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MASTER THESIS

**E-Business Models -
The Physical Touchpoint of Online Retailers in
Business Model Frameworks**

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Abstract

The retail industry has gone through tremendous changes with the development of technology leading to a form of retailing which operates on its own grounds, online retailing. Online retailers have unique business models with different value propositions as opposed to the traditional brick and mortar retailers. Once a customer orders a product from the first touchpoint with the customer on the digital interface, there is a time lag between the purchase and delivery and as such, the delivery of the physical product is an important touchpoint on its own. The VISOR framework serves as the analytical frame of this research as it is formulated for businesses that operate in the digital environment. The purpose of this study concerns the exploration of the second touchpoint of online retailers by connecting it as an additional element to the VISOR framework. Empirical data is collected from online retailers with innovative business models through qualitative interviews with representatives of six retail companies. The data shows evidence for a close connection of the second touchpoint with several elements of the VISOR framework through their business operations. On behalf of the empirical findings, the VISOR framework is modified to represent both the physical and digital interface as distinct components.

Keywords: e-business model, retail business model, online retail, e-retailing, physical touchpoint, post-purchase behavior

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1 Introduction

1.1 Problem Background

The internet and related technologies have made their way into all facets of everyday life and the business world. Sundström & Radon illustrate,

“The transition to a digital society where individuals are constantly connected to the Internet is one of our greatest social changes and as such it affects competition, business models, business growth, global development and innovation” (2014, p.3).

It shows how the internet and information technology have changed the way people communicate and consume, information is collected, education is organized and even how wars are fought. Also the business world has been transformed by the so-called digital revolution. Processes and organizational patterns have been re-structured and whole industries have disappeared when they were not adapting to the digital transformation fast enough.

One of the industries that has undergone changes since the emergence of the internet is the retail industry. As e-commerce has only been one phenomenon developing alongside growing international competition, a slowdown in domestic demand and an increasing concentration in the industry, retail is facing substantial challenges (Reynolds, Howard & Cuthbertson, 2006). Being an industry expert, Devin Wenig (2014) even claims that “technology has deconstructed the retail industry” and that e-commerce has accelerated substantial changes, which resulted in the widespread establishment of omnichannel strategies in which the online and offline world now seamlessly merge together. Amazon, as an online pureplayer, demonstrated how powerful it has become when taking the role of the world’s biggest retailer in terms of market value from Walmart in 2015 (Pettypiece, 2015). In the same way as Walmart is forced to invest heavily in its online business in order to tag along with Amazon, no other retailer can rely upon the sole purpose of only providing goods for consumers. They need to be capable of adapting and innovating to sustain a competitive advantage through empowering and engaging with their customers in order to create a rich customer experience (Sorescu et al., 2011). It does not come as a surprise that the classical stationery retail format is currently struggling with finding new ways of utilizing physical spaces and staying relevant in some product categories (BCSC, 2007).

Apart from growing competition within market players, the retail industry is also subject to rising pressure from the consumer side. The technological progress has been working in favor of consumer power, which goes hand in hand with different

digital consumer trends, such as social media, and in recent times culminating in crowd-based power, for example through crowd-selling and crowd-funding (Labrecque et al., 2013). As the influence of technology has caused tremendous changes in consumer behaviour, also the retail industry understands the need of adapting to new communication structures, responsiveness and more customer-centric business practices. The whole industry is undergoing change to adapt to the new market environment of the digital 21st century (KPMG, 2009).

With regards to today's dynamic retail environment, Reynolds, Howard & Cuthbertson (2006) argue that retailers have always felt the pressure to evolve accordingly, but they illustrate a traditionally common mind-set of retail practitioners by quoting Sir Ken Morrison in saying that "running supermarkets is simple 'It's just taking money off people, isn't it? And giving them something in return'" (p.46). The changes, which the industry has gone through so far, made clear that this mind-set is not applicable to today's market environment anymore. Technology is one of the reasons that made it even more Compelling for retailers to act proactively in shaping their business' future.

1.2 Research Problem

Just as the retail industry is undergoing systemic changes caused by rising digitalization, the traditional stationery business model has become subjected to scrutiny. The emergence of the internet challenges traditional retail business models by opening up for digital business models that differentiate themselves through technical opportunities such as customization, interaction, unique value propositions and being more consumer- and service-centric. Some organizations in the retail industry have meanwhile changed and/or adapted their business models accordingly, but the large amount of businesses is still struggling with the adaptation (Reynolds, Howard & Cuthbertson, 2006). Likely reasons might be that the process of innovating a business model towards digital, requests additional competences, for example digital literacy, and a shift in business logic throughout the whole organization (Piotrowicz & Cuthbertson, 2014). Besides, the business logic of online pure-players is even more different.

Today, online retail business follows a different set of rules and a different buying-process than traditional brick and mortar (El Sawy & Pereira, 2013). Especially for online pure players, the connection to the customer is wired differently because the main touchpoint is the online presence on the website or the webshop. Even though the buying-decision is shaped by many factors, its final step, the purchase action, is now taking place on an online surface, instead of in the store, where the retailer has influence on more (emotional) factors. A customer who buys in the store, takes the product home right away. A customer who buys online, has to wait until the shipment arrives. There is a time lag between the purchase action and when he comes in

touch with the retailer and the product again at the moment of receiving the package. This is important to keep in mind, as post-purchase feeling and post-purchase behaviour are an important stage in any buying process (Gilbert, 2003). Therefore, this paper makes a distinction between the first/digital touchpoint and second/physical touchpoint of online pure players with their customers.

First touchpoint:

Digital interaction on the website/app where the purchase action takes place.

Second touchpoint:

Delivery of the tangible product, when the customer has physical contact with the purchase for the first time.

The assumption of this paper is that online retailers have opportunities to shape and influence the buying experience through the 'communication' of the box at the physical touchpoint, in the same way as brick and mortar retailers have through emotional/appealing factors in the store.

The academic literature with regards to the term 'business model' is rather young and diverse with many different approaches, perspectives and motivations. There has been some endeavour to organize and classify the broad and sprinkled literature, but still no universal consensus exists to date. Within the field of business model research, no general unified framework exists, but several scholars with different approaches and interpretations highlight different elements of business models (see Morris, Schindehutte & Allen, 2005; Chesbrough & Rosenbloom, 2002). Additionally, there is a multitude of scholars focused on business model innovation, who explore methods and processes that drive or inhibit innovation (see Chesbrough, 2010; Teece, 2010). More precisely looking at only the retail industry, there are numerous frameworks adjusted to the retail industry (see BCSC, 2007). Sorescu et al. (2011) propose a framework for retail business model innovation, which seems to be the only suitable resource in this specific theoretical field. The background of all the frameworks in this field is brick and mortar retail. With the emergence of e-commerce, some of these frameworks were developed further to adapt the new sales channel. Over time, new research fields established themselves that develop frameworks for e-commerce which only target business conducted via the internet (see Osterwalder & Pigneur, 2004; Mahadevan, 2000).

Within this broad research field, this paper is positioned on the basis of a thorough literature review by Zott, Amit & Massa (2011) that defines three streams of academic interests, being innovation management, strategic issues and e-business. As the problematization of the second touchpoint with the customer is based upon the reality of businesses operating online, the literature within the e-business stream is of great importance. E-business stands for 'electronic business' and comprises all business processes conducted on the internet, which includes e-commerce. The

research stream 'e-business' has two categories, out of which the relevant one frames components of business models. In this paper's context, this is used for the literature review to find out if there is an implicit or explicit representation of the second touchpoint in the literature. The analysis of the mentioned frameworks concludes that there is an under-representation of the element 'second/physical touchpoint'. Even though some frameworks touch upon it implicitly, the strategic and managerial importance is, to the best knowledge of the researchers, not reflected upon in the reviewed literature.

1.3 Purpose and Question

The overall aim of this research paper is to enrich the theoretical literature by exploring the under-researched second touchpoint, which is assumed to be of high importance in practice. In order to explore this area, the research question of the thesis is the following:

How do online pure players work with their physical touchpoint as part of their business model?

In order to answer this question, the empirical part of this research paper explores the physical touchpoint, how companies work with it and which business activities help to shape it. By doing that, the authors investigate its relevance, arrangement and interconnectivity with other elements within a company's business model. This will make research within the stream of e-business more relevant for online pure players with business models based on an offering that hints at providing an exciting unboxing experience.

Therefore, the purpose of this research is to alter an existing framework in a way to represent the physical touchpoint explicitly. In order to fulfill this purpose, the VISOR framework by El Sawy & Pereira (2013) is chosen as the analytical basis to apply the findings of the empirical study. The book by El Sawy and Pereira (2013) with the title "Business modelling in the dynamic digital space" works around the VISOR framework, an important example for a business model framework in this field, which provides a unified perspective. It is unconventionally chosen as the analytical framework because the digital environment is based upon a distinct set of rules, dynamics and logic (El Sawy & Pereira, 2013), which also apply to online retailing. Thus, it is assumed that the environment of online retailers has more in common with digital service providers than with stationery retailers. The VISOR framework is comprised of five components: Value proposition, interface, service platform, organizing model and revenue model. As this model was not designed for a retail specific purpose, the physical touchpoint is not explicitly represented. Each of VISOR's components constitutes of several so-called descriptors, which are analysed in regards to a possible linkage with the physical touchpoint. The result

consists of seven elements: *Compelling*, *Co-Creatability*, *Functionality*, *Form Factor*, *Fluidity*, *Partnerships* and *Pooling*. In the next step, these elements are framed for the retail context of online pure players.

In order to gather data and create knowledge in regards to the empirical study, a set of six companies was chosen that have an innovative business model in the context of online retail. The format of these business models varies from a webshop to subscription boxes to food order service, all of them belong to the shopping modes 'time-saving' or 'service delivery'. The method of data collection are qualitative interviews with a representative of the company who is eligible to answer questions concerning for example the value proposition, service processes, packaging and customer feedback. The data is analysed in regards to the above mentioned seven elements, which provide rich insights in order to understand and define a new additional element to the VISOR framework.

1.4 Disposition

This thesis is divided in seven main sections, starting out with the introduction which describes the background and purpose of the thesis. A concise review of the relevant literature is presented in the second chapter. In accordance with the findings of the theoretical study, the third chapter presents the analytical framework that will be the basis of the empirical research. The methodology for this is presented in the fourth chapter. Chapter 5 describes the companies in the samples and illustrates their business models as well as a brief description of how the second touchpoint is designed. The sixth chapter presents the analysis in two rounds with the respective findings. The last chapter rounds off the thesis with a discussion of the findings and outcomes, as well as implications and future research topics.

2 Theory Review

The purpose of this chapter is to review the relevant academic literature to point out in which way an element, that is common and important in practice, is underrepresented. First, it sets the context of retail in the digital environment in terms of new processes, problems and potential. This explains the importance of the concept of the physical touchpoint. The second section provides an overview of the existing literature that is relevant either for business modelling in general or retail in particular. In corroboration of the relevance of this topic, the existing frameworks for e-business models are shortly presented and analysed to bring out the shortcoming of the physical element in this digital context.

2.1 Retail Industry

The following section defines the scope of the industry and elaborates on the digital influence. It is then followed by the definition and a review on the managerial importance of the physical touchpoint in retail-processes.

2.1.1 Definition of Retail

Historically, retail has always been at the core of societies and developed alongside consumer trends and lifestyles through improvements in logistics and communication to global consumerism. At the same time, environmental conditions have had influence on this development in political and economic terms, but also technological events, to which consumers respond and act respectively (Goworek & McGoldrick, 2015). During recent times, the complexity of the retail market has increased for various reasons such as higher customer segmentation, strengthened retail brands or higher competition through globalization and e-commerce (Gilbert, 2003). Change within the retail industry has been especially apparent in the structural dimensions of retail organizations and dynamics of market shares (Burt, 2010), but also in terms of retail formats (Dawson, 2004).

Since the industry is developing at such accelerated speed, it is important to define its scope. The general definition describes retail as “the sale of commodities or goods in small quantities to ultimate consumers” (Merriam-Webster, 2015, online). A commonly used academic definition by Gilbert, which is also the working definition of this thesis, defines retail as “any business that directs its marketing efforts towards satisfying the final consumer based upon the organization of selling goods and services as a means of distribution” (2003, p.6). This definition puts emphasize on the differentiation between the end consumer, the final user, and a customer, who is the person buying for unclear reasons, such as a give-away or as a business activity.

Gilbert (2003) also stresses that business purchasing does not lie within the scope of this retail definition.

Another definition is given by Carver, Dunne & Lusch (2011), who stress the position of a retailer at one step within the supply chain. They state that retail “consists of the final activities and steps needed either to place a product in the hands of the consumer or to provide a service to the consumer... the step in a supply chain that may stretch from Europe or Asia to your hometown. Therefore, any firm that sells a product or provides a service to the final consumer is performing the retailing function” (2011, p.4).

Both definitions stress the characteristic of a retailer as a distribution provider, which explains why the appearance of new distribution channels caused a shift in the whole industry. The main focus arose with the developing widespread of the internet into the majority of households, which grew sales via the internet in all forms, be it described as a format, sales channel or pure e-commerce.

2.1.2 E-Retailing

The rise of the internet is considered as the clear starting point for re-structuring and re-shaping of the retail industry (Reynolds, 2010; Burt & Sparks, 2003). Furthermore, on an overarching societal and business level, digitalization has had influence because it increased consumer empowerment tremendously over time. This means that consumer behaviour has changed with the broad availability of information and connectivity of the internet, resulting in a shift of power to the consumer and away from marketers. With evolving technology, there is a development from the individual as a power source to networks as a power source, peaking in crowd-based power (Labrecque et al., 2013). This has consequences for buying behaviour and decision-making throughout all retail channels.

To illustrate in detail in which way technology has had effects on retail on different levels, the following seven elements by Piotrowicz & Cuthbertson (2014) are presented. The role of social media changed the ways of communication with customers and their social networks; channel integration means having different online and offline sales channels synchronized in an omnichannel-strategy; this is closely related to the re-design of the whole supply chain, which might be structured differently for the different channels; mobile solutions are being used by customers in the store, for example for price comparisons; customer requirements concerning technology are highly diverse at this point in time with some customers growing up as digital natives as opposed to customers without many digital skills; personalization vs. privacy, which refers to the opportunities of data collection for the use of customer-specific targeting and the changing role of the physical store. All these

elements are interconnected as one technological advancement might have had consequences for another element and triggered new evolutions.

In the same sense, Hagberg, Sundström & Egels-Zandén (2014) describe their understanding of the digital retail environment not only as e-commerce, but state that the internet has a greater influence on retail through a high level of integration into the industry. It established not only new forms of commerce and business opportunities, but also new business models. This new market set-up with a growing online environment puts many store-based retailers into a struggle to compete with online rivals and stresses the need for innovation (Piotrowicz, 2012). In this sense, Burt & Sparks predicted in 2003 that e-commerce has the potential to go against the established retail and distribution industry.

E-commerce (short for 'electronic commerce') is a broad and holistic term for all types of commerce online, whereas *e-retailing* is the restricted view on B2C. Even though the two terms are used and researched separately from each other, they are closely intertwined because they influence each other's environmental conditions, for example distribution systems (in this sense it is rather the B2C e-retailing stream that benefits from the greater impact of B2B e-commerce) (Burt & Sparks, 2003). However, the terminology for retail conducted online is variant and includes more terminology. Zentes, Morschett & Schramm-Klein (2007) refer to online retailing (B2C) with *electronic retailing*, *e-retailing*, *e-commerce* and *internet retailing* in the same way. According to them, digital retail is the offer of products and services online. It is characterized by electronic checkouts, which is enriched by electronic communication and electronic payment systems.

This paper only considers e-retailing as it is the counterpart to retail, which is per definition targeted at end consumers (see Chapter 2.1.1). In order to expand the terminology, *online retail* is also used throughout this thesis. Besides, only the business of online pure players is a topic of this paper. This is important for all implications of processes, value proposition, the marketing and branding perspective of the shopping experience and most importantly the concepts of first (digital) and second (physical) touchpoint.

The traditional retail process is broken down into a flow of activities and tasks for which responsibilities are shared among different roles and people within the organisation or outsourced (e.g. stock logistics, advertising, payment). In e-retailing, these processes, as well as activities and the ownership of tasks can be set up differently than in traditional retail. Processes that are changed systematically are for example the inventory management and sourcing of products. Besides, the distribution to the customer moves from the customer, as the active part by visiting the store, to the retailer being responsible of distributing and shipping even though the ownership of the product has already moved to the customer. On top of that, all marketing and branding activities are re-arranged as brand ownership and return-on-

costs become crucial with better opportunities to track customer loyalty (Burt & Sparks, 2003).

As there are differences in the process of decision-making between leisure shopping and functional shopping, it is important to look upon different modes which determine the expectations of consumers. In this context, Burt & Sparks (2003) describe Sparks and Findlay's three shopping modes, which are based on consumers' motivations for online shopping. These modes break down into three categories:

- Price-driven - the motivation to pay the lowest available price for a product;
- Service delivery - with the motivation to consume a unique and individual product;
- Time-saving - with the motivation to save time by getting basic commodities shipped home

2.1.3 Physical touchpoint in e-retailing

In the sense of Hedman & Kalling, who describe internet retailers as "based in the real world and [...] traditional retail operations with a web-based storefront" (2002, p.222), it is necessary to define the context of the second and physical touchpoint of the online buying process from an online retailer.

The general retail buying process can be broken down into a simple model of eight stages. It starts with an unsatisfied need, which can be stimulated by a physical drive or a social/commercial cue. This need is recognized by the consumer who in that moment becomes a potential customer. The individual level of involvement then defines how much time and effort is spent on the decision-process. The level depends on different factors such as the product category, the setting and the personal perceptions of the customer. These same factors also influence the next level which defines to which extent alternatives are identified and information collected upon. This level is followed by the evaluation of the alternatives. The actual buying-decision is the next stage, while the purchase action follows that (usually) allows the customer to take the purchase home right away. The last stage is the post-purchase feeling/behaviour regarding the extent of customer satisfaction in relation to the expectation. It might be accompanied by questioning the buying decision or a need for reassurance. (Gilbert, 2003)

Applying the above eight-stage model by Gilbert (2003) onto the buying process of online retail, it becomes obvious that it is arranged differently. In e-retailing, the seventh stage, the purchase action, is made on a digital interface, be it a computer, mobile phone or tablet. This can be considered the 'first touch-point' or 'digital touch-point' of the customer with the retailer. Given that the purchase is a tangible product, it will then be shipped to the customer, which creates a time-lag between the purchase action and the actual reception of the product. The arrival of the package

can be considered the 'physical touchpoint' with the retailer, or in terms of time it is the 'second touchpoint'.

This thesis' definition of the second touchpoint of online retailers with their customer consists of the arrival of the package, unboxing and first use or fitting of the products including the holistic experience and emotions that go along with it. Therefore, the term physical touchpoint is also used in the same context.

