

Aaron Donnelly

MANAGING THE CUSTOMER EXPERIENCE THROUGH RETAIL DIGITALIZATION

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ABSTRACT

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Digitalization has had an all-encompassing influence on industries worldwide, with retailing being one of the most significantly affected sectors. The retail landscape has witnessed numerous changes, from the rise of pure play firms like Amazon and ASOS, to the decline and extinction of well-known household brands. This has caused brick and mortar retailers to undergo the digital transformation by implementing digital technologies, changing existing business models, and reevaluating their value offering. Retailers are trying to navigate the ever-changing environment by understanding how they can use digitalization as a means to survive and thrive.

The purpose of this study was to gain a deeper understanding of how retail digitalization is influencing the customer experience with brick and mortar retailers. In order to achieve this, I adopted a critical realist approach through taking the perspective of retail managers. As retail managers are involved in managing retail digitalization, understanding their interpretations is important in gaining a holistic understanding of this transformation. A qualitative method was employed, through which 26 semi-structured interviews were conducted with retail managers based in the UK and Finland. The managers shared their insights on how their firms are responding to the changes presented by digitalization and the subsequent influence on the customer experience. This study utilised qualitative content analysis, a process which involved in-vivo coding to interpret the data set.

During the interviews, retail managers discussed various challenges and opportunities that are presented by retail digitalization. These issues were analysed across the data sample, leading to the creation of four sub-categories that expressed how digitalization has influenced the customer experience, these included, 1) changing buying behaviour, 2) rising customer expectations, 3) integrating customer touchpoints, and 4) increasing levels of competition. Further analysis was conducted, resulting in new interpretations of the data, showing the main drivers of retail digitalization to be external, namely, by the customer and the market.

The findings of this study indicate that retail managers are aware of the profound effects of retail digitalization. Retail managers detailed that the transition into the digital age presents many opportunities for brick and mortar retailers to improve the customer-retailer relationship, better understand customer needs, and increase interaction with their customers. The managerial implications of this study are summarized as follows, retail managers should 1) adopt an outside-in approach, 2) ensure that their stores have basic digital tools in place to remain competitive, and 3) trial new technologies to minimize risk and optimize their chances of successful technology implementation.

Keywords: Retail digitalization, customer experience, brick and mortar retailer, retail managers

The originality of this thesis has been checked using the Turnitin OriginalityCheck service.

Contents

Chapter One: Introduction	6
1.1 Research Phenomenon	6
1.2 Research Aims and Question	9
1.3 Significance of the Study	10
1.4 Structure of the Thesis	10
Chapter Two: Literature Review	12
2.1 Research on Retail Digitalization	12
2.2 Theoretical Approaches to Digitalization	14
2.3 The Modern-Day Customer	15
2.3.1 Consumer Expectations.....	15
2.3.2 Digital Technologies that Enhance the Customer Experience.....	18
2.4 Managing the Retail Business Through the Digital Transformation	22
2.4.1 The Omni-Channel Business Model.....	22
2.4.2 Digital Tools as a Management Resource.....	23
2.5 The Retailer-Customer Relationship.....	24
2.5.1 The Concept of Value in Retail.....	26
2.5.2 Digital Technologies that Facilitate Value Creation and Capture.....	27
Chapter Three: Methodology	30
3.1 Research Philosophy: Critical Realism.....	30
3.2 Data Generation	32
3.3 Data Analysis.....	38
3.4 Evaluating the Research Methods.....	40
Chapter Four: Findings	44
4.1 The Influences of Retail Digitalization on the Customer Experience.....	44
4.1.1 Changing Buying Behaviour.....	45
4.1.2 Rising Customer Expectations	47
4.1.3 Integrating Customer Touchpoints.....	50
4.1.4 Increasing Levels of Competition	52
4.2 External factors influencing the retail digitalization	54
4.3 Summarizing the Findings	56
Chapter Five: Discussion and Conclusions	59
5.1 Research Summary and Reflection	59
5.2 Research Contribution.....	60

5.3	Managerial Implications	61
5.4	Limitations and Future Research	65
5.5	Research Quality and Ethics	67
5.6	Conclusion	68
	References.....	70
	Appendices.....	84
	Appendix A: Interview Questions.....	84
	Appendix B: Study Participants and their Positions	85
	Appendix C: Content Release Form	86
	Appendix D: Example of Interview Field Notes.....	87
	Appendix E: List of Retailers Involved in the Study	88

List of Tables

Table 1. Key articles that provided an understanding of retail digitalization	13
Table 2. Criteria for selecting participants for the study.....	35
Table 3. Example of the data analysis.....	39
Table 4. The categories developed throughout the study.....	44
Table 5. Managerial Implications of the study	62

List of Figures

Figure 1. The three realms of critical realism	31
Figure 2. The philosophical and methodological choices for this research	32
Figure 3. The five steps of content analysis in study (modified from Elo & Kyngäs, 2008).....	38
Figure 4. Managerial perspectives of how digitalization has influenced the customer experience	57

Chapter One: Introduction

1.1 Research Phenomenon

Digitalization is a phenomenon that is drastically changing the retail environment, disrupting the traditional brick and mortar retailer in terms of how they operate, strategize, and present their offering, while simultaneously influencing customer behaviour. Historically, brick and mortar retailers were in competition over prices, products, and locations. Though these factors still differentiate firms, digital is fast becoming an essential part of the business strategy in order to sustain competitive advantage in the retail market (Hänninen, Smedlund, & Mitronen, 2018; Hagberg, Jonsson, & Egels-Zandén, 2017). Digital technologies are increasingly being used to create a “seamless shopping experience”, which can be seen through the growing number of brick and mortar retailers integrating customer touchpoints across channels (Hagberg et al., 2017, p. 266). The digital transformation is redefining how brick and mortar retailers interact and engage with their customers, placing a greater emphasis on building a customer experience (Nell & Wiid, 2014).

Digitalization has been present within the retail industry for a number of years, dating back as far as the 1970s when the likes of electronic cash systems, barcodes, and point-of-sale technologies were introduced (Hagberg, Sundstrom, & Egels-Zandén, 2016). However, the majority of the innovations at the time were “relatively invisible to consumers” (Hagberg et al., 2016, p. 696). Since then there has been an increase in consumer-facing technologies including smartphones and apps (Fuentes, Bäckström, & Svingstedt, 2017), virtual mirrors (Pantano & Vannucci, 2019), augmented reality experiences (von Briel, 2018), electronic shelf labels (Soutjis, Cochoy, & Hagberg, 2017), and self-service technologies such as pick up points, self-service checkouts, and scan and go technology (Inman & Nikolova, 2017; Cai & Li, 2015; Fuentes et al., 2017; Grewal, Roggeveen, and Nordfält, 2017), which are fast becoming ubiquitous in the retail business and have captured the interest of scholars, practitioners, and customers.

The speed of the digital transformation has been exponential, with many digital developments taking place across all industries. As such, scholars have begun referring to the transformation into the digital age as the “fourth industrial revolution” (Morrar, Arman, & Mousa, 2017, p. 13) and the “second machine age” (Valenduc & Vendramin, 2017, p. 124). Research into digitalization has detailed how this phenomenon has played a role in the increasing number of competitors in the retail sector, which has been identified as one of the biggest consequences and challenges of the digital transformation (Reddy and Reinartz, 2017).

With such widescale impacts, the digital movement has caused many brick and mortar retailers to incorporate more innovative technologies within their stores in order to enhance the customer experience. An example of this can be seen by the American skincare retailer Clinique, who have installed tablet devices in their stores that are accessible for their customers. The software on the device examines the customer's skin tone and provides them with personalized and detailed recommendations of what products they should use from their extensive range (Pantano & Vannucci, 2019). Similarly, Macy's, an American department store, offer their customers special deals and suggestions while they browse the store if they have the 'Shopkick' application on their mobile device (Pantano & Vannucci, 2019). These experiences are made possible by the developments made in digital technology, offering customers a better and more personalised service when they shop in-store. Hence, brick and mortar retailers must decide which digital tools they will use to enhance their offering, maximize opportunities for value creation, create a unique customer experience, and meet the needs of the modern more technological driven consumer (Priporas, Stylos, & Fotiadis, 2017).

Over the past few decades, the emergence of online retailers or "pure play" firms (Xing & Grant, 2006, p. 279) such as Amazon, eBay, and ASOS has threatened traditional brick and mortar retailers. Pure plays have gained an advantage as they are not restricted by geographical location and they have a wider customer reach (Hänninen, Mitronen, & Kwan, 2019; Amit & Zott, 2001; Brynjolfsson & Smith, 2000). A recent report from eMarketer (2018) showed predictions that by the end of 2021 global e-commerce sales will account for approximately 17.5% of global retail sales. eMarketer (2018) furthered that the Asia Pacific region has one of the fastest growing online markets, with countries like India, Indonesia, and China investing heavily in digital retail development, particularly in China where it has been predicted that online sales in 2019 will account for a third of the total retail sales within the country. Due to the increase in the e-commerce market and the subsequent changes in customer behaviour, brick and mortar retailers are faced with the prospect that customers will gradually move from 'bricks to clicks' (Avery, Deighton, & Caravella, 2012).

Despite the threats facing brick and mortar retailers, there are also suggestions that digitalization offers many opportunities to enhance service offering and create superior customer value (Reddy & Reinartz, 2017). The traditional view of value creation in the retail sector was that firms embed value in their products and services and the customer receives the value during the "value-in-exchange process" (Sanchez-Fernandez & Iniesta-Bonillo, 2007, p. 432). However, several authors have challenged this concept, specifically Grönroos (2008, p. 299) who suggested that "value for customers emerges in the customer's sphere as value-in-

use in their value generating processes”, meaning that value is not created by the firm but through the customer interaction and their experience with a retailer. For example, the self-service checkouts that are commonly situated in supermarkets are said to support and enable customer involvement in the value creation process (Bulmer, Elms, & Moore, 2018; Hagberg et al., 2016). Hence, digital technologies provide retailers with new tools to utilize both in-store and online to facilitate retail-customer interaction, enhance and improve the customer’s experience, and create different types of consumer value (Hänninen et al., 2019).

The motivation to study the impact of digitalization on the retail sector stems from the fact that the industry is in the midst of a turbulent and transitional period, one which has been labelled the “retail apocalypse” (Mende & Noble, 2019; Helm, Kim, & Van Riper, 2018) and the “death of the High Street” (Baggi, 2014, p. 87). These two concepts refer to the same social phenomenon of the increasing number of physical brick and mortar retailers that have gone out of business in the recent past (Helm et al., 2018). There are many factors that have contributed to the decline of the brick and mortar retailing industry, such as; firm inability to recover after the stock market crash in the late 2000s (Mayadunne, Johar, & Saydam, 2018), the rising levels of direct and indirect competition (Doherty & Chadwick, 2010), and the fact that brick and mortar retailers are unable to solely rely on their price and location for survival anymore (Nell & Wiid, 2014). Among these factors, Hagberg et al. (2017) claim that one of the biggest changes occurring in the retail industry is the phenomenon of digitalization, whereby there have been vast digital developments of both internal and external technologies throughout the whole industry.

As this study addresses the retail industry in both the UK and Finland, it is imperative that the current conditions of each nation’s retail sector are explored. First and foremost, Reinartz, Dellaert, Krafft, Kumar, and Varadarajan (2011, p. 53) suggested that the retail markets in western European countries like the UK and Finland tend to have “mature” markets, whereby their industries have reached a state of equilibrium and see little to zero growth. However, in the case of the UK, this has been disproved by a recent study conducted by the Office for National Statistics in the UK (2019) which reported that the annual sales value in the UK retail industry has been rising steadily by about 5% each year from 2005 to 2017. More specifically, it was highlighted that UK online retail expenditure has more than doubled in the space of eight years, rising from £68 billion in 2011 to £166 billion in 2018 (Interactive Media in Retail Group, 2019), thus showing that the retail industry in the UK is rising and has not stagnated. As far as the retail market goes in Finland, Uusitalo (2004) specified that the Finnish retail sector was previously known for being a closed and restrictive market. It was not until

the mid-1990s where Finland joined the EU and the government became more open towards foreign retailers entering their market (Uusitalo, 2004). Reports on the Finnish retail market show considerable levels of volatility between 2008-2014 in terms of the sales volume, with steady growth only attained from the end of 2014 (OECD, 2019). Even though there have been differences in terms of the UK and Finnish markets, both markets are currently growing, and one aspect that connects them is the impending effects that the phenomenon of digitalization brings forth to their industries.

1.2 Research Aims and Question

This research paper will explore the digitalization of brick and mortar retailers, specifically addressing how this phenomenon is influencing the customer experience from the perspective of retail managers. Throughout this research, I will study how retail managers from the UK and Finland perceive the influence of digital technologies on their organisation and in the retail sector at large. This study will enable the exploration of how retail managers navigate the changes instigated by the digital transformation and the subsequent impacts on the customer, the business, and the market. As such, my research aim is to gain an understanding of what retail managers consider to be the main influences of retail digitalization on the customer experience. Therefore, throughout this study I intend to answer the following research question:

- How do retail managers perceive that digitalization has influenced the customer experience?

In order to respond to this question, primary data will be generated by myself and my research partner Charlotte Rebecca Walker, who is also an alumna at Tampere University. We will conduct one-on-one interviews with mid-upper level managers who work for brick and mortar retailers based in the UK and Finland. Retail managers are considered important within retail digitalization as they are tasked with managing the transformation of a typically low-technology industry (Willems, Smolder, Brengman, Luyten, & Schöning, 2017). By exploring this social phenomenon through the perceptions of retail managers who have first-hand experience in responding to the ongoing digital developments, this will give my research a unique perspective of how retailers are managing the digital transformation of their firms. Also, this will enable me to better understand how this phenomenon is influencing the customer experience by learning what digital mechanisms or tools British and Finnish retailers are adopting to support their firm's customer value propositions. As my intention is to gain a

holistic overview of how digitalization is influencing the customer experience, the managers involved in this study will work for various types and sizes of retailers. To analyse the data generated from the interviews, I will use content analysis to study the manager's thoughts and interpretations in relation to retail digitalization. The interviews will be semi-structured which will enable flexibility for the exploration of topics that may arise within the discussion and will not limit responses. Overall, this research will enable a better understanding of how retail digitalization has influenced the customer experience, which will in turn, provide retail managers with information about how they can manage the digital transformation of their organisations.

1.3 Significance of the Study

Digitalization has been labelled by Hagberg et al. (2016, p. 694) as “one of the most significant on-going transformations of our contemporary society”, which has greatly affected the retail industry. In particular, brick and mortar retailers are undergoing a significant digital transformation, making them an interesting subject of study. To my knowledge, there is limited research that addresses retail digitalization from the perspectives of managers working for brick and mortar retailers, while laying emphasis on the customers experience. Hence, the significance of this research is that it will provide a holistic insight into this phenomenon from managers working within two developed European countries. Furthermore, as retail managers are responsible for shaping the customer journey and thus, the customer experience with a brand, their interpretations are considered to offer new insights on digitalization. While studies have sought to understand how customers perceive digitalization (Helm et al., 2018), little research has focused on the managerial perspective. With this research, I intend to make a valuable contribution to the growing marketing literature about the phenomenon of digitalization in the retail industry.

1.4 Structure of the Thesis

The structure of the thesis will be divided into five chapters. In chapter one, I introduced the topic and theme of the paper, detailing the research aim and research question I intend to answer throughout this study. Chapter two will consist of a combined summary and synthesis about the current academic literature on the digital transformation of retail, this chapter will be divided into conceptual categories that depict various aspects of digitalization and will finish by discussing the theoretical framework adopted for this study. In the chapter that follows, the

methodology will be outlined, this will include an explanation of my research philosophy, data generation, a description of my analysis, and an evaluation of the research methods. In chapter four, I will address the data that I have generated and discuss my findings. Finally, in chapter five, I will conclude by summarizing my thesis, discussing my research contributions, and making recommendations to further this area of research.

Chapter Two: Literature Review

2.1 Research on Retail Digitalization

As a widescale phenomenon that has caused disruption across industries, there are various definitions of digitalization. Put simply, Katz and Koutroumpis (2013, p. 314) refer to digitalization as the process of “converting analogue information to a digital format”. Though there are broader definitions, claiming that digitalization is the “the usage of any digital assets organisations can use to improve their performance” (Kuusisto, 2017, p. 342). It is also noted that defining digitalization is complex as it is highly context specific (Kuusisto, 2017). In the retail context, scholars claim that digitalization is one of the biggest movements drastically transforming the industry (Pantano & Vannucci, 2019; Hagberg et al., 2016; Hagberg et al., 2017; Hänninen et al., 2018; Huré, Picot-Coupey, & Ackermann, 2017). Grewal et al. (2017, p. 4) have even gone as far as saying that the retail industry is “evolving” as a result of the new technologies available on the market. The shift to the digital age has posed challenges to the traditional retail business with the growing success of multisided platforms and increase in e-commerce sales (Hagberg et al., 2017), while presenting retailers with opportunities to improve the customer experience (Bagdare & Jain, 2013; Lemon & Verhoef, 2016).

The subject of retail digitalization has grown in interest in the literature, as such, this section will begin with a brief discussion of two popular theoretical approaches used to explore this concept. Following that, this literature review will be structured around three main areas; 1) the customer 2) the retail business, and 3) the retailer-customer relationship. The first area that will be addressed is how the retail digitalization has influenced customer behaviour (Blake, 2018; Hagberg et al., 2016; Huré et al., 2017), customer expectations (Kim & Aggarwal, 2016; Pantano, Priporas, & Dennis, 2018), and the ways in which retailers create the customer experience (Lemon & Verhoef, 2016; Hagberg et al., 2017). Research in the second area has centred on how digitalization is changing the traditional retail business model (Hänninen et al., 2018; von Briel, 2018), and redefining how retailers manage their resources (Freddi, 2018; Grewal et al., 2017; Mende & Noble, 2019; Willems et al., 2017). Finally, the retailer-customer relationship will be discussed through exploring the concept of ‘value’, focusing on how digital technologies facilitate value creation and value capture. Though much literature has been reviewed, table 1 details the key journals that contributed towards the understanding of retail digitalization in this study.

