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From Selling Point to Experience Point

A Qualitative Exploration of How Millennials Shop Offline and How
to Attract Them to Physical Retail Stores

by

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Abstract

Keywords: Customer experience, motivations, expectations, physical retail, tech and touch, engagement, emotions, in-store customer experience, experience point, emotional experience

Purpose: The purpose of this thesis is to understand the motivations and expectations of millennials to shop offline in order to find out how retailers can respond to these by means of in-store customer experience and thus create an attractive experience point.

Theoretical Perspective: We first examined literature in regards to motivations and expectations that influence customer behaviour in order to gain an understanding of the customer perspective. Following this, we elucidated customer experience and its characteristics from a retailer perspective, particularly in-store customer experience. From theory, we identified tech and touch, customer engagement and emotions as particularly relevant aspects of in-store customer experience.

Methodology and Empirical Material: Taking the perspective of ontological relativism, we considered customer experience as a co-created phenomenon that is rather socially constructed. We chose a qualitative research approach which allowed for abductive exploration of multiple perspectives within the millennial generation. By means of conducting twelve semi-structured in-depth interviews we were able to gather valuable primary empirical material. We performed a qualitative in-depth analysis by first discovering each interview on its own and then, elevating these findings to a more abstract level by discovering similarities and differences between these interviews. To increase practical relevance of the conducted research, we placed our study in the context of the traditional German retailer Tchibo.

Conclusion: We revealed that retailers need to find the right balance between tech and touch, engagement and emotions in the physical retail environment in order to appeal to the millennial's desires of trust & reliability, feeling of belonging & identification, and control, risk reduction & security in order to create an attractive experience point. By means of this, we emphasised the imperative of emotional experience in offline retailing.

Managerial implications: In order to create a meaningful customer experience, we derived two major implications from our research. First, "Less is more" which highlights the importance of an appealing in-store environment that focuses on quality rather than quantity. Second, "The perfect fit" which refers to the recruitment of highly skilled store personnel that allows for an authentic and personal customer-retailer relationship. Overall, flexibility by the retailer is required because all factors are interlinked and contribute to the whole customer experience.

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1 Introduction

This first section provides the background to our research by highlighting the changes in the retail landscape, especially in regards to the millennial generation. Also, we introduce Tchibo, the exemplified retailer throughout this thesis. Moreover, the problematisation and purpose of this paper are stated, as well as the research question that is derived from it. Lastly, we illustrate our intended contribution to the field of research.

1.1 Tchibo - A Struggling Retailer

Tchibo, an incumbent, international, multichannel retailer with 99% brand awareness in Germany has been successful with its business over the past 60 years (Tchibo, 2018). However, its footfall has been declining lately and the company is losing relevance among the young customer¹ segment. Why does a traditional retailer like Tchibo struggle even though it possesses such a solid fundament?

In 1949, the company was built around coffee as core product and was the first to offer a coffee mail-order service, laying the ground for its extensive distribution network today. Since then, the company's product and service offering has been expanded to non-food segments such as clothing, household items, electronic appliances, furniture, travel, mobile phone contracts, flowers, and much more. Even though, from time to time Tchibo catches consumers' attention with uncommon and extraordinary products such as a private island, a plane or a miniature house. Under the slogan: "Jede Woche eine neue Welt" (meaning 'every week a new world') Tchibo changes its product range built around a specific theme on a weekly basis. With this concept, the company aims to trigger curiosity amongst consumers and is therefore characterised as surprising and innovative. The product assortment is usually positioned on a mid-price level and thus affordable for the average consumer. In the German market, Tchibo's variety of products does not only stand out thanks to high quality standards but also due to its practicality aimed to ease the consumer's daily life. Furthermore, the company possesses the advantages of high offline availability and accessibility as its own shops at high street locations and depots at retailers and supermarkets lead to a comprehensive presence in Germany. Tchibo's physical point of sales are unique due to its mixed store concept based on the aforementioned rotating non-food products and its wide range of coffee selection (see Appendix A). The well-developed multichannel concept connects the on- and offline world successfully. Apart from this, Tchibo puts emphasis on sustainably sourced materials and engages in sustainability activities and programmes (Maxingvest AG, 2015; Tchibo, 2018).

¹ Throughout this thesis the term *customer* and *consumer* are used interchangeably

“Whoever wonders about these kinds of things, easily loses sight of the big picture. For too long, Tchibo has been concentrating on the products in the shelves next to the coffee counter and thus neglected their leading role in the coffee industry, [...]”

(Laudenbach, 2009, p.n.a.)

To sum up, Tchibo is a well established company with a unique combination of product and service offerings, varying product ranges and high accessibility and thus no direct competitors in Germany. Yet, as aforesaid, the company currently struggles to maintain relevance among future generations.

1.2 Background

Tchibo is just one of many retailers that tries to steer its sinking ship through the stormy retail ocean. Cause of this development is **digitalisation** which is recognised as one of the most impactful ongoing transformations in today’s world (Hagberg, Sundstrom & Egels-Zandén, 2016). From a business perspective, especially the retail industry is affected tremendously (Hopping, 2000; Shankar, Inman, Mantrala, Kelley & Rizley, 2011). According to Hagberg, Sundstrom and Egels-Zandén (2016), fundamental elements that determine retail such as exchange, actors, settings and offerings are radically transformed and become increasingly interwoven by this development. This leads to higher complexity in the retail environment (Pantano, Priporasa, Soraceb & Iazzolino, 2017) which comes along with extensive changes (Hagberg, Sundstrom & Egels-Zandén, 2016), shaping the retail landscape of the future. The primary enabler of this transformational process, namely **technology**, not only influences retailers themselves but also consumers’ expectations (Hopping, 2000). “The consumer is now changing faster than retail can keep up and retail is changing faster than it’s infrastructure can keep up” (Hopping, 2000, p.63). Therefore, retailers are now confronted with consumers who are more competent, knowledgeable (Bäckström & Johansson, 2017) and demanding than ever (Kim, Fiore & Lee, 2007; Cai & Xu, 2006). Thus, retail businesses are particularly challenged in meeting these increasingly high demands (Bäckström & Johansson, 2017).

Need for Business Model Innovation

The transformational development within the retail landscape calls for adaptation and reinvention of retail business models (Sorescu, Frambach, Singh, Rangaswamy & Bridges, 2011). Business opportunities arising from digitalisation need to be seized (Pantano & Timmermans, 2014). However, from the past it can be seen that incumbent companies have frequently failed to keep their leading position due to technological changes (Bower & Christensen, 1995). According to Christensen and Bower (1996), on the one hand, leading businesses lacked the allocation of sufficient resources towards innovation management. On the other hand, they emphasise, that these organisations focused too much on the demands of existing customers in present markets. Several companies followed the trend of strategically launching ‘disruptive innovations’, which however, has been misinterpreted and misapplied oftentimes (Christensen, Raynor & McDonald, 2015). Especially, the core elements of disruption theory, namely the ‘disruptor’ being a small company with fewer resources and

offerings with more suitable functionality at lower prices than incumbents, have been neglected (Christensen, Raynor & McDonald, 2015). That is why Christensen, Raynor and McDonald (2015) argue that incumbents should pursue sustaining innovations rather than losing themselves by focussing on disruptive innovations. In particular, incumbent retailers that have adapted to emerging trends for example by implementing multi-channel strategies and launching small innovations often tend to be centralised around their core products and focus on the needs of their leading customers. Notwithstanding, retailers should not lose sight of their future customers or completely abstain from being innovative. Rather, established organisations in retail should keep their eyes open for new developments next to their current offerings (O'Reilly III & Tushman, 2004). Therefore, it is crucial for these retailers to redefine their role in this volatile retail landscape and to differentiate themselves by offering a unique value proposition (Rapp, Baker, Bachrach, Ogilvie & Beitelbacher, 2015; Pantano & Viassone, 2015) that conforms with the expectations of future customers.

Millennials - The Future Customers

“The key to retailing success is to understand one’s customers.”

(Grewal, Levy & Kumar, 2009, p.3)

As today’s younger generations, often referred to as ‘the millennials’ or ‘Generation Y and Z’, are retail’s future customers, retailers must not miss to listen to them and their needs (Christensen & Bower, 1996). This is particularly important because this generation is said to be the one with the highest buying power and predicted spending in the years to come (Goldman Sachs, 2018). The millennial generation generally includes anyone born between 1977 and 2004, yet, timeframes and terms to narrow down and describe this generation vary (Moore, 2012; Parment, 2013; Sullivan & Heitmeyer, 2008). While Parment (2013) defines Generation Y as a cohort born between 1977 and 1989, Sullivan & Heitmeyer (2008) refer to the timeframe 1977 - 1994 whereas Hall & Towers (2017) argue that Generation Y (born between 1982 and 1991) and Z (born between 1992 and 2004) together make up ‘the millennial generation’. Moore (2012) also uses the latter terminology for the population born between the years 1982 and 2004. For the purpose of this thesis we refer to the term **millennials** or **the millennial generation** as anyone born between 1980 and 1997 as an average between the start and end points of these different timeframes.

Due to its size, influence, shopping behaviour, tech-savviness and increased purchasing power this generation has become increasingly important for retailers (Moore, 2012; Parment, 2013; Smith, 2011). As discussed by Hall & Towers (2017) the millennial consumer grew up in the digital age thus **technological connectedness** is seen as imperative and a source of inspiration and influence throughout the whole customer journey. **Personalisation and authenticity** from companies is valued amongst the millennial generation and helps to **build trust and relationships** with consumers (Calienes, Carmel-Gilfilen, Arch & Portillo, 2016). Yet, the daily use of technology and growth of online shopping lead to consumers’ flexibility, a short attention span and thus **decreasing loyalty** towards brands and retailers (Smith, 2011; Parment, 2013). Therefore, consumers have higher expectations towards retailers in terms of **real-time communication** and **instant, informal interaction** (Hall & Towers, 2017).

However, due to the complexity of the decision-making process and information overload consumers become increasingly sceptical towards companies' marketing and communication strategies (Hall & Towers, 2017; Smith, 2011). As a result, consumers search for **other sources of inspiration** and confirmation in communities through on- and offline social networks such as their friends and family (Calienes et al. 2016; Hall & Towers, 2017; Fromm & Garton, 2013). Especially through social media, millennials' values, attitudes and thus shopping behaviour is influenced (Schewe & Meredith, 2004). As explored by Moore (2012), millennials use technology, especially mobile, not only to interact with their social networks and to gather information about companies online but also as a tool for entertainment, leisure and utility purposes. According to Parment (2013) shopping behaviour of the millennial generation is distinct from other generations as the product choice is made before the particular retailer is chosen. Also, with the rise of multichannel retailing millennials have the opportunity to either first go online and then visit the store, or the other way around, in order to find the best possible personal option (Fromm & Garton, 2013). Thus, retailers are required to respond to this flexibility by engaging with the consumer at different touchpoints and by means of creating an overall customer experience (Calienes et al. 2016).

1.3 Problematisation

Particularly offline stores are subject to the changing retail environment (Bäckström & Johansson, 2017). On the one hand, even though e-commerce sales still represent a minor part of the overall retail economy, growth rates of online sales surpass physical retail significantly (Statista, 2017) and thus offer millennials another channel to shop. Especially millennials tend to prefer online shopping and seem to be less interested in the offline channel (Hall & Towers, 2017). On the other hand, technology offers a variety of opportunities to redesign the traditional point of sales (Willems, Smolders, Brengman, Luyten & Schöning, 2017). This however, requires established retailers to respond to this trend strategically in order to keep their physical retail model alive (Pantano & Timmermans, 2014). The question arises what the role of physical stores will be in the future. We might even ask whether the traditional point of sales will be of necessity or whether it will completely disappear. Here, we refer to Johnson cited in Morse (2011) who argues for the persistence of physical retail stores. In particular, he points out the relevance of physical stores for personal customer contact by saying: "the only way to really build a relationship is face-to-face. That's human nature." (Johnson, 2011 cited in Morse, 2011, p.82). Also, online stores are competing on rational levels which are not value generating and thus are deemed to end up in a race to the bottom (Johnson, 2011 cited in Morse, 2011). Therefore, it is indicated that physical stores need to take advantage of their strengths and differentiate themselves from the online point of sales. This is accompanied by consumers' rising demand for a seamless connection of online and offline channels (Foroudi, Gupta, Sivarajah & Broderick, 2018), resulting in a call for omnichannel management. Thus, physical retail is not assumed to die but to complement the overall customer experience (Zhang, Farris, Irvin, Kushwaha, Steenburgh & Weitz, 2010).

“A store has got to be much more than a place to acquire merchandise. It’s got to help people enrich their lives.”

(Johnson, 2011 cited in Morse, 2011, p.80).

In the light of this development, it becomes apparent that retailers need a change of mindset and understand the physical store as a place where value is generated rather than a place where solely transactions take place (Johnson, 2011 cited in Morse, 2011). Considering the customers’ rising position of power, the imperative of creating a meaningful in-store customer experience elevates to a new level of importance (Bagdare 2013; Sachdeva & Goel, 2015; Stein & Ramaseshan, 2016) in order to redefine the position of physical stores in an omnichannel world and to attract future customers (Foroudi et al. 2018).