In contrast, a stationary retailer only has one touchpoint centred around the store. The store can be considered as "a product in its own right" (Gilbert, 2003, p.124) and is widely covered throughout the academic and managerial literature. The touch-point surrounding a brick and mortar store can offer a multitude of activities surrounding customer experience, store layout, relationship management and instore marketing. The latter is a specific form of marketing that exerts a strong influence on the shopping behaviour of a consumer and can range from the staff communication, visual merchandising to atmospherics, which includes influences on the emotional predisposition of customers by aural, tactile, visual and/or olfactory stimuli (Zentes, Morschett & Schramm-Klein, 2011). Every customer who makes a purchase is influenced by different social and psychological states in the store that depend on the social circumstances, which can be interactions with other shoppers or crowding, seasonal aspects, the intended purchase (high or low involvement), the external aspects of the place as well as the individual predisposition, which includes mood and attitude (Gilbert, 2003). Furthermore, when looking at customers' retail choices, family decisions as well as buying roles have to be taken into account. There are differences between the initiator who gives the first impulse for a purchase, the influencer who consults on alternatives and judgement, the decider who takes clear decisions on place, time and what to buy, the buyer who actually buys the product and the end user (Gilbert, 2003). Especially the decider is of high importance as it is the person who decides for the store. These roles also play into the second touchpoint as they apply to the physical encounter with the package in the same way as in the store.

In conclusion, the shopping experience can be quite different between a stationary store and an online retailer, as well as undergo a different decision-making process. Especially the post-purchase experience has distinct characteristics for an online purchase. These are framed within the delivery setting at the second touchpoint, in opposition to the purchase action on the digital platform at the first touchpoint. Regarding them as two distinct touchpoints provides the opportunity to explore them in depth.

2.2 Business Models

This section gives an overview of the relevant literature concerning business models: general unified frameworks, retail-specific frameworks in the brick and mortar sector and frameworks specifically constructed for e-business models. The latter are analysed regarding their representation of the physical touchpoint with the customer. This is followed by a summary which discusses the (under)researched element in the theoretical field.

2.2.1 What are business models?

Overall, the term 'business model' has been widely used by practitioners, scholars, even popular media, and can today be found in different contexts and settings. But it was only until the mid-1990s that the concept 'business model' began to explode in non-academic literature, followed by rising traction in research literature (Osterwalder, 2004). The reason for this is the emergence of the internet and e-commerce, which have raised new forms of providing value to customers (Currie, 2004; Teece, 2010; Zott, Amit & Massa, 2011). The high presence in non-academic business publications leads to the conclusion that there is a general understanding of the term; however a lot of room is left for interpretations. Some academics even consider it to be 'misused' in the sense of an empty phrase that is used for argumentations for bankruptcies or sales argumentations of consultants (DaSilva & Trkman, 2014). However, there is no consensus within the academic field either, leaving room for inconsistency and fragmentation (Bock & George, 2011). A research outcome on business model literature even states that 'business models' are not even referred to as a unified concept, but for example as descriptions, patterns, representations, conceptual tools or methods (Zott, Amit & Massa, 2011).

As there is no universally accepted definition of a business model, the topic is discussed with different approaches in relation to an industry specific business model. However, in a simplified context, one can argue that a business model explains how an organization does business and it is essential for both new and established businesses. A business model essentially describes how an organization delivers value to customers and entices the customer to pay for it in order to generate profit (Teece, 2010). Osterwalder, Pigneur & Tucci (2005) put forward that in the past, literature business models have only been discussed briefly without a clear in-depth understanding of the subject. Just as trends change overtime and the market competition varies, business models must change in accordance to the markets, technologies and legal structures (Teece, 2010).

A thorough literature review in this field even brings forward that researchers do not use a definition for business models at all or they "frequently adopt idiosyncratic definitions that fit the purposes of their studies but that are difficult to reconcile with

each other” (Zott, Amit & Massa, 2011, p.2) with the consequence of inhibited cumulative progress in research. Definitions for business models by different authors will be presented to illustrate the variance in the research field and the scope of the concept. It becomes apparent that there are some elements that are present in the work of several authors, thus they seem to be relevant in this context, for example value proposition or revenue streams.

Business model definitions:

- Osterwalder (2004, p.4): “Conceptual tool that contains a set of elements and their relationships and allows expressing the business logic of a specific firm. It is a description of the value a company offers to one or several segments of customers and of the architecture of the firm and its network of partners for creating, marketing, and delivering this value and relationship capital, to generate profitable and sustainable revenue streams”.
- Teece (2010, p.191): “Crystallizes customer needs and ability to pay, defines the manner by which the business enterprise responds to and delivers value to customers, entices customers to pay for value, and converts those payments to profit through the proper design and operation of the various elements of the value chain”.
- Morris, Schindehutte & Allen (2005, p.730) ask 6 questions in order to define a business model:
 1. “How does the firm create value? (value proposition)
 2. For whom does the firm create value? (customers, market factors)
 3. What is our source of internal advantage or core competency? (source of competence)
 4. How does the firm externally differentiate itself in the marketplace? (competitive strategy)
 5. What is the firm’s model for making money? (economic model)
 6. What is the management’s growth ambition and over what time period? (future framework)”
- Chesbrough & Rosenbloom (2002, p.532): “The business model provides a coherent framework that takes technological characteristics and potentials as inputs, and converts them through customers and markets into economic outputs. The business model is thus conceived as a focusing device that mediates between technology development and economic value creation”.

Furthermore, a business model can outline several aspects of a business from supply chain production, logistics to marketing and beyond. A firm can appropriate value to its customers from its pricing strategy, inventory management or product development (Sorescu et al., 2011). Specifying such aspects in a business model help to make a business model design more transparent and easy to understand how all the business segments are interconnected with each other.

As explained above, the term 'business model' is used in a rather confusing way throughout academic and non-academic literature due to a lack of a universal definition. There have been few attempts to unify the definition and clarify the topic (see DaSilva & Trkman, 2014; Osterwalder, Pigneur & Tucci, 2005), but still no universal consent exists. One way to classify the existing academic literature, presented by Zott, Amit & Massa (2011, p.1020), provides a broad review and valuable insights. They summarize four themes that are present among all researchers in which business models:

1. are acknowledged as a new unit of analysis that is detached from firm, industry, product or network; centered on a focal firm with wider boundaries;
2. explain how firms 'do business' with a system-level, holistic approach;
3. are conceptualized by the activities of the firm and its partners;
4. seek to explain both value creation and value capture.

In short, considering the importance of the concept for businesses, a business model clarifies the creation of value for organizations and details the fundamentals of a business. It is therefore of extreme importance to not only design and implement a reliable business model, but to sustain it (Teece, 2010, p.174).

Zott, Amit & Massa (2011) classify the literature on business models into different silos of interest. The main silos of interest of researchers are innovation management, strategy as well as e-business and use of IT (see Section 2.2.4).

2.2.2 Retail Business Model Frameworks

As the purpose of this paper is to enrich the research on the physical touchpoint with customers for online retailers, the literature specifically on 'retail business models' is reviewed in the following.

The main idea behind a business model of how to deliver value to customers and to capture it, is applicable to all industries, as well in a retail setting. According to Sorescu et al. (2011), a retail business model defines how value is created and delivered to the customers and appropriated from the market within the retail sector. Traditionally, the retail sector is composed by brick and mortar businesses that possess physical stores, in rare cases even production facilities. Even though the stationery business model is still the most common form of retailing, new digital forms of retailing are surging. The practice of retailing is constantly being challenged by new forms of interaction and delivery of value to customers which is reflected in the variance of retail business models (Sorescu et al., 2011).

The most common characteristic in retailing is the sale of products produced by manufacturers through interaction with the end customer. In order to stand out and cultivate innovation in their business models, retailers are not only focusing on what

they sell, but how they sell it and deliver the product or service to the customer (Sorescu et al., 2011). Not all forms of retailing consist of the traditional brick and mortar businesses, the customer interface translates in the retailer's exchange process with the customer, which can be further justified physically or digitally. According to Sorescu et al. (2011), an innovative retail business model possesses three interconnected elements: *retailing format*, *activities* and *governance* which help define the reasoning behind a retailer's value creation and appropriation. The retailing format consists of the necessary retailing activities that translate into the customer experience which can range from the product itself to pricing and to the actual customer interface (Sorescu et al., 2011). The authors' framework can be applied onto brick and mortar retail and e-commerce. Although it is not explicitly mentioned in that research paper, one can assume that the physical touchpoint is part of the retailing format, which can be the cash register in the store or the payment-button on the web interface.

The working definition for this research paper is taken from Sorescu et al., who define a business model as a "well-specified system of interdependent structures, activities, and processes that serves as a firm's organizing logic for value creation (for its customers) and value appropriation (for itself and its partners)" (2011, p.S4). A multiplicity of touchpoints is presented in this framework within online and offline retail formats. However, the concept of the second touchpoint is defined only for multichannel retailing described as 'click-and-mortar', which means that a physical touchpoint with the customer exists in the store.

The International Council of Shopping Centres (BCSC, 2007) applies a framework onto retail business models that is completely outlined for brick and mortar retail, with the component 'property' that divides up into 'size' and 'location'. This component is illustrated in the context of one of three cost factors (the others are people and product), which are a prerequisite to create a supply. This framework does not represent a second touch-point in the sense of a digital business model either because the main location of activity and contact takes place in the store.

Sorescu et al. (2011) define a retail business model innovation as a change in one or more elements of a retailing business model affecting the retailer's logic behind value creation and appropriation. However, not all organizations begin by adjusting their current business model to an innovative one, a small number of companies who are truly innovative do enter the market with an innovative business model. Typically, a business model innovation is a method for conducting business that has not yet been implemented in practice (Sorescu et al., 2011). Innovative organizations are the ones that manage to establish a successful first mover advantage due to an innovative business model.

Business model experimentation with an emphasis on innovation typically leads to business model innovation as well as the adoption of a customer oriented attitude

(Chesbrough, 2010; Sorescu et al., 2011). When pursuing a business model innovation, an understanding of the factors that can result in barriers or drivers to execute a successful retail business model is required to achieve long-term profit gains. A customer-centric approach in mind can lead to value creation for an organization by differentiating itself from its competitors without taking a big risk. If a retail business model can be easily imitated and the entry barriers are low, the business model is not sustainable in the long run. Sorescu et al. (2011) suggest that in order for a business model to remain relevant and competitive, its activities and processes must be structured and the pursued innovations must result in a heightened customer experience. Staying ahead of the competition by constantly monitoring new technologies and consumer trends can prove to be a major pathway for the establishment of a successful retail business model (Sorescu et al., 2011).

2.2.3 Frameworks for e-business models

One stream of research framed by Zott, Amit & Massa (2011) focuses on business models in e-business, which simply means 'doing business electronically'. It summarizes all business models that for instance run some form of transaction online, e-commerce or internet-based businesses. This silo is the highest represented which might underline the important role of the internet and the fast decline in communication costs, especially regarding the retail industry (see Section 2.1.2). The authors pinpoint the surge of the internet as the driving force behind this trend.

In this literature stream, business models are regarded as the sum of the three elements of value proposition, revenue model and a network of relationships, which cannot be measured against one another and whose relationship amongst each other has hardly been analyzed.

The research field can be divided into two complementary categories. The first category describes generic e-business models and typologies in the sense of clustering types together, for example webshops or e-procurement firms. The second category seeks to define themes, first- and second-order, among the components of business models. (Zott, Amit & Massa, 2011)

Table 1 visualizes the effort to find implicit or explicit representations of the physical touchpoint between a pure online retailer and customer in the different frameworks. As the literature is fragmented and partly unclear to categorize, the choice of researchers for the further analysis is taken from the broad literature review by Zott, Amit & Massa (2011), in which they present the following authors and the components of their respective frameworks.

Table 1: Physical touchpoint in reviewed literature

Researcher(s)	Physical touchpoint	Implicit or explicit	If yes, in which way?
Osterwalder (2004)	✓	Implicit	Customer interface in regards to delivery channel and customer relationship
Mahadevan (2000)	✓	Implicit	Improved shopping experience and convenience
Afuah & Tucci (2003)	✗		
Stewart & Zhao (2000)	✗		
Alt & Zimmermann (2001)	✗		
Applegate (2001) in (Zott, Amit & Massa, 2011)	✓	Implicit	Marketing sales model might include a physical component
Rappa (2010)	✗		
Bonaccorsi, Giannangeli & Rossi (2006)	✗		
Brousseau & Penard (2007)	✓	Implicit	Network externalities can be physical

Osterwalder (2004) presents a framework for a business model ontology that consists of four pillars: Product, customer interface, infrastructure management and financial aspects. The pillar product relates to the value proposition of a company, which is the “overall view of a company's bundle of products and services that are of value to the customer” (p.43). As described above in the chapter, explaining the value proposition is a general motivation in business model research. The pillar ‘customer interface’ consists of three blocks, out of which ‘target customer’ relates to segmentation and is therefore less relevant for the purpose of this study. The other two building blocks, namely distribution channel and customer relationship, are directly linked to the concept of the second touchpoint. The pillar infrastructure management contains three building blocks which all refer to the second touchpoint, as they describe how the firm’s processes and partner network create and transport value to the customer. In the business model of an online pure player, the place and time to confront the customer with the created value is at the second touchpoint, thus it is implicitly represented in all three building blocks.

Mahadevan (2000) presents three components for e-business models, which are critical for success and interrelated: revenue stream (revenue generation), logistical stream (supply chain) and the value stream for different stakeholders. The stakeholders include the seller, buyer, market maker as well as the portal in the internet context. The second touchpoint with the customer is implicitly mentioned in the set of perceived added values for the buyer in terms of an “improvised shopping experience” and “greater convenience” (p.60) that differentiates the e-business model from a non-digital one.

Afuah & Tucci (2003) presented eight components (*customer value, revenue sources, scope, pricing, connected activities, implementation, capabilities, sustainability*) in the first edition of the book (2001), to which two more components were added in 2003, namely *cost structure* and *profit site*. The authors explain all components for business models in general and specifically internet business models. None of the components represent the second touch-point of an e-commerce setting even though the contact with the customer is linked to two components, being implementation (within the organizational system) and customer value. The latter is described in terms of timing of market entry, brand awareness, product features, customer service, location (which is the basic prerequisite of e-commerce), linkages with partners and product assortment.

Stewart & Zhao (2000) focus their framework on the profit stream (revenue stream and cost structure) of a business model. The subcategories they frame are *customer selection, value capture, scope* and *differentiation and strategic control*, All of which are presented in regards to the financial context. This point of focus seems to be influenced by the early publication date as the authors express some doubts about profitability of e-business models.

Alt & Zimmermann (2001) introduce six generic elements that comprise a business model: *mission, structure, processes, revenues, legal issues* and *technology*. While there is no element where the physical interface is represented, it can be somehow relatable to the *processes* element since it concerns value creation, customer orientation and the coordination mechanism.

Zott, Amit & Massa (2011) present three main e-Business model components found in Applegate (2001): *concept, capabilities* and *value*. The physical touchpoint is implicitly captured under the marketing sales model of an e-business model's *capabilities*.

Rappa (2010) characterizes and defines web based business models in several categories. Whilst retailing and click and mortar are included in Rappa's study, there is no reference to a physical component.

Bonaccorsi, Giannangeli & Rossi (2006) research focuses on business models of software firms, thus excluding a retail physical component. The authors introduce new ways to define business models within the Open Source industry relating to network externalities which in return, does not provide a practical relationship with the physical touchpoint.

Brousseau & Penard (2007) focus their research on business models that work with digital products and services, such as software or streaming companies. They define the four components *costs*, *revenue stream*, *sustainable income* and *production and exchange* that do not represent the second touchpoint with the customer. However, the authors state that this framework can be applied to the whole industry of e-business because many activities are intermodal, which means that there are links to the physical environment. As this relates rather to network externalities such as customer service or infrastructure, it cannot be considered a relevant representation of the second touchpoint with a customer.

2.3 Conclusion of the chapter

The literature review on online retail concludes that there is relevance for any touchpoint with the customer, be it online or in-store because of the special role it has on the purchasing behaviour. The physical touchpoint is the second touchpoint with the retailer, time-wise after the action of purchase on a digital interface. It seems to be especially important for online retailers as it is followed by a time-lag due to the shipment process. Through its design and features, it gives the retailer opportunities to shape the post-purchase experience of the customer.

Concerning the literature on business models, the conclusions are divided up for all research streams. None of the retail business model frameworks evolved from brick and mortar could be considered further because they regard e-retailing in terms of multichannel or omnichannel operations. However, this study is limited to online pure-players.

The literature on e-business models is broad and widely spread with different focuses according to the researchers' interest. Publications around the turn of the millennium, which were the early days of e-business model research, seem to have a focus point on the revenue model and financial sustainability of the business model. Even though e-retailing belongs to this stream of research, and is mentioned by some authors (see Brousseau & Penard, 2007; Mahadevan, 2000), little retail-specific topics are emphasized. However, ten frameworks that define specific components of the business model were analysed to find implicit or explicit representations of the physical touch-point with customers.

Concluding this chapter on the academic literature and theoretical frameworks, one

can argue that the physical touchpoint which is an important concept in the practice of online retail is under-researched in the reviewed theory.

3 Analytical Framework

This chapter introduces the VISOR framework as the analytical basis for the empirical study. At first, its background and components are presented to clarify why this approach is rather different from the frameworks presented above. Then follows the analysis on how the element ‘second touchpoint’ is reflected so far in the framework, including possible linkages and interrelations. It is necessary to focus on certain components and their elements in order to have guiding assumptions and a relevant frame for the empirical study.

3.1 VISOR: A Conceptual Framework

El Sawy and Pereira (2013, p.21) present the VISOR framework as a “unified framework for business modeling in the evolving digital space” (see Fig.1). It was specifically constructed for business models that operate on digital platforms. The framework is based upon the theoretical structure of Information Systems Design Theory (ISDT) (Walls, Widmeyer & El Sawy, 1992; 2004). Information Systems as a research field relates to how information technology can be used effectively in organizations and society in terms of usage, design or impact (Avison & Fitzgerald, 2006).

