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Omni-Channel Retailing

Blurring the lines between online and offline

Master thesis

Master of Science in Business Administration

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Abstract

Background

Omni-channel retailing has developed as an extension of multi-channel retailing. The difference between the concepts is the level of integration, where an omni-channel requires seamless and complete channel integration compared to a multi-channel where the level of integration varies from non-existing to high. Today's customers expect an integrated shopping experience where they can combine the different channels according to their preferences and omni-channel is a way for retailers to meet this need.

Purpose

The purpose of this thesis is to explore the concept of omni-channel retailing and its implementation in retail firms operating in the Swedish market.

Method

This study is based on an interpretive approach and takes the form of an exploratory multiple case study through the investigation of four retailers. Qualitative data was collected through semi-structured interviews and the findings were analyzed abductively.

Conclusion

The conclusion of this thesis is that the investigated retailers still have, more or less, a long way to go in their integrative efforts. The retailer that has come the furthest in their effort has only implemented nine out of fifteen omni-channel criteria. Three main incentives for implementing an omni-channel strategy were identified. These are to respond to customer demands, to optimize the individual sales channels and to gain a competitive advantage. Additionally, several challenges arise as the retailer moves towards an omni-channel. These include technological investments, change management, channel conflict, return management and consistency. Furthermore, five potential sources of these challenges were identified as technological requirements, organizational changes, sales accreditation policies, in-store returns and finally the franchise business model.

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I. Introduction

This chapter is an introduction to the topic of the research and aims to give the reader a brief background of the concept of omni-channel retailing. It also includes the problem discussion that in turn, leads to the purpose and the research questions. The chapter ends with a discussion on the delimitations of the study, definitions of key concepts and finally, a thesis disposition overview.

“...the lines between in-store and online are blurred. What is online? If the customer starts her journey on her phone, but ends up buying in the store, is that online or is that in-store? If the customer buys the product online and returns in-store, is that online or is that in-store? And if she buys something else in a store, where does it stop and start? The answer is it doesn't matter and it shouldn't matter. We should engage the customer in how ever he or she chooses to shop with us”.

- Terry Lundgren, CEO, Macy's Inc. (2014)

Macy's, Inc. is one of America's premier omni-channel retailers, and could be a source of inspiration and function as a potential benchmark for other firms heading in this direction. Retailers are today operating in a setting where technological advancements are constantly changing the customers' shopping behavior (Frazer & Stiehler, 2014). Smartphones, tablets, laptops and other technological devices have become a natural part of the retail environment. Not only are these used by the customers in their everyday activities but also by the in-store sales staff as tools to interact with the shoppers (Brynjolfsson Hu & Rahman, 2013; Kumar, Eidem & Noriega Perdomo, 2012). Moreover, today's customers are no longer satisfied by retailers operating isolated sales channels but rather expect a highly integrated shopping experience where they can combine the different channels according to their preferences (Piotrowicz & Cuthbertson, 2014). As a response to this, the concept of omni-channel retailing has evolved.

Omni-channel retailing can be defined in various ways. The essence of the concept, however, lies in the retailer's ability to reach and interact with its customers through combining all its established sales channels in a seamless manner (Klosek, 2012; Frazer & Stiehler, 2014; Rigby, 2011). According to Frazer and Stiehler (2014, p.655) *“a true omni-channel experience would mean that one transaction can span over more than one channel”*. Channels used by retailers include mobile apps, websites, physical stores, TV, call centers and catalogs among others (Rigby, 2011; Piotrowicz & Cuthbertson, 2014). An omni-channel retailer does not necessarily have to operate all these channels. However, as availability is at the heart of omni-channel retailing it is important for the retailer to be present in the channel that its customers would like to use. This is something that an increasing number of retailers are realizing the importance of. Not only are traditional brick-and-mortar retailers adding online and mobile channels to their business model, but also pure online players are starting to open physical stores (Agatz, Fleischmann & van Nunen, 2008; DiChristopher, 2015). There has even been rumors claiming that online retail giant Amazon is planning to open a physical store in New York City (Bensinger & Morris, 2014). Could it be that these retailers have started to recognize the shortcomings of operating only one channel and instead decided to expand their channel strategy in an attempt to better serve their customers through an omni-channel?

1.1 Background

A retailer's establishment of several sales channels is referred to as multi-channel retailing (Frazer & Stiehler, 2014). This retailing approach blossomed in the 1990's when traditional brick-and-mortars began to sell their products online, in addition to their already existing channels such as catalogue, call centers and physical stores (Grewal, Iyer & Levy, 2004). The integration between the different channels was at this point very low, or even non-existing, and the channels were operated as separate silos (Strang, 2013). Today the integration level of multi-channel varies between different retailers, spanning from non-existing to high (Friedman & Furey, 2003).

Some retailers have begun to take the channel integration even further, as they aim for *complete* integration of their channels, through the implementation of an omni-channel strategy (Piotrowicz & Cuthbertson, 2014). An omni-channel retailer can for example allow the customer to place an order online with the possibility of collecting the product(s) in the physical store (Kumar et al., 2012), often referred to as 'click-and-collect'. They can also install 'in-store online terminals' in the physical stores as a way to leverage the benefit of the online sales channel, offering a wider product assortment, with the convenience of in-store assistance (Rigby, 2011). In addition to this, in order to make the website more omni-channel oriented the retailer can provide information on in-store product availability as well as store location as a way to connect the website with the physical stores (Herhausen, Binder, Schoegel & Herrmann, 2015). Essentially, an omni-channel allows the customer to combine the benefits of the different retail channels and improved customer service, increased sales and higher customer loyalty are many times incentives for retailers to implement an omni-channel strategy (McCormick, Cartwright, Perry, Barnes, Lynch & Ball, 2014; Zhang, Farris, Irvin, Kushwaha, Steenburgh & Weitz, 2010; Capgemini Consulting, 2014). Large chains such as IKEA, Louis Vuitton and J.C Penney are some examples of retailers that have gone in this direction (Herhausen et al., 2015).

While the incentives for implementing an omni-channel strategy can be strong, there are also, however, various reasons to why some retailers are hesitant towards the implementation of an omni-channel. This includes an increased level of complexity, originating from the many structural differences between the channels. The online channel for example differs in many aspects from the offline channel in terms of e.g. logistics, customer behavior, return policies and service expectations (Johnson & Whang, 2002). The high costs and effort of changing the processes and investing in new technology is another factor of concern related to an omni-channel strategy (Herhausen et al., 2015). Another drawback is the internal conflicts that can occur when the goals of the different channels are incompatible (Agatz et al., 2008). Not only is the integration an operationally and organizationally complex task, but some retailers simply lack the willingness to provide these types of services to their customers (Herhausen et al., 2015; Steinfeild, 2002).

1.2 Problem discussion

The phenomenon of integrating retail channels is not something new. In academia, there are numerous articles about channel integration in the supply chain management literature covering various aspects of this, and in the real world companies such as OfficeDepot and KB Toys have been trying to integrate their channels since 2000 (Gulati & Garino, 2000).

The concept of omni-channel retailing is however rather new. The amount of academic literature on the topic is therefore quite limited and the research only dates back to around year 2012. This implies a research gap on omni-channel, something that is highlighted by McCormick et al. (2014). These authors mean that the academic literature on omni-channel as a construct is limited and the concept is yet to be acknowledged in academia. In practice they mean, however, that the omni-channel strategy is becoming increasingly adopted by retailers. Companies are starting to realize the benefits that can be gained from this strategy and have begun to introduce titles such as ‘omni-channel manager’, ‘omni-channel developer’ and ‘omni-channel analyst’ etc.

Despite the benefits that can be gained from channel integration, a relatively low proportion of the retailers have managed to fully integrate their sales channels (Herhausen et al., 2015). Various reasons for this were stated in the previous section 1.1. According to Rigby (2011), a lack of integration is many times the main reason to why multi-channel retailers fail to create a competitive advantage over other retailers. He further states that “*an omni-channel world represents a major crisis for traditional retailers. Customers are passing them by. Online players are gaining. To keep up, existing retailers will need to create an omnichannel strategy—and pick up the pace of change*” (p. 4). Therefore, in order to remain competitive and survive, retailers need to adopt a more integrative approach and the ability to incorporate new technology, new practices, and new processes will be crucial for their future success (Levans, 2014; Capgemini Consulting, 2014; Blanchard, 2013).

According to a report provided by Avensia (2014), there is currently no retailer in the Swedish market that has been able to fully implement an omni-channel. The report has evaluated 37 of the major retailers on their omni-channel practices, using a scale from 0-100 where over 80 qualifies a retailer to be “omni-channel ready” and 100 represents complete omni-channel. None of the retailers had an index above 80 and 75% of the retailers score below 50. This is a clear indication that there is still room for significant improvement among the retailers in this area, and thus a need for more research to be conducted within the domain.

1.3 Purpose

The purpose of this thesis is to explore the concept of omni-channel retailing and its implementation in retail firms operating in the Swedish market.

1.4 Research Questions

1. What are the current omni-channel initiatives implemented by retailers operating in Sweden and how far have they come towards reaching an omni-channel?
2. Why are retailers choosing to implement an omni-channel strategy?
3. What are the challenges associated with the implementation of an omni-channel strategy, and what are the sources of these?

1.5 Perspective

Although omni-channel retailing is mainly a customer-driven evolution (Piotrowicz & Cuthbertson, 2014), this thesis takes on a managerial perspective in order to get insights on

the retailers' current strategy and the challenges that they face in their efforts towards omni-channel integration.

1.6 Delimitations

Since retailing is a very broad domain and includes both service- and product retailing, the authors decided to exclude the former. This is mainly because the physical distribution of the products is of significant importance in an omni-channel strategy and therefore the concept is more applicable to this type of retailing. Furthermore, retail products differ a lot in nature. In the authors' opinions, omni-channel retailing is likely to be most successful for 'touch-and-feel' products where the retailer has the potential to differentiate from competitors. Therefore, this thesis will not examine the concept in relation to commodity products, since price is often the main determining factor for the customer here.

Additionally, an important distinction is made between omni-channel and omni-channel strategy. In terms of omni-channel the authors refer to the concept of complete integration of the retail sales channels, whereas omni-channel strategy is about establishing an explicit approach in order to reach this goal. Avensia provided the authors with a report where twenty-three omni-channel initiatives were investigated. In order to be able to go further in depth into certain initiatives, only fifteen of these are included in this study. The main focus is on the sales related initiatives.

Moreover, 'sales channels' is a reoccurring term used throughout this thesis. For the sake of simplicity the authors decided to use the terms channels, sales channel and retail channels interchangeably. Sales channels that are not used by any of the case retailers have been excluded from the frame of reference as their relevance for this study is limited. Furthermore, as only one of the case retailers operates an additional channel besides the physical store and the online channel, the natural focus of this study is on the integration of these. It should also be noted that channels such as communication, marketing and distribution is not what is referred to in the use of the term channel, unless explicitly stated.

Furthermore, in terms of geographical scope, the study investigates the concept of omni-channel retailing within Sweden by interviewing retailers operating in this market. The reason behind this is the on-going trend among retailers in this market to implement such strategy (Avensia, 2014) and that both the necessary economic and technological conditions for integration are present in this market.

1.7 Definitions

Brick-and-click: A retailer that has both online and offline presence in the form of a website and a physical store (Gulati & Garino, 2000).

Brick-and-mortar: A retailer that operates through physical stores as the only channel (Strang, 2013).

Motivators: Factors that gives the organization reasons to perform a particular action (Oxford Dictionaries, 2015).

Multi-channel retailing: A form of retailing where the retailer has established more than one sales channel with the intention to extend the market reach. The level of integration among the channels can vary from non-existing to high (Friedman & Furey, 2003).

Omni-channel retailing: An extension of multi-channel retailing, where the channels have become completely integrated in order to offer the customer a seamlessly integrated shopping experience (Klosek, 2012; Frazer & Stiehler, 2014; Rigby, 2011).

Pure player: A retailer that only operates in the online environment without any physical stores (Fulgoni, 2014; McCormick et al., 2014).

Sales channel: Store and non-store retail business structure where the exchange of goods or services takes place (Görsch, 2000). A channel can for example come in the form of catalog, physical store and website (Frazer & Stiehler, 2014; Strang, 2012).

1.8 Thesis disposition

Following is an overview of the different chapters included in this thesis. These are explained in more detail at the beginning of each chapter.

Chapter 2: Frame of reference	•Chapter two is a presentation of the frame of reference based on various type of literature.
Chapter 3: Method	•Chapter three describes the methods used to conduct the research.
Chapter 4: Empirical findings	•Chapter four provides a summary of the relevant and most significant findings of the study.
Chapter 5: Analysis	•Chapter five includes the empirical findings analyzed through the frame of reference.
Chapter 6: Discussion	•Chapter six is a discussion of the research, including limitations, contributions, implications and recommendations for future research.
Chapter 7: Conclusion	•Chapter seven concludes and summarizes the research.

Figure 1.1- Thesis disposition (Source: Authors' own, 2015).

2. Frame of reference

This second chapter covers the frame of reference. This includes literature on the different types of retail channels; physical, online, mobile, catalog as well as a combination of these. Furthermore, literature on omni-channel retailing including background information of the concept, integration areas, motivators and challenges is covered. The chapter ends with a working conceptual model.

2.1 Retail sales channels

In designing their channel strategy, retailers can choose from several different sales channels to find the optimal option for their organization. These channels include physical channel, online channel, mobile channel, catalog channel and finally a combination of these in the form of a multi-channel. The following section will introduce these in more detail.

2.1.1 Physical channel

A physical store allows retailers to achieve closeness to the customer and provide an instant gratification effect since the customer does not have to wait to receive the products (Agatz et al., 2008; Grewal et al., 2004). Through the store, the retailers also have the opportunity to enhance the quality of the service through a personalized and “*rich, multisensory brand experience*” via their sales staff and the physical presence of products that allow the customer to try, touch and feel before making a purchase (Görsch, 2000; Herhausen et al., 2015, p. 3; Rigby, 2011; Webb, 2002).

Furthermore, by operating physical stores, the retailer allows the customer to return products in an easy and convenient manner as well as provides them with instant assistance in the decision-making process or with any potential setups or repairs (Rigby, 2011; Grewal et al., 2004). Furthermore, physical stores allow the retailer to avoid costs related to actions that the customers can perform themselves such as picking products from the shelves and bringing them home (Grewal et al., 2004). Additionally, not all customers are attracted by technological advancements, and the physical stores offer these customers the option to use a channel that better fits their needs where attributes such as cash payments and traditional face to face interaction are present (Piotrowicz & Cuthbertson, 2014; Zhang et al., 2010).

2.1.2 Online channel

Through the online channel, the retailers can offer the customer 24/7 accessibility and a wider product selection compared to the physical channel (Rigby, 2011; Agatz et al., 2008). Additionally, the digital channel can decrease the customers’ searching costs by providing them with extensive information about the products; recommendations and reviews; price comparisons; as well as a quick and easy checkout process (Rigby, 2011; Agatz et al., 2008; Webb, 2002). For the time-constrained customer, these factors are all of great value as it allows them to save time during the purchase process (Grewal et al., 2004). In terms of customer experiences, online shopping also allows the customer to think and reflect about their purchases in the comfort of their own homes (Zhang et al., 2010).

Despite the many benefits that comes with an online channel some retailers are reluctant to add this type of channel because they are concerned that their customers will be disappointed by the lower service level that the online channel offers (Zhang et al., 2010).

However, some retailers, referred to as pure players, have decided to operate solely in the digital channel (McCormick et al., 2014). This type of retailers mainly outperforms competition in product categories where products are standardized and the main decision criterion is price (Herhausen et al., 2015). This is in line with the claim of Grewal et al. (2004) stating that the incentives for shopping online tend to be of economic nature.

2.1.3 Mobile channel

Some retailers have realized that the online channel itself is not enough to satisfy their customers who demand further convenience and higher accessibility. This has led to the consideration of smartphones as a separate sales channel. The use of smartphones as a distinguished retail channel is evolving quickly as the retailers are developing more and more mobile versions of the websites along with more advanced apps to satisfy the needs of their customers (Brynjolfsson et al., 2013). While many of the advantages of this channel are the same as the ones of the online channel, there are some additional benefits associated with the mobile sales channel. According to Piotrowicz and Cuthbertson (2014) smartphones have given the customers the ability to combine online and offline purchasing in a new way since the mobile internet access allows them to do instant price comparisons or read customer reviews while simultaneously evaluating the non-digital components in the physical store.

2.1.4 Catalog channel

A more old fashioned retail channel is the catalog channel in which customers can order items via telephone or regular mail. This is a way for the retailer to reach a large group of customers. Another advantage of catalogs is that they can display photos of prints and patterns in a different way and give the customer a different experience than a website (Hansell, 2002). Furthermore, catalogs are convenient to use and do not require access to Internet and hence allow for a more flexible shopping (Wallace, Giese & Johnson, 2004). As in the case of mobile and online, catalogs also allow the customer to stay anonymous. Drawbacks of this retail channel are that they are rather expensive to print and send out to potential customers, and additionally the content of the catalogs becomes outdated quickly (Gulati & Garino, 2000).