Table 1. Key articles that provided an understanding of retail digitalization

Authors	Literature Title	Research Design	Theme of the Article	Summary of Findings	Impact on my Study
Hagberg, Sundstrom, & Egles-Zandén, 2016	The digitalization of retailing: an exploratory framework	Literature review and creation of a four-dimension framework	The creation of an exploratory framework that addressed the impact of digitalization within the retail industry	Digitalization is transforming the following four areas in the retail sector: 1) the retail exchanges, 2) the retailer's offerings, 3) the retail environment, and 4) how digitalization has impacted on the actors involved in the retail experience	The four-dimensional framework provides an all-encompassing description of how digitalization is affecting various aspects of the retail industry in terms of the retailer-consumer interface
Hagberg, Jonsson, & Egles-Zandén, 2017	Retail digitalization: Implications for physical stores	Editorial of six papers	Focused on the digital transformation of the retail industry and discussed the challenges and opportunities this phenomenon is having on physical stores in the industry	Specified how the digital transformation of the retail industry presents three types of implications on physical retailers (The three nuances are; implication as effect, implication as integration, and implication as value)	Descriptive article that provides information about how digitalization has affected the traditional brick and mortar stores, as well as it addressed the emergence of e-commerce within the industry
Mende & Noble, 2019	Retail Apocalypse or Golden Opportunity for Retail Frontline Management?	Editorial of four papers	This paper centred on the retail frontline management perspective analysing four direct aspects within the retail ecosystem that impact the retailer: technologies, consumers, employees, and suppliers	The changes occurring throughout the retail industry, whereby they discuss the challenges and opportunities for the managers of physical stores to differentiate themselves over online firms	Discussed how various brick and mortar retailers are diverting their attention to enhancing their in-store experience to attract more customers. This article provides examples of retailers offering unique experiences by utilizing digital tools
Hänninen, Smedlund, & Mitronen, 2018	Digitalization in retailing: multi-sided platforms as drivers of industry transformation	Literature review, conceptual analysis, and qualitative case study	This is an overview of how multi-sided digital platforms are transforming the retail exchange logic and assess the implications and impacts of these platform-based firms within retail	Provided an understanding the role of the customer in line with big data in terms of how multi-sided platforms like Amazon and Alibaba differentiate themselves from their non-platform competitors like physical retailers	The significant role that multisided platforms are having within the retail sector, specifically in terms of how they are redesigning the transactional logic of retailing
Lemon & Verhoef, 2016	Understanding Customer Experience Throughout the Customer Journey	Literature review and a conceptualisation of the customer experience	This is a detailed paper that addressed the concept of the customer experience and the customer journey, in an era of increasingly complex consumer behaviour	The exploration of the customer experience in terms of using historical information on the matter in order to create an applicable agenda for today's digitalized society	Provides a broad conceptualisation of the customer experience, customer journey, and customer experience management
Grewal, Roggeveen, & Nordfält, 2017	The Future of Retailing	Editorial	This paper analysed the future of the retail industry in five key areas 1) technology in decision making 2) visual offerings, 3) consumption and engagement, 4) big data and its usage, and 5) analytics and profitability	Specified the five key areas in detail that the retail industry is evolving as the authors describe some of the emerging technologies being adopted by retailers within the industry. For example, augmented reality, the emergence of the Internet of Things, and A.I	Detailed analysis of how the retail industry is drastically changing because of the digital transformation from various aspects in terms of the technologies being utilised by firms. Also, an examination of the future technologies slowly being introduced into the industry
Bagdare & Jain, 2013	Measuring retail customer experience	Scientific scale development and collected survey data	The development of a reliable scale that can measure a customer's retail experience (only within brick and mortar personal lifestyle retail stores)	This study conceptualised the retail customer experience as a multidimensional construct. The four dimensions mentioned were (joy, mood, leisure, and distinctive)	Conceptualised a framework that measures the experiential responses of retail customers. Each dimension provided a useful insight into the customer experience
Inman & Nikolova, 2017	Shopper-facing retail technology	Creating a framework that analyses how customers react to new innovations	This article focused on shopper-facing technology and understanding how new technology helps retailers sustain a competitive advantage over their competitors	Conceptualised a framework that explores the technology discussed throughout the article into an X and Y axis (positive and negative attitudes, and low to high privacy concerns)	Provided an extensive overview of retail technology in terms of the past, the present, and the future
Von Briel, 2018	The future of omnichannel retail: A four-stage delphi study	A four stage Delphi method study - qualitative and quantitative data	This article addressed the key trends, challenges, important technologies, and main customer touchpoints that are likely to emerge in the next decade	Discussed the future implications of the retail industry, specifically brick and mortar firms moving towards the integration of numerous channels into the seamless omnichannel experience	A detailed background analysis about the concept of omni-channel retailing and some of the elements that are driving this transformation of the industry
Priporas, Stylos, & Fotiadis, 2017	Generation Z consumers' expectations of interactions in smart retailing: A future agenda	Qualitative data from semi-structured interviews	Explores the generation Z consumers perceptions, expectations, and recommendations with regards to their interactions within the retail context	From this study, they identified that the adoption of new technologies does play a role on the generation Z consumers	Provided a detailed understanding of how the future retail customers (generation Z) are reacting towards the firms utilizing new technologies

2.2 Theoretical Approaches to Digitalization

The topic of retail digitalization is in its infancy and growing in interest, as such, various theories have been applied to better understand digitalization. For instance, Hagberg et al. (2016) examine the impact of digitalization on the retail sector by creating a conceptual framework that was developed through amalgamating ‘consumer theory’ and ‘consumption theory’. Hagberg et al. (2016) focused on four specific areas; 1) how retail exchanges have been influenced by digitalization, 2) how the role of the actors who participate in the retailing process are affected by the digital transformation, 3) the digitally evolving nature of the retailer’s offering, and 4) how retailers choose to position themselves in the market. In their work, they explain that the conceptual framework for their research was heavily influenced by Ritzer (2001), whose work predominately centred on the sociological concept of consumption in society (consumption theory), and Lehdonvirta (2012) who discussed how digital technologies are influencing customer behaviour (consumer theory).

In recent literature, consumption theory has been referred to as ‘the theory of McDonaldization’ (Ritzer & Miles, 2019). In broad terms, consumption theory studies the rise of production and consumption within modern society (Ritzer & Miles, 2019), as well as the type of changes that have happened and are continuously taking place that alter the way firms operate. Adding to this, Tartaglione, Bruni, and Bozic (2019) detailed how retail markets are being characterized by their dynamic consumption, such as the new methods that firms employ to search for new customers via numerous online or social media platforms. This theory provides a holistic understanding of digitalization, rather than a detailed account, as the theory analyses society with the aim of understanding why we produce and consume at such levels.

According to Băbăiță (2010), consumer theory is known as a branch of microeconomics, which specifically refers to the study of ‘consumer behaviour’ in terms of how consumers make rational decisions based on their preferences. This theory derives from economics, taking a consumer perspective and directing its attention to customer behavioural patterns in relation to the spending habits of customers (Băbăiță, 2010). For instance, Lehdonvirta (2012, p. 2) indicated that modern technologies like mobile phones and tablets have had such a “profound influence on the way we consume other goods and services”. While this theory enables the exploration of digitalization, it also has its limitations, mainly due to the fact that consumer theory is based around the principles of economics, which makes assumptions that all consumers are rational, when in reality this is not always the case (Barnett, Fisher, & Serletis, 2002).

2.3 The Modern-Day Customer

One of the biggest challenges that retailers are currently facing is understanding the needs of the modern-day customer. In recent years, customer behaviour has continued to develop and evolve through digitalization, witnessing changes in how consumers buy, how they communicate with firms, and their expectations (Lemon & Verhoef, 2016). Modern-day retail customers are more “knowledgeable and empowered” than ever, with digital tools giving them more access to information (Nunes, Bellin, Lee, & Schunck, 2013, p. 48). This has shifted the power of influence and control from the retailer into the hands of the consumer (Kim & Aggarwal, 2016), a concept referred to as “consumer power” (Hagberg et al., 2016; Helm et al., 2018). An example of this shift in power can be observed in the reviewing culture of today, to which, Nunes et al. (2013) explained that nearly a third of consumers who have had a bad experience with a firm have written a negative review about the situation. These innovations have enabled consumers to share their voice and give them more power in the retail-customer relationship (Bassano et al., 2018; Nunes et al., 2013).

2.3.1 Consumer Expectations

With the retail landscape becoming more digitalized, one of the most noticeable changes that has been identified in the literature are the constantly changing expectations of consumers (Hagberg et al., 2017; Huré et al., 2017, Priporas et al., 2017). Priporas et al. (2017, p. 375) described the term consumer expectations as the “wants and desires of customers”, they furthered that these expectations extend to physical and online based retailers as consumers believe that firms should always be willing to meet their expectations. Additionally, Kim and Aggarwal (2016, p. 194) explained that modern-day consumers, particularly ones from western countries, hold the belief that retailers should go “above and beyond” in terms of service to satisfy and meet their needs. This has created challenges for retailers due to the competitive service delivery terms offered in the market, resulting in a situation where consumers have come to expect a parallel level of service based on the market leaders (Arenas-Gaitán, Sanz-Altamira, & Ramírez-Correa, 2019).

With the high influx of new technologies available in the market and a customer base consisting of several generations that possess various wants and needs, standardizing the expectations of consumers is increasingly challenging. For example, a recent study conducted by Priporas et al. (2017) explored the influence of modern technology on the expectations of generation Z consumers, referring to the generation that were born between the 1990’s and

early 2000s. Priporas et al. (2017, p. 375) advocated that generation Z consumers have more power than the older generations because their presence is redefining the retail market environment in terms of “production and consumption”. As this generation will continue to account for more of the retail customer base, their preferences must be considered and their expectations should be met in order for retailers to sustain competitive advantage (Bagdare & Jain, 2013).

One of the most significant disruptions that has arisen in the retail industry is the growth and dominance of pure play firms like Amazon and ASOS which have heavily influenced consumer expectations (Hänninen et al., 2018; Ghazali, Nguyen, Mutum, & Mohd-Any, 2016). Pure play retailers are dominating the market so much so that their disruption to the industry has been labelled “the Amazon effect” (Blake, 2018, p. 67), referring to changing customer behaviour due to pure play presence and service levels. In their early work, Brynjolfsson and Smith (2000) discussed how the introduction of the online store will create a ‘frictionless’ experience for the customer, whereby they are not restricted by geographical location. More recently, the number of consumers opting to shop online rather than visiting brick and mortar stores is rising (Hagberg et al., 2017). The experience that customers have with pure player retailers differs greatly than within brick and mortar stores as they tend to offer more utilitarian benefits, such as the convenience to shop anywhere at any time (Childers, Carr, Peck, & Carson, 2001) and search and compare product pricing across multiple platforms (Yrjölä et al., 2018). Though both experiences differ, modern consumers hold the position that shopping through any channel should still meet their expectations, regardless of the domain they use (Lemon & Verhoef, 2016). Priporas et al. (2017, p. 376) specified that this has also led to a situation where modern-day consumers are “less loyal to retailers” because of the high expectations they place on firms, forcing retailers to re-evaluate their service offering and think of new and innovative ways to retain consumers.

The service levels offered when shopping at Amazon and other pure plays have placed increasing pressure on brick and mortar retailers to compete. Amazon offer their customers a vast selection of fast shipping options, money-back guarantees on products that are not delivered on time (Lindič & da Silva, 2011), and free shipping and entertainment streaming for customers that become “Amazon Prime Members” (Johnson, 2018, p. 2). All these options create a superior offering and experience that meets the needs of the modern-day customer (Lindič & da Silva, 2011), while helping retailers to foster customer loyalty (Ramadan, Farah, & Kassab, 2019). As Hiskey (2018, p. 19) stated, the technology-driven customers of today expect their experiences or customer journey with online firms like Amazon to be “convenient,

personalised, and frictionless”, setting the bar high for brick and mortar retailers to offer a similar service.

Due to the proliferation of new digital technologies, customers increasingly expect retailers to offer them a more personalised shopping experience, especially when the customer decides to shop via the retailer’s online store (Pappas, 2018). The concept of personalization can be defined as the process whereby firms use collected customer data and decide what marketing mix is suitable and applicable for the individual according to their preferences (Arora et al., 2008). Montgomery and Smith (2009, p. 130) stated that in order for this process to function, technology is viewed as an enabler in the personalization process. An example of this in online retail can be observed from pure play firms like Amazon, who use intricate algorithms to analyse the consumers search history and purchasing behaviour to provide real-time high-quality product recommendations (Pappas, 2018; Smith & Linden, 2017). In a brick and mortar setting, Mende and Noble (2019) described how a number of retailers are using technologies that provide personalised adverts on their in-store displays which adjust and become customized according to the gender and age of the customer. However, they elaborated that these types of personalised innovations are still in their infancy, as little research has been conducted on how customers interpret this technology.

Another aspect that has affected consumer expectations is the introduction of smartphones and how they are being utilized by consumers in the retail setting (Hagberg et al., 2016; Hagberg et al., 2017; Fuentes et al., 2017; Nunes et al., 2013; Jocevski, Arvidsson, Miragliotta, Ghezzi, & Mangiaracina, 2019). Grewal et al. (2017) stressed that these digital devices have revolutionized the shopping experience, while Hagberg et al. (2016, p. 695) labelled the smartphone as a facilitator of the digital transformation within retail, as they have drastically “changed consumer practices”, especially the shopping behaviour of consumers in physical stores. Consumers are increasingly utilizing smartphones in the retail environment to execute various tasks including, searching for information about products, checking product availability (Chen, 2018; Fuentes et al., 2017; Rezaei & Valaei, 2017), ordering products to be delivered to their home or pick up point, and making payments online or in-store (Jocevski et al., 2019).

In order to cater to the more digitalized consumer, a growing trend that many brick and mortar retailers have followed is creating their own mobile applications. These applications are “a self-contained software program dedicated solely to that retailer” (Taylor & Levin, 2014, p. 760), whereby consumers can browse through the retailer’s application to look at their products, search about product information, or explore store locations. Newman, Wachter and

White (2018, p. 212) stated that the application should deliver an efficient purchasing process and provide a highly user-friendly experience rather than being “repackaged mobile websites across mobile devices”. Hagberg et al. (2017) also highlighted that when consumers use their smartphones to shop, they usually have high expectations, however, these expectations are never truly met, leaving them dissatisfied with their brand experience. Therefore, it is integral that retailers ensure that their applications are easy to use as consumers have high expectations of its functional value (Hagberg et al., 2017) and likely evaluate the technology in a more favourable manner when the application requires less effort to obtain the benefits (Newman et al., 2018).

2.3.2 Digital Technologies that Enhance the Customer Experience

Within the marketing literature, the term ‘customer experience’ can embody a multitude of definitions that vary amongst scholars depending on the context of its use. In this study, the definition of customer experience is in line with Verhoef et al. (2009, p. 32) who described the customer experience as a multidimensional construct that “involves the customer’s cognitive, affective, emotional, social, and physical responses to the retailer”. To add to this, Lemon and Verhoef (2016, p. 69) furthered that customer experiences are “more social in nature” and that they can consist of a number of small interactions between the retailer and the consumer. Technology is playing a huge role in the development of the customer experience, as many retailers are adopting new innovations both online and in-store (Ladhari, Gonthier, & Lajante, 2019). Though it is important to recognize that there are elements of the experience that are both controllable and uncontrollable by the retailer. Elements within their control include the pricing of products, the atmosphere within their store, and the firm’s service interface; whereas the customer’s motivation to shop in store and the customer expectations are more difficult to influence (Verhoef et al., 2009).

It is also important to realize that a combination of experiences form the customer’s overall journey with a retailer. In marketing literature, the definition of the customer journey refers to all the experiences and interactions that a customer goes through with a retailer or brand when they are purchasing a product (Halvorsrud, Kvale, & Følstad, 2016; Lemon & Verhoef, 2016; Rudkowski, Heney, Yu, Sedlezky, & Gunn, 2018). As the digital transformation of the retail landscape continues to disturb the industry, Lemon and Verhoef (2016, p. 69) specified how it is becoming more complex for retailers “to create, manage, and attempt to control the experience and journey of each customer”. With the customer journey in

mind, brick and mortar retailers need to recognise that the technological developments are continuing to push the retail industry into the digital age. In this regard, Hagberg et al. (2017, p. 266) suggested that firms need to ensure that there is “an alignment between the consumers devices and the digital equipment provided by the stores” because such integration should increase the connectivity between the consumer and the retailer.

Bagdare and Jain (2013) proposed that the notion of the customer experience within a physical store setting can be characterised into four dimensions; joy, mood, leisure, and distinctive. In their study, they described that ‘joy’ refers to the fun and entertainment aspects of the shopping experience, ‘mood’ incorporates the emotional features comprising of whether the experience was positive or negative, ‘leisure’ is associated with the “symbolic value” that is considered an act of relaxation, and finally ‘distinctive’ refers to the “uniqueness” of their experience in store (Bagdare & Jain, 2013, p. 799). Moreover, one of the most challenging characteristics within this concept is ‘mood’, which is considered imperative but difficult for retailers to manage (Bagdare & Jain, 2013). Babin and Darden (1996) stressed that the emotional state of the consumer through the in-store experience will determine the customer’s mood, which in turn can impact on their levels of satisfaction and influence their perception of a brand. These dimensions illustrate the multi-layered nature of the customer experience which must be considered when new innovations are adopted by retailers to enhance and support their in-store customer experience.

In the bid to improve the customer experience and differentiate their offering, brick and mortar retailers are transforming into “experience stores”, “concept stores” (Jones, Comfort, Clarke-Hill, & Hillier, 2010, p. 242) and “experiential stores” (Sachdeva & Goel, 2015, p. 293). Brick and mortar retailers that aim to create experience-based stores focus on various intricate aspects such as the layout of the store and the use of aesthetics (Lin & Chiang, 2010). As a result of the digital transformation, retailers aim to integrate more immersive technology in-store that should stimulate the “customer’s visual, auditory, olfactory and tactile faculties” during their experience (Jones et al., 2010, p. 242). Essentially, the purpose of these stores is to make physical retail shopping a more desirable interaction, whilst encouraging customers to experience the retailer’s merchandise and fostering an emotional connection with the brand (Peters & Thomas, 2017). For experiential stores to be successful, they need to use “a variety of emotional and cognitive stimuli to create a unique customer shopping experience for each customer” (Sachdeva & Goel, 2015, p. 293), as customers want their experience with a brand to stimulate their five senses, allowing them to touch, test, or try the firm’s products during their store visit (Jones et al., 2010; Sachdeva & Goel, 2015).