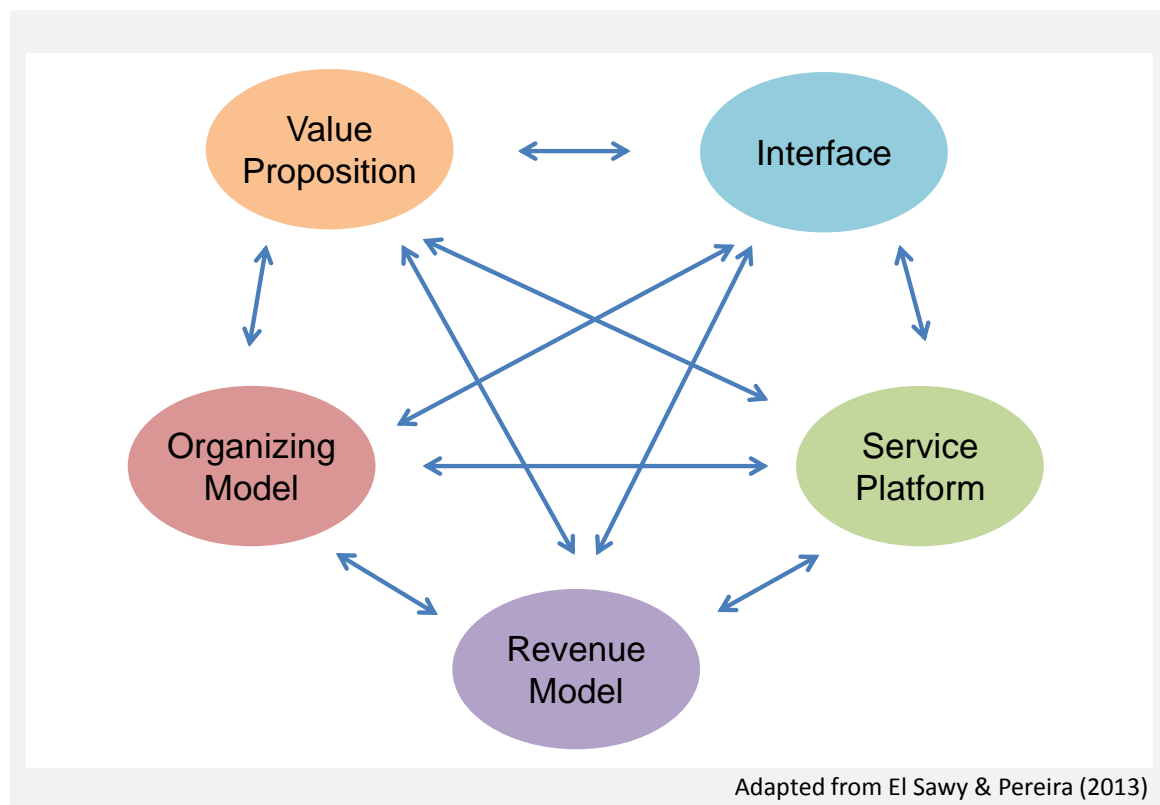


Figure 1: Components in the VISOR framework

The approach to take a theoretical framework from this research area follows the purpose of this paper to add relevancy to business model frameworks used for online retail. As ISDT has clearly only the digital focus on business models, it is a different approach from frameworks presented in Chapter 2, which have been developed out of the brick and mortar business or belong to a different research stream. VISOR was developed with the Networked Digital Industry (NDI) in mind. This means that its main purpose is to define business models that sell digital products, such as streaming services like *Netflix* and *Spotify*. This perspective is important for this study because the digital business ecosystem has peculiar dynamics, in which customers, competitors, complementors and the whole community play a role, especially when they complement each other. The internet is one of such networks that is extremely defined by network effects which appear when the value of a network connection rises with the growth of the network (Economides, 2006). Examples from the past are roads and railroads or the electricity network. Today, the internet is the most important digital network and the basis for all online business activities. For online retail, the consequence is an interdependency to the network environment 'internet' that should find representation in the business model (El Sawy & Pereira, 2013). With regards to the research streams defined by Zott, Amit & Massa (2011), it makes sense to use VISOR as a basis because it belongs to the stream *e-business*, but uses some elements of the stream *strategic issues* such as *value creation and capture through activity*, as pointed out in the original text by El Sawy & Pereira (2013).

The VISOR framework has been used empirically in the digital network environment, for example within telecom management research by the authors (El Sawy & Pereira, n.d.). It was also applied in research of mobile telehealth business models in the US market (Fife & Pereira, 2011). The telehealth research paper applies the VISOR framework on mobile healthcare and the industry with the purpose to find answers to the question why the market with such high potential has not progressed as expected. The outcome is defined as pain points in organizational and service structures, which hold back acceleration for the industry. Besides, Pereira (2012) presented a research paper at a Telecommunications Congress which elaborated on the customer context and capabilities of value creation in the process of digital service innovation. Two case studies on *Nike* and *Humana* were presented within the VISOR framework to point out how the business models were shifted by moving one or more of the component blocks, especially in regards to the respective industry environment. The VISOR framework was also used in another academic context on digital retail by Sharma & Gutiérrez (2010) which have applied the framework to mobile commerce (m-commerce) business models to gain insight into their characteristics.

According to Pereira (n.d.) the VISOR framework specifically helps to assess and evaluate a new "technology introduction or service offering". As retail comprises by definition activities that deliver services, or are considered as a service in itself

(Lusch, Dunne & Carver, 2011) (see Chapter 2.1.1), it is justified to apply the framework to retail. However, the VISOR framework was not specifically created with retail in mind, there has to be a general critical attitude towards its integrity and effectiveness in the same way as towards the frameworks in Chapter 2. Nevertheless, VISOR, as the analytical framework, offers the opportunity to comply with the conditions of the digital environment once it is adapted to retail processes.

The VISOR framework was created to build a concept for the articulation, improvement and awareness of the components of business models in the digital space. According to the authors El Sawy and Pereira (2013), VISOR integrates components that are common among business model frameworks, for example value proposition or revenue streams, but also elements that are rarely addressed elsewhere, for example the interface. Several studies within theories of innovation diffusion, for instance Fife & Pereira (2005), have shown that these unaddressed factors play an underlying role for users in the cultural, behavioural and economic context.

Each of the components of the framework is regarded as a separate driver of a business model. They are regarded as equally important and have been arranged in their presented order to form the acronym 'VISOR' (El Sawy & Pereira, 2013).

Value Proposition

Within the business model, the value proposition has the task to “define why particular customer segments would value an enterprise’s products and services and be willing to pay a premium price for them” (Pereira, n.d.). The value must become clear, even if it is embedded in a multi-firm value chain. The more specific the value proposition is framed, the easier it becomes to appeal to a customer base that is feasible to satisfy. Therefore, the question ‘why’ is of high importance as it represents the benefit that the customer gets from it, in terms of value creation. As it provides the answer to an unmet demand of the consumer, this element is very common among all business model frameworks (El Sawy & Pereira, 2013).

Table 2 presents the descriptors that define the value proposition and should be answered to create it in a successful way.

Table 2: Component Value Proposition and its descriptors

Descriptor	Explanation	Method of Assessment
Compelling	The extent to which a product or service vividly addresses a need for the customer.	Likelihood of consumption or acquisition
Cohort	The number of customers in a particular market segment, who view the product or service as addressing or providing a need.	Size of market niche
Complementarity	The extent to which the product or service accentuates or improves a product or service that a customer currently owns or uses.	The number of other existing products or services that are interdependent in their consumptions
Co-Creatability	The extent to which customers can add or alter features of the digital products or service.	The number of variations that could be generated by customers

Adapted from El Sawy & Pereira, 2013

Interface

“The successful delivery of a product or service is heavily predicated on the user interface experience in terms of ease of use, simplicity, convenience, and positive energy. The interface should generate a “Wow” experience” (Pereira, n.d.). Thus, this element is the point of interaction between the customer and the service platform, or can be seen as the linking point between the physical infrastructure, both software and hardware, and the value proposition. The value proposition is experiential and qualitative, which has to be communicated through the interface. As new technologies, such as tablet or mobile phone, offer many new opportunities to present services and products, but also poses problems with growing variance, they must be analysed beforehand in terms of affordances and limitations. (El Sawy & Pereira, 2013) The element can be defined with the four descriptors (see Table 3).

Table 3: Component Interface and its descriptors

Descriptor	Explanation	Method of Assessment
Functionality	The range of types of interactions of the interface and its ease-of-use	Ability to access range of service platforms, and supports multiplicity of tasks
Form Factor	The aesthetics of the interface	Customer perception
Fluidity	Provides the customer with flexibility, intimacy, personalization, and control	Ease and extent of customization
Forgiveness	The ability of the interface to automatically undo any user error	Extent of error connection and adaptiveness

Adapted from El Sawy & Pereira, 2013

Service Platform

The question about the IT platform is represented in the element of the service platform. “The platform must enable, shape, and support the business processes and relationships needed to deliver the products and services, as well as improve the value proposition” (Pereira, n.d.).

As a business operating in the digital space depends on technological infrastructure, this focus on the platform ecosystem is regarded as crucial for different reasons: it is the actual ‘place’ where the value is created, collaboration with partners takes place and customers become enabled to access and explore. Two pain points are the question of technical requirements in a fast evolving and developing field of technology, and that the platform has to be adapted to the value proposition of the customer base. (El Sawy & Pereira, 2013) The service platform is defined by four descriptors (see Table 4).

Table 4: Component Service Platform and its descriptors

Descriptor	Explanation	Method of Assessment
Architecture	The topology of the hardware and software that enables the service	Closed/proprietary or open standards
Agnosticity	Whether the platform supports different operating systems	Depends on type of technology environment or the need for external APIs
Acquisition	Addresses the question of whether to build, or piggy-back on existing technology infrastructures	Availability of existing platforms able to deliver product or services
Access	Defines the community which would be able to access the service	Continuum from walled garden, to totally open

Adapted from El Sawy & Pereira, 2013

Organizing Model

The element of the organizing model “describes how an enterprise or a set of partners will organize its business processes, value chains, and partner relationships to effectively and efficiently deliver products and services” (Pereira, n.d.). Within the digital space, Partnerships and inbound processes are not as much organized as a value chain known from traditional industries, but rather as a whole ecosystem. This leads to a co-dependency among partners, more turbulence and becomes important on a strategic level for the business model. This value network comprises the firm and all affiliated companies, as well as all other organizations that have an influence on the value creation. Consequently, all stakeholders who have a role in the value flow, includes physical flows concerning tangible products as well as non-tangible

flows like knowledge, that is part of the network structure. (El Sawy & Pereira, 2013)
 This can be further described with the help of the four descriptors (see Table 5).

Table 5: Component Organizing Model and its descriptors

Descriptor	Explanation	Method of Assessment
Processes	The design of the core business processes that are necessary to deliver and support the digital product or service	Determination of the effectiveness of key business processes such as new product introduction, order management, customer support
Partnerships	Quality of business relationships with go-to-market partners for service	Partnerships can be assessed in terms of formality, exclusivity, and expected durability of relationships
Pooling	Pooling refers to the necessity of combining complementary assets or capabilities of different partners to be able to provide customer value	Extent of synergy and complementarity on various resources (talent, technology,...)
Project Management	Coordination of effort across different partners for launch of service, and continuing service offering	Probability of success given complexity of task and relationships

Adapted from El Sawy & Pereira, 2013

Revenue Model

“In a good business model, the combination of the value proposition, the way that offerings are delivered, and the investments in IT platforms are such that revenues exceed costs and attractive for all partners” (Pereira, n.d.). In the digital space, this element has to focus on customers’ willingness to pay and consumer preferences, as these might change along the maturity of the technology. A key challenge on the digital space is to bring a profit to all partners within the organizing model (El Sawy & Pereira, 2013). The revenue model is defined by the four descriptors (see Table 6).

Table 6: Component Revenue Model and its descriptors

Descriptor	Explanation	Method of Assessment
Pricing	Structure of pricing mechanism	Type of pricing: subscription, pay-as-you-go, advertising, all you can eat, micropayments
Partner revenue sharing	How revenue is shared among partners who are bringing the joint offering to market	Distribution proration among partners
Product cost structure	Direct and indirect cost of key resources required	Product margins and cost assessment
Potential volume	How much demand is expected in target market segment	Expected number of “units” sold in specified time period

Adapted from El Sawy & Pereira, 2013

These five components are believed to be the answer for the digital industry to the two core questions of all business model literature: ‘Which value for the customer?’ and ‘how do we make profit from that?’. According to the VISOR perspective, a successful business model is able to coordinate the five drivers in a way that provides the best value proposition for the customers, which entails maximized willingness to pay. This objective can be reached through minimizing the real costs with the help of the service platforms, the interface experience and the organization (El Sawy & Pereira, 2013). This shows clearly that the two interconnected objectives of all frameworks are the same for the digital space, but the business logic, tools and process to get there are different.

3.2 Physical touchpoint in the VISOR framework

This paper follows the objective to merge the relevant second touchpoint of online pure players with a relevant business model framework from the digital space - VISOR (see Section 3.1). As described in Chapter 2.1.3, the working definition for the second touchpoint of online retailers with their customer is the ‘arrival of the package, unboxing and first use or fitting of the products including the holistic experience and emotions that go along with it’. This concept is so far not specifically mentioned or defined in the VISOR model, but it is assumed that there are certain linkages and connection points. The VISOR model has been analyzed by the authors and the following conclusions explain how the components can be arranged in a retail context, even better to say, within the context of the physical second touchpoint (see Figure 2). The figure is presented in different colourways since *Co-Creatability* and *Compelling* represent descriptors of a company’s value proposition; *Functionality*, *Form Factor* and *Fluidity* are descriptors of the physical interface; *Partnerships* and *Pooling* are descriptors of an organizing model.

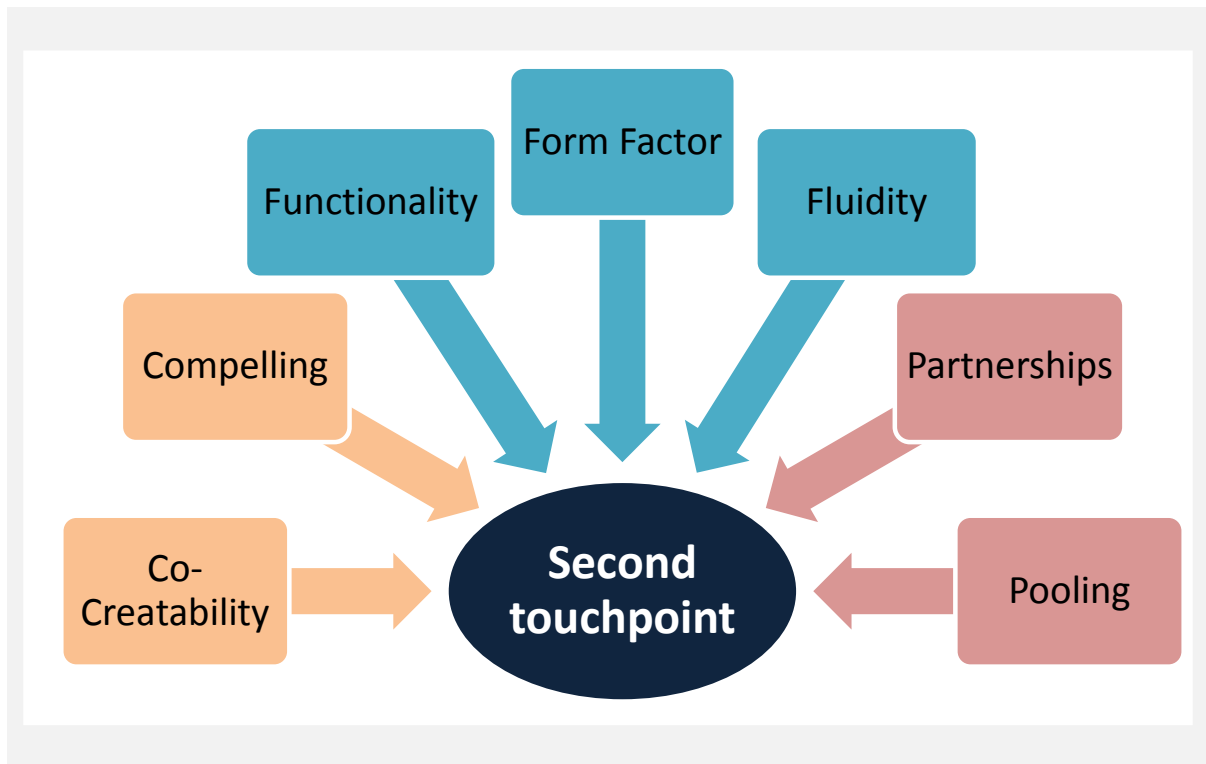


Figure 2: VISOR elements connected to the second touchpoint

Value Proposition

The Value Proposition is certainly important for the concept of the second touchpoint because it describes the sum of all benefits for the customer of an online retailer. These are usually different from the value proposition of a brick and mortar retailer where the customer can for example take the purchase home right away or can physically experience the product through touch and smell.

The descriptor *Compelling*, which explains how a need is addressed by the product or service, defines the probability of purchase or consumption. This influences the whole process of decision-making before the action of purchase, thus the first touchpoint is mostly accountable, as the final purchase is done on the website or another digital interface. However, all elements that communicate the value promise to the customer are interlinked in this context. As the decision-making process for a purchase is extremely complex and influenced by a multitude of factors, the physical touchpoint might as well play a part. An example could be that positive word-of-mouth or brand awareness through peer networks influence the customer when it comes to a purchase. A customer could also simply see the product and/or the packaging at somebody's home, as it happens for the pink packaging of the *GlossyBox* which is even promoted for storage and decoration by bloggers (e.g. Giggles & Dimples, 2015). As it is very complex to understand a customer's decision-making and which mean of communication or touchpoint influences it, the element

Compelling is framed rather broadly, so that it includes all communication means in regards to the value proposition, comprehensive of the touchpoint.

The descriptor *Co-Creatability* illustrates the extent “to which customers can add or alter features of the digital products or service” (El Sawy & Pereira, 2013, p.30). Applying this to the context of a physical retail product, two approaches for linkages appear that both have co-creation at the core of the value proposition. For one, some business models who specialize in personalization or customization offer possibilities for *Co-Creatability* on the website, the first touchpoint, when placing an order, for example MixMyGranola.com or MyMüsli.com. From a predefined set of choices, the customer can create a fully personalized product that is then manufactured for him personally as one unit. This form of co-creation is not further used in the study, as it takes place on the first touchpoint, not at the second touchpoint. On the other hand, *Co-Creatability* can play a role on the second touchpoint for some business models that encourage *Co-Creatability* to take place once the package is unboxed, for example cooking boxes with pre-portioned ingredients and recipes from retailers such as Linas Matkasse or HelloFresh. In this case, the box itself has an active role in encouraging the customer to create something with the box's content.

Interface

The component interface in the VISOR model represents the digital interaction platform of the customer to the company's physical infrastructure. As it was created for digital products, it is only one single digital platform that leads the customer to the action of purchase and delivers the actual product at the same time. In the context of a tangible retail product, the delivery of such has to take place in the physical world. Thus, this component's definition only partially applies to the second touchpoint as it is described as the “interconnection between the customer experience and the service platform” as well as the “qualitative and experiential nature of the value proposition” (El Sawy & Pereira, 2013, p.30). Consequently, three of the component's descriptors are interlinked with the physical touchpoint, under the assumption that its definition is broadened to comprise the physical touchpoint of online retail.