2.1.5 Multi-channel

A retailer utilizing only one of these channels is operating a single-channel strategy (Coelho, Easingwood & Coelho, 2003). The above mentioned channels can also be used by the retailer simultaneously in what is called a multi-channel strategy (Wallace et al., 2004). The level of integration in a multi-channel strategy can as previously mentioned, vary from non-existing to high depending on the business model. Friedman and Furey (2003) mean that when channels are operated in silos the integration is low. On the other hand, the retailer has achieved channel integration when integration is high and synergies between the channels have evolved. An offline channel can be complementary to an online channel, and vice versa, in several ways (Herhausen et al., 2015). For instance, Rigby (2011, p. 6) argues that “*physical stores boost online purchases*”. However, only offering this type of purchasing channel is often not sufficient. Zhang et al. (2010) argues that there is no universal solution to what parts of the organization and the processes that should be integrated. This is rather a decision that each retailer must make after weighing the benefits against the costs of

integration. One thing, however, that according to Van Birgelen, de Jong and de Ruyter (2006) does influence the integration outcome is the level of compatibility between the channels. They conceptualize compatibility as “*evaluation complementarity in case the customer perceives that one channel adds value to another channel*” (p. 368-369).

2.2 Omni-channel retailing

Omni-channel retailing is the concept of complete integration of all channels and it has developed as an extension of multi-channel retailing (Klosek, 2012; Frazer & Stiehler, 2014; Rigby, 2011). The development of the concept has been driven by several factors discussed in the following section 2.2.1. The goal of implementing omni-channel retailing is to combine the benefits of both the digital and the non-digital retailing in order to give the customer a seamless retail experience (Rigby, 2011). As mentioned in the previous section, advantages related to online sales includes price transparency, the availability of reviews and unlimited selection of products while benefits related to offline retailing are for example face-to-face interaction, instant gratification and a hands-on product experience (e.g. Grewal et al., 2004; Agatz et al., 2008; Rigby, 2011). Consequently, an online channel can in many ways complement an offline channel, and vice versa, which has lead several authors to claim that increased integration of the retail channels creates several types of synergies (Agatz et al., 2008; Herhausen et al., 2015; Görsch, 2000; Steinfield, 2002). This is something that many customers place great value on and hence, a successfully implemented omni-channel strategy with total integration, has the potential to greatly enhance the customer shopping experience (Herhausen et al., 2015).

2.2.1 Setting the stage for omni-channel retailing

As mentioned, omni-channel retailing emerged as an extension of multi-channel retailing. Although several factors have influenced this development, there are some in particular that have been identified to have a more significant impact. These will be explained in the following section.

2.2.1.1 Technological developments

Omni-channel retailing is closely linked and driven by technology as more advanced technology allows for better integration of the retail channels (Oh, Teo & Sambamurthy, 2012). Customers have changed their shopping patterns as a result of their changed use of technology, in combination with the increased availability of e-commerce (Kumar et al., 2012). Smartphones and tablets are central to this new way of shopping and therefore the retailers have had to take these technologies into account while designing their new strategies (Brynjolfsson et al., 2013; Frazer & Stiehler, 2014).

2.2.1.2 Changed customer shopping patterns

The customers of today have the ability to stay constantly connected to the global marketplace, which allows for easy price and product comparisons (Strang, 2013; Brynjolfsson et al., 2013). Today’s customers are therefore becoming increasingly demanding and expect to have a wide product selection available at all times (Piotrowicz & Cuthbertson, 2014; Capgemini Consulting, 2014). This has contributed to changing the way they search for information and thereby affected the purchasing process that they engage in. They “*are combining various channels and approaches, searching online to buy offline, searching offline*

to buy online— and everything in between” and expect to get both customization and convenience from their shopping experiences (Wind & Mahajan, 2002, p. 65; Oh et al., 2012). An example of this is how the use of multiple shopping channels throughout a single purchasing process is becoming more and more common (Kalyanam & Tsay, 2013).

One concept that has evolved from this is the one of ‘webrooming’ (Bell, Gallino & Moreno, 2014). This concept refers to customer that research the products online before visiting the store to purchase the product (Brynjolfsson et al., 2013). Gulati and Garino (2000) explain for example how Office Depot increased its physical store traffic by making information on store location and in-store inventory availability accessible from the website. Providing the customer with this type of information has also in other cases proved to be a successful strategy to increase store traffic (Bell et al., 2014). The improved accuracy of the online information allows the customer to thoroughly research the product from home and then visit the physical store to evaluate the non-digital components of the product and, if satisfied, purchase the product in-store (Brynjolfsson et al., 2013).

2.2.1.3 Customer centricity

“Today, nobody owns the customer. The customer owns you” (Galbraith, 2005, p. 1). This statement illustrates the reality for most retailers today and there is little doubt that the customer is becoming increasingly influential on the activities of companies, which are consequently becoming more and more customer-centric (Agatz et al., 2008). Customer centricity is a strong driver of omni-channel efforts as the retailers choose to implement an omni-channel strategy with the aim to provide the customer with a seamlessly integrated shopping experience (see more in section 2.2.3.1). The term customer centricity is about creating value for your customer rather than how to sell your products, which is the case in a product-centric organization where all organizational activities are organized around the product of the company (Shah, Rust, Parasuraman, Staelin & Day, 2006). In a customer-centric organization, the firm must “*literally organize around the customer*” and have the ability to conduct business according to the preferences and wishes of the customers in order to build a relationship (Galbraith, 2005, p. 5; Gummesson, 2008). Galbraith (2005) means that this requires a close collaboration and interaction with the customers across all contact points and to then use the results of these integrative activities to reach consistency in the eyes of the customer. Shah et al. (2006) emphasize this further and argue that the ultimate customer-centric company integrates and aligns all its functional activities to deliver the best value to the customer.

Several authors agree on the fact that companies will have a hard time to survive in the twenty-first century unless they move in this direction of customer centricity, since it is the key to achieving sustainable and long-term growth, profitability and customer loyalty (Selden & MacMillan, 2006; Galbraith, 2005; Gummesson, 2008; Shah et al., 2006). Moreover, organizations should be willing to invest in business models that are value-adding for the customers since these are in general difficult for competitors to imitate (Teece, 2010).

2.2.2 Areas of omni-channel integration

The integration areas related to omni-channel spans over all the different functions involved in the retailers business activities, for example, shipping services, logistics, sales tools, promotional activities and performance measurements etc. (Avensia, 2014; Bell et al., 2014; Brynjolfsson et al., 2013; Cook, 2014). Examples of shipping services and logistics integration are click-and-collect, in-store returns and in-store packing of click-and-collect orders (Piotrowicz & Cuthbertson, 2014; Napolitano, 2013). Omni-channel sales tools include the use of technology such as tablets and in-store screens (Herhausen et al., 2015). Omni-channel promotion is related to providing consistent information to facilitate and encourage combined channel use (Oh et al., 2012). Finally, performance measurements related to omni-channel initiatives involve finding ways to measure the results generated by this strategy (Cook, 2014). According to Oh et al. (2012), this type of integration is not only a way to provide a seamless experience, but also a way for the retailer to strengthen the relationship with the customers and thereby enhance the firm performance.

Below is a table summarizing some of the main omni-channel initiatives related to these areas of integration. The table is based on the omni-channel literature although the main criteria have been derived from the Avensia report (2014), however, some modifications have been made (see section 1.6).

Table 2.1 Omni-channel initiatives (Source: Authors' own, 2015)

Omni-channel initiatives
Shipping services
➤ Click-and-collect
➤ In-store return of online orders
➤ Free home delivery of in-store orders
Logistics
➤ Integrated inventory systems
➤ Using online returns as inventory
➤ In-store packing of click & collect orders
Sales tools
➤ Possibility to see content of packages
➤ Tablets as in-store sales tools
Promoting combined channel use
➤ Financial incentives for combining channels
➤ Consistency in pricing
➤ Store locator on website
➤ Online information of in-store availability
➤ In-store product info via QR code / app
Omni channel measurements
➤ Tracking additional sales from click & collect
➤ Online statistics

2.2.3 Motivators of omni-channel retailing

There are several motivating factors as to why a retailer would decide to implement an omni-channel strategy. These will be presented and explained in detail in the following section.

2.2.3.1 Customer demand

Retailers that have chosen to implement omni-channel retailing do so with the aim to better respond to demands of the customers and thereby also increase their level of satisfaction. This is associated with one of the most frequently mentioned benefits of omni-channel retailing, which is to provide the customer with a seamlessly integrated shopping experience starting from the initial need recognition until the final receipt of the product (Cappgemini Consulting, 2014; McCormick et al., 2014). McCormick et al. (2014, p. 281) refers to this as “*looking at consumers’ combined channel experiences rather than examining channels in parallel with one another*” meaning that the customers should be able to combine the use of the different channels in whichever way they find suitable for their purchase. This is further supported by Wind and Mahajan (2002, p. 70) emphasizing the importance of offering all possible combinations of the different channels since many customers want to have the option of using all the channels and to “*call, click, or visit*”. This includes everything from pick-ups and returns of online purchases in the physical stores, to personalized help from knowledgeable sales staff as well as convenient online checkout procedures (Zhang et al, 2010).

By providing the customer with a higher service level, the retailer is more likely to reach a high level of customer loyalty, which is crucial within retailing. According to Wallace et al. (2008) customer retailer loyalty refers to when a customer prefers a certain retailer over its competitors. Implementing omni-channel strategies may have an effect on this as customer loyalty tends to increase with personalization and seamless integration (Zhang et al, 2010). A study conducted by Srinivasan, Anderson and Ponnnavolu (2002) suggest that customization, choices and convenience along with a sense of community all contribute to increased customer loyalty. This is further supported by Zhang et al. (2010) claiming that customer loyalty can be built by gathering customer information and using it to offer the customer a well-adapted and personalized shopping experience. These characteristics are all central elements of creating an omni-channel experience.

In addition to this, it is more likely that a satisfied customer becomes loyal to a retailer offering multiple shopping channels since there are more possibilities for the company to give good customer service and adhere to complex customer needs through a “*synergistic combination of service outputs*” (Wallace et al., 2008, p. 258). However, different customers prefer different shopping channels. More importantly, some customers prefer certain channels for certain parts of the purchase process. This is emphasized by Görsch (2000, p. 8) who states that “*customers may choose the channel for each individual function and not for the complete purchase process*”. Thus, by providing the products through various complementary channels, the retailer can offer a better service to its customers and consequently enhance the satisfaction among these (Wallace et al., 2004).

2.2.3.2 Increased sales

According to Zhang et al. (2010) the reason retailers choose to offer more than one channel is essentially the hope to reach higher profits through increased sales and more efficient operations. The reasoning behind this is that there are more customer touch points and thus more opportunities to adhere to different customer demands and a retailer “*expands both the quantity and possible combinations of service outputs available to its customers*” by offering various shopping channels (Wallace et al., 2004, p. 251).

Offering the customer more options regarding the point of purchase and return increases the availability and accessibility and by reducing the boundaries between the channels. This could, in combination, increase sales of the retailer (Capgemini Consulting, 2014; Lewis, Whysall & Foster, 2014). Zhang et al. (2010) refers to this as gaining access to new markets, which means reaching customers that otherwise would not be able to purchase the products. It also allows you to expose customers to new products that they otherwise might not have come in contact with (Brynjolfsson et al., 2013). Furthermore, Rigby (2011) highlights the potential of increased sales by complementing the online and offline channels instead of having them competing with one another.

2.2.3.3 Optimizing the physical channel

Omni-channel retailing presents a great opportunity for physical stores to strengthen their role in the supply chain. One example of this is to use the store as a mini-fulfillment center. This term refers to the use of the physical store as an additional distribution and storage facility where the customer can pick up online orders or where the retailers can ship online orders straight from the store to the customer (Napolitano, 2013; Giannopoulos, 2014). These can vary in size depending on the needs of the retailer and the capacity of the physical store (Napolitano, 2013). One example of a retailer that has implemented this strategy is Macy’s Inc. The company has started to “*rethink its brick-and-mortar stores*” and has transformed more than 50 percent of its 840 stores into mini-fulfillment centers in order to better serve online sales and making more productive use of the physical shops (Banjo & Fitzgerald, 2014).

Using the physical stores as mini-fulfillment centers has several advantages. First of all, it makes it easier and more cost efficient for the retailers to offer next-day home delivery due to a decrease in geographical distance to the customer (Napolitano, 2013). Additionally, the use of in-store pickup and ‘ship from store’ allows the retailer to make better use of its existing inventory, and thereby decrease the excess stock that otherwise risks to be sold at a reduced price (Giannopoulos, 2014). Offering the customer the option of in-store pickup also allows the retailer to save some costs since the ‘last mile’ in product delivery is a relatively expensive part of the distribution for the retailer (Agatz et al., 2008). If the customer do the pick-up in store and bring the merchandise home, the company can minimize this expense. In addition to reducing the costs, in-store pickups comes with the advantage of increased store traffic which provides an opportunity for the sales personnel to achieve additional sales (Zhang et al. 2010).

2.2.4 Challenges of omni-channel retailing

Even though there is little doubt of the fact that omni-channel retailing comes with many opportunities for retailers, there are also several challenges that they are faced with as they move towards a higher level of integration among their channels. The following section will provide a discussion on these.

2.2.4.1 Technological investments

Establishing an omni-channel strategy increases the complexity of managing the operations and the supply chain of the retailer. The fact that this type of strategy is highly dependent on investing in integrative technologies is a reason why some retailers are hesitant toward its implementation (Herhausen et al., 2015). Furthermore, DeSanctis & Poole (1994) mean that technology might not always live up to the expectations of the organization and thereby adds to the level of hesitation. The increased complexity resulting from an omni-channel requires for example advanced Warehouse Management Systems (WMS) in order to keep track of the inventory at all times, and meet the customer's demand of quick and on-time deliveries (Zhang et al., 2010). This also requires the involvement of skilled IT personnel in the reengineering of the business processes (Frazer & Stiehler, 2014). Furthermore, implementing new systems does not only require skills, it is also a major financial investment that managers need to consider (Herhausen et al., 2015).

Wind and Mahajan (2002, p. 71) state that *“people are complex, retaining the same enduring human needs even as they adapt new technologies and behaviors”*. Thus, it is important that retailers find a balance between these. Simply adopting and acquiring the newest technology might not always be the right recipe to success. It is also crucial that the technology is well tested and developed before it gets implemented so that the customers do not experience any technical issues, since these type of problems have proven to distance the customers from the retailer (Piotrowicz & Cuthbertson, 2014). Furthermore, it is in general important to ensure that both the company itself, and the market will be receptive towards the new technology (Probert & Shehabuddeen, 1999; Davis, 1989).

2.2.4.2 Change management

Implementing an omni-channel retailing approach can be difficult if the organization does not manage to convey the benefits of the change for the organization as a whole, and convince the different departments to move the focus from their individual performance towards the performance of the whole corporation (O’Heir, 2012). This is something that requires change management. Moran and Brightman (2001, p. 111) defines change management as *“the process of continually renewing an organization’s direction, structure, and capabilities to serve the ever-changing needs of external and internal customers”*. Managing change is not an easy task, particularly not in large organizations with a lot of people are involved (Worley & Mohrman, 2014). This is further emphasized by e-commerce manager Jenny Vesterlund at Kicks, one of the Swedish retailers that according to the Avensia report (2014), has come furthest in their omni-channel efforts. She states that *“it’s important to have everyone in the organization onboard, including the headquarter, as well as everyone in the physical stores”* in order to succeed in your efforts (Postnord Logistics, 2014). Also the authors Sirkin, Keenan and Jackson (2005) highlight how the commitment of both top management and employees is an important factor in determining the outcome of the initiative.

2.2.4.3 Channel conflict

Issues that are often mentioned in relation to multi-channel retailing are channel conflict and cannibalization which can be of great concern to retailers who are planning to increase the integration of their channels (Webb, 2002; Agatz et al., 2008). Conflicts of this type usually arise when resources such as staff, technology and capital are scarce, or when goals are incompatible (Webb, 2002). The efforts to minimize inventory can for example result in a channel conflict regarding the decision of which channel that should get priority of limited inventory (Napolitano, 2013). The more channels the retailer has established, the more complex the inventory management gets (Kumar et al., 2012). Some retailers have been reluctant to add new channels as they are worried that doing so would move their customers from their current channel into the new one and thereby cannibalize the sales instead of increasing total sales (Agatz et al., 2008).