Therefore, customer experience is highlighted as a pivotal objective to face the future of retailing (Verhoef, Lemon, Parasuraman, Rogeven, Tsiros & Schlesinger, 2009). According to Lemon and Verhoef (2016), “customer experience is a multidimensional construct focusing on a customer’s cognitive, emotional, behavioural, sensorial, and social responses to a firm’s offerings during the customer’s entire purchase journey” (Lemon & Verhoef, 2016, p.71). This definition reveals that customer experience is a complex and overarching phenomenon anchored in the interface of customer and retailer. As it only becomes visible through the customer itself, customer experience is a key factor for retail brands to build brand loyalty and to stay relevant (Kleinberger & Morrison, 2007). New opportunities emerging from the changes in the retail environment can be used to strengthen the relationship between retailer and future customer by means of emotional engagement and interaction (Pantano & Timmermans, 2014). As customer experience is formed throughout the entire customer journey, many different touch points contribute to the overall result (Lemon & Verhoef, 2016). Saying this, we need to keep in mind that retailers are not able to control the customer journey as a whole but can only selectively impact it (Lemon & Verhoef, 2016). However, physical retail is one of the more controllable touch points within the customer journey (Lemon & Verhoef, 2016). Following the aforementioned argumentation, this thesis will focus on in-store customer experience as one touch point of the overall customer journey, particularly, as the need for reshaping traditional stores from the mere transaction towards the creation of a unique experience is pointed out (Grewal, Levy & Kumar, 2009; Tax, McCutcheon & Wilkinson, 2013). This will not only allow the creation of value for customers but also for the retailer itself (Verhoef et al. 2009) by means of increased customer loyalty.

“Keeping customers in the next few years will be even more important than making a sale.

[...] The most important thing is to be able to identify ways to hold on to profitable customers.”

(Grewal, Levy & Kumar, 2009, p.9)

Pine and Gilmore (1998) introduced the ‘experience economy’ already two decades ago, highlighting the development from selling goods to selling experiences. Furthermore, Sachdeva and Goel (2015) identify this development as cause for a paradigm shift these days. Thus, customer experience needs to be considered as a substantial part of the retailer’s offering today (Gentile, Spiller & Noci, 2007; Yakhlef, 2015) and elevates to a new level of

relevance. Therefore, a better understanding of future generations, particularly millennials, is needed in order to rethink the underlying idea of physical retail stores that will meet the demands of the millennial generation to ensure the survival of traditional retailers such as Tchibo.

1.4 Purpose and Research Question

Based on the tremendous transformation taking place in the retail landscape, the increasing importance of attracting and establishing relationships with future customers, particularly millennials, is vital for retailers. Therefore, the purpose of this thesis is to gain a better understanding on how to respond to these demands by means of in-store customer experience. In order to do so, this research sheds light on the perceived role of physical stores and why they have lost relevance among the millennial generation. In particular, the motivations that drive millennials to shop in physical retail stores and the expectations this generation has towards established retailers will be elucidated. Overall, illustrating the development from transaction to experience, this thesis aims to characterise the physical store as an experience point, where in-store customer experience is centre. In order to develop and create a unique customer experience it is, however, necessary to understand the targeted customer segment (Arnold & Reynold, 2003) and its expectations to meet these successfully (Berry, Carboe & Haeckel, 2002).

Referring back to the aforementioned problematisation and the stated purpose, this research aims to answer the following research question: **How can in-store customer experience be used to create an experience point and thus attract millennials to physical retail stores?**

The above questions will be answered by means of exploring the following three sub-questions:

- What are the aspects that need to be taken into account when creating customer experience?
- What motivates millennials to visit and what do they expect from physical retail stores?
- What is needed to create an experience point?

1.5 Intended Contribution

In the following we present the intended theoretical as well as the practical contribution which we pursue throughout the thesis by answering our research question.

Theoretical Contribution

So far, literature has elucidated the superior role of customer experience in retail overall and provides several models conceptualising customer experience (e.g. Lemon & Verhoef, 2016). A variety of facets of in-store customer experience have been illuminated (Bäckström & Johansson, 2017) with a particular focus on the role of in-store technology (e.g. Larivière,

Bowen, Andreassen, Kunz, Sirianni, Voss, Wunderlich & De Kesyer, 2017; Pantano & Timmermans, 2014; Willems et al. 2017). Nevertheless, Bäckström and Johansson (2017), put emphasis on the relevance of traditional aspects such as store personnel, too. Moreover, the millennial generation and its shopping behaviour play an increasingly important role in existing literature (e.g. Hall & Towers, 2017; Parment, 2013; Sullivan & Heitmeyer, 2008). An investigation into their personal motivations and expectations allows gaining a deeper understanding of the roots of millennials' shopping behaviour. Furthermore, bringing these insights together with the aspects of in-store customer experience, we will highlight a specific perspective of an increasingly important consumer segment, which has not been subject to in-depth examination yet. Positioning our work within the rapidly emerging field of in-store customer experience and relating it to the enormous number of challenges in today's physical retail, our contribution to existing literature is highly relevant.

Practical Contribution

For retailers this thesis intends to emphasise the importance of listening to younger generations in order to stay relevant in the changing retail landscape. Also, our research aims to stimulate thinking among retailers to see the physical store as much more than only a selling point but rather as an experience point for millennials to build relationships with retailers. Moreover, by highlighting the aspects that need to be considered and combined to create a unique in-store customer experience, retailers are sensitised to keep the needs and expectations of the millennials in mind. The use of a unique type of retail company as an example, namely Tchibo, allows this research to be specific and practically concrete. Particularly, we are aiming to identify current issues that lead to a loss of relevance and thus derive managerial implications for these types of retailers to reposition themselves.

1.6 Outline of the Thesis

As depicted in Figure 1, in **Section 1** we introduced Tchibo, a struggling retailer, which provides the context for our thesis. Also, the background within the field of research and the purpose of this study from which we derived our research question, were discussed. **Section 2** lays the theoretical ground for our thesis which guides us through the research and is the base for our qualitative research approach. Thus, in **Section 3** we illustrate the research approach and design in detail and explain how we have collected and analysed the empirical material. After that, we reflect on the quality of our research and chosen methods. Our findings of the collected empirical material are presented and analysed in **Section 4**. Afterwards, in **Section 5**, we link our findings to the theoretical framework to explore similarities and differences. On the basis of the discussion, we conclude the thesis in **Section 6** by answering the sub-questions and thus, the main research question. We present the theoretical as well as managerial implications and give recommendations specifically for Tchibo. Last, we acknowledge the limitations of our thesis and give suggestions for future research in this field.



Figure 1: Outline Thesis (Own Illustration)

2 Theoretical Framework

In the following, we provide the theoretical foundation for our research that guides us through our thesis (see Figure 2). First, we start by exploring the customer perspective by looking at motivations and their influence on the whole customer experience. Then, we highlight the importance and development of customer experience from the retailer's side, in particular in regards to offline shopping and in-store customer experience. We illustrate the aspects that need to be taken into account to create a meaningful in-store experience and hereby answer our first research question.

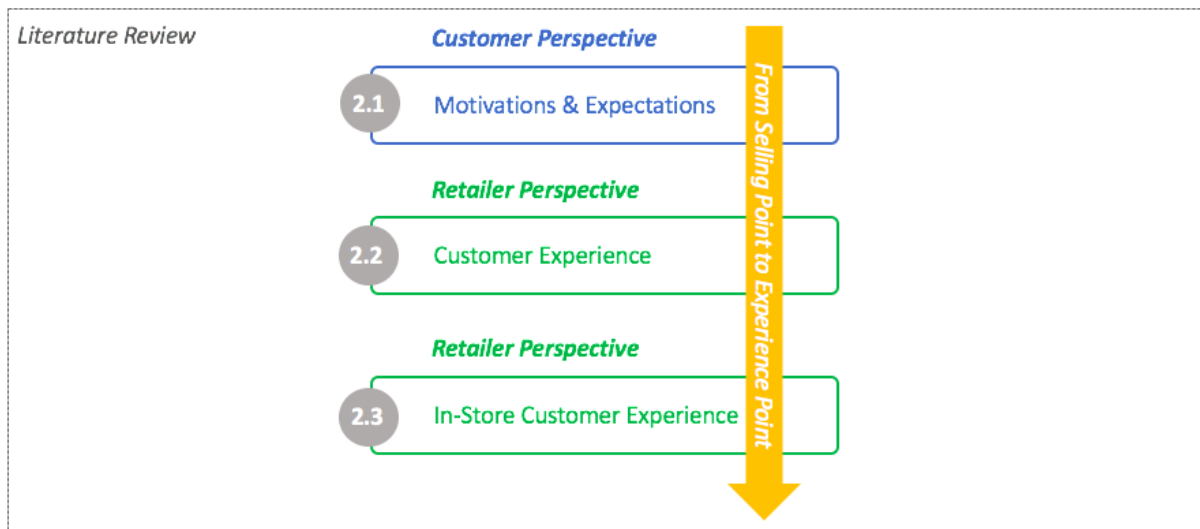


Figure 2: Structure of Theoretical Framework - From Selling Point to Experience Point (Own Illustration)

2.1 Motivations as Influencing Factor of Shopping Behaviour

To understand how to create a unique and meaningful customer experience, it is especially important for retailers to understand customer behaviour in general and customer motivations in particular (Puccinelli, Goodstein, Grewal, Price, Raghurir & Stewart, 2009). Shopping motives are of high interest for retailers as they allow them to segment their customer base and adapt specific marketing strategies (Westbrook & Black, 1985). Besides that, motives can be seen as the roots of consumers' shopping behaviour as consumers are guided by goals during the entire shopping process (Ratneshwar, Mick & Huffman, 2003). This is based on motivation theory which argues for individuals' gratification and satisfaction as main motives for consumer shopping behaviour (McGuire, 1974 cited in Puccinelli et al. 2009).

Product-Oriented versus Experience-Oriented Shopping Motives

Tauber (1972) laid the foundation for research on shopping motives by posing the question "Why do people shop?" (Tauber, 1972, pp.46). He argues that consumers do not only purchase products due to functional needs but due to psychosocial needs. Thereby, Tauber suggests personal motives such as self-gratification, sensory stimulation and diversion, as well as social motives, such as social experience, status, and group attraction (Arnold & Reynolds, 2003). Furthermore, according to Westbrook and Black (1985), there are three

categories of motivational typologies: **product-oriented**, **experiential** and a **combination of both**. This, again, emphasises that consumers do not only shop to acquire products but also for recreational reasons (Arnold & Reynold, 2003; Hirschman & Holbrook, 1982; Tauber, 1972). However, referring to Puccinelli et al. (2009), this differentiation is too generic to understand the influence of shopping behaviour on customer experience. Here, we state Arnold and Reynolds (2003), who focus on researching **hedonic shopping values** and provide six, more detailed categories: **adventure** shopping, **social** shopping, **gratification** shopping, **idea** shopping, **role** shopping and **value** shopping. Thus, shopping related aspects such as stimulation, socialising, stress relief, keeping up with trends and finding enjoyment for others are revealed (Arnold & Reynolds, 2003).

Shopper Typologies

Furthermore, Rohm and Swaminathan (2004) present an overview of a more detailed classification of different shopper types. First, there is the **convenience** shopper who aims to save time and effort while shopping (e.g. Bellenger & Korgaonkar, 1980; Westbrook & Black, 1985). Second, there are shoppers who **seek for information** (Bellenger & Korgaonkar, 1980). These both can rather be related to product-oriented consumer types. However, there are also shoppers **seeking for social interaction** (e.g. Bellenger & Korgaonkar, 1980; Westbrook & Black, 1985) and **group affiliation** (Tauber, 1972) as well as for **recreational experience** (e.g. Bellenger & Korgaonkar, 1980). These shoppers fit the experiential typology which relates to shopping as a leisure activity and enjoyment of the mere shopping trip itself. In addition, these types of shoppers are more impulsive, easier to attract by well-placed cues and rather independent of product-oriented or task-directed goals (Bellenger & Korgaonkar, 1980). Apart from these two typologies, there are shopper categories guided by motives of **variety seeking** (e.g. McAlister & Pessemier, 1982; Menon & Kahn, 1995; Raju, 1980) and **immediate possession** (Alba, Lynch, Weitz, Janiszewski, Lutz, Sawyer & Wood, 1997). These shoppers could be classified as the third typology, of both, product-oriented and experiential shoppers. Based on Rohm and Swaminathan's (2004) shopping motivations, consumers prefer to either shop online or offline as the nature and characteristics of the respective channel better respond to the specific consumers' demands influenced by the consumer's goal.

Shopping Motives from a Hierarchical Perspective

Goals are inherent in the centre of information and affected by consumers' intrinsic needs (Puccinelli et al. 2009). Stating Puccinelli et al. (2009), goals can be described as the consumer's internal guide affecting the perception of retailers' offerings and elements. In more detail Wagner and Rudolph (2010) argue for a more complex concept of shopping motivations beyond its two sides, task-fulfilment and recreation. They introduce a hierarchical model of shopping motivations which provides an in-depth view on these. Considering a generic dimension, task-fulfilment and recreation, Wagner and Rudolph add a hierarchical dimension which comprises three levels of shopping motivations from abstract to concrete ones. As shown in Figure 3, the most abstract level entails **purpose-specific motivations** which form the underlying reason for shopping (Wagner & Rudolph, 2010). On the mid-level, there are **activity-specific motivations** that relate to the consumers' activity goals or the

wished-for behaviour while shopping (Wagner & Rudolph, 2010). Finally, on a concrete level, **demand-specific** motivations can be found which include specific expectations towards the retailer’s store environment (Wagner & Rudolph, 2010). Wagner and Rudolph (2010) illuminate that the purpose-specific level predicts the activity-specific level which in turn predicts the demand-specific shopping motivations.

