emotions, Place Attachment, and Place Satisfaction in Casino Hotels. *International Journal of Hospitality & Tourism Administration*, published online 26 Apr 2017. DOI: 10.1080/15256480.2017.1305315
- Jacoby, J. (1971). Model of multi-brand loyalty. *Journal of advertising research*, 11(3), 25-31.
- Jorgenson, J. (1992). Communication, Rapport, and the Interview: A Social Perspective. *Communication Theory*, 2(2), 148–156.
- Kieckhafer, J. M., Vallano, J.P., & Schreiber Compo, N. (2014). Examining the positive effects of rapport building: When and why does rapport building benefit adult eyewitness memory? *Memory*, 22(8), 1010-1023
- Kim, J. (2016). The portfolio and implication of mobile messenger operator's character business. *Media & Education*, 6(1), 88-95. (In Korean)
- Kline R. B. (1998). *Principles and practice of structural equation modeling*. NY: Guilford Press.
- Kotler, J. A., Schiffman, J. M., & Hanson, K. G. (2012). The influence of media characters on children's food choices. *Journal of health communication*, 17(8), 886-898.
- Kozinets, R. V., Sherry, J. F., DeBerry-Spence, B., Duhachek, A., Nuttavuthisit, K., & Storm, D. (2002). Themed flagship brand stores in the new millennium: theory, practice, prospects☆. *Journal of retailing*, 78(1), 17-29.
- Kraak, V. I., & Story, M. (2015). Influence of food companies' brand mascots and entertainment companies' cartoon media characters on children's diet and health: a systematic review and research needs. *obesity reviews*, 16(2), 107-126.
- Lam, S. K., Ahearne, M., Hu, Y., & Schillewaert, N. (2010). Resistance to brand switching when a radically new brand is introduced: A social identity theory perspective. *Journal of Marketing*, 74(6), 128-146.
- Lee, E, Cho. C., & Park, H. (2012). A Study on the Effects of Dark Tourism Experience, Visitors' Effects and Satisfaction: focused on the Seodaemun Prison History Hall. *The Journal of Korean Academic Association of Business Administration*, 25(7), 2999-3018.
- LINE FRIENDS (2018.01.25). Location of stores. Retrieved from <https://www.linefriends.com/>



- Oliver, R. L. (1997). *Satisfaction: A behavioral perspective on the consumer*. New York: McGraw-Hill.
- Oliver, R. L. (1980). A cognitive model of the antecedents of satisfaction decisions. *Journal of Marketing Research*, 17(4), 46-49.
- Patton, M. Q. (1990). *Qualitative evaluation and research methods* (2nd ed.). Newbury Park, CA: Sage.
- Patton, M. Q. (1990.). *Qualitative evaluation and research methods* (2nd ed). Sage, CA: Newbury Park.
- Reinartz, W., & Kumar, V. I. S. W. A. N. A. T. H. A. N. (2002). The mismanagement of customer loyalty. *Harvard business review*, 80(7), 86-95.
- Rubin, A. M. (1983). Television uses and gratifications: The interactions of viewing patterns and motivations. *Journal of Broadcasting & Electronic Media*, 27(1), 37-51.
- Rubin, A. M. (2009). Uses and gratifications. *The SAGE handbook of media processes and effects*, 147-159.
- Ryu, M. H., Kim, J., Kim, S. (2014). Factors affecting application developers' loyalty to mobile platforms. *Computers in Human Behavior*, 40, 78-85.
- Shankar, V., Smith, A. K., & Rangaswamy, A. (2003). Customer satisfaction and loyalty in online and offline environments. *International journal of research in marketing*, 20(2), 153-175.
- Shao, G. (2009). Understanding the appeal of user-generated media: a uses and gratification perspective. *Internet Research*, 19(1), 7-25.
- Shin, G. K. (2013). *Amos 20: The statistical analysis*. Seoul: Chung-ram.
- Singh, R. (2006). *An empirical investigation into the effects of shopping motivation on store environment-value relationship* (Unpublished doctoral dissertation). Florida State University, FL.
- Sohn, S., Seegebarth, B., & Moritz, M. (2014). The Impact of Perceived Visual Complexity of Mobile Online Shops on User's Satisfaction. *Psychology & Marketing*, 34(2), 195-214.
- Strasburger, V. C., & Wilson, B. J. (2002). *Children, adolescents, and the media*. Thousand Oaks, CA: Sage.
- Surchi, M. (2011). The temporary store: a new marketing tool for fashion brands. *Journal of Fashion Marketing and Management: An International Journal*, 15(2), 257-270.
- The Korea Herald. (Jun 9, 2017). Emoticons eclipse Koreans, fueling character market boom. <http://www.koreaherald.com/view.php?ud=20170609000158>

Yun, S. U. & Woo, S. Y. (2008). Study on The Customer Satisfaction Effect on Customer Loyalty: Focused on The Mediating Role of Corporate Public Relationships. *The Korean Journal of Advertising and Public Relations*, 10(4), 41-75