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THE EVOLVING ROLE OF E-COMMERCE IN RETAIL

- Effects on Brand and Customer Relationships

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We hope you enjoy reading this thesis!

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Abstract

This thesis explores how companies manage their e-commerce in relation to their physical stores in order to strengthen the brand and the customer relationships. We have investigated five different companies currently active in the Swedish retail industry. The common business area for all five companies is apparel, which is where the focus is throughout the thesis. Other criteria for sample selection were: 1) Initially had physical stores only, but have added e-commerce as a second sales platform. 2) Have had a well-functioning web shop for at least 1 year. 3) Have 3 or more physical stores in Sweden. We have conducted qualitative interviews with e-commerce or communication managers at each company. Theories about brand building, customer relationships and recent studies on channel integration have been the basis for the analysis of the empirical data. The results show that e-commerce does have a certain brand building effect in being present where the customer is and acting as one coherent brand regardless of contact point. In addition it improves customer relationships in terms of increased access and relevance. The digitalization has enabled companies to collect customer data from website visits and e-commerce transactions, which helps the brand in the pursuit of relevance to strengthen customer loyalty and customer relationships.

Keywords: *retail, e-commerce, brand building, customer relationships, loyalty, seamlessness, omnichannel, integration, relevance*

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1. Introduction

This chapter contains an introduction to the subject including a background, a problem discussion, the research questions, purpose of the thesis, conceptual framework, relevance and the limitations for the study.

1.1 Background

Digitalization has changed our society dramatically during the past decades. New opportunities as well as challenges have arisen for both consumers and companies. The development has been rapid and the sale of goods and services via digital platforms has increased tremendously in Sweden and elsewhere (dn.se, 2015-04-02). This type of commerce is called e-commerce, and it basically means shopping using either fixed or mobile data communication (Nationalencyklopedin, 2015-04-02). This thesis will explore this increasing trade of goods and services between companies and consumers over the Internet, complementing shopping in traditional stores.

During 2014, e-commerce in Sweden increased by 16% and total sales via the Internet today makes up 6.4% of the total sales in Swedish retail (Postnord.se, 2015-04-02). Compared to the US where e-commerce for retail is huge, Sweden is far behind. The Internet is a constantly growing market channel and the sale of goods and services has continuously increased over the years. These relatively new digital channels have truly changed the playfield for how companies and consumers communicate with each other and also opened up for communication between consumers. Transparency has increased dramatically and comparisons between alternatives are today much easier than before. Consumers today are consequently much more informed and alert which puts more pressure on companies to attract customers and build sustainable loyalty.

On the positive side, digitalization and other advances in information technology have enabled companies to collect more customer data than ever before. Ways to systematically process this information have been developed, and with enough resources companies can use the data in the development of communication and

marketing strategies. In an article from Dagens Industri a journalist concluded the situation as of May 2015:

“It has always been important to listen to the customer when it comes to the retail industry. With the emergence of e-commerce and the access of big data it is both easier and more difficult than ever before.”(Di.se, 2015-05-17)

1.2 Problem Discussion

Customer satisfaction, trust and loyalty all make up essential and highly prioritized factors for successful businesses. Today when the competitor is one click away, companies need to truly cherish existing customers to retain repurchase frequencies, loyalty and ultimately a sustainable relationship with the customer (Söderlund, 2001). According to Söderlund (2001) there is a reigning view saying that e-commerce customers are less loyal than customers in traditional stores. Söderlund (2001) believes however that the constant surfing is declining and to a greater extent is concentrated to a few websites. Whatever opinion one takes on this matter, loyalty is truly in the center of attention when discussing e-commerce. In this ongoing shift towards a more digitalized retail business it is therefore relevant to explore the loyalty concept to understand the change as well as identify the opportunities and challenges that retail companies are facing today.

According to Evans et al (2009) the step beyond loyalty is often called customer relation. In theory there are several ways to create and maintain strong customer relationships. However Susan Fournier (1998) describes the difficulties arising in practice regarding the communication between companies and consumers.

Today companies invest more money than ever before in different Customer Relationship Management (CRM) systems striving to build stronger relations with their customers. But, according to Fournier (1998), the way the communication is done often destroys the relationship more than it nourishes and strengthens it. In many cases companies nowadays hold vast amount of information about their customers. They are, however, too focused on their side of the relationship forgetting that the relationship should be reciprocal. To fully understand how to create and maintain a strong relationship, the companies need to look further than their own financial situation, and instead always keep the customer in the spotlight. The relationships

nowadays are often inflicted and lack relevance, which ruins the overall brand image according to Fournier. For example would someone who plays tennis perhaps not want to receive offers regarding buying a new hockey trunk, unless they have bought something in that category before. In the article the importance of listening to the customer and generating relevant offers is emphasized.

Further on, researchers have discussed the importance of the physical store environment and the presence of store personnel in both communication of the brand and in the creation of good relationships between customers and brands. Sonia San Martin Gutiérrez (2005) for example claims that the interaction between store personnel and the customer is one of the most important elements when customers shop in traditional stores. The store employees are strongly associated with the customer's experience of the brand and they play a significant role in forming the brand identity. It is therefore important for companies active in today's retail environment to understand how to create an equivalent element on the Internet. This element should help the customer in the same way that a physical person would in a store. It is consequently of great interest for companies to be in the forefront of integrating physical channels with e-commerce.

The rapid development of Internet as customer relationship and sales platform is putting more pressure on companies to keep up. It has become increasingly important to be at the forefront in managing the company's digital communication channels to stay competitive on the market. The trend today is that your purchase might start by browsing online, continue by touching and trying the product in a physical store and then ending up by ordering the product online. The purchase thus often includes multiple channels, which is why experts say the purchasing process is evolving. In an article in Dagens Industri Fredrik Kolterjahn at HUI Research describes the climate:

"The distance from thought to action is getting smaller for today's customers. The retailers that are present in a good manner in several channels have more loyal customers and stronger customer relationships. Those active on digital devices shop more in physical stores is ultimately about them being more involved in different channels and therefore

probably closer to a purchase decision than those who are not." (di.se, 2015-04-13)

A few years ago only a small number of companies in retail had their own websites and marketed themselves online. Few companies saw the opportunity in making money over the Internet. Today things have changed completely. It is obvious for many companies today that e-commerce is the most profitable marketplace. The change in consumer behavior and the evolution of the purchasing process make the company website a fundamental mean of communication. The website should according to theory be strongly linked to your brand just like any other company activity. As an example of this, the sports chain Intersport is launching a new version of their website and they are through that hoping to clarify their brand and what they stand for (di.se, 2015-04-03). It is crucial for larger companies today to have an integrated identity that permeates all the different parts and activities in the organization. Partly so that the customer perceives the brand as credible, and partly to make sure that the different departments within the company are working effectively towards the same goal and therefore also communicate the same identity out to the customers.

E-commerce and digitalization have thus brought both challenges and opportunities on companies in retail today. In an increasingly competitive market it is more important than ever to have a powerful brand and strong customer relationships.

1.3 Research Questions

The study strives to explore complex areas and contexts. Because of that, research questions were formulated in order to fulfill the purpose of this thesis:

1. In what way can e-commerce strengthen the brand?

This question has been asked to explore what role the interviewees believed that e-commerce played for the brand as a whole. The answers have varied depending on what brand was in focus. A theoretical framework on brand building has been studied and a comparison has been made to identify similarities and differences in reasonings.

2. **In what way can e-commerce strengthen customer relationships?**

This question has been posed to understand what role e-commerce have played in building relationships according to the interviewees. The answers have again varied depending on what brand was in focus. A theoretical framework on customer relationships was studied and a comparison has been made to identify similarities and differences in reasonings.

3. **How do companies integrate e-commerce with their physical stores?**

This question has been formulated to sum up what elements companies used in the integration, thus the answers to this question have perhaps been more practical than the previous two.

1.4 Purpose

On the basis of our problem background and research questions the purpose of this thesis was developed:

To explore how companies manage their e-commerce in relation to their physical stores in order to strengthen the brand and customer relationships.