2.2.4.4 Return management

Returns are inevitably part of supply chain management and retailing and consequently something that retailers have to manage. However, the integration of online and offline retailing has taken this challenge to a new level because the online return rates are much higher than the offline since the customers do not have the possibility of touching the product before making a purchase (Agatz et al., 2008; Bell et al. 2014). This causes a challenge in the reverse flow of the supply chain, which occurs when the customer returns an online order in-store. Since the assortment is wider online, it is likely that the customer will return an item that the store normally does not carry, meaning that the item must be shipped back to the warehouse; an expense that the retailer has to cover in this situation (Zhang et al., 2010). Furthermore, the supply chain of physical stores is typically not designed to handle the increased amount of returns originating from e-commerce (Grewal et al., 2004). It is therefore very important for the retailers to carefully determine how to design their return policy in order to find the right balance between cost efficiency and being able to offer the customers the highest service level possible.

Better and clearer information on the website has proven to be an efficient way to decrease the returns of online orders since this type of returns typically occur when the ordered item does not live up to the expectations (Bell et al., 2014). If a retailer manages to design an efficient product-return system, large cost-savings can be generated from reduced transportation, warehousing and inventory costs (Min, Ko & Ko, 2006). Developing the procedure is meanwhile, not only a cost-related issue; it is also something that the customers place great value on. Customers who have the option of buying a product online but returning it in the physical store of the retailer, appreciates the convenience of the service and are more prone to trust the online channel and may feel more comfortable making the purchase (Wallace et al., 2008; Görsch, 2000).

2.2.4.5 Consistency

One issue that has been experienced related to channel integration is that the level of consistency is not high enough. This is many times not an easy task to deal with due to the discussed differences between the channels. Areas in which the retailer has to decide the level of uniformity is among others pricing and promotions, delivery and return policies and assortment (Zhang et al., 2010). Charging different prices in the different channels

goes against the strong argument regarding providing the customers with a seamless experience, and many authors agree that it is crucial that the customers do not experience disturbing inconsistencies between the different channels, as previously mentioned by e.g. Oh et al. (2012). However, it is possible that retailers can use special promotions as a tool to direct customers into a specific channel (Zhang et al. 2010).

Piercy (2012) argues that retailers must be aware that adding additional channels can negatively influence the existing ones if the service level of the new channel does not live up to the expectations of the already existing one. However not only negative experiences carry over the channels. Also a positive experience in one channel tends to carry over into the other channels and leave the customer with a positive view of the retailer as a whole. This can for example be regarding trust in the website that carries over into trust in the mobile apps (Lin, 2012). It is therefore of great importance to build up and maintain a good level of communication and to make sure that integrative strategies are in place in order to achieve well-coordinated channels (Webb, 2002).

2.2.5 Working conceptual model

Below is an overview of the motivators and challenges found in the literature that the retailers could face when implementing an omni-channel strategy of total channel integration. The concept of omni-channel retailing is at the center of the model. The motivators symbolize the incentives for an individual retailer to offer its customers an omni-channel shopping experience. The stated challenges aim to illustrate which obstacles a retailer should expect to encounter when implementing an omni-channel strategy. This model will form the basis of the analysis and will be revised according to the empirical findings in the end of the fifth chapter.

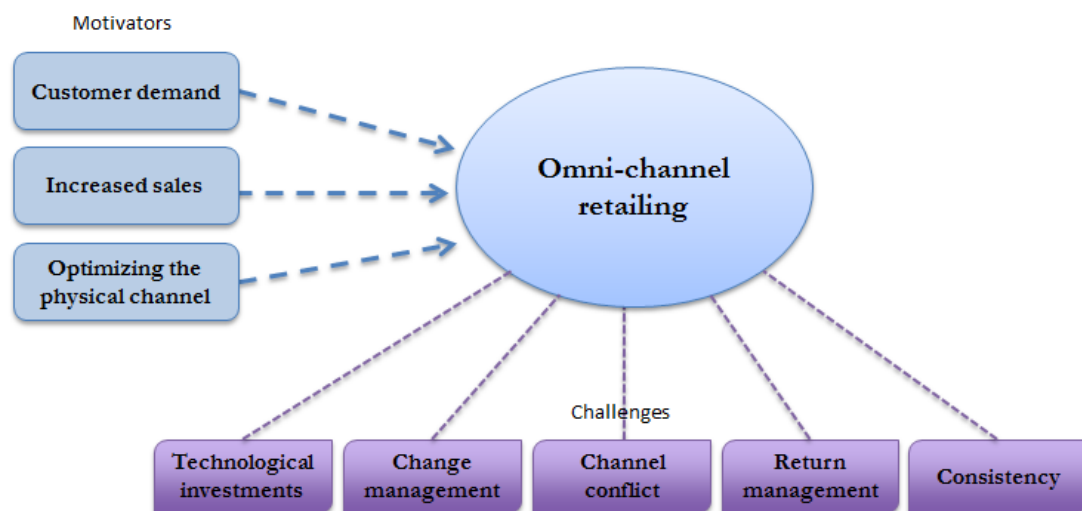


Figure 2.1- Working conceptual model of omni-channel retailing (Source: Authors' own, 2015)

N.B. The dashed arrows and lines do not illustrate a cause-and-effect relationship. The arrows rather show how the motivating factors lead the retailer to implement an omni-channel strategy whereas the lines solely represent a connection between the challenges and omni-channel retailing.

3. Method

This chapter provides the reader with information on the methods used when conducting this study. It thoroughly describes the research design and the data collection. Additionally, the data analysis and reasoning is covered, as well as the research philosophy and the trustworthiness of the results.

3.1 Research philosophy

A positivistic research is value-free, without the influence from the surroundings and any social or individual norms (Lincoln & Guba, 1985). Interpretivism, on the other hand, is a philosophy that allows the researcher to take socially constructed and subjective perspectives into consideration (Saunders, Lewis & Thornhill, 2012). We decided to adopt an interpretive approach since our research is focused on a topic that involves people rather than objects, which is often the case in positivistic research. Crotty (1998) argues that an interpretive philosophy is suitable for research where the unique development of isolated individual cases is in focus. Our four cases involve details that are both complex and unique to each individual case and since an interpretive approach further allows for a better interpretation of a smaller samples and more in-depth investigations, it was suitable to this study (Saunders et al., 2012).

3.2 Research design

According to Saunders, Lewis and Thornhill (2007) research can, in general, be divided into three categories; exploratory, descriptive and explanatory. The aim of the study and the design of the research question are main determinants of which one of these three categories to use. When conducting an exploratory research, the authors aim to gain a deeper understanding of a particular phenomenon or problem (Saunders et al., 2007). Moreover, this approach provides flexibility in the emergence of novel data. Since the purpose of this research was to explore, rather than to explain or describe, the concept of omni-channel retailing and its implementation in retail firms operating in the Swedish market, the exploratory approach was a natural choice of ours.

Another choice researchers are faced with is which research strategy to use in their study (Saunders et al., 2007). Examples of research strategies are experiment, survey, ethnography and case study. The case study method refers to an empirical investigation of a certain problem or phenomenon in its natural setting and ultimately should result in a better and in-depth understanding of this (Yin, 2009; Seuring, 2008; Eisenhardt, 1989). Moreover, a case study is often preferable in an exploratory study since it allows the researcher to gain insights into a less researched topic (Ellram, 1996; Bryman, 1995). Furthermore, the case study strategy is suitable for this research since it is designed to answer “*how*” and “*why*” questions (Yin, 2009). For these reasons, we found this approach suitable for our study since the concept of omni-channel retailing is rather new both within the Swedish market and in academia. Therefore, we wanted to gain more insight of the term itself and explore its actual implementation by retailers in their daily operations. It took the form of a cross-sectional multiple case study with four companies which were chosen carefully with the intention to be able to compare and find similarities among these, as described by Bryman (1995). These are described in more detail in section 3.2.1.

3.3 Data collection

Data collection can be done either quantitatively or qualitatively, or through a mix between the two (Saunders et al., 2007). In general, a “*quantitative [approach] is often used as a synonym for any data collection technique or data analysis procedure that generates or uses numerical data*” while in a qualitative approach data of non-numerical nature makes up the foundation of the research, although this is a rather narrow way of differentiating between the two (Saunders et al., 2012, p. 161). The aim of our research was to go in depth into a particular area of omni-channel retailing by studying selected cases and to further get a good understanding of the reasoning behind our respondents’ answers which lead to the adoption of a qualitative method. This is further in line with Bryman (1995) who claims that qualitative research stresses a focus on interpretation, whereas in quantitative studies there is less emphasis on this. He also argues that for organizational studies, quantitative research does not really consider the context which was something we felt was very important to do in our study. For these stated reasons, a qualitative approach was most suitable to gain information and data needed in order to fulfill our purpose.

3.3.1 Primary data: Semi-structured interviews

Information that authors gather explicitly for, and is directly linked to the research purpose, is called primary data (Saunders et al., 2007). In a qualitative study, this data can be collected via observations and/or interviews. This study made use of the latter. Interviews can be conducted in three ways; structured, semi-structured or unstructured/in-depth (Saunders et al., 2007). Since we were rather clear on our research purpose before conducting the interviews, we had a good picture of what information we needed to get in order to fulfill the research purpose. Meanwhile, we still wanted to keep an open mind to new thoughts or questions that could occur during the interviews and let the interviewee have the opportunity to talk as freely as possible. Consequently, the approach we decided to adopt for this study was a semi-structured. Furthermore, Darlington and Scott (2002) mean that without a structure, there is little point of even conducting the interview while too much structure diminishes advantages of a less-structured approaches. We therefore tried to maintain a good balance between these.

The interview mode varied between ‘face-to-face’ and telephone depending on preferences of the interviewees. A shortcoming of the latter type of interview mode is the lack of visual impressions and the restrictions it imposes on making observations (Yin, 2009). Furthermore, it is a more unnatural setting for both the interviewer and the interviewee and the level of comfort that is present during a ‘face-to-face’ interview might not be attainable. However, due to the relevance and thereby, valuable contribution to our research, we believed that these telephone interviews would generate, we decided to pursue these. Looking back, we did not experience the lack of ‘face-to-face’ interaction as a problem since our respondents were very elaborative in their answers and it seemed as they were just as comfortable performing the interviews as in the other cases. Prior to the interviews, an interview-guide and an information sheet about the research was sent out to the respondents in order for them to get an overview of the study and prepare for what was expected of them, in line with Ellram (1996). The interview-guide contained a set of around fifteen questions grounded in the theory with some slight modifications depending

on whether the interviewee was from the top management or a store manager (see Appendix II & III). According to Saunders et al. (2007) three types of questions can be asked; open, probing and specific/closed. To obtain exploratory and rich data, the two former types of questions are most suitable. An open question allows for personalized responses and a probing question allows for research-specific answers while not being too narrow as in the case of a closed question. Thus our interview guide contained mainly open and probing questions. Note that all the interviews were conducted in Swedish.

3.3.1.1 Searching for interviewees

This study made solely use of the purposive technique in the search for interviewees. This means that respondents are selected with certain intent and with judgment of the author(s) (Saunders et al., 2012). We started with identifying our cases on the following criteria:

- The retailer operates within the Swedish market
 - There is an ongoing trend among retailers in Sweden to implement an omni-channel strategy and thus, the need for research within the domain is prominent.
- The retailer sells ‘touch-and-feel’ products
 - ‘Touch-and-feel’ products are likely to be the product category where omni-channel has greatest potential to create a competitive advantage for a retailer since although many customers purchases these type of products at distance (e.g. online, catalog), they want to also be able to touch and feel these physically in a store.
- The retailer has an established omni-channel retail strategy
 - In order to investigate the phenomenon of omni-channel, the retailer needs to operate at least two sales channels and have an explicit omni-channel strategy in place.

- *Note that the size of the retailer was not included in the selection criteria.*

This was done through online searches on industry papers and reports on omni-channel retailing (e.g Avensia’s report on Omni-channel retailers in Sweden, 2014) and newspaper articles, followed by more company-specific research through their websites and press releases. Initial contact was taken via e-mail where we provided a short introduction of ourselves and a brief overview of the research topic. Out of the around ten companies that we identified as potential cases and contacted, four agreed to participate in the study while the rest did not respond to our request. We were open to the idea of adding additional cases in case we felt a need to do so. However, after the completion of these four cases, we felt that we had reached saturation, meaning that no novel patterns were emerging and the respondents’ answers were instead of contradicting one another rather confirming each other (Darlington & Scott, 2002). Furthermore, Eisenhardt (1989) states that four to ten cases make up a sound case study research, and since we also included mini-cases of the store managers in all four case companies we felt that the number was sufficient.

We did not state any requirements in terms of which position our interviewees had to have except that he/she would have knowledge about and be versed in the omni-channel

strategy of the firm. Meanwhile, since we contacted the headquarters of the companies we were confident with the fact that we would reach persons in a higher position. After these contacts were established and interviews were set, we contacted retail store managers of these companies in order to get their insights as well.

Furthermore, the interviews were audio recorded after gaining oral consent by the interviewee. This was done in order to facilitate the transcription process but also to give full attention to the respondent's answers and potentially come up with follow-up questions. To ensure that there were no misunderstandings, we had some follow-up contact via e-mail to make clarifications and allow them to review the information.

3.3.1.2 Case companies

Below is a table summarizing the four case companies and the criteria that these were selected on.

Table 3.1: Case companies and selection criteria (Source: Authors' own, 2015)

Retailer	Selection criteria
BR Leksaker	<ul style="list-style-type: none"> ✓ Selling 'touch-and-feel' products ✓ An established omni-channel strategy ✓ Operating in the Swedish market
Hemtex	
Yves Rocher	
Intersport	

3.3.1.3 The interviewees

Following is an interview table providing details of the eight interviews conducted in the study. None of the respondents wished to be anonymous.

Table 3.2: Interview table (Source: Authors' own, 2015).

Company	Interviewee and position	Interview type	Date of interview	Interview duration	Location	Interview mode
BR Leksaker	Jan Nyberg, Sales Director	Semi-structured	2015-03-16	42 min	Jönköping, Sweden	Telephone
BR Leksaker	Kalle Pedersen, Store Manager	Semi-structured	2015-03-23	30 min	Jönköping, Sweden	Face-to-face
Hemtex	Martin Richardsson, Digital Media Manager	Semi-structured	2015-02-24	1 h 5 min	Borås, Sweden	Face-to-face
Hemtex	Lena Gustavsson, Store Manager	Semi-structured	2015-03-19	32 min	Jönköping, Sweden	Face-to-face
Yves Rocher	Sara Bertram, CMO & Marianne Bredahl, Operations Manager	Semi-structured	2015-02-26	1 h 2 min	Helsingborg, Sweden	Face-to-face
Yves Rocher	Terese Fredriksson, Store Manager	Semi-structured	2015-03-09	33 min	Jönköping, Sweden	Telephone
Intersport	Daniel Anvell, COO	Semi-structured	2015-03-05	48 min	Jönköping, Sweden	Telephone
Intersport	John Pansell, Store Manager	Semi-structured	2015-03-17	24 min	Jönköping, Sweden	Face-to-face

3.3.2 Secondary data

Information that was initially retrieved for another purpose but used during the course of the study is referred to as secondary data (Saunders et al., 2007). For this thesis, we collected secondary data from the organizational websites of our case companies in order to gain mainly background information of the retailers, but also to triangulate the interview findings of their omni-channel activities.

3.4 Data analysis and reasoning

Before beginning the analysis of our empirical findings, we organized the transcribed data according to certain topics to make this a more manageable task, in line with Bowling (2009). Saunders et al. (2007) refers to this as ‘deriving categories’, and these were derived from the empirical findings. The data here was manually coded by using color schemes, according to the company and the position of the interviewee. This allowed us to more easily identify similarities and differences between the four cases when doing our cross-case analysis. Findings in line with the theory were also highlighted to facilitate the analytical process.

There are three different approaches to the use of theory when doing research; inductive, deductive and abductive reasoning (Saunders et al., 2012). According to Gray (2014), deduction is often associated with positivist research while induction is mainly related to interpretivism, although there are certain exceptions to this generalization. Deduction means that theory creates the foundation of the research whereas induction refers to the opposite, meaning that the empirical data is being used as the foundation and the theory is built up around it (Dubois & Gadde, 2002; Saunders et al., 2007). In an abductive study, the researcher uses a mix between the two techniques and goes back and forth between theory and empirical data (Saunders et al., 2012). Drawbacks of the inductive approach are that it requires a lot of time to conduct this type of study and is more risky as there is no theoretical foundation in place. The deductive technique is however, not very flexible in terms of that the researcher is limited to certain theories when collecting the empirical data and therefore not as open to take unexpected findings into account.