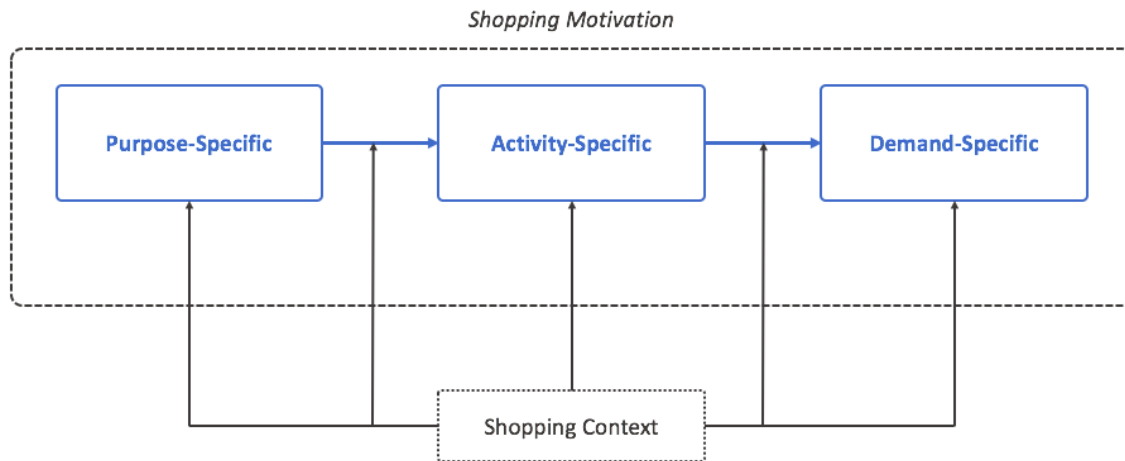


Figure 3: Shopping Motivations (Adapted from Wagner & Rudolph, 2010)

It becomes apparent that motives are deep-rooted within the consumer. Thus, on the one hand, they organise and steer consumers’ shopping behaviour (Pervin, 1982 cited in Puccinelli et al. 2009). On the other hand, due to its benchmark character, motives also influence the customer experience by creating meaning to the customer (Grewal, Levy & Kumar, 2009; Puccinelli et al. 2009). However, as they vary from consumer to consumer, the same store environment can evoke different feelings and trigger individual experiences (Puccinelli et al. 2009). Therefore, understanding the motivations of customers is necessary when aiming to create a customer experience that attracts relevant customers (Grewal, Levy & Kumar, 2009). Along Wagner and Rudolph’s hierarchy (2010), consumers’ motives are highly relevant, as they are present throughout the entire consumer decision making process (need recognition, information search, evaluation, purchase and post-purchase stage) (Puccinelli et al. 2009). Thereby, it is highly relevant for retailers like Tchibo to understand the motives of the millennial generation to be able to adapt to and respond to these.

2.2 Customer Experience as a Key Objective

As problematised in the introduction, shopping behaviour of the millennial generation requires retailers to modify their strategies (Calienes et al. 2016) in order to stay relevant and attract new customers. Therefore, customer experience creation turns into a key objective of today’s retailers (e.g. Grewal, Levy & Kumar, 2009; Lemon & Verhoef, 2016; Sullivan & Heitmeyer, 2008).

“What people really desire are not products but satisfying experiences”
(Abbot, 1955, p.40)

The Rise of Customer Experience

Holbrook and Hirschman (1982) were amongst the first arguing for a broader perspective of consumption and mentioned the importance of experiential aspects. The relevance of experience was even more emphasised when Pine and Gilmore (1998) introduced the term ‘experience economy’. In particular, they point out the development from selling goods to selling services to selling experiences as they describe experience as the answer to the emerging needs of consumers. Therefore, Pine and Gilmore define staging experience as a way to gain a competitive advantage but also to generate economic value for the organisation. “Commodities are fungible, goods are tangible, services intangible, and experiences memorable” (Pine & Gilmore, 1998, p.98). Here, the emotional and personal nature of experiences becomes apparent. Experience as an outcome of an interaction between the organisation and the consumer is created in the mind of consumers and is thus unique to every consumer (Pine & Gilmore, 1998). Pine and Gilmore (1998) argue for two dimensions, participation and connection, which determine the richness of an experience. The former is framed by the two end points of active or passive participation during the experience. The latter refers to the degree of absorption of or immersion during the experience. Furthermore, Pine and Gilmore (1998) define four realms of experiences, namely entertainment, education, aesthetic and escapism, whereby the combination of all four leads to the strongest experience. These aspects indicate the multiplicity of experiences. Even though Pine and Gilmore’s explanations rather refer to a firm’s offering, general characteristics of today’s term of customer experience are implied.

Customer Experience as a Multidimensional Construct

Lemon and Verhoef (2016) provide a detailed overview of prior and existing literature within marketing that relates to customer experience. In detail, they show how customer experience emerges from customer satisfaction, service quality, relationship marketing, customer relationship management, customer centricity, and customer engagement. Based on these different influences on the evolution of customer experience, its diversity becomes even more apparent. Furthermore, a number of authors point out different dimensions of the experience itself, referring to cognitive, emotional, behavioural, sensorial, and social elements (Gentile, Spiller & Noci, 2007; Schmitt, 1999; Verhoef et al. 2009). These dimensions shed light on the suggestibility of customer experience and thereby the influence the shopping environment can have on it. On the one hand, consumers carry expectations that are formed through consumers’ values, beliefs and motivations (Gentile, Spiller & Noci, 2007) which affect the customer experience. Also, the emotions, feelings and the mood of the consumer influence the customer experience from an **internal perspective** (Gentile, Spiller & Noci, 2007). On the other hand, stimuli that affect the senses and the consciousness as well as the social and relational component, such as friends, sales personnel and other people part of the interaction, shape the customer experience from an **external perspective** (Gentile, Spiller & Noci, 2007). At this point, the multidimensional and complex nature of customer experience can be noted.

Customer Experience as a Value Generator

The internal and external perspectives are base for the consumer’s evaluation of experiences which result in an exchange of value between the customer and the company (Gentile, Spiller

& Noci, 2007). According to Gentile, Spiller and Noci (2007), the consumer decodes the perceived experience provided by the company and compares it with the previously formed expectations towards the experience. This can result in utilitarian value or hedonic consumer value (Addis & Holbrook, 2001; Gentile, Spiller & Noci, 2007). The former refers to a functional and objective value which is part of a rational and traditional nature (Addis & Holbrook, 2001), whereas the latter is a highly subjective and emotional value which is evoked by a multisensory, interactive and experiential essence (Holbrook & Hirschman, 1982; Addis & Holbrook, 2001). In turn, a successful generation of consumer value also leads to the generation of company value and thus, complements the exchange between the consumer and the retailer (Gentile, Spiller & Noci, 2007). In particular, when creating a positive customer experience, the company can profit in terms of increased sales, market share, brand equity or customer equity (Ferraresi & Schmitt, 2006 cited in Gentile, Spiller & Noci, 2007). The exchange of value and the resulting beneficial aspects underline the great importance of customer experience for organisations, especially retailers, today.

Referring to the aforesaid, companies need to steer and stage all the clues and hints that consumers may discover while shopping (Berry, Carbone & Haeckel, 2002) in order to engineer a valuable customer experience. Companies need to be aware of the fact that there are **controllable factors**, such as promotion, price, location, merchandise and supply chain, as well as **uncontrollable factors**, namely the social and macro environment, influencing the customer experience (Grewal, Levy & Kumar, 2009; Verhoef et al. 2009). In addition, as customer experiences occur whenever the consumer interacts with the company or its offerings (Grewal, Levy & Kumar, 2009), the controllability of customer experience along today's complex customer journey becomes more challenging and requires an enhanced focus (Foroudi et al. 2018; Lemon & Verhoef, 2016).

Customer Experience as a Dynamic Process

Lemon and Verhoef (2016) conceptualise customer experience along the customer purchase cycle and define three phases. Thus, they identify customer experience as a dynamic process. It starts with the pre-purchase phase which comprises customer experience from the need or goal recognition to the consideration of satisfying this need by shopping (e.g. Hoyer, 1984). Thereafter, the purchase phase is the moment where the actual purchase takes place (e.g. Hoyer, 1984) and the shopping experience is created, offline or online (Lemon & Verhoef, 2016). Following this, the third phase, post-purchase, encompasses the consumption experience (Lemon & Verhoef, 2016). Relating to the aspect of controllability and non-controllability of customer experience, Lemon and Verhoef (2016) define four categories of customer experience touch points which can be part of each stage of the customer experience process. First, they specify brand-owned touch points which are designed by the company itself and thus are controllable. Second, Lemon and Verhoef (2016) refer to partner-owned touch points that are jointly controlled by the company and its partners. Third, they define customer-owned touch points which are customer activities that create experience but are not directly influenced by the firm or its partners. And fourth, they mention external touch points that are defined by the influence of the social environment, other external and independent factors on customer experience. According to Lemon and Verhoef (2016), companies need to

detect the different touch points and gain an in-depth understanding of the ones they own to enhance a positive customer experience. Besides that, they argue for paying attention to the touch points that are beyond the firm's control. This conceptualisation of customer experience reveals that customer experience and its design and management can be considered from a **company perspective** (Berry, Carbone & Haeckel, 2002), a **customer perspective** (Schmitt, 2011) and a **co-creation perspective** (Chandler & Lusch, 2015).

Concluding, we highlight the interactive and co-creational character of customer experience, the partly-controllable nature due to the multidimensionality and the uniqueness of each customer experience. Especially, the latter aspect plays an important role for the millennial generation in their search for individualisation. Therefore, customer experience creation elevates to a highly relevant objective in order to regain millennials' loyalty and offer new sources of inspiration to them. Hence, focusing on customer experience within the customer journey can enable retailers like Tchibo to stay relevant and attract young customers and, thus, ensure the company's source of profit.

2.3 Customer Experience at the Physical Retail Store

Having illustrated customer experience and its overall characteristics as an increasingly relevance-gaining phenomenon throughout the entire customer journey, we now take a closer look on the particular in-store customer experience. From this, we want to understand how to turn physical stores into experience points by means of in-store experience. Therefore, we first set the scene by depicting the traits and advantages of physical retail.

2.3.1 Relevance of Physical Stores in Retail

From a control perspective, physical stores depict a touch point where retailers have a great stake in shaping customer experience. This is due to the fact that they can influence a significant part of the shopping environment. Considering the issue that millennials tend to rather shop online (Hall & Towers, 2017), there is legitimation to reposition the physical point of sales and leverage its advantages over the online channel. First, there is the personal interaction between the retailer and the customer which can be reinforced by sensory effects, such as the opportunity to try out products (Rigby, 2011; Rohm & Swaminathan, 2004). Second, physical stores possess the advantage of providing immediate product transaction (Rigby, 2011; Rohm & Swaminathan, 2004). Third, an essential part of the decision to buy is spontaneous and triggered by cues placed within the store environment (Neff, 2008). Making use of these advantages answers the desires of recreational and hedonic shoppers in particular (Rigby, 2011; Rohm & Swaminathan, 2004). Nevertheless, convenience shoppers can be attracted by a smart integration of other channels, too (Morse, 2011). Apart from this, the aforesaid virtues can be played in a way to differentiate offline from online and use physical stores to create entertaining, educational and exciting moments that attract and inspire consumers and make them stay in the store (Sachdeva & Goel, 2015). According to Sachdeva and Goel (2015), this relates to the matter that offline retail is not about the mere transaction anymore but about creating a unique experience. They label this development by identifying

the ‘new experiential paradigm’. Based on this, the importance of building a store environment that stages a positive customer experience becomes apparent (e.g. Bagdare, 2013; Sachdeva & Goel, 2015; Spence, Puccinelli, Grewal & Roggeveen, 2014).

2.3.2 Aspects of In-Store Customer Experience

As described before but more specific to offline retailing: “Customer experience is a manifestation of customers’ perceived cognitive, emotional, sensorial and behavioural value derived through their interactions with store clues during the entire process of shopping” (Bagdare, 2013, p.47). In order to influence the customer’s experience, retailers need to understand which elements of the store environment lead to a perception of desired in-store experience.

Perspectives of In-Store Customer Experience

Looking at existing literature of in-store customer experience, different perspectives can be identified. First, similar to our introduction of literature, the **customer perspective** comprising shopping motivations, is fundamental to understand in-store experience (Puccinelli et al. 2009; Verhoef et al. 2009). This entails the generation of utilitarian and hedonic consumer values through achievement of goals or recreation (Babin, Hardesty & Suter, 2003). Second, it is followed by the importance of understanding the **retail perspective** which includes levers to create a valuable store environment by means of store atmosphere, store design and social dimensions (Baker, Parasuraman, Grewal & Voss, 2002; Grewal, Levy & Kumar, 2009; Puccinelli et al. 2009; Verhoef et al. 2009). Especially, Bäckström and Johansson (2006) argue for the imperative of a positive store atmosphere in order to provide experience instead of the mere products or services. Moreover, the relevance of store design as a source of entertainment and inspiration increasingly emerges (e.g. Riewoldt, 2000 cited in Bäckström & Johansson, 2006). Also, the retail perspective includes the social dimension at the point of sale, referring to the interaction between customers (Sullivan & Adcock, 2002) and the service encounter itself (e.g. Gummesson, 2002). In addition to these two perspectives, there are situational aspects, such as the store type and season (Verhoef et al. 2009), as well as macro-level aspects, namely the economic and political situation (Grewal, Levy & Kumar, 2009) which also have an impact on in-store customer experience.