1.5 Conceptual Framework

To facilitate the empirical data collection and to help structure the thesis results we developed a conceptual framework. The concepts and key areas have been chosen for this study because they are relevant in the emergence of e-commerce in retail.

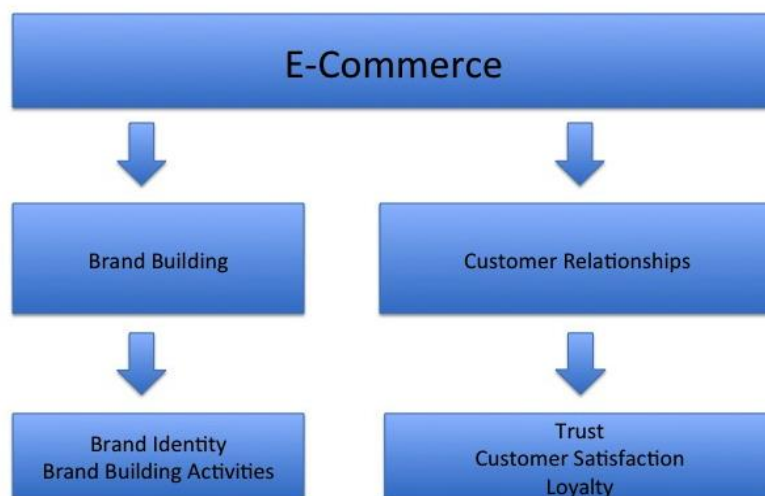


Figure 1.1: Main concepts related to e-commerce.

1.6 Relevance

The thesis is relevant in the following aspects:

- The study is based on interviews with five large companies whom all contributed with a unique discussion about e-commerce, customer data, brand building and customer relationships
- The combination of e-commerce and physical stores has not been studied in a brand building and customer relationship context before

1.7 Limitations

The thesis was limited on several levels due a bound time frame of ten weeks.

Perspective

The development of e-commerce has been investigated from a *company* perspective only. The company perspective is important, as there is a big knowledge gap and uncertainties among companies today on how to manage the ongoing transition towards e-commerce in order to stay competitive on the market.

The Industry

The retail industry is the industry area that has been studied, more specifically the sale of clothing. According to Postnord this was the second most profitable area within e-commerce after home electronics in Sweden 2014. Combined with a personal interest in clothing and lastly the possibilities for potential company contacts in retail it was the natural choice for this thesis. Due to valuable contacts, the scope was during the process expanded to also include sports apparel and home interior (See figure 4.1). The main focus, however, has remained on apparel throughout the study. Any potential problems or interesting aspects arisen because of the sample of companies is discussed in chapter 4 and 5 of the thesis.

Company Sample Criteria

Another limitation was made in the sample of companies to investigate and interview. The companies that participated in the study all fulfilled certain criteria that are listed below. This was done to make sure all companies were comparable and at similar stages in the development. The companies were thus representative for the retail

industry. Despite the fact that American retail companies have gotten much further in the development of e-commerce, only companies active in the Swedish retail industry have been investigated due to practical reasons.

The companies investigated met the following criteria:

1. Initially had physical stores only, but have added e-commerce as a second sales platform. i.e. no pure web shops.
2. Have had a well-functioning web shop for at least 1 year:
The interviewee would then have had time to draw conclusions and gain experiences from the e-commerce launch
3. Have 3 or more physical stores in Sweden at the moment:
Bigger companies in general have resources enough to have their own e-commerce manager with a main focus on the subject, and therefore also a great understanding of the issue.

1.8 Disposition

Chapter 1 contains an introduction to the subject including a background, problem discussion, research questions, purpose, conceptual framework, relevance and limitations for the study.

Chapter 2 includes the **theoretical framework**. It consists of concepts central and relevant in the ongoing emergence of e-commerce. Recent studies relevant to the subject are also presented in this chapter.

Chapter 3 contains the **methodology**. The chosen research strategy and a presentation of how the data was collected is included. The chapter ends by presenting the data analysis method along with a discussion regarding the thesis' quality criteria.

Chapter 4 contains the **results** from the interviews. Furthermore an **analysis** in comparison to the conceptual framework is presented after each section of results.

Chapter 5 contains the main **conclusions**. This chapter also includes the study's limitations as well as recommendations and suggestions for further research.

2. Theoretical Framework

In this chapter the theoretical framework is presented. It serves as a foundation for analysis of the empirical data collection. It consists of concepts that are central and relevant in the ongoing development of e-commerce. Recent studies relevant to the subject are also presented in this chapter.

2.1 Brand Building

The theoretical framework on brand building consists of both the brand identity and how companies communicate their identity to their customers.

2.1.1 Brand Identity

A company's brand identity represents the base of the relationship that customers have with the brand. The identity also serves as a foundational starting point from where all brand building activities and investments are derived. The identity must be clear and explicit, have depth, structure and consistency in order to generate clear and believable communication material. In this way customers will not be confused. The more obvious a company's core identity is, the better internal guidance the company receives in the formation of new marketing ideas and decision making, regarding for example the selection of media (Mårtenson, 2008).

According to Mårtenson a brand and a company is successful if it is:

1. Unique; which means it is differentiated enough to motivate the customer to choose this brand rather than another.
2. Authentic; the brand is acting in line with their own core values
3. Transparent; the company is reliable and see-through
4. Consistent; the customers are receiving coherent messages from all company contacts

Mårtenson further describes a company with a good reputation with these qualities mentioned above but adds the importance of visibility (5). When companies use these

traits in a proper manner in the communication, the customers experience a certain reliability with the brand.

In contrast to brand identity, the brand *image* is how consumers actually perceive the brand. This includes what types of associations it is linked with and how beneficial, strong and unique these associations are. To get customers to purchase a product the brand associations must be related to the target group's purchase motives (Mårtenson, 2008). Companies and brands must also always consider the customer usability. The products need to fulfill a given purpose, and customers are attracted to brands that help them reach their goals. According to Mårtenson (2008) the customer's image of a certain brand is very subjective and will not always be grounded in verifiable information. However she states that any discovered deviation from the desirable identity must be investigated and analyzed by the company.

2.1.2 Brand Building Activities

A solid and successful brand platform is useless if a company is unable to communicate their identity to the market. Companies sometimes underestimate the significance of being visible and present on the market (Mårtenson, 2008). A visible brand is often associated with leadership, success, quality, comfort and energy. Wherever and whenever the company is visible in any context the presence should always build or strengthen the brand identity.

Every communication activity should therefore mirror the very core of the company. It should also naturally be linked to what the company actually can offer. There are several categories that Mårtenson mentions as brand building activities that are not adequate for this research. The selected categories listed below are relevant for our study.

The People in the Organization

The employees and their knowledge about brand values play a significant role in communication and in building customer relationships. If the employees can understand the meaning of the brand they can also translate that into a visible behavior, which is often what customers base their impressions of a company on. If they can think, speak and act in a way that creates a positive customer experience, the company can reach whatever goal they might have set regarding brand image. They can also work as brand ambassadors, according to Mårtenson (2008).

Digital Marketing

Baines and Fill (2014) are mentioning the importance of using digital tools when marketing your brand online. They define digital marketing as: “Management and execution of marketing using specifically digital electronic technologies and channels to reach markets in a timely, relevant, personal, interactive, and cost-effective manner” (Baines & Fill 2014, 607).

As a communication channel digital marketing is becoming increasingly important for companies. It has emerged alongside with the digital media technologies and digital media environments. It is interdependent of other marketing principles, traditional communication channels and distribution channels. For digital marketing to work effectively it needs to be integrated with both communication and channel distribution plans. This is because the digital environment is a channel where people tend to behave differently. Along with digitalization there are a lot of new things for companies to consider. Digital media for example enables communication between customers without companies being able to control it. Digital marketing is a wide concept including activities such as Internet advertising, direct e-mail and social media marketing (Baines & Fill, 2014).

2.2 Customer Relationships

Ever since the paradigm shift in the 1970's both researchers and practitioners have discussed the so-called relationship marketing, which means striving to build a relationship between the consumer and the businesses (Holmberg, 2015). To build a successful relationship one can look at several concepts or perhaps attributes that make up the relationship foundation.