As digital technologies develop at such a rate, little research has been conducted on how customers are perceiving these new technologies and how the in-store experience compares with that of online and mobile shopping (Van Kerrebroeck, Willems, & Brengman, 2017). The customer experience is an amalgamation of emotions, behaviours, and cognitive elements that coincide together to determine and shape the customers overall experience (Hagberg et al., 2016). Van Kerrebroeck et al. (2017) explored the motivations of consumers visiting brick and mortar stores, through which they found that customers appreciated the ‘touch’ aspect when it came to physical shopping as they are able to feel the products, analyse the size and the material, and enjoy the in-store experience. These elements cannot be replicated in other channels. Another component that has received limited recognition in research is how the digital transformation is redefining how firms interact with their customers, increasingly replacing human service employees with technological solutions (Mende & Noble, 2019). Human interaction has long been considered an important part of the customer experience when dealing with brick and mortar retailers, however, as digital solutions continue to replace human counterparts, retailers must gain an understanding of how consumers perceive this change (Mende & Noble, 2019).

In order to compete with the pure plays in the retail industry, there is a growing trend for many brick and mortar retailers to integrate new technologies within their physical stores to enhance the customer experience and connect their physical and online presence (Hagberg et al., 2017). Lemon and Verhoef (2016) advocated that for physical stores to offer strong and positive customer experiences and retain consumer loyalty, they must consider their overall offering. In recent literature, there have been numerous examples of brick and mortar retailers offering enhanced in-store experiences for the customer through utilizing digital technologies. One of which is the Canadian retailer Lululemon, who are an internationally recognised sporting brand that create yoga-inspired clothing. Customers that visit their physical stores are given the opportunity to use their in-store studios to practice yoga and are also encouraged to meditate in the ‘zen pods’ with built-in devices that offer visitors a number of self-guided meditations (Mende & Noble, 2019). Lululemon use a combination of their brand image, online presence, digital community on their social media platforms, and store facilities to establish “a deep bond between the customers and the brand” (Kim & Sullivan, 2019, p. 8). In many ways, these aspects help to promote the brand, offering customers more experiential shopping and a unique customer experience.

Another example of a unique offering comes from the Swedish furniture retailer IKEA who provide their customers with state-of-the-art technology that can be used in any location.

The technology they created is an augmented reality (AR) application that can project a virtual picture of furniture on a phone or tablet so that the customer is able to visualise how items would look in a particular space (Maggio, 2017). While this is an interactive application that customers can enjoy, the main idea of this technology is to encourage consumer purchasing behaviour (Bassano et al., 2018). In terms of attracting customers to visit brick and mortar retailers, the Canadian designer retailer NRML have worked on creating a more personalised customer experience through utilizing digital tools. In their physical store in New York City they create and design custom-made earphones for their customers using photographic technology (Van Belleghem, 2016). In order to do this, NRML imports the photos onto a computer program which then analyses the dimensions of the ear and sends this information to a 3D printer, all of which all performed in-store. By offering unique customer experiences by means of in-store immersive technologies, retailers are developing an emotional connection between their customers and the brand (Van Belleghem, 2016; Bagdare & Jain, 2013).

As mentioned earlier in this chapter, the concept of personalisation has been identified as one of the key expectations of modern-day consumers. One aspect that shares similarities with personalization is the notion of customization as retailers are able to better position themselves by allowing their consumers to have a more tailored experience with the firm (Choi, Ma, Shen, & Sun, 2019). Coelho and Henseler (2012) explained that customization refers to the process whereby customers can personally modify certain elements of a particular product with the aim of satisfying their individual needs. It has been suggested that customization directly impacts how customers perceive value, offering both functional and emotional value to the customer which contributes towards their satisfaction levels when interacting with a firm (Sahi, Sehgal, & Sharma, 2017). There are a number of established brands that offer a customized service such as 'Nike iD', a platform developed by Nike to allow their customers to design their own football boots (Ramaswamy, 2008) and the luxury designer Salvatore Ferragamo who offer programs that allow their customers to choose the colours and print initials on the products they design (Yoo & Park, 2016). These services are enabled by digital technologies, allowing customers to enjoy a customer experience that is personal to them.

While these two customer offerings are performed through online channels, an in-store example can be taken from the American toy company, Build-A-Bear who motivate their customers to customize their experience. Sachdeva and Goel (2015) described how Build-A-Bear design stores to portray that of an interactive workshop, whereby they want to inspire their customers to customize and personalize the products they create in store. By including the customer in the creation process they not only create value for the customer and the firm,

but radically transform buying a toy bear into a more memorable and “premium experience” for the customer (Sachdeva & Goel, 2015, p. 293). By creating a more interactive experience for the customer, Build-A-Bear enable their customers to be involved in the value creation process, which leads them to develop hedonic relations with the brand, meeting the “non-tangible expectations” of customers and improving the overall interactions that occur in the customer journey (Mathews-Lefebvre & Dubois, 2013, p. 386).

2.4 Managing the Retail Business Through the Digital Transformation

The retail sector has been severely affected by the rise of technology, with one of the biggest impacts being that of the e-commerce movement. In recent literature it has been suggested that online retailing is “killing the brick and mortar retailers” (Issa, 2017, p. 78), and that brick and mortar retailers are on “the brink of extinction” (Johnson, 2019, p. 8). Blockbuster are a prime example of a brick and mortar retailer who went out of business due to their lack of reactivity in adapting to the digital transformation (Matzler, Friedrich von den Eichen, Anschöber, & Kohler, 2018). During the initial stages of their decline, Blockbuster’s main competitor Netflix began switching all their physical services to a purely online platform which was considered to revolutionise the retail entertainment service; while Blockbuster refused to switch their physical operations in line with the digital movement, leading to their downfall in 2010 (Ross & Presti, 2018). Examples such as this have caused many retailers to adapt their business models and re-think their ways of working (Pantano & Vannucci, 2019). As the digital transformation continues to evolve the retail industry, new technologies are being adopted by retailers to remain competitive, meet customer expectations, and improve their service offering (Hagberg et al., 2017).

2.4.1 The Omni-Channel Business Model

One of the most prolific notions in the recent literature on retail digitalization is the concept of the omni-channel business model. Hänninen et al. (2018, p. 154) described how numerous retailers are taking advantage of the new technological developments by integrating ‘digital’ into their business models and strategies. The omni-channel approach is an emerging strategy within the retail industry which consists of adopting a multiple channel method, integrating both online and offline channels to increase customer outreach, improve sales, and enhance an existing value offering (Chopra, 2018). In terms of the benefits to the customer, the omni-channel strategy is designed with the aim of creating a “seamless experience” with a brand

(von Briel, 2018, p. 218), where there is no difference between physical and online shopping (Brynjolfsson, Hu, & Rahman, 2013). The omni-channel enables retailers to develop the customers overall experience by providing a frictionless service, which helps to increase customer satisfaction levels and customer loyalty (Cao & Li, 2015).

Retailers are facing many challenges on their journey to create the omni-channel such as increasing customer demands, necessary investments, and the organizational mindset. First, customers have come to expect a certain level of consistency regardless of the channel they choose, whether they interact with the retailer via online, mobile touchpoints or in-store, customers expect a seamless experience (Cook, 2014). However, making this experience an actuality requires investments in technology, to which, von Briel (2018) emphasized that this strategy can be financially demanding and places a lot of pressure on retailers to deliver such an experience. He further elaborated that not only the financial aspects of the omni-channel pose challenges for retailers, but also changing the organizational mindset (von Briel, 2018). This refers to the people within the organization who view the channels are separate, thus, distilling this philosophy throughout the organization is integral to enable effective integration (von Briel, 2018). With elevated customer expectations, this has led to many brick and mortar retailers to restructure their existing business models, adopting a more customer centric approach to achieve the omni-channel (Hänninen et al., 2018).

2.4.2 Digital Tools as a Management Resource

As has already been highlighted, digital technologies pose challenges to the existing retail business while offering numerous opportunities for retailers to improve their offering. These changes in the retail environment have presented retail managers with digital tools which they can utilize to manage their organizations. In order for firms to remain competitive, upper management are utilizing data and analytics to improve the quality of their decision-making and better understand their customers (Griva, Bardaki, Pramatar, & Papakiriakopoulos, 2018). This concept has previously been labelled 'Big data' (Chiang & Yang, 2018), which is referred as a "term that describes the large volumes of high velocity, complex and variable data that require advanced techniques and technologies to enable the capture, storage, distribution, management, and analysis of the information" (Gandomi & Haider, 2015, p. 138). In this regard, Chen, Chiu, & Chang (2005) suggested that retailers should be able to identify and forecast changes through data mining techniques, which refers to the process of analysing data collected about the customer and extracting potentially useful information about their

behaviour. Though this idea has been contested by Guidotti, Gabrielli, Monreale, Pedreschi, and Giannotti (2018) who specified that data mining can be challenging for retailers as generalizing customer behaviour does take into consideration that each individual customer has their own personal data preferences. Chiang and Yang (2018) highlighted that managers must learn to understand the data that they are provided with and decide if they can employ digital solutions based on the information they gather.

Digital tools are revolutionizing the retail business, enabling managers to act faster and respond to the changes in the industry. However, investment into digital technologies have also caused a change in management resources. Traditionally retail has been considered a low-technology sector, meaning that there has been a heavy reliance on the people as a resource within the organization (Willems et al., 2017). However, with more digital tools available on the market that offer benefits such as cost savings for retailers through reduced labour (Grewal et al., 2017), managers must decide which aspects of the existing business model are transformed. Mende and Noble (2019) claimed that as the capability of artificial intelligence continues to improve, it is likely that employees on the frontline will be replaced, though they speculate about the customer perceptions of this technology. Thus, though digital tools can be used to support the retail business, it is important for managers to recognize how their current resources integrate with the new digital technologies to ensure that employees are not sidelined to make savings at the expense of the customer experience (Mende & Noble, 2019).

2.5 The Retailer-Customer Relationship

Brick and mortar retailers are placing even more emphasis on establishing relationships with their customers as they are becoming an inevitable feature in today's digitalized shopping environment. Through the emergence of new technologies, retailers are provided with multiple channels or 'essential touchpoints' to connect with their customers no matter their location (Lemon & Verhoef, 2016). A touchpoint refers to the 'verbal or non-verbal' interactions customers encounter with a firm or brand (Ieva, & Ziliani, 2018; Homburg, Jozić, & Kuehnl 2017). With regards to verbal touchpoints, these are physical elements like posters or commercials, whereas non-verbal elements are the conscious or emotional affiliations customers may have with a firm's brand (Homburg et al., 2017). As a result of digitalization, Vannucci and Pantano (2019, p. 1) explained that the exchange process has evolved and has taken two forms, the "traditional human touchpoint" and "the digital touchpoint". They elaborated that the human touchpoint is characterised as the human presence that comprises of

direct human-to-human interaction, while digital touchpoints can be in-store or online such as interactions via the firm's website, mobile applications, or even social media accounts. Customers are now provided with the flexibility to complete tasks remotely, such as buying online, viewing product information, and comparing product pricing with other retailers (Hagberg et al., 2017; Yrjölä, 2014), which has increased opportunities to interface with customers and presents retailers with new ways in which they can develop their customer relationships.

An example of a retail initiative to cultivate relationships with customers are loyalty programmes that have become a standard offering by many household names (Smith & Sparks, 2009; Sparks & Smith, 2009). According to Smith and Sparks (2009, p. 204), loyalty schemes are reward systems whereby customers accumulate points for purchasing products from the firm, and over time they are rewarded by the retailer for their repeat purchasing behaviour. Uncles, Dowling, and Hammond (2003) stipulated that the two main aims of customer loyalty programmes are to increase the firm sales revenues and to create a touchpoint for the customer-brand interaction. In the literature, certain loyalty programs have received more attention than others due to their success, for instance the leading food grocer in the UK, Tesco 'Clubcard' loyalty program (Turner & Wilson, 2006) and the Japanese online retailer Rakuten, whereby their loyalty scheme extends through to all their services from banking to travel (Hänninen et al, 2018). Through enhanced digital tools, retailers are able to collect data on their customers such as their purchase history to learn about their preferences which helps them to send targeted messages and offers to their customers (Grewal et al., 2017). In this regard, rather than being seen as information overload or push selling, digitalization enables retailers to develop the customer relationship by offering a service that provides them with relevant information (Lemon & Verhoef, 2016).

Hagberg et al. (2016) explained that digitalization is also changing the customer-retailer relationships in terms of how their relationship is being construed from both parties. Keeling, Keeling, and McGoldrick (2013) studied the concept of the firm-consumer relationship, whereby they suggested that customers evaluate their relationships with retailers in the same manner as social relationships. With many brick and mortar retailers adopting new technologies in store (Hagberg et al., 2016; Hagberg et al., 17), Keeling et al. (2013) furthered that the 'human-technology' relationship is not as intense as the human-human relationship because the expectations of consumers are generally lower towards technology as the socio-emotional elements are not as prominent within this relationship. Thus, retailers must consider how the

retailer-customer relationship will be affected by implementing digital technologies in their customer journeys.

2.5.1 The Concept of Value in Retail

Landroquez, Castro, and Cepeda-Carrión (2013) acknowledged that in the early 1990's 'value' gained interest in research though there are multiplicity of understandings in the literature. Value is used across various fields contributing towards its highly multifaceted, subjective, and obscure nature (Khalifa, 2004). Gallarza, Gil-Saura, and Holbrook (2012, p. 5) highlighted its complexity by stating that "one can understand a given type of value only by considering its relationship to other types of value". The term value lacks an overall unified and clear definition (Sanchez-Fernandez & Iniesta-Bonillo, 2007), and in many cases has been "overused and misused" within the social sciences (Khalifa, 2004, p. 646). Landroquez et al. (2013, p. 235) claimed that traditionally value was observed as 'goods-centred dominant logic', whereby value was determined by the firm who would embed value into their goods, this is referred to as "exchange-value". However, more recently this understanding has changed as there is more emphasis on service dominant logic, meaning that the value is determined by the customer, witnessing a shift from exchange value to "value-in-use" (Grönroos, 2008; Landroquez et al., 2013). This is stressed by Landroquez et al. (2013, p. 237), who claim that "irrespective of how much value a firm creates, if customers do not perceive it, firms are not creating value".

To further understand the concept of customer value, Rintamäki and Kirves (2017, p. 162) developed a conceptual framework, through which they theorised that value can be divided into one of the four following categories; economic, functional, emotional, and symbolic. Each section plays a significant part in understanding value. They also emphasised that economic and functional value relates to utilitarian aspects of value, that is, value is based around rational and logical customer behaviour. Whereas, emotional and symbolic value are perceived as hedonic, meaning they are associated with the psychological and social effects from the product or service (Rintamäki & Kirves, 2017). Though retailers focus much of their efforts on creating customer value, an important part of the business model is the 'value capture', that is, how a firm can receive the value from their customers (Kumar & Reinartz, 2016). At present, there are numerous technologies available to retailers that enable both value creation and value capture, offering benefits for both the firm and customers alike.

2.5.2 Digital Technologies that Facilitate Value Creation and Capture

Digitalization has presented retailers with many opportunities to manage value creation and capture throughout their organizations. According to Saarijärvi, Kannan, and Kuusela (2013), technology is one of the main facilitators that has changed the value creation process, more specifically, how digital tools can be used for the creation of hedonic and utilitarian forms of value. In this regard, a growing area of interest in research surrounds the concept of value co-creation (Payne, Storbacka, & Frow, 2008; Saarijärvi et al., 2013). The idea of value co-creation emphasizes that value is created through a combination of actions from both the firm and the customer. In the retail context, the increased usage of digital tools has made this process more seamless, enabling customers to enhance the quality of their customer experience (Bassano, Piciocchi, Spohrer, & Pietronudo, 2018). An example of the value co-creation process can be observed in the study by Saarijärvi et al. (2013) who explained how the computer manufacturer Dell, involved their customers in the product development process. By allowing their customers to give feedback about their products via an online platform, Dell gained useful knowledge which in turn helped them to manufacture high quality products that were more catered towards the preferences of their customers (Saarijärvi et al., 2013). Grönroos and Helle (2010) furthered that the perspective to value creation is shifting from ‘value as an outcome’ to ‘value as a process’, therefore companies should try to maximise the interactions they have with their customers and look for opportunities to co-create value, allowing the customer to be more active in the value creation process.

Digital technologies offer retailers the opportunity to maximize both the hedonic and utilitarian aspects of their offering, yet at present, there are only few success stories as retailers are in the process of understanding how they can enhance their service offering in the new digital environment. An example that has been widely adopted by many retailers are new forms of payment technologies such as, contactless payments (Pantano & Gandini, 2017), mobile digital wallets like Apple Pay and Samsung Pay (Taylor, 2016); and most recently, retailers have started accepting customer payments using digital currencies like Bitcoin or Ethereum (Wandhöfer, 2017). These new payment technologies create value for both the firm and the customer through increased efficiency throughout the payment process and improved service quality (Wandhöfer, 2017). In addition, the likes of contactless or mobile payments bring about more convenience and utilitarian qualities for customers (Olsen, 2008; Delić, Knežević, & Dužević, 2017). Taylor (2016) emphasized that the digital transformation has placed more pressure on retailers to offer their customers a variety of attractive and safe payment channels.

While Pantano et al. (2018) asserted that the pressure has derived from the growing expectations of consumers who have come to expect a certain level of service (see section 2.3.1 on customer expectations).

