Reinventing Traditional Shopping

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Preface

The idea behind this bachelor thesis emerged in the end of the autumn semester 2017 at Halmstad Högskola, and it continued to take shape during the spring semester 2018. Funnily enough, our research started with an interest for e-commerce. However, as we begun our research we ended up with opening our eyes for a more traditional way of retailing - the physical store. With curiosity and dedication we started to explore and investigate the subject further.

We want to take the opportunity to say a huge thank you to the participating respondents and companies. Thank you for your time, but particularly thank you for the knowledge and the inspirational conversations that you all have shared with us. We would also like to thank our supervisor Navid Ghannad and our opponents for guidance and valuable feedback during our research. Lastly, we would like to thank each other for the time and commitment that has been invested. We hope that this study will contribute with further knowledge and inspire continued research within the subject.

We hope you will have a pleasant reading

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Abstract

Digitalization has impacted online retailing heavily, however traditional stores have not changed as much in comparison. Earlier studies have not only suggested how stores could reinvent themselves, but also indicated that brands could have great advantages by doing so. Furthermore, the customer experience and it’s reinforced importance within brick and mortar has been highlighted. It has also been established that the customer experience could be strengthen by implementing advanced technology. Due to the lack of research within the subject and a mainly theoretical discussion about how and why stores implement advanced technology in store, this study aims to investigate from more practical point of view how and why companies implement advanced technology. This study has a qualitative method, by conducting a total of 7 interviews. Five interviews were conducted with employees within different retailing companies implementing advanced technology in store; BMW, Clas Ohlson, Volvo Car Company, Volkswagen and Synsam Group. To continue, two complementary interviews from a rather general market perspective were conducted; one with AMF Fastigheter on their new project The Lobby focusing on the development of the future store and one with Curiat (NZ) Limited a subject specialist on Augmented Reality, which was one of the most common technologies in this study. The study identifies several factors correlating to how and why brands reinvent their physical stores through advanced technologies. In order to implement the technology successfully, such as Virtual Reality, Augmented reality and Interactive Digital Signage, traditional retailers have to modify their business models and their operational skills within the organization. One main motivation as for why traditional retailers implement advanced technology is a changed consumer behavior and market. This puts a new kind of pressure on traditional retailers and stresses the importance of the customer experience. The customer experience and relationships can be strengthened by implementing advanced technology and are two important factors as to why retailers utilize advanced technology in store. Traditional retailers also use the implemented advanced technology as a marketing tool, in order to market themselves as innovative and meet the new market. In addition to this, there has been a change in communication between customer and store. Retailers can use the advanced technology in order to not only interact in a new way with their customers, but also communicate through various of their channels. This creates a smoother and more seamless experience for the customer, and connect offline with online.

Keywords
Retailing, Digitalization, Smart stores, Advanced technology, Brick and mortar, Experience marketing
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1.0 INTRODUCTION

1.1 Background

The introduction of technology has strongly influenced the way of doing business and online retailing. However, offline retailing has not changed as much in comparison (Hwangbo et al., 2017; HUI, 2017). Yet the idea of smart cities and smart stores continuously develop as new technology is introduced (Pantano & Timmermans, 2014). The concept of smart cities derives from cities where the usage of technology by essentials parts of a society aims to improve the life-quality within the city (Nam & Pardo, 2011; Balakrishna, 2012, Chourabi et al., 2012). This includes the idea of smart stores, which rather has the intention of improving consumers life-quality by taking advantage of innovation\(^1\) and technology. (Pantano & Timmermans, 2014). E-commerce represented 23.7 billion SEK of retailing 2016 and has increased significantly by 3.3% since the beginning of 2015, compared to physical trade with a growth of 2% (Postnord, 2017). The fast and lucrative progression of e-commerce has not only challenged traditional trade, but also changed the role of the physical store. Although e-commerce has been a success for many retailers and is expected to grow further in the future, research suggest that the era of the physical store is not nearly over (Pantano & Naccarato, 2010; Handels utredningsgrupp, 2016). As it is for today, in-store retailing is more profitable than e-commerce with a turnover of 655 billion SEK, 2016 (HUI, 2017).

However, e-commerce is predicted to increase further and it is suggested that likely that there will be less stores in the future (HUI, 2017). Articles establish that the future prognosis is not as bright for physical stores as for e-commerce and concludes that online shopping puts pressure on brick and mortar retailers (Svensk Handel, 2017, Svensk Handel 2016). It is also confirmed that brick and mortar retailers struggle to make profit from lowered prices, which is an effect of e-commerce and the broad assortment online. This has resulted in less investments of the physical store, as the general belief in traditional traders has changed (Svensk Handel, 2017). On the other hand, many argue that the store always will have it’s role in our societies (Thau, 2017). Although it is suggested that large transformations will have to and has begun to take place, in order to adapt the physical store to a changed market (Thau, 2017; Kelleher, 2018). To continue, it is suggested that the future of brick and mortar will be enhancing the customer experience (Kelleher, 2018). New technology and innovation has indeed changed the marketplace and this has led to the need of reinventing the physical store (Handels utredningsgrupp, 2016). However, in order to do this retailers will have to adapt new business models to a new modified market (HUI, 2017; Dagensarena, 2017). Even though research suggest that physical retailing is in the process of adapting to these

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\(^{1}\) Innovation is defined according to Oxford dictionary as: “The action or process of innovating. A new method, idea, product, etc.” (English Oxford Living Dictionaries, 2018)
rapid changes, few studies have been completed within the subject. However, articles have discussed how companies could adapt their strategies. Particularly, how businesses could utilize technology in the hybrid store as competitive advantage (Rigby, 2014).

The advanced technologies that could be implemented are many, what they have in common is their high level of innovativity. For instance trending techniques involving interactive digital signage, augmented reality, facial recognition, indoor positioning, RFID and Self-service-technology. This holds technology such as smart mirrors, interactive hangers and smart displays etc. (Hwangbo et al., 2017; Pantano & Naccarato, 2010). Although, to implement advanced technology as a business strategy might not be as easy as it seems, as it takes time for technology to mature. This can create difficulties for companies when trying to integrate new technology smoothly with their business (Flenn et al., 2009). Hence, this process can require a lot of company resources, which makes it a risky business. Furthermore, the company will most likely need to transform its way to approach innovation and even change its organizational structure (Rigby, 2014). On the other hand, research suggest that new technology-based innovations can enhance the consumer experience (Rigby, 2014; Pantano & Naccarato, 2010). Moreover, new technology can create better interaction with customers, as well as contribute with more detailed information on consumer behaviour in store (Handels utredningsgrupp, 2016). In addition to this, technology can increase sales as well (Poncin & Mimoun, 2014; Pantano & Naccarato 2010; Pantano & Viassone 2012). Consequently, the concept of interacting with consumers through multiple channels becomes of higher importance within the retail sector. Thus, offline retailing will rather coexist with online retailing through omni-channeling (Pantano & Viassone 2012; HUI, 2017). Different channels will work in each other's favour in satisfying the consumer needs (Willems, et al., 2017).

1.2 Problem Discussion

As shopping online has shown to grow faster than shopping in store (Postnord, 2017). There is a strong indication that boutiques need to invest more in evolvement, in order to attract customers through enhanced values within the shopping experience (Hwangbo et al., 2017; HUI, 2017). Advanced technology can not only strengthen traditional trade but create competitive advantage and capture differentiated customer value as well (Rigby, 2014; Pantano & Naccarato, 2010; Handels Utredningsgrupp, 2016; Poncin & Mimoun, 2014;

3 In Gartner’s IT Glossary he defines advanced technology as: “A technology that is still immature but promises to deliver significant value, or that has some technical maturity but still has relatively few users. Among current examples: artificial intelligence, agents, speech and handwriting recognition, virtual reality and 3D visualization, smart cards, real-time collaboration, enhanced user authentication, data mining, and knowledge management.” (Gartner IT Glossary, 2018)
Pantano & Viassone (2012). However, it has also been said, that it could be a complicated process to embrace the concept of the smart store (Flenn et al, 2009; Rigby, 2014).

Earlier studies have rather focused on digitalization and establishing the impact that technology and innovation has on the market. Furthermore, earlier research has as well established that this puts new pressure on retailers to adapt their strategies in store as a consequence of a changed marketplace and suggested how the store concept could be reinvented. Pantano & Timmermans (2014) suggest that further research need to be done on the subject from organizational and practical perspectives, where competitive advantages and the challenges of adapting advanced technology in brick and mortar can be highlighted further. Moreover, studies suggest that how retailers embrace advanced technology and new innovations in store should be further explored (Grewal et al., 2017; Hwangbo et al. 2017)

We experience a gap in science regarding how and why traditional traders reinvent their stores through advanced technology and innovation.

1.3 Purpose

The aim of this research is to gain a better understanding of how and why traditional retailers implement advanced technology and innovation in their business.

- How do businesses reinvent the traditional store?
- Why do businesses reinvent the traditional store?

1.4 Delimitations

The study will be framed within innovation and advanced technologies. For a better understanding of what this will signify it will be based on the definitions of the terminology which is footnoted in text above.

Furthermore, the topic will be investigated from a business perspective and thus, their understanding of the implementation of advanced technology rather than an investigation of consumer perspective. A consumer perspective would have been more attitudinal rather than actual reality. The thesis will exclude technical explanations and will focus of the experience of the technology used.
2.0 FRAME OF REFERENCE

2.1 Digitalization

Digitization involves all types of digital technologies however, digitalization in a context of retailing is defined as; an interaction between retailers and consumers through an integration of internet-connected digital technologies (Hagberg et al, 2016). Within retailing the traditional in-store setting is shifting for a more digital focus (Hagberg et al, 2016; Pantano & Viassone, 2015). As digitalization evolves, it changes the use of the technology every day (Hagberg et al, 2016). Often digitization refers to online devices, how communication and the use of such devices are changing (Atzori et al., 2010). However, the evolvement of technology has a direct effect on retailing (Hagberg et al, 2016). The innovational technologies help stores create enjoyable experience for the customers, which in long term could affect the customer behaviour (Rigby, 2011; Pantano & Naccarato, 2010).

2.1.1 Smart Cities

The concept of smart cities develops fast with new technology and innovation. “Smart cities” is defined as cities where the usage of technology by government, firms and citizens, intend on improving life-quality within the city. Moreover, smart cities have been referred to in earlier studies as smart -infrastructure, -technology, -economy, -governance, -urban -mobility, -environment, -people and -living (Nam & Pardo, 2011; Balakrishna, 2012, Chourabi et al., 2012). To continue, financial programmes for international projects to manage urban development and support “smart cities” have been promoted by both the European Commission and US Government, which indicates the actuality of smart cities. Because of the wide definition of the term, the application areas are many (Pantano & Timmermans, 2014).

2.1.2 Smart Stores

One concept of smart cities is smart retailing, which within retail management, is defined as an approach to improve consumers’ life-quality by taking advantage of innovative technologies (Pantano & Timmermans, 2014). In difference of e-commerce, traditional retailing most importantly offer customers shopping as an experience, but as well personal customer service and the opportunity to touch products (Rigby, 2011). However, offline retailing has not renewed it’s concept as much as e-commerce (Hwangbo et al., 2017; HUI, 2017). Although, the competitive advantages of digitized retail increase as new innovations are introduced. Research suggest that brick and mortar needs to be reinvented in order to survive. However, in order to do this retailing has to adapt new business models to a new modified market (HUI, 2017; Dagensarena, 2017). Digitized elements in-store could
improve the customer experience and furthermore, be a cost-effective strategy (Rigby, 2011; Handels utredningsgrupp, 2016).

2.2 Advanced Technologies

As a consequence of environmental changes in cities and trade, driven by technology and innovation, retailers need to understand new customer behaviour and adapt their strategies. In order to create a smart store, changes of the organizational processes and the selling activities is required. Organisations need to integrate not only their organizational skills, competencies and resources, but technology as well. “Hence, the use of technology becomes smart by involving retailers and clients in a sort of “smart-partnerships” with the common goal of achieving a satisfying service.” (Pantano & Timmermans, 2014, p.103). In conclusion, a retail store becomes smart when supported by various advanced technologies (Hwangbo et al., 2017).