Creation of In-Store Customer Experience

In more detail, Verhoef et al. (2009) conceptualise the creation of in-store customer experience and therefore provide an overview of the multiple independent aspects and contact points during the store visit (see Figure 4). Thereby, they aim to advance the understanding of customer experience management strategy in order to achieve the beneficial aspect of customer experience for both sides, the customer and the retailer. As illustrated in Figure 4, Verhoef et al. (2009) describe social environment, service interface, retail atmosphere, assortment, price, experience in alternative channels and retail brand as the main elements which need to be considered when engineering customer experience. In addition, they add moderating components to their concept: consumer moderators and situational moderators. While the elements mentioned before refer to the retailer aspects, these moderators relate to

the consumer, situational and macro-level aspects. Besides that, Verhoef et al. (2009) present a dynamic component, namely past customer experience which also impacts current customer experience. In the following, we will not further emphasise price and assortment as part of the marketing mix, although they were originally mentioned in the illustration of customer experience by Verhoef et al. (2009). This is due to the fact that experience is considered to be on a higher level than the mere transaction (Pine & Gilmore, 1998; Sachdeva & Goel, 2015). Therefore, we regarded these four elements as a fundamental premise. This is in line with Verhoef et al. (2009) who focus their further research on the three aspects social environment, service interface and retail brand due to its emerging relevance (Verhoef et al. 2009). **Social environment** can be referred to as the social dimension mentioned above, considering the multidimensional interaction between customer and retailer (Verhoef et al. 2009). Thus, this emphasises the interactive aspect and its direct and indirect impact on customer experience. It also raises awareness for the interaction beyond the typical service encounter which leads over to the second highlighted element, the **service interface**. Due to the pervasiveness of new in-store technology, notably self-service technology, the service interface changes substantially (Larivière et al. 2017). **Retail brand**, as the third emphasised aspect, relates to the influence the perceived brand has on customer experience (Verhoef et al. 2009). In the light of the introduced retailer Tchibo, this is a particularly relevant aspect as its brand seems to be a bit dusty.

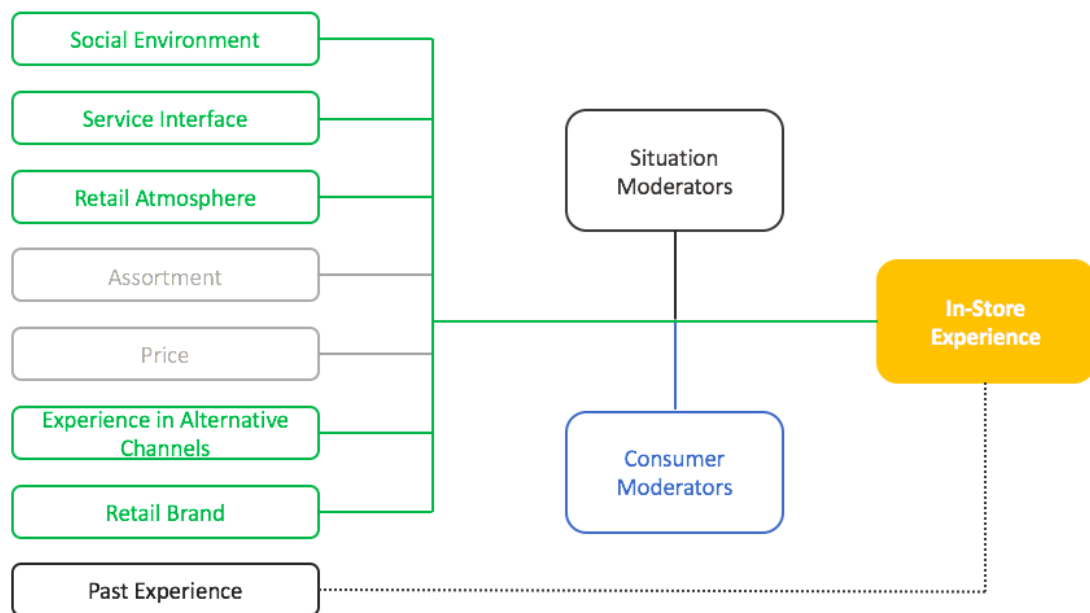


Figure 4: Conceptualisation of Customer In-Store Experience (Adapted from Verhoef et al. 2009)

Predictors of In-Store Customer Experience

The aspects of Verhoef et al. (2009) concept are further underlined by Bagdare (2013) who points out four predictors of customer experience. First, she names **store convenience** as one of these. Here, the aspects of customers' time and effort spent (Kelley, 1958) as well as accessibility and utilisation (Yales & Venkatesh, 1986) while shopping are mentioned. Moreover, Kelley (1958) stresses the importance of conveniently, informally and interestingly presented offerings. This is still a relevant aspect when shopping, especially for the millennial generation (Hall & Towers, 2017). **Store personnel** are recognised as a second predictor as

they play a crucial role when experience is created (Bagdare, 2013). Although technology assumes more and more tasks of service personnel, the human aspect in store is still crucial for anticipating needs, generating value and evoking emotional ties between the retailer and the customer (Bitner, 1992), and thus, enhancing the customer experience. A third predictive aspect is **relationship orientation** which relates to the approach of building emotional relationships by means of personalised and customised products and services (Bagdare, 2013). The already mentioned **store atmosphere** is the fourth predictor. It is described as a variable that can influence shopping behaviour (Spence et al. 2014; Turley & Chebat, 2002) and can result in customer satisfaction, repatronage, extended store visits and higher sales (Andreu, Bigné, Chumpitaz & Swaen, 2006; Baker et al. 2002; Bitner, 1992; Kotler, 1973). Especially, the multisensory aspect of store atmosphere has recently gained attention in relation to customer experience creation (Spence et al. 2014).

Challenges of In-Store Customer Experience

Bäckström and Johansson (2006; 2017) explored the constitution of in-store customer experience considering the retailer as well as the customer perspective. One focus of their work was to identify challenges and opportunities retailers are confronted with nowadays. As they found out that traditional aspects, for instance extraordinary service, are still highly relevant in physical retail, a current challenge is to raise the staff's level of knowledge in order to answer consumers' demands but also to ensure more rational values such as price-value ratio, approachability and accessibility. Overcoming these challenges, retailers start to develop and launch new store concepts (Bäckström & Johansson, 2017). Here again, they found the prevailing aspect, technology, as an essential part of the store environment. From a consumer perspective, physical, social and atmospheric aspects were stated in Bäckström and Johansson's study (2017). Reflecting on the findings of Bäckström and Johansson (2017), the balancing act between traditional and innovative values and thus between the use of technology and service personnel (later on referred to as '**tech and touch**') is revealed.

Concluding on the aspects of in-store customer experience, we pointed out the different perspectives involved. Especially, the interaction between customer and retailer perspective can be identified as the core of customer experience. As the retailer perspective is most controllable by the retailer itself, relevant aspects such as store atmosphere, design and convenience are highlighted. Furthermore, the relational aspect is underlined, arguing for a more personalised and emotional focus to tie the customer and the retailer together. Especially, when considering decreasing retailer loyalty within the millennial generation (Smith, 2011; Parment, 2013), the latter aspect gains of importance. Moreover, the changing role of staff is emphasised due to the invasive role of technology. As this is a changing variable, we will illuminate this aspect in the following section in more detail. Based on the existing literature discussed above, we present a depiction of the aspects of in-store customer experience taking into account the customer as well as the retailer perspective in Figure 5.

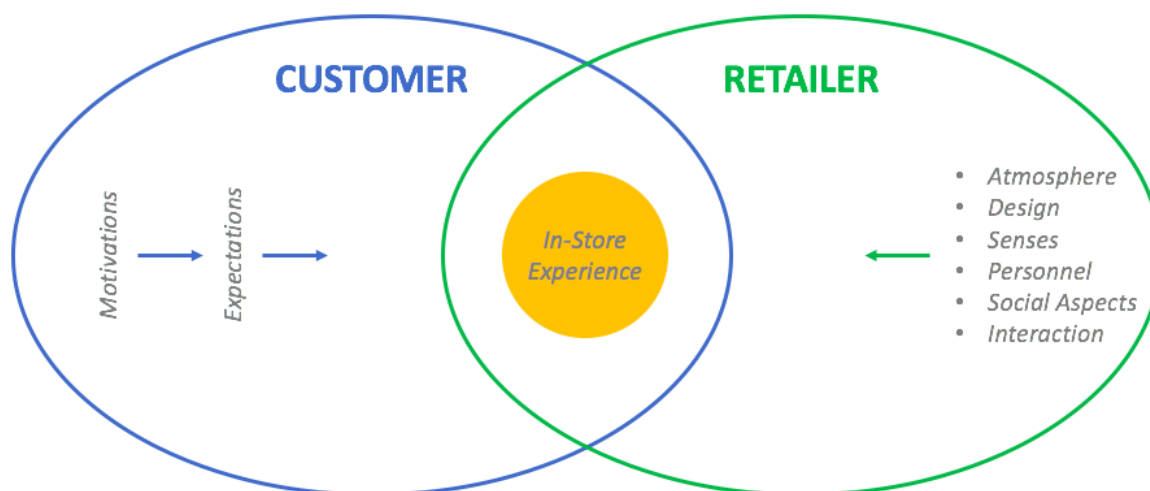


Figure 5: Aspects of In-Store Customer Experience Co-Created by the Customer and Retailer (Own Illustration)

2.3.3 Tech and Touch In-Store

We have touched upon the superiority of technology and its transformational character before. The use of technology in physical retail is a hot topic in literature and still lacks further research (Foroudi et al. 2018; Larivière et al. 2017; Pantano & Timmermans, 2014; Willems et al. 2017). As technology is axiomatic for the millennial generation and determines its shopping behaviour (Hall & Towers, 2017), technology in retail needs to be considered as a lever for in-store customer experience. Pantano and Timmermans (2014) recognise this fact as ‘smart retailing’. In detail, smart retail technologies enable retailers to offer personalised and superior service (Hoffman & Novak, 2015; Wunderlich, Wangenheim & Bitner, 2013). By illuminating the digital path-to-purchase, Willems et al. (2017) depict three types of consumer value that in-store technologies can generate: cost and effort reduction (convenience, money savings), functional and utilitarian benefits (product information and comparison, personalisation, customisation) or hedonic and symbolic benefits (inspiration, education, fun, aesthetics and social value). Therefore, retailers increasingly recognise the importance and advantages of smart retailing technologies (Bäckström & Johansson, 2017; Pantano, 2014). Nevertheless, so far, they rather focus on the functional and utilitarian benefits of technology and thus do not exploit its recreational potential yet (Willems et al. 2017). The mere implementation of in-store technology is not sufficient; retailers must carefully modify their business processes and activities in order to reveal its beneficial value, for the customer and the retailer (Foroudi et al. 2018). These facts come along with the readiness status of consumers which is the ability to deal with the non-human interfaces (Larivière et al. 2017). There is a need to guide consumers to a more comprehensive usage (Verleye, 2015) and enhance customer experience by means of technology implementation. However, as millennials are characterised as tech-savvy (Hall & Towers, 2017), they might possess a higher readiness status than previous generations. As there are different levels of readiness between customer segments (Foroudi et al. 2018), the implementation of smart retail technologies needs to be balanced and supported by educational service personnel (Larivière et al. 2017). Larivière et al. (2017) point out the transformed role of staff. They define four

new functions that employees may take on: enabler, innovator, coordinator and differentiator. As the name suggests, the enabler supports the customer in using in-store technology and thus ensures a positive service outcome and increases customers' acceptance (Larivière et al. 2017). Furthermore, the innovator makes use of the non-replaceable human abilities and discovers potential for service improvement and innovation by observing and anticipating the invisible customer needs in-store (Lages & Piercy, 2012; Larivière et al. 2017; Ye, Marinova & Singh, 2012). Besides that, employees can become coordinators when being part of a rather complex service encounter and thus ensure that multiple actors are managed in order to create a positive service outcome for the customer (Ostrom, Parasuraman, Bowen, Patrício & Voss, 2015). Moreover, as technology is easy to copy, employees can turn into differentiators that carry unique elements of the customer experience (Bolton, Gustafsson, McColl-Kennedy, Sirianni & Tse, 2014). Therefore, it is not that personnel will disappear, they argue, but that personnel's tasks will change, focusing on human-abilities such as empathy and unique interpersonal interaction. Technology can even augment these capabilities (Larivière et al. 2017). Notwithstanding, technology cannot only be used to increase competencies and efficiency, but also to directly increase customer experience (Bäckström & Johansson, 2017). This relates rather to hedonic and symbolic benefits of smart retailing technologies. As a rollout of in-store technology requires financial investment (Pantano & Timmermans, 2014), the right balance between tech and touch needs to be found. For our research, we want to understand motives and expectations of millennials to be able to derive insights for a balanced use of tech and touch, among others.

2.3.4 Role of Emotions in Customer Experience

Referring to the store environment and the retailer's activities, the retailer sets out clues to create customer experience which are either more rational or more emotional (Berry, Carbone & Haeckel, 2002). Rational clues refer to functionality and utility by appealing to the logic control system in the customer's mind (Berry, Carbone & Haeckel, 2002), whereas emotional clues relate to sensory and environmental (Berry, Carbone & Haeckel, 2002) as well as hedonic and symbolic aspects (Hirschman & Holbrook, 1982). According to Berry, Carbone and Haeckel (2002), a balanced blend of rational and emotional clues is best for achieving a competitive advantage. Nevertheless, they also argue that emotional ties between the customer and the retailer are difficult to separate and thus to enhance a competitive edge. In particular, providing an engaging and appealing environment, emotional relationships can be formed and developed which in turn lead to reinforced store and retailer loyalty (Pullman & Gross, 2004).