Another example that is becoming ubiquitous in retail stores are self-service technologies, which Kaushik and Rahman (2015) claim has transformed the interactions between retailers and their customers. These types of technologies have changed the role of the customer in the retail environment, enabling customers to become active participants in the service experience (Hilton, Hughes, Little, & Marandi, 2013). One of the first self-service technologies adopted by retailers were self-service checkouts, which enable customers “to make payments and complete a checkout, after shopping, with little or no interaction with a service employee” (Mukerjee, Deshmukh, & Prasad, 2019, p. 2). This type of technology offers the customer the convenience of performing tasks themselves, meaning they are not reliant on waiting in queues for the assisted checkouts (Amorim, Lago, Moscoso, & Prieto, 2016). In addition, Grewal et al. (2017) explained that this technology gives control to the customer, which empowers them during their experience, while reducing labour costs for the retailer. This is also a prominent feature with other self-service technologies such as ‘scan and go’ devices that enable customers to use smartphones to scan their products as they navigate throughout the store and pay for the scanned items via the retailer's smartphone application (Inman and Nikolova, 2017). Therefore, customers are able to benefit from the utilitarian value offered by self-service technologies, while firms are able to capture more value through using less resources.

Though there are many opportunities presented by new digital technologies, there are also some issues surrounding operations and customer acceptance. In relation to self-service checkouts, Hilton et al. (2013) highlighted that retailers have found the task of synergizing their digital and physical customer touchpoints highly complex, because their in-store technology still requires intervention from their employees. For example, when a customer purchases alcohol or tobacco through the self-service checkouts, an employee must verify the customer’s age and will most likely have to remove or demagnetise the anti-theft tag on the product before it leaves the store (Hilton et al., 2013). This highlights that self-service technology is not entirely ‘self-service’, as it still relies on an intervention from retail staff. There are also perceived risks surrounding new technologies such as those highlighted by Pantano and Gandini, (2017, p. 368) who stressed that using “a new technology or an innovation involves a certain level of risk related to the uncertainty and the possible consequences emerging from its usage”. They added that the element of trust plays a crucial role as it determines whether the

technology is socially accepted by consumers who are the prime users. Inman and Nikolova (2017) furthered that the attitudes of consumers are an important factor in determining the successful implementation of technologies. Thus, though digital technologies present opportunities for value creation and value capture, retailers must consider how digital tools are integrated into the business, as well as how customers perceive technologies in their shopping experience.

Chapter Three: Methodology

In this chapter I will discuss the research design adopted throughout this study and justify my methodological choices. First, I detail the ontological principles within the chosen philosophical approach that was adopted for this study. After which, I discuss the decisions that were made in relation to the data generation. Following that, I address the data analysis methods adopted to interpret the data, specifying the different steps in the process. Finally, the strengths and limitations of the research methods employed will be outlined to evaluate how effectively they enabled me to respond to my research question.

3.1 Research Philosophy: Critical Realism

The research philosophy is an essential part of any study as it guides the researcher through their exploration of a research problem. As I am studying digitalization in the retail industry, the chosen research philosophy that has been adopted is ‘critical realism’. Critical realism derives from the early work of Roy Bhaskar who established the meta-theory in the late 1970’s and has often been referred to as the initiator of the philosophy (Bhaskar, 1978; Cruickshank, 2003). Critical realism is a nebulous philosophy in that there is no unified or precise definition since it is used to analyse phenomena from various perspectives (Archer et al., 2016). Since the definition of critical realism varies amongst scholars, it is important to clarify how the philosophy will be understood throughout this study. Thus, the definition will be in line with that of Given (2008, p. 2) who stated that “critical realism simultaneously recognizes the existence of knowledge independent of humans but also the socially embedded and fallible nature of scientific inquiry”. This highlights that critical realism acknowledges both objective and subjective realities, recognizing the ontological structures as well as their relative interpretations (Hunt, 2010). One feature of critical realism is that it advocates that social structures are altered and reproduced by the relevant actors, which in turn influences human behaviour (Given, 2008). Therefore, taking a critical realist approach towards my research will allow me to gain multiple perspectives on digitalization, which will enable identification of linkages and trends throughout the data collected.

In the early work of Bhaskar, he introduced the ‘three realms of reality’ namely; the real, the actual, and the empirical, each with their own domain (Given, 2008). Klein (2004, p. 131) shows the connection between these realms by stating that “the real are the causal mechanisms and structures that produce actual events a subset of which then is empirically observed”. To be more specific, the real domain refers to the casual mechanisms, events, and

experiences such as; relations, tendencies, and structures that can cause change, which in turn produces the actual domain (Given, 2008; Mingers, Mutch, & Willcocks, 2013). The actual domain refers to the events that may (or may not) happen which enables the empirical (Given, 2008). Finally, the empirical realm is a more holistic perspective which observes the real and the actual domains. Given (2008, p. 2) describes this realm as the “human perspectives on the world” which can be found in an individual’s viewpoint. Mingers et al. (2013) advocates that through these transcendental arguments, critical realism should consider all events, not only the ones that have been observed. An example within the retail context could be the implementation of self-service checkouts in stores (the real), the subsequent impact as people are removed from the checkout process (the actual), and the managerial interpretations of this digital technology (the empirical). Refer to Figure 1 below for an example of the three realms.

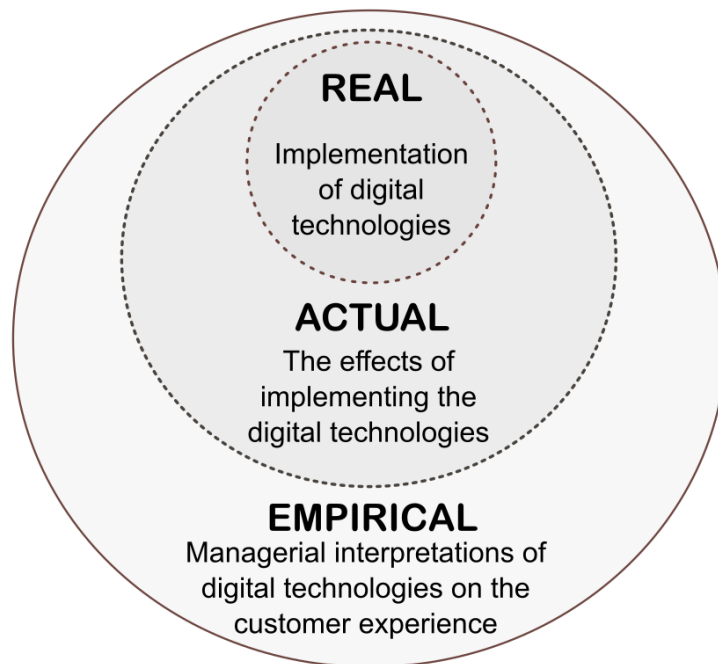


Figure 1. The three realms of critical realism

In the case of the three realms, the phenomenon is identified in the empirical realm, following that a critical realist will move towards the possible structures or casual mechanisms in the real domain. In most cases certain mechanisms can be “nonphysical and nonobservable” which helps to eliminate some of the explanations that have been determined (Minger et al., 2013, p. 797). The methodology involves exploring phenomena by utilizing the retroduction approach, drawing many similarities with abductive reasoning as a form of logical inference that aims to establish the simplest and most likely explanation from observations (Mingers et al., 2013). Critical realists take an object, for example, the object of ‘digitalization’ and

“propose hypothetical mechanisms” that likely cause or provide explanations about the phenomenon (Mingers et al., 2013, p. 797). As such, adopting a critical realist approach will enable me to understand digitalization through the perceptions of retail managers.

Critical realism is primarily concerned with the ontological principles of social phenomena (Cruickshank, 2003). Dietz (2006, p. 235) defined ontology as “the metaphysical study of the nature of being and existence”, which deals with studying the nature of reality itself. Simply put, ontology consists of a system of beliefs that reflects an individual’s understanding about what they constitute as a fact (Blaikie, 2010). Hence, critical realists ask specific questions about social phenomena, for instance, does digitalization really exist? or has digitalization been construed from social conditioning from our environment? Archer et al. (2010: 6) stated that “critical realism is concerned with the nature of causation, agency, structure, and relations, and the implicit or explicit ontologies we are operating with”, meaning that critical realists have to consider what they constitute as social entities. These philosophical questions are deeply rooted into the empirical investigation of a critical realist’s study. Consequently, critical realism allows us to understand the importance of ontology, thus taking different ontological positions in order to interpret and grasp a social phenomenon.

3.2 Data Generation

To generate data for this research, I deployed a qualitative approach towards the study of retail digitalization. Denzin and Lincoln (1994, p. 2) detailed that taking a qualitative approach to research is “multimethod in focus, involving an interpretive, naturalistic approach to its subject matter”. Meaning that qualitative researchers like to study things in their natural settings, as they attempt to make sense and understand phenomena from the perspective of individuals. As this study focuses on managerial perceptions of retail digitalization on the customer experience, qualitative research was deemed the most relevant approach to adopt. Figure 2 below illustrates the research design of this study.

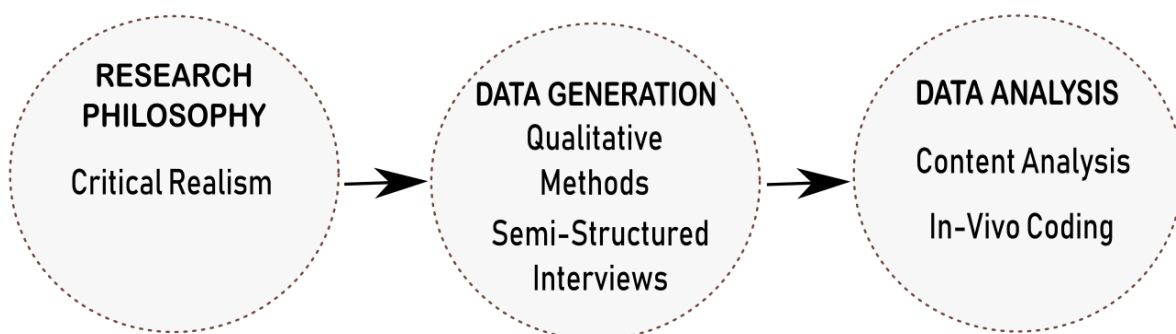


Figure 2. The philosophical and methodological choices for this research

Qualitative studies centre around “experience and in the construction of meaning” (Kuper, Lingard, & Levinson, 2008, p. 1), taking an explanatory approach towards research. As such, qualitative researchers tend to ask ‘how’ and ‘why’ questions in relation to a phenomenon, whereas a quantitative researcher looks to quantify by asking ‘how many’ style questions (Pratt, 2009). Though there are numerous methods used to collect empirical data, such as; observing, documentation analysis, visual aids, or even from personal experience (Denzel & Lincoln, 1994), in this case, interviews were selected as the most applicable method. In this study, the data generation technique consisted of the researcher asking questions to one participant at a time and recording their responses (Frances, Coughlan, & Conin, 2009). Patton (2002) asserted that within qualitative research the best approach to understanding a phenomenon is to conduct interviews with individuals who have experienced the phenomenon. For interviews to be worthy, Rubin and Rubin, (1995, p. 17) stressed that they require “a respect for and curiosity about what people say, and a systematic effort to really hear and understand what people tell you”. Therefore, through conducting interviews, the retail managers were able to share their interpretations as they have first-hand experience of the phenomenon and can provide insights as to how the digital transformation is influencing the customer experience with brick and mortar retailers. Managerial perceptions on digitalization are considered significant because they are responsible for investing in technologies, creating the customer journey, and integrating the physical and digital aspects of the business.

Though this master’s thesis was written independently, the qualitative data for this study was generated with a fellow alumna from Tampere University, Charlotte Rebecca Walker, whose research also addressed retail digitalization utilizing qualitative research methods. Therefore, we considered it would be beneficial if we combined our efforts when conducting interviews to gain access to a larger sample size. As we both determined interviews as an appropriate method to generate the data, the first step was to decide which type of interview would be conducted. Due to the exploratory nature of this research, we thought it would be best to conduct them in a semi-structured manner. Qu and Dumay (2011, p. 246) specified that semi-structured interviews consist of “prepared questioning guided by identified themes in a consistent and systematic manner interposed with probes designed to elicit more elaborate responses”. DiCicco-Bloom and Crabtree (2006, p. 315) furthered that these types of interviews are generally centred around a set of “predetermined open-ended questions, with other questions emerging from the dialogue” between the researcher and the participant. The main benefits to conducting semi-structured interviews are due to their ‘flexible nature’ as the researcher is able to improvise and ask further questions that help add clarity, especially when

discussing a developing concept like digitalization (Qu & Dumay, 2011; DiCicco-Bloom & Crabtree, 2006; Rubin & Rubin, 2005). Moreover, the semi-structured interview approach encourages “reciprocity between the interviewer and participant” (Kallio, Pietilä, Johnson, & Kangasniemi, 2016, p. 2955). Hence, semi-structured interviews were chosen to address the corresponding research problems in both studies due to their versatility.

In order to formulate the interview questions, both researchers conducted detailed literature reviews, utilizing several peer-reviewed journal articles in order to become familiar with retail digitalization (Qu & Dumay, 2011). Through the literature review, it was possible to identify common themes, which aided when structuring the interview questions. Accordingly, it was determined that the questions would be organized thematically. Four themes were developed throughout this process, which comprised of 19 questions (please refer to Appendix A for the interview questions). The four themes included; personal opinion, digital strategy and management, the customer experience, and the omni-channel. Each theme addressed specific areas that were relevant to both studies and would enable respective research aims to be met. For the interview process, we felt it was also important to consider the order in which the questions would be asked. Qu and Dumay (2011, p. 246) supported this notion by claiming that with semi-structured interviews the sequence of the questions is imperative as they can “evoke the fullest responses from the interviewee”. Therefore, the questions were organized in such a way that personal opinions were presented at the beginning of each interview to gain their personal insight at an early stage.

After the interview questions were created, both researchers established the research ethics for the data generation process. While the generation of the qualitative data was to be used for two research papers, it was important that ethical standards were aligned among researchers. Orb, Eisenhauer, and Wynaden (2001) asserted that adhering to ethical standards helps to protect the rights of all the participants taking part in research. As we interviewed retail managers holding senior positions within brick and mortar firms, it was agreed by both researchers that certain ethical questions in relation to participation would be covered at the beginning of each interview. As such, the following details were confirmed; 1) they consent to being recorded throughout the interview 2) that their participation in the research was voluntary, and 3) how they would like to be referred to in the thesis. For the third question each participant was asked if they would like to remain anonymous or if they were happy for their data to be shared publicly. These research ethics questions helped to ensure that the data was collected honestly, with integrity, and maintained the respect for the intellectual property of the retail managers who were involved in the study.

The next stage of the data generation involved searching for suitable retail managers to take part in the study. For the selection process to be effective, both researchers developed specific criteria that the participants had to meet so that insights shared throughout the interviews would be appropriate for the research. Four key sets of criteria were established, which can be seen in table 2.

Table 2. Criteria for selecting participants for the study

Criteria	Description	Rationale
Retail Manager	<ul style="list-style-type: none"> - Holds a middle to upper management position within a brick and mortar retailer. - Their roles within the business centred around the following areas: strategic level, store management, and the customer experience. 	Senior managers can provide a holistic understanding of retail digitalization in the different focus areas
Country	<ul style="list-style-type: none"> - Brick and mortar stores based in the UK. - Brick and mortar stores based in Finland. 	Two developed European countries that offer an insight into digitalization of the retail industry
Type of Firm	<ul style="list-style-type: none"> - B2C Retailers. - Predominately operate through brick and mortar stores. 	The focus of this study is on the customer experience with brick and mortar retailers
Experience	<ul style="list-style-type: none"> - Minimum of two years' experience in the retail industry and/or in digital development. 	To ensure managers have a thorough understanding of their organizations

As is illustrated in table 2, the retail managers selected for this study needed to hold middle to upper management positions within brick and mortar retailers. More specifically, their roles within the organizations centred around three main areas, strategic level management, store management, and the customer experience. The second criterion limited the geographic location of the managers defining that they must be based in either the UK or in Finland. Thirdly, the retailers had to be business-to-customer based retailers, meaning that most of their business operations are conducted through their physical stores. The last condition the retail managers had to meet related to their experience. We established that our interviewees should have a minimum of two years' experience working in either the retail industry and/or within digital development, to ensure that they possess an overall understanding of their organization. In addition, the varying years of experience enabled us to account for generational differences between managers with more experience, as well as those who are relatively new

to the sector. This will account for the managers who will be responsible for managing the digital transformation going forward. By adhering to the precise criteria outlined in table 2, the researchers ensured that the sample group of retail managers would be able to shed light on retail digitalization in the specific research areas explored in the studies.

In order to identify the participants for the study we adopted three methods. The first and most effective method was searching for retail managers via LinkedIn, 22 participants were identified in this manner. The reason we chose to search for participants on LinkedIn was that we were able to see detailed employment history on their profiles including years in employment, job titles, and responsibilities. As such, this allowed the researchers to determine whether the potential participants were relevant for our study prior to contacting them. Once an individual was deemed appropriate, we sent them a message via the LinkedIn messaging platform. The second technique involved emailing potential participants via their work email address, which was obtained from exploring company websites, resulting in the involvement of two more participants. Finally, we employed the snowball sampling technique, which refers to a unique method whereby a “researcher accesses informants through contact information that is provided by other informants” (Noy, 2008, p. 330). By adopting this sampling technique, the researchers were able to utilize the interviewees’ business network and receive recommendations for individuals who held a similar position to the participant within another brick and mortar retailer. A further two participants were identified using this technique, resulting in a total of 26 participants (please refer to Appendix B for a copy of the participants involved in the study).

Prior to each interview, the retail managers were sent a content release form to sign which stipulated whether they prefer their information to be public or private (refer to Appendix C for a copy of the content release form). However, as participants selected different options regarding the use of their data, we felt it was best to refer to each manager using a specific code. By doing this, anonymity was maintained and no affiliation between the participant and their employer was detailed throughout the study. An example of the codes used in this study is ‘M1’, which refers to manager 1, and as there were 26 interviews the codes are displayed as M1-M26.

After completing each interview, both researchers wrote reflective field notes about the interview. These reflective field notes were “written representations” (Cole, 2013, p. 54) of what was stated throughout the interview and are regarded as a vital source of raw data for any researcher conducting qualitative research (Wolfinger, 2002). During the data generation process, we deemed it necessary to write our reflective field notes immediately after each

interview, because the details, thoughts, and perceptions of the managers were still fresh in our minds. In addition to this practice, both researchers did not discuss the details with each other until the field notes were completed so as not to influence or deter the thoughts of the participants or of the researcher, which in turn could potentially affect the quality of the data. The field notes that were taken totalled 75 pages, an example of which can be seen in the appendices (Appendix D)¹.