According to Evans et al (2008) some of the foundational concepts include satisfaction, trust, commitment, reciprocal goals and teamwork. Trust is seen as the most basic and significant quality in a relationship, it is ultimately what holds the relationships together and the reason for its existence. In connection to the concept of trust researchers often also discuss customer satisfaction and loyalty, which is why these also have been examined in the following section.

2.2.1 Trust

Mårtenson (2008) claims that the amount of company scandals in recent years has contributed to the situation being that more customers are critical to the business

environment in general. In the mean time it is becoming more difficult for companies to differentiate their products in a saturated market, and more difficult to reach out to the customers through the constant noise of messages from different brands.

Therefore, companies need to work hard on being perceived as believable and trustworthy affiliates.

According to Canadian political scientist Russel, trust is based on a common interest to maintain a reciprocal and favorable relationship. This collaboration is based on different social relationships where both parties are dependent on one another. If one person deceitfully acts without consideration of the other it can result in a termination of the relationship. If the tie between the consumer and the company is very strong, chances are smaller that the relationship will be terminated. A strong brand is helpful in building a long-term customer relationship, which is why companies often feel comfortable investing in brand building. This type of relationship also naturally works better if there is a reciprocal dependence between the two (Mårtenson, 2009).

Building trust seems simple in theory, but it is more difficult in practice. Susan Fournier (1998) enlightens this issue. She mentions that a common mistake is to forget that there are two parties in a social relationship. Companies nowadays send out offers without considering the demand from the customer. The companies are asking for friendship, loyalty and respect, and they often lose trust when they fail to perform on these areas. It is crucial to view the customers as friends or allies and not send out mass advertisement, but to send relevant offers adjusted to each customer (Fournier, 1998). Söderlund is also pointing to the imbalance in the relationship, as it is often the case that the supplier is the one benefiting from the relationship. Critics are searching for a perspective, which to a greater extent originates from the customer's idea of what a good relationship is (Söderlund, 2001).

2.2.2 Customer Satisfaction

Söderlund (2001) claims that satisfaction is the most popular explanation behind customer loyalty and solid relationships. However, looking closer at the correlation between loyalty and customer satisfaction it is clear that it is far more complicated than that. There are other factors that affect customer loyalty. According to a comprehensive research project the fact was established that those who claimed to be

“very satisfied” with a purchase were more loyal than those who were simply “satisfied”. Only satisfying the customer is accordingly not enough, customers somehow need to become “delighted” as well.

There are moreover several types of satisfaction and several types of measurements. There are even several degrees of satisfaction, and individual differences in how satisfied a customer gets in different contexts. Geyskens & Steenkamp (Evans et al, 2008) divide satisfaction into two different categories: economic and social satisfaction. The two types do not correlate according to Geyskens & Steenkamp, just like satisfaction and loyalty. There are thus different types of satisfaction that can lead to loyalty. There are satisfied customers whom are not loyal and there are dissatisfied customers whom are loyal, due to lack of other options (Söderlund, 2001).

2.2.3 Loyalty

Companies today are much aware of the benefits of having a loyal customer base. The main argument for investments in increased customer loyalty is because it increases the company profitability (Söderlund, 2000). In addition it is normally more expensive for a company to recruit a new customer compared to maintaining an established customer. Increased loyalty also creates entry barriers for newcomers in the industry, serves as a base for price premium and protects the company in price wars (Mårtenson, 2009). That is why more and more companies engage in relationship related activities, for example so-called loyalty programs (Evans et al, 2008).

Loyalty is described as an individual’s will-based relation to a certain object over time and can be looked at through different worlds. Firstly there is a physical world where one looks at the individual’s observable behavior to the object; secondly there is a mental world where one looked at the individual’s attitudes and intentions towards the object (Söderlund, 2001).

To find out if a customer is loyal towards a company or a brand one must look at both customer behavior and customer attitude. Common measurements are for example how long he or she has been a customer, how frequent he or she shops or how big the share of the customer’s total expenses within a certain category is allocated to one specific brand (Söderlund, 2001). It is easier to measure the customer’s loyalty behavior since it is based on actual data and purchase transactions. It is more difficult

to measure loyalty in the mental world, namely attitudes. To measure attitudes one must examine customer intentions (if it is likely that they purchase the object), the attitude towards the object and customer preferences. Additional aspects could be effort, commitment and identification (Söderlund, 2001).

Marketers often want to create a combined form of the two different aspects of loyalty. With this said, they aim to build loyalty where the customer prefers one brand rather than another, and therefore also purchases that brand more regularly than the other. There are several types of behavior that can destroy or weaken a customer's loyalty towards a brand. Therefore it is essential for companies to nurture the relationships with their existing customers to stay competitive (Evans et al, 2008)

According to Söderlund (2001) there are two main categories of factors that drive loyalty:

- Firstly there are the factors that are related to the customer's wish to continue the relationship through satisfying the customer's need.
- Secondly there are factors regarding the customer's limitation to the supplier of choice due to, for instance geographic distances.

2.3 Recent Studies

The rapid emergence of e-commerce in the past decade has generated plenty of research on the subject.

2.3.1 Relevance versus Spookiness

According to recent studies in marketing and on the emergence of e-commerce in the digitalization era, the use of customer data is central. Pearson (2012) mentions that there is no shortage of data among companies today. The challenge is rather how to use the data in an adequate way to become relevant in offers and hopefully increase loyalty. At the same time there is a risk of companies being perceived as "spooky" if the customer feels supervised instead. This is a big issue for companies nowadays; they are striving to be personally relevant without violating customer privacy.

2.3.2 Omnichannel

“As the line between online and physical channels is blurred, a new approach to channel integration is emerging - the omnichannel, which aims to deliver a seamless customer experience regardless of the channel.”
(Piotrowicz et al 2014, 1)

The importance of managing multiple communication channels are discussed in *Cross Channel integration - is it valued by the customers?* (Schramm-Klein et al., 2011). The focus for companies today is to integrate the different channels so they work together rather than for themselves. A survey is presented in the article showing that linkages between the organizations' different retail channels result in an increased customer loyalty. The study consequently verifies the importance of having a well-integrated business as well as the importance of being perceived as seamless by the customer.

3. Methodology

This chapter contains the methodology. Initially the chosen research strategy and the data collection are presented. A presentation of the data analysis method is also included along with a discussion regarding the thesis' quality criteria.

3.1 Research Strategy

An abductive approach has been used in this thesis. The theoretical framework was developed prior to the empirical data collection. However after that the process involved a certain back-and-forth engagement, which is what separates this method from a deductive approach according to Bryman & Bell (2015). For example we as authors have explored in what way experts within e-commerce look at for example customer relationships. When new interesting topics arose from the interviews, new appropriate theory was studied to explain the empirical data. This method is called puzzling and is suggested by Bryman & Bell (2015).

An interpretive perspective has been taken in the study as this perspective is concerned with the understanding of human behavior rather than the explanation behind it (Bryman & Bell, 2015). The social reality has been explained in the way the participants in our study have described it (Bryman & Bell, 2013).

3.2 The Data Collection

In preparation for the thesis a meeting was held with the consultant firm Trinovo Consulting. We met with two experts who work within this area on a daily basis, especially with customer relationship management via for example loyalty programs and campaigns. The consultants operate in several different industries meaning their area of expertise is quite extensive. The two consultants are used to illuminating challenges and trends impacting customer relationship and loyalty management in the retail industry. The purpose of the meeting in general was to receive guidance towards relevant and interesting problem areas in a digitalized retail environment. Meeting Trinovo Consulting was therefore valuable in the process of shaping the interview guide. The consultants also contributed with adequate business terminology.

Once each company had confirmed that they wanted to participate in the interview, research observations were done in order to be able to carry out interesting and rich discussions with the interviewee. This method can be useful in situations where reality can differ from the way it is described by the interviewee. This is especially important in this thesis since the interviewee will be biased by the company culture or his or her own conviction when describing their business (Pripp & Öhlander, 2011). To the extent it was possible we strived to experience the reality that the experts were describing in the interviews. This also made the interview more qualitative as the researchers were involved in the company's situation beforehand. Store visits and dummy purchases were done on each website and conducted through following a pre-designed template to be able to gather all impressions in a structured manner (See appendix 3). After this preparation stage primary and secondary data was collected.

