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Past, present, and future of online grocery services in Finland

Master's Thesis in International Business
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Åbo Akademi University

Åbo 2023

Subject: International Business

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Title: Past, present, and future of online grocery services in Finland

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The need for digitalised grocery services has also risen, with services becoming more digitalised. Online groceries have existed in Finland for a long time but have not become a significant service in the Finnish grocery market. During the covid-19 pandemic, the need for these grew rapidly as people were forced to stay in their homes, thus creating a problem with how to receive their food.

In this thesis, I will study how the Finnish online grocery market has developed, today's situation, and the future. There was a need to interview different actors in the Finnish market to answer this. The ones who were chosen were S-group, Kesko, and Fiksuruoka. The S-group and Kesko are the two largest service providers in the market, and younger people favour Fiksuruoka, and they have also expanded their service to other countries. The thesis has a mixed method research method, meaning that in addition to the company interviews, three different focus group interviews were done with potential customers. The participants were chosen by whether they had used online grocery services before. Secondary data about the market was gathered during this process to provide additional information about it. Company interviews were done via teams; one focus group interview was done in Technopolis Vantaa, and the rest were done via Teams. After these were done, they were transcribed, analysed separately, and combined. For this thesis, I used the abductive analysis method as the secondary data was gathered before these interviews, giving me ideas for the possible answers to the research questions. Some of these held, and some of them were altered.

The effect of the pandemic became clear from the interviews as it brought significant growth in the need for these services. It made development necessary to provide customers with a service and improve their capacity. The main reasons for the potential customers were that these services save time and are easy to use.

After the pandemic, the growth slowed, but the development has brought different challenges for their service design. These challenges are service availability, cost-effectiveness, gathering capacity, and information distribution. All of these are connected to customer experience, making it the key focus for the future. Additionally, for the market to flourish, it must continue developing to provide the best service possible.

Keywords: Service design, Online grocery, Customer experience, Qualitative research method, Interviews, Focus group interviews

Year: 2023	Pages: 87 (97)

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1 INTRODUCTION

This thesis will discover how the Finnish online grocery services have developed, today's situation, and the future of it. The interest in conducting a study about this subject started from the study that despite most Finnish people have ordered something from the Internet (TEM 2020, 39-40), the Finnish online grocery market still is relatively small. It did not make much revenue, as seen in Figure 1.

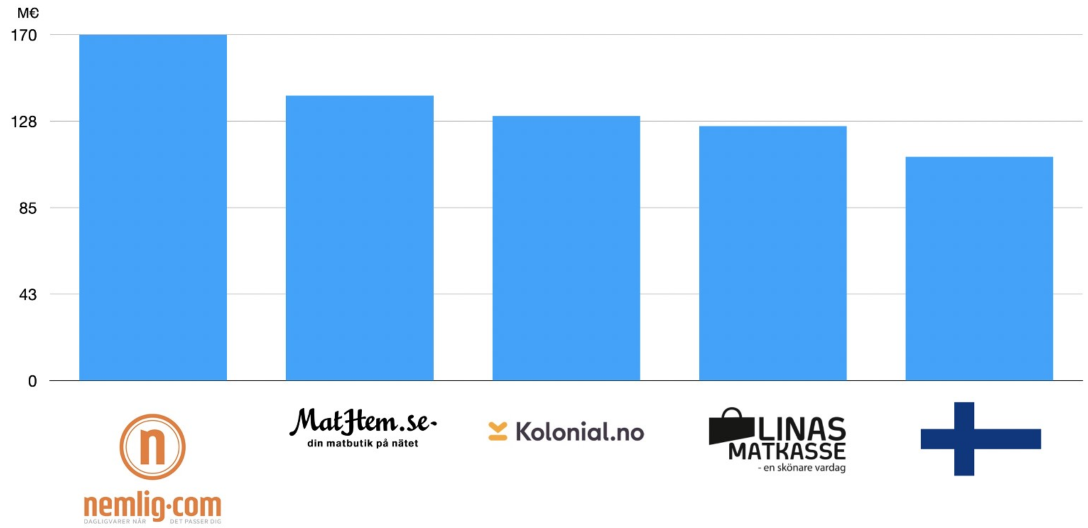


Figure 1: Finnish online grocery market in the year 2019 compared to top Swedish, Norweigian and Danish online grocery actors (Kivilahti 2020)

However, as the market developed during the COVID-19 pandemic and the services gathered more customers, the services still had similar problems at the beginning of the pandemic (Kupilas 2020, 54-55), as in the end (Gainullina 2022, 20-25). One of the significant challenges is customers trust issues. An example is that customers do not trust the gatherers that the products they gather are the same quality as those bought from a store. Another problem with the Finnish grocery market has been the slow digitalization process. New technology is slowly being introduced, and the actors in the market have been frightened that they would lose potential customers to new international online retailers should they choose to enter the Finnish market. (Tyrväinen 2022) In addition, the pandemic has not moved the shopping habit of customers from a regular grocery store to the Internet. As the study done by Vähittäiskaupan tutkimusäätiö, (Kaupanliitto, 2022) it explains that 75% of buyers prefer shopping in a store instead of online shopping. Because of the rapid development of Finnish online grocery services, the previous problems are still not fixed. However, despite the considerable growth, the Finnish online grocery market is still relatively marginal, as their market share of the whole grocery market is approximately 3%. With online grocery services, this thesis will analyze the potential challenges of the services and provide solutions on how to solve them.

With the market's considerable growth during the COVID-19 pandemic, the problem has arisen of how the services will keep up with it. It has put the service design process under considerable pressure as new service locations and service implementations have been introduced. Also, one of the major service providers (the S-group) launched a new service platform during the pandemic. The need for analyzing the market and delivering suggestions from the service design perspective has risen. This need is why service design was chosen as the theoretical viewpoint.

The working title for this thesis is the past, present, and future of online grocery services in Finland. This study will include information about the different actors working in the Finnish online grocery market and how the service process works. Also, it will consist of information about the present situation in the market and how it will develop in the future. This study is to be done from the company's view, which means that the answers are formed so that a service provider can add them to their service. Additionally, group interviews are done to discover why online groceries are used. This information is vital for companies to plan their future developments.

1.1 Background

The S-group and Kesko have ruled the grocery market for years. Only Lidl has managed to enter the market and gather a small share of it. In 2022, the S-group had 47%, Kesko 35.2%, and Lidl 9.8% market share. All of them are operating all over Finland. They either operate with one store type (Lidl) or multiple store types (the S-group and Kesko). (Päivittäistavarakauppa ry, 2023) Three different entities have not always dominated the Finnish grocery market.

The grocery store of today's Finland started at the end of the 19th century, as the idea of a cooperative store landed in Finland. The first cooperative, which has survived to the 21st century, was launched in Turku. In 1904, Suomen Osuuskauppojen Keskuskunta was established to convert to different cooperatives. (S-ryhmä 2021) In 1941 saw, the launch of Kesko (Kesko A 2021), and as the market developed, these two companies started to gain more share of the grocery market. Despite other companies in the market, they began to fall one after another as the years passed. (Hulkko 2016)

Another feature which has been developed is the technology that the stores have used. In the 1950s, the average grocery store serviced the customer behind the desk, meaning that meat was packaged as the customer paid for their shopping. There were mechanized cash registers for the payment, and the payment amount had to be counted by the store personnel. These service stores diminished in the 1970s, and after that, today's stores were almost the only ones available for customers. (Hulkko 2016)

With the rise of digitalization, there have been many changes in grocery stores in Finland. One of the first implementations was when the S-group launched its bonus card in the 1990s. This implementation gave the S-group valuable information about their customer's buying habits. (S-ryhmä 2022)

Another old implementation of digitalization in the grocery market has been online grocery. The growth of the online grocery market in Finland has been slow, but during the COVID-19 pandemic, the need for online grocery became much more prominent as people wanted to limit their contact with others. This development has led the need for online groceries to become much larger than it previously was. (Kivilahti, 2020)

With the two large actors and a rising one in the grocery market, it has led to that the introduction of new services has been low. An example of this is online grocery services. The interview with Kesko's development director (Lintumäki, 2017) explains that the two most prominent actors have slowly adapted new technologies to their services. This slow development has meant that online grocery services have been slowly adapted, despite having large potential, especially in other countries such as the United Kingdom. During the pandemic, it was necessary to develop these services. For example, Kesko opened 241 locations in 2020 (Kesko, 2020, 7) and continued this development through 2021 to have over 500 locations that could provide this service. (Kesko 2021, 9)

The service design perspective chosen for this thesis means what different aspects of a service look like from its perspective. This perspective is needed for online grocery because there have been significant developments in the Finnish market, which means that the service has developed quickly. Thus leading service design under considerable pressure during development. In addition, the future requires much improvement despite the development.

1.2 Purpose

The primary purpose of this thesis is to explore how the Finnish online grocery market has developed from a service design perspective, and why. A secondary purpose is to explore how it is potentially will develop in the future. This answers the following research questions:

1. How has the online grocery market developed in Finland and what is today's situation?
2. What are the key challenges of the online grocery market from a service design perspective?
3. Which developments are necessary for the online grocery market to flourish in the future?

This theme is important because, with the recent development, this kind of service has risen in popularity. This development can be seen as the following phase in developing the grocery-selling business. With the rise of digitalization, more essential services are transferred to digital services. Because the online grocery business is still relatively small in Finland, this study can be quite valuable in the future. This study needs to present the evolution of online grocery, where it all started, and how it has developed. Also, it is crucial to understand how online grocery works in Finland.

During 2019 only 0.6% of all grocery sales occurred on the Internet. At the same time, in Sweden, 2% of the business is conducted on the web. (Kivilahti, 2020) Despite these small percentages, Finland still has much catching up to other Scandinavian countries. This study aims to better understand these services and how they will develop. This development is essential as these services will become more prevalent. To study the possibilities of the future, one must start by looking into the past and present of online grocery. This information can be achieved by gathering secondary data from studies and data about online groceries. This data, combined with the acquired data from the chosen research methods provides the base for future changes.

Statista's forecast (2018) that the online grocery market in Europe will be much more significant in 2023 when comparing to 2018. This estimation already saw the market growing even though it does not include the possibility of a major pandemic and its effect on the market. The additional effect of the pandemic can be seen in Figure 2, which shows the massive growth in Kesko's monthly online grocery sales from 2018 to the beginning of 2022. This development has shown a potential customer base for online grocery in Finland, but the problem is that the service must be developed to acquire it.

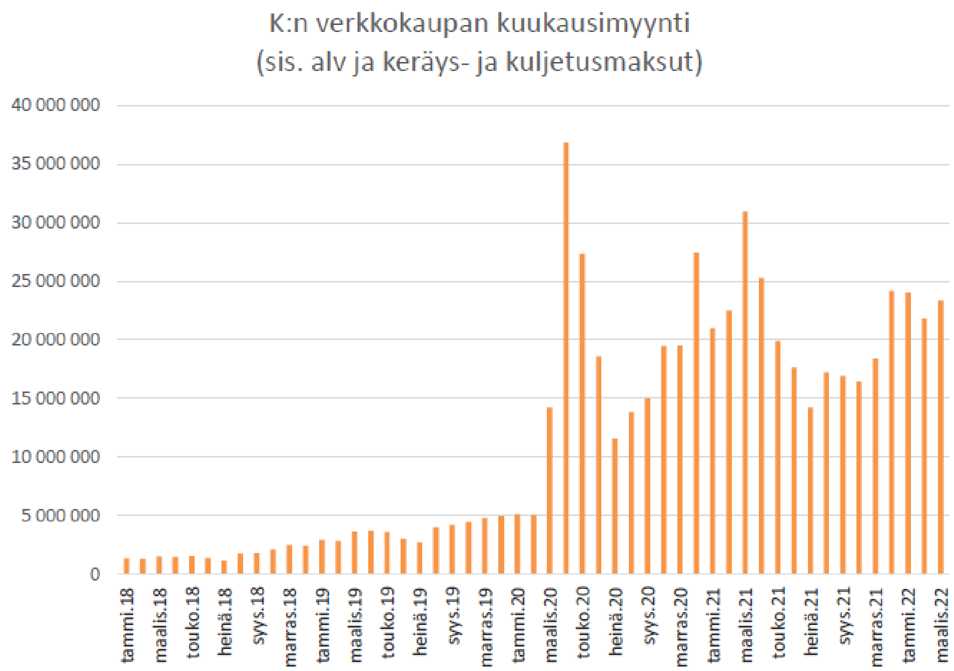


Figure 2: Kesko's online grocery services mounthly sales between January 2018 and March 2022. (Kesko, 2022, 2)

1.3 Research Methods

For this thesis, the examination method I chose is a mixed research method. The data will be gathered from traditional and focus group interviews. Additionally, secondary data is gathered about the Finnish market and service design. This study will conduct three interviews with the different actors in the online grocery business. The two major companies (the S-group and Kesko) and a smaller actor Fiksuruoka were selected for these interviews. The S-group and Kesko were chosen because they hold a majority market share. As for Fiksuruoka, they were chosen because they already had established themselves in the market and imported their service abroad to Belgium. (Fiksuruoka, 2023) For the interviews, it is important to gather relevant information for the study, such as what the future can hold for online groceries and how the business has developed in recent years.

Furthermore, focus group interviews were conducted to gather information about why customers choose or chose not to use these kinds of services, their problems, and whether enough information is available for them to use or begin to use these services. These interviews were done so that companies acquire valuable data on why customers choose to use these services. One of the main challenges for online grocery is gaining more customers from its large potential group.

1.4 Limitations

This thesis will be limited to the Finnish online grocery market. Understanding the evolution and potential future and how it should develop from a service design's view means that the data is limited to the Finnish market and its different actors. The empirical focus lies on the retailers and their services, as the focus is on service design and how the services should be developed in the future, so this thesis is done from the retailers' view, which means the data must be analyzed so a company can adapt it to its service design. For the interviews, there were a few limitations. For the company's side, the limitation is that the person interviewed must work with the online grocery services of their company. Despite the chosen viewpoint, service providers have a need to understand why customers choose to use online grocery services. Thus, the focus group interviews were organized with persons between the ages of 20 and 40. Another limitation was that every group should have people who have used online grocery services and some who have not. Focus group interviews were conducted to explain why customers choose or do not use these services.

1.5 Concepts and definitions

Online retail means a service, which allows customers to search and purchase products/service over the internet. (IGI Global 2021)

Online grocery is buying groceries by using an online platform. This is usually done by making an order, which then gathered in a store or a warehouse. These orders can be then picked up from a selected place or it will be delivered. (Tyrväinen & Karjaluoto, 2022)

Warehouse-based model is a model a model where the gathering or products is done in a warehouse instead of a grocery store. (Kivilahti, 2013, 77)

Store-based model is a model for online grocery, where store the products and collects customers' orders in a store and then customers have the option to pick up their order from the store or the order is delivered to the customers from the store. (Kivilahti, 2013, 80)

Customer experience is how the customer perceives their own experience with companies or services. It includes all the interactions customers have with them. (Singh & Söderlund 2020, 3)

Service design is the process in which a service is planned, organized, and developed to improve its quality and improve the interaction with the provider of the service and its customers. (Stickdom et al., 2018, 18)

1.6 Structure of the thesis

The second chapter of this thesis starts the literature review, and its first part service design. It starts with defining what service design is, continuing on how the process works, and focusing on customer-based service design. The third chapter covers the history of online retail and then focuses on online grocery, especially in the Finnish market. The start is quick information about the major services added to online retail over the years.

The fourth chapter discusses the methodology. In it, I explain why the mixed research method is chosen for this. The research methods which were chosen were interviews and focus group interviews. During the process, I conducted three different interviews and three different focus group interviews. The interviews were conducted with three different Finnish online grocery market actors: the S-group, Kesko and Fiksuruoka. There were discussions about the services' past, present, and future in the market. Focus group interviews were conducted to discover what is or what was the reason for people to choose online grocery services, as this is valuable information for companies to use. After this the analysis process of the gathered data was provided. This thesis was done with a abductive approach, as the secondary data that was gathered provided preliminary ideas to which base this research. The two qualitative research methods were first analysed separately and then combined to search for similarities and differences with them.

The fifth chapter covers the findings from the gathered data. The chapter is divided into three parts. First, the findings from the interviews with the service providers are presented. This information is divided into two parts. The first part is about service providers' services, the present-day situation and the development of the service. The following part is about the future of online grocery. From it, one discovers that for all the participants, the pandemic significantly boosted their services as the need for these services rose. In addition, cost-effectiveness is seen as a considerable challenge in the future. The second part of the findings is about the group interviews about why they would choose to use online grocery services. These reasons include such as ease of usage and time savage. Other information provided in answers is the problems with these services, such as service availability and trust issues with it.

The sixth chapter is the analysis part, where the results and the literature review are combined to analyse the market from a service design point of view while answering the three research questions. The base of the market is good due to the development resulting from the pandemic. However, the market still has significant challenges to overcome for it to flourish in the future, such as cost-effectiveness and service capacity.

The last chapter covers the conclusions from this thesis and what future research should be conducted. In addition, how the focus group interview findings would have changed if the age group had been older. The following research's limitations should be considered more thoroughly than in this thesis as it provides a broad view of the Finnish market. Many factors of the Finnish online grocery market should be studied in the future.