2.2.1 Interactive Digital Signage

Digital signage is a way of providing information, entertainment and advertising through digital media, this is done by installing a digital display. Interactive digital signage is when smart media provides content through a network. This includes interactive technologies such as touch screens and image capturing. In other words, interactive digital signage is a way for retailers to combine different technologies that include augmented reality and artificial intelligence. However, the elements of interactive digital signage is constantly transforming as new technology is introduced. Interactive digital signage is becoming more important as consumers media usage evolve (Hwangbo et al., 2017). Research argue that digital signage that stimulates sensory elements, strengthen consumer experiences and their processing of the experience. Consumer attitudes and behaviour when facing digital signage are rather associated with consumers’ affective experience. Informative digital signage on the other hand strengthens the intellectual experience and their decision process. Also, it is suggested that digital signage stimulating sensory elements has a stronger effect on first-time customers and thereby plays an important role in creating customer loyalty (Dennis et al., 2014). Retailers can capture numerous of different values by using this kind of communication strategy, such as customized advertisements, attracting customers and linkage between the system and the surrounding for example. In retailing interactive digital signage is implemented in stores through interactive hangers, fitting rooms and displays (Hwangbo et al., 2017).

2.2.2 Augmented Reality

By combining computer generated sensory inputs, augmented reality (AR), can be used to visualize objects that exist in the natural environment. In difference of virtual reality (VR), AR gives a more realistic feeling. This since computer vision techniques are used to match
the real world with information provided by devices. Therefore AR is considered as more of an overlap of the virtual with the real world (Hwangbo et al., 2017). In retailing augmented reality has been used in the shape of smart mirrors, providing virtual fitting (Hwangbo et al., 2017; Pantano & Naccarato). In the beginning Smart mirrors was categorized as digital signage with broadcasting, power and network capacities. This gives consumers the ability to evaluate products in real time. The concept of the smart mirror has later on evolved and now it is possible for stores to display products not available as well. This does not only enhance the customer experience but prevents a reduced customer interest (Hwangbo et al., 2017).

2.2.3 Virtual Reality
Virtual reality (VR) can be compared to Augmented reality although it is less realistic. VR is more of an overlap between the virtual world and the real world. It has to be exploited through other means, such as a camera or glasses (Hwangbo et al., 2017). According to Pantano and Servidio (2012) 3D imaginary visual worlds also got developed when advanced in VR. This with high realism levels that are generated by computers. However customers need motion capture devices to be able to explore this.

2.2.4 Facial Recognition
Facial recognition is a technology developed to identify an individual from a digital image or video. This includes different techniques such as facial recognition, skin texture analysis and thermal cameras. In retailing this technology is used for marketing such as customer identification and segmentation (Hwangbo et al., 2017). For example to analyse consumer behaviour, building customer profiles and offering customized products (Hwangbo et al., 2017; Inman & Nikolova, 2016).

2.2.5 Radio Frequency Identification
Radio frequency identification is a automatic identification technology for different types of applications. RFID consists of a unique combination of numbers (tag) that is assigned a specific item through a chip. The tag collects data, which contains information about products, and processes it (Pantano & Naccarato, 2010). RFID can be used in favour of both the consumer and the retailer in store. For example to make it possible for consumers to locate and gain information about products in store, but at the same time track consumers behaviour (Pantano & Naccarato, 2010; Anderson & Bolton, 2015). This can be done by the usage of RFID based on shopping carts for example. Since this technology does not generate any specifically high costs, RFID is widely used to support consumers (Pantano & Naccarato, 2010).

2.2.6 Shopping Assistant Systems
Technologies have been introduced to the market to help or even replace some employees regarding both information searches, payments etc (Meuter et al, 2000), and thereby, customers support increase (Burke, 2002). However, customers need to be encouraged to take
advantage of these technologies in order to actually use them (Meuter et al., 2000). For example, some stores have information desks where it is possible to search for the product and the customer will know in what material the product is made, what colors exist, measurements, stock statuses or where to product is to be found. Another example is while paying, the customers can register all products on their own only with help from one cashier to several cash desks. Resulting in much shorter lines to the cashier (Åkesson et al., 2014; Burke, 2002). Self-service technologies have affected customers with a positive outcome (Åkesson et al., 2014), as installing more shopping assistant systems result in more customer service and customer value (Meuter et al., 2000).

2.3 Experience marketing

The term experience, when used in the business vocabulary, has multiple meanings (Schmitt, 2010; Richardson 2010). Schmitt (2010) refers to experience as collected knowledge, secondly as a present experience including the emotions that emerge from it. In the context of marketing Schmitt (2010) use the term more specifically as a reference for consumers perceptions, feelings, thoughts and the memories of experiences; when encountering products and brands, and engaging in consumption activities. To continue, Pine and Gilmore (1999) defines experiences as events that create personal engagement. However, Richardson (2010) concludes that the term more can be defined as digital experiences and interactions, or alternatively, be concentrated on either retail or customer service.

Earlier studies state that experiences are considered subjective within both philosophy and psychology. It is therefore important for marketers to be aware of customers individual perception of an experience (Schmitt, 2010; Richardson, 2010). Research have also uncovered that customer experience has an impact on the customer decision-process. Moreover, they add to the competitive advantage and the differentiation of the brand as well as its product (Schmitt, 2010).

In a comparison of the traditional marketing product-oriented focus, experience marketing rather has a customer-oriented focus. In other words, instead of focusing on a product’s attribute, experience marketing simply focus on the customer experience (Schmitt, 1999). Schmitt (2010), states that experience marketing mostly is described as every customer-oriented activities creating a connection between the brand and the customer. Using this broad definition experiences can be evoked by activities both online and offline, for example by events, packaging, relationships, interactions or communications.

2.3.1 The Smart Store Experience

The importance of the shopping experience has, according to earlier studies, increased in recent years (Bäckström & Johansson 2006). When customers receive the shopping
experience as entertaining, it has a great impact on the process of reaching customer satisfaction (Söderlund & Jurlander 2009). During the last decade new digital technologies has been convenient for traditional trade, increasing not only sales but attracting new customers aswell (Poncin & Mimoun, 2014; Pantano & Naccarato 2010; Pantano & Viassone 2012). The evolution within technology and innovation, creates new opportunities for retailers to provide customers with enjoyable in-store experiences. Moreover, these new elements improve shopping activity and influence the buyer behaviour (Pantano & Naccarato, 2010).

There are various advantages that comes with the digital in-store experience. The digital elements have a positive effect on the shopping experience, improve the point of sale and give retailers the opportunity to access information on consumer behaviour more rapidly than before. In the aspect of improvement of the shopping experience, technological elements create a reinforced experience that becomes more appealing and exciting for the customer. This can affect the consumers positively, especially when given the opportunity to be able to choose if wanting to interact with such technology (Fischer et al., 2009; Bharadwaj et al., 2009). When it comes to improvement of the point of sale, in-store technology innovate the atmosphere and appearance of stores (Fischer et al., 2009; Bharadwaj et al., 2009; Pantano & Naccarato, 2010). The interactivity of the technology enables customers to interact with products and receive customized services. This is beneficial in many different aspects for customers, for example time effectiveness and individualized interaction with stores (Pantano & Naccarato, 2010). Earlier studies conclude that the core of the store becomes a co-creation with the product or service (Fischer et al., 2009; Bharadwaj et al., 2009). Finally, many of these in-store technologies, when being interactive with consumers, can be used to collect information on consumer preferences and opinions. Such information can be critical for businesses, as they can use it to create an even better experience. For example to improve product quality, messages and strategies. In addition to this, businesses can lower their cost of interaction by using these technologies. This since they can analyze such information to learn what sort of product or service that is the best fit for consumer needs (Pantano & Naccarato, 2010).

2.3.2 Customer value

Customer values can be divided into two subsidy groups. Active value derives from physical or mental manipulation from a product or experience, and the customer receives benefits in either functional or emotional ways. On the contrary, reactive values result in the positive response to a product or service which satisfies the need while shopping. Cities focus on a active value with playful environment in order to arouse customers instead of shopping becoming a box that needs to be ticked off and thereby shopping being seen as work. In this purpose stores use sensory stimuli to evoke culture centre- and entertainment feelings. Stores temptate customers with multiple senses, like smell, touch, sight, sound and taste which also contributes to a longer customer stay (Young-Kyung, 2002).
2.3.3 Sensory marketing & Touchpoints

Experiences consist of five sensory elements; Sense, feel, think, act, relate (Schmitt, 1999; Pine & Gilmore, 1998). Schmitt (1999) presented five “strategic experiential modules”: (1) “Sense marketing” which stimulates the customer's five senses (smell, sound, touch, taste, sight), (2) “Feel marketing” stimulates the customer's inner feelings to some extent, for example with the help of technology or marketing campaigns, (3) “think marketing” stimulates the customer’s intellectual capacities in order to inspire creativity, this by creating cognitive, problem-solving experiences , (4) “act marketing” refers to examination of customer behaviours, lifestyles and interactions, lastly (5) “relate marketing” appeals to the customer's want and need of being a part of an social context, for example brand communities.

Gad (2016) define touchpoints as human, static and digital. Roy et al. (2017) defines smart retailing as “An interactive and connected retail system which supports the seamless management of different customer touchpoints to personalize the customer experience across different touchpoints and optimize performance over these touchpoints.” (p.3). Earlier studies have concluded that the customer experience touchpoints, constitutes of seven elements. These are: (1) Atmospheric, (2) Technological, (3) Communicative, (4) Process, (5) Employee-Customer interaction, (6) Customer-Customer interaction, (7) Product interaction (Stein & Ramaseshan, 2016).

- **Atmospheric elements**
  Atmospheric elements are defined as the physical attributes observed by the consumer when encountering the retailer. This could for example be the store layout, store displays and the store atmosphere (Stein & Ramaseshan, 2016). Earlier studies have suggested that the atmospheric elements influence the customer experience. Furthermore, that the physical environment has an impact on consumer behaviour (Stein & Ramaseshan, 2016; Turley & Milliman, 2000).

- **Technological elements**
  The technological elements depends on how easy the technology is to use and technology convenience. They appear when a customer have direct interaction with technology in a retail setting. Research has shown that the technological elements is of great importance when the consumer interact with touchpoints. This is explained by the revolution within technology and new innovations (Stein & Ramaseshan, 2016).

- **Communicative elements**
  The communicative elements consists of promotional message, informative message and advertisement. These elements reach the customer through a one-way communication from the retailer. Research suggest that these touchpoints are
important for the experience as the consumer regularly observe the content and messages that they are provided by the retailer (Stein & Ramaseshan, 2016).

- **Process elements**
  The process elements includes factors such as waiting time, navigation and service processes. These affect the actions a consumer will take when encountering retailers. Earlier studies argue that the process elements are significant the consumer perception and evaluation of retail experiences (Stein & Ramaseshan, 2016).

- **Interactive elements**
  Elements in the indirect or direct interaction between customers and employees are for example personalized service. When it comes to customer to customer interaction word-of-mouth is an interactive element, as well as indirect and direct customer interactions. Indirect and direct product interaction are product interactive elements. Furthermore, product quality and assortment are product interaction elements too. According to earlier studies the interaction between employees and customers is of importance. To continue, different types of interaction, such as customer-employee, customer-customer and customer-product have been shown to influence the customer experience (Stein & Ramaseshan, 2016).

### 2.4 Communication strategies

There are many attributes contributing to communication in store, and these can be assorted into two assemblies; physical and tangible attributes, as well as emotional and intangible attributes. Examples of the physical and tangible attributes are the overall store design, window display and signage. Examples of emotional and intangible attributes are image, positioning and branding (Barnes & Lea-Greenwood, 2010). Customers absorbs the environmental communication in store through all the senses and thus, stores focus on stimuli. However, some people are better at digesting stimuli in environments than others which cannot be foreseen and thereby be difficult to customize (Bitner, 1992). There has been a change in the communication between company or store and the consumer, which is due to the expanding digitalization. Most of the communication nowadays occurs through digital medias as well as third party communication. A third party communication permit consumers to for example, compare prices between retailers (Jung et al, 2014).