Being subject to a wide number of retail studies, the determining role of emotions in consumer behaviour is emphasised (e.g. Donovan & Rossiter, 1982; Kotler, 1973; Machleit & Mantel, 2001). "What people remember about shopping experience is determined by the mood, feelings and intensity of emotions created in particular moments while shopping." (Sachdeva & Goel, 2015, p.290). As mentioned before, customer experience can create memorable and unique events which are mainly created through emotional stimuli (Pine & Gilmore, 1998). Besides that, Andreu et al. (2006) found that emotional response to retailers' clues enhances repatronage and extended stays in store. Even though retailers also argue for

the relevance of rationality when creating in-store experience (Bäckström & Johansson, 2017), we rather regard rational aspects as a hygiene factor that is not negligible. However, due to its reinforcing and beneficial influence on the customer-retailer relationship, we plead for the emotional aspect as a key factor for in-store customer experience. This is even underpinned by the fact that decision making in retail goes beyond utilitarian grounds today (Arnold, Reynolds, Ponder & Lueg, 2005) and shopping becomes a matter of recreation. Thus, the retailers' ability to appeal to customers' emotions and feeling is crucial more than ever (Danziger, 2006 cited in Sachdeva & Goel, 2015).

2.3.5 Customer Engagement as a Way to Enhance Customer Experience

As highlighted before, customer experience is created through interaction and depicts a product of co-creation. Referring to Lemon and Verhoef (2016), customer engagement is one of the fundamentals of customer experience. Therefore, we will illustrate the principles of customer engagement which contribute to the whole experience in order to strengthen the retailers' brand perception and to increase footfall.

Over the past decade the term customer engagement has been explored by different researchers in marketing (Bowden, 2009; Van Doorn, Lemon, Mittal, Nass, Pick, Pirner & Verhoef, 2010; Brodie, Hollebeek, Juric & Ilic, 2011; Hollebeek, 2011; Vivek, Beatty & Morgan, 2012; Kumar & Pansari, 2016). While there are different terminologies used to describe this emerging field of research ranging from customer engagement over customer brand engagement to customer engagement behaviour, first and foremost, the overall concept encompasses the interaction between a customer and any other party (e.g. company, brand, other customer) at any stage of the customer journey (Lemon & Verhoef, 2016; Mollen & Wilson, 2010; Van Doorn et al. 2010). Therefore, customer engagement builds customer touch points which then can result in customer experience (Lemon & Verhoef, 2016). Similar to customer experience, customer engagement goes beyond the mere transaction activity and is motivation driven (Van Doorn et al. 2010). Some researchers even describe customer engagement as a motivational state (Kumar & Pansari, 2016; Lemon & Verhoef, 2016). That is why its intensity depends on the level of behaviour, attitude and connectedness between the customer and retailer (Kumar & Pansari, 2016).

Hollebeek (2011) conceptualises the customer-brand relationship as a product of customer engagement. According to her, positive involvement can lead to engagement in terms of cognitive, behavioural and emotional activities which in turn impacts the quality of the relationship between customer and retailer. On the one hand, again, this fosters the engagement behaviour; on the other hand, it can result in increased loyalty towards the retailer and its brand (Hollebeek, 2011). Putting this into practice, Kumar (2013) argues for engaging customers by stimulating customer referrals, evoking customer feedback on offerings and involving customers in the retailer's social media presence (Kumar, 2013). Furthermore, Hollebeek's (2011) concept reveals the beneficial aspects of positive customer engagement (Neff, 2007; Voyles, 2007) as part of customer experience. Thus, retailers operating in today's challenging environment need to encourage customers to engage with their brand other than during the mere transaction (Kumar & Pansari, 2016). Even if initial

investments in designing an engaging store environment are required, it will result in potentially profitable outcomes in the long term (Verhoef, Reinartz & Krafft, 2010).

2.3.6 From Selling Point to Experience Point

The presented theoretical framework comprising in-store customer experience revealed the relevance of customer experience in today's retail world. Customers are becoming more demanding which is why the mere satisfaction is not enough anymore but a unique and memorable experience is needed (Arnold et al. 2005). Especially physical retail needs to make use of its advantages such as feel and touch and immediate possession. Thereby the relationship between the customer and the retailer can be strengthened and brand loyalty and customer equity can be enhanced. It is about advancing the emotional side of the store (Arnold et al. 2005). As brand loyalty is decreasing among the millennial generation (Smith, 2011; Parment, 2013) and keeping customers will be crucial for retailers' future (Grewal, Levy & Kumar, 2009), the mere transaction drops off the radar and the shopping experience moves to the foreground (Pine & Gilmore, 1998). This requires rethinking existing principles of the physical store today (Agnihotri, 2015; Bell, Gallino & Moreno, 2014). Retailers sharpen and need to sharpen their awareness for in-store experience as a differentiating factor in the retail landscape (Arnold et al. 2005). It is even a tendency towards entertaining the customer (Arnold & Reynold, 2003). Based on this we identify a development from selling point to experience point - a place where unique customer experience is created and customers are delighted. Ideally this is a point where values are exchanged leading to a positive outcome for both sides, the customer and the retailer.

Based on this theoretical framework we are able to answer our first sub-question: **What are the aspects that need to be taken into account when creating customer experience?** The closer look on in-store customer experience enabled us to identify key aspects which impact the experience itself, namely tech and touch, customer engagement and emotions. By finding the right balance between **tech and touch**, the retailer can increase the in-store experience. Moreover, by facilitating interaction with the staff, the product and the brand overall, **engagement** can also lead to a more positive customer experience which is co-created by the customer and the retailer. Furthermore, by combining the aspects atmosphere, design and senses in an attractive way, the retailer can appeal to the **customer's emotions** and hereby enhance the in-store experience, too. Therefore, as illustrated in Figure 6, we highlight these three factors as levers to enhance customer experience. Considering the future store as an experience point, we aim to understand millennials' motivations and the resulting expectations in order to create such an appealing place. In addition, we want to gain insights on how these dimensions are related to the millennials' motivations to shop offline.

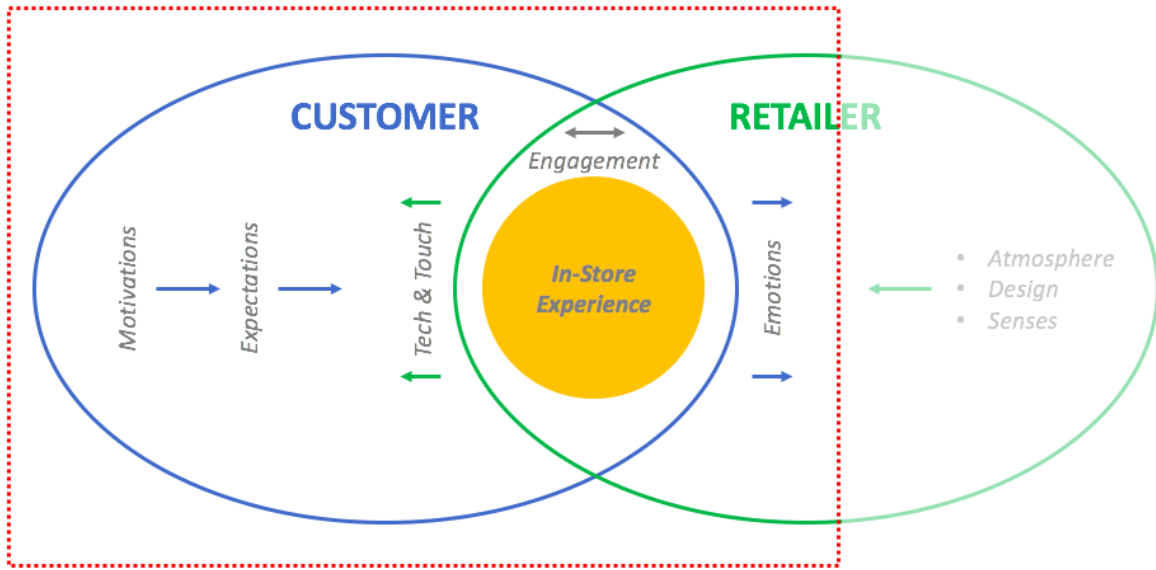


Figure 6: Relationship Between Motivations, Expectations and the Three Identified Dimensions of In-Store Customer Experience (Own Illustration)

3 Methodology

In this section, we reflect upon the methodological approach and design that supported the purpose of our thesis within the chosen context of Tchibo. Subsequently, we describe the collection of our empirical material in detail. Then, the method of analysis of the collected material is explained, followed by a critical discussion of the quality of our overall research.

3.1 Research Approach

Based on our theoretical framework, we highlighted the importance of in-store customer experience when aiming to create an interesting and relevant appearance as well as a sustainable retailer-customer relationship. Even though customer experience is a topic which arose twenty years ago (Pine & Gilmore, 1998), due to today's changes in the retail environment, its meaning elevates to a new level. Driven by the necessity to exploit customer experience and adapt it to the demands of the next generation (e.g. Grewal, Levy & Kumar, 2009; Lemon & Verhoef, 2016; Sullivan & Heitmeyer, 2008), we carried the ambition to explore and understand millennials' motivations and expectations in regards of offline shopping. Therefore, considering that customer experience is co-created by the interaction between customer and retailer, it is rather **socially constructed** and differs from customer to customer (Easterby-Smith, Thorpe & Jackson, 2015). "What counts for the truth can vary from place to place and from time to time" (Collins, 1983, p.88). In more detail, the same elements of in-store customer experience provided by the retailer to enhance customer experience can evoke different experiences on the customer side (Pine & Gilmore, 1998). Thus, inspired by the ontology of **relativism**, we assumed that there are many truths rather than a single one regarding the phenomenon of customer experience (Easterby-Smith, Thorpe & Jackson, 2015). Furthermore, acknowledging that "different observers may have different viewpoints" (Easterby-Smith, Thorpe & Jackson, 2015, p.132), we aimed to explore different customer experiences from a cross-section of the millennial generation which enabled us to gain an understanding of the motivations and expectations of this generation from multiple perspectives. Thereby, our philosophical stance was of interpretative nature where we had to see things in its own context. So far, there exists no particular research on the relationship between motivations and expectations of millennials to shop offline and in-store customer experience. Therefore, we posed the question: what drives millennials into physical stores and what are the barriers?

In addition, considering customer experience as an imperative for retailers to regain relevance, we were eager to gather in-depth knowledge on how the three identified aspects, namely tech and touch, emotions and engagement, were perceived by the millennial generation. Beyond that, we wanted to specifically comprehend why millennials see the stores of traditional retailers, such as Tchibo, as less relevant and thus reveal what changes are required in relation to in-store customer experience. As previously mentioned, motivations and expectations are inherent in the customer's mind (Puccinelli et al. 2009). Also, they can vary depending on the customer's current context. Hence, it required us to take the

millennials' personal context into account when aiming for understanding. Rich and thick descriptions of millennials' shopping behaviour and in-store experience allowed us to discover and disclose their drivers and perceptions of offline shopping (Geertz, 1973; Miles & Huberman, 1994). A **qualitative** approach enabled us to collect rich and well-grounded empirical material in order to explore their individual and situational contexts (Hammersley, 2013; Miles & Huberman, 1994; Stake, 2010). Moreover, it gave us space to flexibly and abductively reveal in-depth insights of the millennial generation (Hammersley, 2013; Miles & Huberman, 1994). In particular, an **abductive** approach made it possible for us to deductively derive a conceptual research model from theory and to combine it with proposition development inductively emerging from our empirical material (Patton, 2002).

Context of Our Study

Tchibo embraces several facets of a traditional retailer, such as its family roots, its multichannel approach, an overall nationwide presence of offline stores, a unique business concept and high expertise in logistics (Tchibo, 2018). Thus, we chose to frame our research by relating to Tchibo as a paradigmatic retailer which is faced with the challenges described in Section 1. This gave us the opportunity to gain a comprehensive understanding of Tchibo's struggling situation and explore the issues that led to the loss of relevance. In more detail, it enabled us to gather an in-depth understanding of the underlying issue which established companies currently face in the changing retail landscape. As Tchibo is a German retailer, this research focused on the German market. Even though we are aware of Tchibo's shop-in-shop presence in grocery stores, in regards to our research, we excluded grocery stores as these are particularly different from Tchibo's overall business concept and own stores. Moreover, having argued for the relevance of future customers, we framed our research by focusing particularly on the emerging millennial generation born between 1980 and 1997. Based on its characteristics highlighted in Section 1, this generation differs from previous ones and thus requires retailers to adapt as it becomes the generation with the largest purchasing power of today (Goldman Sachs, 2018).

Conceptual Research Model

Considering the fact that the customer moderates in-store customer experience (Verhoef et al. 2009) through motivations and expectations, this research explored the customer side. Therefore, we aimed to understand how to tailor in-store customer experience that attracts millennials to offline stores. Hence, it was our purpose to discover the customer perspective in order to derive implications for the retailer perspective. Referring to the relationship between motivations, expectations and the three identified aspects of in-store customer experience, we derived a conceptual research model (see Figure 7). This model depicts the main aspects that were examined and guided us through our empirical research (Miles & Huberman, 1994). Especially, as we were two researchers, it enabled us to ensure that we studied the same 'thing' (Miles & Huberman, 1994).