The descriptor *Functionality* illustrates the types of interactions that are possible with the interface and its ease of use. In the context of the physical touchpoint this means usability, which includes the product itself, its performance, how customers can dispose the packaging and how they get started with using the product. One example is packaging that keeps the product safe or at the correct temperature for chilled and frozen foods. Another example is the quality of the product itself and if it lives up to the customer's expectation.

The descriptor *Form Factor* comprises all the aesthetics that the customer perceives of the interface. This includes branding, design of packaging and product, merchandising, product samples, inlays and advertisement material that might be

part of the package. Examples are the color code, material, even the smell of the packaging as well as the presence of the logo in the moment of unboxing.

Fluidity as a descriptor defines how a customer can personalize the purchase, how flexible and intimate the feeling is that the platform provides. In the context of this study, it assesses the easiness and scope of the second touchpoint and how the customer can personalize it to his convenience. An example is the delivery, if he can influence the date and time or a certain pick up point. Another example are gift messages or personal notes if a product is purchased as a gift and shipped to that person directly.

Organizing Model

The component Organizing Model contains two descriptors which are connected to the second touchpoint.

On the one hand, the descriptor *Partnerships* is important because it refers to the quality of the relationship with partners which is determined in regards to exclusivity, formality and durability. As online retailers usually work closely with different partners throughout their business processes, this also applies to the second touchpoint. One example is the shipment that is in many cases carried out externally by shipment companies.

The descriptor *Pooling* has a fundamental function within the second touchpoint that delivers the physical product to the customer. The product, as the customer value, is in the end the sum of assets, skills and capabilities of partners, coming together and benefitting from each other. This is exactly what a retail product is in essence, as the retailer fulfils only one function after the manufacturers and suppliers, the product goes through a process of different companies until it reaches the end-consumer. This synergy is represented to the customer as a whole, and is eventually uncovered and evaluated at the second touchpoint. Simply speaking, all involved parties are benefitting from *Pooling*, which is the case for every business activity in retail companies that, for instance, by definition does not include manufacturing or production. In this study, the element *Pooling* points out particular synergies that are unconventional and not common for the majority of retail companies.

The relevant elements in regards to the physical touchpoint are organized according to their respective component and defined by a short description (see Table 7).

Table 7: Seven elements connected to the physical touchpoint

Linked elements	Component	Short description
Compelling	Value proposition	The need a product addresses to the customer and leads to the buying-decision .
Co-Creatability	Value proposition	Co-creation at the core of the value proposition either as the product itself at the first touchpoint, or as the customer creating something from the purchased product at the second touchpoint.
Functionality	Physical interface	The usability and performance of the delivered package and its content.
Form Factor	Physical interface	Includes all aesthetics that the customer perceives at the second touchpoint.
Fluidity	Physical interface	The easiness to customize the second touchpoint by the customer.
Partnerships	Organizing model	The quality of cooperation with other companies throughout all business activities.
Pooling	Organizing model	The synergy between assets, capabilities and resources of partners.

Adapted from: El Sawy & Pereira, 2013; modified by the authors

4 Methodology

This chapter elaborates on the research design and methodological background of the study, which includes the research approach, philosophy and data collection method. It gives explanations why the choices concerning the method were made and how these enable the researchers to answer the research question.

4.1 Research Approach

This empirical study explores the so-called physical or second touchpoint and the business activities that online retailers use to shape it. This serves the purpose to identify how the VISOR framework can be modified by adding an element that stands for the important role of the second touchpoint in practice within an e-business model framework.

To identify the specific object of study, the research question that needs to be reviewed, is the following:

How do online retailers work with the second touchpoint as part of their business model?

To answer this research question, the object of study is the second touchpoint with the customer as it is defined in Chapter 2.1.3. Furthermore, the object of study includes the business model of the online retailer. The focus of the study is the second touchpoint, how companies work with it through communication and other business activities that enhance the customer experience. The main emphasis of the data collection, with the objective to gain rich insights, is the package, as well as all services and processes connected to it. In the analysis phase, these insights will be used to apply them onto the VISOR framework in order to modify it to contain the element 'second touchpoint'. In this way, the relevance, arrangement and interconnectivity of the second touchpoint with other elements within a company's business model is investigated.

In this thesis, the objects of study are not the customers, their perspectives, experiences or opinions on the second touchpoint because the focus is on the companies' business models. It cannot be expected that customers understand the business model behind their purchase, but see only their individual experience. Instead, a representative of a company is more suitable to provide insights for matters such as processes, activities and resources, and explain which intentions are behind the planning and design of the second touchpoint. Even though it is indirect, the retailer perspective also entails an insight into the customers' viewpoint through

feedback that is received. It is considered to be an additional investigation to understand the customers' perspective and gain insights into which extent the business activities have the intended impact on the unboxing experience.

This research project is based on mainstream management/entrepreneurship theory and therefore follows the harmonious reality. This means that social life and within this, business practices are in the natural state of harmony (Svensson, 2016). This has so far been applicable to the retail industry and successful traditional stationery business models, but the emergence of the e-commerce market has had threatening effects on common practices of the industry (see Chapter 1.1). Thus, the 'digital threat of online pure players' can be considered as a conflict, which justifies this topic as a research topic. The purpose of knowledge is Applied Research (Elg, 2016), which means that even though there is no specific external stakeholder who formulated the question, it has the purpose to solve an existing problem. The knowledge-constitutive interest (Habermas, 1972; in Svensson, 2016) of the research is technical with the intention to predict and in the long-run control the success of e-business models.

As Bryman & Bell suggest, defining the nature of a study, especially in terms of inductive and deductive strategies, is "by no means a straightforward matter" (2011, p.7) and should rather be used as a tendency. Furthermore, Saunders, Lewis & Thornhill (2012) suggest a third approach which represents the combination between inductive and deductive, that is, the abductive research approach. They define abduction as a research process of theory generation or modification based on the relationship between empirical findings and previous theories. When pursuing an abductive approach, the goal is to explore and obtain a rich understanding of the nature of the problem, which is in accordance with the purpose and research question of this paper. The process of abduction consists of collecting relevant empirical data based on the research question, then modifying an existing conceptual framework based on the data analysis. In order to understand how the second touchpoint can be represented in the VISOR framework with an abductive approach, the researchers will explore empirical data on behalf of seven relevant elements from the VISOR framework with the aim of finding a suitable connection to modify this framework.

4.2 Research Philosophy

When conducting research, assumptions are made, whether based on human knowledge or on the nature of realities, it will ultimately shape the authors' understanding of the perceived reality and knowledge (Bryman & Bell, 2011; Saunders, Lewis & Thornhill, 2012). Thus, it is important for the reader to understand the authors' perspective when interpreting and analyzing the results. Thus, in this section, the ontology and epistemology of the research are presented and described.

4.2.1 Ontological Considerations

Ontology concerns how the nature of social entities is defined. Bryman & Bell (2011) state that social entities can be either viewed as an objective entity with an external reality from social actors or constructed by social actors. Likewise, Saunders, Lewis & Thornhill (2012) define the concept of ontology as the researcher's perspective of the nature of reality or being.

The ontological consideration that is pursued in this research is constructionism which describes that meanings of social phenomena are constructed by people through social interactions (Bryman & Bell, 2011). In the same way, Saunders, Lewis & Thornhill (2012) state that a constructionist position views reality built entirely by social actors, thus there can be different views and interpretations of a situation. Considering the nature of the research question and the research subject, a constructionist approach allows to view reality as socially constructed. Bearing in mind that the subjects of the research comprise of company representatives, there has to be a big emphasis on social actors. One can assume that social phenomena are created by perceptions and consequent actions of the social actors in question, which are interviewees in this research. When conducting interviews, most likely different interpretations surrounding the theme of the physical touchpoint exist, thus a constructionist view will help to clarify the reasoning and choices behind the subjects' interpretations. To do so, it is necessary to perceive reality as socially constructed which reflects from the interviewees motives and choices of action.

4.2.2 Epistemological Considerations

Epistemology is commonly designated as the 'theory of knowledge'. This philosophical position questions whether the social world should be studied according to the same principles as the natural science world. The two main epistemological considerations are positivism and interpretivism. (Bryman & Bell, 2011)

This study is conducted with an interpretivist point of view since the researchers assume there will be differences among the subjects of the research in their role as social actors (Saunders, Lewis & Thornhill, 2012). In other words, interpretivism tries to find an understanding of the social actions pursued by people (Bryman & Bell, 2011). This epistemological consideration is typically linked to a qualitative research strategy and an inductive research approach to develop a richer theoretical perspective (Saunders, Lewis & Thornhill, 2012). Even though this research follows an abductive research approach, it underlines the objective of this study to explore the second touchpoint with an open mind-set, as if it was inductive. This research places a big emphasis on the social actors, characterizing the interviewees, which is supported by Saunders, Lewis & Thornhill (2012) arguing that the philosophical

position is the difference between conducting research among people rather than objects.

Applying the interpretivist philosophy provides a better overview of the interviewees' perspectives on how the physical touchpoint with the customer relates back to the business model and the product. The researchers will adopt an empathetic stance regarding the subjects and try to understand their world and actions through their perspective.

4.3 Research Strategy and Design

A research problem is tackled with a specific business research method and it is important to distinguish which kind of research strategy will be followed. The most common way to distinguish between quantitative and qualitative research concerns whether the collected data is numerical or non-numerical (Saunders, Lewis & Thornhill, 2012). In this study, a qualitative research strategy is followed due to its association with the purpose of this study, its research approach and the nature of the research question. On the other end of the spectrum, quantitative research tends to follow a measurement perspective regarding data collection which does not relate to this research approach. Even though the distinct elements of the VISOR framework could be measured quantitatively, for example in a survey, it could rather be used in the future to verify and generalize the findings of this paper that has more of an explorative character. A qualitative research strategy emphasizes words rather than quantification (Bryman & Bell, 2011), thus the data collection consists of qualitative in-depth interviews. Thus, in this strategy there is a closer proximity between the researcher and the participant, enough to gather an elaborate interpretation and exploration of the physical touchpoint concept.

In short, the research strategy of this study emphasizes an abductive research approach whereas the relationship between theory and empirical research will serve the purpose of adding to an existing framework. Additionally, the social reality is constantly shifting due to the social actors' behaviour and how they interpret the world. Carrying a qualitative research method enables to conduct in-depth interviewing to help clarify and understand the reasoning of e-business managers in terms of the physical touchpoint.

Once the research strategy is established, one must consider which research design will be pursued. A research design is essentially a framework that is used for the data collection and analysis which depends on the nature of the research question (Saunders, Lewis & Thornhill, 2012; Bryman & Bell, 2011). The authors do not intend to test a theory and will follow a relatively unstructured approach in the research, thus an exploratory study is the most suitable for this research (Bryman & Bell, 2011). Following an exploratory study is suitable for this research because the authors want

to clarify and gain a deep understanding of the physical touchpoint as it is practiced in the reality of online retailing firms. Conducting in-depth interviews constitutes a form of exploratory research and will allow a free flowing conversation with the company representatives. This is supported by Saunders, Lewis & Thornhill (2012) arguing that the main advantage of this particular type of research is its flexibility and adaptability for change. This is essential when conducting the interviews in order to gain richer information, when the interviewee asks questions or wants to respond with another perspective in mind, an exploratory study is flexible enough to change the direction of the study, starting with broad information towards more specific.

4.4 Data Collection Method

In order to collect relevant data, it has to be clear how the object of study can be symptomized, visualized and is put into practice. In the context of the object of study, these 'symptoms' are business activities that are undergone by the e-businesses to design the second touchpoint. Such insights on business activities can be gathered through companies whose business model and activities fit with the description of an 'e-business model' and the existence of a 'physical touchpoint'.

To deliver on the data collection objectives, qualitative interviews with representatives of such companies are chosen as the data collection method. One of the reasons is that the interviewees can provide direct insight into activities. The idea of the interviews is to find out, what the companies do to communicate with their customers at the physical touchpoint, or better, how do they make the package and box 'communicate' with the customer. Besides, the interviewees are qualified to make a statement on the relevancy of the second touchpoint from their practical experience. The objective is to have an understanding of the interviewee's company environment, thus the researchers can make sure that they understand the full picture during the interview (Easterby-Smith, Thorpe & Jackson, 2008). Besides, rich and detailed answers make it possible to explore the element of the second touchpoint and get an understanding for the interconnections to other components of the business model.

The collection method are semi-structured, guided open interviews with an estimated length between 30 and 45 minutes. Thus, there will not be a rigid questionnaire, but rather followed an interview-guideline with different topics (Easterby-Smith, Thorpe & Jackson, 2008) such as important elements of each delivery, the value promise to the customer, the experience that is suggested, details of the package and delivery service that are supposed to have influence on the customer. Furthermore, a general kind of insight into the companies can be won, for example on feedback they get from their customers, lessons learned and planned improvements. The interview guide is used to make the different interviews comparable to a certain extent. It is based upon the interlinked components with VISOR, as well as questions that arose

when preparing the interviews on the basis of the website, first touchpoint. As the semi-structured set-up enables flexibility, further questions can be posed on topics that come up during the interviews.

Even though the body language and nonverbal clues are not visible in a phone interview (Bryman & Bell, 2011), the interviews are conducted via Skype-call. It is still an appropriate communication method because the object of study for the interviews is not a personal matter or directly linked to behaviour or opinions of the interviewee. It is rather the interviewee who speaks on behalf of the company. Apart from that, conducting such non-standardized interviews in a call has more advantages which also apply to this study, such as access to interview partners that are located far and could not be reached face-to-face with time and cost constraints (Saunders, Lewis & Thornhill, 2012).

4.5 Interview Process

The interviews of the research were conducted via a Skype call. During the interviews, both researchers are present whereas only one is holding the conversation with the participant. This way, additional questions, uncertainties or technical problems could be cleared out right away. The interviews are recorded for the purpose of transcribing the data afterwards to be able to use it for this paper.

The researchers prepared each interview by exploring the retailer's website, which relates to the first touchpoint with the customer. This serves the purpose of determining the product offering, value proposition, corporate communication style, to get a first impression of the business model and to be able to ask customized questions, for example about refrigerated packaging (in case of sending chilled foods) or the restaurant preparation of meals (in case of outsourced cooking of delivery service).

The interview guideline consists of different themes that will be elaborated upon in the following. The themes cover the interlinkages with the VISOR framework (see Chapter 3.2) as well as topics that support the understanding of the business model and activities, the company's terms of reference and environment.

At first, the interviewees receive information about anonymity and usage of the data (see Section 4.7), then a short summary of the purpose of the study and the indication to ask questions or raise further interesting topics during the conversation.

The opening topic is the company's business model and general information about the company, what was the initial business idea and what is the vision, along with questions upon the position within the organization of the interviewee and how long the person has been involved.

The next theme concerns the value promise to the customer and for what motives, in which settings, in response to which needs the customer order and when is the assumed decision to buy (how does the website convince the customer?). Then, the conversation moves to the product's brand, its alignment and representation with the packaging and to what extent the customers can customize their purchase. Besides, the interviewees are asked to describe the 'perfect moment of unboxing' and what is the idea and connection behind it.

The packaging and box are a theme for itself. It is touched upon how much time and effort they put into the physical element of this touchpoint, how it is designed, particularities and features of it as well as further types of use. Furthermore, the kind of impression the packaging is supposed to make and how it differentiates from the competition is discussed.

Another theme concerns the collaboration with partners and the position and/or constraints within the company's business network, for example shipment providers. It gives insights into how the delivery process works. It also includes questions about the influence on customers and the business process, as well as concerns that might appear from such dependence on another organization and the relationships with the manufacturers.

The last topic concerns future improvements and developments, as well as general feedback that the company gets from its customers, anecdotes or pain points. The interview ends with an indication to the interviewee to ask final questions or add on to topics that have not been touched upon before.

All along the interviews, the researchers ask further relevant questions or probe the interviewee with specific questions to their statements, asking for further explanation and/or examples.

4.6 Sample Selection

For the sake of finding volunteering interview partners, a strategy to access companies, which fit the profile, was established long before the actual data collection. As the topic of this thesis defines, the companies have to run an online pure play business with a physical product that is shipped to customers. The target group of the companies is the B2C market and the companies should sell a product that fits in the shopping mode "fun shopping", as opposed to "mundane/repetitive shopping" (Burt & Sparks, 2003, p.3). This means that their product offer refers to either high emotional, exciting or eventful shopping experiences, and is important to ensure that the moment of unboxing is of high importance in the value proposition.

The authors searched for suitable companies online, on portals for startup and innovative retail companies, mainly on the German and Swedish market. However, some companies with standalone business models from English-speaking countries were approached as well to obtain a broader variety. These countries were chosen to avoid language barriers that might influence the decision of the interview partners to participate. Furthermore, the logistics and shipment process, as well as the general industry environment should be similar to be able to gain a thorough insight. The final sample set of six consists of five companies that are active in the German market, one only on the US-market.

50 companies were contacted via a standardized email (see Appendix 1) which was sent either to the press contact, general contact address or marketing contact. The response rate for this first informative email was about 20%, out of which 12% agreed to participate eventually. Even though this sampling design belongs to non-probability sampling (Easterby-Smith, Thorpe & Jackson, 2008), it was a dire objective of the researchers to avoid convenience sampling of personal connections with people working for a company that fits the profile, as it would be limited to a specific business model. The quality criteria *precision* (Easterby-Smith, Thorpe & Jackson, 2008) gives credibility to this study as it manages to involve representatives of six companies which all belong to a different category (defined by the authors):

OrderGourmet: Webshop for delicacies (anonymous)

Brandnooz: Subscription box for testing and exploring foods (<http://brandnooz.de/>)

EatClever: Food delivery service for niche meals (<http://eatclever.de/>)

TryFoods: Webshop for themed sample boxes (<http://tryfoods.de/>)

The Grommet: Webshop for innovative products and gifts (<https://thegrommet.com/>)

CookBox: Subscription box for ready-to-cook ingredients (anonymous)

The companies in the sample belong to the service delivery and time-saving categories of shopping motivation (see Chapter 2.1.2), which underlines the enhanced shopping experience at the second touchpoint. As this sample covers a range of business models and value propositions, the researchers argue that the sample clearly supports the objective of this study to explore innovative online retailers. The variance among the businesses strengthens the outcomes of this study as it can be applied to at least a certain range of business models, which is important for the relevance of the outcomes. However, no generalization and inferences can be drawn from this non-probability sampling. It is not representative of all businesses that operate as online pure players in any of the listed categories. The business models in this sample will most likely lose their current up-to-date and innovative start up character in the future, especially as the digital retail world is changing at a fast pace.