#### 2.4.1 Omni Channel Retailing

Omni channel is according to an article a concept allowing customers to interact with the retailers through more channels than just in store (Rigby, 2011). It is centered to the customer, and focuses for the customer to have a holistic experience when shopping smoothly with help from the integrating channels (Gupta et al., 2004; Shah et al.. 2006) Verhoef,
Kannan and Inman (2015) define omni channels as “synergistic management of the numerous available channels and customer touchpoints, in such a way that the customer experience across channels and the performance over channels is optimized” (p.176).

The majority of all people is predicted to have a smartphone which have opened up to even more channels and speeds up the process of society becoming more omni. Thus, stock outs in boutiques will not be a problem anymore, as you have access online and can see warehouse stocks. It opens up the possibility to compare prices between substitutes, return possibilities between stores and other important product properties. An article states that the customer catches a greater awareness of the surroundings which encounter greater competition between the stores. Furthermore, as customers are becoming more and more comfortable with omni channelling, and approaching products through different media, customers will also be less tolerant to what they approach in stores. Omni channels are a perfect concept for stores due to that customers increasing want more and more to everything (Rigby, 2011).

The future of physical stores will be to integrate omni channels with the store so it is superior to a simply digital retail store (Rigby, 2011). Thereby, omni channeling is a good and innovative way of managing customer relationships (Aubrey & Judge, 2012). The changes for stores becoming more omni channel determined, are driven by the new technologies entering the market. Technologies such as the evolvement of mobile devices and other softwares. According to this study, the future will further be pushed through the evolving of Google glass and 3D printing (Piotrowicz & Cuthbertson, 2014).

### 2.4.2 Information and Communication Technology

(ICT) is an important factor within the concept of smart cities and how it is being developed (Repko & DeBroux, 2012). ICT refers to the generation of information and knowledge through technologies which incorporate creation, awarding, storage, organization, collection, processing, as well as interpretation and transmission of information to accumulate knowledge and expedite communication (Chan, 2002). Furthermore, ICT is also said to be very powerful resource for communication as well as it is a good way of meeting the needs in a practical way since it is a very interactive resource in itself (Ukwueze & Ajala, 2014). According to a study, through ICT tools, the speed to reach information will increase as well as the quality would to improve. Moreover, the communication would get more accuracy and completeness (Fung, 2013) leading to that ICT is a growing tool and concept (Merisavio, 2008).

The marketplace is changing to adapt the new times in terms of technology. Thereby, it is essential to re-plan the ICT means, for example within the push and pull strategies (Kitchen & Schultz, 2009). The expression of demand pull strategy in a market, refers to the consumer self to explore and investigate freely of what they desire. The consumers will by their own find the products or services that they need or demand from the market. The contrary concept of demand pull is technology push, where advertising and marketing messages are pushed
upon the consumer, so they will not have any choice but to observe the product or service. Demand pull on the other hand, allows the customer to find out what they search for in their own time and environment (Schultz, 2006). From a technology push perspective, new technologies are used in order to track customers. Thereby companies can personalize their marketing for it to have a perfect fit and more likely initialise a purchase (Wong et al, 2012). In that sense demand pull on the contrary, is based upon values, so that expected value meets the received value. Here, technology is used for customer facilitation in order to ease product information search and later on purchases (Pantano & Viassone, 2012). Technology push strategy and demand pull can be used separately however, they are commonly used together. Thus, to attract different customer from different standpoints and in different situations. Therefore, many strategic communication plans are hybrids of both strategies (Schultz, 2006).

2.5 The Conceptual Model - Frame of Reference

Digitalization initiate new innovations and thereby new advanced technology within our society- this leads to smarter cities and stores (Nam & Pardo, 2011; Balakrishna, 2012, Chourabi et al., 2012; Pantano & Timmermans, 2014). The evolvement of technology has a direct effect on retailing (Hagberg et al, 2016). However, the decision to invest in the technology will likely depend on the new technology’s level of maturity. Furthermore, Smart cities are created when technology is implemented and the use of it within the society aims to improve the life-quality within the city (Nam & Pardo, 2011; Balakrishna, 2012, Chourabi et al., 2012). Smart cities includes the idea of Smart Stores, which rather aims to improve consumers life-quality by taking advantage of innovation and technology (Pantano & Timmermans, 2014). The competitive advantages of digitized retail increase as new innovations are introduced. For example, earlier studies suggest that digitized elements in-store could improve the customer experience and even so, be a cost-effective strategy (Rigby, 2011; Handels utredningsgrupp, 2016).

The importance of the shopping experience has, according to earlier studies, increased in recent years (Bäckström & Johansson 2006). When customers receive the shopping experience as entertaining, it has a great impact on the process of reaching customer satisfaction (Söderlund & Jurlander 2009). The evolution within technology and innovation, creates new opportunities for retailers to provide customers with enjoyable in-store experiences. Moreover, these new elements improve shopping activity and influence the buyer behaviour (Pantano & Naccarato, 2010). Earlier studies have concluded that the customer experience touchpoints, constitutes of seven elements. To continue, experiences consist of five sensory elements; Sense, feel, think, act, relate (Schmitt, 1999; Pine & Gilmore, 1998). Customers absorbs the environmental communication in store through all the senses and thus, stores focus on stimuli. There has been a change in the communication
between company or store and the consumer, which is due to the expanding digitalization (Jung et al, 2014). The future of physical stores will be to integrate omni channels with the store so it is superior to a simply digital retail store (Rigby, 2011). Omni Channeling is when a company manage the number of their available channels, as well as touchpoints, so that the customer experience is optimized across all channels. To continue, from a mental manipulation of a good experience, active values are created. On the contrary, active values result in the positive response to a product or service which satisfies the need while shopping (Bitner, 1992).

**Step 1:** Digitalization, new technology and innovation are introduced.  
**Step 2:** Cities becomes smarter with the help of advanced technology.  
**Step 3:** Stores becomes smarter with the help of advanced technology.  
**Step 4:** Retailers business models and way of communicating are affected.  
**Step 5:** Company and customer values of the smart store are created, as a result of a strengthened experience and changed communication.

![Conceptual Model of The Smart Store](image)

Figure 1: *Wamsler & Jonsson - Conceptual Model of The Smart Store*
3.0 METHODOLOGY

3.1 Research Design

This study has an hermeneutic research process, which is a methodology within social science. It aims to create interpretations and a deeper understanding of a subject (Jacobsen, 2002). This is done through the hermeneutic circle, where the process of comprehension moves from the part to the entirety and back to the part. As a consequence of this, the surrounding context and circumstances are taken into consideration and not omitted (Söderbom & Ulvenblad, 2016). This approach is suitable for qualitative studies where empirical data is gathered in order to be interpreted and generalized (Söderbom & Ulvenblad, 2016).

This study will be investigated through a qualitative perspective and thus, get a deeper understanding of the usage of advanced technology. This method gives the authors access to thoughts behind each answer and thereby a much more detailed insight to what is really going on. A qualitative perspective is common in a smaller sample through the use of focus groups, individual interviews or observations (Jacobsen, 2002). The other kind of method which we however will not use, is the quantitative perspective which has a more objective view to the subject. It is measured through mathematical calculations and often in larger quantities. The questions used are often formed directly from the hypothesis used in the paper (Söderbom & Ulvenblad, 2016). Moreover, there are three different approaches on the data collection; inductive, deductive and abductive. This study will focus on the deductive approach where the theory of reference is studied before empirical data. The researcher collects expectations of the actuality and then examine if they match up with reality. The inductive approach on the other hand is where empirical data is collected and then compared to theory to make an analysis and draw conclusions. Through the inductive approach conclusions will not be drawn from authors opinions but instead always have the foundations in the new data and not in any prior knowledge. Lastly, abductive approach moves from empirical data to theory and then back to empirical data again (Söderbom & Ulvenblad, 2016).

3.1.1 Why case study research?

The dissertation is conducted as a case study since this is the favoured procedure when investigating why and how on a subject (Yin, 2014) as well as it is good when studying an event in depth (David & Sutton, 2011). The process leading up to a case study was studying what other types of studies it could have been but history, experiment, observation and survey were too far off from what and how the topic was going to be investigated. A case study can also be preferred to generalize theories which cannot be concluded through probabilities (Yin,
2014). This is a requirement since it is not possible to draw any probabilities from a qualitative study of just a few companies.

3.1.2 Design of the case study

This study is carried out as both a descriptive study and a comparative study (Linköping University, n.d). This gives a deeper understanding of how the market opinion is today regarding digitalization in store but gives also opportunity to compare the seven different companies views to each other. A descriptive study is also to be called a cross sectional study (Karolinska Institutet, n.d). In a cross sectional study all measurements or investigations are conducted at during the same period of time (Linköping University, n.d). Often some information is already in knowledge for the investigators and therefore they are able to exclude some aspects and narrow down the subject to only what is of interest (Karolinska Institutet, n.d). In this case the retailers, the market and AR expert’s views are going to be analyzed to see what their opinion is on implementing digitization in stores today. A comparative study involves comparing two or more different cases to each other. The important thing when comparing cases to each other is that the interviews conducted are based on the same question sample to be able to compare them all properly (Linköping University, n.d). This makes it possible to compare the companies to each other if they have different views. Although they are all retailers there might be differences depending on what industry or product sold.

3.1.3 Case Selection

The companies interviewed have been picked carefully. After a lot of research about 65 companies were emailed that were using advanced technology in store. When emailing a few criterias were had in mind; the business had to be well known, it had to include a business to consumer (B2C) relationship, they had to have a brick and mortar store and had to use advanced technology in it. From these 65 companies, many responded positively but could not put up with an interview and only five companies could give us the next criteria; an interview with a person with the right position knowing all about communication and advanced technology used in the store. Therefore, these five companies were chosen random. From these five companies many were using VR and AR leading to an interview with a market expert of this subject. This market expert happened to work nearby which made it easy to get an appointment. Later an interview was conducted with another market expert but from the perspective of the market testing what customers wants.

3.2 Data Collection

There are two methods that can be used in order to collect data for the research question, a qualitative and a quantitative method. Depending on what information one is after, both of the methods can be used either together or separately. The qualitative data is collected
through verbal interviews or observations, whereas quantitative data is collected through surveys in order to be able to collect calculative data. This study will focus on a qualitative study in order to get as detailed information as possible (Alvesson & Sköldberg, 2008). In this dissertation both primary and secondary data will be used. The primary data in this study will be conducted through business interviews. Primary data is data collected for the first time and very specific for the topic being researched on. The topic should be new and never investigated on before and thereby being observed for the first time. The data can be adjusted during the collection for it to match up with the specific dissertation. The data is providing directly for the new paper in progress through either observations, interviews or surveys. On the other end there are secondary data which can be used to strengthen the topic in mind. This data has been collected from another researcher and thereby most probably also for another purpose. The reliability of the data source has to be examined carefully just as the data has to be analyzed. Thus, due to that the data collector might have angled the data to fit a different specific purpose.

3.2.1 Primary data
What data and method used can be very individual depending on chosen research question. In this dissertation the best fit to get as much valuable information as possible was to make a qualitative method of interviews and collect primary data for later analysis with theory of reference. Interviews was chosen as they provide more qualitative data and gives a deeper insight to the research question (Jacobsen, 2002). In this dissertation the purpose is to get a qualitative understanding of how businesses uses advanced technology for a higher customer experience in store. Therefore, interviews are chosen to be able to get as many details as possible.

Five interviews has been conducted with companies with a business to customer relationship, two interviews with market experts where one is within advanced technology as well as one within the concept of applying advanced technologies in stores. All interviews were semi-structured, meaning all interviews followed the same base of questions from an interview guide however, could be followed up differently depending on both the interviewee and the answers given (Dalen, 2015). The interviews were carried out in a relaxed attitude to enable a conversation instead of a strict questioning. This permitted the interviewee to talk more freely on the subject. The 15 main questions from the interview guide could also be asked in different orders since they did not have to do much with each other and to allow a flow in the conversation. All interviewees had access to the main questions in beforehand for them to be prepared on what area and what type of questions were coming. Moreover, to sancduct the best answers possible.

Due to differences in geographical locations, most of the interviews were conducted through calls, however most of them were accomplished with imagery such as Skype calls or FaceTime. Each interview took 30 to 45 minutes which was a good amount of time both for all questions to be asked and allowing extra time for getting to know the other person and for
more follow up questions. In some interviews follow up questions came on afterwards and could be accomplished through email. The interviews were recorded with the interviewees consent and transcribed to later on having the possibility to be able to go back again to see what was said, and to minimize misunderstandings. Already when processing the transcriptions the analysis somewhere got started as some information was labeled not relevant to the study and not taken into account in the empirical data. All interviewees were offered anonymity, both for themselves as private persons and for the company. All companies were okay being named in the dissertation. However, the employee from Volvo Car Company wanted to be known only as a source from Volvo and for her opinions only to be represented by her.