3.2.1 Primary Data

A qualitative method was used for the empirical collection of data for this thesis. The empirical data was collected through five different qualitative interviews. This method enables a deeper understanding of how people think and reason. The goal has been to obtain a rich foundation of material from the interviewee, which is why this method suits this thesis well. Several semi-structured open interviews were conducted, based on a few themes and keywords (See appendix 1). In this way room was made for new knowledge and new reasoning from our five respondents (Fägerborg, 2011).

The themes and keywords were summarized in a short interview guide that was sent to each of the interviewee in advance. According to Fägerborg (2011) that gives the interviewee time to get involved in the subject area and give them some time for reflection and possibly new angles of incidence. In the beginning of each meeting the respondents were informed about the purpose of the thesis and how the collected material was going to be used. They were also ensured that neither their personal nor the company name was going to be disclosed in any way, all in line with the ethical guidelines (Pripp 2011). The selected companies were therefore given nicknames in order to maintain their censorship. The names were slightly exaggerated (based on their main business areas) to differentiate the companies from each other throughout the thesis.

3.2.2 Secondary Data

We have worked closely with marketing course literature to get a basic understanding on what concepts was relevant within the e-commerce area. Further on several peer reviewed articles from marketing journals through the university library website have been read. Both articles regarding basic concepts of brand building and customer relationships as well as more recent studies on e-commerce specifically have been studied. In the introduction of the thesis articles from Dagens Industri are quoted. In some cases Postnord sponsored those articles, which is a communication and logistics firm. They have access to a lot of statistics through their business but one has to bear in mind that the information perhaps not has been verified by a third party. Using these types of articles did however bring certain timeliness to the introduction and to the thesis' scope, showing that the topic is vastly debated and fast moving.

3.3 The Data Analysis

A thematic method was used to analyze the data collection, as suggested by Öhlander (2011). In practice, a color-coding method helped structuring and identifying important themes and recurring issues in the empirical data. Thereafter the collected data was looked at through the eyes of the theoretical framework. An investigation of what concepts and fundamental ideas that was prominent, recurrent and in the center of attention has thereby been done.

This method has consequently entailed a certain selection of topics. The study could therefore have been written from a different perspective with the same empirical data through choosing other thematic words.

Translations

The interviews were held in Swedish and when quotes from interviews were used sentences were adjusted in order to reflect what the respondent meant. In some cases the transcription did not mirror the point that the interviewee wanted to make which is why some quotes have been enhanced. It has also been some changes of words and grammar in the quoting in order to be idiomatic correct.

Concepts

In the thesis the concepts physical stores and traditional stores have been alternated for variation but the meaning remains the same.

In this study the interviewee was asked about how to gain *loyalty*, but the answers might have been the same if the word *satisfaction* was used instead. There is a blurred line between these concepts, especially when taking the interviewees' daily marketing practices into account.

Looking back it would perhaps have been interesting to look at each interviewee's view on these concepts in relation to each other.

Even though the concept of trust not was discussed very thoroughly in the interviews, it was kept as a part of the scope as it is seen as very relevant in theory. The absence of this concept in practice is equally interesting, which is it was kept and instead discussed in chapter 4 and 5.

3.4 Quality Criteria in Business Research

The three most prominent criteria for evaluating business research are reliability, replication, and validity (Bryman & Bell, 2015). However, researchers have found that other criteria are more appropriate for evaluating a qualitative study like this thesis, according to Bryman & Bell (2015). For example one can measure the trustworthiness of a study. Trustworthiness consists of four components:

3.4.1 Credibility

The credibility evaluates how believable the findings are. This includes both ensuring that research is carried out according to good practice and also submitting the findings to the members who were studied to confirm that the researcher has correctly understood the social world they strived to explain. All five interviews were recorded and the transcriptions were sent to each interviewee for approval.

3.4.2 Transferability

The transferability criterion investigates if the findings apply to other contexts. In qualitative studies researchers are encouraged to fulfill this criterion. On one hand, this thesis is unique, since it is focusing specifically on the retail industry in Sweden. On another hand, it could be representative in other contexts as for other countries and industries.

3.4.3 Dependability

The dependability criterion involves taking an “auditing” approach, which means that it is desirable to have other people review the work during the process. This has been done through continuing contact with a tutor from the university.

3.4.4 Confirmability

Confirmability is concerned with ensuring that the researchers have acted in good faith. The ambition of this study was to not let our personal values interfere with the conduct of the research and the findings derived from it.

4. Results and Analysis

This chapter contains the results from the empirical data collection. Each section of results is followed by analysis, comparing the findings to the theoretical framework.

Company Nickname	Years with E-commerce	Retail Business Area	Franchise or Wholesaler	Position of the Interviewee
The Sports Giant	5 years	Sports equipment/ apparel, casual wear	Chain of franchise stores	CCO
The Athletic Brand	3 years	Sports apparel/shoes, casual wear	Wholesale with concept stores	E-commerce Manager
The Lifestyle Brand	5 years	Fashion, home interior	Wholesale with concept stores	E-commerce Manager
The Outdoors Brand	6 years	Outdoor apparel, casual wear	Wholesale with concept stores	E-commerce Operations Manager & CRM Manager
The Fashion Retailer	1 year	Fashion, casual wear	Wholesale with concept stores	E-commerce Manager

Figure 4.1: Overview of the company qualities relevant in this study

4.1 Brand Values

All companies used three core values that were quoted at the top of their minds in the interviews. These were values that guided the employees in their daily work; values that they wanted to permeate all parts of their businesses. These were lastly values that they aimed to communicate out to customers in their marketing. In all five different discussions about brand values it was clear that the far most dominant criterion for brand communication was *consistency*. All companies wanted to communicate the same brand values regardless of what channel they used regarding everything from how the store looked or how the personnel behaved, to what they posted on Instagram. From the interviews it was also clear that this was one of the biggest challenges for larger organizations, considering they have different people and even departments working with marketing activities, e-commerce and store personnel training. All five companies expressed that this was a complicated area and something they were working on.

However it turned out that sometimes the companies had a different set of values internally than those that they communicated externally to customers and partners. The Athletic Brand had three values with the purpose of motivating employees, and another set of three to inspire customers.

The Outdoors Brand explained that their values were communicated indirectly, but what were explicitly communicated were values more related to products and product collections. The respondent from the Pure Fashion Retailer further mentioned the development of own personal values in order to be structural on a daily basis and to be more inspired in an environment that tended to get very technological.

The Lifestyle Brand spoke about consistency but also the importance of authenticity:

“We strive to be authentic in everything we do. It is mirrored in how we create our quality products to how we communicate. It should be mirrored in everything we do and in the service we give to our customers. It is very important for us to maintain a high level of service, both in store and online. We should always communicate the same values, despite channel of communication.”

4.2 Brand Values from a Customer Perspective

Three of the five companies we interviewed told us that they had carried out surveys in order to better understand how their customers perceive them as a brand. The results were disappointing for one brand, uplifting for another, and mixed for the third brand.

The first company with non-synchronized results had a lot to work on both internally in the organization, and externally in the communication with their customers. They had done extensive structural work in order to be perceived the way they want to be perceived, according to the interviewee. The second company with satisfying results added that having such a synchronized brand identity and image was a great comfort for the company. The key they believed was to have an ongoing dialogue with the customer. The third company with mixed results stated that they did have a good idea of what customers thought of them and these were well in line with the brand values. However, they experienced more difficulties with their self-image and identity abroad mainly due to that the brand awareness was much lower in countries outside of Sweden.

One of the interviewees explained that the customer does not always know the brand values, or why they like the brand, they simply just like it. They have their own idea of what the brand stands for and they just like it. They are, as The Lifestyle Brand expressed, “fans”.