The approach to represent the companies is to use a single respondent to speak for the whole organisation (Bryman & Bell, 2011). Therefore, our interview partners are representatives of the company who are bound to comply with a set of pre-requisites, most importantly they have to have a good overview of the business activities, especially in regards to marketing, operational processes, partnership networks and customer feedback. The six interviewees represented such a function and knowledge as they were either the founder and/or CEO or in the position of Marketing manager.

4.7 Data Processing

The strategy of analysis for processing the data will be done with analytic induction according to Bryman & Bell (2011). Along an iterative process, analytic induction is used to seek “universal explanations of phenomena by pursuing the collection of data until no cases that are inconsistent with a hypothetical explanation of a phenomenon are found” (Bryman & Bell, 2011, p.575).

Applied to this study, the process of analytic induction begins with the definition of the research question (see Chapter 1.3), followed by a hypothetical explanation of the research question (see Chapter 3.2). In this thesis, this is done by analysing the VISOR framework and exploring linkages with the physical touchpoint, which are seven elements: *Compelling*, *Co-Creatability*, *Pooling*, *Partnerships*, *Functionality*, *Form Factor* and *Fluidity*. The researchers pose the hypothesis that the physical touchpoint can be represented through one or several of these elements that are already existent in the VISOR framework. The next step is the collection of data that is called ‘examination of cases’, whereas this study uses six different companies for interviews. One by one, the interview data is analysed by assessing an (in)consistency with the hypothesis (see Chapter 6.1). If all companies show some or all elements of VISOR, the hypothesis is regarded as confirmed. If one of the companies is deviant from all the elements in the hypothesis, the researchers have to make a decision on either reformulating the hypothesis or redefining the hypothesis to exclude this deviant case. This process considered the first-level analysis, which is followed by the second-level analysis (see Chapter 6.2). The latter is used to lift the conclusions concerning the hypothesis to a more abstract level in order to be applicable to the analytical framework.

One of the requirements for this analysis strategy are sufficiently diverse cases, in this case companies. This is fulfilled in this study by conducting interviews with representatives of companies from six different categories with diverse characteristics and value propositions. As analytic induction does not provide guidelines on how many cases need to be analysed to confirm the hypothesis, the small scale of this study seems to be enough to justify the hypothesis within a narrow frame of innovative e-business retail in selected markets.

In order to give the interviewees, who do not necessarily have fluent English skills, the possibility to participate, the researchers offered to conduct the interview in German, which is one of the researcher's mother tongue. This offer was accepted by one participant whose interview data will be transcribed and analyzed in German. The quotations which are part of the presentation of the findings (see Chapter 6.1) are translated to English by the researcher.

4.8 Quality Criteria

For semi-structured interviews, several criteria exist that are used to determine the quality of research. While reliability and validity are quality criteria used in quantitative research to determine measurement aspects, they are not a preoccupation for qualitative studies, thus alternative criteria exist. The two primary criteria when it comes to examining a qualitative research are authenticity and trustworthiness. (Bryman & Bell, 2011).

The authenticity criteria justifies if a research is genuine and credible in respect to political and social implications (Bryman & Bell, 2011). The total of six different interviewees translates into six different viewpoints regarding business activities connected to the second touchpoint, which in return originates a higher degree of authenticity as opposed to a single in-depth interview. Therefore, the authors believe that the conducted study takes account of authenticity and consideration concerning data quality issues.

Trustworthiness entails four components which are equivalent to quantitative research criteria: credibility, transferability, dependability and conformability. The researchers asked the interviewees after the interview if they would like to revise their recorded answers in order to reduce a potential misunderstanding and increase the credibility of the data collected. In addition, the study has been conducted following the thesis guidelines of *Lund School of Economics and Management* in order to achieve higher credibility. The criteria of transferability concerns whether the research findings could be transferable to another setting or within the same one but at a different time frame (Bryman & Bell, 2011). While the findings of the research might differ due to the nature of qualitative interviews, the resulting framework could be applicable in different settings within e-business models. Dependability concerns the process of gathering full records of the entire research process. This enables easy access of the collected findings and to create a database (Bryman & Bell, 2011). The authors have always strived to paint a clear picture of the research participants and to capture information as it is being expressed by the interviewee, thus audio records have been kept on file for future reference. When transcribing the interviews, accessing the audio files allowed a more reliable analysis of data. Bryman & Bell (2011) justify the last criteria of trustworthiness, confirmability as the personal values of the researcher and whether they have affected the outcome of the

research. The authors aimed from the beginning of the research to deliver a transparent study and deliver a legitimate picture of the participant's reality and perspective.

As the sample of interview partners represents either marketing managers or the founders and CEOs themselves, there are potential limitations in the quality of their statements since this is a single respondent per organization. The expressed opinions and assessments might be biased as the interviewee might want to portray his own work and responsibilities, as well as the vision and business model in a more positive light (Bryman & Bell, 2011).

4.9 Ethical and Political Considerations

Saunders, Lewis & Thornhill (2012) present ethics as the standards of behaviour that will guide the research process in regards to the research participants, in this study the interviewees. According to Bryman & Bell (2011), ethical research problems consider how individuals should be treated and what kind of activities one should engage in. In essence, participants should know at all times what kind of research they are partaking in and what kind of information is expected from them.

Deception concerns the situation when the researchers represent the research as something other than what it is (Bryman & Bell, 2011). Since the beginning of this study, all the interviewees were provided with a complete, honest and accurate description of the full research process and purpose of the study. This information was further reinforced in the interview guide (see Section 4.5). The interviewees were informed that the interviews would be recorded and that they could choose to quit the interview at any time they wished, if they did not feel comfortable. The subject of anonymity is of great concern in research, thus all information surrounding the organizations and individuals behind them are handled in a considerate manner (Bryman & Bell, 2011). The appropriate measures were undertaken in this research as two business representatives did not want their name nor the company information disclosed, thus fictive names were given to two companies to preserve their anonymity.

The reliability of the data would be reflected upon, considering that every business has a clear political and non-neutral intent when giving out information. Larger organizations tend to have rigid procedures in terms of providing information for research purposes and publicity, and request a say on how the provided data will be handled (Easterby-Smith, Thorpe & Jackson, 2008). The authors assumed that it would be easier to obtain data from small or medium-sized online retailers, as compared to large organizations with stricter data security procedures and hierarchical interest.

Different academics hint that sensitive questions might not be answered during phone interviews because the personal contact is missing (Saunders, Lewis & Thornhill, 2012). Since all interviews last approximately 30 minutes, a broad range of discussed topics can be touched upon; however the authors acknowledge the avoidance of sensitive topics. In general, the interviewees are speaking on behalf of their employer, which makes it difficult to find out about pain points or negative aspects of the business activities. The participants' privacy was respected by not asking questions that would reveal their personal opinion and would put them in conflict with their responsibility towards their organizations. With this practice in mind, the authors have complied with the ethical principles of informed consent and invasion of privacy (Bryman & Bell, 2011). Overall, the authors argue to have considered ethical and political principles throughout the research by always having the participants' best interest in mind.

Another consideration is the political interest of every business which is financial success and neither taken into account in the sampling strategy nor data collection. No questions are asked about how financially successful the business model is working. Besides, the success of the second touchpoint and a measurement for it is not considered either.

5 Company Backgrounds

In this chapter, the companies from the sample set are portrayed with some general information, their business models that are explained based on the website and information provided by the interview participants, followed by a short insight how the first and second touchpoint are designed (see Table 8).

Table 8: Summarized company profiles

Company	Product Category	Market(s)	Business Model	Shopping Mode	2nd Touchpoint
OrderGourmet (anonymous)	Webshop for delicacies	Germany	Retail without middleman	Time-saving and/or service delivery	Chilled box with ordered food items
Brandnooz	Subscription box for testing food products	Germany & Czech Republic	Customers from B2C and B2B	Service delivery	Monthly box filled with surprise products
Eat Clever	Food delivery service for healthy meals	Germany	Franchising with restaurants	Time-saving	Ready-to-eat meal, delivered by restaurant
TryFoods	Webshop for themed sample boxes	Germany	Retail of own designed product	Service delivery	Box with tasting set of one food item
The Grommet	Webshop for innovative products	USA	Retail & wholesale for independent makers	Service delivery	Standardized delivery of ordered product
CookBox (anonymous)	Cook-at-home food delivery service	Germany, USA, Australia, UK, Netherlands	Subscription model	Time-saving	Pre-portioned ingredients and recipe cards for weekly cooking

OrderGourmet

The company runs a webshop for delicacies and gourmet products, which comprises meat, poultry, fish, dairy products and high quality manufactured groceries. The business idea was developed when the founder, an experienced amateur cook, realized that it is rather difficult and time-consuming to find specialized ingredients of the highest quality in common retail. Besides, he wanted to support producers of such foods by establishing a specialized sales channel. OrderGourmet follows principles of sustainability, trust and quality and focuses on fairness throughout the value chain of the products, for example by supporting principles of the *SlowFood* organization and being audited by the *Economy for the Common Good*. The interviewee is the founder who has owned and run the company for the past eight years.

The orders are shipped twice a week on fixed dates in order to prevent keeping stocks, as it is considered too much of a risk for chilled, fresh foods with a short shelf life. Besides, seafood and animal products of such high quality are not standardized and therefore not available on a daily basis, or are produced on demand and need certain lead time. OrderGourmet faces strong fluctuation in demand during the retail high seasons, for example Christmas time, Easter and other holidays, when the workload grows from two to 10-12 people.

The first touchpoint is the webshop where the customers place their order. The next available delivery date (4-6 days in advance) is communicated with the remark that no fresh foods are kept in stock, but every item is ordered directly from the producer after the purchase. In order to follow rigid regulations on the shipment of chilled goods, OrderGourmet uses special packaging and courier delivery. This influences the second touchpoint as the timing needs to be openly communicated with the customer to ensure that someone is at home to receive the package. Besides, the possibilities for design and brand communication can be limited for this specific packaging material, which consists of a white polystyrene box.

Brandnooz

To the end consumer, Brandnooz offers a monthly subscription box that is delivered home, filled with early peak products, special editions or trial versions of grocery products, drinks and candy. The main idea for the food-interested B2C customer is to test and explore new products that they might not have bought in the supermarket. Brandnooz offers several products: the regular monthly box; the 'Genuss-Box', filled with delicacies and organic products; one-time boxes with a theme, such as a picnic-box or a box with only chilled products. The interviewee is Miriam Drummond who is the Campaigns & Community manager, located in the headquarter in Berlin.

The business started in 2009, when one of the founders, a former brand manager at *CocaCola*, had the idea to give manufacturers the possibility to get feedback from people who actually tried new products in their home, in addition to information from paid market research participants. Therefore, Brandnooz started as an online portal that offered free boxes to testers who would rate and give feedback, when the subscription box model picked up for which customers pay a monthly fee (between 10€ and 13€) until 2012. The company operates the packing of box in a separate facility in-house, currently shipping 20.000 boxes each month, which makes Brandnooz the biggest operator for packaged food in the German market.

In this sense, Brandnooz has two different customer categories and revenue streams. On the one hand, the B2C customers who are part of the 'Noozie'-community and pay monthly for surprise products; on the other hand, the B2B customers, manufacturers of food and drinks who want to get new products into the homes and get relevant feedback or use the boxes as a marketing channel for promotion.

As only the B2C business is relevant within the scope of this thesis, the business customers are not taken into consideration of the analysis. Brandnooz has its first touchpoint with the customers on a digital platform, either on the website when purchasing a subscription or a one-time box, or on the community platform on which customers give feedback, exchange opinions and rate the products. The different options of purchasing a subscription or buying a subscription as a gift for someone else are available, as well as a webshop in which single items of past boxes can be purchased independently from a subscription. The second touchpoint is the package that is delivered home every month (or just at one unique incident). For the standard subscription box, the varied products are a surprise at the moment of unboxing because they are unknown beforehand.

EatClever

EatClever is a food delivery service for a specific target group that focuses on healthy and light meals. The customer orders on the website according to the location's zip-code from a menu with different dishes. The order is prepared in a local restaurant as well as delivered to the customer by that restaurant. The company is headquartered in Hamburg, but offers the service in twelve German cities at the moment. As growth rates during the past six months have been between 20-40% each month, more cities are to open in the near future. The interviewee is Mohamed Chahin who is one of the founders of EatClever and the manager responsible for communications, customer service and operations.

The company's business model is based upon a franchising model with partner restaurants. EatClever develops the recipes itself and works together with chefs and nutrition experts in order to come up with nutritious, healthy and light meals that also appeal to vegetarian or vegan customers. EatClever also develops its own spice mixtures, the whole preparation and cooking process, in addition to the packaging, thus all its recipes and final products are the same across Germany, which helps EatClever to maintain a consistent pattern and quality among all delivery areas.

The company partners up with restaurants due to the reason that 99% of all restaurants in Germany have free capacities, especially during lunch time, and with many overhead costs to cover. On this background, EatClever introduces an innovative solution by selling its franchising concept to restaurants and providing them with another revenue stream. A restaurant is now able to utilize its full capacities, by cooking the meals elaborated by EatClever and delivering them to the customer in exchange for a commission fee per order. The restaurants handle the cooking and delivery, while EatClever is responsible for the product development, marketing, branding, customer support and partly purchasing.

The first touchpoint with the customer occurs on the online platform, either on a computer, but increasingly on a mobile device, where the customer orders the meal and can also make the payment. This business model is posing a challenge to EatClever, as it passes the responsibility of the second touchpoint onto the restaurant. Once the order is confirmed, the responsibility to prepare the meal and

deliver it to the customer is shifted upon the restaurant, who has to follow a strict process according to EatClever's guidelines. The second touchpoint with the customer is described as the delivery of the freshly ready-to-eat food by the restaurant in branded packaging by EatClever. The means of transport and all other delivery details are set by the respective restaurant. The payment can also be made in cash at the moment of delivery.

TryFoods

TryFoods offers themed tasting boxes for six different food items (salt, vinegar, coffee, pepper, chocolate, olive oil) and a Berlin box, to experience the city's cuisine. Each box comes with five samples that cover a wide range of tastes and a 60-page booklet which has an informative, educational and instructional character. In the webshop, customers can order the boxes, as well as the sampled products in full size. Besides, TryFoods offers monthly tasting events at a culinary location in Berlin. The interviewee is Jörn Gutowski who is the founder of TryFoods and running the business on a daily basis.

Jörn founded TryFoods in 2012, after not being able to find a tasting set as a gift, he decided to start a company that would give people the chance to have tastings at home. Apart from the product design and development, the business model is based upon retail functions such as purchasing and selling the products through different sales channels: the webshop (approx. 25%), other webshops (approx. 40%), corporate clients (approx. 10%) and stationery retail stores (approx. 20%), which are mainly speciality stores.

According to Jörn, the difficulty for TryFoods is that the product of tasting sets is not self-explanatory and it constitutes a new concept. His expectations from the stationery retail channel have not been met yet, which he blames on consumer behaviour. He explains this by saying that shoppers usually stroll around in shops and end up buying a product, with which they are already familiar. Only in the setting of a consultation with a store clerk, unknown product concepts catch the customer's attention. Because of small sales figures and the complex situation of TryFoods' products in stationery retail, this sales channel is considered minor in regards to the analysis and as the first touchpoint only TryFoods' or other webshops are considered. This is where the customer is easily exposed to all the necessary information in order to truly understand the concept of the product and to eventually purchase it. The second touchpoint is made up by the physical tasting set that is shipped to the customer or directly to a third person as a gift. The product, which is packaged in a decorative box, is basically boxed again in a standardized package which is delivered by a shipment provider.

The Grommet

The Grommet is a product launch platform that runs a webshop for innovative, unique products and gifts and features a new product every day to an audience of 3 million people. The products, so-called Grommets, range over many product categories from toys & games, to kitchen apparel to fitness & outdoor and decor &

stationery and many more. The long-term vision of The Grommet is to support independent makers and inventors and create a distinct space to market the products who would not be taken into assortment by retailers. Furthermore, The Grommet bases on the values of Citizen Commerce, which speaks for supporting social initiatives, local communities, small businesses and values such as sustainability through consumption. The interviewee is Mike Lovett who is the Marketing Specialist and has been working with The Grommet for almost two years.

The featured products are chosen through two different ways. On the one side through scouting by The Grommet's discovery team that proactively approaches makers of products which already have media coverage, they visit trade shows or screen the internet and crowdfunding platforms for innovations. On the other side, about 300 products per week pass through the vetting process of pitching to The Grommet's team that involves for example personal communication and testing the products.

The business model is based on two revenue streams. On the one hand, the makers and The Grommet have a typical retail relationship with margins that are calculated based on the different product categories. On the other hand, the makers pay a so-called media fee to The Grommet to cover the costs for professional photographer, video and design team, which are necessary for creative content to promote the products on the platform.

The first touchpoint to purchase a Grommet is in the webshop online. The platform provides extensive information about each product, the inventor, the background story, how to use it and comment boards for feedback. The main media format is traditionally video, as it offers many possibilities to illustrate and inform the customers. In the standardized way of a webshop, the second touchpoint is the delivery of the physical product from The Grommet's warehouse or the makerspace by a shipment provider.

CookBox

CookBox offers weekly subscription boxes portioned ingredients, which essentially substitutes for grocery shopping. The customer chooses from a varying set of dishes and CookBox delivers fresh ingredients and the respective recipes to the customer. The company aims to be a facilitator in grocery shopping and to help customers with their weeknight cooking. CookBox was founded in 2014, is active in five countries and currently employs 250 people globally. The company works in accordance with the principles of the *SlowFood* organization. The interviewee is the Head of Marketing for the German market.

The business model consists of subscribing to one of the two recipe boxes (either for a couple or a family) and select how often one wants to cook during the week. Every week the customer receives one box from CookBox with recipes and pre-portioned ingredients to cook a meal in 30 minutes from the company's logistic partners. As the company works directly with suppliers, it bypasses the middlemen, and prides itself

with advertising that cooking with CookBox costs less than purchasing all ingredients at the supermarket. Furthermore, the recipes are based on seasonal ingredients and are sourced from organic and sustainable products as much as possible. CookBox prouids itself in its ecological value as it sends out the right amount of ingredients for every meal, thus avoiding food waste.

On the website, as the first touchpoint, the customer has the option to browse and choose from a set of new dishes every week and order by selecting the preferred delivery day, in addition to the choice whether to pause the subscription or to skip a specific week. CookBox presents seven different dishes every week ranging between vegetarian, fish and meat options. The second touchpoint is the delivery of the weekly package on the defined day of the week. The food ingredients are sent in a chilled box to keep them fresh. Every box contains ingredients for several meals, which are neatly organized in separate bags and containers along with the respective recipe.