3.2.2 Secondary data

The interest of the concept of the smart store arose when reading the article ‘Digital–Physical Mashups’ by Rigby (2014), and ‘Tar e-handeln över’ by Handels utredningsgrupp (2016) ‘Handels digitalisering och förändrade affärer’ by Jonsson, A., Egels-Zandén, N., Hagberg, J., Lammgård, C., Sundström, M. (2017). These references, together with scientific articles and statistics, primarily constitutes the foundations of the introduction and problem discussion. The collection of literature is made from the databases One Search through Halmstad University and ScienceDirect, as well as books. The collection of theories has been conducted with a snowball effect, where articles references and similar research have been investigated and carried the authors further into the research process. Different combinations of the following search words has been used: Smart store, Hybrid store, advanced technology in store, innovation brick and mortar, innovation physical retailing.

The year of publication has been carefully studied when choosing literature to keep the subject as up-to-date as possible. The year range used in this dissertation lay between 1992 and 2017, which was the year the Frame of Reference was written. The literature from the earlier years are theories remaining just the same today as back then and the aim was to keep the original source of each theory and instead to be strengthened with newer ones. The older articles are mainly for the theories in Communication Strategies which are the ones remaining similar to some extent. During the collection of scientific articles, it has been required that the articles have been peer-reviewed, with other words that they have been scientifically reviewed. This requirement strengthens this study’s quality, as articles have been reviewed by acknowledged experts within the subject area - which indicates a higher quality of the references.
3.3. Method of Analysis

As mentioned earlier, the analysis started already when processing transcriptions as irrelevant information was removed for the empirical analysis. From the data collected in the empirical study, the best method to analyse would be through a manual content analysis. This since the dissertation is based on interviews with rather a qualitative perspective than a quantitative where computer statistic tools can be used (Söderbom & Ulvenblad, 2016). One way to do manual qualitative content analysis is through coding the data collected. Coding is done to in order to organize data, in this study three different codings have been used when analysing the data (David & Sutton, 2011). The first one is deductive coding which starts off already when making the data collection. This is a list of categories which are made when collecting
data and later on used when analysing. The second coding is pattern coding which also can be called specific coding or deep coding. This coding is deep going and enhances the existence of patterns and find relations. The last one used was individual coding or group coding. This is when the investigators individually identify what is the main codes and then later on together discuss and reaches central themes (David & Sutton, 2011). To get depth in the analysis cross case analysis will be done. In this way the empirical data will be analysed with frame of reference both individually and together at once. This gives both a deeper understanding of company’s perspective and also a deeper understanding by subject. It gives both a comparison of the companies and a deeper understanding within each topic discussed. Only technologies mentioned in interviews are discussed in the analysis. In some cases the companies are using other technologies as well, however for the depth of every technology’s sake it had to be kept this way. Also, it would have become uncertain where they use the technology and in what matter.

3.5 Quality criteria for research

In this chapter the internal and external validity will be discussed, as well as the reliability. Validity is to consider as a measurement of a study’s generalizability. Furthermore, to what extent the study’s results, development of terminology and generation of theory is applicable beyond the study and it’s selection. Validity and reliability is essentially connected to a quantitative method. In the context of a qualitative research, validity is used to describe the systematic approach of the study’s design and how the different parts are connected. In other words, which interview questions have been asked and how was the results analyzed (Söderbom & Ulvenblad, 2016)

3.5.1 Validity

The internal validity describes whether the research measures what it is aims to measure (Söderbom & Ulvenblad, 2016). To strengthen the study’s internal validity the interviews were recorded. The study has also used triangulation in order to ensure internal validity. This by viewing the research questions from different perspectives, by using more than one data source (Söderbom & Ulvenblad, 2016). The data sources themselves have different perspectives as well. Five of the companies have a retailer perspective, and two companies with special interests for the subject. In some cases the companies implement additional technologies in for example countries that the employee lacked knowledge of. The study therefore only take advanced technology mentioned by the employees into consideration. This to ensure that the employees have knowledge within the subject and at the same time ensure a higher internal validity. To continue, employees with relevant positions within the companies were chosen in the same purpose. Due to differences in location, telephone interviews were made with six out of seven interviewees. Telephone interviews cannot be measured in the same way as a face to face interview. To continue, it should be taken into
consideration that this may have affected the depth of the interviews. Furthermore, five out of seven interviews were conducted in swedish and later translated into english. It is worth taking into account that when doing this, words can be wrongly interpreted, and in some cases what has been said can be underestimated or exaggerate due to language differences. However, the translation has been done with great caution to minimize the risk and ensure the internal validity.

A study’s external validity is about to what extent the research results can be generalized beyond it’s selection and research field. The external validity often tend to be problematic for qualitative studies, as it does not provide as generalizable results as a quantitative study (Jacobsen, 2002). This case study consist of five retailers; BMW Group, Clas Ohlson, Volvo Car Company, Volkswagen and Synsam Group. As well as two complementary interviews from a rather general market perspective were conducted; one with AMF Fastigheter on their new project The Lobby focusing on the development of the future store and one with a subject specialist on Augmented Reality, which was one of the most common technologies in this study. One purpose of this was to receive a higher generalizability, in other words a higher external validity. The car brands have a bit different conditions compared to the other two due to that they are often located in industry areas. They also sell more of a luxury product that people very carefully choose. The companies business models also differ in some cases, for example Synsam has a unique business model as they have an eye specialist in store for check-ups. They also sell other brands and not their own however, just like people picking cars very carefully they also put a lot of consideration with glasses since they are in the face and the first thing others will notice.

3.5.4 Reliability
Reliability is about to what extent it is possible to repeat the study and receive similar results (Söderbom & Ulvenblad, 2016). If a similar study were to be conducted within a near future the answers are likely to be the same, since this is a case study of how the market looks at the moment. However, due to the market constantly changing as a consequence of digitalization, there is a chance that the results of further studies within the subject could differentiate from this study’s results. Another reason for this is that retailers are likely to gain more knowledge of how to implement advanced technology in the best way in store and learn more about the benefits in the future. However, there is also a high probability that technology considered advanced today will be replaced with new advanced technology. If so, the result might yet be similar, as digitalization always will be an ongoing process full of surprises. Another thing worth taking into account is the type of business studied. Depending on what business and industry is focused on, different advanced technologies are likely to be adapted in order to fit their specific objectives. Lastly, the earlier mentioned interview method and translation should be taken into consideration as this might affect the possibilities for a similar outcome. However, the authors have with this in mind, carefully translated and transcripted interviews in order to ensure a higher reliability. Furthermore, the AR expert from Curiat (NZ) Limited
is from another continent which might impact the results from geographical and cultural perspective on the market or digitalization.

**3.6 Summary**

![Summary of the empirical methodology.](image)

Figure 3: Summary of the empirical methodology.
4.0 EMPIRICAL FRAMEWORK

Five interviews were conducted with employees within five different retailing companies that implement advanced technology in store; BMW, Clas Ohlson, Volvo Car Company, Volkswagen and Synsam Group. In addition to this, two interviews from a general market perspective were conducted. One with AMF Fastigheter on their new project The Lobby focusing on the development of the future store and one with Curiat (NZ) Limited, a subject specialist on Augmented Reality, which was one of the most common technologies in this study. All empirical findings reflect the employees opinions and their reflections of the companies.

4.1 BMW Group

BMW is a german car company with the slogan of “Sheer Driving Pleasure” (BMW, 2018). The company was founded 1916 in Germany (BMW Group, n.d). Steve Whitford, Head of Dealer Development at the BMW Group in Northern Europe, states that the digitalization within society leaves interesting challenges for the company. The communication skills of the next generation and “[...] that people are consuming messages in seconds, and fractions of seconds, rather than reading and spending more time to digest things.” are challenges that digitalization has brought. At the same time it brings opportunities as the world becomes more global and mobility and knowledge transfer easier. He explains that digitalization also has changed BMW’s focus, historically BMW has put the car in the center of everything they do, but now they are putting the customer in center. To continue, Whitford states that BMW’s business model has changed as a result of digitalization. Within the company and the industry Whitford believes that one issue they are facing now, is that the customers are better informed than the salespeople and that this will be transformational within the next few years. Another issue is bringing the dealer network along on the journey. As Whitford says “We are pushing actively in the digital space and are an innovator on electrification, but it’s a challenge to take the dealer network with us.”

According to Whitford the customers statistically only visit the dealership on average just over once per transaction, although some of the latest informations suggests that it might be a little bit more than that. However, only about 25% end up buying a car after visiting, which is a statistical issue that has been in the industry for many years. Whitford believes that digitalization still needs to come much further forward within the retail space, the dealership environment. He believes that the problem is that the digital experience doesn’t match the physical experience. “[...] the customer expectation is that their journey through online, physical and telephone is seamless.” Part of the challenge is to create an environment that consumers are more willing to interact with, nevertheless consume. He also believes that
another aspect of the problem is that some of the technology is not mature enough to be functioning smoothly when interacting with the customer. Whitford mentions VR-goggles as an example, he states that their design and comfort could be perfected in order to make the customer experience more smooth and enjoyable. Facial recognition is another technology that not is mature enough for being integrated smoothly with businesses.

According to Whitford, BMW focus on the customer experience and in store BMW have interactive technology such as interactive screens, an app, AR and VR. Whitford states that BMW has a very complex business model as they offer a lot of variance and the ability to make it exactly the car that you as a customer want. However, the customer can through their app configure their dream car from all the different features that can be chosen and then download a QR code. It is designed so that a customer that have completed a configuration, can bring it to a physical store and with the help of experts and screens continue the configuration using both physical and digital elements. The customer can also experience their car through AR in the app and for example move the car in a car sized room or even change colors. Whitford continues, virtual reality makes it possible to encourage showrooms being built a smaller, but still showcase the total product stack. He states that the ability to make top profit and major costs to the business is reduced as digital trends makes everything become more transparent. However, BMW got a strict cost now which means that they generally only can adapt lean technology. Whitford establishes that the role of the physical store changes as digital development online continues. “The question we got to ask ourselves and the dealer networks need to ask themselves, are what the future role of the dealer is.” Whitford believes that the physical experience for example could be more about being able to experience the car with the help of technological elements in the future.

4.2 Clas Ohlson

Clas Ohlson was founded 1918 by Clas Ohlson who originally named the company Clas Ohlson and Co. The original sales idea was and is still today to sell practical and substantial products for a good price, and today this has led in to the offering of smart and simple solutions. Clas Ohlson continually work to inspire the shopping experience through developing sales channels (Clas Ohlson, 2018). The interview below is with Maria Fredriksson who is the Merchandising Developer within Sales on Communications at Clas Ohlson. Fredriksson sees digitalization as a must in the future of trade. Clas Ohlson’s main goals for advanced technology is to upgrade their service both for the customers to be able to understand the product, and for them to have someone to talk to and to search and find in store. The customer experience is something they look highly upon “Also, the experience in store is something we can work a lot more on in order to enhance the customer experience”. Fredriksson believes their main possibilities with adapting advanced technology in store, lay within an increased customer happiness, better sales, but also a greater service. The
disadvantages are rather that they have such old systems from before since they are quite an old company and therefore it takes a while longer to adapt the digitalization that they would want to. Thus, the business model has to be renewed to fit the rest of the renewed company. From a customer perspective, Fredriksson says “It is a perfect complement for the brokers to use this [technology] as a tool to improve the service given to customers”.

Clas Ohlson just recently implemented new interactive screens and the software is constantly updated for them to stay up to date and engaging. Fredrikssons states that the customer's reaction towards advanced technology in store is very positive. Through the customers reaction they can see what they have to improve such as search motors, layouts and types. The customers satisfaction is mainly connected to the ability to easier search for products, since the stores can be large and have a broad product assortment. Not long ago Clas Ohlson made a deep going customer examination according to Fredriksson, where it showed to be a whole of 10% using the terminals of their total amount of customers. In addition to this, there is also a positive attitude from the brokers. They do not have to update the traditional storefront windows as much anymore which can be time consuming, but are still able to update with campaigns a lot more often and better through digital signage.