2 SERVICE DESIGN

Service design is a process that is used in many ways, and it is a combined means of thinking and acting in service development. By using it, companies can deepen their knowledge of the different aspects needed in service development. (Tuulaniemi 2016, 58) Service design is an essential tool for companies to solve different challenges. It is a complex instrument for companies as it can be used either for constructing a brand-new service or for improving an existing one to suit its customers better. When asking different service designers, different definitions can be acquired, as one designer can define it as a mindset, while another can see it as a process, or still others can see it as a toolset. However, this is quite a defective view, because service design is a combination of these. (Stickdorn et al. 2019 18-21) The idea of service design emerged when companies began to understand that services needed to be organized to better suit their customers' needs. During the development of service design, two main directions appeared: the first one focuses on user experience and the connection between the service provider and their customers, whereas the second one focuses on services as a process. (Morelli 2021, 10)

Service design is crucial for companies because as Reason et al. (2016, 10) explain that services must respond to significant economic, social, and technical trends. Economic trends have a significant impact on service design in developed countries, and services comprise between 70 and 80% of the economies in these countries. This means that services have been designed so that they can meet new economic trends, and hence the provider can gain value from them. (Reason et al. 2016, 10-11) The second major trend group is social trends. This trend means that it is essential for service design to respond to the rising number of customer expectations in the best way possible. The rising customer expectations have led to customers wanting a more personalized service. These trends have also spread to the business-to-business area as employees have access to more critical information about different companies and how they operate. (Reason et al. 2016, 11) The third major trend group refers to technical trends. Digitalization has become a more significant part of everyday life. This development has influenced design so that technology can handle service previously provided by humans. The problem with this trend is that service design can become less flexible and seem more dehumanized, which can be problematic for customers. With technological trends, companies have tools to develop their service to respond more to customers' needs and hence become more flexible. (Reason et al. 2016, 11-12)

2.1 The service design process

Service design does not have one single correct model because it depends on which type of service the company requires. Success depends on how well the service design can adapt to the different challenges during the design process. Service design has many similarities with other design disciplines but differs from them regarding the tools and methods used in the process, such as customer journeys and prototyping services. (Stickdorn et al. 2019 88-89) Even though no design processes are the same, they still include identical core activities. The process starts with *definition*, where the goals, needs, and resources of the service are stated. (Penin 2018, 182) This process is then refined so that knowledge from the process can be used in the future. The following step is research. Within service design, research is used to understand people and their behaviour when comparing them to the service. The goal of this step is for the companies to connect with customers so that the service providers can understand customers' precise needs, practices, and routines. (Stickdorn et al. 2019, 90) To acquire this information, companies use the available information about the potential customers, conduct interviews, observe, or implement them in the process. (Penin 2018, 213-214) After this, companies can implement a more customer-focused design process to suit their potential customers better.

After the research phase, planning follows. A service requires an idea. Thus, ideation is a vital part of the design process but is less crucial than generally imagined because an idea is the starting point of a more extensive process. (Stickdorn et al. 2019, 91) With the addition of the materials gathered during research, this step gives the base for the planning process. During the planning phase, many ideas are raised, combined, and discussed so that they can be formed into a service concept. (Penin 2018, 239-240) *Prototyping* is the following step in the process, and it is used to determine how well the service will suit the customers in future service interactions. This phase provides companies with vital information about the qualities of the service, whether it is easy to use, if it suits the company or their customers, and provides a possibility to learn about possible alternative solutions for the service that can be beneficial in the future. (Penin 218, 258)

Implementation is when the service is moving to production and rollout. As this phase begins, companies tend to start with a pilot. This step is a small and controlled implementation of the service, used to determine how it works with potential customers and to identify the possible challenges that the service might have. (Penin 2018, 293) After implementation, the service is ready for a commercial launch. In this phase, it is essential to consider the possibility of a soft launch to a selected customer group to gather data about the service, provide information about it, and further promote it. After the launch, the last step is to evaluate the service and the whole design process. In the evaluation, customers can voice their opinions on the necessary changes or the possible opportunities for the service. Companies can then use this data to improve their service to suit their customers and their needs better. The whole process also needs to be evaluated to discover the problems and successes that can be used to improve the service. (Penin 2018, 293-295)

2.2 Challenges for service design

A more digitalized world has brought more challenges for service design. One of the most significant problems is to motivate users to choose to use the company's own service. With the rise of IoT (Internet of Things), the number of digitalized services has grown enormously. This development means that it has become more complex to discover how users will find and use a service. This change is caused by the fact that services can evolve to something different during implementation and usage. An example of this development is Facebook, which started as a platform for interacting with other students and evolved into a multipurpose social platform that connects all parts of the world. (Penin 2018, 85) Another challenge is that digitalized services still need to be developed and can have technical difficulties as they are launched for commercial usage, which can lead to customer frustration and even to companies recalling their services so that they can be fixed and relaunched to suit their customers better. (Penin 2018 85)

With services gathering more significant amounts of data from their users, a challenge has appeared in how the companies use this data. Are they only using data to improve their service, or are they using the data for another revenue stream? Some companies are selling their gathered data to other companies that use it themselves or sell it forward. This problem has been much debated, but legislation has been implemented to prevent companies from gathering too much customer data without the customer's consent. One example of this is the EU's GDPR. (Holmlid & Wetter-Edman 2021, 217)

Service design has a growing ethical challenge attached to it. As more automation is implemented for services, the users lack human interaction. Automation has become a talking point as more office work is automated or changed, so that robots or bots are doing the work that humans previously did. Because of this, the focus of service design must include more than just technological solutions. The customer or user should be at the center. (Holmlid & Wetter-Edman 2021, 217)

As technology becomes more accessible for companies, the social aspects of the design process are in danger of being forgotten. For this reason, designers need to have a broader perspective than, for example, programmers. Designers must keep the balance between more technological and more customer-based solutions. This balance is why the customer experience can be seen as an essential part of digital service design. (Penin 2018 87) Designers need to have a broad view of the service, but this can lead to other challenges. If they take an overly broad approach in the design process, it may result in the service becoming oversimplified. Thus, some of the features of the service may be lacking, which can lead to service failures. To avoid this outcome, designers must also examine minor design process details. (Lindberg-Repo & Dube, 2014, 71-72)

As service design is a process which must be adaptable and has much repetition in the different stages, it can be challenging to visualize the whole process. This means, it can be challenging to see the different aspects needed for a successful service. However, designers cannot follow a strict line of tasks and timetables because this can constrain the designers' work and even slow down the whole process. For example, if the first concept idea is deemed unsuitable for the service, the following step is to return to the planning stage. However, if designers had used more time during the planning phase, they would have been able to develop a more suitable concept for it. (Stickdorn et al. 2019 88-89)

Sustainable business has become an essential factor in any market, creating challenges for service designers. Designers must adapt existing services to meet the increasing demand for more sustainable business solutions. (Holmlid & Wetter-Edman 2021, 217) An example is that the S-group has developed the deliveries of its online groceries sustainably by combining the deliveries so that consignments to the same area are delivered simultaneously. (S-kaupat 2023)

2.3 Critical factors for customer-based service design

With customers being at the center of online grocery service and its development, it is important to investigate how customer-based design works and what its critical factors are. Reason et al. (2016, 21) provide three critical factors: movement, structure, and behavior. They describe movement in service design as a customer moving through a service. (Reason et al. 2016, 21) Customer experience is an integral part of these factors. Continuous development of customer experience is required for the service to succeed. To develop digital services, customer experience can be divided into four factors: pace, personalization, user-friendliness, and technological environment. Previously, services did not need to be quick, as customers accepted if it took a week to acquire their orders, whereas today, customers are expecting orders to arrive quicker. This development has led to a situation where services must be fast, always available, and largely automated. Personalization is another crucial factor, as customers want a personalized experience that suits their needs, leading companies to gathering even more data about them to modify their service better. User-friendliness is critical for digitalized services, as the first contact with customers occurs in a digitalized space, which means that the information should be easily found and obtainable. In addition, with people having less spare time, the ease of usage becomes more important. The last factor is the technological environment. Today, a service needs a working technological infrastructure to be successful. For a customer to receive personalized service, it requires much data, and a person cannot store this, so it requires implementing a technological infrastructure. (Gerdt & Eskelinen 2018, 57-59)

2.3.1 Movement

Movement can mean the movement of customers. Furthermore, mobility can be considered a crucial aspect of service quality, especially for services that are more extensive. For customers, it is crucial that it is easy to perform tasks and the service must function well also under extensive use. Companies need to understand the whole customer lifecycle from the beginning to the end. It starts before the customer starts their relationship with the service, as it is important for companies to discover where the customer comes from and what kind of experience they have. This lifecycle offers valuable information to the company, which can be used in marketing strategies and for deciding how the company will approach new customers with a similar background. (Reason et al. 2016, 22)

The beginning of the relationship between a service and its customers is important in service design. As with a successful start to the relationship, the customer can then in the future continue doing business with the service, but if the start has failed, it can be challenging to fix the situation, and it will affect the business relationship with these customers in the future. (Boström & Friberg 2018, 86-87)

Customer experience is an essential factor for service design. The way a customer reacts to different experiences is beneficial information to the company, and this can then be used to develop the service. This information also provides better engagement and communication with services customers, and companies can build more lasting relationships with current customers and improve the experience for their potential new customers. (Bolton 2016, 2) Another reason is that after the relationship has been established, it is easy for service providers not to invest further in customer experience, leading to consumers feeling uncared for and irritated. (Reason et al. 2016 23-24) This neglect can then lead to customers choosing to quit the service. A solution for this is implementing customer service, as consumers will need help and information, making them feel that they are wanted and cared for. (Singh & Söderlund 2020) Another reason the customer experience is important is that customers change. Customers will start and stop using the service during its lifespan. For service design, planning for this kind of altercation is vital. Also, the companies need to plan the customer experience for unplanned special events, meaning, for example, that some parts of the service need to be fixed. If this happens, planning how this affects the customer is essential. (Reason et al. 2016, 23-24)

The relationship between the service and its customers does not end, although customers have gone through the service process. As for companies, the past customers are also customers for tomorrow. To achieve a situation where customers continue to use the service, companies use after-marketing by contacting those who have previously used their service. Most of the information about this marketing and the whole service process is important because despite the customers not continuing to use the service, the reasons why they decided to discontinue using it is crucial information, which can be used to improve the service. (Reason et al. 2016, 25)

2.3.2 Structure

Structure means the different parts which comprise the entire service. The structure is comprised of different channels, business architecture, and organizational structure. Companies need to know how they will use these for customer engagement. (Reason et al. 2016, 32) Lifecycles are an essential factor in service design and can be used to improve different parts of the service. For companies, it is essential to investigate human, consumer, customer, and user lifecycles. These lifecycles help the company to understand how different people behave in different roles. The human lifecycle explains the different parts of a customer's life and how their needs will change. It gives the company a good overview of the crucial factors affecting people's lives during different stages. This information can be used in innovation for new features or services, which the company can use to its advantage. (Reason et al. 2016, 33-34)

The consumer lifecycle is about how people behave in the market when choosing a service that could fulfill their needs. (Boström & Friberg 2018, 122) This lifecycle provides information on how customers are experiencing or using the company's service or product compared to their competition. The customer's lifecycle describes the customer's relationship with the service when proceeding through the service. This information offers opportunities to improve companies' services and to discover why a customer chose to quit the service. (Wilson et al. 2016 34-35) The user lifecycle illustrates the tasks people conduct when using the service. The lifecycle also shows how the different needs are met and how the company tries to solve its problems during the process. This lifecycle is a powerful tool for the company to use when developing its service. (Reason et al. 2016 34-35) Lifecycles are not the only tool for companies when designing the structure of the service. The customer experience comprises two stages that are crucial for the service. The stage customers see is called frontstage, and the other, which they cannot see backstage. Service design must implement both stages into the design. (Reason et al. 2016 37-38)

For the frontstage, one way to start the design is to acquire an outside-in picture of what the customer sees as they have their first contact with the service. This stage provides companies with information on how contact points handle different needs. This data can then be implemented so that the company can design its service in the most cost-effective and best possible income way when consumers move from one channel to another. (Wilson et al. 2016, 182) The organization of a service is one of the largest backstage structures in the service. This structure is crucial for the company as it provides information about which departments are doing what. With this knowledge, organizing and simplifying the different processes is easier. (Reason et al. 2016, 39)

2.3.3 Behavior

Behavior is the combination of movement and structure. Behavior is implemented in the framework provided by movement and structure. The outcome is a better understanding of these behaviors, how they can be influenced, or if new behaviors can be designed. This process is lengthy as companies strive to understand their customer's behavior better. An essential service design factor is understanding the difference between businesses and their behaviors. The task of service design is to provide better insight into their customer's behavior, thus helping the company to improve its understanding of it. (Wilson et al. 2021)

For service design, it is essential to understand what does influence their customers. These influencers can be divided into two groups actors and factors. Actors are different people or organizations that are part of the customer's life. Actors significantly influence customers' life and behavior. (Reason et al. B 2016, 42-43) Factors are more abstract items that influence customers. These factors can be, for example, trends or laws that affect customers' behavior and should be considered during service design. (Wilson et al. 2021, 43) Understanding actors and factors is critical for service design because it helps the company better understand customer behavior. (Reason et al. B 2016, 42-43) The customer lifecycle, as previously mentioned, is an integral part of service design and can be used in different parts of the process. For the customer, there will be different levels of need for it during their lifecycle. (Reason et al. B 2016, 44)

Customer experience is one of the most recognized parts of service design. When improving it, service design offers companies tools and ways to do it. When studying customer experience, companies rely on survey feedback. Feedback provides them with information about why customers choose their service, customers' needs, and possible new solutions to challenges. The first step is to understand the customer experience. This experience can be achieved by enabling customer flow by analyzing how customers move through the service, their motivations, which drives them to achieve goals, or what difficulties they have. Customers may stop using the service if the difficulties are larger enough. Understanding how to use customer flow to benefit the service and create value is important. (Reason et al., 2016, 56-58) Another part of improving customer experience is finding out the challenges within the service that could be improved. This data can then be used to improve the service and the customer's experience. (Singh, 2021,18-19)

Another behavior that service design must take notice of is business behavior. This behavior is how the company behaves toward its customers in different situations. Three different key behaviors influence the service. These behaviors are product, brand, and service-driven behaviors. Product-driven behaviors are driven by the products or services the company sells. (Wilson et al. 2021, 43-45) This behavior focuses mainly on the customers' specific needs, which could then be satisfied by the product or service. The problem with this behavior is that it can lead to neglecting different parts, which do not directly influence the product or service and thus only support some of the customer's needs during their lifecycle. (Reason et al. 2016, 44)

Another key factor is brand-driven behavior. A brand is designed to promote the company's values, expectations, and promises to customers. It also illustrates to the customers how the company is assumed to behave. Despite the brand having a significant value that can influence how a company behaves, it is limited by its strength. Even with a strong brand, there can be problems with ignoring human interactions and thus harming them. The third key factor is service-driven behavior. This behavior is essential to determine how a service interacts with customers during their movement through the service. (Reason et al. 2016, 45-46)

3 ONLINE RETAIL

The evolution of digitalization has influenced online retail. The customer experience has become increasingly important as the services have developed. This experience is critical to understand the difference between online retail and e-commerce. Online retail means a service that allows customers to search for and purchase products or services over the Internet. As for e-commerce, it means buying or selling products or services on the Internet, and this process concludes with the transfer of capital and data. (IGI global, 2021) The difference between these two entities is essential to differentiate despite operating around the same principles. This thesis will cover online retail more closely, resembling online grocery development.