The data generation for this study was a lengthy and laborious task, taking five months to perform, from April to August 2019. For this study, a total of 26 interviews were conducted with various retail managers based in the UK and Finland, 14 of which were from Finnish retailers and 12 were from British retailers. Moreover, 21 of the retail managers were male managers while the other five were female. Within this sample, two retail consultants were included, one based in the UK and the other in Finland. These were included as it was considered that they would be able to provide a holistic picture on retail digitalization as they are responsible for offering guidance to retailers regarding the digital transformation. The managers were from 21 different brick and mortar retailers which ranged in type, including; supermarket chains, home furnishings, electronics, games, household, high-street opticians, discount, cleaning, pet supplies, sports clothing, department store, fashion, and bed and mattress (please refer to Appendix E for a list the retailers involved)². Out of the 21 retailers involved in the study, 17 operate across Europe and internationally, while seven of which operate in both the UK and Finland. Nine of the firms were classified as national retailers, with five only operating in the UK and four within Finland.

All the interviews were conducted via online platforms, which were selected by the participants. The following platforms were used; WhatsApp, Skype, Skype for Business, Google Hangouts, and WebEx. As previously mentioned, all the interviews were recorded with the verbal consent of each interviewee. These recorded audio files were saved on two encrypted external hard drives and stored in a safe location. The interviews varied in length, from 30 to 56 minutes, with the combined duration of the audio files totalling 16 hours and 42 minutes. To prepare the data for analysis, each interview was transcribed by one researcher, after which, the other researcher reviewed the document in order to check for any discrepancies in the data. Collectively the interviews were transcribed into a total of 197 pages. Prior to data analysis,

¹ The field notes were written in a notebook.

² The list of retailers that the managers represented has been alphabetized and has no relation to the specific codes given to the managers throughout this study.

each interview transcript was sent to the corresponding retail manager to confirm and verify that we had accurately reflected their thoughts throughout the interview.

3.3 Data Analysis

In order to systematically and logically analyse the data generated from the interviews, it was important to apply the right type of data analysis. For this research, qualitative content analysis was used to interpret the data, while in-vivo coding was the selected method for coding. Elo and Kyngäs (2008, p. 107) specified that the process of content analysis refers to the method of “analysing written, verbal or visual forms of communication”. They furthered that this process allows researchers to ‘distil words or phrases into related categories’ so that the meaning of the language used by the participants who were interviewed is not misunderstood (Elo & Kyngäs, 2008, p. 108). As the data analysed for this study were interview transcripts, the main objective was to understand digitalization by means of examining the language used by the participants involved in the study (Erlingsson & Brysiewicz, 2017). After which, the key issues can be evaluated and discussed so that they can be developed into the relevant categories that signify similar meanings (Hsieh & Shannon, 2005). The process of conducting content analysis consists of three main phases; the ‘preparation’, ‘organisation’ and ‘reporting’ (Elo & Kyngäs, 2008). The first phase consists of generating and making sense of the data, the next phase involves open coding and the development of the preliminary categories, and finally, the categories identified are used to describe the phenomenon (Elo et al., 2014; Elo & Kyngäs, 2008).

While content analysis can be conducted in either a deductive or inductive manner (Elo et al., 2014), this particular study adhered to the inductive approach outlined by Elo and Kyngäs (2008). This approach consisted of five steps, 1) open coding, 2) coding sheets, 3) grouping, 4) categorization, and 5) abstraction (Elo & Kyngäs, 2008). Figure 3 displays the five steps of

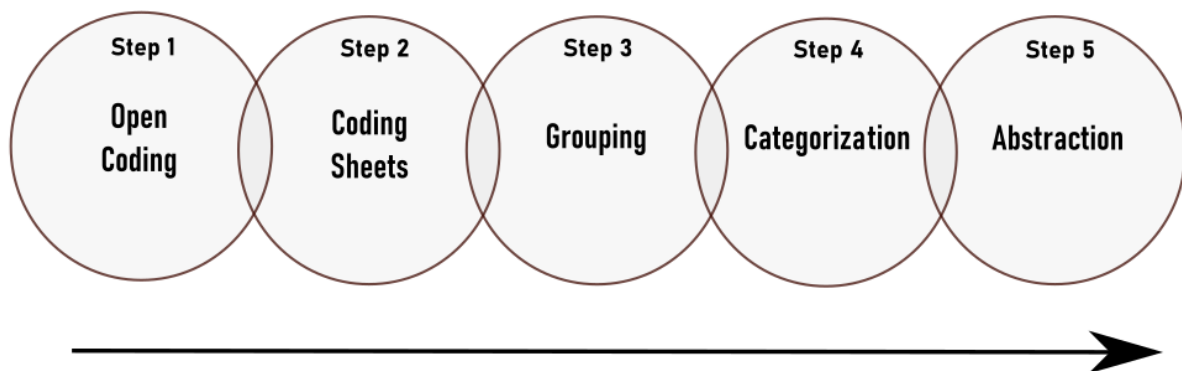


Figure 3. The five steps of content analysis used within this study (modified from Elo & Kyngäs, 2008)

content analysis outlined in the study. The first three steps were conducted with my research partner in order to ensure that our understandings of the data aligned. In the first step, I made notes and highlighted parts of the written text within transcripts, assigning preliminary codes so that the most salient points could be identified. Step two involved conducting a second, more thorough coding of the data utilizing in-vivo coding. Strauss and Corbin (1998) explained that in-vivo coding is a process that is designed to analyse the details and identify concepts from the spoken words of an interviewee. The process of in-vivo coding has been predominately associated with grounded theory (King, 2008) and has been described as a helpful tool for researchers to “gain familiarity with the inductive nature” of the coding process (Manning, 2017, p. 2). Thus, it was deemed an applicable method for both researchers in order to understand the perspectives of the retail managers through analysing the interpretations they shared. Within the first coding phase, 45 preliminary codes were identified by the researchers. After which, we began developing categories using the codes, the aim of which was to reduce the number of codes by consolidating those which were similar in meaning, as well as to remove of other less prevalent ones. This grouping exercise resulted in a reduction from 45 to 28 codes. Table 3 shows an example of the coding and categorization of the raw data.

Table 3. Example of the data analysis

Raw data	In-Vivo Coding	Grouping	Categorization
“Nowadays public demands are so that they need to know what they need to know, and they need to know it fast.” (M3)	<ul style="list-style-type: none"> - public demands - fast 	Speed	Customer Expectations
“Most of our feedback is around the colleague that they met usually at the checkout and how quickly they could get through that checkout and get home. That is where a lot of our feedback is, so that is where a lot of our technology development and digitization is focused. So, we can make that experience easy and fast for them.” (M10)	<ul style="list-style-type: none"> - feedback - quickly - experience - easy - fast 	Speed	

The final two steps were conducted independently so as to respond to our different research questions. In step four, codes were grouped together to form sub categories which enabled me to better understand the managerial insights on the customer experience. Through this process four sub categories were developed which together formed two generic categories. Collectively, these categories illustrate the overall managerial interpretations of the influences of digitalization on the customer experience, forming the main category of the study (Elo & Kyngäs, 2008). By following these five steps I was able to search for patterns, make replicable,

and valid inferences from the collected data, with the purpose of providing new insights on retail digitalization from the managerial perspective (Graneheim, Lindgren, & Lundman, 2017; Elo & Kyngäs, 2008).

3.4 Evaluating the Research Methods

Measuring the associated benefits and drawbacks of the research methods is an essential task for any researcher to conduct before they begin a piece of work. There are several strengths to utilizing critical realism within this study, one of which is that this philosophy allows the researcher to take a logical approach towards the research data, attempting to understand reality as it exists in the actual and real domains (Given, 2008). In the literature, digitalization is described as a complex transformation with widespread impacts, making it highly applicable to study from a critical realist perspective. In this regard, Given (2008, p. 2) specified that this philosophy aims to “render complexity intelligible”, focusing on making sense of complex phenomenon by means of its descriptive focus on understanding the structural and agency factors at play, whilst keeping in mind the importance of social meaning to humans (Fletcher, 2017). Hence, by approaching digitalization from the management perspective, I was able to establish the influences of digitalization on the customer experience with brick and mortar retailers.

Another benefit is highlighted by Mingers et al. (2013, p. 795) who emphasized that critical realism recognizes that our understandings are “in fact limited and always mediated by our perceptual and theoretical lenses. It accepts epistemic relativity (that knowledge is always local and historical), but not judgmental relativity (that all viewpoints must be equally valid)”. In the retail context, managerial insights are considered useful to understanding digitalization as they have first-hand experience in managing the digital transformation of their organizations. Lastly, critical realists advocate that complex phenomena such as ‘digitalization’ should be explored and embraced rather than opposed. Due to its strengths, critical realism was considered a suitable approach to this research as it seeks to explain outcomes that derive from phenomena (Given, 2008).

Although there are many benefits to critical realism, it is still not without its criticisms. Magill (1994) explained that one of the main issues with critical realism relates to Bhaskar’s understanding of the philosophy, he claimed that “Bhaskar’s writings are so thick with qualification and caveat that it is difficult to know what he does think”, this suggests there is a lack of a unified understanding of the meta-theory. Furthermore, Cruickshank (2003) detailed

that there are various types of critical realism which hold their own set of beliefs, interpretations, and methodologies, thus, adding to the complexity surrounding this research philosophy. Despite these suggested drawbacks, the critical realist approach enabled me to delve into the ontological depths of digitalization in the retail industry. This research philosophy makes claims about how social science is made possible, and in order for us to make honest claims about them, a reality must exist in a certain manner (Cruickshank, 2003). Therefore, critical realism recognises that the world is constantly changing so our understanding of it must change as well, hence this philosophy is highly relevant and applicable to the progressive nature of digitalization.

As the focus of this study is to understand how the digital transformation of retail has influenced the customer experience, critical realism will also enable me to add to the literature through focusing on the managerial interpretations of digitalization. As was previously highlighted, no other research was found to adopt this research philosophy to this phenomenon, as such, approaching this study with a critical realist perspective will allow me to develop the understanding of digitalization in an exploratory manner (Cruickshank, 2003). For this study, retail managers are perceived as important actors as they influence which digital tools are incorporated into the retail business to enhance the customer experience. Thus, their interpretations of the digital transformation of retail will provide an insight into how the customer experience is being affected and how it will continue to influence the retailer-customer relationship.

For this study, the preferred approach was qualitative research methods, utilizing semi-structured interviews for data generation. The main advantages of conducting interviews within qualitative research is that a researcher can gain an understanding about a phenomenon in a contextual setting (Denzin & Lincoln, 1994). For example, the retail managers interviewed in this study have first-hand experience of dealing with and managing the digital transformation of their organizations. As such, they can provide their own unique insights as to how digitalization is affecting the industry, and more specifically, the retail customer experience. Moreover, as the data was generated from interviews which were subsequently transferred into a written format, Pratt (2009, p. 856) expressed that the use of words and language eventually transcribe into “meaningful representations of concepts” from within the texts.

Through interviewing 26 retail managers based in the UK and Finland, this enabled me to make some generalizations about the digital transformation, as together, the numerous managerial interpretations formed a holistic picture of the phenomenon (Morse, 1994). However, one drawback of conducting interviews within research is that when a researcher is

transcribing the interviews, they run the risk of misunderstanding words or phrases, which then forces them to “make [critical] judgement calls” (DiCicco-Bloom & Crabtree, 2006, p. 318). It is suggested that this has the potential to affect the quality of the data generated. This influence was minimized in two ways, 1) both researchers confirmed understandings between one another, and 2) the transcripts were shared with the managers to ensure their thoughts were represented as they intended.

Another key benefit of this study lies within qualitative content analysis, which is advocated due to its interpretive, observational, and naturalistic approach. Erlingsson and Brysiewicz (2017, p. 95) specified that a researcher should view the technique of content analysis as a reflective process whereby they “mould the clay of the data” and it is imperative that their interpretations of the phenomenon do not impact the overall analysis of the data. The second benefit to utilising content analysis is that it allows a researcher to “capture key thoughts or concepts” in the initial stages of data, through the language used by the retail managers who have been interviewed (Hsieh & Shannon, 2005, p. 1279). Henceforth, the raw data (in this case the transcribed interviews) opens up as it is broken down into precise categories, as this process continues the developing categories take shape through in-depth analysis of the coding (Coffey & Atkinson, 1996; Hsieh & Shannon, 2005). A third benefit of content analysis is that it allows a researcher to gain a closeness towards the textual data, as certain words or phrases become more frequently stated or used in context which helps to gain a deeper insight about the phenomenon (Hsieh & Shannon, 2005; Granheim et al., 2017).

Despite the associated benefits, there are also a few disadvantages to this data analysis method, Erlingsson and Brysiewicz (2017, p. 93) indicated that a deficit within this approach is that novice researchers can find the process of conducting content analysis to be rather “challenging” and “time-consuming”, as it requires a more hands-on approach towards data analysis compared with other methods. Also, there is a potential drawback when it comes to the researcher reporting their results, as this needs to be done in a systematic manner, and if not performed correctly, it may result in inadequate data analysis (Elo et al., 2014; Elo & Kyngäs, 2008). This was mitigated as both researchers were involved in the early stages of the analysis to ensure discrepancies were identified and eradicated.

One of the main benefits of the data analysis employed throughout this research was the coding process. In-vivo coding was utilized to interpret the data which has been said to allow qualitative researchers to “maintain a connection to the terms used within their data” (King, 2008, p. 2), as the codes created by the researchers help to “fracture the data” into a more concise and analytical manner (Strauss, 1987, p. 33). Simply put, in-vivo coding allows

the researcher to split the data into more 'codable' concepts or emergent topics that come to fruition within the data (Neale, 2016). For example, some of the language used by the retail managers may have the same vernacular meaning within both the UK and Finland (King, 2008). Though one drawback of the in-vivo coding process also relates to use of language. For example, it is important to consider the language of the various retail managers who were interviewed as they may use specific terminology or colloquial phrases that can be difficult for a researcher to interpret. This could create misunderstandings when the data is coded, leading to inaccuracies when reporting the findings.

Chapter Four: Findings

In this chapter I present the findings of my study that enabled me to achieve my research aim, which was to understand the ways in which retail digitalization has influenced the customer experience from the perspective of retail managers. Through analysing the data, I developed various categories that capture the main influences of the digital transformation of brick and mortar stores in the retail sector. In this section I will share and discuss extracts from the raw data to illustrate how I arrived at my findings.

4.1 The Influences of Retail Digitalization on the Customer Experience

Through detailed analysis, I was able to develop four sub-categories to express how retail managers perceive how retail digitalization has influenced the customer experience, they include, changing buying behaviour, rising customer expectations, integrating customer touchpoints, and increasing levels of competition. These four sub-categories were developed into two generic categories which capture how the customer experience has been influenced by the customer and the market. Collectively these categories illustrate how retail managers perceive the influences of the digital transformation on the customer experience. Table 4 displays the different categories, what they represent within this study, and the results that will be explicated in the sections that follow.

Table 4. The categories developed throughout the study

Level of Interpretation	Representation	Results
Sub Categories	The main influences of retail digitalization	<ul style="list-style-type: none">- Changing buying behaviour- Rising customer expectations- Integrating customer touchpoints- Increasing levels of competition
Generic Categories	External factors driving retail digitalization	<ul style="list-style-type: none">- The customer- The market
Main Category	The managerial interpretations of retail digitalization	<ul style="list-style-type: none">- The influences of the digital transformation on the customer experience- Managerial implications

4.1.1 Changing Buying Behaviour

The digital transformation has contributed toward the dramatic change in buying behaviour, which has in turn impacted on retailers and how the customer experience is created. Digitalization offers customers more transparency when purchasing, has increased access to information, and influenced their preferences. While changing buying behaviour continues to present challenges for retailers, it also offers them opportunities to collect and analyse customer data, which further enables them to better understand their customers. Throughout the interviews, half of the retail managers explicitly discussed customer behaviour and considered it an important factor in influencing the customer experience (M1, M2, M3, M4, M6, M9, M12, M13, M17, M18, M19, M20, M23).

Within the literature on retail digitalization, many scholars claim that digital technologies provide customers with more access to information about companies and products (Nunes et al., 2013; Chen, 2018; Fuentes et al., 2017; Rezaei & Valaei, 2017). In this regard, the literature was consistent with my findings in that several retail managers mentioned that digitalization has increased transparency of retailers and created more knowledgeable customers who are equipped with information to support their buying decisions (M2, M4, M8, M9, M20, M22, M24, M25). The following quotations express how retail managers perceive that digitalization has affected these two areas:

“It [digitalization] has made the whole business much more open, the transparency has been increased. People have access to information whenever and wherever they want, so it has made us work in that way, that we have to be more transparent.” (M3)

“It has also changed the customer’s behaviour in that manner, that they know a lot about the product before they enter the stores, so they are really...they know a lot...we have very wise customers entering our stores at the moment.” (M4)

These two extracts show how customer behaviour influences the retail business, making retailers more transparent regarding the information they share with their customers. In addition to the increased amount of information available to customers, a high proportion of the retail managers mentioned how digitalization is continuously changing customer preferences (M1, M2, M3, M4, M6, M9, M12, M13, M17, M18, M19, M20, M23). The Commercial Manager of a brick and mortar retailer in Finland discussed how technology is reshaping the retail landscape and causing a change to customer behaviour:

“Previously it was...well, thinking about clothes, it was often a social event to go shopping and it was a way to spend time, but nowadays people want to do their shopping very easily and do it from their own home or on their mobile when they are on their way somewhere.” (M6)

This illustrates how traditionally shopping was more about the physical experience, whereas the growth of e-commerce and its ease of access has influenced customer preferences. As a result, the customer experience is not only about in-store shopping but also the online interaction with a brand. The impact of changing customer behaviour has been felt by retailers, to which, M4 emphasized how their operations are being influenced by customer preferences:

“Our customers are online, it doesn’t matter if we want them to be, but they are online. Customer behaviour has changed dramatically, kind of within the past 10 years, so we have to be there for our customers and that is... I think the main driver number one, definitely.” (M4)

This illustrates the ways in which customer buying behaviour has been impacted by digitalization, leading retailers to adapt their offering to meet customer preferences and account for changing customer behavior.