Today the customer terminals are based on Clas Ohlson’s app instead of the website but the plan for the future is for them all to be linked together. The future plan is for the physical store to be more linked with the e-commerce. Fredriksson says this is going to be a part of a strategy in order to increase the shopping experience. They will now compare what it is customers preferences about the physical store versus the ecommerce and then merge the two. “We have brought the physical store to the web with more inspiration and put together environments where we earlier only had product and price and now solutions just like the once we build in store. In e-commerce the customers like to see the rating of products and what others think of it. This is something we are looking into to adapt in store”. The stores will therefore stay most highly relevant for Clas Ohlson. They also need stores both as a pick up point for products but also mini storages all over Sweden. Fredriksson believes that they should let the customer steer the way, in order for the company to be successful and innovative. If retailers implement more and more advanced technologies in store, customers will expect more from Clas Ohlson as well, and Fredriksson states they will have to be able to meet this. To continue, she believes that customers showing the way is quite new due to a better awareness, as well as customers have access to the whole world and can buy anything anywhere. “We used to be unique in our product assortment however now we have to be unique with something else”.

26 (58)
4.3 Volvo Car Company

Volvo Car Company is a Swedish car brand that produced their first product line in 1927. Nowadays, Volvo is one of the most well-known and respected car brands. The focus lay on people and to make life both easier and safer through among other things, technology (Volvo Cars, 2017). The following interview is with a highly represented employee of the subject from Volvo. The employee believes the digitalization moves slowly within the car industry. All research and development takes a lot of time and when finally announced, you might have the latest within digitalization but it is not the last possible. “When it is finally launched, you will have the latest but not the latest possible because of the long developing time”. Also, Volvo does not have their own franchise system and new technology leading to it all have to be negotiated with the brokers which also takes a certain amount of time. Volvo’s business model is constantly changing in relation to development of digitalization.

According to the source, Volvo is a company with high ambitions however it takes time to get implement new technology with all steps and decisions. A future goal is to be able to have AR and VR possibilities in all stores for customers to be able to try out and go through the car themselves virtually before ordering. Today, this exists when exhibit at fairs and in Volvo’s own spaces. “We have VR in fairs as well as in our own facilities in Tokyo, New York, Mian and soon in Sweden too”. The main inhibition is the cost of this technology in relation to a limited lifespan. Volvo has been using VR at fairs for a few years and as it continually develops the employee believes it will reach brokers soon. Except from these, interactive screens are used. The screens makes it possible for the customer to create their car to later continue develop together with brokers. The screens can also be used to find service stations and more. The employee believes customers are willing to pay more for an easier shopping experience with solutions that will equal to a more seamless process. This leads to a continuation in development of advanced technology in store and the belief that in ten years many more products will be available on the market. Volvo is only in their infancy state with much more to come.

The source experiences a gap in marketing communication between physical stores and digitized channels strategies in store such as screens, due to that the salesmen has change the way they communicate with the customer. “There has been a switch in the marketing communication regarding how we talk to customers in our showrooms, from the physical moving towards screens and other digitized channel strategies”. The digitized channels leads to an increased availability of product knowledge that the customer can experience on their own both in store and even before entering the store and the brokers take a confirming role instead of informing role. If brokers take on their new roles right, the digitalization increases customers relations according to the employee. However, it puts pressure on the company to
enhance a good relation and build up a good man to man relation with all technology. The customer to employee relationship is still important for a comfortable purchase. Nonetheless for such large and exclusive products. As customers nowadays enters the store hall with a lot of information of the product already or is about the gather the information through interactive screens on their own, the salesmen gets the opportunity to focus on other things. The salesmen can now approach the customer with with additional sales, service agreements, tyres and other things the customers has not been given thought to yet.

The source strongly believes that it is important to meet customers expectations within this topic and draws a parallel to airplanes; just a half year ago it was not possible to get WiFi on board, and today customers get disappointed when it does not work. The employee states “What we have to do is to meet the customers expectations, and if the expectations are based on smoother digitized touchpoints then we have to be able to meet this expectation”. According to the employee it might be easy to put out a lot of interactive screens but they have to meet the expectation of creating relationships which the screens do in a innovative way, but the employee believes the screens cannot replace the relationship a salesman need with the customer. This puts some pressure on the company to figure out the new roles of the store and its employees.

4.4 Volkswagen Group

Volkswagen Group came to Sweden 1948 and their vision is to be globally leading provider of sustainable mobility. They want to accomplish sustainable growth through excited customers, excellent employers, role model for environment, safety and integrity as well as competitive profitability (Volkswagen Group, 2018). Lasse Dilschmann, Head of Digitalization & E-Commerce at Volkswagen explains that the company has understanding and awareness of the development within the industry that digitalization has started. He sees two main factors that are under development, firstly that the customer buying process is transforming into a better one and that it is easier for customers to buy a car today. Secondly, digitalization brings an added value to their offer where consumers for example can configure their car just as they would like it. Although, Dilschmann adds, digitalisation of the store also brings challenges, as they have to adapt themselves to a new digitized world. To continue, Dilschmann states that digitalization affects the business model.

Dilschmann states that Volkswagen want to create a seamless customer journey, which is one of the challenges that they are facing with digitalization right now. He explains that Volkswagen want the customer experience through online and offline to be seamless. Dilschmann believes that some of the new more advanced technology, such as VR still has to reach a higher level of maturity. He suggests that the design of the headset could be improved in order to add a higher value to the customer experience. Another issue is that they in some
cases struggle with making the dealership comfortable with using such technology, as they might find it difficult to implement it. Dilschmann continues to explain that there on the other hand is a great advantage of using for example VR in the showrooms. “The customer was, in most cases, impressed by the technology itself, which of course is transitory as it becomes more mainstream. Some might not experienced Virtual Reality before, which created an intense experience that has a spillover effect on our brand.”. He also explains that the customers had a good time playing around with the different features, such as changing colours on decor panels and changing the lightning. One of the results of this was that the customers bought more added features. According to Dilschmann this has three beneficial consequences, firstly they can keep better margins on products, which gives consumers an increased opportunity. Secondly, the customer felt as they had gotten a considerably much more personalized car. Thirdly, it will be much more time beneficial as customers can begin their journey online to figure out what they like.

Dilschmann states that the physical store concept will continue to develop in the future. He believes that there will be possibilities having showrooms closer to the consumers, rather than in a trading estate outside the cities. “[...] we're not going to need 600 square meters in a trading estate, we will have presence where the customer is located.” This as technology could enable them to build smaller showrooms, focusing on the customer experience. Where products could be showcased with support of advanced technology. The customer could also build their car and order it. Another advantage is that Volkswagen will be able to show cars before they even arrive to Sweden.

4.5. Synsam Group

Synsam Group is a Swedish retailer company that was founded 1968 (Synsam, 2018). They are a dealer of glasses and their collection consists of various brands. They also offer eye exams by certified opticians. Synsam is represented by Michael Grimborg, Chief Marketing Officer at Synsam. Grimborg explains that Synsam differ from other retailing companies as they offer eye exams by opticians and that the opticians have a fundamental role in Synsams business. This is quite unique compared to other retailing companies. Grimborg continues to explain that the physical store therefore has a very important role. Even though one third of the customers start their journey online when booking an eye exam, the actual sales journey tend to start only first when the customer visits the store for their booking. However, Grimborg states that moving towards omni channeling has not been helpful in their business. “Our challenge is not moving entire purchases to online as you do with clothes, we believe we are going to have more stores [in the future].” Grimborg states that Synsam wants to provide a easy and inspiring experience for the customers. Although, he still believes they need to think more about how they can become more omni.
According to Grimborg Synsam mainly uses advanced technology as their app Stylelab by Synsam and interactive screens. Grimborg explains that Stylelab uses AR and that the app is integrated with their e-commerce. The customer can categorize the glasses by brand, price and design. Customers will also receive suggestions and are able to share pictures of the results on social media. The response from the customers have been very positive according to Grimborg. “ [...] customers become interested in our collection and visiting our physical store.” In the physical stores Synsam have implemented screens connected to the app, that consumers often interact with while waiting for their scheduled time. Grimborg states that one reason for implementing the technology is that it is trendy and a good marketing opportunity. Synsam did recently introduce a new concept called Ai. Grimborg explains that they are currently working with implementing new technology connected to this concept that hopefully will improve eye exams. This technology will be introduced and tested in as a part of the new concept. “ [...] there is no reason for us to hold on to old ways of doing things.”

Grimborg states that Synsam wants to provide an easy and inspiring experience for the customers. As it is today customers come in every third year to visit their optician, however Synsam would want it to be once every year according to Grimborg. Therefore, Synsam works a lot with strengthening their customer relations and developing their touchpoints. This is something Grimborg believes technology can support and favour. However, Grimborg is unsure of what exact values advanced technology can bring to Synsams stores. “To be honest, we are not there yet to be able to answer that question. But we have to keep up, we do not want new technology to be introduced and for us to be unable to understand it.” Synsam want everything to become faster, easier and cheaper for the customer. Grimborg states that implementing the technology has affected Synsam’s business model. He uses the interactive screens as an example and explains that the interactive screens are profitable internally as well, where they are able to sell the ability for suppliers to market themself on the screens.

4.6 AMF Fastigheter

AMF is one of Sweden's largest property companies, founded 1998, with commercial properties in Stockholm and Sundbyberg. AMF is a daughter company to the pension company AMF and their mission is to provide a stable return to the customers, the savers, at AMF. They develop offices and trade places and the surrounding neighbourhoods. They strive after creating modern workplaces, inspiring trade places, unique meeting places and places for innovation. A goal is to always try to be one step ahead and look into the future (AMF Fastigheter, n.d). Just recently, in March 2018, AMF launched a new concept The Lobby - The future store experience. It is a initiative to meet the new challenges that traditional trade are facing today. In The Lobby innovative solutions for stores will be tested and developed (AMF Fastigheter, 2018). Göran Swärdh, Business Development Manager at The Lobby represented AMF. According to Swärdh The thought is to develop the future digital and analog experiences in shopping, service and socializing in The Lobby.
In other words, The Lobby is a platform for testing new technology, digital formats and tools. Swärdh believes that they have to test new technology as there are so many new innovations coming through. “I don’t think everything is mature enough for the Swedish market at the moment either, so that is why we must test it before we send it out on our trade places.”. One major reason for this is that they want to have cost awareness and not invest in the wrong things. He continues explaining “The purpose of The Lobby is for it to be a platform where we can test the technology on regular customers, so that you do not invest enormous amounts of money on something that customers are not prepared for”. Swärdh states that stores are going through an enormous change that will force the stores to big conversions. One example of this is the mathematics that earlier have been connected to the store being a sales place. Swärdh suggests that how the profits are calculated can change as the store gets a new function. “You are not going to be able to manage a store in the same way as earlier [...]”. The technology are also adding to the growing amount of channels, where stores will have to find a way of measuring the total instead of measuring the channels separately. Swärdh states that changing the business structure is a very costly process. However, he says “It is really fun that things are starting to happen, it has been the same within retail as long as I have been within the industry.”.

In The Lobby AMF is right now mainly testing how the customers react on interacting with ipads and having to do such things on their own. Swärdh states that for once, no one knows what is right or wrong and what the future store will be. Swärdh believes that the biggest advantages is that the implemented technology favours the consumer. “It should be because you want people to feel like it is more of an experience and because it favours what you are doing.” AMF wants to create a pleasant experience for the customer as they at the same time makes the visit as comfortable as they can. The thought is to eventually implement more technology and if companies wants to show AR or VR they will be able to this. However, Swärdh says “[...] but we do not want to implement too much technology in an inconvenient way, we want people to successively understand that it not is a regular store, but the future store.”. Swärdh also believes that some technology, as VR are just in the beginning of becoming something really great and useful. At the moment he thinks that the VR-technology feels heavy and the quality is mediocre.