3.1 Evolution of online retail

Electronic commerce has been available for consumers from the beginning of the Internet. This development started in 1991 when the Internet opened for commercial usage. As for online retail, the first service was established in 1992 when CompuServe launched its service. Large online retailers Amazon and eBay launched their services in 1995. The following major event in the evolution was the launch of online email services, thus evolving the ease of communication with the world. In 1998 google launched its search engine, which later became the most used search engine in the world. (Ellis-Chadwick, 2013) In 2011 Google had over one billion different users and was the most popular site in the world. With this vast potential customer base and ease of access to large amounts of information available for companies, a problem emerged, how to drive traffic to the company's site. This development has led search engine optimization to become mainstream and an essential tool for online retailers. (De los Santos 2015, 7)

In 1999 there was a significant development as x.com and PayPal launched their online payment services. (Ellis-Chadwick 2013) These services start with one of the most critical aspects of online retail, the ease of payment. With the new payment options, customers could gain more security and flexibility with their online shopping because, with services such as PayPal, customers must type in their credit card or bank account only when setting up the account. After it, customers do not have to do this on any online retail site where they shop. (Niranjanamurthy 2014, 5)

People and online retailers tend to use social media every day, but Facebook launched its service platform in 2004, and it was first limited only to select universities in the United States of America, but in 2006 it was commercially launched. (Ellis-Chadwick 2018) Social media has become a large entity, as in 2015, social media platforms earned over eight billion dollars from advertising. With many users, online retailers are almost mandatory to be on social media. The different platforms provide companies large amounts of data and new channels to directly connect with customers. (Ogunmola & Kumar 2019, 3)

One of the most critical factors for online retail's rising popularity is the number of Internet users worldwide. As seen in the figure below since 2005, the number of users has steadily risen, reaching over 2.5 billion in 2013. As previously mentioned, with this large group of users, online retailers can see huge possibilities with online base commerce. Despite the different problems, such as the Dotcom boom, it did not affect the growth of users. (Statista, 2022)

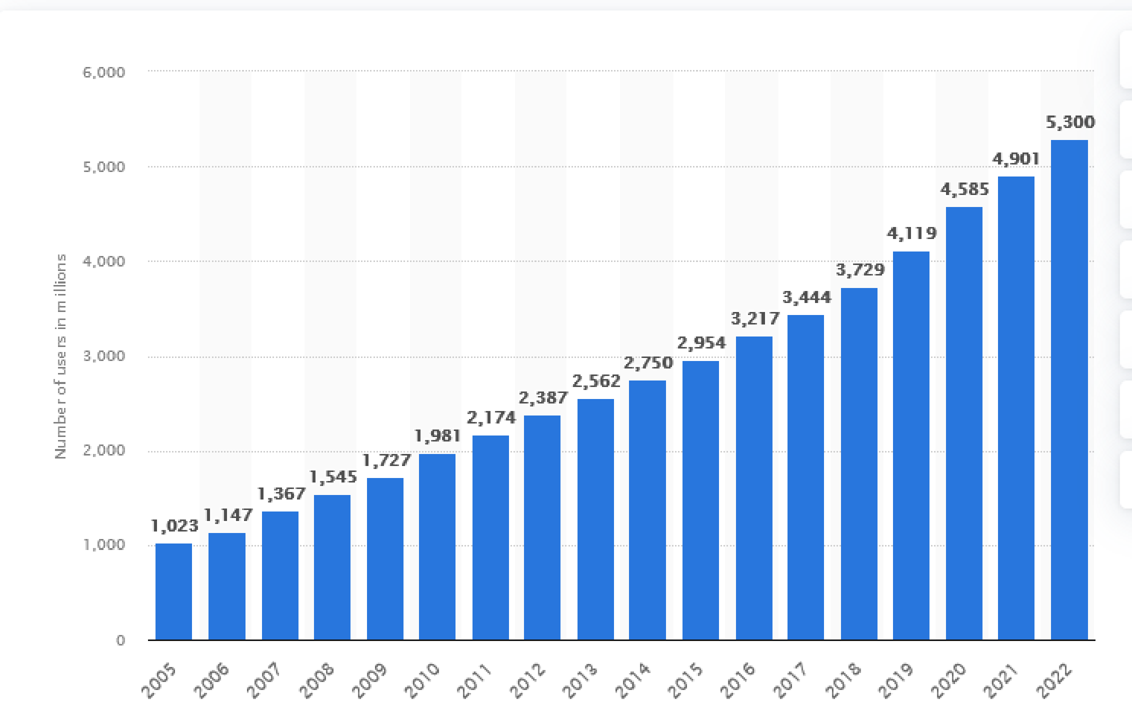


Figure 3 Total Number of Internet Users in the World, 2005-2022 (Statista 2022)

3.2 Online grocery and its evolution

Online grocery has developed much faster than grocery stores. The origin of online grocery can be traced to 1994 when the first rumours started of Tesco developing an online grocery service. During the first year, there was low interest in these services as these were new service models, and the Internet was still not that popular, which would have provided a large potential customer base for these services. In 2000, before the dot-com boom, several different actors provided this kind of service. This period can be seen as the first period of online grocery. (Kivilahti 2013, 77-80)

At the beginning of the 2000s, the industry shifted from a warehouse-based model to a store-based one. This shift means that from the beginning, there was a need for warehouses to be used in fulfilling the different online orders. The shift towards a store-based model started when orders were gathered in a store instead of the warehouses. This model was seen as a more cost-effective version. During this period, companies started to implement non-food products in their services. (Kivilahti 2013, 88-89)

The second period of online grocery ended in 2004, and after this, the third period, which started in 2005 and ended in 2011. The focus in this period for the companies was to develop and change their services to better cover their customers' needs. During this period, companies launched mobile applications for their online grocery services. This development led to adding different channels to the services, making them multichannel services. (Kivilahti 2013, 98-100) After this period the online grocery has continued to grow depending on a country how quickly. For the two main service models (pick-up and delivery a third one emerged during this development. This service model is a delivery model, which is provided by individuals who are not associated with the online grocery service. For some countries online grocery has developed towards a more additional service for grocery stores as larger service providers entered the market and for some it has become an alternative for traditional grocery stores. The following large step was taken with COVID-19 pandemic. It made people to start use these more widely as they possibly could not leave their homes to go to the store. (Shen et al. 2022)

3.3 Finnish online grocery industry

There have been a few companies in the Finnish online grocery market, the development of the market has been slow. This slow growth can be because the Finnish grocery market is dominated by the S-group, Kesko, and Lidl (Päivittäistavarakauppa ry, 2023), which has led to slow development speed as the two most prominent actors (the S-group and Kesko) have not seen that big of a need for developing these services. This lack of development can be seen from the interview with the CEO of the S-group in 2014 (Talouselämä, 2014), where it was forecasted that in 2024 online grocery would amount to a little over 1% of the Finnish grocery business. Compared to neighbouring countries, such as Sweden, in 2018, the online grocery business was 2% of the grocery market. (Digital Mathandel, 2018)

The COVID-19 pandemic has dramatically affected the Finnish online grocery market. The industry's growth has been massive, as K-groups digital service director Antti Rajala explains in an interview (Kesko, 2020) that in April 2020, weekly sales growth was almost 800%, and they opened over 90 new locations for delivery in April 2020.

The Finnish online grocery market can be divided into major and minor actors. The major ones are service providers that have distributed their service around most of Finland. This group consist of the S-group and Kesko. The minor actors are companies whose services are only located in a selected area or provide a niche service. This group includes such companies as Wolt, Kauppahalli 24, and Fiksuruoka.

Actors	Revenue
S-kaupat	246 million
K-ruoka	246 million
Wolt	164,5 million (includes the whole Wolt service revenue in 2021)
Kauppahalli24	5 million
Fiksuruoka	13,7 million

Table 1: Different Finnsh online grocery providers and their revenues in 2022

Kesko is the one of the major actors in the Finnish online grocery market. They have their online grocery service K-ruoka. Their service is mostly a store-based model, which uses almost 500 Kesko’s stores. The service provides both deliveries and a gathering service. The S-groups online grocery service was called Foodie, but in the spring of 2021, they launched a new service platform called S-kaupat (STTinfo, 2021). The service is a store-based model and uses the different S-groups stores to gather the customer’s orders. The service provides a gathering and a delivery service same as K-ruoka (S-kaupat, 2023)

Wolt is usually known as a food delivery service. Their food-delivering service launched in 2014. (Manthorpe, 2016) As for their online grocery service, it was launched in April 2020. Their service is a hybrid version of a store-based service. Wolt also provides a quick delivery service for Kesko. (Wolt, 2020) Kauppahalli24 operates in Southern Finland. This service differentiates itself from the previously mentioned, as this is a more warehouse-based service. (Kauppahalli24, 2023) Fiksuoruoka is a Finnish online grocery service that operates with a different “philosophy” by allowing the customers to buy products that are a part of it if they would not buy them from their suppliers. The products would have been destroyed. It was founded in 2016, and it is a warehouse-based service.

3.4 What does earlier research tell us about online retail of groceries?

As online grocery grew, there were more studies done on it. One mentioned in the introduction was Kuppilas's thesis (2020) about the current attitudes of suppliers, retailers, and consumers of the Finnish online grocery market. From the interview with different customers, it is found that online grocery services have positive and negative sides. With possibilities is the possibility to save time and provide people with more channels to make their grocery shopping. On the negative side, there need to be more service providers on the market, and the service user experience needs to be improved. (Kupila 2020, 54-56)

As the Finnish online grocery market was growing from 2020 forward, many locations opened for Kesko and the S-group. This development meant that the services did not have time to properly develop them, leading to some positives as the services widened their sphere of influence to different parts of Finland, but this then means challenges from the service design viewpoint as the service’s user experiences do not develop at the same rate with the widening service areas.

Gaunullina's (2022, 20-32) research focuses on customers' perception of online grocery. This perception is explained that in 2022 people still had trust issues with these services. In addition, there was a need for an application to follow deliveries. At the moment of this research, this feature was not available. However, with the improvements to logistical and automation of the gathering process in the future, it is interesting to discover how this trust will develop. This research explains the same issues as Kuppila's research. However, one can notice that improvements are already planned and executed to solve these challenges.

Hyttinen (2022) provides in their research information about how a singular service location developed during the pandemic. As lockdown was initiated and restaurants closed, this gave a positive boost to these services. This research continues the narrative of the market's massive growth during the pandemic. From it, one can discover one of the primary reasons people use online grocery services is that these services save time. People no longer must use hours in stores; instead, orders can be planned and picked up after work from a set location.

Airaksinen (2021) explains in their research that 70 % of the Finnish people had tried or considered using these services during the pandemic. In addition, the main reason that some people want to avoid using these services is that they like to choose their groceries themselves instead of someone else choosing them. The assortment was an important reason for the customers to choose these services, even more popular than rapid delivery or affordable prices. Of the delivery alternatives, home delivery was the most popular, beating the pick-up alternative. Also, people wanted more additions to these services, such as post-package delivery and delivery of pharmaceutical and alcohol products. (Airaksinen)

Sahala's (2016) research about how the Finnish online grocery would see in 2025 is interesting because it was done before the COVID-19 pandemic. From it, one discovers that most of the development described in it are already implemented in the services and, in some cases, developed further. An example is the click-and-collect stores (Sahala 2016, 63-65), as both Kesko and S-group have implemented or are about launch improvements for this kind of service with their own warehouses. (S-ryhmä B 2022, Kesko B 2021) From this research, developments suggested for 2025 were already implemented in 2023 or before, which was caused by the development during the pandemic. This development continues the information about the prominent problem people have about these services: consumers do not trust the people who are gathering the products and would like to do it themselves. Another challenge from this research is that people still saw that the services could be further developed by adding more features.

What do these studies then reveal to us about the Finnish online grocery services? The services have been developing, especially in the availability part of it. Significant growth initiated by the pandemic has led to this development. However, as availability of these services has improved, the same improvement does not have happened to service's usage, as the market is still relatively small. The services are still improving. Thus, it can lead to people choosing not to use them.

In addition, if users start to use these services, they will likely continue to use it, but the challenge is for services to have people start to use these services in the first place. The people's forehand experiences cause this as many prefer to use t stores over online services, and trust has been an issue for them. For example, people fear that they will receive inferior products online instead of them would choosing the products themselves.

However, the users who are using them see the positive sides of the services, but the problem is how service providers could inform potential customers to acquire more users for the service.

With services developing fast during the pandemic, it has strained service design. As the previous researches mentioned, the customer experience can be challenging, leading to challenges with one of the core principles of customer focused services (movement, structure, and behaviour); for example, new locations have affected the service structure. With many new locations, it has affected its front- and backstage. For the frontstage, the service provides its customers with new locations, and for the backstage, different processes had to be implemented for it to work. Movement is affected as the problems affect the customer's experience of it. Also, their lifecycle is impacted by customers not achieving their needs, thus giving companies the need to address these challenges.

3.5 Summary of the literature review

When a company plans a new service or develops an existing one, service design is a vital part of it. It is important to remember that the process is not linear, as no service process can be planned so that every decision can lead to the expected result. Following a linear path and completing tasks in a set order can limit the process and possibly hinder and slows down the design work. Despite this, all processes have the same phases implemented in some capacity. These phases are definition, research, planning, production, and evaluation. From the definition phase, the design process forms its ground frames and its need for what it will answer. After the definition is completed, planning follows which also required information about the potential customer base. This data is acquired during the research phase. Planning also delivers the services’ concept, from which a prototype and pilot service can be produced. After this step, the service is ready for launch, and after it, the whole process and service are evaluated to discover the potential flaws within them.

As society has become more digitalized and more automation is added to the services, this development has led customers to want a more personalized service. Because of this, the critical factors for customer-based service design have risen in importance. These three factors are movement, structure, and behaviour. Movement is about how customers are moving through the service. The process starts when a customer first learns about the service, and it never stops. To study this, companies can use different lifecycles to understand the positives and negatives of their services movement. The structure is a framework that forms the service. Some of it can be seen by its customers (called frontstage), and some cannot be seen (backstage). Behaviour is the combination of movement and structure and it is implemented in the framework provided by movement and structure. The outcome of the design process is a better understanding of these behaviours, how they can be influenced, or if new behaviours can be designed.

Service design requires adaptability and iteration. As service design has many changes and challenges during the design process it must be able to adapt to them in the best way possible. Iteration is another crucial characteristic of it. Iteration usually occurs while repeating a different task with minimal changes, for example, prototyping the service or searching how minor changes affect the customer experience. (Stickdorn et al. 2019, 90)

The Finnish online grocery market during the COVID-19 pandemic is an example of service design adaptability. As it started in March 2020, only a few locations provided services. However, as people had to stay home and lockdowns were issued, the need was to buy groceries without leaving home. This situation was problematic because if people lived outside of a service location, there were few alternatives to choose from. However, the different actors quickly adapted their services by opening many new service locations. For example, Kesko opened 241 new locations doubling their amount in 2020 (Kesko B 2020, 7). This change led to significant growth in the market, as Kesko could reach more customers with their service and thus grow the market simultaneously. Iteration was also a key concept for the service design process because opening a new location was repeated multiple times and the information from the previous processes could be used in these processes. However, the processes could differ from each other because the task or processes that work in a more established area does not possibly work in a whole new area.

Customer experience is one of the most critical concepts for online grocery. (Singh, 2019) For any service, the customer is the focal point of the company. Service design can be used in different parts for improving or developing service. It can help the company to understand its customer flow better. With service design and the tools it offers companies, they can identify the problematic and developable parts. Customer flow is crucial for service as the smoother and better the customer experience is, the more likely it is for the customer to continue the relationship with the service. (Reason et al. 2016, 49)

Customer experience can be used to create value for online grocery services. Customer experience in online grocery can be divided into different aspects. One of the aspects is delivery experience. For customers, deliveries are one of the reasons to use these services. Deliveries can help them to save time when shopping as they do not have to pick up their orders. Product experience is also essential because customers want the same products they buy from traditional grocery stores. In addition, customers prefer that they can choose their replacement if the selected product is unavailable. Website or application experience is another aspect that affects the customer experience. The ease of usage, meaning that the products are easy to locate and the site or application is easy to navigate, is crucial for the customers. Another significant factor is customer service. As digital services have become more popular for service providers, it is significant that customers have the possibility to talk a real person. Contact with an individual instead of a robot leads customers to believe their concerns are heard and taken seriously. (Singh & Söderlund 2020, 6-7)

In addition, service design can be used to improve customer relations as a customer comes across irritations such as long waits or difficulties with purchases. The information from these irritations can then be used to improve the service and customer relations processes. (Reason et al. 2016) These relations are essential in online grocery, as seen from services' challenges with customer trust issues (Gainullina & Tonder, 2022). With problems such as this, it is essential for service design to identify the problems causing them and then improve them based on the data companies have gathered.

Service design can also be used to innovate by using customer suggestions. These suggestions are an everyday operation for services planning to develop their operation, and this can be done by using two different steps. The first one is to identify the possible opportunities in which this kind of process can be used. The need for this process is quite important to study. (Stickdorn et al. 2019, 83) Online grocery service providers have implemented information channels where customers can provide their ideas about the service. An example of this is S-kaupat & Friends. A group based on Instagram where customers can affect new potential features and register for different user testing periods.

(S-kaupat, 2023) Communication with their customers provided S-group with valuable feedback about the new service additions, which can be used to improve them.

Online grocery has been in been in Finland since the beginning of the commercial usage of the Internet. However, during the dotcom boom at the beginning of the 2000s, the service almost vanished until recently when the two largest actors in the Finnish grocery service (the S-group and Kesko) decided to invest in their online services. The market can be divided into major and minor service providers. Major ones provide their service all over Finland and have hundreds of service locations. Minor ones have either a smaller service in a selected area or a niche service to a selected customer group.

Much research has been done about online grocery in the last few years. Many of them explain the same information when discussing how customers see online groceries. The largest of the problems is that the customers do not trust that service provides them with the same quality of products, but simultaneously, they see that these services can be time savers as larger orders can be easily bought.

With the previously mentioned information, one can suggest that service design is the base for online grocery services. The importance of service design comes when different services are operating in the same market with similar services. For example, S-group and Kesko have similar online grocery services in the Finnish online grocery market. However, in this case, the importance of service design emerges as one of these companies can improve its position in the market with developments. In addition, it offers companies various tools to answer different needs or challenges they might endure during the services development process.

Even though there has been much development in the market and much research has been done on the Finnish online grocery market, it still has much one does not know or know that much of. One of the unknown factors is how the different aspects of service design work within online grocery and how the fast development has affected it. This empirical information is important as the market has developed quickly starting from 2020 and has put a strain on the whole service design process. Another unknown factor is how challenges, such as trust issues, have developed from the pandemic. As more people have started to use online grocery services, they have acquired more information about them, and there has been more talk about them, spreading information to a broader area. This development has affected these challenges and has brought new ones, some have diminished, and some have stayed the same.

4 METHOD

The research for this thesis relied on a combination of different methods, as answering the research questions required primary data from qualitative methods, which were supplemented by secondary data about the Finnish online grocery market. Furthermore, the study utilized a combination of two qualitative research methods: interviews and focus group interviews. The interviews were done with different actors on the online grocery market. In addition to hearing representatives for the two major actors, Kesko and the S-group, it was necessary to interview minor actors, such as Fiksuruoka, to gather enough information about the market and the potential future of online grocery services. The focus group interviews were done with people between the ages of 20 and 40. The interview groups included people who had and had not used online grocery services. These interviews were done to determine why customers would use these services.