Though retail digitalization has witnessed variations in customer preferences, it has also enabled retailers to better understand their customers by means of collected data. This topic has been prominent in the literature on digitalization in recent years, with numerous scholars exploring the notion of ‘big data’ (Chiang & Yang, 2018; Grewal et al., 2017; Hänninen et al., 2018). More specifically, Grewal et al. (2017) claimed that customer data allows firms to make better predications in terms of buying behaviour. This aligned with the interpretations shared by retail managers who emphasised that data collection and analysis are fast-becoming necessary tasks for retailers to perform to ensure that their offering is relevant for their customer base (M1, M2, M3, M4, M5, M6, M8, M9, M11, M12, M15, M17, M19, M23, M24, M25). With copious amounts of data available to firms, M11 stressed the importance of data:

“It is about understanding the data, big data and utilizing all of those things, adding them to your arsenal to ensure that you succeed.” (M11)

This quotation captures the power of data, showing it as a tool that can be used to understand the customer and support the business. Though buying behaviour changes rapidly, digital tools

make it possible to track these changes, which in turn aids managers through organisational decision making. An example of this was provided by the Chief Digital Officer of a national retailer in Finland who specified that their firm utilises data to determine which types of products they sell in their stores according to the needs of their customers.

“And this [digitalization] has actually changed a lot of how we conceptualize our stores. For example, because now we have the data, we know who comes to the store, what they want to buy, and also we can propose to the retailer: because your customers are like this, they buy these products, and they would probably buy this kind of product as well if you just would have them on the shelf.” (M4)

As is illustrated in this extract, through analysing customer data, retailers are able to better understand buying behaviour and enhance the in-store customer experience by ensuring that customers have access to all the products that they may be interested in purchasing. Through catering to the needs of their customers according to their buying behaviours, retailers are better placed to rival their competitors.

Customer data not only assists retailers when considering their in-store offering, but also through other customer interface channels. In this case, M19 described how customer data helps to improve the customer experience on the telephone when offering customer support. To be more specific, when their customer service centre receives a call from a customer, their staff members are able to view the customer profile detailing information such as, the reason for their call, transactional history, and previous customer interactions. Through using consolidated customer data, the staff members are immediately aware of the customer's situation and can aid staff to make more effective decisions in resolving the matter. In the literature it is suggested that this adds value to a firm's service offering and can improve the customer experience (Griva et al., 2018). Thus, though buying behaviour is constantly changing, retailers are utilising technology to better understand customers as well as to forecast the customer behavioural patterns. This enables retailers to provide more tailor-made services that fit the needs and preferences of their customers (Chen et al., 2005).

4.1.2 Rising Customer Expectations

Research has already recognized the growing demands of the modern-day consumer and their high expectations when they interact with a brand (Arenas-Gaitán et al., 2019; Hiskey, 2018; Huré et al., 2017; Kim & Aggarwal, 2016; Priporas et al., 2017). A combination of the

increasing competition presented in the retail sector from pure plays and the changing preferences of the younger generations has forced retailers to improve their service offering. For retailers to compete and meet customer expectations, they are continuously adapting their offering in line with the market which has led to a situation where power has shifted to the customer. This has been felt by the retail managers who expressed that rising customer expectations have caused retailers to enhance the customer experience (M2, M3, M4, M5, M8, M11, M12, M14, M15, M16, M18, M20, M23, M25, M26).

Retail managers expressed that digitalization has increased the rate of developments across industries, which has subsequently impacted on customer expectations of what retailers can offer. Retail managers specified that ‘speed’ and ‘convenience’ have become increasingly important to customers, leading retailers to re-evaluate their customer value propositions (M2, M3, M4, M8, M11, M12, M13, M15, M16, M18). Customer expectations have been heavily influenced by the service offering of pure plays who have focused their efforts on providing a fast and easy service for their customers, setting a standard that must be met by brick and mortar retailers if they wish to compete. Throughout the interviews, the areas that were discussed in relation to speed ranged from the speed of the online search to the queues in the store, suggesting customers are more impatient than ever before which requires retailers to efficiently give the customers what they want. The following quotations capture these interpretations:

“I guess we are all in that digital age, in that digital culture, where we want stuff now. We are quite impatient.” (M15)

“Many people are impatient and constantly looking for better solutions to meet their needs.” (M21)

These quotations show that through digitalization the modern-day consumer has come to expect things instantaneously, placing retailers under pressure to improve their existing offering so that they can deliver a customer experience that lays emphasis on the speed of service. Moreover, managers discussed that customer expectations are such that they are concerned with the convenience of their interaction with a retailer, be it online or in-store. As has already been noted in the literature, more and more retailers are trying to streamline their processes to offer a seamless shopping experience for customers (Hagberg et al., 2016; Hagberg et al., 2017; Huré et al., 2017; Jocevski et al., 2019; von Briel, 2018). The growing importance of convenience for the customer is illustrated with the below extracts:

“As a consumer, we don’t really care. If you can make it easier for us, we will just switch and before you know if we are saying Woolworths who? Or Toys’R’us who? Because to us, all we care about is our own personal convenience.” (M11)

“People want to buy online, they don’t have time, they want easiness and seamlessness.” (M18)

The above quotations demonstrate several different points surrounding convenience, namely that customers want the option that is easiest for them and requires the least amount of effort on their part. This was particularly the case when discussing the younger generation of shoppers who base their expectations on their experiences across different platforms. In addition, as is implied by M11, customers are less concerned with brand loyalty if it comes at the expense of their own convenience and will shop elsewhere if their needs can be met regardless of if it means patronizing a direct competitor.

In recent years there has been a proliferation of the concept of consumer power, referring to the influence that customers have in dictating their demands to retailers (Hagberg et al., 2016; Helm et al., 2018). In a bid to maintain their customer base, retailers continuously appease customers’ ever-changing needs, which has led to a situation where empowered customers have come to expect a high level of service delivered on their terms. Retail managers expressed how the power has shifted from the retailer to the customer as a result of digitalization (M4, M8, M9, M20, M22, M24, M25). In this regard, M20 explained that “customers truly have the power through the digital era”, as a result, retailers have focused their efforts meeting rising customer expectations. The following explanations capture the concept of consumer power through the digital transformation of retail:

“As I said, it has put the power into the customers’ hands. If I want something delivered and I want it tomorrow then I can, that was not the case... it was the retailer dictating the landscape before - you can have it when we have got it, if you come and pick it up - that is a total swing.” (M8)

“It is not anymore about the retailers telling the customers what to do and how things are going, the customer has the power now, they are able to do price checking, they are able to see more information about the product. We are in the situation that if you go to a car reseller, it might be the situation where the customers know more about the product than the car reseller or the salespeople there.” (M19)

These interpretations show that retail managers recognize the movement of consumer power, witnessing a rise in empowered customers that are able to influence the service levels offered by retailers. One explicit example of this was given by M15 who discussed how digitalization has created a reviewing culture, whereby customers are able to share their experiences with others, giving them power in the customer-retailer relationship:

“A few years ago, we had some negative reviews on google and on social media, and nobody picked up on them and they are just sat there as negative reviews. But I suppose in the digital age it kind of gives people that voice to do that...to voice their opinion where they see fit.” (M15).

As can be seen through the extracts shared in this section, retail managers expressed that digitalization has contributed towards rising customer expectations in various ways. As service levels become increasingly standardized across the sector and consumers gain more power in the retail-customer relationship, customers continue to expect more from retailers, which has led to an emphasis on enhancing the customer experience as a way for retailers to meet and exceed their customer needs.

4.1.3 Integrating Customer Touchpoints

The digital transformation has witnessed a whole host of new technologies for retailers to utilize that increase the number of customer touchpoints. These technologies present retailers with both challenges and opportunities when creating the customer journey as they are tasked with integrating touchpoints to enable a superior customer experience. One of the most prominent terms found in recent literature that relates to touchpoint integration is the omni-channel (Hänninen et al., 2018; Huré et al, 2017; von Briel, 2018; Willems et al., 2017; Yrjölä et al., 2018). This was also a prevalent theme discussed through the interviews and was considered an important factor in creating the customer experience (M1, M4, M5, M9, M18, M19, M21, M22, M23, M24). Managers mentioned that implementing the omni-channel is an ongoing challenge as it requires changes to the existing business model, this is captured in the below extracts from the raw data:

“Almost everyone that has started as a brick and mortar store is facing the same challenges that we are facing at the moment... how to combine this omni-channel experience, how to create the perfect omni-channel experience.” (M1)

“So, companies can’t anymore measure how the customer journeys are, there are so many touchpoints with the customers and that is a big challenge.” (M14)

These quotations demonstrate the challenges that are currently facing retailers as they try to navigate digitalization and integrate their customer touchpoints. The process of channel integration also has implications on the customer journey. M20 gave an explicit example of how digitalization has improved the customer journey with their firm. She explained that originally a customer was required to queue to join the customer loyalty program by visiting a service desk on the eighth floor. However, through equipping shop floor employees with iPads, the customer journey has been reshaped and improved by removing barriers for customers to join the loyalty program. The perceived benefits of implementing this technology are expressed in the below quotation:

“They [employees] can do it [join customers to the loyalty program] easily, with a few clicks with their pads. Then the customer is already onboard and then they can enjoy all the benefits.” (M20)

In line with the previous section on customer expectations, this quotation illustrates how digital technologies are meeting customer demands for increased speed of service and convenience, bringing benefits to both retailers and their customers. Another technology utilized to create the omni-channel experience that was discussed by several of the retail managers is the use of smartphones (M2, M4, M5, M7, M8, M9, M10, M12, M16, M17, M18, M19, M22, M23, M26). As has already been highlighted in the literature on mobile shopping (Chen, 2018; Grewal et al., 2017; Hagberg et al., 2016), these devices are fast becoming an integral touchpoint for retailers to interact with their customers. While much research on this subject surrounds the possibilities for retailers to interact with their customers without being restricted by geographic location, the findings of this study indicate a new challenge facing retailers is for them to focus on consistency of the brand across various channels:

“It is not only a case of embracing it [digitalization] and using it because it is going to be better for the customer experience and it is going to automate things to achieve more profitability, but it is also about doing it in a way that is on brand.” (M11)

“You are basically creating one experience across all channels, so that means that if I have something on my phone and I go into the store I will be able to have a similar experience on a screen.” (M17)

The retail managers noted that integrating customer touchpoints is not only about easiness or convenience of the interaction, but also about ensuring that there is coherence when it comes to branding. As indicated earlier and consistent with the literature (Priporas et al., 2017), retail managers perceive customers to have less brand loyalty, which highlights the importance of reinforcing the brand by promoting a consistent message across all customer touchpoints.

4.1.4 Increasing Levels of Competition

With the rise in pure plays and opening-up of international markets through digital channels, scholars have explored the pressures many brick and mortar retailers face to remain competitive (Amit & Zott, 2001; Blake, 2018; Brynjolfsson & Smith, 2000; Hänninen et al., 2019). This was a common theme discussed throughout the interviews, with more than half of the retail managers recognising the influence that pure play firms have had on the retail market (M1, M7, M9, M11, M12, M13, M14, M16, M17, M19, M21, M22, M23, M24, M25, M26). As customers have so many options available to them and are able to browse between various retailers who offer similar products, this means that now more than ever before, retailers must rise to the competition. This was expressed from different perspectives in the following quotations:

“If, for example, our customers are buying online, they want the check-out experience to be as good as the likes of Amazon, because they are buying globally, they are using global windows, so of course we have to be on the same level as them.” (M4)

“I think there is a lot more information readily available at the moment...something I find really annoying in store... they [customers] will check the price on Amazon of a game while they are in the store. They’ll say, ‘Amazon are selling it £5 cheaper’ and there is nothing you can do about that.” (M7)

The interpretations shared from the retail managers illustrate how customers constantly compare retailers across channels meaning that they must be aware of the market in terms of both service offering and pricing in order to remain competitive. While retail managers recognized the increasing levels of competition that place pressure on them to perform, this

factor was also considered to have a positive influence on the retail sector. M12 in particular, mentioned that digitalization has been a driver of innovation, enabling retailers to think outside the box on the types of services that they offer to their customers.

“I think one of the good things about that [digitalization] is it really generates innovation and sort of urges [brick and mortar retailers] to move quickly. So quite often with these sorts of things, if you have got the right teams, the right technology, and the right focus, you can get to market ahead of the competition. But quite often all you are doing is getting there sort of 6-9 months first at the earliest. So, it is a constant battle to keep reinventing and keep re-innovating. It is a really tough market, but I think that helps that focus on innovation” (M12)

The above extract details how this manager perceives the intense levels of competition as a result of digitalization as a benefit, forcing them to raise their game and rethink their existing offering in relation to other retailers in the market. This idea was complemented throughout the interviews with almost all the retail managers considering digitalization as a means to gain a competitive advantage and create a unique customer experience (M1, M4, M5, M7, M8, M9, M10, M11, M12, M13, M14, M17, M18, M19, M20, M22, M23, M24, M26). To be more specific, one of the most frequently discussed examples of this was how digitalization allows retailers to offer their customers a more personalised experience. Several managers explained how personalization enables more relevant messages to be shared with customers, which helps to improve their service offering and build a better relationship with their customers.

“[Through personalization we can offer] a little bit more and make the communication even more personal to you [the customer], then you are able to really win the heart of the customers.” (M9)

This indicates that in order to maintain their relationships with the customers, retailers must go above and beyond in bid to distinguish their offering. As has already been highlighted in the literature, personalization enables retailers to make the shopping experience more tailored towards the individual customer which is considered to create customer value (Kumar & Reinartz, 2016). Retail managers have recognized personalization as a source of value creation and an effective method for connecting with their customers. The increasing levels of competition have influenced firms to take advantage of digital technologies at their disposal, not only to maintain relationships with their customers, but also to enhance them.

Digital tools also present retailers with new ways in which to assert their position in the market place. Retail managers provided different perspectives on how digitalization facilitates them in gaining competitive advantage both by enhancing their existing offering and through considering which digital tools they can implement in the store that emphasis the customer experience. This idea was expressed in the following quotations:

“So basically, we are using digital technologies to sort of amplify our traditional competitive advantages.” (M21)

“Visitation drops in the stores because people are buying online, so we need to find other ways to bring them in. So, experience and exponential things in stores will be important in the coming years.” (M22)

Both retail managers recognise that digital tools can be assimilated into physical stores to make their offering more attractive. While pure plays have traditionally had the advantage, delivering speed of service and convenience for their customers, more tools are being created that offer brick and mortar retailers the opportunity to differentiate their offering by focusing on the customer experience. Retail managers consider digitalization as a way in which they can attract customers to shop in-store, utilizing digital tools to support the experiential aspects of shopping and enabling them to remain competitive in the market.

4.2 External factors influencing the retail digitalization

Through further analysis of the sub-categories, it was notable that the main drivers of retail digitalization are external. Retail managers explained that much of the changes occurring in the retail industry are driven by two main factors, the customer and the market. These two factors share similarities in that they are both uncontrollable for retailers who cannot dictate the changing behaviour of the customer or what happens in the market yet must effectively respond to remain competitive. In terms of how retail managers understand digitalization in relation to these external factors, they expressed that retail digitalization is in its infancy, meaning that their current focus is on meeting the key demands of customers and the minimum standards in the industry, with only few retailers leading innovation (M4, M8, M11, M16, M22). The following quotations illustrate the retail managers’ opinions on this matter:

“It is the biggest single movement of change in retail since I certainly joined in the late 80s and I believe we are only... I think we are still in the infancy of it. I still think it is the very early phases.” (M8)

“The pace of change is the fastest it has ever been, but it is also never going to be as slow again. And I think that in 5 years’ time if you were to ask me the same questions, we’d be talking about a completely different retail landscape...who knows where we are going to be in 5 years because the high street will be unrecognizable in 5 years’ time.” (M22)

Retail managers claimed that the retail sector is currently in the initial stages of digitalization and that future developments will further transform the industry; however, the effects are still difficult to determine. Moreover, due to the external pressures they face with changing buying behaviour and agile competitors, M18 in particular discussed how they are only interested in investing in digital technologies that are considered to be necessary “fighting factors”, referring to those technologies that will enable them to remain competitive. This idea is supported by Willems et al. (2017) who claims that retailers should first focus on delivering the basics to ensure that the most important service requirements are met.

While understanding buying behaviour and meeting customer expectations have long been the aim of retailers, the digital transformation has caused disruption to the traditional retail business by empowering customers with knowledge and offering them various channels at the customer interface. As a result, the power has shifted in the retailer-customer relationship, making the increasing expectations of the customer more prominent in dictating levels of service. Furthermore, as generation Z continue to account for more of the retail customer base, the use of digital technologies are fast-becoming necessary features in the shopping experience. Therefore, in the digital era the customer has an influence on how retailers adopt and implement digital technologies into their businesses.

The most prominent influence in the market place in recent years has been the introduction of pure plays who set high standards for brick and mortar retailers to compete in terms of pricing and delivery terms. This led retailers to consider how they can streamline their processes through integrating customer touchpoints and offer a better customer experience. With a diverse range of competitors entering the market, retail managers expressed that it is an ongoing challenge to remain ahead of the competition:

“We are constantly evolving because the space is constantly evolving.” (M8)

As new technologies are utilized in the market it sets new industry standards that must be met. As such, retailers must be aware of their competitors' offerings, and if they wish to secure a position as a market leader, they must continuously innovate to enhance their customer value propositions.

As a relatively new movement, the main influencing factors on retail digitalization have been the customer and the market. In spite of the external influences, retail managers also perceive digitalization as a necessary process in the bid to move forward and enhance the customer experience in brick and mortar stores. As retailers continue to undergo the digital transformation and improve their processes through digitalization, the foundations from which they can differentiate their offering will be laid. Through which, retail managers recognize that this will give them more opportunities to innovate and influence the manner in which retail digitalization progresses. M23 claimed that once the basics are in place, they can "identify the moments where you [the firm] can differentiate and inject our personality". This illustrates the recognition that digitalization offers retailers the opportunity to re-evaluate their existing customer offering so that they can enhance the customer experience and gain competitive advantage.