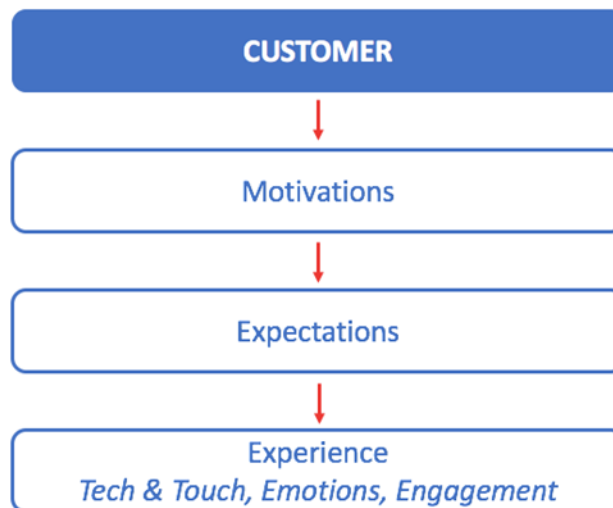


Figure 7: Conceptual Research Model - Customer's Motivations, Expectations and Their Influence on Experience (Own Illustration)

Moreover, as stated before, we also wanted to understand the particular instance of Tchibo in order to ascertain why this type of retailer is losing relevance and discover how to use customer experience as a countermeasure. This is why we extended our conceptual research model. It allowed us to compare the last shopping experience with the experience at Tchibo (see Figure 8), by using Tchibo as a mutual retailer. Due to Tchibo's loss of relevance, we could not assume that millennials are motivated to shop at Tchibo. That is why we were rather interested in the **brand perception, experience, relationship** and **perceived future challenges of Tchibo** to better understand the current issues. In particular, gaining insights about the brand perception as well as the relationship enabled us to understand millennials' overall motivations to shop or not to shop at Tchibo. Furthermore, insights about their last Tchibo visit allowed for exploration of their in-store experience and the resulting expectations. In addition, asking for current issues and future challenges Tchibo might face could help us discover reasons why Tchibo is perceived as less relevant. Comparing these two experiences, we aimed to identify the gap between a more relevant and a less relevant retailer and thus to explore how an experience point needs to look like in order to attract the millennial generation.

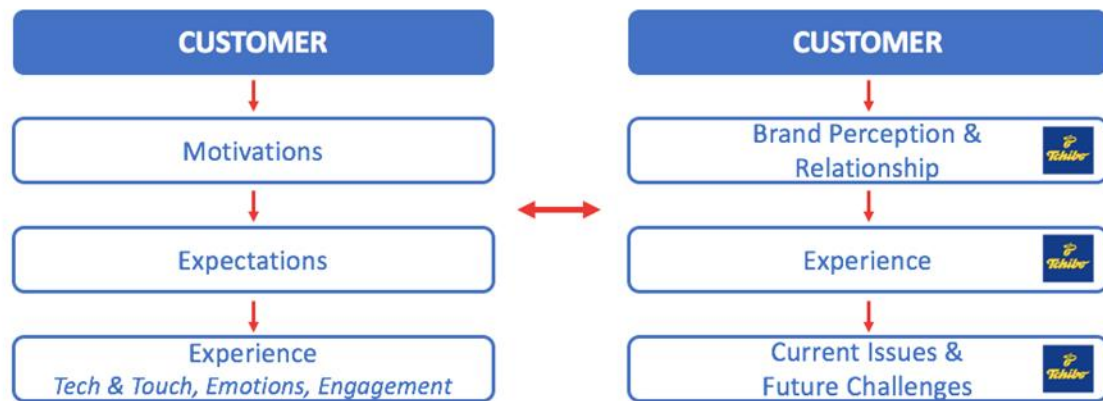


Figure 8: Extended Conceptual Research Model - Comparison Between Last Store Visit and Tchibo Experience (Own Illustration)

Overall, this extended conceptual research model (depicted in Figure 8) covered the main research question ‘**How can in-store customer experience be used to create an experience point and thus attract millennials to physical retail stores?**’, and framed the empirical domain which was explored.

3.2 Research Design

Stemming from our qualitative perspective that made it possible to gain in-depth knowledge and understand the motivations and expectations of the millennials, we considered different qualitative methods for empirical material collection. Within qualitative research, the process of collecting empirical material requires us to be involved in the process and thus the gathered information is of interactive as well as interpretative nature (Easterby-Smith, Thorpe & Jackson, 2015). Therefore, we acknowledge that the empirical material was co-created with the particular participant (Easterby-Smith, Thorpe & Jackson, 2015).

For the purpose of our study, we wanted to thoroughly understand each participant’s personal motivations and expectations in-depth which required us to focus on each participant individually. Within focus groups, participants are likely to be influenced by one another and by the moderator (Carson, Gilmore, Perry & Gronhaug, 2001). Thus, the quality of the information might be affected as participants might not feel comfortable enough to speak freely about their inner motivations that drive them to shop offline (Carson et al. 2001). Furthermore, participant observation does not offer the opportunity to directly communicate with the participant and often includes the researcher’s own reference frame (Easterby-Smith, Thorpe & Jackson, 2015). Even though observing the in-store shopping behaviour of customers can be a first step to find answers to our research questions, a follow-up interview with the observed participants depicts a difficult situation to be arranged as they probably did not plan to have an interview after their shopping trip. Moreover, if we had followed such a mixed method approach, we would have neglected ethical concerns. This is due to the fact that we would have been unable to inform participants that they were going to be observed

before shopping as this would have very likely influenced their shopping behaviour as well as their awareness for certain elements within the store (Easterby-Smith, Thorpe & Jackson, 2015).

As **qualitative interviews** offer the advantage of obtaining unique information from a number of participants that is impossible to observe (Stake, 2010), we considered these as most fruitful in regards to our research purpose. Furthermore, conducting **semi-structured** interviews allowed us to follow a more open, flexible interview approach than structured interviews and evoked unstandardised answers that tend to be more personal and contextual (Easterby-Smith, Thorpe & Jackson, 2015). Notwithstanding, we kept in mind that an interview is a complex social phenomenon which is influenced by several elements, such as the social environment where the interview takes place, the interviewee itself and the conversation that can be interpreted differently (Alvesson, 2003). Being aware of this complexity, we planned to set up the interviews in calm environments and at times that suited the interviewees well in order to avoid a stressful situation. As we are part of the millennial generation ourselves, we assumed an overall lower possibility of misinterpreting the conversation. Thus, by being able to relate, we had the opportunity to ask specific follow-up questions in regards to the interviewee's body language or facial expressions (Easterby-Smith, Thorpe & Jackson, 2015). Nevertheless, we aimed to treat the interview situations carefully in order to prevent influencing the interviewees in our favour (Kvale, 1992) and therefore, we tried to ask open questions without guiding the interviewee into a specific direction (Easterby-Smith, Thorpe & Jackson, 2015). Moreover, we planned to record the interviews which enabled us to re-listen to the collected empirical material later on in a different context and thus, to view it from a different angle (Alvesson, 2003). Due to the explorative approach of our research, we welcomed the explorative nature of semi-structured interviews and did not consider it as a disadvantage that interviews are rather subjective and not generalisable (Kvale, 1992), as we aimed to gain an understanding but not to discover a certain truth. Therefore, qualitative interviews as a research method allowed us to gain new insights to the meaning and interpretation of millennials' motivations and expectations towards offline shopping through exploration (Easterby-Smith, Thorpe & Jackson, 2015).

Sampling Strategy

To recruit participants for the semi-structured interviews, we considered different sampling strategies to find the most suitable one for our research purpose. Since our aim was to find out motivations and expectations of millennials in regards to offline shopping and their current perceptions about Tchibo, our scope of possible research participants was already limited. Thus, these pre-defined criteria automatically lead us to a non-probability sampling approach (Easterby-Smith, Thorpe & Jackson, 2015). Purposive sampling allowed us to make decisions beforehand about which participants to include by assessing who would probably be valuable to our study (Miles & Huberman, 1994). Recruitment criteria for the chosen participants were that the sample should consist of male and female participants who have the German nationality and were born between the year 1980 and 1997 (millennial generation). For greater representativeness of the study we wanted to include both genders in our research. Additionally, we planned to interview not only participants living in urban areas but also in

the suburbs to cover a greater range. Lastly, it was required that the participants are familiar with the brand Tchibo. With these selected criteria, we tried to increase the variety of the responses because including different personalities can enhance the richness of the empirical material (Stake, 2010).

Furthermore, we were interested in a smaller sample rather than a larger one as we did not want to superficially measure or quantify the motivations and expectations (Hammersley, 2013). In more detail, within the scope of our possibilities, a smaller sample allowed us to deep-dive into the nature of millennials' shopping motivations, expectations and perceptions. Therefore, due to the complexity of semi-structured interviews and the related risk of unmanageable information, we aimed for fifteen participants (Miles & Huberman, 1994) and drew up a sampling frame. This was a list of potential participants from our private network whom we considered to make a valuable contribution to our research without specifically excluding certain types of characters to avoid bias (Easterby-Smith, Thorpe & Jackson, 2015). Participants were selected through convenience interview sampling and personally contacted through social media (Easterby-Smith, Thorpe & Jackson, 2015). Due to the fact that we are part of the millennial generation this sampling method was deemed appropriate because of its convenience.

3.3 Collection of Empirical Material

Based on the aforementioned chosen qualitative research approach, specifically, the execution of in-depth semi-structured interviews, we conducted a pre-study and then established a topic guide in accordance with the existing literature presented in Section 2. Following this, the interviews were conducted.

Pre-Study

In order to familiarise ourselves with the particular context of Tchibo, we first explored its web as well as social media presence to gain an overall understanding of Tchibo's business concept and value proposition (see Section 1.1). Following this, we executed a small pre-study that allowed us to gain an insight into Tchibo's current store concepts in Germany. On March 29, 2018, we thus visited eight stores throughout Hamburg, Germany. We took pictures and made notes on our phones about the store design, products, customers, atmosphere, personnel as well as the overall impression we got of the in-store experience. When taking notes, we did not consider any grammar rules. This pre-study allowed us to understand and discuss the Tchibo in-store experience first hand. This enabled us to formulate relevant interview questions for our interview guide for the semi-structured interviews. Moreover, through this pre-study we were able to relate to the interviewee's answers which allowed asking important follow-up questions in regards to Tchibo.

Interview Topic Guide

We created the topic guide with selected topics based on the previously presented theoretical framework to find out the underlying motivations of offline shopping and subsequent barriers

of online shopping as well as the current perception of the company Tchibo (see Appendix B). As suggested by Easterby-Smith, Thorpe and Jackson (2015) the topic guide was loosely divided into three parts: opening, main part and closing, without a set time frame. The topic guide was designed as an open conversation with several elements we considered important to cover along the way but in no predefined order to allow for open-ended answers (Easterby-Smith, Thorpe & Jackson, 2015). The first part of the interview focused on gaining insights into millennials' offline shopping behaviour. Therefore, the first topic was to describe the last offline shopping trip in order to understand the context of the shopping situation. Also, we wanted to gain insights into the aspects of in-store experience that were most remarkable, thus, letting the interviewees speak freely allowed us to identify what was most important to them by means of their ability to recall these aspects without support. Moreover, we had a number of aspects that needed to be covered throughout the interview. These were related to motivations, expectations and in-store experience, in particular tech and touch, emotions and engagement. The emotional aspect was also related to the store design, atmosphere and senses, while the engagement aspects aimed to understand how the interviewees interacted with stores personnel, other customers, the environment and mobile devices. In addition, we included questions about online shopping in general. This was supposed to enable us to discover current barriers and disadvantages to visit physical stores. The second part of the interview was related to Tchibo. In line with our extended conceptual research model (see Figure 8) we first wanted to know what came to their mind when thinking of Tchibo in order to shed light on their current brand perception. This was followed by questions in regards to their store experience, their relationship with Tchibo and the current issues and future challenges they see for Tchibo. In particular, the last question about Tchibo allowed us to explicitly discover why Tchibo is losing relevance as often one rather knows what one does not like instead of what one wishes for.

Sample

Based on our target sample size of fifteen, we decided to conduct as many interviews as possible within a time frame of two weeks until saturation was found and we were able to answer our research question (Easterby-Smith, Thorpe & Jackson, 2015). While we were conducting the interviews and collecting the empirical material between April 18 and April 29, 2018, we realised that we had already gathered rich empirical material and a variety of answers with a sample size of twelve participants, three male and nine female. These interviewees also showed different educational backgrounds which increased the variety. Thus, we decided not to conduct any further interviews because additional interviews would not have provided any particularly new insights but would have rather made the empirical material unmanageable.

Execution of the Interviews

Before the interviews were conducted we pre-tested the topic guide with a voluntary interviewee who met all required criteria in order to get an idea of the approximate length of the interview and to verify that the method allowed gaining valuable insights in regards to the research question. On the one hand, this helped us to identify misunderstandings and misleading questions. On the other hand, we were able to practice our interviewing skills and

discovered a suitable way to pose questions. Therefore, after the test-run, we slightly adapted the structure of topics and reduced the questions about online shopping as this was found to generate too many insights that were less relevant to the purpose of our study.

During the collection of the empirical material, we made note of all information about the interviews in an interview schedule (see Appendix C). This allowed us to stay on top of the process in terms of the number of interviews that had already been conducted, the specific interviewee and his/her gender, nationality, year of birth, profession or educational background, the date, time and length of the interview and the responsible interviewer. This schedule was adapted and changed whenever necessary.