4.1 Choice of research method

Different alternatives exist to understanding people's thoughts and opinions on a subject. Choosing and combining the right methods was essential for this research. Qualitative methods were needed to identify different aspects of the Finnish market and to acquire information about the reason why people choose to use or not use online grocery services. To acquire this information, the research required the usage of multiple data sources. (Creswell & Creswell, 2018) Despite this research having much qualitative data gathered to answer research questions, secondary data on the Finnish online grocery market was needed. This information was needed to answer the research questions, making this a mixed research method. This method combines the collected qualitative data (interviews and focus group interviews) with the secondary data (information about the Finnish online grocery market and service design). The secondary data was collected before the primary data was analysed.

For this thesis, an abductive research approach was used. The secondary data gathered for this thesis gave theoretical ideas about the different aspects of the Finnish online grocery market and how service design could be used to improve it. From this information, preliminary ideas could be formed about the different aspects of the Finnish online grocery market. When analyzing the gathered data, these ideas were only theories that could alter or change. (Bell et al. 2022) These theories were based on the data about the development of the market, but this did not mean that those were the final findings as they provided only the base from which to start the data analysis.

A traditional interview with the S-group, Kesko, and Fiksuruoka gave a better understanding of their services and development during the pandemic. The interviews provided a good perspective on the market's future as both the S-group and Kesko have a significant market share and could affect the market more easily. However, this information only gave the service provider's viewpoint of the matter. As customers are essential to their service, focus group interviews with potential customers were needed to understand why customers were or were not choosing online grocery shopping. For companies, this was valuable information on which to base the developments of their services. This method allowed the participants to voice their opinions more clearly, and the researcher could obtain a more profound knowledge of the subject. (Bryman & Bell, 2011)

4.2 Research methods

As this thesis had two qualitative methods used to gather data and then combined with the gathered secondary data, the method chosen was a mixed research method. As most of the data gathered was qualitative, looking deeper into qualitative research methods is crucial. Bryman and Bell (2011, 49) describe the qualitative research method as focusing on words and thoughts. Qualitative research is usually used to develop new theories rather than improve existing ones. Liamputtong (2013) describes qualitative research as word research because the research is mostly based on words, experiences, and stories, which the researcher can gather during the study.

How does qualitative research differ from quantitative? In qualitative research, the data is usually based on words rather than on numbers. One of these differences is that the research is based on the participant's perspective. Also, the researcher can build a deeper relationship with the participants, and its goal is to gather a fundamental understanding of what drives the observed results. The focus lies on how the participants answer and react so that the researcher can understand their opinions and thoughts. Compared to quantitative research, this provides more comprehensive data, because of the deeper connection between the parties. (Bryman & Bell 2011, 419-421)

Qualitative research methods can be divided into five different methods: observation, interviewing, ethnographic fieldwork, discourse analysis, and textual analysis. (Clark & Ivankova, 2016) Interviews were chosen as a method because of the need for direct information from the different actors in the Finnish online grocery market. The data concerns the past, present, and future of the services. Despite using qualitative data from the actors, the research needed deeper information about the actors. This data includes how they see the market and how it has changed, which can be attained more easily with the use of interviews, and this is why these research methods were chosen.

4.2.1 Interviews

Interviews are one of the most used methods for gathering data and can be very flexible in the way they are conducted. The usual interviews that people encounter are interviews conducted by phone sale clerks. Interviews can be divided into three different types: unstructured, semi-structured, and structured. (Guthrie 2010, 118) *Unstructured interviews* are interviews that are done in a conversational type of interview. This kind of interview usually has a general plan, which is done by asking open-ended questions to uphold the interview flow. During an unstructured interview, the interviewer should speak as little as possible to avoid trying to steer the interview in some specific direction. (Guthrie 2010, 119) *Semi-structured interviews* are types of interviews that use guides so that the interview can be steered in a specific direction. However, it also has flexibility so the interviewer can better understand the interview participants. Semi-structured interviews are usually done one-on-one but can also be done with a group. (Bryman & Bell 2017, 215) *Structured interviews* are heavily structured questionaries. All the interviews are done in the same way using the same questions. Structured interviews consists of many questions, which are multiple-choice or open-ended, and the data is usually quantitatively based. (Bryman & Bell 2017, 215)

Interviews can be seen to have seven different stages: thematizing, designing, interviewing, transcribing, analyzing, verifying, and reporting. Thematizing begins with the formulation of research questions and the theoretical background of the theme which is investigated. The key questions when planning the interview are centered around why, what, and how. After clarifying why the interview should be conducted, the following stage is designing. In this stage, the design for the study is made, using the information gathered before conducting the study and considering the moral implication of the study.

After the interview design, the following phase is to conduct interviews with different actors. The analysis process starts with transcribing the interviews, meaning the gathered data is prepared for analysis. In this stage, the transcription is made, which includes transforming the oral parts of the interviews to written text. With the preparations finished, the following stage is the analysis process. This stage is when the gathered data is analyzed using suitable means. After the analysis process, the following step is verifying the data in terms of validity, reliability, trustworthiness, and findings. The last step is to report the research findings. (Brinkmann & Kvale, 2018)

During this thesis, three different interviews were conducted with the service providers of the Finnish online grocery market. These interviews were done to better understand the different aspects of online grocery services. By combining the interview with the secondary data gathered during the thesis, future ideas could be formed. The interviews were done to discuss the service offered by the participants, its development, and the future. The first part is gathering information about the person interviewed and their service, followed by a discussion about today's situation of the service, including questions about how online purchases differ from regular store purchases, how the COVID-19 pandemic has affected online grocery services, what the customers value and what they do not value in online grocery services and how often the customers are using these services. The last part of the interview discusses the future, including questions about market development, future challenges, and new possible market actors.

The actors chosen for these interviews were the S-group, Kesko, and Fiksuruoka. The two major actors (the S-group and Kesko) hold the majority of the market. Research conducted in 2022 also found that Fiksuruoka is the third most popular online grocery service in Finland for those aged 18 to 34. (Markkinointiuutiset, 2022) The interviews were semi-structured as the question revolved around the service itself, what today's situation is, and the market's future. The interviews were held in Finnish so that the interviewees would feel as comfortable as possible and that they could argue their answers as clearly as possible. After all the interviews were done, the data was transcribed, combined, and analyzed in English.

Interviewee	Date	Medium	Language	Time
Emilia Ala-Kurikka S-group	12.3.2023	Teams	Finnish	35 minutes
Hanna Heinänen Kesko	31.3.2023	Teams	Finnish	30 minutes
Juhani Järvensivu Fiksuruoka	4.4.2023	Teams	Finnish	30 minutes

Table 2: Interviewees, when it took place, and how long it took

After the interviews all of them were transcribed and the citations were offered to them to check if everything was understood right.

4.2.2 Focus group interviews

Focus group interviews are qualitative research, including four- to ten-persons groups and one moderator or interviewer. The group can consist of persons from different backgrounds. (Dahlin-Ivanoff & Holmgren 2017, 18) The discussion is focused on one specific or a limited number of topics. This kind of interview aims not to come to conclusions but to discover different opinions and perspectives on the discussed topic. The discussion between the participants is essential to gather unique data from this kind of interview. (Hennink & Leavy, 2014)

Focus group interviews can be done in three different ways: self-contained method, supplementary source of data, and multimethod studies. The self-contained method means that the interview is a primary data source for the study, meaning that it provides the information to the different research questions. This approach provides the research with information about how the participants experience and view the subject which is studied. (Liamputtong 2013, 78)

The supplementary source of data means that the data gathered during the focus group interviews is used as a source of preliminary data for the research. The third method is multimethod studies. This method is a mixture of methods that provides the data for the research. With this the mixture of methods complement each other and providing researchers with information that cannot be acquired by using a singular method.. (Liamputtong 2013, 78) One crucial aspect a researcher should remember is the difference between focus group and group interviews. The difference is is that the group is gathered to discuss a selected issue, not to only answer questions. Focus group interviews provides the interaction between the participants, which can lead to much deeper findings about the researched subject. (Liamputtong 2013, 79)

Groups are one of the most important aspects of focus group interviews. One of the key the questions is what kind of group should be selected for the interview. Groups can homogeneous meaning that the group's participants have similar background or that the group is heterogeneous meaning that the participants do not share a similar background. This question has been discussed among the researchers, and most have concluded that what the group's composition should depend on the researcher and the subject they are researching. (Dahlin-Ivanoff & Holmgren 2017, 52) Another aspect is that the group should have shared experiences between them. For the group to have shared experiences Liamputtong (2016, 34) suggests that the group should also be homogeneous**,** as people usually tend to be more open about their experiences to people who have similar background. For a heterogeneous group with shared experiences can be difficult but possible, because if the participants have similar experiences of the researched subject they can more easily tell about their experience about it. (Liamputtong 2016, 34)

The size for the group can differ depending on the researcher. Nevertheless, the usual size is between four and ten people. There have been suggestions that if the groups have fewer than six people, the discussion can possibly be lacking with substance and the information which is gathered cannot be deep enough for the research. However, a group with fewer participants is a good alternative when discussing a sensitive subject. Fewer participants also provide each person more time to share their experiences and thoughts regarding the subject. (Dahlin-Ivanoff & Holmgren 2017, 52)

The focus group interview is conducted to determine why people use online grocery. This type of interview was chosen as a research method because the goal was to acquire information from potential customers about why they chose to use online grocery. To acquire this information, there needs to be a discussion between those who have used online grocery services and those who have not. Furthermore, as customers are at the center of online grocery and the market is growing, service providers need to know about the different reasons and challenges customers face with starting to use these services. Also, from this data, the base for the challenges which service design faces in this is formed. From the research methods, focus group interviews were the best alternative to retrieve this information.

Group	Date	Medium	Language	Length
Group 1 4 participants	13.2	Face to face	Finnish	30min
Group 2 5 Participants	27.2	Teams	Finnish	35 min
Group 3 4 participants	6.3	Teams	Finnish	30 min

Table 3: Focus group interviews participants, date, medium, language and length

Focus group interviews were coded in such a way to discover the reasons why customers would choose to use online grocery services. The interview starts with a background section. The reason for this is to discover about the different habits of the participants. These questions are how often they go to the store to buy groceries, whether they have used food delivery services, know about the different actors, and whether they have previously used these services. The second theme is about the different factors for usage. The questions were chosen to determine how different factors affect customers, such as information, specialty situations, deliveries, and possible problems. The last theme is about the future. This theme was chosen to discover the potential for these services and what should change for them to use online grocery.

The group participants were chosen so that every group had people who had used online grocery services previously and some who had not used them. Similarly, all of them needed to know each other as previously mentioned, people tend to be more open about their opinion on the subject if the group consists of persons with similar backgrounds. This openness was important because interviews were one of the key results, and the research questions' answers were based on them.

There were three different focus group interviews conducted during this thesis. The first group consisted of four persons between the ages of 25 and 40. Three of them had previous experience with online grocery, and one did not. The interview occurred in Technopolis Vantaa, as all the participants could attend the on-site meeting. It took around 30 minutes to conduct the interview. The second group comprised five persons between the ages of 22 and 35. All of them had known each other for a long time. The second group also had previous experience in the Finnish grocery market, but only one had previously used online grocery services. The interview was organized via Teams because participants could not meet in person as they live in cities with long distances between them. It took 35 minutes to conduct the interview. The third group consisted of four persons between the ages of 26 and 34. Same as the second group, they had known each other for a long time. Two of them had yet to experience online grocery, and the rest had previously used it. Teams were also used for this group because they live in different cities and have a long distance between them. Thus it was impossible to meet in person. The interview took 30 minutes.

4.3 Data analysis

When analysing qualitative data, the process has already begun before the data collection. The analysis process usually starts when coding the qualitative methods questions. To form these questions, researchers usually study the existing data of the researched subject. This knowledge expands the amount of data gathered during the process. This data expansion is among the largest differences between quantitative and qualitative data analysis. (Gibbs 2018, 5)

Interview analysis can be conducted in three different ways. These approaches are inductive, deductive, and abductive. *Induction* is the analysis method where the process provides the answers to the given subject. *Deduction* is the opposite of induction; deduction is when the answer of the research is already known before the analysis process, but during it, the researcher tries to prove it wrong. *Abduction* is an approach before gathering the primary data for the research. The researcher has theories or ideas, which are then compared to the gathered data. These theories or ideas are based on previous knowledge or the general theories of the researched subject. (Bell et al. 2022, 528) The usage of these approaches depends on the subject that is studied. Researchers sometimes need to combine these methods to achieve the best results possible. (Brinkmann & Kvale 2018, 141-142)

The interviews were analysed in an abductive way as the secondary data gathered for the theoretical review and the background of the online grocery market in Finland already provided possible answers to the research questions. One of these ideas was the customer experience and its effect on online grocery, as in service design, it is one of the most critical factors. From the previous research, this aspect also rose as one of the most significant challenges in online grocery. These ideas were not definite answers, but these ideas affected both interviews and focus group interviews as the questions were based on the ideas formed at the beginning of the thesis process. When analysing service experience came up in different cases, such as service availability, ease of usage, and information availability.

"...I use Oda every day as you recieve your orders from there delivered easily by the next day" (Participant A2)

"... I live in a place, which does not have these services ..." (participant A1)

"...I have not used these previously so the step to start using online grocery can be high as I do not know how these services work" (participant C1)

There were also new findings because, for the companies, the cost-effectiveness of the service was the most significant challenge with online grocery services. In addition, the service is nearing its capacity as it affects both the front- and backstage of the service. However, these themes also affect the customer experience, strengthening the idea that it is one of the key features to focus on in the future.

"... for example, in the capital region we are running out of gathering capacity" (Product lead, S-group)

The next step in the analysis process was combining the secondary and primary data. For this thesis, this means that analysis is when answering the research questions as those are based on qualitative data, which is supported by secondary data on the Finnish online grocery market and service design. In this method, the analysis process follows the same route as how the different qualitative methods are analysed. After the primary data has been analysed, the secondary data is analysed, and those findings are integrated into the combined quantitative data analysis. (Morse & Niehaus 2016, 88-89)

Analysing the data is one of the most important parts because the analysis is the base on which the potential conclusions are based. How to analyse the different types of data gathered during this thesis? The analysis process had already started before gathering the data. This process is crucial for this thesis because, before the interviews, the theoretical review was written, which included information on both online grocery and service design. In addition, for the introduction part, one studied the Finnish online grocery market for information about it. This information can then be used in the Finnish online grocery market overview.

The ethical side of data analysis is always crucial in qualitative data analysis. As the data is gathered, the challenge is for the researcher to think through the process, the possible usage of their research, and also, if interviews are conducted, the protection of the participant's information. (Flik 2014, 510) Ethics are also important in this thesis, as personal information will be gathered for the focus group interview. Because of this, the participants wanted to be anonymous and have the right to it. This anonymity means there would be no personal information about them in the results, only the information about the participants' group.

The interviews with the different actors of online grocery are analysed in such a manner that the interviews will be cross-referenced to discover potential common opportunities for the future. All the group interviews were recorded and then transcribed. The parts with no context to the questions were deleted during it. The finished product then was a base for the results and analysis for this thesis. The findings from the different interviews are presented in chapter five, and how these findings answer the research questions is explained in chapter six. The analysing process for both methods started with listening and transcribing them separately. After the interviews, this phase was done as soon as possible to understand better and remember what was said and what the different participants meant in their discussion. After transcribing, the data from both interview methods were analysed separately, and lastly, data was combined and analysed.

4.4 Trustworthiness

Reliability and validity are usually used for measuring the quality of quantitative research. However, these are difficult to apply in qualitative research. Instead of these criteria, credibility and trustworthiness were used as quality perspectives because they were more suited for this research. (Clark & Ivankova 2016, 162).

Trustworthiness is a term for the quality of qualitative research. It can be divided into four criteria: credibility, transferability, dependability, and confirmability. Credibility is one of the trustworthiness criteria, and it means that the research has been conducted following specific procedures and that the findings are based on the gathered data. To ensure this thesis' credibility, the interviews with service providers required that they work with online grocery services and thus have knowledge and experience to be seen as competent. Three focus group interviews were conducted to ensure this thesis's credibility, each having between four and five persons participate. Transferability explains if the research's results can explain the different contexts despite having a set number of participants. In addition, there were three interviews with different service providers to provide their perspectives. The research was conducted with Finnish online grocery providers, and the focus groups had Finnish people as participants. From this, one can assume that the transferability is kept. Dependability is that the research can be replicated in the future based on the gathered data about the research process. The research process was explained in this chapter in detail; additionally, the recordings were saved to be accessed. Confirmability explains that the research was done without the researcher's presumptions or motivations. To achieve this, here was a transcription of what the participants said. During the focus group interviews, the interviewer only commented when asking a participant who had yet to give their opinion on the discussed subject. (Bell et al. 2022)

4.5 Summary

The research method chosen for this thesis was a mixed method as there were interviews, focus group interviews, and secondary data gathered during it. The primary data was the qualitative methods, as it formed the base from the research questions answers. There were three different interviews conducted with S-group, Kesko, and Fiksuruoka. These companies were chosen because both S-group and Kesko are the leading service providers in the market, and Fiksuruoka is an established smaller actor. In the interviews, the discussion was about services development, today's situation, and the future look. Focus group interviews were chosen to offer a voice to the customer as they are the key part of these services. The information about why people are choosing to use or not to use online grocery services is essential for companies.

There were three different focus group interviews conducted during this thesis. The participants were chosen so that each group would have some who had previously used and some who had not used online grocery services. The analysis was done in an abductive way, as prior to the interviews, there were ideas about the information that the answers should include. The data supported these ideas but also provided new ones. The analysis process started with gathering secondary data for the research. It provided h preliminary ideas, such as challenges with information distribution and the trustworthiness of services. Ideas formed based on which were compared and altered the analysis process of the interviews and focus group started. The analysis process for these methods started by listening, transcribing them separately, and then combining them. After presenting the findings, both data sources were combined and analysed to provide the similarities and differences between the interviews and focus group interviews.