4.3 Summarizing the Findings

Through analysing the most prominent issues raised by the retail managers four sub-categories were developed that express how managers perceive the influence of retail digitalization on the customer experience, they include; 1) changing buying behaviour, 2) rising customer expectations, 3) the integration of customer touchpoints, and 4) the increasing levels of competition. The main drivers of these influences are the customer and the market, showing the external factors driving the digital transformation of retail. Figure 4 illustrates the findings of this study that depict the retail managers' perspectives on retail digitalization. The first section of the figure details the issues raised by the managers (issues) which enabled the development of the main influences of the digital transformation (sub-categories), and the further interpretation of the external factors driving retail digitalization (generic categories). Collectively, these enable the understanding of how retail digitalization has influenced the customer experience from the perspective of retail managers (main category).

Retail managers specified that digitalization has had various impacts on buying behaviour. With more information available to customers, they have become more knowledgeable about products and services, meaning that retailers must remain transparent in

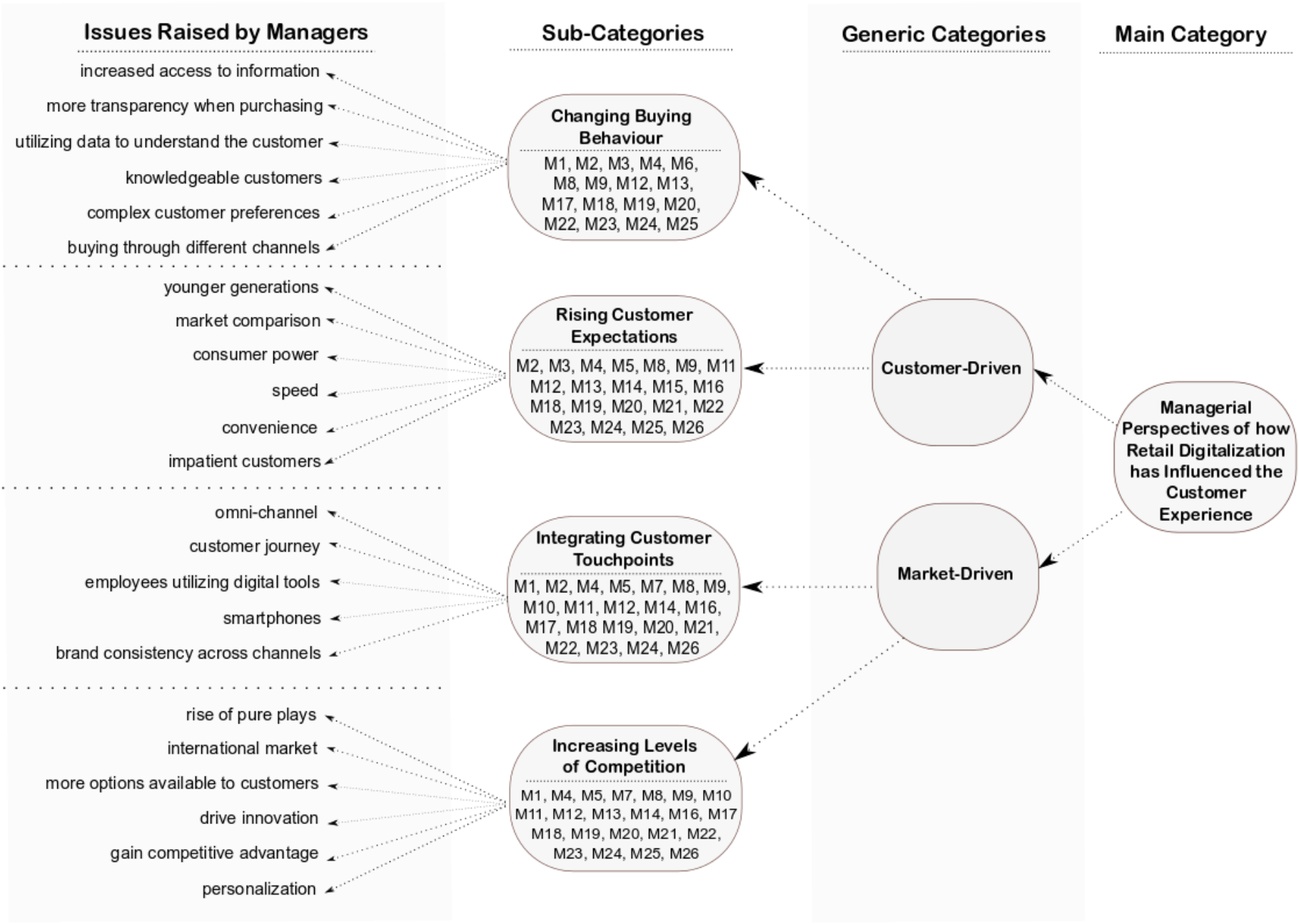


Figure 4. Managerial perspectives of how digitalization has influenced the customer experience

ways of working. Digitalization has also witnessed a change in customer preferences, with more customers opting for online shopping over shopping in-store. The complex nature of customer buying behaviour and new ways of shopping supported through digital means has made it difficult for retailers to recognise customer preferences. However, retail managers explained that while digitalization has presented them with challenges, digital tools also offer them new methods of data analytics to better understand the behavioural patterns of their customers.

As we shift into the digital era, managers emphasized that digitalization has increased customer expectations. Retail managers stipulated that shoppers demand more from their shopping experience, especially the younger generation who are heavy users of technology. As customers continue to interact with new technologies, they expect speed of service and convenience through their interaction with a retailer. Managers also noted the shift in power from the retailer to the customer. Digitalization has opened up the market, offering customer more options and creating a platform for customers to share their opinions about their experiences. Retail managers recognised that they cannot control the shift in power, and as such, they noted the importance of providing a superior service to meet customer expectations.

Retail managers also specified that digitalization has increased the number of customer touchpoints. As a result, retailers are considering how they can successfully integrate channels to create the omni-channel experience. Though many retailer managers explained that implementing the omni-channel presents challenges, they noted the benefits that it will offer both the customer and the business in the long term. One of the most commonly discussed technologies in this regard was the growing use of smartphones, which enable retailers to connect with their customer regardless of their location. Retail managers further acknowledged the importance of brand coherence across channels as they consider the customer journey.

A major disruption to the retail industry in recent years has been the increasing levels of competition presented by pure plays and international retailers. Retail managers specified that the intensity of the market has led to increased service levels and provided customers with the opportunity to compare service offerings. Despite the increased competition, retail managers considered that this is also a positive effect of digitalization, as a driver of innovation in the retail sector, enabling retailers to utilize digital tools in order to gain a competitive advantage. One method adopted by retailers which is growing in use is personalization which was said to offer opportunities for value creation and customer interface.

Chapter Five: Discussion and Conclusions

5.1 Research Summary and Reflection

As research on retail digitalization is in its infancy, this study aimed to provide a holistic view of how digitalization has influenced the customer experience with brick and mortar retailers. While scholars have focused their efforts on the retail customer, my research offers new insights on this growing topic by centering on retail managers. The question I set out to answer was as follows: How do retail managers perceive that digitalization has influenced the customer experience? In order to answer this question, a critical realist approach was adopted, taking an exploratory focus to understand the complexities of digitalization from the managerial perspective. This enabled me to explore how the digital transformation has influenced the customer experience with brick and mortar retailers in the UK and Finland.

With regards to the methodology deployed within this study, a qualitative approach was utilised in both the data generation and analysis. The data was gathered by conducting a total of 26 interviews with managers working for brick and mortar retailers based in the UK and Finland. Throughout the interviews, the managers provided their thoughts and insights about how the digital transformation is affecting their companies and the retail industry at large. In terms of data analysis, qualitative content analysis was used to interpret the data, and in-vivo coding was the chosen method for coding the data. Through the analysis, the main influences of retail digitalization perceived by retail managers were identified and characterised into the following four sub-categories; 1) changing buying behaviour, 2) rising customer expectations, 3) integrating customer touchpoints, and 4) increasing levels of competition. These findings led to the creation of two generic categories, revealing that the drivers were external, namely, the customer and the market. Changing buying behaviour and rising customer expectations were considered to be customer driven, while integrating customer touchpoints and increasing levels of competition were predominantly market driven. Overall, the findings from this research provided an understanding of how managers perceive the influences of retail digitalization on the customer experience.

Although the four influences were prevalent throughout the data, one theme in particular that was noteworthy related to the retail-customer relationship. On reflection of the findings, the most prominent theme discussed across the interviews was how digitalization has been a positive movement, specifically changing how retailers and brands interact with their customers. There was a great emphasis on the opportunities presented by digitalization to remove barriers for customer interaction and gain a better understanding of their customers.

Retail managers consider digitalization as a facilitator that enables them to interact with their customers regardless of their location using platforms such as social media, websites, and mobile applications. Moreover, digital tools enable retailers to collect data about their customers and monitor buying behaviour, through which they are able to build customer profiles, better target their messages, and respond to customer needs more effectively. With fierce competition in the retail industry, retail managers consider digitalization as the next step in their development that will enable new types of relationships to be formed with their customers.

5.2 Research Contribution

This study aimed to contribute towards the growing body of literature on retail digitalization by providing a holistic understanding of what retail managers perceive to be the influences on the customer experience. As such, my research makes scientific contributions in the following areas, theoretical, methodological and practical, on the subject of digitalization. Through conducting an extensive literature review, generating primary data, and executing detailed analysis, my study contributes towards the development of establishing a common understanding of the influences of digitalization on the customer experience. Moreover, to my knowledge, no other studies have focused on the influences of retail digitalization on the customer experience from a critical realist perspective. Therefore, my study utilized a different philosophical lens of analysis to make a valuable theoretical contribution. As critical realism is a philosophy of science, its main purpose is to understand the nature of causation and structures within complex phenomenon (retail digitalization) and in doing so, this enabled me to make sense of retail digitalization through the retail managers interpretations of the subject.

The empirical findings of this study complement the existing research on customer behaviour (Lemon & Verhoef, 2016; Nunes et al., 2013), customer expectations (Hagberg et al., 2017; Huré et al., 2017; Priporas et al., 2017;), and the omni-channel (Hänninen et al., 2018; Von Briel, 2018), all of which are commonly cited throughout the literature and show consistency within my research. While this study is unique in that it examines the perceptions of retail managers from the UK and Finland, my research builds on the work of Lemon and Verhoef (2016), who focus their efforts on understanding the concept of the customer experience within the customer journey. I consider my work an extension of their research on the customer experience and how the expectations of customers are changing in line with the digital transformation of the retail industry.

My research not only adds to existing research on retail digitalization, but also provides further insights into how retail digitalization is affecting consumer preferences. Though there is research focusing on consumer preferences from the consumer's perspective (Helm et al., 2018), by taking the manager's perspective, my research contributes by emphasizing the role of the manager as they respond to changing customer needs. This is considered to be an advantage of my research, as managers are responsible for implementing digital technologies, as such, their perspectives and understanding of customer preferences are important. Their thoughts on this subject draw attention to the existing gap in research from the managerial perspective that warrants recognition from scholars.

As for the methodological contributions of this study, this relates to the study participants and data sample. With regards to the participants involved in the study, their experience and background varied within the retail sector, being based in either the UK or Finland, working within different types of retailers, and holding various positions in their organizations. Thus, their insights into this phenomenon provided my study with a rich and widespread understanding as to how the digital transformation is influencing the customer experience. Through the coding process, prominent themes emerged in the data, showing correlations among the participant's interpretations, which enabled me to achieve my research aim in gaining a holistic understanding. In this regard, my research contributes by providing an abundant source of data from professionals in the field. In general, there are limited studies on digitalization from the retail manager's perspective, meaning that new insights were shared on the digital transformation of retail that can be utilized by other scholars studying this subject.

5.3 Managerial Implications

The findings of this study have several practical implications for retail managers. The implications expressed throughout this section are applicable to both middle and senior retail managers working for brick and mortar-based retailers, who are looking to improve their firms in-store customer experience through the digital transformation. The aim of detailing the managerial implications of this study is to offer managers guidance and assistance so that they are better placed to act as facilitators of retail digitalization.

This study found that the four most prominent influences of retail digitalization relate to both the customer and the market. As such, retail managers must recognize this and respond where appropriate to effectively manage and navigate digitalization. Table 5 details the implications based on each of the influences along with the related issues. The main areas that

Table 5. Managerial Implications of the study

Influences of Digitalization	Main Issues Facing Retailers	Practical Implications
Changing Buying Behaviour	<ul style="list-style-type: none"> - Customers are well-informed about products - Customers are aware of the various retail offerings available - A growing number of customers prefer to shop online - Customer preferences are constantly changing, making it challenging for retailers to define their standard customer 	<p>Retail managers need to recognize that the behaviour of their customers is shifting due to the digital transformation and respond accordingly. With many customers opting to shop online rather than in physical stores, retail managers must consider how they can enhance their in-store customer experience to gain competitive advantage. One method that retail managers should consider is laying emphasis on developing strong customer service, offering relevant training for their shop-floor employees. As customers are more knowledgeable than ever, employees must be equally armed with the right knowledge to support their customers and deliver superior customer service. By focusing on the service encounter, this should make customers feel more valued and appreciated during the customer journey, offering a service that cannot be rivalled online.</p>
Rising Customer Expectations	<ul style="list-style-type: none"> - Customers expect the service levels of brick and mortar retailers to match the offering of pure play firms - Customers want service levels to be fast and convenient - Customers have increasing power in the customer-firm relationship - Customers are more impatient and less loyal towards brands 	<p>Due to the highly competitive service offerings of pure play firms like Amazon and ASOS, customer expectations continue to rise. An example of which is the emphasis that pure play firms have placed on ‘speed’ and ‘convenience’ of service, which has set new standards in the retail market. In response, retail managers should review their offering to see how they compares with their competitors. Retail managers must also recognize the power of the modern-day consumer in determining service levels. With more impatient customers who exhibit less brand loyalty, retail managers should first focus on meeting all the minimum expectations of the customer, before looking to innovate. Furthermore, to encourage repeat business, retail managers should look to reward their customers who utilize different channels to interface with their brand. Digital tools offer opportunities to co-create value, enabling retailers to collect data to better understand their customers, which in turn, allows them to provide a more tailored service for their customers.</p>
Integrating Customer Touchpoints	<ul style="list-style-type: none"> - Retailers are striving to offer the omni-channel experience - Customers are increasing utilizing smartphones in the retail setting 	<p>With firms looking to take advantage of all possibilities that digitalization offers, retailers are trying to create the omni-channel experience for their customers. While there are many new ways for firms to interact with their customers, it is important for retailers to ensure that their touchpoints are interconnected and not considered independent of one another. In a bid to offer their customers a superior customer experience, managers must remember the importance of maintaining brand consistency across all their channels. One of the most cited technologies in recent research is the use of smartphones. Though these devices are considered important touchpoints to connect with customers, retail managers must ensure that their firm’s smartphone touchpoints are user-friendly and responsive.</p>
Increasing Levels of Competition	<ul style="list-style-type: none"> - Retailers face more competition in the market - Digitalization is an important factor in driving innovation with the retail industry - Retailers can gain a competitive advantage by offering more personalised shopping experiences 	<p>The retail market continues to expand, becoming more complex, with increasing intense competition. In recent years, the number of pure plays has increased, manufacturers have begun selling their products directly to customers via online platforms, and competition has become international. To ensure that retailers are able to sustain their position in the market, retail managers must respond to these issues by ensuring that they use the in-store offering as an opportunity to create a unique customer experience. While most competition has emerged in the virtual world, brick and mortar stores have an advantage in that they can focus on the sensory aspects of the customer experience that cannot be matched in other channels. Furthermore, retail managers should use the increased levels of competition as an opportunity for them to raise their game and consider how they can innovate their customer facing processes. In particular, digitalization offers retailers the chance to offer customers a more personalized service which should be leveraged both online and in-store. If retail managers are to see the business as a whole, they will be able to gain an advantage over their competitors.</p>

managers must focus their attention on the customer and the market. As customers continue to become more empowered and knowledgeable, retailers must ensure that they offer a service that their customers expect and cannot be matched by their online competitors. Digitalization offers retailers the opportunity to use the in-store channel as a way to make their offer unique by focusing on the customer experience. While the physical store is an important customer touchpoint, as more digital touchpoints are assimilated into the brand, retailers must also remember the importance of consistency, ensuring that customers have a similar experience across all platforms. The most prominent influences of digitalization on the customer experience illustrate the intense impact this movement has caused on the retail sector. My findings suggest that brick and mortar retailers now have the opportunity to leverage their position, using both physical and digital touchpoints to connect with their customers and work towards creating a seamless omni-channel experience.

While most the implications from this study are based on the influences of digitalization on the customer experience from the managerial perspective, three more key implications were identified throughout the findings that require recognition. As digitalization continues to influence various aspects of the retail environment, it is important for retail managers to take a proactive response through the digital transformation. In order to do so, retail managers must re-evaluate their current customer offering by deploying an ‘outside-in’ approach. The term ‘outside-in’ refers to firms taking an external perspective, using element such as the market and the customer as starting points to determine their organizational change (Yrjölä, Kuusela, Neilimo, & Saarijärvi, 2018). One of the benefits of which is said to be that firms take a more customer-orientated approach in organizational decision making (Day, 2011; Yrjölä et al., 2018; Mu, 2015). While digitalization is still in its infancy in the retail sector, retailers should use other successful cases as a benchmark, and consider how they can match or exceed their competitor’s customer offerings. If retailers fail to take an external perspective, barriers exist in firm strategies and ways of thinking, limiting a firm’s ability to react to changes in the market, which as a result makes them lose touch with their customers (Day, 2011). By adopting the outside-in approach, firms can gain a better understanding of how their value offering is perceived from the perspective of the customer (Yrjölä et al., 2018), enabling them to focus their efforts on meeting market needs and sustaining competitive advantage.

As the retail industry is highly competitive, it is important for retail managers to implement the necessary digital tools within their stores to meet the needs of the modern-day customer. Throughout the interviews, many managers noted that their firms do not have the basics in place in terms of technology, such as the legacy systems they have in place that hinder

digital development. In such cases, it would be beneficial for retail managers to consider the necessary investments required based on what is available on the market. Through digitalization there are myriad technologies on offer, yet retail managers need to determine which technologies are considered imperative to their success, as oppose to those which are novel and short-lived. Take the example of offering the customer various payment options like chip and pin, contactless payments, or even mobile payments (Pantano & Gandini, 2017; Taylor, 2016), these technologies contribute towards the customer's experience with a retail brand and are fast becoming a minimum customer expectation. Therefore, retail managers must recognize the technologies that are becoming ubiquitous within the retail setting which help to create the superior customer experience. Implementing multiple new technologies requires large investment which has inherent associated risk, as such, those who wish to sustain their position in the market need to ensure they have a solid foundation from which to develop, before they focus on innovation.