Consequently, due to time-constraints and a need for flexibility, our study took on the abductive approach going back and forth between our frame of reference and empirical findings. This is in line with Dubois and Gadde (2002, p. 559) who state that in abductive studies “*the original framework is successively modified, partly as a result of unanticipated empirical findings, but also of theoretical insights gained during the process*”. For us, it was important to go out in the field and explore what was actually going on without too much influence of theory. Before conducting our interviews, we performed a rather thorough research of the existing literature in order to have solid knowledge and insight into the topic and also to find out where there was a limited amount of research done. Hence, we had some theories in mind that permeated our interview guide. The deductive phase of our study corresponds to that through our empirical findings we could confirm some of these theories regarding challenges and to some extent motivators of omni-channel. The inductive phase of the study occurred when new findings could not be supported by existing literature. This was particularly the case when we pointed out the franchise business model as a source of the

challenge of consistency but also to some extent in the other sources as well as motivators through the development of the conceptual model.

3.5 Trustworthiness

Trustworthiness is about convincing the research audience that the study is worthy of attention and criteria that is often mentioned in relation to this are reliability, validity and objectivity (Lincoln & Guba, 1985; Saunders et al., 2007). These are meanwhile not as applicable to a qualitative study as in a quantitative setting and thereby needs to be revised accordingly. This is something that the authors Lincoln and Guba (1985) attempted to do in their work on 'Naturalistic Inquiry' which is an interpretive approach (Gray, 2014). Thus, we found their alternative criteria useful to describe the trustworthiness of our study and used the different terms in parallel to one another in the following text to highlight the linkages between them.

Validity of a study can be measured both internally and externally (Lincoln & Guba, 1985). The issue of the former regards the quality of the evidence and how accurately the results portray reality (Yin, 2009). Lincoln and Guba (1985) suggest the term *credibility* for this criterion. One important action we took to ensure this was to have our interviewees reading through the empirical material they contributed with to avoid any potential misunderstandings, as suggested by Ellram (1996). This was done in order to make sure we published true and reliable material. Furthermore, we tried to validate the empirical information retrieved from the interviews with data from other sources to a certain extent, in case these answers were biased or flawed in any way. For this purpose, we looked at the corporate websites of the companies that we interviewed and relevant newspaper articles. This use of different techniques to research the same phenomenon is referred to as triangulation of data (Yin, 2003; Ellram, 1996). Moreover, interviewing both headquarter personnel and store managers we believe contributed to credibility of our research since the answers of the latter can in some aspects confirm or contradict the answers of the former, and it is thus more likely to generate a better view of the 'real picture'.

External validity refers to how applicable the research findings are to other contexts and consequently has to do with the generalizability of the results (Yin, 2009). Due to the limited number of cases presented in this research, these are unrepresentative on a wider scale and thus, generalizations about the whole population cannot be made. Theoretical contributions do however, fall within its scope as argued by Bryman (1995). Instead of external validity and generalization, Lincoln and Guba (1985) suggest using the term *transferability*. Here the responsibility however, lies more with the researcher that seeks to transfer the results than the original investigator since he or she "*cannot know the sites to which transferability might be sought, but the appliers can and do*" (Lincoln & Guba, 1985; p. 298). Accordingly, what we as researchers are expected to do, and have done, to allow for transferability of our results is to provide as much details and information about the context of the study as possible.

Reliability refers to the repeatability of the results and trying to collect and analyze data in a way so that other researchers would yield consistent findings (Yin, 2009). This meanwhile, builds on a replication logic and that the research phenomenon is constant and unchanging,

something that is rarely the case in ‘the real world’. Thus, Lincoln and Guba (1985) considered *dependability* as a more appropriate term. They mean that by ensuring credibility, as described above, the dependability of the study increases. Ellram (1996) means that certain actions can be taken to enhance reliability of a case study and this is for example to use a case study protocol including the interview guide. He furthermore states that a case study data base, including transcriptions from the conducted interviews, should be compiled. Therefore, we made sure to follow the interview guide constructed to the greatest extent possible and keep a database with the interview transcriptions that is available upon request. However, according to Saunders et al. (2007) and Yin (2009), flexibility is one of the key strengths of conducting less structured interviews and thus aiming for our study to be replicable in the future for other researchers would undermine this valuable feature of qualitative studies.

In order to ensure objectivity or neutrality of the research, one needs to try to minimize biases and errors (Yin, 2009). Here, it is often the bias of the *researcher him or herself* that is of concern. Lincoln & Guba (1985) suggest to instead focus on ensuring that *the data* is reliable and factual, and thereby reach *confirmability* of the findings. Consequently, we tried to formulate and ask our interview questions in the most neutral way possible and thereby minimize the risk of influencing the respondents’ answers.

4. Empirical findings

The fourth chapter provides the reader with the empirical findings of this study. Here, the most relevant and significant results are included. The findings are presented in four individual parts associated with the four different case retailers; Intersport, BR , Yves Rocher and Hemtex. These will build the foundation of the analysis in the next chapter. The information has been gathered from semi-structured interviews, e-mail conversations and the websites of the retailers.

4.1 Intersport

Intersport is one of Sweden's largest sport retailers. The chain was founded in 1961 and is operated through 150 franchise stores throughout Sweden (Intersport, 2015). Their current sales channels are the physical stores and the web-shop. The online channel is owned by all the individual franchisees.

4.1.1 Moving towards an omni-channel

Chief Operating Officer, Daniel Anvell, explains how Intersport begun their omni-channel efforts around 2013. The aim was to integrate the physical stores with the e-commerce rather than continuing to run the two channels independently. It was very important for them to establish a unified corporate strategy in this effort (Anvell, personal communication, 2015-03-05). The chain wants to offer its customers freedom and flexibility in their shopping. This is something that the customers have more or less expected Intersport to provide (Anvell, personal communication, 2015-03-05). Both Anvell and store manager John Pansell agree that serving the customer through an omni-channel is the future. *"The key to success is to be able to give the customer better service than anyone else. That is how you win the game"* (Pansell, personal communication, 2015-03-17).

Click-and-collect

One omni-channel initiative that Intersport has implemented is the click-and-collect system. The hope was that the click-and-collect orders would help Intersport attract customers to their physical stores. *"We offer all the channels to facilitate for the customer, but we think that we can offer the customer a better and more personalized experience when they visit the store compared to when they purchase their items from an online sales channel... That is one reason why we have free shipping if you pick up the orders in the store"* (Anvell, personal communication, 2015-03-05). In relation to this, another aim of the click-and-collect was that the sales staff would be able to make additional sales to the customers picking up their orders (Anvell, personal communication, 2015-03-05). The stores are trying to do this to the largest extent possible although it has proven to be a challenging task (Pansell, personal communication, 2015-03-17). A future plan is to allow the sale staff to see what the packages contain, and thereby improve the chances to achieve additional sales (Anvell, personal communication, 2015-03-05)

In the beginning, it was a bit of a challenge for the sales staff to get used to the new procedures associated with the click-and-collect service and this could cause some irritation. Today, however, they do not experience this as a problem (Pansell, personal communication, 2015-03-17). The click-and-collect orders are currently packed at the central warehouse, and shipped to the stores, even if the store already has the product in

stock. This procedure will change in the near future as Intersport is developing the current click-and-collect system in a way that enables in-store picking of online orders if the product is available (Anvell, personal communication, 2015-03-05). The click-and-collect system of Intersport might develop even further to allow these orders to be shipped straight from the physical store to the customer. *"I believe that time will become an even bigger factor... We can already see this development in for example the US where click-and-collect customers have special parking spots and separate check-out lines"* (Anvell, personal communication, 2015-03-05). Shipping directly from the store would be a response to this as it shortens the delivery times. However, this is very costly for the company and thus they would need to figure out an efficient solution for it (Anvell, personal communication, 2015-03-05).

In-store returns

The customers' reactions to both in-store return and click-and-collect have been positive. *"Our customers appreciate that they are able to pick up and return online orders in the store. It helps them feel more comfortable, especially the ones that are not so used to e-commerce"* (Pansell, personal communication, 2015-03-17). All in-store returns of online orders are accepted and sold the same way as regular returns, even though the online and physical inventory systems are not integrated (Pansell, personal communication, 2015-03-17). However, under some circumstances when the product is not part of the original assortment of that store, that is not possible. The item is then returned to the warehouse (Anvell, personal communication, 2015-03-05). The in-store returns are particularly problematic for Intersport since it is a franchise chain and the spread ownership influence the general attitude towards accepting returns of online orders (Anvell, personal communication, 2015-03-05). Pansell has however not experienced any particular issues with online returns in his store. This store is the third largest Intersport store in the country and thereby one additional unit does not create any problem compared to one of a smaller size.

Sales tools

The future omni-channel efforts at Intersport are focused on the implementation of new technology. More specifically they are working on a new sales channel that they call *"Digital shelf"* (Anvell, personal communication, 2015-03-05). This technology was launched last year and is right now in a trial phase. It comes in the form of a screen where the customer can purchase their items via the digital kiosk. Also the use of tablets in the physical stores has been discussed. This is something that Pansell is very positive towards; *"It would be really exciting if we got the chance to use iPads in our sales process"* (Pansell, personal communication, 2015-03-17).

Promotion of combined channel use

Even though Intersport prefers their customers to shop in the physical stores, they are not actively trying to influence the customers' choice of shopping channel through, for example, the provision of channel-specific coupons or other financial incentives. They do, however, try to increase the *customer awareness* of the different channels with tools such as news letters and direct advertisement (Anvell, personal communication, 2015-03-05). The store managers do in practice promote the online channel, however at the moment there is no real incentive for this type of promotion. *"Since the e-commerce sales are not accredited to us, we are not fully encouraging our customers to purchase our products online. Once the system works differently, it*

will be easier for us to work with combining the channels” (Pansell, personal communication, 2015-03-17). However, the awareness of the omni-channel services among the customers today is high compared to a year ago when this awareness was very limited (Pansell, personal communication, 2015-03-17).

Intersport plans to make adjustments to the current system in order to make it more beneficial for the stores to encourage customers to combine the shopping channels. *”The current online orders that are picked up in the physical store get accredited to the e-commerce, but the e-commerce is owned by all store owners so they do get a part anyway. Our future click-and-collect will get accredited to the individual stores where the purchase is made”* (Anvell, personal communication, 2015-03-05).

One of the difficulties of integrating the sales channels has been that some stores view e-commerce as a threat and this has caused some internal conflicts to arise. *”Making changes in the business model of a franchise chain is in general difficult”* (Anvell, personal communication, 2015-03-05). Another challenge related to their business model is to reach consistency among the channels, particularly in terms of price setting. Having the same prices would be desirable, however, the business model simply does not allow for it (Anvell, personal communication, 2015-03-05). The price differences can create some confusion among the customer, although this is usually solved by selling the item at the lower price in order to avoid potential irritation and frustration from the customer (Pansell, personal communication, 2015-03-17).

The website of Intersport contains information about the physical store in terms of location, opening hours as well as in-store availability of the products. In addition to this, they have developed an app that allows the customer to scan products in the physical stores in order to access product information and reviews.

Omni-channel measurements

Intersport needs to improve its measurements related to omni-channel efforts. Measuring if omni-channel customers generate more sales than other customers is one example of this. *”It is difficult to accurately measure the sales in the online channels since the customers combine the different channels through out their purchasing process. They can for example make the decision in front of the screen, but purchase the item in store, that is a sale that can’t be measured properly”* (Anvell, personal communication, 2015-03-05). Moreover, Intersport does not have a system to track additional sales that are made when the customers pick up their click-and-collect orders (Pansell, personal communication, 2015-03-17). However, using online statistics, for example the number of customers searching for a product online and then looking at store availability, is one way Intersport is currently trying to see the omni-channel effect (Anvell, personal communication, 2015-03-05).

4.1.2 Customer shopping patterns

The website plays a significant part in attracting customers to the stores. Its design and focus can greatly influence customers since this is the place where they do their research, and where the purchase decision is made. For this reason, Intersport has made some changes to their website. *”I think it is important for the future that the website is not only about selling*

as much as possible.... I think that today our website has a good balance between information about the physical stores, our e-commerce and also a flow of stories where we share knowledge and inspiration” (Anvell, personal communication, 2015-03-05). Another adjustment that has been made to better attract webrooming customers is the new pricing strategy. Previously Intersport used even numbers, such as 500 SEK, however, by reducing the prices to 499 SEK Intersport has a better chance to get high up in the lists from the online searches, something that is becoming very important (Pansell, personal communication, 2015-03-17).

Not only the role of the website has changed as a result of the changed customer shopping patterns, but also the role of the physical store. *“The way you sell in the physical store has changed. The customer has already made the decision before entering the store. This obviously means that the sale staff gets a different role. It’s more about serving the customer and giving them the experience they want in the store”* (Anvell, personal communication, 2015-03-05). The type of products sold at Intersport is likely to make the customers more prone to come to the physical store. *”I think that the complexity of the product, involving the size, the fit and the feel of the material makes customer more likely to prefer to purchase sports products in a physical store...Our customer have a very strong connection to the physical stores, it is an experience to come to the store and to be able to physically touch the products and get help from the sales staff. That is an element that is missing when you are shopping online”* (Pansell, personal communication, 2015-03-17).

Sometimes the customers come to the store to try items that they later purchase online, however, with great customer service it is sometimes possible that they change their mind. *”It has happened on several occasions that the customer says that they had intended to purchase online, but that the service was so good that they prefer to buy it in the store. This shows that you can really influence the customer through the service that you offer”* (Pansell, personal communication, 2015-03-17).

4.2 BR

BR is the largest toy retail chain in Sweden. The company was founded in 1950 in Denmark, and besides Scandinavia it has a presence in Finland and Germany (BR, 2015). In Sweden, the retailer operates through 65 physical stores and an online sales channel.

4.2.1 Moving towards an omni-channel

According to Jan Nyberg, sales director, the main reason BR decided to move towards an omni-channel was to satisfy their customers. *“Today it is purely a service for the customer. You want to give them as many options as possible regarding the purchase process... This is how the current development is, if you want to win today you cannot only have a physical store, but you cannot only have an online store either. You need to have something in between”* (Nyberg, personal communication, 2015-03-16). Both Nyberg and store manager Kalle Pedersen mean that they are convinced that operating an omni-channel is the future for retailers. Offering the customer an omni-channel is a way to keep the customer within the chain. *“Usually a customer that comes in leaves the store if we don’t have the item they are looking for. However, if we are able to offer them to order the item online, they stay within the chain. It’s a way to keep our customers within our company rather than to lose them to our competitors”* (Pedersen, personal communication, 2015-03-23).

However, it was not long ago that the two channels were operated more or less independently and as a manager of a physical store, Pedersen had low involvement in the

online channel. This is something that has changed only during the last year. The physical stores are now encouraged to use the online channel in combination with their physical store and the goal is to make one online sale per day (Pedersen, personal communication, 2015-03-23). BR is trying to encourage in-store customers to place an online order by offering free home delivery of the product and thereby making the purchase more convenient for the customer as he or she does not have to return to the store for pick-up (Nyberg, personal communication, 2015-03-16).

Click-and-collect

Since click-and-collect increase the traffic to the physical stores, the potential to achieve additional sales for online purchases should also increase (Nyberg, personal communication, 2015-03-16). However, in practice additional sales have proved to be quite challenging to achieve. *“It rarely happens. They [the customers] feel like they are done. They have already picked out everything they wanted”* (Pedersen, personal communication, 2015-03-23). Pedersen is however positive towards the integration and the higher customer service that click-and-collect allows him to give his customers. Although he does point out that the current system leads to a type of conflict since all sales made through click-and-collect gets accredited to the e-commerce rather than the individual physical store where the sale is being collected. The management is aware of this conflict and how making an online sale in the physical store, as well as serving a click-and-collect customer in the pick-up phase of their purchase, is something that requires time from the sales staff. *“It definitely creates channel conflicts as the stores have KPIs that they are expected to work with. The salary-expenses are for example put in relation to the sales”* (Nyberg, personal communication, 2015-03-16). The company has to make some changes related to the accreditation of click-and-collect sales in order to encourage the stores to make this type of sales. *“We need some kind of incentive scheme where the sale is accredited to the store. We need to make it beneficial for the stores to work with omni-channel. Currently the stores are doing this because they think it is exciting and fun, and because they are loyal to the firm. But it does not benefit their area of responsibility, which is the physical store”* (Nyberg, personal communication, 2015-03-16). The attitude meanwhile varies between the individual stores (Pedersen, personal communication, 2015-03-23). BR tries to encourage their stores to actively include the online channel by sending out a ranking of the top 10 stores in online sales. *“We make it visible so they can see who is doing a great job, and that what they did was great”* (Nyberg, personal communication, 2015-03-16).

Pedersen describes how handing out the click-and-collect orders have not created any significant problems in his store. The click-and-collect customers have a separate line assigned for their pick-ups and thus it has not disturbed the flow at the cash-register. In the future, click-and-collect orders might however require more time and effort from the in-store sales staff as BR plans to pack the orders in the physical stores (Nyberg, personal communication, 2015-03-16).