6 Analysis

The analysis of the interview data is undertaken in two rounds. In the first step, the data is analysed by case, whereas every company is portrayed as one case. In the second step, the findings will then be discussed on a more abstract level for each element. The initial empirical description of the data per case and the second round analysis are motivated to present the evidence for the elements adapted from the VISOR framework, their relevance, arrangement and interconnectivity in the practical context of the companies' business activities. The seven elements with a connection to the second touchpoint are pinpointed in the following:

- *Compelling* (value proposition) refers to the need that a product addresses to the customer and leads to the buying-decision.
- *Co-Creatability* (value proposition) has co-creation at the core of the value proposition either as the product itself at the first touchpoint, or as the customer creating something from the purchased product at the second touchpoint.
- *Functionality* (physical interface) refers to the usability and performance of the delivered package and its content.
- *Form Factor* (physical interface) includes all aesthetics that the customer perceives at the second touchpoint.
- *Fluidity* (physical interface) describes the easiness and scope of the purchase's customization
- *Partnerships* (organizing model) refer to the quality of cooperation with other companies throughout all business activities.
- *Pooling* (organizing model) is the synergy between assets, capabilities and resources of partners.

6.1 First-level analysis

In anticipation of the outcomes of the analysis in this section, Table 9 illustrates that five elements have shown evidence throughout all case interviews: *Compelling*, *Functionality*, *Form Factor*, *Partnerships* and *Pooling*. The others have been evident in two or more data sets. In the following, the presented findings for each interview are supported by relevant quotes from the respective interviewee.

Table 9: Findings of first-level analysis

	Compelling	Co-Creatability	Functionality	Form Factor	Fluidity	Pooling	Partnerships
Order Gourmet	x	x	x	x	x	x	x
Brandnooz	x		x	x		x	x
EatClever	x		x	x	x	x	x
TryFoods	x		x	x	x	x	x
The Grommet	x		x	x	x	x	x
CookBox	x	x	x	x	x	x	x

6.1.1 OrderGourmet

The data for OrderGourmet showed evidence for all seven elements. Overall, it became clear that even though OrderGourmet is a micro-sized firm, much effort and resources are invested into making the second touchpoint as convenient and pleasing as possible for the customer. Throughout the interview, it was suggested that the cooperation with the customer shall be as human and personal as possible and represent OrderGourmet's value proposition.

The element *Compelling* that belongs to the value proposition is strongly evident in this data set. The product segment of OrderGourmet is highly specialized and in the premium price segment, which attracts a certain customer segment to which OrderGourmet caters by providing,

A really convenient, reliable and easy way for the customer to get what he wants to cook at home [...] We provide it to them really easy, as convenient as possible, delivered home on a given day.

According to the founder, constant availability leads to levelling off the products' quality, which have to become highly standardized. He wants to promote the understanding *"that excited anticipation between making the order and receiving the goods is part of the special quality."* The interviewee makes a distinction between customers' needs and motivations prior to making a purchase. He explains that some have a clear idea of what they want, primarily traditional food around holidays and Christmas. He describes another type of customers with much cooking experience,

Those people without shopping list, similar to strolling around on a market, they get attracted by something, they say 'wow, I've never seen this' or 'this is

interesting and so rare, here it's available now and I'll take it home'. Those who act out of a superior ease 'I can do something with this in the kitchen', [...] who let themselves get inspired.

The third group are new customers, who might not be very experienced cooks, but get inspired and supported by recipes on the website. In this context, the interviewee explains that he observes an inhibition level for ordering in his webshop as customers perceive it as a restriction, instead of an additional communication channel and problem solver, *"There are people who have to be standing in a real room, have to see the goods, possibly feel, smell, taste them. [...] Those who impulsively make a buying-decision in that situation."* OrderGourmet addresses this by imitating patterns and the tone of communication that customers would know from a stationary store, when communicating about details concerning seasonal products, reservations or missing articles, *"We don't bombard the people. Of course we advertise a little bit [...], but we only approach them when it makes sense."* The interviewee explains that the company does not use customer numbers and illustrates this, *"We talk from human being to human being and not from machine to machine. We do not send out any automated emails and stuff. It's human all the way."* The new, ready-to-launch website, which took almost one year to create, is supposed to compel attention from a younger target group than the typical gourmet clientele, whose needs are considered to be quite similar by the interview partner.

As OrderGourmet sells mostly ingredients, *Co-Creatability* is at the core of the value promise. This is even strengthened through the recipe section on the website or recipe cards that support customers in succeeding to cook,

For someone who doesn't feel so confident, but who is still willing to pay a reasonable amount of money for a decent product, to take away the worries that he won't make a good job out of it in the kitchen.

The element *Fluidity* at the second touchpoint is evident, as the purchase is always delivered with an express courier, even scheduled for a given day and time frame. Therefore, the customer has a lot of direct control and flexibility to shape the touchpoint as he pleases.

The element *Functionality* is evident in the recipe service and additional product information in the package, which the company offers to the customers to enhance the usability of the products,

You don't want to screw up a chicken that costs 20€ or more, because first of all you will be angry about yourself and the money and the guests might be hungry.

Furthermore, the *Functionality* of the packaging is the basic requirement for the shipment of chilled goods, to which OrderGourmet responds with an industry-standard white, polystyrene box. Even though this is not aligned with the company's value for sustainability, it has been the best available solution. However, after two years of preparation, a sustainable solution will be introduced in two months, a packaging system consisting of cardboard and straw mats.

This also has consequences for the element *Form Factor*, as the old packaging *“fully serves its main purpose, but it's working less as a medium for communication.”* In order not to utilize even more material, the plain white box is not covered by another separate box, but only shipped with a sticker and logo, *“but it is still a polystyrene box, that everyone has seen before, and relatively unsexy.”* In order to benefit from the second touchpoint, the new packaging system will be aesthetically more valuable, appealing and different from competitors' packaging and claims to *“prepare the customer for the moment of opening the package, which can be a very exciting moment, if you stage it in that way, to put him even more into the right mood.”*

On a general note, the interviewee is fully aware of the fact that his company cannot influence the second touchpoint in terms of who is unpacking, in which setting and mood or time of the day. Nevertheless, opening a package from OrderGourmet is supposed to be *“a good experience. That doesn't mean to open it and find everything listlessly, obviously listlessly, chucked in there.”* The interviewee explains that even if this is a small detail that does not take a big effort, it is the same logic like in a store, where the shelves are stocked up with the decorative label facing the customer. At the moment of opening the package, he wants the customer to respond to the anticipation with *“wow, great! They really put some effort in there and didn't only process an order.”* Preparing the packages in a lovingly manner is a way for OrderGourmet to show respect to the producer's work and pass it, as well as their qualitative achievement, on to the customers. Even though OrderGourmet refrains from merchandising material or free product samples in the packages for sustainability reasons and the nature of their product category, the founder sometimes adds a little present to the box,

There is a goodie from time to time, which can be a special chocolate praline like we had before Easter [...], but with rhyme and reason and not simply shipping advertisement. [...] That doesn't suit us.

Another illustrative example is when he commissioned to bake a traditional pastry for a certain holiday that was added to each package with a little note explaining the local custom and history behind this pastry. A small informative brochure has been part of each shipment for a while and will be picked up again to explain what the new packaging and website is about.

The element *Pooling* is tightly interlinked with the value proposition and a crucial part of the business model because the core idea of OrderGourmet is using this synergy. It is to use the skills and resources of producers of high quality food (“*who were partly in an existential crises*”) and provide a sales platform for them,

I got to know many producers, who do their work with enthusiasm, but who also complained, and not only a few of them, to find customers for what they produce.

Out of the *Pooling* logic, very high qualitative *Partnerships* evolved since the interviewee personally knows 98% of the goods’ producers, “*I am simply curious and it’s great having looked into the eyes of somebody you work and collaborate with.*” To the interviewee, this is especially important for,

Everything that used to be alive, it’s very important to me that we have gained insights beforehand [...]. It is a rigid process that we visit the firms personally, that we have a look ourselves and not for the reason of me being distrustful [...] We also use the visit to take pictures and learn with regard to content [and the product].

Some of the non-critical items, such as sea salt, are purchased through a middleman who has to have a shared understanding of quality, clear and transparent processes to the product’s origin. The *Partnership* with the express shipment provider is working well, but is rather characterized by the high service level, for which the customers pay in the end. The shipment provider is cooperative in providing shipment data upfront to enable OrderGourmet to communicate with their customers to find solutions if problems come up. This is highly appreciated by the interviewee as it helps to strengthen the relationship to the customers,

This way, we’re taking away a lot of pressure. Because we are always close and trying to see things through the eyes of the customers. And the customer would have a problem.

6.1.2 Brandnooz

The data set for Brandnooz shows evidence for five elements, *Co-Creatability* and *Fluidity* are not yet present, but will be to a greater extent when the new strategy is implemented in the future. Throughout the interview it became clear that every box requires to feed the customers’ curiosity and desire to explore new products at the second touchpoint, as well as actively including the customer in the ‘Noozie’-community.

The element *Form Factor*, which describes the aesthetics of the box and packaging and all connected perceptions of the customer, is present with high evidence in the interview data. One of the main emphasis is the surprise effect that is at the core of Brandnooz's value proposition. Miriam refers to people's general curiosity and motivation to test new products, and elaborates, *"So before you receive the box, you never know what the box is going to be. It's always a surprise!"*. She describes the surprise-effect as a reason for customer loyalty by saying, *"We have a lot of people who have been with us for like 3 or 4 years and we still manage to surprise them, and that's quite special."* Brandnooz follows the objective to arouse excitement and the feeling of a 'good deal' in the moment of unboxing through a special design of the box that prevents spotting all products at once. Miriam describes this strategy as an *"Advent calendar at Christmas, where you kind of have to open different areas to see the products, so it takes longer for the surprise to last."* Another strategy to keep excitement up is priming, which means that Brandnooz aims at a positively perceived product on top of the box to influence the customer to have a positive view of the whole box. Also, initial scepticism that turns into positive conviction of a product after testing it, is another emotion that is welcomed by Brandnooz.

The design of the box itself plays an important role in the customer's perception as it has a high recognition factor due to different color schemes (green for regular box, purple/pink for the delicacy box and a color related to the theme of a one-time box). This is also relevant for the special case of the box for chilled foods, which included a whole different logistics and operations process beforehand, but *"once we drop them off, everything is the same for the customer"*. Besides, the set-up and order of the box's content and the information sheet follow a strict strategy. A special role belongs to the leaflet that lies on top when opening the box along with the magazine, which is produced to portray new products, advertising space and quality content provided by bloggers or editorial texts. Only after being in touch with this branding material, the customer *"can start looking for the products."*

In terms of the element *Functionality*, the data shows evidence in terms of usability of the box, which is important to keep the contained products safe and breakage percent very very low. As Miriam states, *"Actually, the box itself keeps changing all the time, whenever we realize it needs to be bigger or it needs to be stronger, then we change it. I'm pretty sure in the last 3 to 4 years it's probably changed at least ten times."* She also describes the time-consuming design part of the box and how the whole logic of the box changed over time, which is an ongoing process, *"So when we realize, something needs to change, we change it."*

As the content of the box changes every month, the Brandnooz boxes are packed by hand, which also helps in terms of quality control. Miriam reveals about the packing process that *"it's a lot of work. We all had to do it once, just to appreciate the hard work that goes into it"* and explains that the company tries to communicate this effort

to the customers on a regular basis, *“It’s not robots running around, it’s actual manual labor and it’s people putting their heart and soul into the boxes.”*

The two elements, *Pooling* and *Partnerships*, which belong to the organizing model, are also evident in the interview data. The business model is based upon *Pooling*, a synergy triangle of Brandnooz, the consumer side and the manufacturer, which provides a win-win situation for all three parties. Brandnooz benefits from strong partners and brands on the manufacturer side especially in regards to customer satisfaction, *“There are some, for example Kinder, that always work. People know them, they love the products, you can’t do anything wrong.”* Besides, the quality of these products is crucial for the whole products as an anecdote illustrates about an incident that happened when a manufacturing problem caused the lid of a juice to fall off during the shipment,

So we received hundreds of boxes back because they were so damaged and actually when they were returned they were already mouldy. [...] a very horrible manufacturing problem.

Partnerships do not only exist with manufacturers, but also with outsourced service providers, such as a company packing the chilled boxes (which undergo very strict temperature regulations), and the shipping provider that has been going from cooperation with several companies to one main provider at the moment. The partner’s responsibility becomes apparent when issues arise, for example damaged products in shipping, for which customers sometimes blame Brandnooz, as Miriam illustrates,

We have a lot of people who blame us especially if a product is broken, of course we didn’t put it in there broken, but we are a company and they’re paying us, so it’s our responsibility that it doesn’t happen, and then we have people blame DHL.

The element *Compelling* is evident in the interview data, as the business moved from a free model to a paid subscription box with a *“very long customer life cycle”*, which underlines the willingness to pay for this value proposition. It is connected to purchasing habits of consumers, who would not buy unknown products in the supermarket, as the risk is perceived as high. According to Miriam, the motivation to subscribe to Brandnooz is the following,

We have B2C customers and for them it’s really the surprise aspect, kind of like the ‘I knew about it first’ [...] For many people who are really interested in food, it is a good way of meeting and getting to know new products and being able to share that and being an influencer.”

This also supports her argument that most new customers are won through Brandnooz's community, that is stimulated through social media and newsletters, as well as word-of-mouth of existing customers (along with a member-get-a-member program).

The customer's only possibility to personalize the box's content is so far only the choice of alcoholic or non-alcoholic beverages. Furthermore, the element *Co-Creatability* is only evident in the recipes printed in the magazine, which animates the customers to use the box's products. However, it is the biggest future project of Brandnooz to introduce *"a subscription box where you actually get to really define what you're going to get to a very [high] level."* This project is interlinked with different needs of more customer segments because *"some people only like to be surprised a little bit, other people want to be completely surprised, some people don't want to be surprised at all, but they want to try new products."*

6.1.3 EatClever

The data set for EatClever provides evidence for all elements, except for *Co-Creatability*, as it is essentially a direct fulfilment delivery service. EatClever's special characteristic was reflected throughout the interview, which is the fact that the company is only in control of the first touchpoint with the customer, the second touchpoint is under responsibility of the respective restaurant. Thus, the data is limited in terms of the interviewee's accountability of the second touchpoint.

EatClever places a big reliance on *Partnerships* since its whole business model is based on a franchising system, and as such, *Partnerships* are of extreme importance. The online retailer has strategic *Partnerships* with restaurants in twelve geographical areas. Mohamed, one of EatClever's co-founders, points out that *"we have a lot of contact with takeaway restaurants"*. EatClever's contact to the restaurants constitutes a partnership with major responsibility as the restaurants prepare the meals according to EatClever's recipes and guidelines, in addition to the delivery process. Therefore, it is vital for success to maintain a sustainable partnership with the restaurants. In order to maintain quality and conformity, the company holds a two day bootcamp on how to cook the dishes, which ingredients to use and EatClever's general concept. Once the partner restaurants follow the recipes and guidelines for preparation of the food and delivery, it is ensured that each order represents EatClever's brand and value promise. Based on an overview of the company's business model and Mohamed's statements, *Partnerships* seem to be the most important element as they represent the backbone of the business, without the restaurant *Partnerships* the business model of EatClever could not exist.

Pooling as one of the main elements of the VISOR framework is evident in EatClever's data collection. Before the meals, as the end product, reaches the

customer's hands, it is prepared by the restaurant and according to Mohamed, *"the genius twist in the business model is that we don't open the restaurants ourselves"*. In this way, EatClever has managed to partner with different restaurants and form a synergy at the core of its business model. This synergy benefits both involved parties by allowing them to work in accordance with their expertise and resources.

When the customer comes across with the need to order a meal through EatClever's online platform, it constitutes the first touchpoint and as mentioned by Mohamed, *"the website and customer support are an important touchpoint. We are very close to our customers and that is very important for us, specially for our feedback"*. The website and ordering platform are relevant for the customer, thus it has to hold a value proposition and as such, EatClever provide all the nutrition information of the meals, grow the customer's appetite and try to present a brand image of *"the partner who helps the customers to eat the way they always wanted to"*. According to Mohamed, *"At our website, you always find the right meal and that's what we always want to be. The first place we want to be, the partner or the friend who delivers you exactly what you always want to"*. EatClever hands over all responsibility for *Compellingness* at the second touchpoint to the respective restaurant. Mohamed further mentioned in the interview that there is a large proportion of orders by colleagues for lunch, thus word-of-mouth constitutes a major *Compelling* factor.

The first touchpoint occurs when the customer orders through EatClever's website and when it comes to the *Functionality* element, Mohamed mentioned, *"A lot of people are coming through their own search. They are searching on the web for healthy food delivery and you see that demand is growing"*. The second interactions occurs once the product is delivered by the restaurant, and thus is ready for consumption. The interviewee mentions, *"We have a lot of word-of-mouth, we already have a good fan base in Germany"*. The quote further introduces one of the ways the customers begin using the product is when it is communicated by other people. According to Mohamed, *"more than 50% of our customers are ordering mobile"*, thus future *Functionality* upgrades include the extension of the interface with Android and iOS smartphone applications.

All aspects surrounding the aesthetics of EatClever's meals and packaging connected to the *Form Factor* element are developed inhouse and branded. Not all aspects of the business relationship with the restaurants are smooth sailing as Mohamed mentions, *"When we were still selling the packaging to them and their own packaging was cheaper than ours, so sometimes they start using their own packaging."* The co-founder emphasizes the importance of using their branded packaging when delivering the food, *"We make sure that they use these packages because they get it for free from us"*. Part of the customer perception upon receiving the meal includes the smell and EatClever justify that *"it is very important that you feel good after the meal."* The second touchpoint is of extreme importance because it

is the exact moment where the customer sees the final product, and as such, aesthetics do matter.

When a customer wants to customize his meal, it is important to have options, a certain degree of *Fluidity* and as such, EatClever provides opportunities whether a customer has allergies or does not like a particular ingredient to exclude it from the meal. Mohamed says that

In the last step, when you want to order and fill in your delivery information, there is a box where you can write in everything you don't want in your meal.

6.1.4 TryFoods

The data set of TryFoods shows evidence for all elements except for *Co-Creatability*. It became clear throughout the interview that the business activities are not focused on the second touchpoint in terms of the moment of delivery and unpacking, but rather on the usage of the tasting set as a product. As the point of time for this cannot be influenced by TryFoods at all, especially in regards to gift-giving, resources and effort are put towards the product design.

The element *Compelling* is evident in the interview data with TryFoods where the aim is for the customer to try out and discover new tastes of a particular food item. Jörn Gutowski, the founder of TryFoods states that the company's value proposition is that after consuming a sample box, *"people will have a better understanding about food, and better understand the different tastes of that item."* This value proposition is visible in the product design and in that way communicated within the first touchpoint, be it TryFoods' website or another webshop. Based on his personal food interest, the customer chooses on a digital interface which particular food item he wants to have a better understanding about and learn about. Understanding TryFoods' value proposition is the crucial first step before a purchase, but also a difficult one to communicate as Jörn explains, *"one of the challenges I have faced is that it is a new concept."* He also states that it is challenging to lead a customer for a purchase within the first contact with the product,

Most people just browse when they are in the shop and buy something they know or are personally recommended to the product. [...] Easier to sell in the webshop with visuals and little text to tell people what it really is. Right now it only works in stores if the owner or sales reps working there know Try Foods and don't have a large product portfolio.