Swärdh identifies three different objectives within the project. One of them are that AMF, as earlier mentioned, want to test the future ways of meeting the customer. Swärdh explains that as AMF owns a lot of property, including shopping centers, it is very important for them to know what their customers wants in the future. “And I am not talking about [the future] in 10 years, I am talking about in perhaps 1 year.” Secondly, they want to give tech companies the opportunity to be able to test technology in an natural environment. They also have retailers that rent the space. According to Swärdh The Lobby becomes a marketing tool and a way for retailers to market themselves. Lastly, there is the consumer which Swärdh believes might have unclarity about The Lobby and what it is. “They might naturally believe that we are a
store, but we don’t look at it [The Lobby] as a store, but rather a marketing place.” However, Swärdh continues to explain that there is supposed to be question marks. He also explains that customer behaviour has changed massively. Today they are more informed than the employee’s and more active than they have been before, a progress that Swärdh believes just has happened over the last 1-2 years. When customers visit stores today they more often end up with ordering the product even though they are in the physical store. Swärdh believes that customers will get tired of buying online after a while. “I believe that the store always will have its role and therefore also its employees.” He believes that stores need to reinforce the ability for customers to touch, feel and try products in a physical environment. He emphasizes the importance of engaging the customer and delivering a enjoyable and inspiring experience. Swärdh believes that stores have to activate and market themselves, the brands that do this in The Lobby have had great success.

### 4.7 Curiat (NZ) Limited

Rob Hanks owns the company Curiat and is a subject specialist of Augmented reality. Curiat started in October 2016 and develops full products which will end up as brands itself. According to Hanks, AR is all about the experience and Curiat uses it to engage people with brands for longer. Hanks and his team work with experience reality such as AR, Artificial Intelligence, Internet of Things integrated business systems. Hanks explains that AR is to be differed from Virtual Reality (VR). In VR you see through goggles and in AR it is the same basics but through a smartphone “[The technologies] Puts a digital overlay between you and the real world, objects and things like that. Allowing it to come to life”. This allows humans to interact more with the brand according to Hanks, which builds up a different kind of trust. For example, instead of walking past a sign AR makes it possible to interact with it, which can take a brand to a completely new level. Hanks describes the immaturity of the technology as no one knew what it was about when he started his company. As the technology was too new and immature, no one knew what AR was or what it could be used for. Therefore, they had to start educating the industry before they could start selling the product.

Hanks also emphasises the best way to build strong relationships with customers is to approach them with art or music or anything that touches them “By touching peoples heart, people want to engage with it, they feel compelled”. Another example where AR really can make a difference is in receptions or luxury boutiques such as fancier car brands where facial recognitions are able to pick up a face and shows on a screen for the receptionist. In this way the receptionist would immediately know who the person is, great with name and could have access to more information of interests or coffee. Especially for luxury products where people with big egos go this could really make a difference for the brand experience. Hanks compares AR to computers when they first were introduced on the market and became the way people interact and communicate, and explains that “AR will become the way people
interact with the future”. AR will hopefully not be having to be educated about in the future since it is generational, and as newer generations continue to enter the market AR will be more and more implemented with them. Hanks believes AR will be mainstream within the next seven years, so by 2025.

According to Hanks, when looking at companies using AR it is either the very large companies that have been using AR for quite a while or the small to medium size enterprises. Hank believes the main advantage with AR for companies is that you get quicker access to information. Instead of having to walk down floors and look through papers it is possible to just click on a link which takes one direct to the main source. To end with, Hanks told that it is very common for businesses to pick one of the acronyms of SMART and focus on when using this kind of technologies. These acronyms are Specific, Measurable, Attainable, Realistic and Timely. According to Hanks it is common for businesses to use this if they are more result focused.

Figure 4: Summary of interviewees.
5.0 ANALYSIS

The five interviewed companies within retailing are very different from each other in some aspects. The most obvious difference is that they in some aspects have a very different product assortment when being compared to each other. The majority of the companies answers are in line with each other. Although, how they use advanced technology in store sometimes differ as a consequence of their product assortment. More specifically, what technologies the companies have chosen to implement. This is likely to be connected to the variety of products the different companies offer. For example cars are considered as luxury products whereas Clas Ohlson offers a blend of convenience products, but also more high end products such as cameras or construction tools. In some cases the business model might influence this too, as Synsam for example has a very unique business model where customers can receive eye exams by opticians - which takes place in their physical stores. The car companies on the other hand offers countless of features that the customers are able to choose from. To continue, this is very different from the way that Synsam and not to mention Clas Ohlson operates their businesses. The study also suggest that in some cases different products puts different pressure on knowledge on the behalf of the employees and the consumer.

5.1 Digitalization

Research has suggested that brick and mortar needs to be reinvented in order to survive (Rigby, 2011; Handels utredningsgrupp, 2016). Also, that retailers need to have understanding of new customer behaviour and adapt their strategies - this as consequence of environmental changes within cities and trade (Pantano & Timmermans, 2014). All of the employees described in different ways that there has been a shift in consumer behaviour and on the market. They stated that a main reason for the companies to implement advanced technology in store is that they want to respond to the changes in customer behaviour and demands. To continue, this shows that the companies has started to adapt themselves to these changes, which earlier studies has stated that the companies will have to do in order to be successful. For example the Fredriksson from Clas Ohlson states that customers showing the way is new for the company. She believes it is due to a better awareness, at the same time as it is easier to access the whole world and buy anything anywhere. The employee from Volvo agrees with this and states that digitized channels leads to an increased availability of product knowledge that the customer can experience on their own even before entering the store. The employee says that this changes the brokers role, where they rather enter a confirming role instead of their usual informing role. Swärdh from AMF agreed with this and stated that customer behaviour has changed massively. He as well stated that consumers to a larger extent are more informed than the employees today, nevertheless more active than they have been before. The employees further stated that the brands also wanted to stay up to date, and that implementing advanced technology was a good way of marketing the product and brand. For example Dilschmann from Volkswagen stated that “The customer was, in most cases,
impressed by the technology itself, which of course is transitory as it becomes more mainstream. Some might not experienced Virtual Reality before, which created an intense experience that has a spillover effect on our brand.” Grimborg from Synsam similarly stated that one reason for implementing the technology is that it is trendy and a good marketing opportunity.

The five companies agree on that digitalization leaves challenges for the companies. The companies either suggest or agree on that the process of changing the store just has begun and that implementing advanced technology in this way is relatively new to them. For example by stating that consumer behaviour and the market has changed as above. Several of the employees also believe that the companies would like to do more in the future or that the future holds possibilities. Which indicates that it is a process that just is in the beginning and that the store will develop a lot in the future. For example the employees from BMW, Volkswagen and AMF gives VR as an example, they believe that there will be better solutions in the future. Fredriksson from Clas ohlson also stated that they will implement a strategy that will connect the physical more to the digital and online. Swärdh from AMF also confirms that stores are going through an enormous change and states that for once nobody knows which direction to go. This corresponds with earlier articles that suggest that physical store concept not has renewed as much as e-commerce (Hwangbo et al., 2017; HUI, 2017). In addition to this, 2 of the respondents stated that they in some cases struggle to bring dealers and employees along on the journey. The companies explained that it is sometimes difficult for dealers to provide a smooth experience to customers by using the technology. This as they can feel like they lack knowledge or feel uncomfortable with the technology. As Whitford from BMW says “We are pushing actively in the digital space and are an innovator on electrification, but it’s a challenge to take the dealer network with us.”. Earlier research states that implementation of technology becomes smart when retailers and clients are involved in “smart partnerships” in order to deliver satisfying service (Pantano & Timmermans, 2014). To continue, this seems to be something that at least two of the companies in some way struggle with. It also indicates that the process of adapting the store somewhat just has begun.

The respondents believe that the companies business models are and will continue to be affected by digitalization. Furthermore, 4 out of 5 companies state that they already have changed parts of how they operate their businesses. For example Steve Whitford explains that digitalization has changed BMW’s focus towards a customer focus and that BMW historically have put the car in the center of everything they do. To continue, the interviewed employee from Volvo explained that their business model is constantly changing in relation to development of digitalization. Both Fredriksson from Clas Ohlson and Grimborg from Synsam argue that they have to renew their business model as the store changes. With other words, this also suggests that one of the challenges for the companies is to adapt their business models and how they operationalize their businesses. Furthermore, this is in line with earlier studies and articles that have suggested that retailers have to adapt new business
models on a changed market (HUI, 2017; Dagensarena, 2017). In addition to this research state similarly to the respondents, that in order to create a smart store, changes of the organizational processes and the selling activities is required. The companies need to integrate not only their organizational skills, competencies and resources, but the technology as well (Pantano & Timmermans, 2014).

5.2 Advanced Technologies

The implemented technologies within the companies in store where mainly VR, AR and interactive screens such as ipads for example. Whitford at BMW stated that they used VR, AR and interactive screens connected to the store visit. Grimborg from Synsam explained that they used interactive screens and AR. Whereas the respondent from Volvo stated that they mainly implement VR and interactive screens. Lastly, Dilschmann from Volkswagen stated that they use VR and Fredriksson from Clas Ohlson stated that they implement interactive screens in their stores. To begin with, BMW, Volvo and Volkswagen used similar technologies, this could be because of the fact that the brands are within the same industry. They also implemented the technologies in similar ways, where they used both AR and VR to be able to showcase their product. To continue, the respondents within these companies described that the technology also affected their brand in a positive way marketing wise, as earlier mentioned.

BMW implement AR in their app where the customer are able to move the car in a car sized room and even change the colors. The app enables customers to configure the car of their dreams and then can bring it to a physical store, where they can continue the configuration with the help of experts and interactive screens. Firstly, this enables BMW to showcase all the features that can be chosen. Secondly, it also makes it possible for their customers to discover and play around with the features when building their car. Whitford also states that VR makes it possible for them to showcase the total product stack regardless of the showrooms capacity. Volvo implement VR on their fairs where customers similar to BMW can experience the car virtually. The screens they implement makes it possible for the customer to create their car and develop it together with brokers. According to Volvo’s respondent the screens can also be used to find service stations and more. To continue, Dilschmann at Volkswagen states that implementing VR have had a spillover effect on their brand, where customers have been impressed with the technology and the experience.

The ability for these car brands to showcase their product with the help of such technology in a useful way might differ from the other companies in this study but generally as well. Especially, in comparison with for example Clas Ohlson that has a wide range of different products in both higher and lower price categories. All three car brands are also considerable larger companies than both Clas Ohlson and Synsam for example, which most likely affect the ability to invest in the technology as well. Although, Synsam similar to the car brands allow customer to try on their product, in this case glasses, with their app using
AR-technology. Just like Volkswagen Synsam describes that the app affects their brand in a positive way. It contributes to the brand feeling more innovative and forward thinking. Similarly to BMW, the app is supposed to in a way pull the customer towards the physical store. The customer can then interact with the app on ipads in stores as well and moreover try on and touch the actual product. Clas Ohlson differ from the other companies as they do not implement neither VR nor AR. However, they do implement interactive screens, which 4 out of 5 employee’s mentioned as a implemented technology at their company. The smart screens are being used as customer terminals where the customers can search for a product in their assortment and its location. In a way this is similar to how the other companies with interactive screens can showcase the total product assortment. On the other hand, the interaction is somewhat different when comparing the companies. For example, Synsam’s interactive screens can be used by the customer so that they can play around with the app while waiting for the optician. When customers interact with the car brands screens they can do the same. Although it is suggested that one purpose is for employees to be able to guide and assist the customer in their choice of car with the support of the technology.

All four companies have in common that the screens are partly used in order to reinforce and simplify the customer experience and give the customer a greater service. At the same time the companies are able to market their products in a new way, as they can showcase their assortment with more detailed information than before. Swärdh from AMF statements are in line with this, he says that AMF wants to create a pleasant experience for the customer as they at the same time makes the visit as comfortable as they can. He believes that these are factors that could be strengthened by advanced technology. Swärdh also states that The Lobby becomes a marketing tool and a way for retailers to market themselves, which correlate with the other employees stating that the advanced technology and innovative approach is a good way for their companies to market themselves. Some of the employees also stated that the technology contributed with economical values. For example BMW said that they can have smaller showrooms and move closer to cities, but still be able to showcase all of their products through the technology. The employee from Volkswagen stated that their customers bought more added features when interacting with VR. To continue, the technology also made it possible for them to keep better margins on products. However, the source from Volvo argued that the technology at the moment not is cost effective as many of them have a short lifespan.
Figure 5: Summary of what company is using what technology.