One problem with click-and-collect is that customers often do not have time to wait for products to arrive. *“It is common that they have a birthday party on Saturday and come in on Thursday, then it is not possible to sell a click-and-collect product”* (Pedersen, personal communication, 2015-03-23). Additionally, to remember the new processes, and to make them part of the routine is another aspect he means that they have to work on. *“A big*

challenge is to remember not to say no. It is very easy to say; “no this product is sold out”. It is challenging to always remember that we can sell it online. The old habits are strong, and we need some time to get in to the new routine” (Pedersen, personal communication, 2015-03-23).

In-store returns

BR has very generous return policies and returning online purchases in the physical store is not a problem even though many of these returns include items that the store normally does not carry in its assortment (Nyberg, personal communication, 2015-03-16). The general policy of BR is to send back the returned product to the e-commerce warehouse. Pedersen however states that in his store they always find a place for it and re-sell it as a regular return. He believes that the possibility of making returns has influenced the customers’ willingness place an order in their web-shop; *“It makes our customers feel more comfortable with using the online channel”*.

Integrative technology

One obstacle in their omni-channel work is the financial investment that this type of change requires. It is very costly to make major changes in the technology as well as redesigning the logistics flows. Despite this, the investments are necessary for Intersport. *“We believe that this is the future. We are fully committed, and we are really investing in these changes... We are not there yet, but I’m not sure you ever fully get there”* (Nyberg, personal communication, 2015-03-16). One area that lacks integration is the inventory management as the online inventory is kept separate from the physical stores since they are not able to keep track of the inventory if they mix them (Nyberg, personal communication, 2015-03-16).

Sales tools

BR has implemented a sales tool allowing the staff to see what the packages from click-and-collect contain, as this feature could be a way to enhance additional sales (Nyberg, personal communication, 2015-03-16). Furthermore, at the moment they are currently working on a kiosk solution. Today all their stores can place an online order, however, they need to use the main computer for this. The idea is to develop a solution where a tablet can be carried through the store to serve the customer. This is something that would make the implementation of omni-channel easier (Nyberg, personal communication, 2015-03-16). Pedersen agrees that it would be beneficial to have tablets in the store; *“It would help us as we can come out to the customer in the store and help them where they are, rather than having to tell them to come with us to the stationary computer”*.

Promotion of combined channel use

BR is not using any financial incentives to encourage the customer to use a specific channel, for example discount coupons. They do however try to facilitate combined channel use by including information about location and opening hours of the physical stores on the website, and through their app as well as by keeping the prices consistent throughout their channels (Nyberg, personal communication, 2015-03-16). One area in need for improvement is the in-store product availability feature on the website. At the moment, this service is not fully developed as the website displays stores that are *likely* to carry the item and encourages the customer to call the store to know for sure. The vision for the future is complete integration of information between the website and the physical

store. *“In the perfect world, you have systems that integrate everything. You could sit at home and see if the store closest to you carries the product you are interested and the number of items that are available”* (Nyberg, personal communication, 2015-03-16).

Omni-channel measurements

In terms of omni-channel measurements, the sales staff should register additional purchases made in-store in combination with a click-and-collect order pick-up. This allows the company to keep track of how many additional purchases a click-and-collect customer generates. The system for this is relatively new, and it takes some effort to get it into the daily routines. Besides this, online statistics are used to evaluate the omni-channel efforts (Nyberg, personal communication, 2015-03-16).

4.2.2 Customer awareness

The customer awareness regarding the different purchasing options seems to be rather low among Intersport’s customers. *“We have one sign at the cash register, but most customers don’t see it. They only notice it after we have pointed it out to them. It’s a pity. I think it could be made more visible”* (Pedersen, personal communication, 2015-03-23). The sign furthermore does not contain any information about how the process works. It solely indicates where the click-and-collect customers can pick up their orders. This is something that the store managers cannot change themselves since all marketing and display material is distributed through the central organization (Pedersen, personal communication, 2015-03-23). However, the management has intentionally not spread the word about the integration of the channels. *“It has to work from day one, because if the customers realize that the system has major flaws, then they will not come back. So you only have one chance, which means that everything has to work”* (Nyberg, personal communication, 2015-03-16). On the website the customers are meanwhile instantly informed of the free ‘shipping to store’ option to the store when placing a click-and-collect order, as well as informed about their possibility to shop online and return in store.

4.2.3 Customer shopping patterns

Even though both Nyberg and Pedersen have seen an increase in the sale of toys online, they are both of the opinion that being a toy retailer means that customers want to visit the physical store to experience the non-digital feature of the products. *“I don’t think that the toy industry will ever become as online based as other industries. Our customer is up to 8 year olds and they are the ones that want our products. Their wish is still to go to the physical store to touch and try our products”* (Nyberg, personal communication, 2015-03-16).

Combining the different channels also allows the customers to start the purchasing process by doing online research and then visit the physical store to make the purchase. *“Two years ago almost no one told me that they had seen something specific on the website, nowadays almost all customers that wants to ask something starts with ‘I saw on your website...’. So the website does help us in that way”* (Pedersen, personal communication, 2015-03-23). The young customers of today are very tech-savvy and they see technology as a natural part of their shopping processes (Nyberg, personal communication, 2015-03-16).

4.3 Yves Rocher

Yves Rocher is originally a French company founded in 1959 (Yves Rocher, 2015). The retailer has operated in the Swedish market since 1983, selling cosmetics and beauty products. The firm makes use of three types of sales channels; catalog, nine physical stores and the website.

4.3.1 Moving towards an omni-channel

Yves Rocher started their active strategy towards an omni-channel in 2014, which means that it is still very new to the company, Marianne Bredahl, manager of operations, explains. *“We have gone from running three different channels that have really been like three different areas of business... and now the idea is that we should become a seamless company; that the customer should see us as one”* she continues. *“The whole organization has changed basically just to fulfill the omni-channel goal. We don’t work in the silos of the individual channels anymore”* Sara Bertram, Chief Marketing Officer, says, but points out that they still have a huge amount of work to do here. The inventory system is one area that could benefit from integration as the systems of the different channels are at the moment separated. However, the omni-channel initiative has essentially been an attempt to attract their target customer, a woman in the age of 35-49. *“The main idea has been from a customer point of view. Not with the intention to save costs. If we, in the end, would end up with some cost savings, it would be a nice side-effect”* (Bertram, personal communication, 2015-02-26). A higher number of customer touch-points could however potentially increase sales. Here, recognition is important. For example, a satisfied in-store customer is more likely to place an order in the web-shop (Bredahl, personal communication, 2015-02-26).

The aim of Yves Rocher in Sweden is to be present at 100 sales points in Sweden within a couple of years’ time; *“This vision is very clear and strong. To be more present in physical stores, in one way or another since we want to be able to offer the customers personalized help and a chance to try out their products”* (Bredahl, personal communication, 2015-02-26). Terese Fredriksson, store manager, believes that shopping online and through apps is the future of retailing, and not just among the young customer but in all ages. However, the type of product Yves Rocher is selling will come to play a very central role here; *“You want to feel and touch it; test and smell; and experience the consistency of the make-up... I think the stores are just going to grow stronger and it will be just as important as having online sales”* (Fredriksson, personal communication, 2015-03-09).

One challenge of moving towards integrated channels is that you have to really learn how the other channels work. Being a new business area for Yves Rocher Sweden, they have found it difficult to predict what the online customers want. *“We send out a newsletter thinking that we know how the internet-customer will behave, but we don’t. It’s much harder than for traditional catalog retail”* (Bredahl, personal communication, 2015-02-26). When comparing the e-commerce and physical stores in terms of sales, these two are rather similar; *“but catalog is bigger than the other two together”* (Bertram, personal communication, 2015-02-26). The fact that the catalog channel is still their biggest channel is rather surprising when looking at the trends in society. *“For us it’s still very profitable, while others struggle more with it, so to speak. But I guess it has a lot to do with our history, and what we are very good at”* (Bredahl, personal communication, 2015-02-26). They are, however, aware that the catalog is not the future

and this is a challenge since they are still doing very well in this sales channel. As a result of this, they have not put as much focus on the online and physical stores compared to other retailers. They still want to keep their loyal customers that enjoy to shop via catalog; *“our customer likes it and we want her to get what she likes”* (Bertram, personal communication, 2015-02-26).

Click-and-collect

Yves Rocher does not offer their customers click-and-collect, however it might be something that they will try to introduce in the future. This is however highly dependent on how the click-and-collect purchases would be operated (Bertram, personal communication, 2015-02-26). They need to make sure that the logistics requirements are in place so that this would work smoothly. *“And for instance, if a customer want to buy a product in-store but the store has to place an order and have it delivered, who pays the shipping cost?”* (Bredahl, personal communication, 2015-02-26). As a store manager, Fredriksson mentions that she has not experienced any particular demand for a click-and-collect service.

In-store returns

Customers who bought a product online or via the catalog channel normally do not have the possibility to return their good in the physical stores; something that has been the topic of discussion on recent meetings. Since providing a high level of customer service is important at Yves Rocher, this could potentially be arranged if the customer would bring their invoice to the store (Bertram, personal communication, 2015-02-26). However, as in the case of click-and-collect, Fredriksson states that she has not experienced any demand for the possibility to return products bought in another channel.

Promotion of combined channel use

Even if they want they want their customers to become more omni-channel, many are comfortable and loyal to their current channel. It is therefore important that they are not trying to direct the customer to a particular channel, but rather introduce the different options to increase the customer awareness. Here, newsletters and direct mails are used as tools to reach the customers (Bertram, personal communication, 2015-02-26). Furthermore, Yves Rocher recently made a campaign using QR codes displayed in the windows of the physical stores as a way to introduce the customers to the online channel, *“these QR codes allows the customer to shop this product 24/7 and they don’t need to adapt to our store opening hours. They are directed straight to our website where we show them how they can shop whenever they would like to”*, (Fredriksson, personal communication, 2015-03-09). Also the use of Ipad as a marketing tool in the stores has been discussed, as this can be a way to combine the online channel with the physical store (Bertram, personal communication, 2015-02-26). Moreover, at the Yves Rocher website, there is also information on physical store locations although the possibility to check in-store product availability is lacking.

Omni-channel measurements

No specific measures of omni-channel are yet in place at Yves Rocher. However, they do look at online statistics in order to gain more knowledge and insights on the behavior of the omni-channel customer as this type of customers differ from their traditional ones (Bredahl, personal communication, 2015-02-26).

4.3.2 Consistency

Despite the fact that Yves Rocher runs three different channels, they have not experienced any particular conflicts between them. *“What can happen though is that the customers get a bit confused, and that is what we want to try to find solutions to during this year; that the customer should always get the best service no matter where she shops”* (Bredahl, personal communication, 2015-02-26). For them, consistency is important, both in terms of internal structure, but also in terms of what the customer can see, *“As a consumer I cannot know anything about how the company is organized internally, and I shouldn’t have to. I buy a product from them and that’s all I should have to worry about”* (Bertram, personal communication, 2015-02-26). To improve the structure, the chain has made internal changes in order to better synchronize their activities and avoid this type of confusion. For example, the Internet team and the in-store team have merged to become one department. This has helped to coordinate campaigns and to ensure that the pricing is the same throughout the channels, in order to appear as one company (Bertram, personal communication, 2015-02-26).

4.3.3 Customer shopping patterns

At Yves Rocher they see some rather big differences in the customer behavior in the different channels. *“We have noticed that the web-shop and the physical stores are more closely linked together. We have more of the same customers in these channels”* (Fredriksson, personal communication, 2015-03-09). *“Younger customers that move around between the stores and the web-shop shop in a completely different way [than the catalog customer]. You are not as loyal, and this is a challenge. The competition is different here”* (Bertram, personal communication, 2015-02-26).

They have seen a clear trend towards a higher involvement of the website in the in-store purchases. Many customers that shop online also shop to a large extent in the stores. *“I get the feeling that they might look for information in one of the channels and then purchase in another. I feel there is an interaction [between the website and physical store] and that the customers find a natural link, while the catalog is different”* (Fredriksson, personal communication, 2015-03-09). They do have catalog customers in the stores as well but not to the same extent as internet customers. *“I think that most of the catalog customers are people that do not live close by a store. And since we only have eight stores in Sweden, there are many that are in this situation”* (Fredriksson, personal communication, 2015-03-09).

4.4 Hemtex

Hemtex is a Swedish interior design chain founded in 1973 (Hemtex, 2015). The retailer focuses on home textiles and operates 135 stores in Sweden, out of which 15-20 are run as franchises. The sales channels of Hemtex are website and physical stores.

4.4.1 Moving towards an omni-channel

According to Martin Richardsson, digital media manager, the implementation of an omni-channel strategy at Hemtex was driven by the customers. The fact that an omni-channel solution involves a more modern way of shopping has been a way for Hemtex to widen their customer base. *“If you’re in your twenties, the first thing that comes to your mind is to look products up online and thereby, not only do you need to have the assortment that attracts the customer but also the channel he/she would like to use to make the purchase”* (Richardsson, personal communication, 2015-02-24). Offering an omni-channel solution is also a way for Hemtex

to protect themselves from competition. *“It’s about giving the customer a good service in order for her to like us a little better than for example an American company entering the Swedish market but only selling online. I think here us retailers have a huge advantage against pure online retailers”* (Richardsson, personal communication, 2015-02-24). Even if Amazon, for example, is at the top of the search results, they do not have the physical presence that e.g. Hemtex has. *“This is a strength we should leverage. And then the omni-channel thinking is right. To tie the channels together, make it seamless and giving damn good customer service. It should be hard for someone else to offer the same”* (Richardsson, personal communication, 2015-02-24).

The omni-channel strategy of Hemtex was implemented last year. Before this, they had no explicit integration strategy in place. Most of the things that get implemented are things that others have done before and Intersport looks a lot at other retailers as well as other countries that have come further in their omni-channel efforts (Richardsson, personal communication, 2015-02-24).

Click-and-collect

The main difference that they have noticed in-store since the omni-channel strategy was implemented is the click-and-collect orders, Lena Gustavsson, store manager, explains. *“We see a huge change here. We hand out a lot of these parcels every day”*. Intersport introduced click-and-collect about one and a half year ago and within six months, 40% of the e-commerce orders were picked up in store (Richardsson, personal communication, 2015-02-24). Offering free shipping when the customer picks up the order in the physical store is a way to give the customer access to the online assortment without having to pay extra for it which is an important service for the customers (Gustavsson, personal communication, 2015-03-19). In terms of logistics of the click-and-collect, it works rather well even though it gets more complicated during times with a lot of orders. A problem associated with this is where to put all the parcels since physical stores often have a rather limited space (Richardsson, personal communication, 2015-02-24). According to Gustavsson, the logistical part has so far not created too much of a challenge in her stores. However, as these types of orders have become part of the stores’ daily operations, it is important to keep this new process in mind when planning future stores; *“We have to think about this in the future when we design and do the layout of the stores to have a space dedicated for e-commerce orders”* (Richardsson, personal communication, 2015-02-24).

A downside to the click-and collect orders is that the physical store does not get accredited this type of sales even though it adds extra work in terms of inbound delivery and handing out the packages (Gustavsson, personal communication, 2015-03-19). *“In the beginning we reasoned that we are actually bringing a customer into their store. Take the chance to sell the customer something more”* (Richardsson, personal communication, 2015-02-24). However, additional sales has proven to be rather challenging as most customers only enter the stores to pick up their orders. One way that Hemtex plans to facilitate additional sales is by providing the sales staff with information on the content of the parcel and thereby make it easier and more natural for them to offer the customer a complementary product (Richardsson, personal communication, 2015-02-24).

The item that the customer orders through click-and-collect is always packed and shipped from the central warehouse as the inventory of the different channels is kept separate. This means that even if the product is available in the physical store where the click-and-collect order will be picked up, it will always be sent from the e-commerce warehouse. This is something that Hemtex needs to change this in order to make better use of the inventory. *“This process is rather inefficient and environmentally unfriendly, even though the click-and-collect orders are shipped together with the regular store deliveries... there are a lot of cost savings that can be gained from changing this process”* (Richardsson, personal communication, 2015-02-24). Gustavsson is positive towards the possibility to prepare the click-and-collect parcels in-store, if the physical store would be accredited the sales. Being able to send a text message saying that your order is ready for pick-up within 30 minutes after placing the order would also be a great customer service. This importance of fast deliveries may soon increase. *“If you look at the last ‘E-barometern’ from 2014... around 75% said it isn’t that important with quick deliveries. I think that is because you’re not so spoiled with this yet, it is more about keeping your promises... However, once customer gets used to shorter waiting times the demands on quick deliveries will increase”* (Richardsson, personal communication, 2015-02-24).

In-store returns

If a customer has bought a product online and would like to return it in a physical store, Hemtex’s general policy is to treat it like a regular return. One problem with this is when the store does not carry the specific product in their original assortment; something that has sometimes caused conflicts. *“This is not something we want our customers to be exposed to”* (Richardsson, personal communication, 2015-02-24). Gustavsson recognizes this issue however she does not see this as a big problem in her stores. As mentioned, some Hemtex stores are run as franchises which can complicate the returns in those stores slightly (Richardsson, personal communication, 2015-02-24).