One major *Compelling* argument, the sets are used for, are for gift-giving, *"2/3 of the products are gifts that people buy for others because they think they are interested*

also in good foods.” Jörn explains that besides the six different food items available for the tasting boxes, TryFoods has the TryBerlin-box where the main idea is to taste and experience a city’s food scene. The variety of TryFoods’ products leads to a multitude of different interactions with the physical touchpoint, whether it is for a social purpose to try a food item with friends, by oneself or simply to find out more about a city’s food.

The *Fluidity* element is present in the empirical data in a limited way. Jörn states that 10% of his sales are based on companies who purchase his gift sets in large amounts, from 100 to 500 sets. When referring to the tasting sets as corporate gifts, the interviewee mentions that *“there are still some customizations we have done but not as much”*, which is limited to the addition of personalized notes and co-branding the packaging with an additional logo.

The *Functionality* element of TryFoods is represented in the tasting sets and as the word describes, the customer gets to fulfill his enjoyment of the actual product by tasting different varieties in the physical touchpoint, *“In each set the customer gets 5 different samples and they are consciously chosen to get a wide range of taste profiles.”* Jörn explains that since the tasting sets only concern one food item, whether it is olive oil, chocolate, salt, pepper, coffee or vinegar, the customer experiences a wide range of different tastes and can then decide for their favorite. To enrich the educational idea of the tasting set, included in every box is *“a 60 page booklet with a lot of information of per example how pepper is grown, harvested, what are the differences between white, green peppers, how can they use it.”* Besides the actual tasting product, additional elements such as the booklet contribute for a better physical interface as the customer gets to understand the product better and how to do tastings at home. An extra form of interaction that can result from the product consumption is the purchase of the customer’s preferred product in large size based on the tasting set.

Jörn says that by opening the box and based on its aesthetics it should comprise of a ‘wow’ experience. When it comes to the interior of the box, there are specific inlays where the bottles for oil and vinegar are presented and pouches of different sizes for the salt, pepper and coffee. These inlays not only serve the purpose of the design of the box but also to secure the content. The actual product and all materials included in the box are branded as TryFoods,

The main idea is that opening the package is already an experience, the products are nicely presented, they don’t just fly around. I wanted something clean inside.

The *Form Factor* element which is linked to the aesthetics of the product is acknowledged in the interview data. According to Jörn, his friends own a design agency in London and are partners at TryFoods responsible for the product design,

So they are partners and they have done anything creative you see whether it's the website, product design, logo, any collateral materials we do, it's all them.

The interviews states the number one positive feedback from the customers is regarding the design and packaging due to its clean look and originality. These remarks clearly justify the importance of the *Form Factor* element within the visual business activities. When it comes to the box, all tasting sets come in the same cardboard box, there are however different ribbon colors for different food items, *“the olive oil is green, the pepper is pink, coffee is red, salt is blue.”* Additionally, the material box contains visuals that specify the process of the tasting, different products lined up with the booklet and accessories to be used for the tasting. All of the contains within the box relate to how a customer perceives the brand and experiences the tasting, which is how TryFoods manages to differentiate itself.

One of the main partners of TryFoods as mentioned by Jörn and an important element of the organizing model is a design agency in London, *“They are really closely working with me but not operationally involved.”* The relationship with the design partner is established in a formal manner as the design agency works for equity. Additionally, the logistics partner that is responsible to deliver the product to the customer is outsourced,

I have outsourced the whole packaging, storing, sending and the logistics to a handicap workshop in Berlin.

The interview data shows evidence for the element *Pooling*. There is a synergy between TryFoods and the Markthalle IX in Berlin, who cooperate for public tasting events. The event venue Markthalle IX is benefitting by providing its customers with a first-hand experience, whereas TryFoods benefits from access to an interested niche target group.

I am partnering with a popular and known spot for innovative food and good food and they have a big Facebook following, very big newsletter, subscriber list, so it is a good partner to work with.

6.1.5 The Grommet

The data set for The Grommet shows evidence for all elements except for *Co-Creatability* and to a limited extent for *Fluidity*. Even though The Grommet's vision is framed upon the power of a grassroot movement and the crowd, it was not reflected in the described business activities. The general impression of the interview was that the high pressure to feature a new product every day requests high standardization

and strict processes throughout the company, which also reflects in the activities concerning the second touchpoint.

The element *Compelling* is evident in the interview data with different factors. On the one hand, the problem-solving character of the majority of products appeals to many customers through the visual illustration on the website through videos and pictures. Mike, the interviewee representing The Grommet, explains,

Our most successful products tend to be a practical product that can help someone in their everyday life. [...] I would say the ones that tend to really blow up, the ones that really create that kind of viral sensation of really catching on, being ahead across all demographics, tend to be those problem solvers.

The other product category are gifts, which work especially well around holidays as Mike explains. This category benefits from the inspiration that the website's content communicates to the customers,

We're a very hot destination for gifts because when people learn about the product, when people see the uses of a product, or you know, the inspiration behind it, they think immediately, 'oh, so this would be a great gift for someone in my life'.

According to Mike, the other major evidence relates to the shopping values that The Grommet represent through their products, such as sustainability, eco-friendliness or made in the USA. Besides, the concept of 'citizen commerce' is framed by *"the idea that you have a power with your dollar to vote for the shopping values that you believe in"*. Mike illustrates this idea by stating that only 10% of a consumer's purchase power spent on independent makers can *"support small businesses, it can support local communities, it can build economies and really create this thriving ecosystem of innovations"*. In his opinion, featuring products that relate to these values gives customers with the same values an opportunity to understand the background clearly by showcasing them on the website. Besides, The Grommet has been perceived as *"a small company that's doing big things"* in terms of positive impact, which appealed to a certain set of customers. This idea is part of the message to be maintained, that even after growing bigger, The Grommet still aims at impact and works *"to find new ways of making it so people are excited"*.

The element *Form Factor* is evident in the data set, but it appears in two different ways as The Grommet is warehousing and branding about 70% of all products, whereas the other 30% stay with the makers and are drop-shipped by them. Therefore two different ways of packaging and shipment exist. On the one hand, plain boxes from the maker's facility, it might even be a garage, or on the other hand in a branded box from the warehouse. These are the orders on which The Grommet has direct influence for communicating with the customers to strengthen and build

brand loyalty, for example with inserts such as postcards and coupon codes or playful graphics,

So you're getting a white or brown box, but you have the Grommet on there, so you know what you're getting. [...] If you buy it yourself or it's something you've been waiting for or if it's a gift that you're receiving you know it's gonna be something that someone really put a lot of thought into.

Even though Mike admits that it is difficult to put a personal touch on every message that reaches a customer, the company still wants to bring across that shopping at The Grommet is different and actually means something. Especially the concept of citizen commerce influences many people's lives in a positive way and The Grommet appreciates every purchase for such meaningful purposes,

So, it's one small purchase to them, if it's just a gift or a product for the house, but it has an impact that ripples far further than they might realize. So for us, it's important to let them know that their dollar, their purchase really means something and it goes beyond just a product that they're holding in their hands.

Furthermore, it is important for The Grommet to live up to the customers' expectations at the physical touchpoint, in the sense of making it worth the wait. Mike shares that from customer interactions he knows how excited and impatient some customers are to receive the product they have been waiting for,

I think it's a bit of, you've read about this product and you've watched the video of this product and there's so much built up to actually perceiving it [...] we want it to deliver. We want that product to justify the excitement, the anticipation of that.

Thus, The Grommet puts a lot of effort and resources into the element *Functionality* by making sure that the products themselves perform, legitimately work and live up to the customers' expectations. This is evident through the extensive vetting process, which includes product testing and getting to know the background story,

On any given week it's about 300 products that pitch to us or we're sort of scouting, and only 3% percent of those make it on the site.

As the company sells new and innovative products, there is a certain need to explain the uses and purpose of some products for example through instruction manuals in the packaging. Besides, The Grommet tries to get ahead of this by using the website, the comment board and other digital channels to educate the customers as much as possible about the product, its use and what to expect from its usability. Mike gives the example of presenting use cases of a product called Sugru, a DIY solution for mending a cell phone charger,

You can use this product to stabilize it, and in the packaging are six or seven different uses for things you might not think of, it's mending cell phone chargers, you know, keeping things standing upright on your desk or mending glasses, eye glasses, anything.

The element *Fluidity* is only evident at the second touchpoint to a small extent. If a product is sent as a gift to somebody other than the buyer, a personalized gift message can be added to the package for the recipient.

The element *Pooling* is evident in the data for The Grommet, in the sense that there is a synergy between their own and the the makers' capabilities and assets. The makers benefit from an independent platform like The Grommet as a sales channel and wholesaler. This is of help because retailers usually take products with low risk into their assortment, which are mostly reiterations of older products. On the other side, The Grommet benefits from great background stories and cutting-edge innovation, *"obviously we're grateful for the innovations they have because they make our job of marketing and telling that story so much easier."*

The element *Partnerships* is also evident, especially in regards to the relationship with the makers. The Grommet sees itself as a reliable partner that supports the inventors, *"They appreciate the support, you know, we're not just a sales channel. We do a lot more than just sell products [...] Every product we're 100% behind."* According to Mike, it is the company's objective to make the product launches a *"milestone in the history of the makers"*. This supports his statement of being a unique sales platform that provides unparalleled media and marketing services which goes along with using the attention to wholesale many products nation-wide,

I just actually came back from a trade show in Las Vegas where I met, you know, I think it was like 7 or 8 makers, and every single one is appreciative of the work that we do because we're not just storing them away on a virtual or literal store shelf, we're giving them a showcase and we're telling their story and finding new ways to bring them to the top-of-mind to our consumers and I think they appreciate that because it's a service that they can't get anywhere else really.

Furthermore, The Grommet has Partnerships with companies, such as *Shopify* for the check-out process, *Zendesk* for customer service and *Shipwire* who set up the order fulfillment and inventory system. This includes an automated order system that incorporates the makers and the warehouse in Lancaster, Pennsylvania. Mike points out the benefit for the company from this partnership with an example from the past,

It's not a headache for us anymore, like, in the old days there was the horror stories of like the team themselves like in a home just like boxing every single Grommet and shipping it out.

6.1.6 CookBox

The data set shows evidence for all elements. The overall impression is that the touchpoints need a different approach to the customer with high explanatory output on the side of the first touchpoint, and as much convenience and organization as possible for the second touchpoint.

The *Compelling* element is communicated in the first touchpoint in regards to whether a customer wants to purchase CookBox's box to respond to a need for its ease-of-use, diversity, creativity or simply the quality of the products they all represent different value propositions, which all have an indirect influence on the physical touchpoint. The interviewee for CookBox justifies that there is a trend towards watching cooking shows in Germany which results in a higher willingness for consumers to cook more often. CookBox's products are not a direct fulfilment product and thus, the customer does not actually convert in the first touchpoint, *"People convert after consecutive touchpoints when they truly understand the product in theory, and then they decide to buy it and understand it in practice"*. As mentioned by the interviewee, the decision-making process is not that straightforward, at first the customers must truly recognize the value proposition offered by CookBox and whether it addresses their needs. The main value propositions as discussed by the company representative represent the ease-of-use,

Don't have to carry your bags home, don't have to queue at supermarket, don't have to stroll around 70 000 SKUs at the supermarket.

You have a curated selection of high quality ingredients that you choose from every week and you get the recipes on top.

When it comes to the idea of sending the right amounts, there is an ecological value, so there is no waste.

People have a choice of what they cook, it is not a standardised product, they can pick what they eat.

The value propositions offered are well represented in the digital interface of CookBox and the Head of Marketing states that *"customers order because of the diversity and creativity"*. In addition, most people only have a repertoire of five to seven dishes, thus they always cook the same meals. The decision-making process is based on whether a customer wants to cook different dishes every week, learn new techniques and discover new ingredients. The interview partner states that one of the elements the customer values the most from their product is the quality, for example, the meat which is most often of better quality than what one could find from the supermarket.

The element *Co-Creatability* is evident in the interview data, as co-creation is at the core of CookBox's value proposition. In essence, the company and the customer create a meal together whereas both parties have certain tasks along the process. CookBox provides the recipe ideas, takes care of the shopping and delivery while the customer is left with the actual cooking. This kind of sharing of tasks has to be understood by the customer and relate to a need.

CookBox places an importance on the *Functionality* element when it comes to the physical touchpoint. The interviewee describes the *Functionality* of the company's product as,

The packaging, the materials are carefully selected from the start, even the box layout so we combine efficiency during pick and pack with a great customer experience when it comes to unboxing.

With an easy *Functionality*, the customer opens the box and all the different dish ingredients are separated by dish bags and he immediately sees the products and recipe cards presented in an organized manner, ready for use. Once the physical touchpoint occurs, it translates in ease of use for the customer as the product groceries are directly delivered to the customer's door. According to CookBox's representative, the actual product includes

Recipe cards, with easy step-by-step instructions of how to cook [...], a handwritten note from us wishing them fun when it comes to cooking [...], an extensive welcome booklet which every new customer received and explain the different values and introduce the customer to the team, to understand who is preparing the recipes, the process of recipe preparation, who are we working with on the supplier side to really understand the idea of farm to table.

This type of information included in the box communicates with the customer what the function of the product is and its usage. Additionally, the Head of Marketing refers that there are instructions on how to proceed with the material post cooking. CookBox's product box is made of 100% recyclable material and as such, the company offers a service to first collect the material of five deliveries and return back all materials in order to dispose the packaging to be reused.

The *Form Factor* element is of importance in the business model of CookBox, the interviewee states there is great feedback concerning the aesthetics, "*the presentation, the packaging and the dish bag approach that we pack everything separately*". The company strives to have a neat presentation and as such, it places emphasis on the inlays of the box and presents every dish packed separately, contributing to a "*clean look*". The Head of Marketing states that CookBox expresses its ecological values in the aesthetics of the product as they use recyclable paper bags which have a natural and organic look. Part of the box packaging in which the interviewee states that the presentation is very crucial, the aim is to "*build a visual*

brand". When it comes to the design, the box itself is not very appealing but once opened, the product is pleasantly presented in an organized manner. For CookBox this consists on having the different dishes presented in their own dish bags rather than organized by individual ingredients. In addition, the company representative mentions that the box was designed in-house but is "*really not that unique, there are boxes of different sizes but they all look the same*". In order to keep the ingredients fresh and chilled, the packaging contains what the interviewee refers as 'Wool Cool'. Essentially this is a type of packaging that contains sheep wool which functions as an isolator to keep the temperature constant during shipment. The Head of Marketing explains that the box contains "*the recipes, booklet, greeting cards and little presents every now and then.*" Upon the experience of the second touchpoint, customers feedback is especially positive towards the packaging and the personal handwritten notes.

The element *Fluidity* in regards to flexibility and customization of the second touchpoint is evident in the data. Prior to the delivery of the CookBox's product, the customer has the option to select the preferred delivery day and to skip a certain week(s) delivery of the subscription. Additionally, CookBox's *Fluidity* element allows to modify the weekly recipes and the number of portions.

The element *Partnerships* is also evident in the interview data. CookBox is essentially a company that does the grocery shopping on behalf of the customer and as such, it relies on suppliers and delivery companies, constituting major *Partnerships* and synergies in their organizing model. The retailer includes a procurement team in its operations that works with small producers and farmers that connect straight to the source and procure the required ingredients for the CookBox's recipes,

We work with carefully selected producers to guarantee the highest quality ingredients and opt for organic options whenever possible [...] our meat is sourced from local farmers.

The Head of Marketing says that the main challenge working with partners is not being taken seriously when there is low volume and only as the company grows, the relationship improves. CookBox truly focuses on its *Partnerships* in order for all parties involved to benefit from it in the best possible way and to contribute for the ultimate second touchpoint experience. He lists suppliers, logistic partners and the customers as partners. The interviewee furthers emphasizes the importance of perceiving the customer as a partner, "*at the end of the day we make this product for our customers and they are our partners in improving the product, they use the product, experience the product and help us improve it*". According to the interviewee, the customers also possess a significant role in improving the product with their experiences and feedback. Considering that CookBox regards the customers' input as unique and valuable, leads to the conclusion that there is a connection between the two parties which is rather a synergy of capabilities. Thus, the element *Pooling* is evident in the data set as it is closely linked to *Co-Creatability*,

and as such, CookBox relies on the customers' assets, capabilities and cooperation in the process of creating a valuable product.

6.2 Second-level analysis

The above section shows that the second touchpoint is of high relevance for all companies, and is visible in many business activities in accordance with the respective business model. This section discusses the findings for each element related to the physical touchpoint from the VISOR model and relates them to a more abstract context.

Compelling

Based on the interview data, the *Compelling* element which is visible in all six interviews is of importance when linked to the interplay between the first and second touchpoint. The first touchpoint communicates a need to the customer and once the value proposition is understood, it represents the gateway to a purchase and consequently the physical touchpoint with the product. The retailers' role is to present the benefits and values of the product in a way that fills the customers' needs within the first touchpoint to convince him to purchase. Also in the second touchpoint, the customer is exposed to the value proposition through a variety of different ways. The value proposition can lead to a buying decision in the second touchpoint based on word-of-mouth, attractive aesthetics and different forms of advertising.

It is challenging to pinpoint the exact moment a customer makes a buying-decision and as such the second touchpoint is important enough to live up to the customer's expectations from the first touchpoint. There will be different customer perceptions of a product from the first and second touchpoint, thus a strong link and coherence between both touchpoints is required. It is while unboxing and first usage, that the customer judges on the reality of the value promise of the whole product. One can assume that the *Compelling* element presented in the second touchpoint has a strong influence on customer satisfaction and loyalty.

Co-Creatability

The interview data showed that the element of *Co-Creatability* is not evident in all data sets. As the idea of co-creation requires the active input of the customer, it is not suitable for all product categories and customer segments. The customer's pro-active behaviour is either required at the first touchpoint of the product design, or at the second touchpoint when creating a product with items/ingredients that are delivered home. Thus, the target group has to be motivated to play its part in creating a final product, such as the cooking of a meal. Furthermore, it is not suitable for all product segments either, for example, it cannot be economically feasible for every customer to purchase only products that are co-created and then produced for him individually. However, such co-created products provide a rich experience, even without the

retailer putting distinctly more resources and business activities into it. Certain products adhere to the customer's need to purchase a standardized product or a direct fulfilment, which seems to be the reason why this element is not evident in all data sets.