We each conducted six interviews, within two weeks, either face-to-face in Lund, Sweden, and Hamburg, Germany, or via Skype. Holding the interviews in German allowed the interviewees to express themselves easily and thus eased the interview situation. Furthermore, for the interviews that were executed face-to-face we chose a familiar environment which enabled the interview situation to be relaxed and not too formal. The interviewee could thus talk freely without feeling pressurised. Due to time constraints and convenience for some of the interviewees, we offered the possibility to Skype instead of meeting in person. The Skype interviews were conducted at home in a quiet and distraction free environment. Since remote interviews can be subject to certain limitations we used video calls in order to directly see the interviewee and respond to facial expressions (Easterby-Smith, Thorpe & Jackson, 2015). All interviews were recorded in order to be able to focus on the one-on-one conversation with the interviewee (Easterby-Smith, Thorpe & Jackson, 2015). Also, the recording allowed for an unbiased record and the transcription of the interview afterwards (Easterby-Smith, Thorpe & Jackson, 2015). The interviews lasted for 30 minutes on average.

To start with, the particular interviewer introduced the general idea of the interview and asked for the consent to the recording and the anonymisation of the interview (Easterby-Smith, Thorpe & Jackson, 2015). Starting with a broader question, the interviewees were able to smoothly get used to the situation and thus able to behave more naturally. Following this, we asked follow-up questions, whereby the interviewee was encouraged to think about the reasons behind his/her shopping behaviour. By also looking for the ‘why’ behind the actions we wanted to understand the interviewee’s personal values and aimed to gather a more in-depth insight into specific examples. Hence, we applied a so called ‘laddering’ technique (Easterby-Smith, Thorpe & Jackson, 2015). Our goal was to find out detailed information about how the interviewee acted and felt and how he/she perceived the overall offline shopping experience. After that, we specifically thematised Tchibo to understand how the interviewee currently perceives the company, the brand and its stores. At the end of the interview we thanked the interviewee for his/her time and made sure he/she felt appreciated.

3.4 Analysis of Empirical Material

The following section aims to give a clear explanation of how we analysed the collected empirical material and how we deduced meaningful and conclusive findings (Easterby-Smith,

Thorpe & Jackson, 2015). Considering the underlying assumption that the way we analysed the material influenced our understanding of it (Easterby-Smith, Thorpe & Jackson, 2015), we decided to perform an in-depth analysis by means of first analysing each interview on its own followed by a cross-analysis of all twelve interviews (Miles & Huberman, 1994). Thereby, we could first deep dive into each individual interview and identify the personal motivations and expectations of each interviewee as well as his/her individual experience with Tchibo (Eisenhardt, 1989; Miles & Huberman, 1994). Following this, a cross-analysis enabled us to identify, compare and understand emerging patterns and raise these to a more abstract level (Eisenhardt, 1989; Miles & Huberman, 1994). The cross-analysis was separated between the input coming from the first part of the interview, shopping in a personally chosen offline store during the last shopping trip, and the second part of the interview, shopping at Tchibo. This way, we were able to figure out if there was a gap between shopping at a preferred and relevant store versus shopping at a less relevant store. While still conducting interviews, we started transcribing and began analysing each interview individually in order to be able to integrate new emerging aspects into the remaining interviews (Miles & Huberman, 1994). Besides that, we worked closely together and exchanged first information about the interviews that had been conducted already, to ensure that both researchers were close to the empirical material (Miles & Huberman, 1994). Furthermore, during the whole process memoing was applied. This allowed pinning down ideas which occurred during the analysis process (Miles & Huberman, 1994). The memos were discussed and regarded before the cross-analysis to check for first propositions.

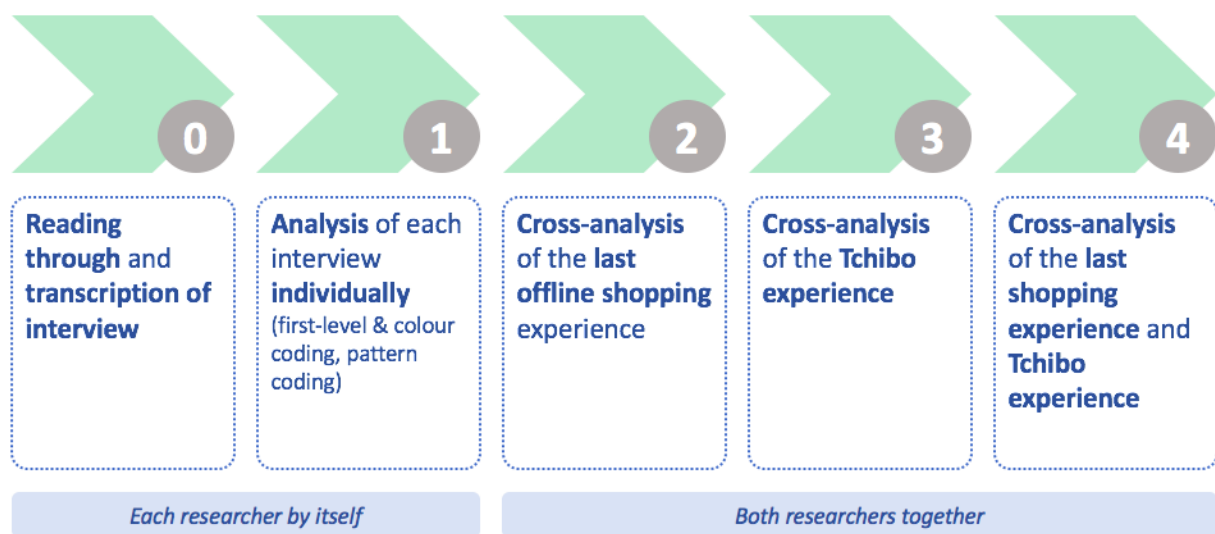


Figure 9: Analysis Process (Adapted from Miles & Huberman, 1994; Own Illustration)

Analysis of Each Interview Individually

The individual analysis of each interview helped us to increase familiarity with the empirical material and thus to cope with the great amount of it (Eisenhardt, 1989). Already the process of transcribing each interview into text enabled us to get a better understanding of what the empirical material was comprised of (see step 0 in Figure 9). In regards to our research question and conceptual research model, we started first-level and colour coding in order to first, describe and second, explain each interview individually (Miles & Huberman, 1994). Therefore, we created a provisional start list of codes, descriptive rather than interpretively,

which were derived from the provided theoretical framework and the conceptual research model (Miles & Huberman, 1994; Stake, 2010). As “there is more going on out there than our initial frame have dreamed of” (Miles & Huberman, 1994, p.61) we aimed for not only applying theory but in particular for generating new insights. Thus, the list was open to be amended (Stake, 2010). Furthermore, the list contained an explanation of each code to ensure that we both had the same understanding of each code (see Table 1). When one of us added a code, the other one was informed immediately to guarantee consistency.

Table 1: Overview of First-Level Codes and Colour Codes (Adapted from Miles & Huberman, 1994)

Code	Name & Meaning
HED	Hints for hedonic reasons to shop
UTI	Hints for utilitarian reasons to shop
SOC	Social aspects
FEPOS	Expressions of positive feelings and emotions
FENEG	Expressions of negative feelings and emotions
DES	Description of store design
ATMO	Description of store atmosphere
TEC	Description of technological aspects
INTA	Interactions that took place
TOU	Description of sales personnel’s aspects
EXP	Expectations that were mentioned
DISFA	Disruptive factors while shopping offline
SENS	Sensory aspects while shopping offline
<i>To be extended/ amended</i>	
MEM	Memory of past experience
ACT	Actions that were taken while shopping
ONLI	Aspects of online shopping
SUS	Sustainability & transparency

Describing and exploring the interviewees’ shopping experiences enabled us to discover ‘what is going on’ (Miles & Huberman, 1994) and to derive meaningful themes (Bernard, 1988). Afterwards, we aimed to explain ‘why things are going on’ (Miles & Huberman, 1994)

by rechecking codes and assigning these to the elements of our conceptual research model (Bernard, 1988). Each interview was coded individually by each of us. Therefore, we increased credibility and clarity by checking each other's interpretation of codes (Miles & Huberman, 1994). Moreover, first patterns also arose (Eisenhardt, 1989) due to the fact that pattern coding was applied afterwards where more inferential and explanatory codes were used (Miles & Huberman, 1994). It allowed for grouping the findings of first-level coding and thus was referred to as a type of meta-coding (Miles & Huberman, 1994). This was particularly guided by the main elements of our extended conceptual research model and helped us to understand how motivations, expectations and experience were related to each other. This was groundwork for the subsequent cross-analysis (Miles & Huberman, 1994). We finished the individual analysis of each interview by writing-up summaries for each interview and thus bringing together our first findings (Eisenhardt, 1989; Miles & Huberman, 1994). Referring to the 'ladder of analytical abstraction' by Carney (1990 cited in Miles & Huberman, 1994) the first steps were summarised as reduction and bundling of the empirical material (see step 1 in Figure 9).

Cross-Analysis

Having gained familiarity with and in-depth insights into every single interview, we started comparing the interviews for similarities and differences but also to group the findings (Eisenhardt, 1989) along the dimensions of our extended conceptual research model, namely motivations, expectations, tech and touch, emotions and engagement as well as brand perception, experience, relationship, and issues and future challenges in regards to Tchibo (see Figure 8). Moreover, the written memos were considered as propositions to be pursued. The aim was to discover more generic patterns and elevate the findings to a more abstract level (Eisenhardt, 1989; Miles & Huberman, 1994). Again, we followed the structure from Miles and Huberman (1994) to first 'describe and explore' and subsequently 'order and explain' as this ensured not jumping to conclusions imprudently. Therefore, based on our interview summaries we first created a meta-matrix which displayed the most relevant outcomes of each interview and thus provided a good descriptive overview (Miles & Huberman, 1994). It enabled us to check whether findings within the interviews also made sense across the interviews (Miles & Huberman, 1994) and to discover relationships between them (Carney, 1990 cited in Miles & Huberman, 1994). Following this, the dimensions of the matrix, related to the dimensions of our extended conceptual research model, were investigated in more detail and segmented into more-detailed types. Here, we considered this step as repackaging and aggregating the empirical material in regards to Carney (1990 cited in Miles & Huberman, 1994).

As mentioned before, we started by focussing on the first part of the interviews, the last offline store experience (see step 2 in Figure 9). Afterwards we analysed the second part of the interviews about Tchibo (see step 3 in Figure 9). Finally, we compared the results of the first and second part to examine similarities and differences and to identify what is needed to create an experience point that attracts millennials (see step 4 in Figure 9) in accordance with our extended conceptual research model (Figure 8). Rechecking our identified patterns, themes and clusters and thus underpinning our propositions that emerged from the individual

analysis as well as the cross-analysis, we generated meaning and drew conclusions. Hence, we climbed the third level of the ‘ladder of analytical abstraction’ (Carney, 1990 cited in Miles & Huberman).

3.5 Quality of Our Research

Easterby-Smith, Thorpe and Jackson (2015) argue that “the quality of qualitative research ultimately depends on how researchers approach their research [...]” (Easterby-Smith, Thorpe & Jackson, 2015, p.554). To the best of our abilities, we wanted to ensure the best possible degree of quality in our research to increase relevance to our audience (Miles & Huberman, 1994; Tracy, 2010). There is a variety of criteria, checklists and guidelines addressing the assurance of quality in qualitative research (Flick, 2011; Tracy, 2010). These originally arose from a quantitative perspective which is why criteria such as validity, reliability, objectivity as well as generalisability can be found within literature (Easterby-Smith, Thorpe & Jackson, 2015; Flick, 2011). However, considering the nature of qualitative research, authenticity, plausibility and criticality, for instance, depict criteria that better fit the purpose (e.g. Easterby-Smith, Thorpe & Jackson, 2015). In particular, as we as researchers inevitably influence the research, the imperative of transparency becomes apparent (Easterby-Smith, Thorpe & Jackson, 2015; Miles & Huberman, 1994). Due to the fact that qualitative research embraces a variety of diversifying methods, there is controversy whether universal criteria or rather specific criteria are needed to ensure quality (Flick, 2011; Guba & Lincoln, 2005; Tracy, 2010). Having based our analysis to a large extent on Miles and Huberman’s (1994) multi-analysis approach, which emerged from the roots of grounded theory, we rather relate our research to the latter domain. Charmaz (2006) states four criteria explicitly for evaluating the quality of grounded theory studies, namely credibility, originality, resonance and usefulness. Notwithstanding, Tracy (2010) introduces a rather universal conceptualisation of eight criteria which not only comprises the aforementioned criteria by Charmaz (2006) but provides four more criteria. Tracy’s (2010) conceptualisation allows assessing the quality of qualitative studies without neglecting the individuality of the specific areas within qualitative research. That is why we consider these criteria to evaluate the quality of our research in the following:

Worthy Topic

Considering the changing retail environment and the emergence of the millennial generation as future customers, our research question was embedded in a highly relevant context and puts its fingers on the pulse of time. Even though customer experience is not a novel topic, the transformative nature of digitalisation requires exploiting customer experience, helping the physical point of sales to shine in new gloss.

Rich Rigour

The conduct of twelve in-depth interviews enabled us to create rich description of millennials’ offline shopping behaviour and their perception of Tchibo. Especially, as we applied a laddering technique while interviewing, we generated in-depth insights. Our sample presented

a cross section of this specific generation and thus included a variety of manifestations. This heterogeneity enabled us to gain broad knowledge of different motivations and expectations. Having accurately transcribed each interview allowed us to perform careful analysis. Moreover, each transcribed interview was coded by both researchers which increased rigour of analysis. Finally, by describing our analytical procedure in detail, we aimed to provide transparency to the highest extent possible.