4.2.1 Analyzing the Use of Brand Values

Mårtenson (2008) suggests that a company’s core values should ultimately be where all company activities originate. The values make up the company identity, which should be clear and explicit, have depth, structure and consistency to be able to communicate believable material. Well in line with this, all five companies had a clear image of what they wanted to communicate, and in all cases they had three very general values as guidelines. As suggested by Mårtenson, the more explicit guideline the better foundation for marketing strategies and brand building activities.

In all five different discussions about brand values it was clear that the far most dominant criterion in communication the brand was **consistency**. All companies wanted to communicate the same brand values regardless of what channel of communication they used. However, it was stated by The Fashion Retailer that the

values could sometimes be hard to relate to for the employees, so when working with e-commerce it was beneficial to develop your own values as well. The Athletic Brand separated the internal and external values, perhaps in order to make the values more relevant to each party. Further on The Outdoors Brand had different values that they communicate out to their customers, than what they followed internally in the organization, which contradicts Mårtenson's reasonings. They had a more product related approach in their communication. A deviation from the core values will according to theory confuse customers. However, we believe that this is necessary to motivate the employees' daily work and to be able to present products in a more explicit way in order to sell. Consequently, being consistent internally and externally does not seem to be a priority in practice, it seemed more important to be clear towards and to motivate each party.

The consistency criterion relates to that of **authenticity**, which means acting in line with your own core values. The Lifestyle Brand thought this very criterion was the most important one in shaping their identity, agreeing with Mårtenson's ideas.

Interestingly none of the companies' core values were particularly unique or differentiated, which was another one of Mårtenson's criteria. However we got the impression that the focus is more on how **unique** the means of communication are, not the identity itself. The Outdoors Brand for example used ambassadors performing different types of suitable sports in their communication. These unique ambassadors and activities aimed to add value to the brand.

Considering the retail industry have suffered from bad publicity regarding production and suppliers' working conditions in recent years, we as authors were surprised that the companies did not mention the importance of **transparency** in the discussion about identity and image. This might be due to the position of the interviewee, as we spoke to e-commerce focused employees only. The answers might have been slightly different if we spoke to the CEO or to the CSR manager or to the production manager.

Lastly, being **visible** was not mentioned in the brand discussions at all, perhaps because it is valued as a hygiene factor nowadays. Thus visibility is perhaps only discussed when it is lacking. In order to exist at all today, a company needs to be **present** and active where the customer is. Mårtenson states that companies often underestimate visibility, but we do not suspect that being the case for the companies

in this study. The large amount of ongoing communication activities and the investments made in e-commerce lately can both be seen as a proof of that.

4.3 Brand Communication

There are different activities that companies use to communicate their brand. The following activities were frequently mentioned throughout the interviews.

4.3.1 The Website

Reading from the interviews the renovation of the website in connection to the e-commerce launch had strong brand building effects. It is simply expected from the customer, and it would be embarrassing not to have e-commerce if you are engaged in retail, The Pure Fashion Retailer stated. If you do not join the e-commerce trend you will fall behind immediately, The Outdoors Brand continued.

The Lifestyle Brand pointed to the opportunity to showcase their brand through giving more of themselves and their products, to teach the customer about their brand's history and to inspire. Another part of the brand building aspect was to be able to show all of the products that the companies sell. The Pure Fashion Retailer uses both image-building footage for inspiration and more campaign-associated material to properly present the products. They also had an idea for the future to showcase and sell a few items online that do not exist in the stores. This would create a premium feeling about the brand in the web shop.

The Sports Giant was of a different opinion and instead pointed to other purposes with the e-commerce launch. These purposes were to be informative, to sell more products and to drive people to the physical stores.

The Athletic Brand lastly mentioned that the website says a lot about the brand. For example if the website is messy and the customer has difficulties in localizing themselves it does not make a very good impression of the brand. In line with this vision the same brand took over ownership of how their brand was presented on their franchise's webpage, with the intention of becoming one coherent brand.

Digital Ambitions

It is clear through the interviews that the overall digital marketing ambitions for the

future were high. The Lifestyle Brand especially expressed a goal to become stronger in the digital area of marketing.

The Athletic Brand mentioned the endless opportunities of digital marketing in and outside of the physical stores. With the help of customer data they had a vision that there will be led boards adjusted to whoever walked by at that time, or what customer segment was most likely to visit the store at a certain time. This opportunity of constantly changing advertising material would be effective as it would be easier to synchronize in store and across stores. It would also make it easier to update the messages that would follow a red thread and thereby stay vital. It would however be extremely costly. And while it would be easier to synchronize messages technically, The Athletic Brand stress the importance of managing to remaining consistent and send out one coherent message at the same time in all channels in all markets over the world.

Social media is also becoming more significant in brand building. The Outdoors Brand believed social media was as important as any of their paid communication channels. This was where they showcase their brand ambassadors, activities, what they do and what they stand for as a company. They also pointed out that it was important with a qualitative website to be able to confidently link posts in social media to the brand website.

4.3.2 Physical Store and Store Personnel

Despite the importance of communicating with the customer online, all five retailers believed in the persisting importance of physical stores for the initial brand awareness, brand building and as a channel of communication. The physical store will further on play an important role in expansions abroad since it is almost impossible to drive traffic to a web shop if the customer does not know that the brand exists in the first place, The Outdoors Brand explained. They agreed on the fact that stores are great shop windows and pointed out that people will always have the need to touch and feel the items they intend to buy. However, the role of the physical store will likely switch towards becoming more of a showroom but perhaps with less visits. All companies talked about store visits in terms of customer experience. The Sports Giant for example pointed to the competitive environment due to the emergence of e-

commerce, and thereby an increasing pressure on service in the existing physical stores.

“The number of people shopping online is constantly increasing. Stores that earlier wanted to maximize profits, cram in and sell as many items as possible now more are leaning towards becoming showrooms.” - The Athletic Brand

Bringing the Digital World into the Store

Based on the interviews we predict that in the future e-commerce will be a part of sales even in the physical store. The idea of teaching new store employees about the online store came up, as the online store has a much wider assortment of products. Two of the companies spoke about installing several digital and portable devices to give the customer access to the online store directly from the physical store.

As a consequence of the increasing accessibility the competition has intensified proportionally. The increased competition has resulted in a stronger pressure on the physical stores and their personnel, as they need to truly enhance their competitive advantage over the online shops:

“There was no competition before. The staff in retail stores could be pricks, but you would buy your new shoes there anyways because you did not have any other place to go. It does not work that way today. You need to give perfect expertise regardless of channel because otherwise the customer will choose another store.” - The Athletic Brand

The Pure Fashion Retailer wanted their personnel to be highly committed to their work. It was seen as unthinkable to keep an employee who would rather be somewhere else. According to them the store personnel has a difficult and extremely important job. “They are essentially enlightening the brand and serving as ambassadors.” The Pure Fashion Retailer believed that it was important not let the digital revolution take over the human tasks and invest less in personnel training, but instead to teach the personnel how to integrate the technological advances in their daily work. Another goal The Lifestyle Brand had set for their employees was to

ultimately give the customer a great experience through offering that extra something, for example a cup of coffee while shopping.

4.3.3 Analyzing Brand Communication

The discussions involved a lot about being where the customer is, which nowadays is less in physical stores and more online, and to use this relatively new change in customer behavior and present your brand in relevant channels. The combined website and e-commerce shop that way works as yet another platform to market your brand and show people who you are. The integration of individual channels is described in *Cross Channel Integration* and is an important factor influencing customer behavior. “The integration has a positive impact on customer loyalty, moderated by positive effects on retailer’s image and customer’s trust” according to Schramm-Klein et al. (2011, 509).

From a wider marketing perspective, digitalization has had a huge impact on companies’ brand awareness. Companies have the possibility of presenting their full selection online and spread brand values to digitally connected people. According to Evans et al. (2009) people have less time today due to longer workdays resulting in customers going online. As the traffic increase, The Athletic Brand believes that the website’s role is crucial for the brands expansion.

Further on, the store personnel according to the interviewees played a significant role in brand building, despite the emergence of e-commerce. The store personnel also served as ambassadors for the brand, according to The Pure Fashion Retailer. All companies believed that the employees had an important job in service and thereby also brand communication. The empirical data were thus well in line with the theory in this area suggested by Sonia San Martin Guitérrez (2005) about the store employees’ influence on the customer’s store experience. With the emergence of e-commerce there will be an increasing pressure on store personnel to be able to offer personal service while simultaneously integrating the online assortment in-store.