5 FINDINGS

Three different interviews were conducted with S-group, Kesko, and Fiksuruoka, to acquire information about the Finnish online grocery market. That includes information about how it was before COVID-19 pandemic, how it affected the market, and the situation in the Finnish online grocery market in the year 2023.

5.1 Interviews with Finnish online grocery actors

5.1.1 Background

The interview participants were the product lead from the S-group, Kesko's team leader for daily product sales in online grocery, and the CEO of Fiksuruoka. Both the S-group and Kesko provide a similar service for their customers, services which are based on the grocery store service they both provide. Fiksuruoka, on the other hand, provides a more specified service as they do not sell fresh products, and all the products they sell are the ones producers see as either lost or somewhat defective, but these products still can be sold.

5.1.2 Today's situation and development

What is the present-day situation with online grocery in your company?

For the S-groups online grocery service, significant developments have occurred since the start of the pandemic. Their old service Foodie was closed in the spring of 2021, and they launched S-kaupat as its replacement. Although it has developed, the S-group sees that the service is only at the beginning of its lifecycle. Pick up service is available all over Finland and the delivery service continues to expand. The service has the assortment as the chosen store with the same prices. The only difference is the gathering and delivery costs, which are added. Kesko has continued its growth from the pandemic onwards but has slowed down since then. They see that the market will continue to develop, especially compared to other European countries. However, online grocery sales are only 3% of Kesko's daily product sales. Fiksuruoka has approximately a 3% share of the market. They have had 300000 customers use their service, and they are working with most of the products delivered in Finland.

How often are customers using online grocery?

Both the S-group and Kesko have similar order rates. Customers make an order once a week, which is less frequent than in a regular store. However, for Kesko, they see that the difference between these two models is insignificant.

"We do not see an online customer as they tend to use both online and the stores to do their shopping." (Team leader, Kesko)

For Fiksuruoka, their assortment of products differ from the other two participants as, the products they sell are more lasting and, thus limiting customers' need to place a new order.

"Customers tend to buy from the service once a month. This is caused by assortment as the products hold longer and thus do not move so quickly" (CEO of Fiksuruoka)

What is typical for online grocery customers' shopping habits?

As previously mentioned, both S-group's and Kesko's users tend to make large orders once a week. As for Fiksuruoka, the order is usually once a month or once every two months.

What does the customer value in online grocery?

All the interviewees have similarities and differences in elements the customers value. S-group says that time savage is the most essential factor for their customer.

"Especially the timed saved from using this service." (Product lead, S-group)

Customers value that the assortment of products is vast and easily available. Also, they value that the products are appropriately priced, which is especially important for Fiksuruokas customers. In addition, ease of usage is an essential factor.

"The top three what our customers value are right prices, large assortment, and a functional product search…" (Team leader, Kesko)

What do they not value?

The availability of the service can be seen as a problem for both the S-group and Kesko. As if the timeslots are suitable for customers or as in the S-groups case, they cannot add more timeslots as they are nearing the capacity of the service in the capital region. This challenge can lead the customer to decide not to use these services. The two major actor have also different challenges, the S-group still sees that the customers have trust issues with the service, as they see that they can choose better-quality products than the gatherer. This problem is less significant than two years ago because more people have used online grocery services and seen that the mistrust has been misplaced. For Kesko, another challenge is that customers do not pleased if their orders are missing products or if some of the products have been replaced.

"... for example, in the capital region, we are running out of gathering capacity" (Product lead, S-group)

"If you had asked two years ago, it would have been the lack of trust in the gathering process." (product lead, S-group)

For customer who uses Fiksuruoka, the challenge is with its assortment of products, as it is not that vast in some product groups. As many customers tend to order so much that they acquire free delivery, if they cannot acquire enough products for their order, they cannot acquire free delivery, leading to customer dissatisfaction.

"Although we have a large assortment of products, customers cannot always find enough products…" (CEO of Fiksuruoka)

How has COVID-19 affected online grocery?

All the participants see that the effect of COVID-19 has been enormous, as it gave them a chance to develop their services quickly as the need for these services rose rapidly during the pandemic. The S-group had 30 service locations before the pandemic; six months after, they had 150 locations. Most of the time went to new location openings and developed the service so that the capacity could grow, and customers had a chance to have food delivered to them. The same applied to Kesko. After the pandemic, they had quadrupled their online grocery sales. Fiksuruoka has had the same rate of growth as well.

"The change happened almost overnight" (Team leader Kesko)

5.1.3 Future

How do you see online grocery developing in the future?

Everyone sees that the market will continue to grow despite the growth stagnating in 2022. Service providers see the significant potential of these services, as only 3% of daily product sales are done in online grocery services. The market has potential for new service providers to enter the market as well.

"Online grocery will continue to grow, but not at the same rate as in the pandemic. "(Team leader, Kesko)

Are there going to be new delivery means?

Both the S-group and Kesko are always looking for new technologies which can be added to their services. Fiksuruoka is also looking out for new technologies, but in a limited scale. These technologies also include new delivery methods. Development is critical as the delivery costs have risen, and customers are unwilling to pay higher costs for it, so new implementations are always needed. Nevertheless, the challenge is discovering the right ideas and investments, as companies should also look at the return rate of potential investments. Service providers have to think if investing in these new solutions would be more suitable or if they should improve existing parts of the service.

"This is especially important as the last mile cost are high, and customers who have smaller orders are not willing to pay large amounts for delivery." (product lead, S-group)

How to continue the development after COVID-19?

All the actors see that the market will not regress to the pre-pandemic era. Fiksuruoka sees that development depends on the different actors of the market, especially the larger ones. As, they are a minor actor in the market, they cannot affect the market that much. An investment from different actors is also needed to achieve the possible growth.

"This depends on how different actors invest in their services and how the competition is going to develop and how that is going to force larger actors to move more of their operations to the web." (CEO of Fiksuruoka)

For the S-group and Kesko, the development lies in how they can achieve these services' enormous potential. In the centre is the user experience when developing a service that answers customers' needs in the best way possible. There has been more information and discussion about online grocery have grown people's knowledge about this and thus leading to more customers starting to use these services.

Is there going to be a move from a store-based service to a warehouse-based service?

Fiksuruoka sees that the business model they have chosen (to have a singular warehouse) best suits them as their service differs for the S-groups and Keskos because Fiksuruoka is not selling fresh products. This difference then leads to their gathering service being more streamlined and quicker.

The two major actors see that automation is needed in these services, and warehouses are one step in it. New solutions are also needed because store-based service is nearing its capacity. If it should continue to grow in the future, the increased gathering will affect grocery stores' services. The extent to which different actors will apply these additions depends on the actor and their needs.

Do you see the need for a fast delivery service?

Like the previous question, Fiksuruoka sees that their business model and the information from their customers is that they do not need fast delivery services at the moment. However, for S-group and Kesko, this has been an asked addition to the service. Both have this delivery alternative available for their services. Customers that use online grocery services have different shopping habits, as the order size is smaller than it would be when customers are using standard delivery. Orders in this situation are placed more often than with standard delivery.

What are the best possibilities or the largest challenges with online grocery in the future?

For all, one of the best possibilities with online grocery is the enormous customer potential as the market is still growing in the future, and one of the most significant challenges is discovering how people can use these services.

Everyone has the same opinion that cost-effectiveness is a significant challenge for the challenges. Especially the gathering service is seen as one of the points that need development, as it requires a considerable workforce and resources. Another part is the delivery. As previously mentioned, the costs have risen, so solutions or improvements are needed. One point that the CEO of Fiksuruoka brings up is that the market is quite volume-dependent, as for a service to be cost-effective with current costs, it requires a large number volume to cover all the costs. As the services are still relatively small, this needs to be improved.

Do you see online grocery becoming a major part in the Finnish grocery market?

Fiksuruoka and the S-group see that online grocery can become a significant part of the Finnish grocery market. This development would mean these services would be a suitable alternative for grocery stores.

"Of course, the question is that which actors are going to be the service provider." (CEO of Fiksuruoka)

Team leader for Kesko's online grocery sees that services will grow but will function as an alternative for specified situations and needs. It will grow, but it will not surpass store-based service.

"Online grocery will grow, but I do not see it becoming larger than normal stores. I see this becoming an alternative for different situations and needs." (Team leader, Kesko)

Do you see new actors coming to the Finnish online grocery market?

All the participants see that the market has potential for new actors to enter it, as Oda has shown it can be done. Also, new service providers are needed for the market to develop because new ones, especially if they are as prominent as Oda, can improve the market's competitiveness and drive the service providers to continuously develop their services. .

"This is an interesting market, and other actors than Oda are likely to join it." (Product lead, S-group)

The difference is that as both the S-group and Kesko see that the market is still suitable for new service providers, Fiksuruoka sees that the market is so dependent on sales volumes that the one who solves this challenge with it and cost-effectiveness can lead to markets, which is controlled by one or couple of actors.

"It remains to be seen how many actors fit into the market." (CEO of Fiksuruoka)

Do you see that the Finnish online grocery market would have developed to this stage without COVID-19?

Everyone thinks the development would have occurred despite the pandemic but within a longer period. Nevertheless, the effect of the pandemic cannot be talked about enough, as the need formed by it was such an accelerator for the whole market.

"I think so, as we already had plans to start investing in online grocery before the pandemic." (Product lead, S-group)

5.2 Focus group interviews

The focus group interviews, conducted during the thesis process, were done so that the answer to the second research question could be formed from the data gathered. The groups were divided with letters (A-C) and the person of the groups with numbers (1-5). This dividing was done so that the participant's anonymity would be kept up.

5.2.1 Background

Do you know different actors from the Finnish online grocery?

For every one of the participants, it was clear who the major actors of the Finnish online grocery market are. Everyone knew S-group and Kesko, even those who had not previously used these services. However, the ones who have previously used online grocery had more knowledge of it. Oda was one the most well know service providers. The participants had heard about these service from variety on communication channels. Some had heard from advertisements even about some minor actors.

"*…I know both s-group and Kesko, and then there is the one who sells products for one cent" (Participant C1)*

Have you previously used online grocery service?

Of all the participants, eight had used online grocery services and two had used other than the two largest services, such as Oda and Wolt. The rest of them had only used the two major actor’s services. In Group A, all but A1 had previously used online grocery services, and A2 and A4 used these services weekly.

“I use S-kaupat every week to make a large order.” (Participant A4)

In Group B, only B2 and B3 had previously used online grocery and only had used it once. Nevertheless, the ones who had not used these had thought of using these.

“…I have not used these, but have thought about it” (participant B1)

Group C was divided between the ones who had used online grocery and who had not. C3 and C4 had previously used these services, especially C3 who had used these services quite often. For C1 and C2, they had no previous knowledge of these services.

“… I have used these often both delivery and pick up services, but during the last two years I have not used these so often as the five years before it.” (Participant C3)

5.2.2 Factors for using online grocery

What can get you to use online grocery service, or what got you to use this kind of service?

The eight persons, who had previously used this service, began the usage for various reasons. One of the most popular ones was that it saves time or is easy to use. For the ones who have not used these services, similar reasons would have them to use services. For C1 and C2, they thought they would need more information about it as they had not previously used online grocery services, so the whole service process was unknown. For A1, they could see that the ease of just picking up one's order after work and thus giving more time to themselves could be the reason to start to use these services.

"...I have not used these previously, so the step to start using these can be high as I do not know how these service work" (participant C1)

"…as my partner works in Prisma, it is so easy to just make and order even a week before, and then it is easy to just pick up and save time" (participant A4)

Group B, which had no active users, still had similar and different reasons. As for B2 and B4 saw that for large purchases, it would be easier and less time-consuming to just buy the products online. For B3, the need is for more service locations as today these services do not have many locations in the area, they live in. Nevertheless, the reason that led them to use these services was that they could not leave their house.

"I was organizing an event, and it needed a lot of stuff to be purchased, and no one had the time to do it, so we made the order online and picked it up." (Participant B2)

Would a specialized variety of products get you to use this service?

For half of the participants, it does not matter if the service provided specialised variety of products or if products were on sale. The most prominent answer was that the availability of discounted products, as half of the participants saw that if these products would be available, it would affect their decision to use these services. Group A saw that there was no need for these products as they acquired the products they needed already from these services.

"... I do not usually buy these products, so they do not effect on if I would use these services." (Participant A3)

“Of course if products would be sold at a large discount, I would by them” (participant B5)

Could more information about the service get you to use service?

Only two participants in group C said they would need more information about the services. All the members in groups A and B saw that they were familiar with them either from previous work experience or had used the service enough to be familiar with them.

"...I have worked close to these services and have the knowledge of how these work" (participant B1)

C1 and C2, on the other hand, need information about how the whole process functions as they feel that they are not using these services because of their lack of knowledge.

"The same reasons as C1 I still need more information about these services so that I can start to use them." (Participant C2)

In what situation could you see yourself using this kind of service?

The groups provided with alternative takes on the situations would have them use online grocery. The majority saw that in an event in which they only have a little time to use them, they would not be able to leave their house or pick up products after work, thus limiting the time that shopping usually takes and acquiring the products quickly. Another take came from person A3, that when one cannot leave the house, thus needing to use these services.

"…in situations, when I do not have that much time to use..." (participant A3)

B1 and B3 had a similar opinion that if the order needed were large, it would be easier and faster to use these services to shop. Also, this would be needed if one could not leave their home.

"When organizing a party, the number of groceries et al. could be large then to save time and nerves this would be an ideal way to buy them." (Participant B1)

"When you cannot leave your house, it more ideal to use a delivery service…" (participant B4)

Participant C1 gave an alternative take on this subject. They would see them choose this to provide customers an easier way to gather materials for different foods.

"If these services could make choosing the food you make easier, such as macaroni dish that you choose it from the service, and it automatically chooses the ingredients for it…" (participant C1)

Does the possible delivery time play some part?

In the groups, some did not care about the delivery time. A2 sees that it is essential to which time they would have delivery, as they plan to have it as early as possible to make their day's food before work. For A4, the delivery time is important because they would have their partner pick up the order after work, as it is more practical. Also, A4 gave an example of a case where the delivery time matters. After a holiday trip, just setting an order and picking it up on the way home is easy. For A3, the delivery time matters in such a case when they are with their family and their hobbies line with the possible delivery time as it would be easy to do them at the same time.

"…it is easy when coming from a holiday just to make an order before and then pick it up on the way home" (participant A4)

"I plan to get the delivery as early as possible so that I get all the day's food done before" (participant A2)

For B3 and B1, the limited amount of delivery and pick-up times limits the possibility of using this service. For B5, it does matter when one can pick up or the delivery time as it helps plan one's day.

"It does matter because there are not that many available times for pick up…" (participant B3)

The delivery time is essential for participants C1 and C2 as if it does not arrive at the estimated time, and they have to continue to stay home and check if the delivery arrives, diminishing their usable time and thus limiting the positive side of these services.

"The time of delivery can change, and you are stuck at home just waiting for it" (participant C2)

"…with pick up, you can schedule it so that you can pick it up when you get from work…" (participant C3)

What kind of problems do you see with online grocery?

Groups gave many different problems for online grocery. In group A, A1 lives in an area with no locations to pick up deliveries or services that do not deliver to their location. Also, they would instead choose the groceries themselves to acquire the ones they want. In addition, A1 like to go to the stores, thus limiting the need for this service. A2 sees problems in the usage of the services because, for example, in the S-groups service, one cannot see if the store has a product in the store's warehouse or if the assortment of products is limited to the store one chooses to order from. A3 has the same problem with assortment as A2, but the search function can also be problematic in services as if one needs to know the right search word, it can be difficult to locate the right product.

"… I live in a place which does not have these services, and for me, it is important to choose my groceries…" (participant A1)

"...some of the products, which I know are in the store's assortment, cannot be ordered online." (Participant A3)

In group B, there were similar problems to group A, such as the difficulty of locating the right products, but there were new or alternative versions to their problems. For B1 and B5, one of the major problems is that one does not receive the products they ordered. If the store does not have the selected product, it can change it or drop it altogether from the order. Another problem for B1 is that they believe that if online grocery services became more popular than they now are, the variety of products would diminish. For B2, the problems were that these services limit the amount of surprise shopping as one must have everything decided before making the order. As they live right above a store, they see no reason to use this now because it is easier and faster to go downstairs to the store to buy groceries.

"If I order a product, I want it or at least inform me why you had to change it or take it away…" (Participant B1)

"When you are making your order, you pretty much have to know what you are ordering. This is because when you are going to a store, you can see their whole assortment more easily than before…" (participant B2)

C1 has seen the problem with that the services do not provide an incentive for new users to start to use these services, such as a special offer for new users. C3 sees one problem with the possible discounted products services possibly sell, as how they can gather these products for the orders with them being are quite popular in stores.

"…If a product is -60%, how do the stores make it so that you still can have them in your order…" (participant C3)

For C1, C2, and C4, one problem is with the information they retrieved from the services, as they first learned about the different abilities of the services from this group interview. This information is especially important for C1 and C2 as they have yet to use these services.

5.2.3 Future

Can you see yourself using this kind of service in the future?

Every participant could see themselves using or continuing to use online grocery services. However, for the ones who have already used these services before, it is more likely that they continue to use them, as some who have not used see themselves using these. However, some of the problems or their preferences with buying the products themselves can limit their usage in the future.