The technologies that were presented in the Frame of Reference are among the most mentioned in the studies that has been used for this research. However, most of these are not implemented within the companies that has been interviewed in this study, as can be seen in Figure 5. All of the companies stated that they would like to be able to implement more advanced technology in store. However, they also believe that some of the new advanced technology that already is being implemented in store not is mature enough. For example, as earlier mentioned, Whitford at BMW stated that facial recognition not is mature enough for companies to implement effectively. For example the employees from BMW, Volkswagen and Volvo stated that VR not is functioning as smooth as they would like and that they believe that the technology will develop in the future. Moreover, they concluded that the companies themselves and the customer not are prepared for the technology either in some cases. Therefore, a major reason for the small variety in technologies could be the technologies maturity level.

5.2 The Smart Store Experience

All five companies agree on that in order to reinforce the shopping experience they use advanced technology for customers to interact with. They also sympathise that this has to be done in an appealing and exciting way for a positive effect (Fischer et al., 2009; Bharadwaj et al., 2009). All of the seven companies including Hanks from Curiat and Swärdh from AMF Fastigheter, our subject specialists within AR and The Lobby agrees on that, using interactive technology creates value to the customer. Hanks from Curiat states he wants customers to stop at a digital sign and interact with it to get to know the brand. All five brands and retailers explain in different ways how the experience is something they focus on when implementing advanced technology in store. However, the experience and the technology is continuously developed. Pine and Gilmore (1999) develop this concept and state that events that create personal engagement is what makes up to an experience. Creating personal engagement in a
physical store is something that has been almost non-existent before the use of technology. Although, some might argue that every customer got personal engagement when in the buying process due to many decisions and reflections. Moreover, the study by Richardson (2010) strengthens the use of advanced technology in store for experience marketing by saying experience marketing can be by digital experiences and interactions.

All five companies agree on that advanced technology is a must for the future customer experience, and Hanks from Curiat believes AR will be mainstream before 2025. According to a study, when the shopping experience is entertaining it has great affection on reaching out to customers satisfaction (Söderlund & Jurlander 2009). Therefore, creating an entertaining experience is of importance. The companies does this in different ways by using their advanced technology in store. For example Synsam wants their AR-app to be a fun experience for customers both outside the store and in store. Both BMW, Volvo and Volkswagen provides the same kind of opportunity for customers by VR and AR, enabling customers to play around with different features and building their dream car. Clas Ohlson however, does in comparison not really offer the same level of entertainment as their screens are explained to have a rather functional and service orientated value. Anyhow, all of the companies have seen a positive outcome of the technologies and describe it as easier processes, inspiring, playful, increasing happiness etc.

Moreover, the individual experience is also very important. Studies from Schmitt (2010) and Richardson (2010) show the importance of being aware that experiences are perceptual and that everyone have different views to what an experience is. One of the benefits of advanced technology in store is that it can provide a variety of experiences, to suit all kind of customers and their personal preferences. This makes it easier for companies to provide an entertaining and enjoyable experience. As earlier mentioned, according to the employees from Volvo, Volkswagen and BMW, they use advanced technologies for customers to be able to customize their car before ordering or buying it. So, even though all brands and companies focus on personalize the customer experience differently, they all have something that makes the customer able to personalize the experience for themselves. Thus, they might be able to create their own experience of their shopping tour. This is also in line with what Pantano and Naccarato (2010) says as interactivity of the technology enables customers to interact with products and receive customized services. This is beneficial in many different aspects for customers, for example time effectiveness and individualized interaction with stores (Pantano & Naccarato, 2010).

From the interviews it has become clear that brick and mortar stores has to increasingly become more customer focused and that this might be where the implemented advanced technologies comes in. Only Whitford from BMW mentioned big data of customers that is gathered from the technologies and how the information can be used by the company. This indicates further that the companies are customer focused when implementing the technology in their stores. On the other hand, a study has showed that the technologies can be used to not
only improve product quality, messages and strategies, but also reinforce the experience (Pantano & Naccarato, 2010). Therefore, it could be questioned why the companies did not mention this advantages. As in the end, such information could be customer orientated when used to create a better customer experience. This could be interpreted as a less important reason and momentum for the companies to implement the technologies. It could even suggest that the companies not are fully aware of how to utilize such information. However, it does demonstrate the companies customer orientation and the importance of the customer experience.

As the consumer behavior and market has changed, the expectations of the store experience has changed. For example, the source from Volvo believes in meeting customer expectations regarding their experience. According to the employee, it is not possible to implement advanced technologies just for the looks, since if they later don’t hold the quality it will affect the experience negatively. Fredrikson at Clas Ohlson also states that the consumer has new demands and desires. Swärdh from AMF Fastigheter strengthens all five companies reasons to implement advanced technology regarding increased customer experience, and enlightens that all stores will go through a major change and have conventions in a near future. Swärdh informs that they are trying out this concept for stores in order for the experience to be both pleasant, inspiring and comfortable. Making the experience inspirational, correlates to making the experience individualized, as consumers can choose from their own preferences and play around with different features of a product. Another factor that contributes to a pleasant and easy experience is a better customer service. The technology implemented in store by the companies can both direct and indirect affect the service that the companies deliver. For example, Fredriksson from Clas Ohlson states that they recently realized that they have to let the customer steer the other way. For this, they use advanced technology in terminals for service among other things where the customer can look for what they are after. Service within the advanced technology can have a very positive outcome. This really means that the interactive technology contributes with anything within the store for the customer.

A study state that interactivity of technology enables interaction with product and for the customer to receive customized service. Also that it is beneficial due to time effectiveness and individual interactions (Pantano & Naccarato, 2010). All companies use their advanced technology for it to contribute and help the customer, but in different ways depending on what store. For example, according to Whitform from BMW, the employee from Volvo and Dilschmann from Volkswagen they use the advanced technologies for customers to be able to try out car features virtually both on their own and in company of an employee. On the other hand, Clas Ohlson seems to be a bit more service oriented than the other companies. As they for example use interactive digital signage for a smoother and easier communication and experience in store. For example to enable customers to find the product they are searching for, product information and navigation services. Fredriksson states “It is a perfect complement for the brokers to use this as a tool to improve the service given to customers”. According to Grimborg, Synsam also use their technology for easier customer processes and
try outs. The five companies suggest in different ways that omni channeling is of importance and confirm that communication has changed due to new technology and channels.

They state that they want to create a seamless experience and journey between the digital and physical. To exemplify, Clas Ohlson try to according to Fredriksson link all of their channels so that they become more omni in order to increase the shopping experience. Partly, because the consumers expect this, but also to simplify their experience. Whitford at BMW states similarly that they want to meet the customer expectation, “ [...] the customer expectation is that their journey through online, physical and telephone is seamless.” The last identified factor is customer relationships. According to Grimborg, Synsam use their advanced technology for improved customer relationships, this by creating an inspiring and easy experience. They also believe that technology can strengthen their customer relations and their touchpoints. The employee from Volvo believes that technology helps them creating relationships with customers in an innovative way, but emphasises the importance of real connection with employees as well. To continue, this is a unique opportunity for brick and mortar, as they can provide innovative service combined with an actual and social interaction with a human being. Hanks from Curiat, states that the best way to build strong relationships with customers is to approach them with art or music or anything that touches them through the technology; “By touching peoples heart, people want to engage with it, they feel compelled”.

5.2.2 Customer Value

As all five companies as well as the experts state that all advanced technology is made for an improved customer experience, it is most likely a higher customer value that they are after. Customer value can be argued like in the last theory to be very individual. However, active value can be divided into two sub groups of emotional and functional benefits which might be derived from physical and mental manipulation (Young-Kyung, 2002). To continue, a functional benefit might as well affect emotions in a person and might therefore cohere on another level. As all five companies implement advanced technologies in store to create a functional value for the customer and interaction. However, as advanced technologies are implemented for the experience it can also be argued to be emotional.

For example, BMW use their app according to Whitford for customers to customize their own car in a very simple way which can contribute in a functional way, but then Clas Ohlson’s Fredriksson state that they use their advanced technologies for improved service but also customer happiness, which then is a functional benefit leading to emotional. The store might then “manipulate” the customers in a mental way for them to feel satisfied about something and then buy because it made them feel good. The technologies can be used in a way for the customer to become relieved as the product was easy to find through interactive digital signage terminals and then as a stress relief they become satisfaction and buy the product.
Also, Volvo, Synsam and Volkswagen use the advanced technologies according to their employees, for an easier and more inspiring shopping experience which might be emotional and state they use the advanced technology to support the processes which are functional. Dilschmann from Volkswagen says they see their customers playing around having a good time with their technologies. Although, the companies are different from each other and uses different advanced technologies there is a similarity that they use the technology for the same purpose and has to be functional for it to play on emotions even though the emotion is of happiness or relief. This difference in feeling might also depend on the product as a smaller convenient product from Clas Ohlson might be of more relief in a hurry than happiness when found the right car. Also, AMF can strengthen as Swärdh wants the technologies to be both comfortable and working.

5.2.3 Sensory marketing and Touchpoints
As all companies use advanced technologies such as interactive digital signage, apps AR and VR they are all interactive and dependent on touch, to some extent sight and they use customers senses to evoke feelings. Theory within Customer Value say that stores use sensory stimuli to evoke feelings through senses. Hanks from Curiat implies feelings are important for reaching out to customers as he says “By touching peoples heart, people want to engage with it, they feel compelled”. Stores do this to create a playful environment and arouse customers for shopping to be fun and not seen as a must or work thing. The study also shows it can contribute to a longer stay in store (Young-Kyung, 2002). This is also relatable to the theory of sensory marketing such as number 1. “Sense marketing” that affects the five senses of smell, sound, touch, taste and sight. But also number 4. “Act marketing” of customers behaviour, lifestyle and interactions (Schmitt, 1999).

All of the technologies implemented by the companies interact with customers touch and sight. In for example VR and AR, sight is an important sensor as the technologies are there to help imagine the final product with the chosen extra features such as colors and effects. This is something that both Synsam, BMW, Volvo and Volkswagen utilizes. The touch is stimulated in such way that the customers gets to interact with screens, but often still have the opportunity to feel the real product in store. For example, Synsam, Volkswagen and Volvo use other feelings that contributes to customer value as they want the shopping experience to be easy, seamless. Swärdh from AMF strengthen with his experience and knowledge that stores need to reinforce the ability for customers to touch, feel and try products in a physical environment. He emphasizes the importance of engaging the customer and delivering a enjoyable and inspiring experience.

The first touchpoint is the atmospheric element. This is the physical environment affecting the customer when entering a store. This is said to influence customer experience and customer behaviour (Stein & Ramaseshan, 2016; Turley & Milliman, 2000). To continue, signage and technologies affect the physical environment quite a lot. The fact that all
companies use advanced technologies in store, for the customer to interact with the store and create own relations with it should improve the in store experience. For example, Synsam uses interactive screens as a complement in their environment for customers to utilize when waiting for eye examinations. Moreover, Whitford states that that their environment in the physical store is affected positively by technology, as it enables BMW to have smaller showrooms and being able to move closer to the customer towards the cities. Even so, they will still have the ability to showcase all of their assortment with the help of technology such as VR and AR in smaller showrooms.

The second touchpoint is the technological element, an in store technology should be easy to use and have convenience. It can be of great importance when consumers interact with touchpoints. (Stein & Ramaseshan, 2016) All of the companies use advanced technologies for better interaction with both product and brand. This is used for both for better customer experience such as inspiration in store as well as improved service to help the personnel. This affect the customer value in a positive way and result in satisfied customers. However, for the technology in store to have a positive impact on customers it has to work properly. Once it is implemented customers have high expectations and if then not working properly, customers will be more disappointed than before the implementation.

The third touchpoints is the communicative element. This element involves promotional messages, informative messages and advertisements. It is said to be a one-way communication from the retailer to the customer. It is important for customer experience as they can observe the content (Stein & Ramaseshan, 2016). All advanced technologies used all stores are there to promote products and inform of products the customers. One could argue that all the interactive technologies are one-way information giving from store to customers, since all information is programmed in the technology to provide for the customer. The customer can then use this information and do whatever they want, for example within AR, VR and interactive digital signage - put together the features they like. On the other hand, when customers interact with the technology, for example when configurating their dream car they communicate their preferences to the technology. Later on, this configuration can as well be used when the customer interact with employees. This way interactive technologies becomes a two-way communicator.