Sales tools

An omni-channel strategy requires large financial investments, along with reliable suppliers and an organization that can handle the fast pace. Hence, this is a matter of both staff and IT. Right now Hemtex is doing a trial to introduce digital screens in their shops. The results have been mixed. They have however learned a lot which, in fact, was the whole point of the trial. The screens look like the regular website, except that the only payment option is ‘Pay at cashier’ and hence, the sales of the product(s) ordered is accredited to the budget of this physical store. *“This is one of the success keys for this to work we believe... the fact that they can offer free home delivery on these orders makes it an effective sales tool”* (Richardsson, personal communication, 2015-02-24).

Promotion of combined channel use

Hemtex do not make use of any financial incentives to make their customers shop in a particular channel (Richardsson, personal communication, 2015-02-24). However, the website provide information on physical store location as well as in-store product availability in order to make it more convenient for the customer. Furthermore, in most cases, the online and in-store prices are aligned however, the offers sometimes differ (Gustavsson, personal communication, 2015-03-19). *“I’d say that around 95% of the offerings are the same. But with promotions I think it’s good to try some different ones in the different channels. With*

this we are not trying to move the customer from one channel to another but we want to develop the customer so that she shops in several channels and get them to spend more time with Hemtex” (Richardsson, personal communication, 2015-02-24).

In terms of promoting the service of click-and-collect, this is an area in need of improvement. *“We’re promoting it [click-and-collect] very little, so that’s something we have to get better on” (Richardsson, personal communication, 2015-02-24).* The website has clear information regarding the click-and-collect service, whereas there are no signs in the physical stores. However, Gustavsson states that she thinks that it seems like the customers are rather aware of their click-and-collect service; *“we talk about it all the time”.*

Getting the in-store sale staff to have a positive attitude towards the online channel is a challenge as the stores sometimes tend to see it as a threat (Richardsson, personal communication, 2015-02-24). *“In the end it’s all the same money of course, but at the same time we have our sales budgets and targets that we have to reach... So of course I try to sell what I have in-store primarily, but if we don’t have it, I would try to direct the customer to the webshop immediately since I would rather have them shopping within Hemtex than another retailer. Again, it’s service” (Gustavsson, personal communication, 2015-03-19).* To come to grips with this issue, Richardsson visits store manager meetings to give information about the online channel, and why it is important. Among other things, he uses statistics showing that the majority of the visitors on the website do not purchase anything, which means that they are most likely doing research on a future purchase which potentially can be made in the physical store. He also shows the positive consequences that come with having omni-channel customers. *“We see very clearly that if we can get a customer to shop in several channels, they become more valuable to us. It makes her a more loyal customer that shops more often and that chooses Hemtex more often when buying our type of products” (Richardsson, personal communication, 2015-02-24).* Moreover, it is not only important to have the commitment from the sales staff but also the support of top management. *“It makes a big difference if the CEO is there pushing you or not, or someone else from the top” (Richardsson, personal communication, 2015-02-24).*

Omni-channel measurements

Hemtex needs to improve their omni-channel measurements in order to better follow up the initiatives. However, new measurements are as many of the omni-channel initiatives complex and costly to implement. *“Again, it’s a lot about investments... And the companies have a tight budget. But I think that more and more companies realize that they need to get onboard this train. It’s not really a choice. The customers exist in different channels and they expect some types of services, and then you better follow” (Richardsson, personal communication, 2015-02-24).*

4.4.2 Customer shopping patterns

The website is an important way for Hemtex to reach its customers. *“I think we shop in another way now. It’s not so much running around. You sit more and browse around the web from home and then if you see something interesting, you go and check it out. I see this a lot” (Gustavsson, personal communication, 2015-03-19).* Furthermore, the possibility of returning products bought online in-store has made more people comfortable with making online purchases. *“I can see that with myself as well, if it’s a hassle to return, I don’t buy online. If it’s not free shipping and free return, I also don’t buy” (Gustavsson, personal communication, 2015-03-19).*

5. Analysis

This chapter is a cross-case analysis of the four case retailers. The findings are analyzed through the frame of reference presented in chapter two. The chapter will provide an analysis on the current omni-channel initiatives implemented by the retailers, the motivators of the initiative, associated challenges and the sources of these. In the end, a revised version of the conceptual model is presented.

5.1 Current omni-channel initiatives

The four retailers participating in this study have all done integrative efforts in the past. However, it is not until recently the retailers have formulated and expressed an explicit strategy for moving towards an omni-channel. The implementation of omni-channel as a strategy is an important development in the Swedish retail market, since an explicitly stated strategy usually means more active engagement and efforts from the companies. It is meanwhile clear from this study that the individual cases differ in how far they have come in their omni-channel efforts. In Hemtex, Intersport and BR the level of integration is more or less the same, fulfilling between seven to nine out of the fifteen omni-channel criteria. Yves Rocher is the least integrated out of the four retailers and many of the omni-channel efforts are yet to be implemented. Below is a table comparing the omni-channel efforts of the four retailers, based on table 2.1 discussed in the frame of reference.

Table 5.1- Omni-channel initiatives (Source: Authors' own, 2015).

Omni-channel initiatives	Intersport	BR Leksaker	Yves Rocher	Hemtex
Shipping services				
Click-and-collect	✓	✓	✗	✓
In-store return of online orders	✓	✓	✗	✓
Free home delivery of in-store orders	N/A	✓	N/A	✓
Logistics				
Integrated inventory systems	✗	✗	✗	✗
Using online returns as inventory	✓*	✗*	N/A	✓
In-store packing of click-and-collect orders	↗	↗	N/A	↗
Sales tools				
Possibility to see content of packages	↗	✓	N/A	↗
Tablets as in-store sales tools	↗	↗	✗	↗
Promotion of combined channel use				
Financial incentives for combining channels	✗	✗	✗	✗
Consistency in pricing	✗	✓	✓	✓
Store locator on website	✓	✓	✓	✓
Online information of in-store availability	✓	↗	✗	✓
In-store product info via QR code / app	✓	✓	↗	✗
Omni-channel measurements				
Tracking additional sales from click-and-collect	✗	✓	N/A	✗
Online statistics	✓	✓	✓	✓

N.B. A cross implies that the initiative has not been implemented, a check-mark implies the initiative is in place, an arrow implies that the initiative is in progress. N/A means that the criterion is not applicable to the individual case.

**This is the general policy of the retailer however, it is subject to variations of the individual stores.*

5.1.1 Shipping services

Hemtex, Intersport and BR all offer click-and-collect service and the option of making in-store returns of online purchases. Intersport has recognized that the click-and-collect service can be a way to bring online customers into their physical stores, as emphasized by Zhang et al. (2010). Furthermore, for Intersport it is an opportunity to give the customers the best brand experience possible, similar to the claim of Herhausen et al. (2015, p. 3) meaning that through the use of physical stores, the retailer can provide the customer a “*rich, multisensory brand experience*”. Hemtex and BR seem to have the same perception, focusing on the overall picture and the benefits that can come from providing this type of services. Additionally, the three click-and-collect retailers are of the opinion that offering the possibility to pick up and return products in-store has made the online-apprehensive customer less hesitant towards digital shopping since it makes their customers feel more comfortable making the purchase. This is something that was emphasized by Wallace et al. (2008) and Görsch (2000).

In the authors’ opinion, the mindset of Yves Rocher seems to differ from the other retailers in this aspect. The following statement by Bredahl illustrates this fact “...*for instance, if a customer want to buy a product in-store but the store has to place an order and have it delivered, who pays the shipping cost?*”. In many aspects, Yves Rocher has a high level of customer service, and appearing as ‘one company’ in the eyes of the customer is something they claim to place great emphasis on. It is therefore noteworthy that they are lagging a bit in terms of offering these rather basic omni-channel services. According to the authors, this could potentially be explained by the limited amount of stores that Yves Rocher operates in Sweden, which means that many of the customers would not be able to use these services since they do not have access to a physical store. This different mindset could also stem from the perceived lower demand from the Yves Rocher customers of these services, compared to the higher customer demands that the other three companies have experienced (see more in section 5.2.1).

Besides offering click-and-collect and in-store return of online purchases, an additional service that would enhance the omni-channel experience in terms of shipping, is to provide free home-delivery to an in-store customer of a product that is sold out in the store or if the store do not carry it in its assortment. This is a service that BR already offers to its in-store customers. Hemtex also offer this service in the stores equipped with digital screens. Getting the product delivered to the customer’s home means that he or she does not have to return to the store to pick up the order, and hence this service makes the purchase process very convenient for the customer. In the authors’ opinion an omni-channel retailer should be able to offer this service to its customer free of charge, since the customer in that case already has made an attempt to purchase the item in the physical store.

5.1.2 Logistics

In the eyes of the customer, all three click-and-collect retailers appear to be omni-channel in the way they handle in-store returns of online orders. However, a closer look at their internal procedures reveals an inconsistency in the way they handle the inventory from these returns. The policy of Hemtex and Intersport is to use the returns as inventory in the

particular store, whereas the general policy of BR is to send all online returns back to the e-commerce warehouse, although how they handle the inventory in practice varies.

One discussed omni-channel initiatives is the potential to pack click-and-collect orders in-store instead of having them shipped from the central warehouse. This is what Napolitano (2012) and Giannopoulos (2014) refers to as physical stores used as ‘mini-fulfillment centers’. The three case retailers that currently offer click-and-collect service all agree that being able to make use of the inventory of the physical stores would be both convenient and beneficial in various ways. Shipping products that the store already has in stock is, in line with Napolitano (2013), both inefficient in terms of shipping cost, and delivery time, but also has a negative environmental impact. In the authors’ opinion, it is thus noteworthy that no retailer has yet incorporated this practice into their operations. However, both Hemtex and Intersport mention that this is something they expect to be able to do in the near future. By doing this, the retailer can also leverage the advantage of being located close to the customer, as explained by Agatz et al. (2008) and in the future be able to potentially even offer ‘same-day delivery/pick-up’.

5.1.3 Sales tools

An important aspect of integrating the sales channels is to, in one way or another, make all products available in all different channels. The easiest way to do so is by equipping the stores with some kind of tool to access the online assortment in a convenient way, as argued by Herhausen et al. (2015). In the case companies, these are mentioned in the form of kiosk solutions, digital screens and tablets. The store managers at BR, Intersport and Hemtex all mention that these would be a valuable tools to implement. The technology is a way to integrate the online channel with the physical, which means that they can offer a wider product selection. This is according to Agatz et al. (2008) one of the main benefits of the online sales channel. Having tablets or in-store screens available in the physical stores can also be a way to get the technology-adverse customer to use the online channel as the staff is available to assist them, as pointed out by Piotrowicz and Cuthbertson (2014). Again, the approach of Yves Rocher differs slightly as the tablets would be used more as marketing tools.

Another sales tool that can be implemented is the possibility for the sales staff to see the content of the packages that click-and-collect customers pick up in the store. BR is the only retailer that is currently able to do this. The store manager at BR does however state that the amount of additional sales has been limited despite having this tool in place (see more in section 5.3.2). In the opinion of the authors, the retailers could increase the potential for additional in-store sales by postponing the payment of the order until the pick-up. By doing so the customer is not already, as stated by Pedersen “*done*”, with the purchase and might thus be more open-minded to purchase additional items. Moreover, it could additionally be a way to accredit the store with the sale, but also a way to allow for cash payments. The inability to make cash payments for online orders was pointed out as a reason to why some customers avoid online shopping by Zhang et al. (2010) and consequently, by offering this service the retailer could come to grips with this issue. However, postponing the payment comes with the risk that customers do not pick up their packages. The risk associated with

this behavior could meanwhile be minimized by performing the packing of the click-and-collect orders in store, when possible.

5.1.4 Promoting combined channel use

Actively working on getting the customers to move across the channels is beneficial for the retailer, as it for example can lead to increased sales (see more in section 5.2.2). One way to encourage combined channel use is to make sure that the website contains basic information about the physical store. This is supported by Herhausen et al. (2015) as a way to make it easier for the customers to visit the stores but also a way to increase store traffic as Gulati & Garino (2000) argue. All four case companies have information regarding address and opening hours easily accessible online, whereas only Hemtex and Intersport provide information about the inventory available in the individual stores.

Although none of the retailers are using the mobile as a sales channel both Intersport and BR have developed apps as part of their promotional activities. An app makes it easier for the customers to compare the online assortment with what is available in the physical store as well as find reviews on specific items, while at the same time evaluate non-digital components of the product in the store, as stated by Piotrowicz and Cuthbertson (2014). Yves Rocher has, on the other hand, not developed an app but has instead started to use QR codes as a way to direct their in-store customers to their web-shop. Worth noting here is that Hemtex is not using an app as a promotional tool since it is one of the most common ways to interact with customers.

According to Oh et al. (2012), a crucial aspect of omni-channel is consistency throughout the channels. In the authors' opinion, one of the most important areas of consistency is pricing. Exposing the customer to price inconsistencies can result in frustration and a sense of disappointment among the customers, and should therefore be avoided to the largest extent possible. All retailers except Intersport charge the same prices in all sales channels. For Intersport, the individual price setting is part of the franchise business model and something that management cannot easily control or change. Although an omni-channel retailer should be consistent in the price setting, special promotions could be used as a tool to direct customers into a certain channel, as argued by Zhang et al. (2010).

All three click-and-collect retailers mention that the customer awareness of the click-and-collect service could be better. The information about the click-and-collect service on the retailers' websites is clear in the case of both Hemtex and BR, while Intersport needs to increase their efforts here as it is not until the check-out step of the purchase that the customer is informed about the service. In the physical store, the information is on the other hand rather limited in all three cases. At BR, the only indication is a click-and-collect sign next to the cashier and the store manager mentions that very few customers notice it as the sign is not strategically placed. At both Hemtex and Intersport there are no signs or other visible information available. Although all three retailers desire an active promotion of the services from the sale staff, they are aware of the channel conflict that is associated with such channel integration when the stores are not accredited the sale. The extent to which the online channel is being promoted in the physical channel is related to how the business model is designed, where franchise stores do not have any particular incentive to

encourage their customers to increase their use of the online sales channel (see more in section 5.3.1). In the authors' opinion it is important that the retailers come to grips with this issue since the sales staff can have a great influence on the promotion of a combined channel use.

5.1.5 Omni-channel measurements

A reoccurring theme throughout the interviews is the difficulty of measuring the effects of an omni-channel strategy. None of the four case companies have fully developed the tools to do this. In fact, the attempts have been very limited and even non-existing in three out of the four cases. In the author's opinion, performance measurements are difficult to establish in general, and this task becomes even more challenging in an omni-channel setting as the combined use of the sales channels makes it difficult to track and accredit the sale in an accurate way. Classic measurements such as store profitability and online return rates do not hold true anymore which is in line with Cook (2014).

5.1.6 Multi-channel retailers or omni-channel retailers?

After looking at the different omni-channel initiatives implemented by the retailers, the question regarding how far they have come in their omni-channel implementation remains. *Can these retailers be considered omni-channel retailers or are they still multi-channel retailers?*

For the sake of clarity, the definitions of multi-channel retailing and omni-channel retailing will be repeated. Multi-channel retailing is a form of retailing where the retailer has established more than one sales channel with the intention to extend the market reach (Frazer & Stiehler, 2014; Strang, 2012). The level of integration among the channels can vary from non-existing to high (Friedman & Furey, 2003). Omni-channel retailing is an extension of multi-channel retailing, where the channels have become *completely* integrated in order to offer the customer a seamlessly integrated shopping experience (Klosek, 2012; Frazer & Stiehler, 2014; Rigby, 2011).

The challenging task of integration as mentioned by Steinfeild (2002) and Herhausen et al. (2015) is apparent in this study. All of the four case retailers are still, more or less, lacking omni-channel initiatives and the seamless integration amongst the channels is not yet in place. BR, which has the highest level of integration, only fulfills nine out of the fifteen omni-channel criteria. Seamlessness is one of the most reoccurring elements mentioned both in the omni-channel literature as well as by the respondents themselves. Thus, before having achieved this the retailer should not be classified as an omni-channel retailer. In the authors' opinion these four retailers are rather multi-channel retailers with a varying level of integration, BR with the highest and Yves Rocher with the lowest, with an explicitly stated omni-channel strategy that hopefully will enable them to become omni-channel retailers in the future.

5.2 Motivators of an omni-channel strategy

There are some variations in the motivating factors for implementing the omni-channel strategy among the four retailers. However, three distinct areas could be identified as the main motivators for moving in this direction; customer demand, competitive advantage and a desire to optimize the channels.