"Yes, but it will require more planning with my shopping habits" (participant B1)

"Possibly, if I would start to use these in the future, I would probably switch to using them more frequently. (Participant B5)

What would have to change for you to use this service more often?

For group B, this would require service additions, such as delivery tracking and the possibility of locating newer products more easily. Other challenges that were mentioned before had to be changed before they would start using this.

"...possibility to make new findings and newer products more easily thus making it easier to have inspiration for new foods." (Participant B5)

For group A, the ones who already are using these services would like to see some improvements to different services. A1, who had not previously used these, saw that their life situation would have to be changed so that the opportunity would arise for them to start to use these services.

"...almost nothing as I use these services every day, but if the problems I mentioned do not change, I can see my shopping habits changing..." (participant A2)

C1 and C2 see the need for more information about the different aspects of these services as a key challenge for using these services. C4 sees that they could use these services, but it would require a change in their shopping habits.

"Change must happen even in me so that I would start to use these services even sooner. "(participants C4)

5.3 Comparison

After analysing both the traditional interviews and the focus group interviews, there were similarities and differences between the two research methods. These will now be summarised. The reason why customers choose to use online grocery services is that it saves time. For them, it is essential that their weekly shopping takes as little time as possible, and additionally, larger orders are easier and faster to buy. Service providers also see this as one of the most valued aspects. For the S-group, this was the most valued aspect of their service.

Delivery times also matter for the participants. For the participants, it is essential that the delivery is on time and that they have a wide variety of open time slots for them to select. Companies try to provide their customers with as many time slots as possible, but for them, this brings challenges. One of them is that, at least for the S-group, they are nearing the capacity limit of their service. Adding more time slots would mean that their service would also need more gathering capacity. This addition could also affect their store services and require even more resources. Another challenge that this is affecting is that the cost would rise, and as all of the providers said, the largest challenge in this market is cost-effectiveness.

There still are different challenges with online grocery services. Ease of usage is one of them. For customers, products must be easily found, and some services have problems with this feature. As for the service provider's side, both S-group and Kesko agree with this as one the most valued features that Kesko’s customers value is that the search function works, and the S-group knows that their service is not ready yet, as it has been so little time since its launch. Another issue that some of the customers had was the trust issues with the gathering service. This issue also comes up in traditional interviews as a positive development because this has been a much more significant problem in the past, but now more customers have started using these services. The difference between the methods can be explained with the lack of experience from the services as the interview participants from the focus groups, had little or no previous experience from these services.

Information for the ones who have not previously used these services, is needed. In addition, some who thought they did not need additional information do not know how specific features work within services. However, the service providers did not see this as a challenge for them, as online grocery had become more popular, leading people to have more knowledge of these services, diminishing this challenge.

Service development is needed in the future. Both sides agree to that. For the customers, the need is for them to have certain additions to continue or start to use these in the future. Service providers are always looking for new technologies to add to their services. They all see that development is needed in the future to provide their customers with the best possible service. They do not see that they are there yet, especially the S-group, but all of them are striving toward it.

One of the opportunities the companies see in this market has large potential. This market only covers approximately 3% of the Finnish grocery market today. In addition, the service network has spread out, making these available to more people. Also, as seen from the focus group interviews, all participants are willing to try or continue to use these in the future. Both parties see the need for a fast delivery service or that it arrives as scheduled.

For the future, it is essential for groups that their problems with the services are fixed. These problems are mainly about different service functions, but service providers see the potential of these services and the value they can bring to the customers. However, the need is for the service to continue to develop. All three companies see a need for additional features to improve their customer experience. Service providers also see the need for development because, as previously mentioned, some of the services are still relatively new.

6 DISCUSSION

In this chapter, the findings, which were provided in chapter five, will be combined with the secondary data, which was gathered during this thesis to answer the research questions.

6.1 Descriptive research question

Before the COVID-19 pandemic, only 0.6% of grocery sales occurred online. At the same time, in Sweden, 2% of the business is conducted on the web. (Kivilahti, 2020) The Finnish market was smaller than a single Norwegian, Danish, or Swedish online only service provider as seen from Figure 1

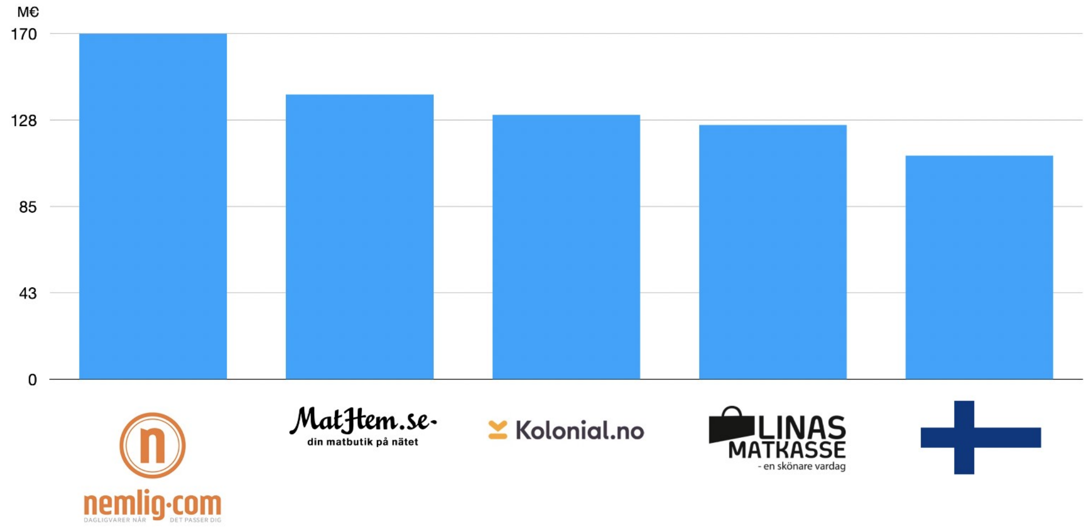


Figure 1: Finnish online grocery market in the year 2019 compared to top Swedish, Norweigian and Danish online grocery actors (Kivilahti 2020)

Before the pandemic, the market developed slowly, but there was not much development in the services. However, both Kesko and S-group had already started to develop their services. In addition all the participants from the interviews saw that the market would have continued to develop even without the benefit received from the COVID-19 pandemic

6.1.1 Effect of the COVID-19 pandemic

The Finnish online grocery market has developed much during the COVID-19 pandemic. At the beginning of March 2020, after the pandemic arrived in Finland, the need for online grocery services rose rapidly.

"The change happened almost in a night" (Team leader, Kesko)

The industry's growth has been tremendous, as Kesko's digital service director Antti Rajala explains in an interview (Kesko, 2020), in April 2020, that the weekly sales growth was almost 800%, and Kesko opened over 90 new service locations only in April 2020. This growth can also be seen in figure 4. With the S-group expanding at the same rate as at the end of 2021, they had opened over 220 new locations compared to pre-pandemic time, and their sales had grown over 460 % in the same timeframe. (STTinfo, 2022)

"...before the pandemic, we had 30 store locations, and six months after we had approximately 150 store locations..." (Product lead, S-group)

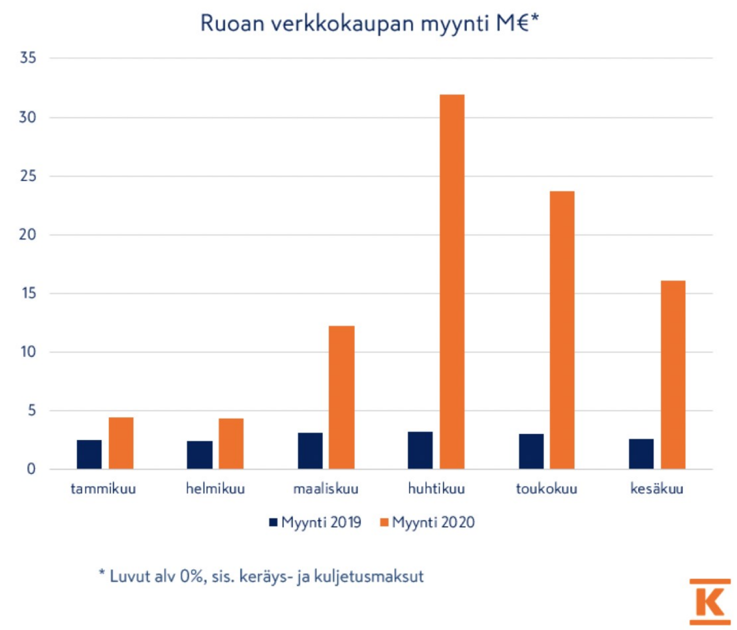


Figure 4: Keskos online grocery sales between 2019 and 2020 from January to June. (Kivilahti 2020)

One of the most prominent service challenges was the problem of acquiring new customers as people had preliminary thought about it. During the pandemic, people did not trust the service to provide the same quality products as when they would choose. The same challenge existed through the pandemic as mentioned in both was mentioned in Kupilas's (2021) and Gaunullina's (2022) research.

"If you would have asked me two years ago the answer would have been that the customers did not trust our gathering service to provide the same quality of products that they would choose them themselves." (Product lead, S-group)

From a service design viewpoint, they had to adapt quickly to a rapidly changing market. This development meant that they had to quickly expand the service by opening new service locations, developing new service models to answer the rising need, and providing customers with the best possible experience. This development also meant that the backstage of these services had to be developed to keep up with the growth.

"The time went to opening new locations and thinking about how to improve services capacity so that people could get food without them having to go into the stores." (Product lead, S-group)

6.1.2 Today's situation

After considerable growth during the pandemic, the growth has slowed down. At the end of 2022, the two largest actors, the S-group and Kesko, had a similar size to the whole market, with 240 million euros in revenue at the end of 2022. (Kesko 2023, 6) (S-ryhmä, 2023). As seen in Figure 5, both have a 41.5% market share, and other actors have 17%. Both the S-group and Kesko are still actively developing their service by opening new service locations or developing services.

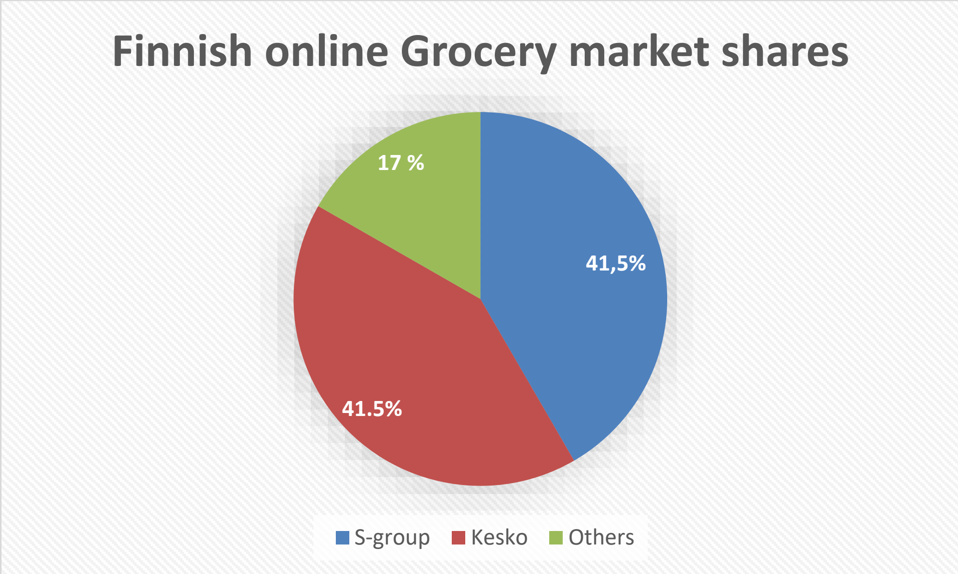


Figure 5: Overview of the Finnish online grocery service market

During the COVID-19 pandemic and even before it, the Finnish online grocery market has consisted of many service providers. Even though the minor actor's revenues are low compared to the major actors, they hold a large, combined share of the market. Furthermore, with more competition, it requires everyone to continuously develop their services to provide the best service for their customer base. An example is the S-group, launching a new service replacing their old Foodie service in 2021 (STTinfo, 2021).

With the opening of new service locations and the development of new service models, online grocery has spread all over Finland. Despite major actors not providing delivery everywhere, smaller actors, such as Fiksuruoka, can deliver their orders all over Finland. (Fiksuruoka, 2022)

As the market developed, even larger service providers entered it when Norwegian service provider Oda decided to enter the Finnish market at the beginning of 2022. (STTinfo, 2022) They expanded their network along the southern coast of Finland and, at the beginning of 2023, expanded to Turku and Tampere areas. Oda aims to attract customers by allowing them to acquire free delivery services and reasonably priced products. They operate with a warehouse gathering model by having a warehouse in Vantaa where all the deliveries are gathered. (STTinfo, 2023)

Oda has gained popularity fast, as at the beginning of 2023, they already provide twenty-five % of the deliveries in the Uusimaa area of Finland. (STTinfo, 2023) With Oda, the Finnish market has acquired a prominent actor, which is growing rapidly.

"...I use Oda every day as you get your orders from there delivered easily by the next day and possibly free of charge" (Participant A2)

Service providers have noticed this and trying to implement development to their services so that these services still can continue to be an alternative for traditional grocery stores in the future. A prime example of this is the S-groups S-kaupat service, which was launched in 2021. This change was done because the previous service Foodie had reached its technical limit.

"We previously had Foodiefi as our online grocery service, but it was replaced by S-kaupat in the beginning of the pandemic. The reasons for the change were technical as Foodiefi was at the end of its lifecycle…." (Product lead, S-group)

Despite the market developing quickly during the pandemic, it is still relatively small. For example, S-kaupat's revenue is only 2.5 % of the S-groups whole grocery revenue. (STTinfo, 2021) Another problem facing the services is that customers still do not have a close location to access this service, thus leaving potential customers outside the service, as most locations and services are centred around major residential areas.

"… I live in a place which does not have these services in close proximity…" (participant A1)

The development during the pandemic has provided these services an enormous opportunity as the market had to develop to answer the quickly growing need.

"...during the pandemic, we did not need to ask cooperatives to start new service locations, as they asked us what it requires to open a new location." (Product lead, S-group)

For service design, much development has occurred since the beginning of the pandemic. The development was caused by service providers acquiring more information about the customers' needs and what they expect from these service providers, which were implemented in different developments to better the customer's experience. For the S-group, they saw that their previous service Foodie was nearing its limit, and to answer the rising demand, they decided to launch a brand new one to answer the demand better.

Also, additional features were added to these services. These additions included fast deliveries and additional service locations. Both were done based on the customer's needs. As the market rose quickly during the pandemic, the need was to add additional service locations to both answer the growing need and the need for the services to have more capacity, especially in the larger population centres. The same applies to fast delivery services as some customers do not need to order larger amounts of products for their orders and need them quickly. Hence, they needed additional delivery methods to suit their needs better.

6.2 Theoretical research question

As this thesis, an abductive research approach was used. The secondary data provided preliminary ideas for the answers for this research question. Based on the information gathered during this thesis, the Finnish online grocery market has four major challenges when looking from the service design viewpoint: the availability of the service, cost-effectiveness, gathering capacity, and information distribution. All these challenges affect the customer experience. This experience is a key focus for service providers (Singh & Söderlund, 2020), as today, customers have lesser tolerance for services that are not providing a good experience. They seek a service, which is easy to use and has no problems when using it. (Singh, 2019)

6.2.1 Availability of the service

The availability of the service was problematic for the customers as they did not have access to services or enough delivery or pick-up times. This problem is centred in sparsely lived areas, which do not have many large stores or hypermarkets near the potential customers.

"… I live in a place which does not have these services…" (participant A1)

From a service design perspective, this means problems with its critical factors. This challenge disrupts the customer's movement through the service as they do not have a suitable time slot, becoming a problem if the service is available for them. However, if the service is available but does not have suitable timeslots for customers, it disrupts the beginning relationship with them, which can be challenging to fix. Moment and structure explain how this case would affect the different lifecycles. For consumers, this can lead to false information from this situation. (Reason et al. 2016) Companies would attain information that the area has little interest in these services, despite people wanting to use them but not having a chance to use them. For customer and user lifecycles, this provides valuable data about why people are not choosing to use these services.

6.2.2 Cost effectiveness

All the interviewees thought the most significant challenge in the online grocery market was its cost-effectiveness. The larger actors' problem is primarily in the gathering and delivery service. For service design, this affects different parts of the process. One of the aspects is service development. As the market has grown so fast, it requires more company resources to react to the rising demand. This development has been done to improve the customer flow through the service. (Reason et al. 2016)

Another challenge is the effect on customer experience, as the cost-effectiveness effects, as previously mentioned, the gathering and delivery service meaning that online grocery services must be developed to suit it as these services are now the least cost-effective part of online grocery. This challenge affects both the company and the customer's experience. As for companies, it is not worth adding new locations in less populated areas that do not have a sufficient number of customers for these services. In these locations, customers must drive to other service locations, or if a delivery service is available, use it to receive their orders leading to customer irritation and friction in their movement, which can lead to customers choosing not to use online grocery services as they see no reason to do it. One part of the solution is to develop the gathering service. However, as seen from the data gathered from the interviews, the gathering service is a major challenge for these services.

"... it is not the idea that in Prisma Kaari the selves are empty to the customers, who are conducting their shopping there. "(Product lead, S-group)

6.2.3 Gathering capacity

With cost-effectiveness, it requires the development of different parts of the service to achieve it. At the beginning of 2023, service providers had significant problems because they were on the limit of what their gathering service could provide.