Functionality

This element has shown strong evidence in the data amongst all interviewees. In essence, *Functionality* relates to the time that has to be bridged during the delivery, in terms of distance between the retailer and the customer. Online retail of tangible products is always connected to a shipment. Therefore, it is in the best interest of retailers to keep the product safe during the delivery process and maintain its quality. The element *Functionality* is one determinant for the customer's satisfaction at the second touchpoint. Especially, the functionality and ease-of-use of the product are essential in regards to the satisfaction of the customer. As it was described, all business activities in regards to *Functionality* aim for enhancing the unboxing experience or the experience of using the purchase for the first time. Retailers want the package to be easy to open and the product to be easy to use. In order to achieve this, different communication means are available that give instructions or explain how to proceed after unboxing.

Form Factor

This element is represented within the data sets of all companies and there was strong evidence of the element within their business operations. The main objective of this element is to make a good impression towards the customer at the second touchpoint, in terms of aesthetics. When communicating the company values by visuals or text, the ultimate goal is branding and keeping the brand message consistent between the first and second touchpoint. Besides, it offers the possibility to provide additional information, for example about the product's origin, with the help of inlays or other editorial material.

Fluidity

The element *Fluidity* describes business activities that allow the individual customer to shape the second touchpoint to his own convenience. The degree of flexibility or personalization concerning gift-giving, depends on the characteristics of the product and the extent of standardization. In the end, activities concerning *Fluidity* have the intention to give the experience of the second touchpoint a more personal touch, for example gift-wrapping or a personal note. Many times, this is connected to or even reliant on the shipment provider when it comes to changing the setting of delivery logistics, for example the time or date. Therefore, this element might not be under full responsibility of the online retailer.

Partnerships

Partnerships with other businesses is an element that was evident within all companies of the data set. This element is of great importance in retailing because it requires several partners to 'make it happen' along the fulfilment process. As it is

defined in the role of a retailer, none of the interviewed companies produces or ships the products themselves. There is a high degree of reliance, most specifically with shipping partners because the physical touchpoint ultimately occurs when delivery company and customer meet. Overall, the interviewees further stressed the significance of partners in their operations in which the professional relationship develops over time. Partnerships are an essential aspect in the business model of retailers and as such, they will always be existent and relied upon.

Pooling

The *Pooling* element is represented in all companies. All of them benefit from synergies in an innovative setting, going against the standard dynamics and structures of the retail industry. This is more evident with retailers that possess innovative business models or unconventional cooperations, which shows the approach of having thought outside of their traditional retail function. The *Pooling* approach of the businesses offers them an opportunity to differentiate themselves and benefit stakeholders, which might be appreciated by the customers, for example supporting local restaurants or sourcing ingredients from independent, organic farmers. One company specialized in co-creation even considers their customers as a partner, in the same sense as their business partners, and implements the customers within the triangle of synergy.

7 Discussion and Conclusion

This chapter concludes the findings of this paper in regards to the research purpose. The first part discusses the seven explored elements of the VISOR framework in regards to theory and the empirical findings. The most suitable element to connect the second touchpoint to a component in VISOR is then presented. In addition, research implications and suggestions for further research are presented.

7.1 Discussion

As this study aims at extending the VISOR model, the seven elements that have a relation with the second touchpoint will be discussed in order to find the most suitable component to depict the physical touchpoint. In order to lift the discussion to an applicable level, the seven narrow elements are regarded in the context of the three components to which they belong in the VISOR framework.

Value Proposition

The *Value Proposition* defines the sum of all benefits that a customer gains from making a purchase from an online retailer. In this sense, it is of high importance and is very well represented throughout all theory. According to the theoretical literature, capturing the value stream is one of the most important purposes of a business model framework. One example is Osterwalder (2004), who bases his business model ontology on the value proposition as one of four pillars. In the same way, Brousseau & Penard (2007) regard the transfer of value as the main function between the components of their business model framework.

The *Value Proposition* is closely connected to the second touchpoint, as it has to live up to its value promise. The perception of it and all expectations are judged upon at the second touchpoint when the customer experiences the product and brand physically for the first time. Out of the four elements of VISOR which describes the value proposition showed two linkages to the second touchpoint: *Co-Creatability* and *Compelling*. As discussed below, neither of them are suitable to depict the additional element physical touchpoint, even though they are highly interlinked with it.

The element *Co-Creatability* belongs to the component *Value Proposition* and is described with two possible linkages. One that allows the customer to co-create a product on the first touchpoint, most likely on the website, which is not represented in the sample of this empirical study. The other one allows the customer to co-create a product on the second touchpoint, once the delivery arrived, as analysed in the exemplary case of *CookBox*. Co-creation can be seen as a benefit and value promise to the customer, thus it is essentially at the core of a product's value proposition. The element is coherent with the VISOR model because its definition frames customization of a product. This fully applies to digital products, as the access is usually immediate and at low cost, but access to physical products needs shipment

and a different logistics process, thus cannot be instantly delivered. The purchase from an online retailer undergoes a process with a longer timeline because the customer does not receive the actual product immediately, as opposed to digital products. Even though the element *Co-Creatability* can be a relevant one for some e-business models, it cannot be generalized to all companies who are active as an online pure player. Furthermore, the empirical study has shown that *Co-Creatability* is not present in all e-business models and for that reason not suitable as a linking point for the new additional element.

The element *Compelling* that also belongs to the component *Value Proposition* defines the probability of purchase or consumption. It is highly complex to understand the mechanism behind a customer's decision-making, therefore, in this study, the element describes all communication that might have an influence on this decision. This includes the second touchpoint, as experiences of peers or personal past experiences could play a role. However, the actual action of purchase is done on the digital interface, the first touchpoint. Throughout the process of decision-making, the customer builds up certain expectations how the second touchpoint will look and feel like. Therefore, it is crucial that communication details connected to *Compelling* at the first touchpoint are directly reflected in the second touchpoint. This element is evident among all data sets, which give insights into activities that the companies utilize to make the touchpoints coherent. However, it is not suitable as the only linking point for the second touchpoint in VISOR, as it essentially describes all the activities that a company undertakes to convince a customer to make a purchase. Thus, the second touchpoint seems to be only one out of many elements that shape the element *Compelling*.

Organizing Model

The VISOR component *Organizing Model* showed two elements with direct connections to the second touchpoint. *Partnerships* and *Pooling* are evident in several other e-business model frameworks (see Osterwalder, 2004; Brousseau & Penard, 2007), which underlines their importance for e-business models. *Partnerships* of high quality are necessary for all companies, not only retailers and in that sense not only for e-commerce companies. *Pooling* as the sum of assets, skills and capabilities of all partners explains how they are benefitting from conducting business together.

The definition for retail by Gilbert (2003) states that retailing serves the purpose of being a means of distribution. In the same sense, the retail definition by Lusch, Dunne & Carver (2011) states that a retailer is only one part of the supply chain. Such theoretical statements make clear that all retailers are, in essence, the middlemen between the manufacturer and the end customer. This position naturally requires *Partnerships* with several parties. Besides, the supply chain for each product, from the raw materials to the end consumer, can be considered a *Pooling* effort on its own.

Thus, it is evident that *Partnerships* and *Pooling* play an essential role for the whole company, not only in specific activities related to the second touchpoint. The

empirical study has shown examples of companies whose business models go beyond the traditional role of distributing (manufactured) goods within a predefined way of pooling synergies among companies. However, those business models work differently as a whole, beyond only the element of the second touchpoint. This shows that even though these two elements of the *organizing model* are important for the second touchpoint, they are important for all components of the business model, thus neither of them is suitable to be the only linking element to the 'second touchpoint.

Physical Interface

As the VISOR framework was conceptualized for digital products, the component *Interface* originally relates only to the digital interface. For this study, it was differentiated between the digital interface as the first touchpoint where the purchase action is completed, and the physical interface as the second touchpoint at which the product arrives with a time lag. Essentially, all three explored elements of the physical interface have the direct purpose to enhance the unboxing experience for the customer. As such, the empirical study showed that there is a variety of ways to shape the physical interface in accordance with the respective business model. In this way, the companies try to benefit from all three elements in addition and coherence with the digital touchpoint. In the most successful execution, the element *Functionality* would respond to a customer's expectations for quality and product usability. The *Form Factor* would provide the customer with an emotional experience, as well as connect to the brand and enhance the brand experience. The element *Fluidity* would allow the customer to shape the second touchpoint to his convenience. The summary of these arguments justifies the suitability of the component *Interface* to connect to the new concept of the second touchpoint and position it accordingly.

In conclusion of these findings, the researchers suggest to add the concept of the second touchpoint as an additional element to the VISOR framework. The component *Interface* proves to be a suitable connection (see Figure 3).

In this thesis' iteration of the VISOR framework, the component *Interface* is divided up into two interfaces: the digital one as the first touchpoint and the physical one as the second touchpoint. The empirical study shows that both interfaces are highly connected and all companies put great effort into keeping the two interfaces coherent. This is based on the argument that the ideas and expectations which the customer builds up in the first touchpoint, during the purchase process, will be reflected and judged at the second touchpoint.

In the way as a distinct element of the component *Interface*, the second touchpoint offers online retailers the possibility to target a customer's need for reassurance after a purchase. This is described by Gilbert (2003) in the 8-step model of buying decision, in which the last step of a purchase is the post-purchase behaviour. As the purchase is already sealed on the digital interface, the contact with the physical product at the second touchpoint can be considered as belonging within the post-purchase phase. This step is characterized by evaluating the purchase that pulls behind additional actions, depending on the satisfaction or dissatisfaction of the

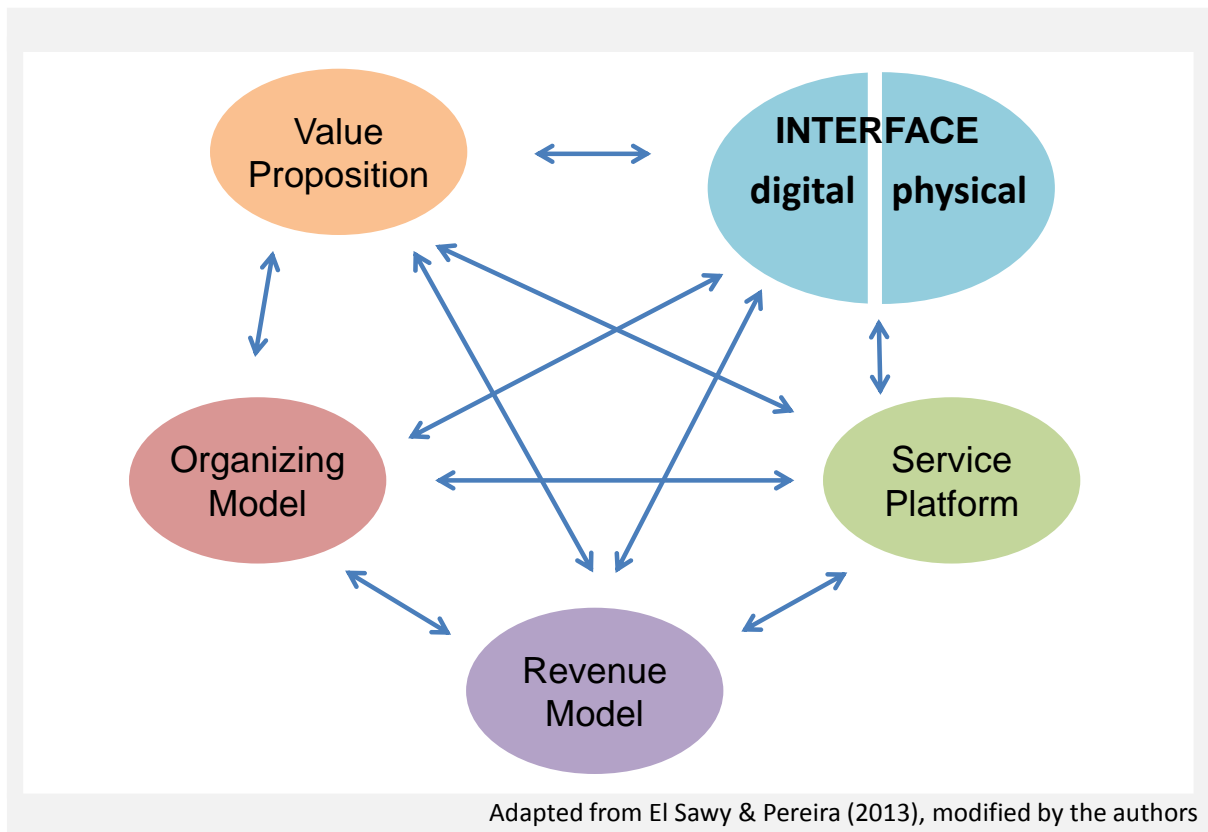


Figure 3: Modified VISOR framework

customer. Regarding the second touchpoint as a direct connection point to the customer's post-purchase behaviour, it opens up a new spectrum of activities. Online retailers can purposefully respond to customers' needs and design the second touchpoint in a way that leads to a positive evaluation of the whole purchase experience, as well as target customers who might become dissonant over their buying-decision.

Apart from findings related to the second touchpoint, the empirical study shows that the connections and interlinkages among all the components are complex. Depending on the individual case, different elements in each component have an influence on distinct elements in another component. An example is *Co-Creatability* and *Pooling*, whose level of success is based upon the motivation and input of the customers.

7.2 Conclusion

The research as described in this paper draws attention to a shortcoming between the practical realities of online pure players and how it is depicted in academic literature on e-business models in regards to the physical touchpoint. Within the frame of the literature review, no evidence could be found which explicitly mentions the second touchpoint. Only four frameworks could be identified that relate to the second touchpoint implicitly. The researchers use the analytical VISOR framework by

El Sawy and Pereira (2013) to define seven elements which are assumed to be suitable to link the new concept to the framework. The paper then answers the research question 'How do online pure players work with their physical touchpoint as part of their business model?' on behalf of an empirical study and a sample of six companies. Sufficient evidence could be found in the data material to draw conclusions on business activities and processes that shape the second touchpoint for each of the different business models. The empirical findings allowed drawing conclusions on the suitability of the seven elements to depict the concept of the second touchpoint as it is framed in this thesis. In conclusion of this thesis, the researchers suggest how the concept of the new element 'physical/second touchpoint' should be positioned within the VISOR framework.

The main contribution of this research paper is the modification of the VISOR framework through dividing the component *Interface* up into two distinct interfaces: the digital and the physical interface. This makes the VISOR framework applicable to business models of online pure players. The two interfaces are highly connected and interlinked, which requires the retailers to design them in a coherent way, so that the customers will eventually perceive them as one. The product and experience which gets unboxed at the second touchpoint has to reflect the value proposition that was promised during the purchasing process on the digital interface. This is connected to the concept of post-purchase behavior, which is the last step in the buying-decision process. Through the customer perspective, this phase is experienced at the second/physical touchpoint as delivery, unboxing and first usage merge together in one concept.

In conclusion, this research paper answers the research question by introducing a business model tool for online pure players to frame their business activities. The modification of the VISOR framework gives online retailers the opportunity to implement business activities as a component of their business model to directly target their customers' post-purchase behaviour. By doing so, the second touchpoint becomes firmly established in an organization's business model design with a holistic and system-level perspective.

7.3 Implications

7.3.1 Theory

The theoretical review has shown that the concept of the second touchpoint, as it is framed in this thesis paper, is underrepresented in the literature for frameworks of e-business models. Pointing out this gap can have implications on the academic perspective and further research approaches. However, the main contribution of this thesis concerns the complementarity of the VISOR framework that can now be applied to the second touchpoint of retail business models. The empirical study has

shown that the second touchpoint is highly relevant and important in practice and in the everyday business activities of online retailers. These insights can also be used in other contexts and with this focus more frameworks should be critically revised. This study also implies that the difference between the logic used in e-business models and stationary business models is greater than expected when reviewing the literature.

7.3.2 Practice

The implications for companies who operate in online retail are focused on the linkage between the first and second touchpoint. As the empirical findings show, consistency and coherence among the two are the focus of many business activities. It is important that the physical touchpoint lives up to the expectations that the customer built up during the order process and during the waiting time of shipment. The outcome of this research paper implies that it would be beneficial for online pure players to put emphasis in looking at the two touchpoints as one unified interface. Thus, it is suggested to utilize the modified VISOR framework for defining the business model. It frames the company's business logic within its digital environment and its components correspond to relevant elements of the company's business activities. This is advised rather than using a framework that is generally aimed at retail businesses, with the background on stationary retail. By representing the second touchpoint as a distinct component in the business model design, the company can use it to focus processes, resources, activities and employee awareness onto it.

Even if this research is limited to online pure players, it could also have implications for retailers who follow a multi-channel strategy. These companies can use the strategies of this study as a benchmark for their own online operations and utilize the modified VISOR framework to shape the business model in this sales channel.

7.4 Suggestions for further research

The object of study of this research are e-business companies, that is, a single representative who provided insights into the company's business model and activities. Thus, the perspective of the customers and motivation behind purchasing decisions is only considered indirectly in this research. Therefore, this study can be extended and explored with a customer-centric perspective. In addition, the interviews do not reflect how successful the business activities of a retailer are or what is the customer's impression on the second touchpoint. It would be of interest and relevance to study the customer's point-of-view in regards to the second touchpoint.

Another recommendation is to add on to this thesis with a quantitative research strategy with the objective to generalize the findings and verify the new additional

element. Statistical findings following a quantitative approach would allow drawing inferences of a larger population based on a larger sample.

Furthermore, the approach to utilize a theoretical framework that was developed within the research field of digital business models has served and succeeded in the research purpose of this thesis. This was based on the assumption that the business model of online retailers have more in common with the business model of digital service providers, than with stationery retail business models. Therefore, it is suggested to connect these two distinct disciplines in more or other contexts in future research.

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Appendix A

Appendix 1: Standardized email to companies

Subject: Interview Request from Lund University, Sweden

Hello xyz,

We are currently writing our thesis as part of our Master programme in International Marketing at Lund University, Sweden. Therefore, we are conducting research regarding innovative business models, such as that of xyz.

As part of our data collection, we are striving to collect information about the physical touchpoint when your products reaches the customers' hands. Thus, we would like to ask for a short interview with someone from your organisation who is familiar with this topic. This should be someone with a good general picture of xyz's operations and services, for example working with Marketing. (As one of our team-members is from Germany, it is also possible to do the interview in German, if that is more convenient for you.)

Ideally, the interview would be conducted via Skype and would last between 30-45 minutes.

The interview content can be used anonymously in the research paper if that is wished for from your side. In return, we will exclusively provide you with the outcomes of our thesis in June.

We would highly appreciate if you would find some time and availability to support us with our study.

Please approach us with all further questions or concerns that you might have.

Looking forward to getting to know xyz.

Best regards,
George Gergi & Verena Kitowski