5.2.1 Customer demand

It is clear that one of the main reasons for implementing an omni-channel strategy originates from a desire of being able to provide better customer service, which is supported by the customer-centric arguments of e.g. Agatz et al. (2008) and Shah et al. (2006). Therefore it is not surprising that customer demand is confirmed to be one of the main motivators for implementing an omni-channel. To “*literally organize around the customer*” as stated by Galbraith (2005, p. 5) and realize that these are the ones setting the rules is something that all four retailers emphasize the importance of during the interviews. The three retailers Hemtex, Intersport and BR state that their customers are more or less expecting them to be able to provide omni-channel services. Yves Rocher on the other hand has not experienced this customer demand to the same extent. Hence, in the authors’ opinion, it seems like the customer expectations vary to some extent. A potential explanation to these differences in expectations could be that Yves Rocher is rather small, both in terms of size and spread compared to the other three case companies, but also because the brand is more established and recognized for its catalog channel. This implies that customer expectations on omni-channel initiatives could vary depending on the size, spread and brand perception of the chain.

Combining the different channels with a seamless integration allows the retailer to use all the advantages of the individual channels to the fullest, as stated by Rigby (2011). A Hemtex customer might for example want to touch and feel the fabric of a pillow case in the physical store. However, he or she would like to go home and reflect about which pattern to choose and then comfortably make the purchase in the web-shop. At the same time, the customer enjoys the convenience of an in-store pick up and the interaction with the sales staff and therefore places a click-and-collect order. These are all examples of benefits of the individual channels mentioned by e.g. Rigby (2011), Görsch (2000) and Zhang et al. (2010), and an illustration of how an omni-channel combines and leverages these different advantages while respecting the fact that some customers prefer a certain channel for a certain activity of the purchase process (Görsch, 2000). This type of integration allows the retailer to meet the needs and shopping preferences of today’s customer, where the old way of doing business by operating the retail channels in silos does not suffice.

5.2.2 Competitive advantage

All the respondents involved in the study agreed that an omni-channel thinking will be essential to stay competitive in the future, which is in line with both Levans (2014) and Blanchard (2013) emphasizing the importance of integration. According to Richardsson, having a physical presence in addition to an online is “*a strength we should leverage*”. This is similar to the claim of Rigby (2011, p. 6) who refers to the store as “*an effective competitive weapon*”, but also highlights the potential of using one channel to boost the sale of another. Being able to provide the products through complementary channels will allow the retailer to enhance the customer service, which in turn, results in more satisfied customers as argued by Wallace et al. (2004). Furthermore, the retailer increases the chance of keeping the customer within the chain. Pedersen emphasized this in the following statement “*Usually a customer that comes in leaves the store if we don’t have the item they are looking for. However,*

if we are able to offer them to order the item online, they stay within the chain. It is a way to keep our customers within our company rather than to lose them to our competitors". Additionally, at Intersport they have on several occasions experienced that customers have entered the store with the intention to try a product but then purchase it online. However, the service that the customers received was so good that they changed their mind and decided to purchase it in the store. This type of personalization and customization was argued by Zhang et al. (2010), to be a way to increase customer loyalty. In the authors' opinion, 'brick-and-click' retailers should think of channel integration as a way to gain a competitive advantage over pure online players since it is not possible for this type of retailers to offer personalized service and integrated channel experience.

Furthermore, gaining a competitive advantage is closely connected to increased sales. Several of the respondents pointed out that a customer shopping in several channels tends to generate higher sales than a customer shopping in only one channel. Likely, this could be associated with customer loyalty resulting from more opportunities for the retailer to interact with the customers via the different sales points, as argued by Wallace et al. (2008). In this way the customer is also more exposed to the retailer's products as emphasized by Brynjolfsson et al. (2013). This is something that Richardsson also touched upon when he explained how they would like their customers to "*spend more time with Hemtex*".

However, none of the retailers added a channel to their business model as they started to move towards an omni-channel. They already operated a physical store, website and, in the case of Yves Rocher, a catalog channel. The aim of the strategy was thus not to increase the actual number of touch points as an attempt to increase sales. In the authors' opinion, however, by tying the channels together the retailer facilitate the combined channel use by making the customer touch points more visible and accessible and consequently the chances of increased sales are higher

5.2.3 Optimizing the channels

For all the four retailers of this study, the physical stores play an essential role. The findings however indicate that their role might come to change in order to optimize the use of this channel. Intersport for example mentions the possibility of using the store as a mini-fulfillment center. Furthermore, they hope that through an omni-channel strategy they will be able to bring more customers into their physical stores allowing them to customize their shopping experience and giving them an extraordinary service. The opportunity of providing high quality customer service through this channel was emphasized by e.g. Webb (2002) and Herhausen et al. (2015). This is something that is not possible to the same extent when the customer only makes use of the online channel throughout the purchase. Furthermore, by operating a physical channel, the retailer can offer its customers the opportunity to make returns of online purchases through the stores. As stated by Rigby (2011), convenient returns is one of the advantages with this channel and this is something BR, Intersport and Hemtex all leverage on.

Furthermore, several of the respondents mention how customers are involving more channels throughout their purchase process. Many of the customers enter the store after having researched the website in order to make a purchase in the physical channel. This

supports the argument of involving several channels when making a purchase made by Kalyanam and Tsay (2013). It also shows support for how some customers prefer certain channels for certain parts of the purchase process (Görsch, 2000). Today's retailers want to use the concept of 'webrooming' to their advantage since combined channel use has the potential to increase sales for those retailers that manage to keep the customers within their chains. In order to do so it is, in the authors' opinion, crucial to have a website that appeals to the customer. In relation to this, Intersport explains that their website has moved from being a pure sales channel to incorporating an experience by not only giving product information but also inspiration and knowledge through storytelling and featured articles. This is also pointed out by Yves Rocher and thus the incentives for shopping online might in the future move from economic-oriented, as argued by Grewal et al. (2004), to more experience-oriented with more similarities to shopping in a physical store.

5.2.4 Additional remarks

It was noteworthy to the authors that none of the case companies mentioned cost savings as a potential motivator since, in general, integrative efforts have the potential to lead to improved efficiency. This type of savings could come from the implementation of click-and-collect, since this service allows the retailer to provide a version of free shipping while at the same time generate savings related to shipping cost. This is in line with Agatz et al. (2008) argument that the high costs related to the 'last mile' of the distribution can be decreased by click-and-collect solutions. Future developments of click-and-collect, where the picking and packing is done in-store can also lead to further cost savings as this could limit the retailers' shipping costs and better utilize their inventory. However, this is not the focus of the retailer as the only case company that touched upon potential cost-savings was Yves Rocher when they expressed it to be as "*a nice side-effect*". Hence, the general impression of the authors is the that omni-channel initiatives have purely been implemented in order to satisfy the customers and provide exceptional service.

5.3 Challenges of the omni-channel strategy and sources of these

Several challenges associated with omni-channel retailing were identified from the literature. These were the requirement of technological investments, change management, channel conflict, return management and consistency issues. The findings confirm the existence of these challenges and have further been able to identify potential sources of these. These are the franchise business model, sales accreditation policies, in-store returns, operational issues, and technology requirements. The following section provide a discussion on these as well as potential responses that the retailer could consider.

5.3.1 Consistency

Source of challenge: The franchise business model

One of the main ideas of omni-channel integration is for the retailer to appear as a seamless company with complete integration. However, reaching consistency among the channels has proven to be one of the main challenges of an omni-channel strategy. The authors identified the franchise business model as a potential source of this challenge. Intersport, being the only pure franchise chain, is the single case where the prices are not consistent throughout the sales channels. Anvell explicitly mentions that it is "*in general*

difficult to make changes in the business model of a franchise chain". According to Pansell, the price inconsistency can confuse and upset the customers, something that was also pointed out by Oh et al. (2012). Anvell agrees that having the same prices throughout the sales channels would be beneficial, however, he explains that the business model does not allow the management to change this.

Although price consistency is very important for an omni-channel retailer, there are several other areas where the retailer has to ensure that they appear as a holistic company. These are for example areas such as exchange and return policies and product availability as mentioned by Zhang et al. (2010). In the authors' opinion, the case retailers in general appear consistent in the eyes of the customer. However, internally clearer policies and guidelines should be established in order to facilitate the omni-channel transition.

Potential response: Since franchising is a common business model of many retailers today, it is essential to find ways to work around issues associated with this. The chain has to appear as a holistic company in the eyes of the customer with a consistent service level, as highlighted by Oh et al. (2012). The customer should not have to take the business model of the firm into consideration, as pointed out by Bertram. Emphasizing and highlighting the advantages of an omni-channel and convey this message throughout the organization is of great importance, as suggested by O'Heir (2012).

N.B. The challenges pointed out in the following section are experienced by all the retailers however, they appear even more severe when franchising is part of the business model as in the case of Hemtex and Intersport.

5.3.2 Channel conflict

Source of challenge: *Sales accreditation policies*

A major challenge for the retailers that offer click-and-collect is that their current systems tend to lead to channel conflicts. This stems from the design of the sales accreditation policies. The physical store has the operational responsibility which puts pressure on the inbound deliveries of the store however, without being accredited the sale. Having their own store in focus also means that the store managers often feel conflicted about encouraging their customers to use another sales channel as their goal is to build a loyal customer base and enhance the performance of their individual store. The fact that this goal incompatibility often leads to channel conflicts was emphasized by Webb (2002) while leading the customers into a different channel is associated with the cannibalization theory of e.g. Agatz et al. (2008).

The managerial argument that click-and-collect orders brings an additional customer to the store, and thereby generates an opportunity for the sales staff to make additional sales, sounds reasonable in theory. Since the store traffic most likely does increase, as argued by Zhang et al. (2010), it might be true to some extent. However, both Hemtex and BR mention how this is not generally how it works. Pedersen explains how a click-and-collect customer often enters the store with a determination of only picking up the package and has in his/her mind already completed the purchase. This mindset makes additional sales very difficult to achieve. Thus, in the authors' opinion, the increased store traffic is not a

sufficient argument as to why the stores should have a positive attitude to the click-and-collect.

According to the authors, a supportive argument of the claim that omni-channel initiatives tend to result in channel conflict is the fact that Yves Rocher is the only company stating to not have experienced any particular issues related to this. A potential explanation for this might be that this retailer has implemented very few omni-channel initiatives. From the discussion in this section, it is clear that sales accreditation policies of particularly click-and-collect is one of the main source of channel conflict and therefore by not offering this type of service, the risk of channel conflict diminishes.

Potential response: A better way to handle this channel conflict is to ensure that the internal policies are set to encourage channel integration and that the potential benefits are conveyed throughout the organization, as emphasized by O’Heir (2012). Here, education and information are key elements. In line with Rigby (2011), the online and offline channels ought to complement one another instead of being in competition. Hemtex is for example introducing digital screens in their physical stores from which all sales will be accredited the store. This is a way for the retailer to encourage the sales staff to not only promote products that are available in the physical store but also make use of the online assortment in their sales process. In the authors’ opinion, providing incentives like this is important in order for the retailer to gain acceptance among the in-store sales staff for handling the click-and-collect orders. Furthermore, providing information about the content of the click-and-collect packages to the in-store sales staff as in the case of BR, is a way for the company to increase the sales staff’s potential of making additional sales and it shows that it is being attentive to their needs.

5.3.3 Return management

Source of challenge: In-store returns

An important step towards achieving complete channel integration is to allow the customers to return their purchases in any of the available sales channels. How to handle the return management has been confirmed as a challenge through the empirical findings. The source of this challenge is the increased amount of in-store returns resulting from online orders. Complete omni-channel integration requires all stores to accept this type of returns, which can create conflicts similar to those caused by the accreditation policies. The similarity stems from the fact that in-store returns require the physical store to refund items that they did not sell, which in turn affects their sales budget negatively. Accepting returns sold in another store is not something that is only related to omni-channel integration as most retailers have a policy where customers are able to return their purchases in any physical store. However, as Bell et al. (2014) point out, online orders tend to have a higher return frequency, and thus it is likely that allowing online orders to be returned in the physical store will cause problems for the stores as the amount of returns they have to handle increases. The store might not have the capacity to handle the increased number of returns and thereby has to send the inventory back to the warehouse. This would result in both additional shipping costs and an increased workload for the in-store sale staff, as argued by Grewal et al. (2004).

Potential response: In terms of in-store returns, the retailer needs to ensure that the customer experiences a seamless integration and that the return process runs smoothly. The internal differences should never affect the customer experience as a convenient return is crucial to the omni-channel experience. Clear policies in relation to this are important in order to avoid internal conflicts. Since online purchases in general tend to lead to more returns than in-store purchases, one way to handle this challenge is to try to minimize the number of returns by providing better and clearer product information on the website, as argued by Bell et al. (2014). More specific descriptions along with higher quality pictures can help the customers to better determine if the item is what they are looking for before ordering it.

5.3.4 Change management

Source of challenge: Organizational changes

Moving from a multi-channel to an omni-channel requires the retailer to change old habits and incorporate new routines. This leads to challenges related to change management as described by Worley and Mohrman (2014). The source of this challenge has been identified as the organizational changes that affect the organization as a whole when an omni-channel is implemented. The more channels the retailer operates, the more integration efforts are needed since each channel adds complexity and requires a different way of doing business, in line with Johnson and Whang (2002) and Kumar et al. (2012). Yves Rocher is the only retailer that operates three different channels, and this seems to have led to increased complexity of their operations. Employees that are versed in for example the physical channels need to understand and get involved in the online channel and vice versa. Experienced incompatibility between the catalog channel and the other channels is pointed out as reason for the lower integration during the interviews. This is in line with van Birgelen et al. (2006) claiming that the level of compatibility affects the integrational efforts. Again, this is something that is visible in the case of Yves Rocher, being the only retailer among the four cases that had an additional channel outside the physical and online.

Furthermore, the implementation phase of new processes such as click-and-collect has included some minor obstacles in terms of making sure the staff is trained in their new tasks. Even basic things like remembering to include the online sales channel as a possibility for in-store customers requires time in order to become incorporated into the new routines. The new processes also involve finding an efficient way to handle and store the incoming packages, which can be a challenging task for the stores as they tend to have space restrictions.

Potential response: Educating and informing the in-store sale staff of the new routines is an important step towards managing change and gaining their understanding of the reasoning behind the channel integration. The importance of conveying the benefits of the omni-channel change to the organization as a whole was emphasized by O’Heir (2012). The e-commerce team of Hemtex is for example doing a tour throughout Sweden to talk about the online channel and why integration efforts are important. Furthermore, by comparing the number of visitors on the website with the amount of online purchases, Hemtex has found a way to use this basic tool as a way to indicate how webrooming can be

beneficial for the physical stores. This type of motivation can encourage the staff to actively promote the other channels and lead to a successful change.

Furthermore, as touched upon by Hemtex, one should also not underestimate the importance of the involvement of the top management in the implementation of an omni-channel strategy since the approval and commitment from this level is an important factor of success. This was also emphasized by Sirkin et al. (2005).

5.3.5 Technological investments

Source of challenge: *Technological requirements*

Implementing an omni-channel is associated with significant investments in technology. The source of this challenge is the fact that the whole foundation of an omni-channel revolves around having integrative technologies in place. This involves high-tech investments, as pointed out by Herhausen et al. (2015). These are not only very costly for the retailer to implement but also requires skilled IT personnel to reengineer the business processes, as emphasized by Frazer & Stiehler (2014). An important aspect related to the technological requirements is the importance of ensuring that the systems are basically flawless before the customers get introduced and gain access to them, as highlighted by BR. Many times the technology does not work in line with the organization's expectations, something that was pointed out by DeSanctis and Poole (1994).

Potential response: It is important to introduce these initiatives with some caution and ensure that the process is well thought through in order to minimize the risks associated with these types of investments. As mentioned in the case of Hemtex and their digital screens, it can be beneficial to choose strategically located trial location in order to see how the initiative works in practice and how the customers react to the technology. This was also emphasized by Nyberg saying that "*you only have one chance, which means that everything has to work*". This is further in line with Wind and Mahajan (2002) arguing that it is not only about simply adopting the technology, but also about making sure that there is a fit between the technology and the customer. The claim is also supported by Piotrowicz and Cuthbertson (2014) meaning that the technology should be well-tested before its implementation.

5.3.6 Additional remarks

Swedish retailers that want to implement an omni-channel strategy do not have to start from scratch. They can look at the initiatives of retailers in other countries such as the US where they have come a lot further in their efforts; something that was pointed out by Richardsson. However, as mentioned by Zhang et al. (2010), there is no universal recipe for an integration strategy. What works well in one company might not work as well in another.

5.4 Revising the conceptual model

The empirical findings have led to some adjustments of the conceptual model presented in chapter two. Two of the original motivators have been revised and expanded. Although these are still valid, they are too narrow to capture the essence of the main omni-channel incentives found in this study. One alteration is the expansion of the motivator 'increased

sales' into 'competitive advantage', as the empirical findings showed that increased sales was not in itself expressed as a motivator of an omni-channel strategy. The retailers are rather aiming to gain a competitive advantage over other retailers through channel integration, *resulting* in increased sales among other things. The motivator of 'optimizing the physical channel' has been slightly altered and extended to include all sales channels operated by the retailer. The motivator of customer demand has been confirmed as one of the main incentives of an omni-channel strategy and thereby remains the same as in the original model.