"... for example, in the capital region, we are running out of gathering capacity" (Product lead, S-group)

Because of this, both Kesko and S-group (S-ryhmä B, 2022 & Kesko B, 2021) have decided to develop their gathering services by building new warehouses to provide the gathering service. This development has led to it that some parts of the process will be automated. The potential development requires some parts of the service to be developed again to evaluate possible failures and irritations it would cause customers. (Penin 2018, 293-295) An example of this is a resource problem as services are nearing their capacity. These changes improve the service and thus benefit both customers and companies. The problem with service design is that these developments take time. During this, services may run out of capacity, negatively affecting the customer experience, as enough time slots are available for customers. (Singh & Söderlund, 2020)

This challenge requires a development process for the existing service model, which is still time-consuming and can lead to customer irritation and negatively affect the service. Another side of this would be to increase the number of store-based gatherings. This gathering style needs to be improved as it negatively affects the grocery stores' service. Another challenge in this is the cost of it, especially when the cost-effectiveness of the service could be improved in the branch. The major actors' gathering model requires considerable resources and work hours. Another cause is the costs of the "last mile." With deliveries, the cost is always higher than pick-up, especially in 2023, when prices have risen from worldly events.

"This is especially important as the last mile cost are high, and customer who has smaller order are not willing to pay large amounts for delivery." (Product lead, S-group)

For service design, cost-effectiveness can lead to challenges, requiring designers to develop new service improvements to continuously change customer irritations. Cost-effectiveness also affects the customer experience if companies cannot add additional locations or timeslots, thus limiting the possible customer interaction with it. (Reason et al. 2016)

6.2.4 Information distribution

One problem for customers who have not used these services before is the lack of information about them. Despite that, the customers feel they have enough information about these services to know their different features. The distribution of information can be seen as why these services' trust is still a challenge for potential new customers because if the new customers do not acquire information about these services, the presumptions they have are still going to be prevalent in the future. Thus, new customers are unlikely to use these services.

"The pick-up service would be ideal for me, and I did not know that you could choose the service location, which is on your way from work." (Participant A1)

The problem is how to have new customers choose online grocery over a standard store if they do not know about the service, thus limiting the attention service can acquire and leading people to not choose to use these services. For information distribution, companies must think about their service as it affects their service's customer experience. If the customers see that they need more information to use these, this leads to problems with engaging with the customer. If they decide not to use services, companies do not receive information about the possible challenges or irritation of people from this group. It can lead to possible developmental failures as it could be developed to suit the wrong needs. It also affects their lifecycle if the company is not aware of this. It can lead to the design process focusing on other aspects, leaving this less important.

6.3 Normative research question

Which developments are necessary for the online grocery market to flourish in the future? The developments, which are need are needed to be done mainly by the larger actors as they have a significant share of the market and thus can affect the market more easily than a minor actor can. If major actors develop their services and bring in more customers, this development will affect the smaller actors as the market would have more customers with knowledge of these services.

"This depends on how different actors invest in their services and how the competition is going to develop and how that is going to force larger actors to move more of their operations to the web." (CEO of Fiksuruoka)

This development will acquire investments from the major actors, leading customers to switch from their established store service to a less cost-effective online one. Also, this development would affect the whole market as major actors have a large market share and can more easily affect it. The possible development also helps the minor actors. With more people starting to use online groceries, they can also attain more.

In the beginning, it is necessary that the major challenges, which were named previously, be addressed. Also, other developments are needed for the market to grow and not stagnate. This need for development is why Oda's entrance to the market was a welcomed situation, especially as it has acquired much popularity quickly, leading both S-group and Kesko to continue to invest even more to develop their service and keep their market share.

“Oda is an example out of that different service providers can enter the market” (Team leader, Kesko)

As all the service providers said, these services have a large potential customer base. The problem is how to attain their attention and move their shopping from the stores to online. One of these is to continue spreading the information about these. One way would be to incentivize them to use these services as people start seeing their possibilities, such as the ones discussed in the focus groups.

"There is a lot of growth potential as only 3% of the whole daily products sales are done online. There are still many households which have not ordered anything from online groceries." (Team leader, Kesko)

"If I would start to use these services, I would probably switch to use them exclusively" (Participant B5)

Customers choose to use these services to buy larger amounts of products. One addition to the services is the addition of ready packs of products for different events, special days, or holidays. These packs of products would be a further development of the receipt feature and would thus help the customers easily and quickly to acquire a set of products. These product packages could be then added or modified after the selection. The selection of products would be based on the data the service providers gather from their customers.

For customers, it is important to provide more information about these services as the ones who have used them see their benefits. The ones discussed in group interviews were ease of use and saved time, which can be attained using these.

“… the easy usage of these services…” (participant C3)

"…in situations, when I do not have that much time to use..." (participant C3)

These are important for today's customers, and they may not understand or know how these services can help them attain these benefits. As seen from the focus group interviews, most participants did see that they knew enough to use these services but then would not know of the different features. This distribution of information is important, especially when trying to attain new customers from older age groups and helping people to lower their hurdles so that they would be open to using these services. For persons uncomfortable using technology, there could be a guided service that follows the store's rotation in a set order so that the customers feel more comfortable using these services. These features will be needed if the market grows and the customer base expands.

For service design, these solutions require designing a new feature or developing the existing ones. This process requires time, as if the feature is a new one. The planning stage will take time when the background information must be acquired. In addition, the feature must be tested before its implementation requires time and resources. Also, after the feature is launched, it will need development in the future, which will start the design process again.

The one factor holding this market back is that people do not need to switch to online grocery. As seen from the focus group interviews, these services have considerable potential as all the participants can see themselves using them, but still, the market is small. The development starts with trying to attain a large potential customer base. To solve this, these services require an incentive for customers to choose online grocery services. Some service providers, such as Oda, have already started to use different solutions. One comment from the group interviews thought that it would be easier for customers to start to use these services if they had an incentive for their usage. Oda has already started implementing these to their service as new customers acquire delivery for free if the order is worth more than forty euros, or 2.9 euros of the additional cost is added if it is not. This offer is in effect for the first four months. (STTinfo, 2022) This customer already knows the additional costs for their orders if they choose Oda. Also, this works as an incentive for newer customers considering using these. Another alternative could be to have a customer benefit service. In this, the customer would pay an amount per month to receive additional benefits in the service, such as free delivery or discounts for orders. S-group had already tried this in 2021 with their club membership. (S-ryhmä, 2021) These have been seen in the food delivery service with Wolt +. (Wolt, 2023) These solutions can be problematic for the major actors as both provide a loyalty program (S-kanava, 2023 & K-plussa, 2023), and this type of service would require a monthly subscription. This solution would be similar to the loyalty program, which can confuse people. To avoid this confusion, service design must involve a large information distribution campaign about this feature to provide knowledge. In addition, this solution should be done after acquiring a larger customer base for the services so that the result would be the best possible.

One alternative could be to provide online-only discounts for popular products, such as coffee or seasonal products, as customers seek discounts. (Kesko B 2023). These offers can lead customers to use these services, providing them with information about the potential benefits these services have. This development is essential today, as people are limiting their monetary spending because the prices of products have risen. (STTinfo, 2023) With these discounts, customers are more likely to use these services.

Additionally, these would have to be repeatable events so that customers are continuously using services. This solution would also bring more knowledge about these services to the new potential customers. For service design, this solution requires developing the features that are part of product discounts as this solution requires data from the service about the most sold products and additional data on the discounts in traditional grocery stores. Additionally, these discounts require them to be easily available for customers to find and choose to improve their customer experience. This improvement can be achieved by giving them similar exposure to the season's new products.

Cost-effectiveness is a major challenge in the market as the service has many costly parts, such as gathering and delivery, which are now quite dependent on worldly events, despite both the S-group and Kesko developing their gathering services by building warehouses, where the gathering is partly automated (S-ryhmä B 2022 & Kesko B 2021) and thus more cost-efficient in theory. These warehouses are still large investments. In addition, it is also time-consuming to build and develop them to reach their full potential because these warehouses cannot be built everywhere as they require many resources, and the services need to have them only near larger population centres where most of the customer base is located. This resolution does not mean that every large city should have a large warehouse, but smaller ones or even tiny ones, which the product lead from the S-group mentioned in her interview, which would only house a low number of products, which would suit smaller orders. Service providers must work with service design for new warehouses to develop the existing feature or a brand new one. The first challenge is deciding the amount, location for these possible warehouse locations and their size.

"Also, in America, there has been quite small locations, which have 1500 products in its assortment, from which one could buy their snacks." (Product lead, S-group)

The need for these warehouses needs to be stationed in every larger population centre is because the Finnish market is focused around larger population zones. The service availability challenge is complex one to solve. As warehouses would help, as more time slots would be available for customers to choose, but it has its drawbacks.

“Investments are expensive not depending on if they are technological or physical. Work in online groceries are expensive and as it requires workforce for gathering and delivery” (Team leader, Kesko)

To develop the cost-effectiveness of these services, it needs more customers, as the CEO of Fiksuruoka said in their interview. Despite cost-effectiveness being a major challenge for service providers, it is not the first challenge which needs to be solved, as the core challenges mentioned before help to solve this challenge. As the availability of the service is developed, it makes the service available for larger numbers of customers and thus leading to more usage of these services. After the information distribution is developed, it can lower the step for customers to start using these services and possibly bring more customers to them. Also, the development of gathering capacity can lead to the same result. However, cost-effectiveness is one of the major obstacles the services have to clear to have continued development; because this challenge is the most prominent for service providers, it affects the whole development process, as these solutions require large investments and service providers can be reluctant to invest in a less cost-effective market.

"The sales volumes drive this market. The one service which reaches the critical point and can make their service profitable leads the market" (CEO of Fiksuruoka)

As technologies develop, more alternatives become available. Robotics are already used for deliveries to provide more alternatives for service providers. These alternatives help some service features to become more available in a larger area. With service design, these solutions require significant testing and planning before they can be implemented in the service. For robotics, the S-group has already implemented them in the delivery service as robot deliveries have been piloted since 2018. This feature will be widely implemented during the summer of 2023. (S-ryhmä, 2023) As for other service providers, this implementation provides useful information that can be used to implement this service feature. For service design, this feature should be studied and then implemented in areas where it will be needed, such as in the centres of large cities. This feature would function as a supplementary service for fast deliveries as the number of products these robots can carry is relatively small. In addition, service design with the implementation of this solution

In addition, with fast deliveries and pickups have gained more popularity, this service model is needed to be brought to larger areas so that at least every major city would have this available. With these warehouses, more of the faster deliveries could be allocated to the store-based gathering, as the orders are smaller and thus do not require as many resources as the traditional orders. Warehouses are a part of the solution for gathering capacity. From the service designs perspective, this functions the same as opening new locations, which means the previous information of the design process can be used to improve further and make it more efficient so that the service design process can be done much faster the more these warehouses are implemented.

As the market grows, the challenge of gathering capacity will be more significant with more customers, and more capacity is needed. Also, the solution cannot be to add even more store-based gathering as this gathering type limits how much gathering can be done before it affects the store's service, as more gatherers would be required in the stores.

Online services would also need more products from the store, which can lead to shortages and irritate the store's customers. An additional solution for this is to develop the gathering service continuously. However, in the future, there will be a limit on how much gathering can be done in stores without affecting the store's grocery service.

In addition, when the gathering service develops, more resources are then available to be used in making the service available with the use of more timeslots or then new locations. This development also benefits the capacity limit as more resources are then available for the service and thus making it accessible to larger amounts of customers. As seen from focus group interviews to many, this has been one of the most significant hurdles for them to start using these. For service design, this solution requires significant altercations. As this requires both development of multiple service features (warehouses and gathering service) and the opening of new service locations, it would also require a change in the type of gathering happening in the store from large amounts to a faster gathering to make quick deliveries more accessible in the selected store locations.

The role of the minor actors is an important one for the future. Figure 5 explains that S-group and Kesko hold a similar market share, while the rest hold a 17% share, including Oda. The possibility is that both Kesko and the S-group can attain a large enough market share to control the whole market easily. Same as the grocery market in Finland.

"It remains to be seen how many actors can fit in the market or does this form into a winner takes it all situation or a couple of actors reach a critical mass and then can affect the market easily thus making it harder for minor actors to develop." (CEO of Fiksuruoka)

This situation can lead to similar problems as the grocery market in Finland, which is ruled by S-group and Kesko, with only Lidl having a larger market share. (Päivittäistavarakauppa ry 2023) These problems can lead to slowing development as the larger actors see the reason for development possibly diminishing. To avoid this situation, the market requires actors to develop their services to attain more of the market share, this is not possible for some, but at the moment, one who can be seen like this is Oda. They have financial backing and have continuously developed their service to gain more customers. (NTB Kommunikasjon, 2022) Also, with Oda entering the market, it can signal other companies that it is possible to enter the Finnish market.

Another factor that supports this is that the market is still developing. Also, larger new actors entering the market will drive both S-group and Kesko to develop their services further. This development does not mean smaller actors do not have to make any changes, as a part of the customer base always needs specialized services in a niche market such as Fiksuruoka. Larger actors do not see these types of services as a major investment point because these services do not have a large customer base. The development of minor actors also allows people to choose a service that suits their needs the best and not to choose between two lesser alternatives. Also, these services can still provide inspiration and ideas for larger actors to implement such parts to their services, thus widening their reach.

For service design, the focus must lie on the customer experience because, as shown before, it greatly affects the market's different challenges. In addition, with the possible development, even more, people start to use these services, which then requires excellent customer experience to keep them using services also in the future. The challenges which affect service design most also affect the customer experience.

Market development can be divided into two different directions. One is that it becomes a similar service to the store with usage or a supplementary service for the store service. Becoming similar to the store service requires a generational change in the customers as, at the moment, the customers' shopping habits are not that easily changed. However, as the product lead from the S-group explains in their interview, the coming generations are changing the way online grocery will be conducted because they will have such needs that today's services cannot answer. This change will affect even the standard grocery stores, as they will also be battling the new needs. For service design, this development will require a complete rework of the online grocery service to satisfy the possible needs. Service design and service providers must study what parts of the service can be used and which parts must be reworked to provide the best customer experience possible. The problem is still that these needs and requirements are unknown.

"We have a generation growing who cannot shop in a clothing store as their assortment is too small. The change is going to happen when they start to do their shopping. They will drive this change, and with it, online grocery will also develop" (Product lead S-group)

The supplementary one is the one which is much easier to become as it is only to continue to develop these services. Today the most common customer uses these once a week to make a large order and then adds to it using the store-based service. The development of the market would likely continue to grow slowly, and more customers would switch to using these services. However, these would be used as an addition to grocery stores for different situations or when large orders are needed. The market is most likely to develop to this stage first. However, continuing the development requires a generational change in customers' shopping habits so that online grocery would become a significant alternative for grocery stores. For service design, this development will require the continued development of the services and its features. As with market growth, the service will require even more capacity in the different features these services have. The main focus should be to require new customers, and this can be by giving customers more incentives to use these services.

7 CONCLUSIONS AND DISCUSSION

This chapter comprises the conclusions for this thesis. In addition, it covers the limitations of this thesis and suggestions for further research based on the limitations of this thesis. It also includes a discussion about what changes to the interviews would have done to the findings.

7.1 Conclusions

This thesis has studied how the online grocery market in Finland has developed, its most prominent challenges and how it should develop to flourish in the future. Before the pandemic, development was slow, but one could already see that it was divided into major and minor actors. As the pandemic struck Finland, the need for these services rose dramatically. As service providers had to open new service locations or develop new features to their services so that people could acquire food if they were in a situation where they could not leave their homes. This rapid development meant these services were pressured to deliver competent customer service. There were growing pains, which can be seen from the different studies conducted during the pandemic. The one major challenge was that the customers did not trust the gathering service to provide them with the same quality they would acquire when self-choosing their products.

After the pandemic, the growth slowed down but continued. S-group and Kesko hold most of the market share, thus strengthening their position. Today the market covers the whole of Finland, and large population centres have different services for customers to choose from. The market now has approximately a 3% daily product market share. The immense growth has also brought challenges for these services. The largest one for companies is that the service is not cost-effective. The product volume still needs to be increased to be profitable enough. The need is also still to grow the service capacity to suit their customers better.

There were new significant additions to the market when Norwegian service provider Oda decided to enter the market at the beginning of 2022. They have continued to expand their service throughout 2022 and the beginning of 2023. New challenges have emerged as the maker has developed. For this thesis, the focus was on the ones which affect service design most. These were service availability, cost-effectiveness, and gathering capacity and information availability. These challenges were based on the data gathered during the different focus group interviews. All of these were connected to the customer experience, thus making it the most crucial factor for the future.

The interviews were conducted with three different service providers S-group, Kesko, and Fiksuruoka. They saw that the effect of the pandemic was massive, but the market would have reached the same point without it, but it would have taken more time. The development during it was fast, especially for the major actors, as they had to open many new locations to answer the expanding need for these. The same can be said about Fiksuruoka. Despite having a service for a niche market, with new customers starting to use the major actor's services, this also brings an opportunity for them to expand their customer base. All of them saw the large potential within the market and that the customer experience is a major factor in it. As for the challenge, they all agreed that its cost-effectiveness is the major. As of now, the services are not that cost-effective. For example, the gathering and delivery service require considerable resources. This resource requirement is why solving this is one of the key points so that these can flourish in the future because, without a solution for these challenges, the services will continue to be less cost-effective. Another area for improvement for the major actors is the capacity of their gathering service. Especially in the capital region, service is nearing its limit. To solve this, both have decided to build warehouses near a store or a larger warehouse to do the gathering service. These are also partly automated. All the interviewees see that the market is going to continue to grow.