4.4 Customer Relationships

The interviews with the five companies gave an insight in how they strive to maintain and evolve the relationships with their customers. All five interviewees spoke about the importance of having a two-way communication with the customer in order to be able to satisfy the customer’s need.

4.4.1 Gaining Trust

The way to earn the customer's trust varied depending on what brand was in focus. According to The Lifestyle Brand, the authenticity of the brand was important when talking about trust as it brings a certain comfort to the customers. The Sports Giant was speaking of trust in terms of knowledge. By offering good service they want to help the customer so that they feel that they have made a good deal. The Pure Fashion Retailer additionally concludes that if you manage to gain a customer's trust, they will also forgive you if something goes wrong in the process.

4.4.2 Satisfying the Customer

The Sports Giant mentioned that being satisfied was a consequence of the knowledge of the employees and a good store visit experience in general. If a company managed to achieve that repeatedly there was a good chance of earning a loyal customer. To quote The Athletic Brand: "And that is ultimately what it is all about, that the customer completes his or her purchase and walks out of the store satisfied."

4.4.3 Building Loyalty

When specifically speaking to the interviewees about loyalty, there was a lot to be said. According to the companies in the research there are a number of things that drive loyalty:

The Athletic Brand mentioned the **importance of the brand** for loyalty online and in-store.

"I would say that it is the strength of the brand that drives loyalty.

If you are trustworthy, people want to be associated to your brand.

You have activities going that people want to be a part of. "

All of the companies in the research mentioned that **service** was the key reason to keep customers loyal to the physical store. "If you are receiving excellent service repeatedly then that is a reason for you to be loyal" said The Sports Giant. The Outdoors Brand also mentioned the importance of service online: "It does not matter in which channel, service is 100% focus. It is the main tool that we work with today. Service is everything!"

Another factor that drove loyalty according to The Sport Giant was in-depth **knowledge**.

“We are experts in the areas we work in. We want to be a part of the whole process and contribute with knowledge to our customers. We want to know what is important for the customer and then come up with relevant suggestions.”

The Pure Fashion Retailer, The Lifestyle Brand and The Sports Giant all mentioned the importance of giving the customer an **experience** as a leading factor driving loyalty. People need something more than ordinary service in order to be a loyal customer. “We are offering coffee in-store, and have events in-store and online from time to time in order to make our customers feel special.” The Lifestyle Brand explained.

“We believe that the experience is equally important online as in-store. The interaction with the customer is limited, and therefore it is very important for us to make the procedure as delicate and smooth as possibly. We are wrapping all our e-orders in silk paper to make the customer feel special.” - The Pure Fashion Retailer

Further on a high level of **accessibility** was important:

“People have less time nowadays and do not have time to run around searching for items in-store. Therefore it is very import to have a high level of accessibility to serve the customers and thereby make them loyal. They need to be able to connect with your brand regardless of where in the world they are located.” - The Outdoors Brand

4.4.4 The Importance of Relevance

The companies all discussed and agreed on the challenge in matching a relevant offer to the customer with collected customer data. The study showed among all the five companies that relevance in campaign communication with the customer, regardless of channel, was the key factor for a loyal relationship. All companies in the study wanted to use the gathered data to be able to treat the customer with services

appropriate for the customer's need. It is important, according to all five companies to handle the customer data carefully in order to not be regarded as an annoying company. The customer should feel that all the communication from the company gives them some sort of information that fits their own personal needs.

4.4.4.1 Analyzing the Loyalty Concept

According to Söderlund (2001) companies either earn loyalty through satisfaction or through limitation of supplier. There were several ways to achieve loyalty through satisfaction:

Especially The Athletic Brand believed that it was the **strength of the brand** that mainly drives loyalty. The brand worked a lot with engaging their customers in activities in which people want to be a part of. They also had a clear ambassador strategy, which created a certain dynamic around the brand as well. Lastly they spoke about the use of data to be able to bring value to the customer even long after the purchase. This type of reasoning suggests that The Athletic Brand wants to create a strong brand in order to maintain a long-term relationship with their customers, which is well in line with what Mårtenson (2008) says about customer relationships. The Athletic Brand moreover is trying to create reciprocal dependence between them and the customer through connecting products to each other, like the running device with the running shoe. The customer is dependent on the synergies between the main products and the associated products, and the company is dependent on the customer's loyalty to the products and the customer data that is collected. The switching costs for the customer might increase, however the relationship will hopefully entail added value for the customer, looking back at what the sports related brand said about staying in contact after a purchase and contribute with knowledge afterwards. Perhaps this tactic is only applicable in the sports industry (or products where electronics are involved), but we would suggest that the apparel industry should strive for a similar dependence that suits their brand and assortments. Achieving a reciprocal dependence between the two parties would be a very valuable long-term benefit, for both the company and the customer.

The Outdoors Brand said in the interview that **service** is everything, regardless of what channel the customer is using. In the article by Sonia San Martin Guitérrez (2005) the personal service plays an important part in the store experience, and from

the interviews we can tell that the companies are striving to achieve a similar service experience online. In general there was a greater emphasis on service in the interviews with the more sports related brands, perhaps due to that the type of products they sell require more knowledge like for example a running shoe. However it did seem to be important in all five businesses.

Being **relevant** and personal in communication with customers was according to the companies important to increase loyalty. The Lifestyle Brand mentioned that relevance, as in tailored offers for individual customers, mainly drives loyalty. The Sports Giant said in the interview that irrelevant mass offers to customers make the customer question the brand and thereby affect the brand negatively. This is well in line with Fournier's research on how the lack of relevance can ruin a brand's image. If on the other hand a company manages to be relevant they gain trust among the customers according to The Sports Giant. Being relevant is thus beneficial from a brand perspective, according to Fournier (1998).

However, nowadays when the opportunity of being relevant (with the proper use of customer data) is opening up, other challenges arise. The companies in our study were all in the start-up phase of synchronizing systems to be able to communicate on a personal level. On the contrary, like The Fashion Retailer mentioned, there is a possibility of being perceived as "spooky" if the customer feels supervised. Further on the relevance criterion has another downside. If recommendations and communication in general will be based on an individual's previous behavior – where is the inspiration? Regardless of the customer knowing or not knowing that the communication is being adjusted to him or her, they might perceive the brand as uninspiring and limiting after a while. Consequently, the relevance strategy will in a way limit the customer. So even with access to customer information one can wonder if it is worth the investment.

The importance of **accessibility** has emerged during the last years. The Outdoors Brand mentioned that it is of companies' best interest to be able to give the customer the opportunity to connect with the brand regardless of geographic position. Due to the development of e-commerce, Söderlund's (2001) second category of what drives loyalty appears invalid nowadays. This category explores loyalty when a customer is limited in certain ways, for example geographic distances. In an increasingly niche

market where almost everything is accessible online, customers in retail do not experience the same limitation, which is why this type of loyalty is not relevant anymore. Being able to reach more customers by showing the full selection online have even increased the number of store visits in countries outside of Sweden where the e-commerce shop is not even available yet, The Pure Fashion Retailer explained.

4.5 Customer Data and E-commerce

All of the five companies worked with data, in some way, that they have collected from different interactions with their customers. The Athletic Brand and The Outdoors Brand collected their data from both purchases and sign-ups in-store and online and from “cookies” online. All brands in the study mentioned that they have a big data base however The Sports Giant mentioned that they are lacking data in the form of e-mail addresses and cell-phone numbers but have a large amount of home addresses. There was consensus from all the companies that it is easier to handle data coming from the Internet. All of the companies in the study talked about challenges and opportunities in synchronizing the data from the different systems into one unit in order to be able to be as relevant as possible in their communication to the customer.

“We have a big challenge. We have quite a few different databases. We want to improve them and synchronize all of the different databases into one unit. I think we have all opportunities to get all the data in one place. Then we could really be relevant.”