The fourth touchpoint is the process element. This one is significant for customers as this is often depend on their perception and how they evaluate their experience. The process element is about the waiting times, navigation in store and the services (Stein & Ramaseshan, 2016). The service is something all the different companies agreed on and is in many ways why they use advanced technologies in store. For example, Clas Ohlson use interactive screen terminals for service such as finding the right product and navigation in store. Synsam use AR for trying out glasses, BMW have their AR app, Volkswagen VR and Volvo interactive screens all of them to help customers finding and experiencing in beforehand what it is they are really after and to be able to try out before deciding and ordering. With an easier process
of finding exactly what customers are after retailers can receive happier and more relieved customers. Moreover, the employees can focus on other things such as increased sales and rather enter a confirming role. Swärdh from AMF says this and aims at implementation of advanced technologies.

The last touchpoints are about the interactive elements that can be in both indirect and direct interaction such as between customer and broker. This interaction can be both between customer and employees, as well as between customer and product. Quality and assortments are also categories of interaction elements. This is shown to improve customer experience (Stein & Ramaseshan, 2016). All companies interviewed used the advanced technologies as interactive elements in order to help the customer to employees service, but also to improve the customer to product relation. Both the advanced technologies for service and inspiration interacted with the customer for an improved customer experience in store. As interaction is a feature of the technology, this element is connected to the other touchpoints as well.
5.3 The Conceptual Model - Analysis

Figure 6: Jonsson-Wamsler, The Conceptual Model of The Smart Store
6.0 CONCLUSION

The purpose of this study is to “Gain a better understanding of how and why traditional retailers implement advanced technology and innovation in their business”. Below the main conclusions and findings of this study can be found and be explained further.

As the introduction state, new technology has strongly influenced the way of doing business and online retailing. However, offline retailing has not changed as much in comparison (Hwangbo et al., 2017; HUI, 2017). However, the evolvement of technology has a direct effect on retailing (Hagberg et al, 2016). In this study the concept of terms such as The smart store or a Hybrid store has been investigated further. More specifically it has investigated how and why stores implement advanced technology and innovation in their business. How and why are strongly connected in this matter, as the study shows that how the stores reinvent themselves correlates to why companies reinvent the store and vice versa.

In conclusion, how the brands implement advanced technology in store is through VR, AR and interactive digital signage on interactive screens. In order to be able to implement such technologies, a majority of the employees stated that their business models and ways of operating their business not only has been affected but have had to change. This correlates to how the stores implement advanced technologies in the physical store, as they have had to take this into consideration. As the business model is fundamental for how a company operates their business it is therefore a conclusion worth taken into account, as this is part of how they have reinvented the store. It was also said by two employees that they in some cases struggled with making employees and dealerships comfortable with the technology. In addition to this, it was also suggested that the employees feel like renewing the store is a process that just has begun. This could also be a reason for why some employees stated that one of the challenges with implementing advanced technology is making employees and the dealerships to feel comfortable with using and utilizing the technology. To conclude, this could also indicate that the brands are not entirely sure of how to implement the technology in the most effective and smooth way - with other words, how to implement the advanced technology the best way. This is supported by statements from the employees where they say that they (the company) would like to be able to do more, both technology-wise and when it comes to adapting themselves to a changed market.

One reason as to why the companies implement advanced technology is that here has been a change in communication between customer and store. Employees stated that the companies can use the advanced technology in order to not only interact in a new way with their customers, but also communicate through various of their channels. This creates a smoother and more seamless experience for the customer, and connect offline with online. In addition to this the market and consumer behaviour has changed as well. One of the reasons as for why the companies implement advanced technology, is that it is a good way for them to
market themselves as innovative and meet the new market. However, the changes of the market and customer behaviour is putting pressure on the retailer companies to meet new demands and needs. This leads to the conclusion that one main reason as to why the companies implement advanced technology, is that the they have to keep up as the market and consumer behaviour change. To continue, this is strongly supported by the employees statements. Employees believe that it is rather the consumer leading the way, establishing that they have to reinvent their store concepts in order to stay relevant.

Another reason for implementing advanced technology, is that the companies wants to be able to evaluate the benefits of specific technologies. As AMF stated, their concept The Lobby is a way for them to try different techniques and different ways of approaching the customer with advanced technology. As this type of technology in physical stores are relatively new and unknown grounds for the majority of retailers, AMF want to see the effects and the customers reaction. This before investing large amounts on different types of technology. To conclude, all of the employees suggested in different ways that they were not entirely driven by the benefits, as some of the values still are unknown. Therefore, this leads to the conclusion that why the companies chose to implement advanced technology rather is driven by the above; marketing opportunities and changed customer behaviour. This could be explained by the fact that all of the employees considered advanced technology in store as something new and in need of further exploration.

Furthermore, all five companies believes advanced technology in store is a must for a better customer experience. Although, two of the employees mentioned economical benefits, this did not seem to be a main reason for them to implement technology. To continue, one employee even suggested that it was not cost effective for them to implement the technology right now. The implementation of advanced technology, therefore rather seem to have a consumer perspective and focus on the customer values, such as creating an enjoyable experience. The experience is important for both entertainment in store as well as for improved service. All companies also do something for each customer to be individualized in a way that customers can find for themselves what they are after and figure out what they like. They can make their own experience to fit their shopping demands. All companies have implemented advanced technologies in order to improve the smart store experience. However, BMW, Volkswagen, Volvo and Synsam seems to do it a bit more for the entertainment in comparison to Clas Ohlson. This as they use apps, AR, VR and interactive digital signage for customers to find out and try out what they like. Clas Ohlson uses it a bit more to facilitate the service with interactive digital screens for the customer to easier find product information and navigation. All companies strive after creating a better, easier and more seamless experience. Factors such as easier and seamless correlate with different parts of creating a better experience service wise, but as well creating a more united communication, for example by trying to be more omni. However, by being more omni companies, once again, strengthen the experience. All companies find a positive outcome and describes the results of it as inspiring, playful, easier processes and increased happiness.
As the outcome has been so positive from the customers this might have led to an increased customer value. All advanced technologies contribute with a functional value as they help customers with information, navigation and finding out preferences. Due to the technologies being advanced and thus interactive with the customers, this stimulates senses that evoke feelings making it an emotional value too. The senses getting most stimulation through interaction with AR, apps, VR, and interactive digital signage are touch and sight.

The touchpoints investigated different perspectives of customer experience to give a better picture of what makes up to a whole experience in customers’ eyes. The identified factors of importance in this study are strongly connected to the touchpoints, as presented in the analysis. To continue, there are five identified main factors; (1) Inspiration, (2) Customer Service, (3) Individualised Experience, (4) Customer Relationships and (5) Seamless, which all makes up for the complete experience. All of them seem to be connected to each other in one way or another, for example inspiration is connected to a individualised experience as earlier explained. An individualised experience in it’s turn are for example connected to a better customer service, which one could argue creates better customer relationships. To continue, the relationships are also connected to creating a seamless journey, as omni channeling creates an opportunity for better communication between company and consumer. Thus, all the factors can be connected to each other in some way, and they all either direct or indirectly create the complete experience.

First the atmospheric element is about how advanced technologies improves the physical environment which influences both customer experience and customer behaviour. Second, the technological element are increasing the experience both through entertainment and service as long as it meets customer expectations. Third, communicative element where the information moves one-way from advanced technologies to customer however later can be used by customer to inform store what it is they want and can be argued to become a two-way communicator. Fourth, the process element which is about the experience through services in store and is one of major advantages seen with advanced technologies in store. All technologies used by the five companies help customers out with mainly product information but some also navigation and questions “It should be because you want people to feel like it is more of an experience and because it favours what you are doing”. The last touchpoints within interactive elements where the advanced technologies are used as interactive means to assist between customer and personell as well as build relation between customer and product.

6.1 Contributions & Implications
This study identifies different factors as to how and why brands reinvent their physical stores through advanced technology. Research on the subject is limited and news articles have a divided opinion of the store and its relevance in the future. Therefore, retailers and marketers can use this study to gain a better understanding of how and why companies implement advanced technology. In other words, get better insight of the identified motivation and values. As well as, a better understanding of the challenges retailers face by implementing advanced technology in store. This study contributes with not only guidance as to how retailers can implement such concepts, but also explains the motivation behind why. Furthermore, this study implicate that a customer perspective rather than a business perspective is implemented by retailers. Where a changed customer behaviour leads the way and where the how and why derives from a strongly customer centered perspective. The study also implicate that the how, in other words the technologies and business models, may differ depending on product type, product assortment and the kind of business. Lastly, the study provides a united view of digitalization of brick and mortar, for retailers and marketers to embrace and evaluate.

6.2 Suggestions for further research

This study has highlighted questions that will need further research. Digitalization is continuously bringing new challenges for retailers as new technologies and innovations are introduced. The respondents state that changes in customer behavior and new demands has called for a change within traditional shopping and the physical store. However, earlier studies as well as this study suggest that retailer just recently has begun changing and digitalize their store concepts. This study also suggest that it takes time for new technology to mature and be considered as a strategic investments. Therefore, further research on the subject would contribute to a deeper understanding of how and why retailers choose to reinvent the traditional store.

A majority of the respondents also stated that this new way of approaching the customer is in some ways very unknown for them and that they want to investigate the effects of implementing advanced technology in the store more. Which also suggests that further research on the subject in the future might be able to compare the advantages and disadvantages in more depth. For example, the values with the cost of the investment. To continue, as the industry gather more knowledge about technologies and how to utilize them, more brands might implement technology in store. This would enable a wider comparison between brands and why they choose that specific technology. It would also be interesting to investigate the effects of more stores utilizing technology in store and if that affects the customer or the competition for example.

As technologies and innovation mature and companies start to approach these more, further research would also be able to explain why and how companies implement technology that
might be considered not mature enough as it is for today. For example, a respondent suggested that facial recognition might be an option for their company in the future, but that such technology is not mature enough for them to implement in the store today. The same goes for VR and AR which a majority of the respondents stated most likely will develop a lot in the future and be able to give customers a smoother experience than it can today. Another side of this is that employees most likely also will have more knowledge about how to utilize the technology in an effective way in the future, which respondents suggested might affect the outcome.

On the other hand, it is also worth to take into consideration that technologies that might be considered as advanced today might not be considered as the definition of advanced in the future, as they will mature with time. As Swärdh from AMF says, the process of creating the future store will be an forever ongoing process and the perception of what the future store or a smart store is, will continuously develop as the market and consumer continue to change with the progression of digitalization.
7.0 REFERENCES

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8.0 Appendix

8.1 Appendix 1 - Interview Guide English Version

1. What is the company's view on digitalization?
2. What advantages/possibilities are there for the company with digitalization?
3. What disadvantages/threats are there for the company with digitalization?
4. Following-up questions: How does digitalization affect customer interaction?
5. How is the company’s business model affected?
6. Which advanced technologies is the company using?
7. What is the customer reaction on advanced technologies?
8. What is the personnel’s view on advanced technologies?
9. Has the company merged the advanced technology with the e-commerce?
10. What is the company’s view on the relationship between physical store and e-commerce?
11. What is the company’s view on the physical store’s role in society?
12. How does the company believe that advanced technology in store will develop?

8.2 Appendix 2 - Interview Guide Swedish Version

1. Hur ser företaget på digitalisering?
2. Vilka fördelar/möjligheter ser företaget med digitalisering?
3. Vilka nackdelar/hot ser företaget med digitalisering?
4. Följdfråga: Hur påverkar digitalisering kundmötet?
5. Hur påverkas företagets affärsmodell?
6. Vilka avancerade teknologier använder företaget?
7. Vad är kundens reaktion på avancerade teknologier?
8. Hur ser personalen på avancerad teknologi i butik?
9. Har företaget sammanlänkat den avancerade teknologin med e-handel?
10. Hur ser företaget på förhållandet mellan fysisk butik och e-handel?
11. Hur ser företaget på butikens roll i samhället?
12. Hur tror företaget att avancerad teknologi i butik kommer utvecklas?
Linnea Johansson, The International Marketing Programme

Erika Warnski, The International Marketing Programme