Moreover, the challenges found in theory could be confirmed through the empirical findings. However these led to further development of the model as potential sources of the challenges mentioned in theory have been identified.

N.B. The arrows and lines have the same meaning as in the working conceptual model. Additionally, the filled arrows of the model represent a 'cause-and-effect' relationship from the sources of the challenges to omni-channel retailing.

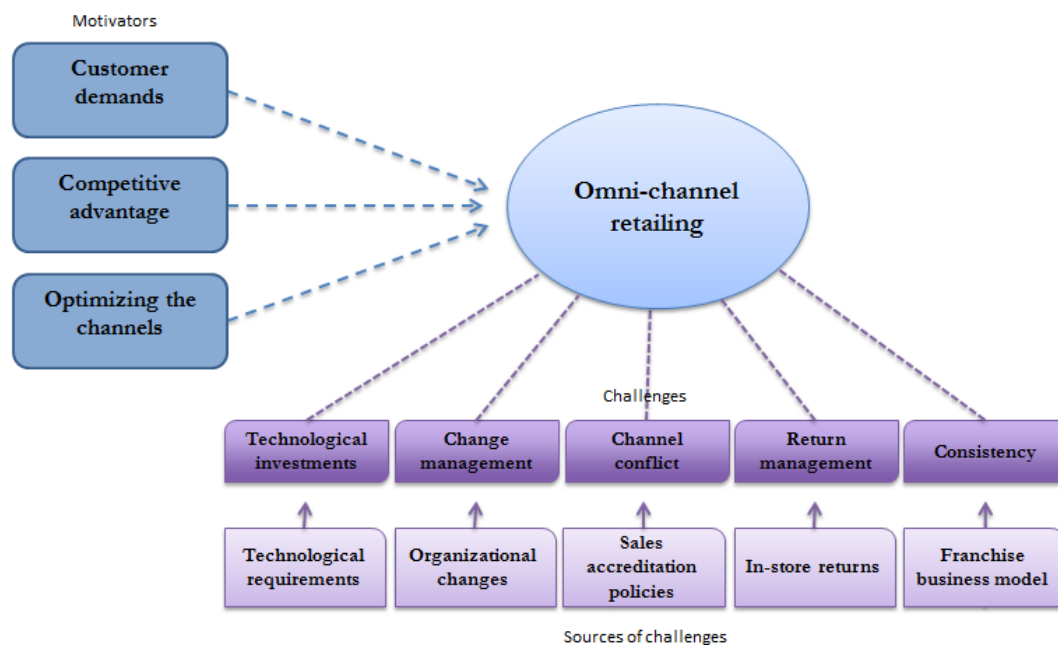


Figure 5.1- Revised conceptual model of omni-channel retailing (Source: Authors' own, 2015)

6. Discussion

In the sixth chapter, the authors discuss the findings of this research. Furthermore, limitations and implications of the study are described. The chapter ends with sections on the research contributions as well as recommendations for future research.

Upon completion of this research, it is safe to say that an omni-channel strategy is rather complex and demanding for a retailer to implement. It is essentially a matter of preconditions and individual circumstances of the specific retailer and not only does it require financial and human resources, but also a deep understanding of the effects that the business model will have on the implementation. Consequently, it is important that the retailer has developed a plan for how to handle the challenges that are associated with this strategy.

Moreover, the mindset and priorities of the retailer plays an important role, in determining both the pace of the implementation as well as how far the retailer chooses to take the omni-channel concept. Over 50% of the sales at Yves Rocher is made through the catalog channel which has influenced their channel integration, and a natural consequence of the high sales in the catalog channel is that this channel has gained the highest priority, leading to a lower priority of the omni-channel initiatives. Additionally, the perception of what an omni-channel strategy entails might vary among the retailers, and hence have an influence on this. Is the aim to fulfill all the integration criteria or is it to satisfy only a part of them? The concept is still new and there is no clear 'recipe' to follow, and this complicates the decision of what to include in the strategy.

Additionally, an important element of omni-channel is availability. It is thus noteworthy that (at the time of writing), none of the retailers are using the mobile channel in the form of an app as a sales channel. As argued by Brynjolfsson et al. (2013), smartphones are becoming a more common way for customers to shop and these are an integral part of the everyday life of today's customer. Omni-channel retailing is not only about tying the current channels together but also about meeting the customer where he or she likes to shop. Hence, by not including this sales channel in the business, the customer might not get the sense of a true omni-channel.

6.1 Limitations

This research is context specific, meaning that the evidence is not a sufficient base to make generalizations. However, generalizations are, as mentioned, not the intention of the study. Interviewees in management positions are likely to have a good and true overview of the business whereas the perspective of the store managers might be more subject to local variations of different kind. For example, a store manager of a large store in Stockholm might differ in opinion from a store manager of a small store in Jönköping, and the risk of gaining different results thereby increases. Nevertheless, the authors regarded the store-level perspective as an important element of the findings since it is difficult for management to answer questions of more practical nature as they might not have enough insight on this. At the same time, it is possible that the store managers do not feel comfortable criticizing their employer. This might also be true for the representative of the

top management, although probably not to the same extent as the store managers since their position might be more vulnerable. This might make them more cautious in what they say about the company. However, the authors believe that the retrieved data was not of a particularly sensitive nature and since none of the respondents chose to be anonymous, the opinion is that the provided data portray an accurate picture of the situation.

Moreover, the positions of the management interviewees differed. Operations, marketing, sales and e-commerce were areas of responsibility of the respective respondents. Since the authors were very clear on the research purpose when contacting the case companies, it was up to them to forward the request to the person that they felt could provide the needed information. Thus, the authors did not experience any particular issues related to this. Furthermore, since the omni-channel implementation is an ongoing development in all the four retailers, some things might have changed or developed during the course of writing. This is something that was noticed in the case of Intersport which released an app that was not brought up in the interview.

6.2 Managerial implications

Although the research is context specific, the authors believe that this study can serve as a starting point for retailers that plan to implement an omni-channel strategy. To learn from retailers that are currently going through this development can provide both inspiration as well as guidance in what to expect from this type of initiative. By giving incentives to why an omni-channel can be beneficial, it is likely that more retailers become motivated to go in this direction. This is something that can drive the development forward to increase both awareness and implementation of omni-channel retailing. Staying up to date with retail trends is a way to stay competitive against international players and thereby something that could benefit Swedish retailers.

Furthermore, the nature of the product sold is central in how important an omni-channel strategy will be for the retailer. Sport products, toys, textiles and beauty products are all 'touch-and-feel' products, and even though these products can all be found online, most customers are going to want to try, touch and feel these products before making a purchase. This is something that all respondents of this study agreed upon. Therefore, retailers selling this type of products should realize the importance of serving their customers through physical stores and the great advantage this can generate against pure online competitors. If the retailer is able to take this one step further by integrating the physical channel with the online, it can protect itself even better against outside competition.

One of the most important findings for managers to take away from this thesis is the influence that the franchise business model might have on the omni-channel implementation. Omni-channel is all about integration of the business activities and appearing as a holistic company in the eyes of the customers. This can be challenging to achieve if the fundament of the business has a more individualistic approach where the focus tend to be directed to the performance of the own store rather than the performance of the chain as a whole. Therefore, retailers operating this type of business model need to pay special attention to the impact this might have on their omni-channel strategy.

Additional lessons for managers to consider when moving towards an omni-channel is to recognize the importance of educating and informing the whole organization about the changes and why they are needed. It is also important to set policies and guidelines that facilitate and encourage the combined channel use, both from the customer's point of view, but also from the retailer's perspective.

6.3 Research contributions

Extensive academic literature on multi-channel retailing and ways to integrate the channels exist, however, the omni-channel research is more limited. A lot of reports, blogs and newspaper articles can be found on the topic but within academia more research is needed. Not only is there a general research gap, but also no research has been conducted for the Swedish market in specific. Most studies have focused on American firms since these in general have come the furthest in their omni-channel efforts. Since the conditions of different markets might vary, for example Scandinavian firms might find it more valuable to learn from examples operating within the same market and thereby benefit from the results of this study.

Furthermore, through the conceptual model developed in this study, some theoretical contributions can be made. First of all, motivating factors to provide an omni-channel found in theory were confirmed but also expanded to capture more overall incentives to implement omni-channel retailing. In terms of omni-channel challenges, the findings were confirmatory to what has previously been found in the literature. However, the authors were able to identify potential sources of these and thereby making an important theoretical contribution that could potentially form the basis for future research.

6.4 Recommendations for future research

As mentioned, there is still a lot of research that needs to be done within the field of omni-channel retailing. After the completion of this thesis the authors found some areas that would be of particular interest to investigate further. First of all, the concept of omni-channel is still blurry and there is a need for clarification regarding the term. As pointed out in the delimitations, more omni-channel efforts than the ones included in this study exist. Therefore, future research could for example look into which criteria should be used to define an omni-channel retailer, and when is an omni-channel actually achieved? Or could an omni-channel be partially implemented and classified as basic, intermediate or advanced?

Another delimitation of the study was the focus on the Swedish market. Hence future research of the concept in other geographical settings could be of interest to gain a wider academic foundation in the field. Furthermore, in the case of Yves Rocher, the catalog channel seemed to not be fully included in the integrational efforts. Therefore, it could be of interest to research whether there are some sales channels that are more difficult to integrate with one another, and if so, why?

In terms of the conceptual model, the elements included are in need of deeper investigation. Additional motivators and challenges could potentially be identified in other settings. Moreover, this thesis indicates that the franchise business model has an influence

on omni-channel integration and thus this finding is in need of more thorough research. Also the influence of other business models on the omni-channel strategy could be a potential area to explore. Finally, in this thesis the authors suggested a few responses to omni-channel challenges. These were however only touched upon on a rather superficial level and more in-depth study of these could therefore be beneficial.

7. Conclusion

This final chapter includes concluding remarks of this research. Here the authors aim to answer the three research questions presented in chapter one; What are the current omni-channel initiatives implemented by retailers operating in Sweden and how far have they come towards reaching an omni-channel? Why are retailers choosing to implement an omni-channel strategy? What are the challenges associated with the implementation of an omni-channel strategy, and what are the sources of these?

The purpose of this thesis was to explore the concept of omni-channel retailing, and its implementation in retail firms operating in Sweden through the investigation of three research questions. From the four case-studies presented, some final conclusions can be drawn.

First of all, there are clear differences between the cases in which omni-channel efforts they have chosen to implement. The number of implemented initiatives varies from four to nine out of fifteen potential efforts. Furthermore, from the empirical findings it can be concluded that the retailers participating in this study still have a relatively long way to go and at the moment, none of them can be classified as omni-channel retailers. The interpretation is that they are rather multi-channel retailers operating with more or less integration, *striving* towards an omni-channel. However, since the strategy was recently implemented in all cases, it is not reasonable to expect complete omni-channel integration at this point in time since these initiatives takes time to implement and the retailer needs to make sure that the processes work properly prior to implementation.

Second, three likely incentives for implementing an omni-channel were found; responding to customer demands, gaining a competitive advantage over other retailers and optimizing the individual channels. When it comes to customer demands, a multi-channel approach where the customers can choose a suitable channel can be enough under some circumstances. However, the more customers are exposed to the possibility of combining the channels in a purchase, the more this becomes the norm and something they expect the retailer to provide. In terms of competition, omni-channel efforts will not only be a way to gain competitive advantage over multi-channel retailers that do not offer an omni-channel shopping experience, but also online competitors that focus on low prices but lacks the ability to provide this type of integrated service. Regarding the optimization of the channels, omni-channel retailing allows the retailer to use the individual channels to their full potential by expanding their role and including features that were previously more associated with other channels. Examples of this include the possibility to use the physical store as a mini-fulfillment center, or designing a website that is experience-oriented.

Finally, some challenges that could be associated with an omni-channel strategy were found. These include the requirement of technological investments, change management, channel conflict, return management and consistency issues. Also the potential sources of these were identified and explored. The challenges essentially originate from technological requirements, organizational changes, sales accreditation policies, in-store returns. Also the franchise business model was identified as one of these potential sources and found to have a significant influence on the stated omni-channel challenges, in particular consistency related issues.

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Appendix I



JÖNKÖPING INTERNATIONAL BUSINESS SCHOOL
JÖNKÖPING UNIVERSITY

Information sheet

The nature of the research

The purpose of this paper is to gain a deeper knowledge of omni-channel retailing, and benefits and challenges related to the concept. Furthermore, the authors want to explore how this type of strategy can work as a means to strengthen physical retail stores' position¹.

The research is a master thesis in Business Administration worth 30 ECTS undertaken at Jönköping International Business School. The authors are two graduate students enrolled in the International Logistics and Supply Chain Management program and the project is funded by the authors themselves.

At the time of writing, there are four companies taking part in the study; BR , Hemtex, Intersport and Yves Rocher. Additionally, an expert will also contribute with his experiences in the field. The empirical data collected from these interviews will be analysed with the help of applicable theories.

Expectations of taking part of the study

The aim and expectation of the empirical data collection is to gather information from 'real life' examples of omni-channel retailing and to see how it works in practice by talking to people that have experience in the field. A semi structured interview approach will be used and the duration of these can come to vary depending on the time schedule of the interviewees however, the authors estimate approximately an hour per participant. The interviews might also need to be complemented by follow-up email(s) if this has been approved by the interviewee.

Implications of taking part and participant's rights

Participating in the study is voluntary the interviewee can withdraw at any time he/she wishes and the respondent can also choose to be anonymous. If the interviewee approves, the interviews will come to be audio recorded in order to facilitate transcription for the authors.

Use of data collected and how it will be reported

The thesis is due on May 11, 2015. After having completed the opposition and defense, it will be uploaded on the DiVA portal of Jönköping University. If the participant or his/her company wished to receive a copy of the project, the authors will provide for this.

Malin Kersmark & Linda Staflund

¹ The purpose might come to change during the course of writing

Appendix II

Interview guide - management

Preparation

- Retrieve information and learn about the retailer through the organizational webpage, newspaper articles etc.
- Send out information sheet
- Tools: Smartphone audio recording, notebook
- During interview: Note down location & time

Interview questions

Part A: Opening the interview

- Opening comments
- Potential clarifications about the information sheet
- Explain interview agenda

Part B: Brief background information of interviewee

- What is your role within the organization and how long have you been within the company?

Part C: The company

- Which sales channels are you using?
- How has the development from more separate sales channels towards more of an omni-channel looked like?
- Why did you want to integrate your sales channels?
- What are the main benefits of offering an omni-channel in your opinion?
- What are the main challenges associated with the omni-channel strategy in your experience?
- How big of a change has the omni-channel strategy been for the company?
- What are the main changes that originate from the omni-channel implementation?
- What are the customer reactions of the omni-channel efforts?
- How do you think the nature of the products that you are selling affect the outcome of your omni-channel strategy?
- What type of omni-channel initiatives have you implemented and can you elaborate on the practicalities of these?
- What 'roles' does your individual channels play in your strategy?
- Are you in any way trying to influence the customers' choice of channel, and if so, how?
- What are the future omni-channel efforts that you are planning?

Part D: Others

- What do you think about an omni-channel strategy in general?

Part F: Closing the interview

- Closing comments
- Potential additional points or questions from the interviewee
- Expression of gratitude

Appendix III

Interview guide - store managers

Preparation

- Retrieve information and learn about the retailer through the organizational webpage, newspaper articles etc.
- Send out information sheet
- Tools: Smartphone audio recording, notebook
- During interview: Note down location & time

Interview questions

Part A: Opening the interview

- Opening comments
- Potential clarifications about the information sheet
- Explain interview agenda

Part B: The company

- How has the development from more separate sales channels towards more of an omni-channel looked like?
- Why do you think an omni-channel strategy was implemented?
- What are the main benefits of offering an omni-channel in your opinion?
- What are the main challenges associated with the omni-channel strategy in your experience?
- How big of a change has the omni-channel strategy been for your store?
- What are the main changes that you have experienced, originating from the omni-channel implementation?
- What are the customer reactions to the omni-channel efforts?
- How do you think the nature of the products that you are selling affect the outcome of your omni-channel strategy?
- What type of omni-channel initiatives have you implemented and can you elaborate on the practicalities of these?
- What 'role' do you think the store plays in the company?
- Are you in any way trying to influence the customers' choice of channel, and if so, how?
- Are you aware of any future omni-channel efforts planned?

Part C: Others

- What do you think about an omni-channel strategy in general?
- What do you think about the future of the physical store?

Part D: Closing the interview

- Closing comments
- Potential additional points or questions from the interviewee
- Expression of gratitude