- The Sports Giant

“There are a lot of things that we can do with the data that we receive from customers’ transactions. We can adjust the communication to the customer. But there is a thin line. It is spooky if you use the data too much.” -The Pure Fashion Retailer

The Athletic Brand and The Sports Giant want to use customer data to offer complementary products. Data from previous purchases will give them the opportunity to give advice about products that work great together with for example your previous purchased shoes. They want to enrich the experience of the product by keeping in contact with the customer and communicate knowledge about the product.

“In the future we want to be able to tell when you need to get a new pair of shoes, because we think you have run this much. That is where we want to be. To be able to contribute with knowledge during the lifetime of the product. We want to be able to add value with our knowledge. The only thing we really need to know is when you bought your shoes.” -The Sports Giant.

The Athletic Brand mentioned that they sell a device that can be attached to a running shoe to keep track of running habits. It is fairly expensive but once it is purchased it lasts for a long time, and the idea is that the customer is going to want to purchase running shoes from that same brand in the future as well.

4.5.1 Analyzing Customer Relationships and E-commerce

In theory there are a few basic concepts that will lead to a sustainable customer relationship. The most foundational concept is trust, according to Evans et al (2009). It is ultimately what holds the relationship together. Despite this fact trust was not particularly prominent throughout the interviews. The interview template (See appendix 2) did not cover trust explicitly but we as authors suspected that it would be of importance since it is discussed a lot in theory. We believed that gaining trust would be of importance in the development of e-commerce. Perhaps this concept is more complicated in other industries where the customers take a bigger risk for example cost or transport wise. It did not seem to be a issue for the five retailers. This could also be due to the ongoing explosion of e-commerce in Sweden and that it is nowadays seen as an accepted and trustworthy way of shopping.

The Sports Giant did however believe that trust could be gained if you managed to provide great product information and knowledge. The Pure Fashion Retailer added that the gain of trust from a customer also could bring a certain forgiveness that could be valuable from a company perspective. Mårtenson (2008) suggests that a strong relationship should be seen in a long-term perspective, which is what the Pure Fashion Retailer implied with this type of reasoning.

In the interviews the idea of customer satisfaction came up a few times. It was mentioned in the context of loyalty, and as a fundamental requirement for earning loyalty. The customer satisfaction did therefore not seem like a goal in itself, more of a step towards or a condition for loyalty.

4.6 Omnichannel

The companies in this research tended to come back to the importance of being perceived as one united brand regardless of channel of communication. This included the business model as well. Except for The Sports Giant, all four companies had a coherent business model online and in-store. The Sports Giant differed from the others in the research by not being an independent brand. They had about 100 stores in Sweden and the product selection differed from store to store depending on the location. Some brands or product categories in the selection might not have been requested in some areas. Their e-commerce had most of the selection, but the website's main purpose was to bring traffic to the stores. The price differed both between individual stores and between physical stores and the web shop. There were also some campaigns that they were running online but not in store, and the other way around.

In contrast, The Athletic Brand and The Lifestyle Brand were working in a different way when it comes to business model. Both were trying to have the same selection online as in-store but due to physical limitations in-store they had a wider selection online. They were working omnichannel, meaning all of the channels were integrated and it did not matter where the customer made the purchase. They have integrated their systems to allow the web customer to return a product in-store. Offers and prices were always the same for these brands regardless of what channel the customer was using.

Analyzing Omnichannel

The consistency criterion therefore seems hard to achieve or simply not desirable for The Sports Giant. This could be due to the fact that they are a chain of franchise stores without complete control of every part of the organization. Considering Pearsons (2012) findings, channel integration and a seamless company image is much appreciated by customers. The theory therefore supports the other four companies' work towards channel integration.

This seamless model naturally also needs to be communicated to the customer to generate effects. This is achieved as mentioned in section 4.3.2 through store personnel and the use of digital devices in-store.

5. Conclusion

In this chapter main conclusions are drawn. The chapter also includes the study's limitations and also recommendations and suggestions for further research.

The aim of this thesis was to explore how companies in retail manage their e-commerce in relation to their physical stores in order to strengthen the brand and the customer relationships. This was done through interviewing five larger companies whom rather recently have gone through the transition towards e-commerce. To conclude this study a brief summary is presented along with answers to the initial research questions.

5.1 Summary Brand Building

Summing up how the companies worked with their core values in marketing the key word that practitioners use is *seamlessness*. Seamlessness is closely related to the consistency and authenticity criteria mentioned in the theoretical framework. Thus, regardless of channel of communication the aim is to present the same image to the consumer and for that image to be well in line with the company identity. With the increasing amount of contact points between companies and customers through digitalization and the emergence of e-commerce - this criterion has become of utmost importance for retailers today. Moreover the visibility criterion is not mentioned by the companies, simply because it is seen as a hygiene factor nowadays. Companies simply have to be present where their customers are. When it comes to brand communication the Internet is becoming an increasingly important marketing and sales channel. However, the physical store and store personnel is simultaneously increasing in importance as well. Even though more purchases are made online, the store and the personnel will always play a significant role in brand building through service, store experience and the physical contact with the products.

5.2 Summary Customer Relationships

Through the emergence of e-commerce and the increasing access of customer data, companies try to improve their service, relevance and accessibility. They are trying to

explore these factors in order to create a long-term friendship with each customer. These factors constitute the foundation of creating loyal bonds to customers according to the companies. The challenge among the companies was matching a relevant offer with the customer. The use of customer data is a useful tool for most of the companies in creating and maintaining sustainable customer relationships. Being relevant in communication with the customer, regardless of channel, is the key factor for a loyal relationship.

5.3 Summary Omnichannel

The companies in this research tended to come back to the importance of being perceived as one united brand regardless of channel of communication. This also means that a coherent business model regarding prices and campaigns is desirable to be perceived as credible. They were working omnichannel, meaning all of the channels are integrated and it did not matter where the customer made the purchase, the purchase conditions are the same and the process smooth, or seamless, as mentioned in the brand building context. Existing omnichannel and being seamless is much appreciated by customers, according to a recent study. The theory therefore supports the companies' work towards channel integration. The seamless model naturally also needs to be communicated to the customer for example through store personnel and the use of digital devices in-store.

5.4 Research Questions

1. In what way can e-commerce strengthen the brand?

To strive for seamlessness in order to be perceived as one coherent credible brand is the utmost important criterion for companies in the transition today. The concept of visibility has changed and it is today more about being present. With increasing noise on the market it is important to be recognized regardless of where you meet the customer. E-commerce strengthens the brand since the website with increasing traffic and attention serves as an increasingly important point of contact with the customers and through the website they have the possibility to offer a great brand experience. Digital branding contributes thus through creating a stronger presence for companies both on the web and in the store. The retail companies in this study are currently focusing on being perceived as seamless, and have high digital marketing ambitions going forward.

2. In what way can e-commerce strengthen customer relationships?

First and foremost e-commerce strengthens customer relationships in forms of accessibility. E-commerce enables customers to connect with the brand regardless of time and place. Secondly, collecting data through the online transactions and tracking customer behavior on the company's own website makes it possible to get to know your customers better. Companies aim to use this customer data in order to provide relevant offers on an individual level and thereby be perceived as a credible brand and hopefully increase customer loyalty and strengthen customer relationships. The retail companies in this study still have a bit to go to successfully explore and make use out of the customer data.

3. How do companies integrate e-commerce with their physical stores?

There are two key factors behind a well-integrated e-commerce emergence. Firstly, the store personnel have an increasing responsibility to inform customers about the e-shop and its wide assortment. Through digital solutions store personnel will also provide customers with the opportunity to shop online for themselves when visiting a physical store. Secondly, the companies aim to have the same business model online and offline through equal pricing and campaigns. The selection however, is according to the companies, wider online due to physical limitations in-store. The retail companies in this study seem to still be in search for the right interplay between the store and web, but they have surely started exploring the synergies.

5.5 Limitations

This study suffers from a few limitations. One has to keep in mind that the selection of companies was based on who suited the selection criteria, but naturally also who was willing to participate. The results can therefore be misleading if the companies who agreed on participating are far behind or off in this area or the other way around, and therefore interested in discussing it. Perhaps companies who have well-established strategies already at this point rejected our interview inquiry simply because this is not an area of focus right now. The results would perhaps have been different in that case.