The focus group interviews were conducted to identify why customers would choose or not to use online grocery services. From the reasons why people would choose to use these services, the main one is that it saves time. People only have a little time, so they prefer these services instead of buying groceries in a store. Service providers also agreed with this acknowledgement as they had seen that customers tend to use these services when buying more significant amounts of products. Delivery time was also crucial for the interviewees. The availability of the right time slot for the delivery or pick up was essential for the focus group participants, as if they cannot choose a suitable one, they would prefer to go to the store and shop there. The challenges they saw with these services are that the service is not available, or they do not have a suitable timeslot available enough so that they would choose to use these. Another major one is that for those who have not previously used these services, there needs to be more information available so that the hurdle to using these would be manageable.

The development needs to continue in the future so the market can flourish. The challenges which were provided must be solved. The two major actors must do most of these as they have such a leading market share that they can easily affect the whole market. One other key challenge is how to attain new customers. The fixes, such as more information and broader service availability, help with this challenge. However, there must be future developments in the existing features**.**

7.2 Method discussion

This thesis could have used more service provider interviews to understand better, as the information about the minor actors needs to be more extensive and different ways of delivering online grocery services should be included in this thesis. The general information about the market would have been similar as the pandemic has been such an enabler for development. In addition, as both Kesko and S-group have such a large market share, they can easily affect it, and the minor actors cannot largely affect it.

Another factor would be that I would have chosen older age groups for my focus group interviews. These age groups would have changed the answers as they are more likely not to use these services instead of half of the participants. This change would have provided more information about why people do not want to use these, which would have been used to suggest other solutions for attracting new customers. This information could be even better for the companies as with the market development. Companies must attain customers from these customer groups also. If I did this thesis again, there would be changes in the data acquirement as in the focus group interviews. I would first conduct a pilot interview and then analyse the process. In this thesis, the information acquired from them is good but needs more depth as most of these reasons were already known by the companies or the same information featured in the previous research.

7.3 Limitations and suggestions for future research

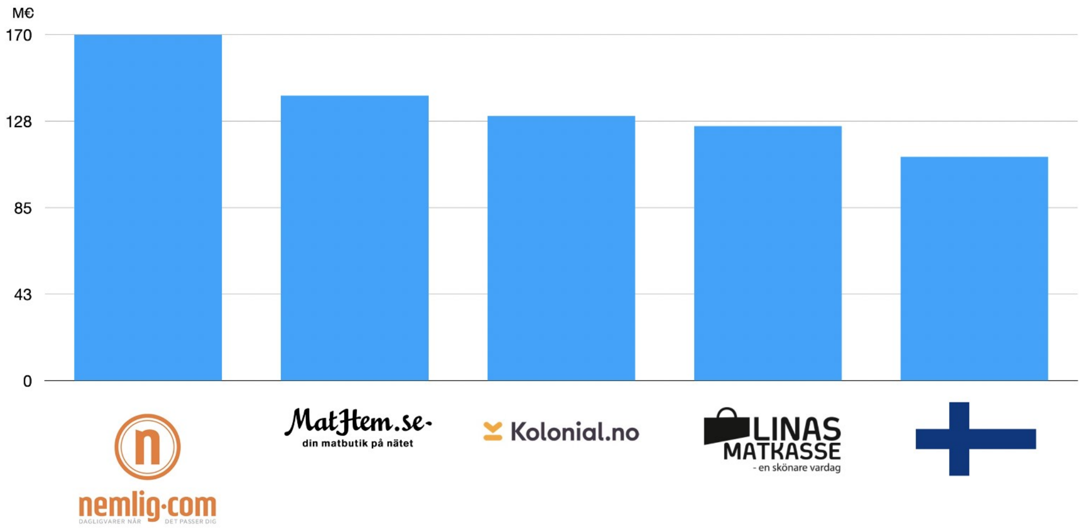
This thesis's limitations were that the research area should only cover the Finnish online grocery market. This limitation meant that the interviews were done with three Finnish actors, both major and minor (the S-group, Kesko, Fiksuruoka). As for the focus group interviews, the group is limited to choosing students between 20-40. This group was chosen because as online grocery is still only starting to develop in Finland, this age group is more likely to continue using this service in the future.

For limitations of the following research is to focus solely on customers or companies or even close on one service or customer group to acquire even deeper information about the market and its different actors. With this thesis, the reader acquires an overview of the state of the market and the key challenges it must solve to flourish in the future because despite having information and interviews about the major actors, precise information about the smaller actors cannot be provided as Fiksuruoka is only one service provider. Also, different actors have differences between them. S-kaupat is still a developing service, which just has been launched. The S-group also see that it is still at the beginning of its lifecycle, and its service still needs considerable development. Another limitation could be choosing to use only one service to see how it impacts the market, how it could be developed, and what it would mean to the market.

8 SWEDISH SUMMARY - SVENSKA SAMMANFATNING

Introduktion

Den här avhandlingen redogör för hur den finska livsmedelsnäthandeln har utvecklats samt hur dagens situation ser ut och vad framtiden har att erbjuda. Intresset för att genomföra en studie i detta ämne startade från det faktum att trots att de flesta finländare hade beställt något via nätet (TEM 2020, 39-40) före COVID-19-pandemin, så behöver den finska dagligvarumarknaden på nätet utvecklas. Den ger inte mycket intäkter, velket framgår av figur 1.



Figur 1 Den finsk online-livsmedelsmarknaden år 2019 jämfört med svenska, norska och danska online-livsmedelsaktörer (Kivilahti 2020)

Trots att marknaden utvecklades under pandemin och fler kunder använde sig av tjänsterna, har tjänsterna fortfarande liknande problem som i början. Detta framgår av Kupilas (2020) studie, som i slutändan, vilket framgår av Gainullinas (2022) studie.

I och med marknadens kraftiga tillväxt under COVID-19-pandemin har ett problem uppstått. Hur kommer tjänsteutbudet att hänga med? Det har satt tjänstedesignprocessen under stor press när nya aktörer och nya implementeringar har introducerats. Dessutom lanserade en av de stora tjänsteleverantörerna (S-gruppen) en ny tjänsteplattform under pandemin. Därför har ett behov av att analysera marknaden och leverera förslag ur ett tjänstedesignperspektiv ökat. Det är därför jag valde detta som en utgångspunkt för den teoretiska synvinkeln.

Titeln för avhandlingen är det förflutna, nutiden och framtiden för livsmedelshandel på nätet, i Finland. Denna studie innehåller information om de olika aktörerna som arbetar på marknaden och hur processen fungerar. Studien består också av information om den nuvarande situationen på marknaden och hur den kommer att utvecklas i framtiden. Denna studie görs utifrån tjänsteleverantörs synvinkel. Det betyder att jag utreder vad aktörerna bör göra i framtiden för att de ska kunna bli framgångsrika på marknaden. Dessutom görs fokusgruppintervjuer för att ta reda på orsaken till att man väljer att inhandla matvaror på nätet. Denna information är viktig för att företaget ska kunna planera sin framtida utveckling.

Syfte

Det primära syftet med denna avhandling är att undersöka hur den finska livsmedelsmarknadens näthandel har utvecklats ur ett tjänstedesignperspektiv och varför. Ett sekundärt syfte är att undersöka hur marknaden potentiellt kommer att utvecklas i framtiden. Detta svarar på följande forskningsfrågor:

1. Hur har livsmedelsmarknadens näthandel utvecklats i Finland och vilken är situationen i dag?

2. Vilka är de viktigaste utmaningarna för livsmedelsmarknaden ur ett tjänstedesignperspektiv?

3. Vilken utveckling är nödvändig för att livsmedelsmarknadens näthandel ska blomstra i framtiden?

Presentation av metod och material

Det finns olika alternativ för att förstå människors tankar och åsikter om ett givet ämne. Att välja och kombinera de rätta alternativen är avgörande för denna forskning. Kvalitativa metoder behövs. Trots detta behövs det sekundära data, som är kvantitativa och kvalitativa. Detta betyder att metoden för denna avhandling blir blandad forskningsmetod. Kombinationen av sekundärdata och intervjuer behövs för att svara på forskningsfrågor om den finska näthandeln med livsmedel. Datainsamlingen består av tre olika intervjuer med S-gruppen, Kesko och Fiksuruoka. Dessa valdes, eftersom de två stora aktörerna (S-gruppen och Kesko) har majoriteten på marknaden, och i IRORearch-undersökningen i september 2022 visade att Fiksuruoka är den tredje populäraste av näthandelstjänsterna i Finland. (Markkinointiuutiset 2022). Intervjuerna genomfördes som en semistrukturerade intervjuer då frågan kretsade kring själva tjänsten, vilken dagens situation är och vad är marknadens framtid är. Denna information ger dock endast leverantörens syn på saken. Eftersom kunderna är viktiga i processen, behövs också fokusgruppsintervjuer med potentiella kunder för datainsamlingen. Därför gjordes tre olika fokusgruppsintervjuer. Gruppdeltagarna valdes så att varje grupp hade personer som hade använt näthandelstjänster tidigare och några som inte hade använt den. En av fokusgruppsintervjuer gjordes rum i Technopolis Vanda, eftersom alla deltagare kunde delta på plats. Resten av intervjuer gjordes via Teams.

Analysprocessen för båda metoderna inleddes med att lyssna och beskriva dem separat. Efter intervjuerna gjordes denna fas så snart som möjligt för att bättre förstå och komma ihåg vad som sades och vad de olika deltagarna menade i sin diskussion. Efter beskrivningen analyserades de separat, och slutligen kombinerades data och analyserades hur de skiljer sig från varandra. Dessa intervjuer analyserades på ett abduktivt sätt då de sekundära data som jag samlat in för den teoretiska genomgången och bakgrunden till avhandlingen redan gav mig möjliga svar på forskningsfrågorna.

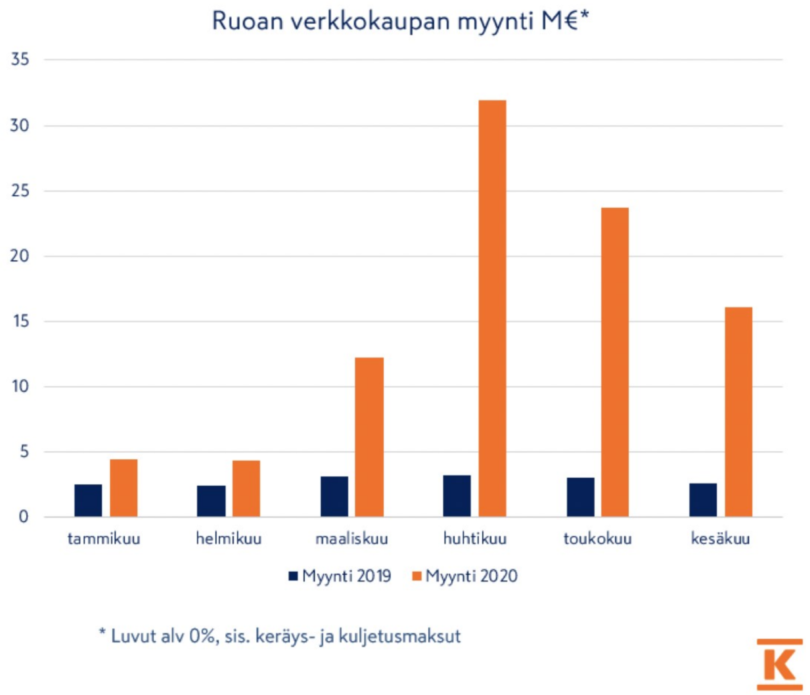
Redogörelse för undersökningen

Anledningen till att kunder väljer att använda näthandeln är att den sparar tid. För kunderna är det viktigt att deras veckohandel tar så kort tid som möjligt, och dessutom är det lättare och går snabbare att göra större inköp. Tjänsteleverantörer ser också detta som en mycket värdefull aspekt. För S-gruppen var detta den mest uppskattade aspekten.

Leveranstiden har också betydelse för deltagarna. Det är viktigt att leveransen sker i tid och att det finns ett brett utbud av öppna tidsluckor för dem att välja. Företag försöker ge sina kunder så många lediga tider som möjligt, men detta innebär vissa utmaningar, åtminstone för S-gruppen. Näthandeln närmar sig kapacitetsgränsen. Om de lade till fler leveranstider, skulle det innebära att insamlingskapaciteten måste utökas. Denna utökning kan också påverka deras övriga butikstjänster och kräva ännu mer resurser. En annan utmaning som detta innebär är att kostnaderna skulle stiga, och som alla leverantörer sa är den största utmaningen på denna marknad kostnadseffektiviteten. Det finns också andra utmaningar med dessa tjänster. En av dessa är användarvänligheten. För kunderna måste produkterna vara lätta att hitta, och för tillfället har vissa av tjänsterna problem med detta. Utveckling av tjänsterna behövs i framtiden. Kunderna har behov och önskemål om förbättringar av tjänsterna för att de ska fortsätta eller börja använda tjänsten. Företagen letar alltid efter ny teknik för att utveckla sina tjänster. Båda sidorna är överens om att utveckling behövs i framtiden för att kunderna ska kunna erhålla bästa möjliga service.

Resultat

Före COVID-19-pandemin skedde endast 0.6% av dagligvaruförsäljningen i Finland via nätet. Samtidigt bedrivs i Sverige två procent av verksamheten på webben. (Kivilahti, 2020) Under pandemin har den finska livsmedelshandeln på nätet utvecklats mycket. I början av mars 2020, efter att pandemin kom till Finland, ökade behovet av livsmedelstjänster på nätet snabbt. Denna utveckling kan ses i figur 2.



Figur 2 K-Groups nätmathandel mellan 2019 och 2020 från januari till juni. (Kivilahti 2020)

Efter en avsevärd tillväxt under pandemin har det lugnat ner sig till en långsammare tillväxt. I slutet av 2022 hade de två största aktörerna, S-gruppen och Kesko, samma storlek på marknaden, med 240 miljoner euro i intäkter i slutet av 2022. (Kesko 2023, 6) (S-ryhmä, 2023). I och med öppnandet av nya tjänsteplatser och utvecklingen av nya tjänstemodeller kan leveranser levereras över hela Finland. Allt eftersom har marknaden utvecklats, och nya tjänsteleverantörer har kommit med på marknaden, ett exempel på detta är Oda en norsk tjänsteleverantör. I tjänstedesignen har det skett en utveckling efter pandemin. Detta har skett för att man fått information om kundernas behov och om vad de förväntar sig. Tjänsteföretagen har antagit olika utvecklingsvägar för att förbättra kundens upplevelse. På S-gruppen insåg man att den tidigare tjänsten Foodie närmade sig sin kapacitetsgräns och för att svara på den ökande efterfrågan bestämde man sig för att implementera en ny tillämpning för att besvara den nya situationen bättre.

Trots utvecklingen finns det fyra stora utmaningar för den finska näthandeln med livsmedel då man ser på saken ur tjänstedesignsynpunkt. Dessa är tjänstens tillgänglighet, kostnadseffektivitet, insamlingskapacitet och informationsdistribution. Alla dessa utmaningar påverkar kundupplevelsen. och eftersom det är ett nyckelfokus för tjänsteleverantörer att förstå vikten av dessa utmaningar och dess effekt på designprocessen. (Singh & Söderlund, 2020) Utveckling av dessa utmaningar behövs för att marknaden ska kunna blomstra i framtiden. Men det kräver också att tjänsterna fortsätter att utvecklas, eftersom det kommer att finnas behov i framtiden som dessa tjänster inte nu kan svara på.

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APPENDICES

Theme A Introduction (5-10min)

Questions:

1. How often you visit the grocery store?
2. Have you used food delivery services?
3. Do you know different actors from the Finnish online grocery?
4. Have you previously used online grocery service?

Theme B Factors for using online grocery (10-15min)

1. What can get you to use online grocery service/ what got you to use this kind of service?
2. Would specialise variety of products get you to use this kind of service?
    a. Sustainable alternatives
    b. Eco friendly
3. Could more information about the service get you to use service?
4. In what situation you could see yourself using this kind of service?
5. Does the possible delivery time play some part?
6. What kind of problems you see with online grocery?

Theme C Future (5-10min)

1. Can you see yourself using this kind of service in the future?
2. What would have to be changed for you to use this kind of service more often?

Introduction (5-10min)

- Can you tell about your position in the company?
- Can you tell about the online grocery service your company provides?

Present day (10-20min)

- What's the present-day situation with online grocery in your company?
- How often are customers using online grocery specially when comparing to "normal grocery stores"
- How has COVID-19 effect online grocery?
- What do the customers value in online grocery services?
- What do they not value in online grocery services?
- What is typical for online grocery customers shopping habits?
    - Can you give examples?

Future(10-20min)

- How do you see online grocery developing in Finland in the future?
    - Are there going to be new delivery means?
    - How to continue the development after Covid-19?
    - Is there going to be a move from store-based service to a warehouse-based service?
    - For majors: Do you see the need for a fast delivery service such as Wolt (within 30 mins)?
    - For minors: Is there plans to continue to cooperate with major actors in different cities?
- What are the best possibilities or the largest challenges with online grocery in the future?
- Do you see online grocery becoming a major part in the Finnish grocery market?
- Do you see new actors coming to the Finnish online grocery market?
- Do you see that the Finnish online grocery market would have developed to this stage without covid-19?

Is there something important that I haven't asked that is important for this topic?