For those retailers who are already more advanced in their digital transformation and are looking to innovate and become the market leaders. Retail managers should consider how they approach introducing a new technology into their store to enhance the customer's experience. Despite the associated benefits that new technologies can offer retailers, such as saved time or labour costs (Grewal et al., 2017), retail managers must remember the customer side of the equation. If new technologies are to be successful, it must have the buy-in from the customer. There are already many examples in the market of technologies that were not adopted by the customer, which led to heavy losses for the retailer (Inman & Nikolova, 2017). Thus, when looking to make investments into new technologies managers should conduct a number of trial runs of the technology within their most popular stores. Trialling the technologies will allow them to gain an understanding as to how the customers are responding towards the new technology and gauge its success if implemented on a larger scale.

Overall, the practical implications of this study suggest that retail managers should look to take advantage of the digital transformation of retail. Through retail digitalization, retailers are presented with the opportunity to enhance the customer experience through implementing technologies that appeal to the modern-day customer and meet customer expectations. As customer preferences are constantly changing, digital tools offer retailers an insight into customer behaviour through collecting customer data and staying in contact with their customers regardless of their location. My study suggests that though the digital transformation is challenging to navigate, retailers must embrace digital technologies if they wish to gain a competitive advantage, and retail managers must stay proactive in their approach to ensure they

are aware of the market needs and can deliver the superior customer experience that is in demand.

5.4 Limitations and Future Research

Despite its merits, this study has several limitations relating to its scale, its focus within the retail market, and the experience of the study participants. First, as this study centred on the retail industry in the UK and Finland, the delimitations with regards to this work relate to the scale of the study in gaining a holistic understanding of the influences of digitalization. The retail industry is vast in terms of its scale and size, including numerous types of retailers such as, outlet stores, department stores, and independent speciality stores, to name a few. Thus, it is challenging to gain a detailed account as to the influences of digitalization as they differ by case (Reinartz et al., 2011). Therefore, the first limitation of this study is not being able to precisely capture the detailed influences that digitalization has had on each type of retailer. As this study includes various retailers from both the UK and Finland, the findings are indicative of the main influences perceived by retail managers, rather than detailed accounts of each case.

The next limitation recognised in this research relates to the two countries that were chosen to be studied, the UK and Finland. While both countries share similarities in that their retail industries are regarded as having mature markets (Reinartz et al., 2011), the size of the markets vastly differs due to the differences in the population of the UK and Finland, and the number of retailers that have a physical presence in either country. As cited earlier in the study, the Finnish market was a closed market for many years, and it was not until the mid-1990's where they began allowing international retailers to enter into their market (Uusitalo, 2004). Therefore, with such differences in terms of populations and the number of retailers operating within each country, this is considered a limitation of this study. Although no major divergences were uncovered in the data between both countries, digital development in the Finnish market differs from that of the UK, meaning that more intricate differences could have been explored. However, as the focus of this study was on the bigger picture, these aspects could not be divulged.

There were also limitations in relation to the scope of the study and the volume of available data. Though having lots of data at my disposal was considered a strength of my research, it also meant that there were many aspects that could have been explored in more detail but could not be discussed due to the scale and focus of this work. As the data collected for this study was intended for my master's thesis, this meant that there were limitations in

terms of time and resources. The data was so abundant, revealing several other themes that provide useful insights into retail digitalization. However, as my research centred on the managerial perceptions, specifically relating to the customer experience, I was unable to conduct further investigation on topics that were deemed unrelated to my focus area. As a result, there are numerous areas that warrant further exploration by future researchers who focus their efforts on gaining a better understanding of retail digitalization.

As mentioned throughout this study, digitalization of the retail industry is still in its early stages. As a result, there is little research specifically focusing on the influence that this phenomenon is having on brick and mortar retailers. As such, a research gap exists in the exploration of the influences of retail digitalization on the customer experience from the perspective of the customer. More work could be conducted that explicitly focuses on customer facing technologies that are being utilised by brick and mortar retailers at present. In line with the work on value co-creation (Saarijärvi et al., 2013), this study suggests that digital technologies can be used as a facilitator for different types of value creation. Therefore, it is important for retailers to better understand how customers perceive and utilize technologies, and how they are considered to enhance the in-store experience. Research on this area would be beneficial to practitioners who wish to implement new technologies, or for those who want to understand how they can better involve the customer in the value creation process.

Another area that would be of great interest to study is how retail digitalization has altered customer expectations, as research in this area is limited (Priporas et al., 2017). Throughout the interviews a number of retail managers discussed how digitalization has significantly influenced buying behaviour, changing what they expect from a retailer with regards to the customer experience. As such, it would be interesting to conduct a comparative study to understand how customer expectations align with managerial perceptions. To gain the customer's perspective, researchers could hold customer focus groups on the issue of retail digitalization that would shed light on modern-day customer expectations of the customer experience. After which, researchers could look to conduct interviews with managers on the matter to find out if they have an understanding of what their customers expect from their retail experience. This would build on my existing work on the customer experience by analysing how brick and mortar retailers are adapting their offering through digitalization to meet the rising customer expectations, from the perspectives of both managers and customers.

The final research gap identified was the lack of research that focuses on one specific type of brick and mortar retailer. For instance, by concentrating on clothing and fashion retailers or large supermarket chains, a researcher could study the influence of digitalization on

a retail division. As my study was holistic in nature, I was able to gain an overall understanding, however, as the managers involved in my study worked for various types of brick and mortar retailers the questions were broad, rather than focused. By concentrating on a specific type of retailer, more could be learnt about the intricate effects on different retail divisions.

5.5 Research Quality and Ethics

To ensure that my study was of the highest quality and maintained research integrity, I adhered to the principles outlined by the All European Academies (2017). The four principles include 1) 'reliability' to ensure the quality of the research, 2) 'honesty' when reviewing, reporting, and communicating my findings, 3) 'respect' towards colleagues and/or participants involved in the study, and finally, 4) 'accountability' of the research, in terms of managing the project from start to finish (All European Academies, 2017, p. 4). Therefore, throughout this study, these principles were carefully considered at each stage of the research process, from selecting the study participants, to the data analysis and through to the presentation of my work.

The data for this study was generated by me and another student at Tampere university, Charlotte Rebecca Walker. From the offset, we decided that both researchers would be involved in the data generation, transcribing, editing, and data analysis process. As such, we agreed to a set of ethical standards that we both sought to adhere to during our research to ensure that our work was authentic, trustworthy, and aligned with the academic standards set out by Tampere University (Vice-rector, 2019). We took the necessary steps throughout the process to ensure that our work was transparent and reflected the participant's thoughts. In this regard, throughout my work I provide extracts of the raw data (see 3.2) and samples from my field notes (Appendix D) to show how I interpreted the data and how my findings can be traced back to their source.

One of the most important aspects to consider throughout my study was respecting participant confidentiality and anonymity (Creswell, 2012). This was established by providing each participant with a consent form prior to the interview. The form required participants to stipulate how they wanted to be referred to throughout the study, be it private or public. This form also detailed how their data would be used throughout the study and informed them of their right to withdraw from the study should they choose. In addition to the written consent form, at the beginning of each interview the participants also gave their verbal consent which gave them the opportunity to ask questions if they required clarification (please refer to section 3.2). As the majority of the managers indicated that they wanted their data to remain private, it

was deemed best practice to assign each manager with a code rather than refer to them by name. This also ensured that the participants were not affiliated with their organizations. This was considered advantageous for the quality of the study as it ensured that the participants felt more comfortable in sharing their insights on digitalization and could provide explicit examples without the concern that it would reflect on their role in their respective organizations. Thus, taking these ethical steps ensured that their personal information and insights were respected throughout the research process.

5.6 Conclusion

As a growing area of research, this study set out to gain knowledge and insights into the complex phenomenon of retail digitalization. My research specifically aimed to understand the influence of digitalization on the customer experience from the perspective of retail managers. To achieve this, I adopted a critical realist approach to understand the connections between the managerial interpretations. My research involved qualitative research methods, whereby I conducted 26 semi-structured interviews with retail managers based in the UK and Finland. Once all the data was generated, I conducted content analysis which consisted of five steps, utilizing in-vivo coding to interpret the data.

The findings of this study provided a rich source of data and information about retail digitalization, illustrating the main influences of digitalization on the customer experience from the managerial perspective. The most prominent issues raised were that digitalization is changing buying behaviour, influencing customer expectations, causing retailers to integrate their customer touchpoints, and increasing the levels of competition within the retail market. In addition, the findings indicate that retail digitalization has been predominantly driven by both the customer and the market, meaning that external factors are the key drivers for change in the retail environment.

This research makes a theoretical contribution by studying retail digitalization from a critical realist perspective. As this philosophical approach towards this subject has not been adopted before, this allowed me to gain a unique insight into managerial perspectives on digitalization. This study also made methodological contributions in relation to the participants and data sample, as the managers involved in the study came from different types of retailers from the UK and Finland. This enabled me to explore the main influences of digitalization on the customer experience from two developed European countries.

In terms of the practical contribution, the implications of this study are fruitful for managers working in the retail sector, acting as guidance for navigating the digital transformation. The key implications are that retail managers need to adopt an outside-in approach when considering the customer experience, specifically paying attention to customer and market needs, as these two external factors were recognised as the main influences of retail digitalization. My findings further indicate that managers should take a more proactive approach towards their digital development, especially when it comes to ensuring that their value offering is consistent across all touchpoints. Finally, as digitalization is pervasive and unpredictable, it is imperative that managers take precautionary measures when they are considering investing into new technologies. For retailers to ensure sustainable digital growth, it is advisable that they implement basic digital tools that meet customers' minimum expectations before they look to innovate.

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Appendices

Appendix A: Interview Questions

Background & personal insight on the phenomenon

1. How long have you worked for the company?
2. Can you tell me about your position?
3. In your opinion, how has digitalization affected the retail industry/your firm?
4. What do you feel is the main drive for firms to digitalize?
5. Can you tell me a little bit about the company?

Digital strategy

6. Does your company have a formalized 'digital strategy'?
 - a. If so, how long have you had it in place? How frequently do you plan? Who participates in the process? What instigated the development of the plan? What is included in it? How is it helpful?
7. Which department is responsible for the management of the company digital strategy?
 - a. Do you think that this influences how your firm implements the digital strategy?
8. In terms of digital capabilities, what differentiates your firm from your competitors?
9. Could you provide some examples of how digitalization has changed business processes?
10. Does your digital strategy focus more heavily on ways in which digitalization can optimize back-end processes or front-end capabilities?

Customer experience

11. What is your firm's philosophy in terms of creating a customer experience?
12. To what extent/how does digitalization help you to realize this philosophy?
13. In what ways has digitalization improved the customer experience?
14. Could you provide some examples of how digitalization affects the customer interaction with the firm?
15. Research suggests that the traditional buying process consists of the following stages: need, information search, comparison, buying, consumption, which area do you think has been the most effected for your firm/in the retail industry?

Omni-channel integration

16. To what extent do you feel that the digital and physical aspects of the business are integrated?
17. Can you name some positive effects that digitalization has had?
18. Do you offer any addition services through digitalization that are solely for the benefit of the customer?
19. Do you think that digitalization has had any negative impacts on your firm?

Appendix B: Study Participants and their Positions

This is the list of the participants who were interviewed for this study, it illustrates the codes that the managers were assigned, their organisational position, the number of years' experience they have in retail and/or digital development, and the country that their firms are based. Two of the 'positions' outlined below have been altered as they were specific and could have been used to identify the individual.

Code	Position	Experience (Years)	Country
M1	Head of Technology	21	Finland
M2	Customer Marketing Manager	6	UK
M3	Chief Information Officer	8	Finland
M4	Chief Digital Officer	20	Finland
M5	Digital Customer Experience	5	Finland
M6	Commercial Manager	2.5	Finland
M7	Store Manager	10	UK
M8	Chief Executive Officer	30	UK
M9	E-commerce Manager	6.5	Finland
M10	Project Manager	25	UK
M11	Managing Director	20	UK
M12	Chief Technology Officer	30	UK
M13	Regional Manager	30	UK
M14	Digital Business Advisor	22	Finland
M15	Marketing and Communications Manager	8	UK
M16	General Manager	20	UK
M17	Head of Digital & Technology	20	UK
M18	Head of Digital Marketing	11	Finland
M19	Country Manager	20	Finland
M20	Chief Digital Officer	15	Finland
M21	Strategy Manager	7	Finland
M22	Market Manager	24	UK
M23	Head of Customer Experience	16	UK
M24	Country Manager	19	Finland
M25	Communications & Insights Manager	16	Finland
M26	Country Transformation Manager	10	Finland

Appendix C: Content Release Form

Content Release Form

During the interview, you will be recorded on audio so that your information may be used by the following researchers, Charlotte Walker and Aaron Donnelly, contributing toward their master's theses at Tampere University, Finland. Upon completion of the interview, Charlotte Walker will compile the recording into a written transcript and the written transcript will be made available to you on request. With regards to the content release, you have two choices regarding the transcript of the interview. The materials may be designated either "**public**" or "**private.**"

If you designate the materials "**public**" the transcript will be accessible to researchers who may wish to use the materials from the interview for future exhibits and research activities. Within the indicated studies, the transcript will be analyzed by the researchers and you will be identified in the study.

If you designate the materials "**private,**" the transcript will be analyzed by the researchers and your information will be used to complete only the indicated research. It will be released and submitted to the Tampere University as a part of the thesis, but your information will be reported in a way that does not identify you, and your materials will be destroyed after the study is complete.

If in the future you wish to change the status of your transcript, you may contact Aaron Donnelly: Aaron.donnelly241@googlemail.com

___ I hereby designate the materials as **public** and give permission for my transcript to be used openly.

___ I hereby designate these materials as **private** and do NOT give my permission for my transcript to be used by third parties. The materials will be given to you for your own private use and I want my materials to be reported so that they will not identify me and destroyed when the study is complete.

By signing the below, you also confirm that your participation in this research study is voluntary. You may choose not to participate, and you may withdraw your consent to participate at any time. You will not be penalized in any way should you decide not to participate or to withdraw from this study.

Print Name: _____

Signature: _____

Date: _____

You will receive a copy of this form for your records.

Charlotte Walker and Aaron Donnelly will maintain the materials of this research.

Appendix D: Example of Interview Field Notes

This is a copy of my field notes for interview 17. To adhere to research ethical standards, I have blackout the name of the interviewee in the below example of my field notes.

Interview 17

Retailer Name: [Redacted] Contact: Whatsapp
Public/Private: Public Time: 30 mins
Position: [Redacted]

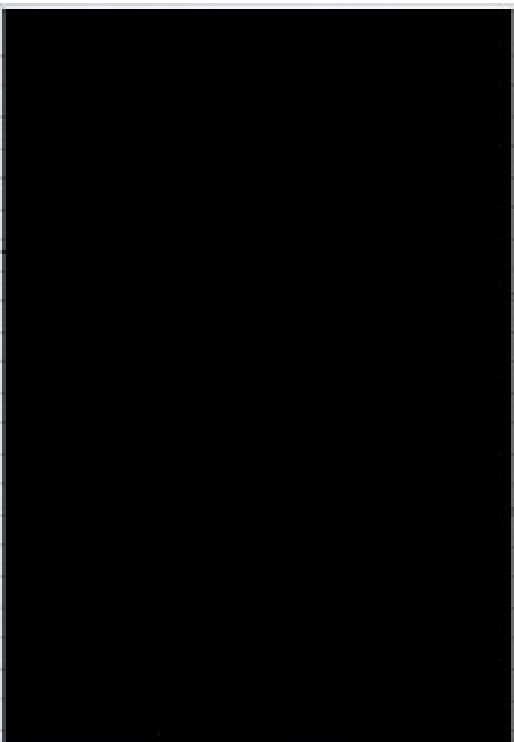
Code = M17

2) Digitalisation
M17's interpretation of digitalisation stems from his role whereby he mentioned that retailers need to create an experience with their customers across all channels. M17 used the phrase "borderless experience for the customer" in terms of digital development, it seems that [Redacted] are taking the necessary steps to not only increase sales through digitalisation, but to extend the brand engagement and collect data about their customers. Through apps [Redacted] VR and AI technologies they are creating this "connection" to their brand by digital mediums.

2) Customer Value
With regards to the value it seems that for their brick and mortar stores, they are using social media in order to create a [Redacted] "community". Through the use of social media [Redacted] brand is being fashioned into a platform that "reflects the identity of the brand".
- local and niche marketing is used to make their retail stores be able to experience.

2) Resource Integration
As for the integration aspect M17 detailed how many processes within the company has improved how customers interact with the firm. The introduction on CRM system was a positive point mentioned by M17 that this technology has improved the relationship between the firm and its customer base. This CRM system allows them to know their customers and to "keep the conversation going" in terms of a relationship between the two.

2) Overall comments
Interestingly M17 believed that there were no negative aspects to the phenomenon of digitalisation in the retail industry, that products are becoming more digitalized and that retailers need to focus on creating the customer experience. As for their digital strategy, as they have the likes of [Redacted] and [Redacted] to compete with, they concentrate more on organic growth and on their operations.



Appendix E: List of Retailers Involved in the Study

The list below has been alphabetised according to the name of the retailer, there is no association with the ranking of the firm to the managerial codes specified throughout this research.

RETAILER	TYPE OF RETAILER
ASDA	Supermarket
Alko	Beverage
Dreams	Bed and Mattress
Electrolux	Electronics
GAME	Games
IKEA	Home furnishings
JYSK	Home furnishings
Kekäle	Fashion
Kesko	Supermarket
Killis	Cleaning
LIDL	Discount
Musti ja Mirri	Pet supplies
Puma	Sport and Leisure wear
Sainsbury's	Supermarket
S-Group	Supermarket
Specsavers	Optical
Stockmann	Department store
Tokmanni	Discount
Tesco	Supermarket
Wilko	Household
XXL	Sport and Leisure wear