Furthermore the interviews were conducted with e-commerce managers only to make sure they were people with the proper knowledge and experience for the thesis purpose. This also means that they have very specific job tasks and are focused on e-commerce only on a daily basis. However if the CEO of respective company was interviewee, a broader view on how e-commerce actually affect the brand as a whole might have been presented.

5.6 Recommendations

This thesis will be of great use for all companies in Swedish retail industry. Even though this specific study has investigated apparel and sports industry, reasonings on brand building and customer relationships can most likely be applicable to other types of stores and business areas as well. Any business-to-consumer company who is currently considering extending sales and communication channels can obtain relevant knowledge from this thesis.

5.7 Suggestions Further Studies

This thesis generated several new ideas and perspectives for future research.

A Customer Perspective

Firstly the customer's perspective on e-commerce would be of great interest. In theory it is obvious that a customer perspective is lacking. What does e-commerce mean to the individual consumer? What does the consumer value in the purchasing process nowadays? How do e-commerce and the increasing digitalization affect the customer's view on the company and the brand? What is important for the customer in the emergence of e-commerce? What would make the customer more loyal? What makes a good relationship according to the customer? How to balance personalization with integrity?

Other Types of Retailers

Moreover it would be interesting to use different company sample criteria for a similar study. One could perhaps investigate retailers who exist online only, and look at their brand building and customer relationship strategies. One could also look at for example Bubbleroom who did the opposite of the companies investigated in this

thesis. They started out as an online store but have added on a physical showroom afterwards. What are the main differences in reasoning and strategies? How are they alike? Can the two approaches learn from each other?

Management Perspective

From the empirical data collection it was clear that the emergence of e-commerce affected other aspects of the companies as well. Firstly a study of e-commerce from a management perspective would be relevant as all companies described the journey they have gone through internally with the launch of their e-shop. One of the companies was still in the middle of the transition. The Sports Giant struggled a while after the launch of their web shop. They put e-commerce right on top of the organization, their Chief Communication Officer explained. The employees at the head office thought it was a burden and a lot of extra work and no one was particularly happy with the launch. The work was not done properly. Now things have changed and a more united strategy has been formulated to make e-commerce a part of the organization. The Lifestyle Brand was motivated at their launch, believing that this is where companies have to be today. As Sweden is one of their biggest markets for the brand, the Swedish web shop was the second one in line to be launched, but continued globally after that. The Outdoors Brand decided to launch their e-commerce in 2009, when everything in retail was about the Internet. They believed the timing was good, or perhaps a bit too late. One employee especially was of great importance in the launch. This person predicted a rapid development and dared to make investments in more full-time employees completely dedicated to e-commerce. With 12 months of experience The Pure Fashion Retailer is according to themselves a still beginner online. They still have internal restructure work to do, and they have to make all employees aware of the online part of their business. They conclude:

“It is not only about the customer journey, it is also about our company’s internal journey, how we must work together to unite all channels. How it changes us.” - The Pure Fashion Retailer

Communication Perspective

Another interesting topic not covered by this thesis but discussed in the interviews was the impact of e-commerce on communication. In this research The Lifestyle Brand was the only company that was using marketing strategies when releasing the

website. The Lifestyle Brand was also the only company that communicated their release of the online platform in their shops. They used stickers to spread the message and the staff in the physical stores informed all customers about the online shop. The Sports Giant did not communicate their release of their e-commerce:

“We did not communicate our release of our e-commerce. People know that companies have e-commerce nowadays. We did not like our own site by then and we did not have control over it. Now that we like our own website we can start to push people to the store.”

The Pure Fashion Retailer mentioned that they did not want to celebrate in advance and therefore they did not communicate the release of their e-shop. They are still unsure of what role the site should have for the company and that is also a reason for not marketing the release. Overall the companies claimed that the launch of e-commerce puts more pressure on the website and the website material. It needs to be updated more frequently than before to entertain the consumer online and keep him or her inspired.

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Appendix 1 – Interview Guide

Keywords and guidelines for the qualitative interviews.

- Brand identityVarumärkesidentitet
- Loyalty
- E-commerce
- Customer data
- Customer Communication
- The role of the physical store in the development

Appendix 2 – Interview Template

Fullständig intervjumall för samtliga kvalitativa intervjuer

Del 1: Aktuellt

- Vilken affärssituation befinner ni er i just nu? Vilka är era huvudsakliga fokusområden? Och vilka ser ni som era huvudsakliga konkurrenter? Varför?
- Vilka är era kärnvärden/ vad står ni för? Vilka kanaler använder ni för att kommunicera detta?
- Hur tror du kunderna uppfattar era kärnvärden?

Del 2: Företagets målgrupper och lojalitet

- Vilka segment riktar ni er till? Vilka vill ni nå?
- Hur arbetar ni med lojalitet?
- Hur resonerar du som marknadsansvarig kring begreppet lojalitet?
- Hur ser lojaliteten ut bland era kunder?
- Vad kännetecknar den lojala kunden? Vilka är mest/minst lojala? (emotionellt & beteendemässigt)

Del 3: E-handel

- När startade ni med e-handel? Varför?
- Hur marknadsförde ni er e-handelslansering?
- Skiljde den sig från marknadsföring för butikerna?
- Hur har marknads- och kundkommunikationen förändrats av att ni har börjat sälja via webben?
- Vilka utmaningar har ni i kundkommunikationen för era fysiska butiker jämfört med kommunikationen med webbkunder?
- Har ni en sammanhållen strategi som omfattar både butik & webb – berätta hur ni har resonerat.
- Skiljer sig målgrupperna åt för butik och webb? Har er målgrupp förändrats av er webbsatsning?
- Är det i huvudsak samma kunder som handlar i era fysiska butiker och i webbutik?

- Har ni olika affärsmodeller på webben och i fysisk butik? Ex. sortiment, prissättning, kunderbjudanden, service, bytesrätt etc.
- Hur kommunicerar man detta mot kund?
- Har de digitala öppnat upp för nya kommunikationskanaler? (ex. bloggare, ambassadörer, riktad webbannonsering, etc)

Del 4: Riktad kundkommunikation

- Vilken kunddata har ni tillgång idag? Skiljer det sig mellan butikskunder och webbkunder?
- Har ert behov av kunddata förändrats av att starta webbhandel – i så fall hur?
- Hur använder ni kunddata idag? Skiljer det sig mellan fysisk butik och webb?
- Hur skiljer sig mål och utformning av riktad kommunikation mellan webb / butik?
- Hur bedömer ni behovet av kunddata framöver?

Del 5: Lojalitet

- Om du ser några år tillbaka, har kundernas lojalitet förändrats, och i så fall hur?
- Hur resonerar du kring lojalitetsbegreppet?
- Blir det enklare/svårare att behålla kunder?
- Har ni lojala kunder på internet i dagsläget? Vill ni uppnå en ökad lojalitet på internet? Hur tänker ni i så fall uppnå det?
- Vad driver i lojalitet i butik x och på webb? Vad är lika och vad skiljer sig åt?
- Finns det skillnad i hur ni jobbar med kundlojalitet i fysisk butik och webb?

Del 6: Den fysiska butiken

- Har ni förändrat något i butikerna sedan ni startade upp er e-handel? Sortiment? Personal? Marknadsföringen i butiken?
- Förändras butiken roll (för att skapa kundlojalitet) när ni startar webbhandel?
- Vilken roll spelar butiken respektive webben när det gäller att bygga upp varumärket?
- Hur arbetar ni med kundservice i butiken? Hur gör ni i webbutiken med motsvarande service?

- Vilken roll spelar den fysiska butiken för att skapa image och lojalitet?

Appendix 3 – Observation Guide

Guidelines for observations prior to each interview.

Online

- General feeling of localization, atmosphere, information, functionality?
- Customer service?
- Make a dummy purchase

In-store

- Atmosphere?
- Advertisements, signs and marketing material?
- Assortments?
- Store personnel?
- Customers? Who are they are how are they behaving?