Sincerity

Acknowledging that our research abilities were just in its infancy, we further developed our skills to conduct interviews and code empirical material during our period of research. Furthermore, we admitted our relationship to the interviewees, however, we considered this as a benefit to increase the level of trust in the interview situation and let the interviewees speak more openly. The fact that we are part of the millennial generation enabled us to better comprehend the generated insights. Nevertheless, we tried to process and present our findings in a way that is understandable for other generations, too. Also, as the interviews were held in German, we translated the quotes to English in order to enable the reader to fully understand its meaning. However, as we are no native speakers this might have influenced the quality of the translations.

Credibility

Given the scope and resources of our research we conducted twelve interviews. Even though we did not perform triangulation but stuck to a single qualitative method, the number of interviews covered a wide spectrum amongst the millennial generation. Thus, it allowed searching for more abstract patterns and similarities, which were well-grounded in our empirical material. In addition, as the analysis was performed by both of us, our individual perspectives converge on the same findings and increase the credibility of these.

Resonance

Presenting and illustrating the nature and the different aspects of customer experience, in particular of in-store customer experience, provided the theoretical foundation for our research. Therefore, to the best of our abilities, we aimed to enable our audience to follow our chain of thoughts throughout the entire thesis. We tried to increase understanding by deriving a figure (see Figure 6) which depicts the three major aspects of in-store customer experience and by developing a conceptual research model (see Figure 7 and 8) emphasising our research approach. Furthermore, we briefly illustrated each interview individually in order to allow our audience to gain a similar level of knowledge. Afterwards, we presented the main findings along our conceptual research model to enhance clarity. Nevertheless, while analysing, we acknowledged the diversity within the millennial generation. Thus, additional research with an even broader approach may be needed to generalise our findings substantially. Apart from this, we framed our study by using Tchibo as an example which allowed for distinct and more specific research.

Significant Contribution

Discovering the motivations and expectations millennials have towards offline shopping, expanded existing theory. Also, this allowed deriving adjustments that are necessary to create meaningful in-store customer experience for this generation. Our findings indicated that physical stores need to change from a selling point to an experience point in order to stay relevant within the millennial generation. This development might be the key for retailers' long-term survival. However, further research is needed to test the suggested adjustments.

Ethics

All our interviewees contributed voluntarily to our research. Besides that, before starting the interview each interviewee was informed about the nature of the study. We asked them if they agree with the fact that the interviews are anonymously used for the purpose of this thesis. Moreover, we asked for approval before recording the interview. To the best of our abilities, we tried to be mindful, empathic, appreciative and carefully listened during the interviews.

Meaningful Coherence

From the introductory problematisation to the review on customer experience to our methodology and analysis, we aimed for coherence and transparency. Considering our findings, we found valuable answers to our research question and thus derived meaningful implications for retailers, particularly for Tchibo.

Taking the elaboration of these eight factors into consideration, we ascertain the degree of quality of our study as good. Nevertheless, acknowledging the subjectivity of qualitative research but also the relevance of this research topic, we welcome further research to elevate the level of quality even more.

4 Findings & Analysis

In order to identify motivations and expectations that drive the millennial generation to shop offline and better understand the customer perspective, we performed an extensive in-depth analysis. As the twelve interviews provided us with rich empirical material, we first discovered every interview for itself aiming to gain a better understanding of the particular shopping experience of each interviewee (Miles & Huberman, 1994). We approached these by first describing and second explaining the instances included in the interviews (Miles & Huberman, 1994). This comprised the experience of the last store visit and also with Tchibo which not only allowed for exploring the drivers to shop offline but also the context of these experiences. The findings of each interview are presented in more detail in the table in Appendix D, displaying the experience of the last shopping trip and encompassing the Tchibo experience. We clustered the findings along our extended conceptual research model which enabled us to compare these and to identify not only the visible but also the invisible aspects (Miles & Huberman, 1994). Thus, we were able to elevate the findings to a more abstract level (Miles & Huberman, 1994). We first present what we have found when looking at the general shopping experience of the interviewees, followed by the Tchibo experiences. This allowed us to discover the gap between a relevant and a less relevant retailer from the consumer side.

4.1 Shopping Experience of Last Store Visit

We asked our interviewees to describe their last offline shopping trip and what they had experienced in store. This enabled us to understand the context in which these shopping experiences were created. The described situations were about clothing and shoe shopping as well as about furniture shopping. The interviewees either went shopping alone or were accompanied by their friends or partner. Moreover, the shopping trips took place at different days of the week and times of the day and the interviewees were either time constraint or time independent. Furthermore, we discovered that the interviewees carried different emotional state of minds while shopping, such as feeling happy (I3-f25², I5-f24), feeling stressed or pressurised (I12-m30³, I11-f26), feeling overwhelmed (I10-f28), or feeling curious (I4-f22, I8-f26). We found that the context influenced the interviewees' in-store experience and that it was also related to the shopping motivations and expectations. Therefore, we kept this in mind when exploring the different aspects of our conceptual research model.

4.1.1 Motivations

When asking the interviewees 'why did you go shopping?', we were able to identify a variety of motivations that drove the interviewees to go on their last offline shopping trip. On the one hand, we found utilitarian motives, namely **fulfilling** a specific need or acquiring a specific product (e.g. I1-m31, I10-f28, I11-f26, I12-m30) and the chance to **save money** due to

² Explanation of anonymous interviewee identifier: I3-f25 = interviewee no. 3, female, 25 years old

³ Explanation of anonymous interviewee identifier: I12-m30 = interviewee no. 12, male, 30 years old

discounted offerings (I2-f25, I9-f22). On the other hand, we discovered several hedonic motivations, such as the wish to pursue a **recreational** and **social activity** (e.g. I2-f25, I3-f25, I5-f24, I7-f26), to **reward** yourself for a personal achievement (e.g. I3-f25), to make yourself **feel good** (I5-f24, I9-f22) or to **change perspectives** (I5-f24, I7-f26). Furthermore, we identified hedonic motives that refer to the aspect of **inspiration** (e.g. I3-f25, I4-f22, I5-f24), **curiosity** (I4-f22, I7-f26, I8-f26) and **keeping up with current trends** (I4-f22, I5-f24, I7-f26). Especially from the last three motives, we inferred that these were linked to the personal aim of enhancing one's self-image and meeting societal demands.

“Maybe it is a subconscious feeling of ‘keeping-up’, that everyone constantly has new clothes, but yeah, in the end it is also a bit for myself, and that I am satisfied, that I bought something new.”

(I5-f24)

“Well, I used my phone once, to take a picture to send to my friend and ask, if the skirt really looked as good as I thought it did. [...] because it might be a skirt that you do not see every day and which might not have a conventional length and I wanted to know, if it suits me.”

(I3-f25)

Moreover, it became apparent that the interviewees carried more than one motivation when they went shopping. However, some motivations were not the main motivation but just came along with the others. For instance, I11-f26 went shopping to fulfil a specific need, but when she was in the store she looked through the whole store to be inspired. The interviewees considered offline shopping as the best choice of channel to realise the above-mentioned motives. In more detail, this was revealed when looking at the barriers to shop online which we derived from asking ‘why didn’t you buy this product online?’ and ‘what didn’t you like when shopping online?’. **Immediate possession** (I9-f22, I10-f28, I11-f26) and the **urge to buy things on the spot** (I7-f26, I11-f26) were reasons to shop offline that came along with other either functional or hedonic motivations.

“For me it is always like a kind of, maybe not a victory, but it is a good feeling to have a nicely wrapped product in a bag, swinging on your arm, when going home and you don’t have to wait another three days for it, but you can possibly wear it the same evening [...].”

(I3-f25)

“But if it is about smaller and convenient things, I want to have them right away, because you are very happy when you got something new and also want to try it out immediately.”

(I7-f26)

Furthermore, **getting personal service and advice** when needed (I1-m31, I6-m25, I12-m30) and the **social interaction** with the personnel and others (I1-m31, I3-f25, I7-f26) were mentioned as motives to shop offline instead of online. In addition, the **possibility to touch, feel and try on** (I3-f25, I10-f28, I11-f26) the products in store played an important role as it supported the purchasing decision. We revealed that social interaction as well as sensory aspects were **guarantors of trust**. On the one hand, staff were believed to be more trustable

than online reviews (I2-f25, I7-f26, I8-f26). On the other hand, the quality of the product (I11-f26) as well as the fit between the product and the interviewee (I3-f25, I7-f26) were much easier to determine by touching and trying on the products.

“Sorry, but this is not meaningful to me any more than reading reviews on Amazon, because, among other things, these might be fake and I don’t even want to read through all of these, but one statement, one good argument [from the sales personnel] is sufficient for me.”
(I7-f26)

In terms of layout, the interviewees described that a store offers the opportunity to take a look at everything and evokes the feeling of getting an overview of all presented products (I7-f26, I10-f28, I11-f26). Gaining an overview and having the feeling of not missing anything showed that **being in control of the situation** and thus **reducing risk** was another reason to shop offline.

We discovered that the context and the overall motive to shop play an important role to the channel choice. We identified that there are some more general motivations to shop which, however, can be better answered by choosing the offline channel. Even though online shopping offers the advantages of price comparison and convenience, we found that the experiential nature of offline shopping appeals to those that carry hedonic motivations. The latter can be better fulfilled by the sensory, engaging and emotional character of the physical store. Thus, offline shopping is still highly relevant to the millennial generation.

4.1.2 Expectations

From the interviews, it became clear that the interviewees had several expectations towards the physical retail store. First of all, the interviewees highlighted the presence of **in-store personnel** as an unmissable necessity. However, we found that it was highly valued when staff was rather discreet and stayed in the background (e.g. I5-f24, I10-f28, I12-m30). In more detail, the interviewees wished to discover the store environment on their own, did not want to be observed and even felt uncomfortable or disturbed by too intense interaction with the personnel.

“Actually, I just have the expectation towards the personnel that they leave me alone. But, if I have a question, then they need to help me, of course. But I don’t need further assistance or anything like that.”
(I12-m30)

Nevertheless, sales personnel were expected to be friendly, competent and knowledgeable as well as trustable and authentic. Especially during the search of more complex products, staff were anticipated to be ready to assist (I9-f22) and consult the customer to find the product that best fits the needs (I8-f26).

“[...] but that the person has a real interest in selling something to me that really fits my needs. Then, I feel well advised and strengthened in my purchasing decision.”

(I8-f26)

Again, this showed that the traditional aspect of human interaction and trust in personal advice is still highly relevant to customers in physical stores. Moreover, staff was expected to be capable and able to efficiently support the customer with the use of **in-store technology** when needed. The interviewees did not mention in-store technology themselves when describing their last shopping trip but only referred to it after we had explicitly asked them about it. However, if in-store technology was present, it was also expected to work flawlessly in order to be a significant advantage over store personnel (I4-f22, I5-f24, I6-m25).

“That is why I generally find technical features not too bad, because when I want feedback, it is available quicker, but I still find it important that staff is present in-store.”

(I1-m31)

Even though the interviews revealed that overall in-store technology was not expected or crucial for the offline shopping experience, technology positively added to the overall perception of the store environment (I8-f26). From this we derived that in-store technology is not the first thing that comes to mind when shopping offline and that the willingness to try and use this technology is not necessarily existent (yet). Thus, it becomes the responsibility of the staff to introduce customers to in-store technology in order to make the shopping experience more convenient. Since technology in store was not expected but only conveyed the perception of a modern and innovative store environment, other imperative aspects of **in-store design** were mentioned. In that regard, the interviewees generally anticipated a spacious and clear, well-structured, tidy and welcoming store (e.g. I3-f25, I5-f24, I7-f26, I10-f28). This also means that a link between the store design and the product assortment was expected (I1-m31, I10-f28) so that the customer could be inspired while shopping (I3-f25, I5-f24).

“I find it important that the in-store design looks good, that the clothes are nicely arranged and you can see that they have given thought to which items could be combined [...].”

(I5-f24)

Thus, we found that the in-store design plays a crucial role not only in terms of innovativeness but also in terms of providing a pleasant and comfortable environment. The interviewees said that the design in particular had an influence on the perception of quality within the store environment. In that aspect, we also identified a high relevance of **sustainability and product quality** as an expectation towards offline shopping because of its visuality (I4-f22, I10-f28, I11-f26).

“However, it is definitely a comfortable environment. In particular, good design, classy, and not in abundance, but rather quality instead of quantity.”

(I10-f28)

Not only product quality of the assortment but also transparent communication in regards to sustainability was important to the interviewees because it increased trust and security. Therefore, the expectation of sustainably sourced products and transparency as well as authenticity should be reflected in the overall store experience.

4.1.3 Tech and Touch

Even though **in-store technology** was not predominantly present in the particular stores the interviewees visited last, the interviewees said to have previously noticed in-store technology in other stores where it was used to support and enhance the service of sales personnel (e.g. I3-f25, I7-f26, I12-m30). That is why the interviewees believed and partially even experienced that in-store technology increased convenience (e.g. I1-m31, I4-f22, I5-f24, I11-f26) and accelerated the information flow throughout the shopping process.

“Well, I know that at Burberry, [...] every sales person carries an iPad and I was there because of a product and, actually found it quite convenient, since she pulled out the thing [iPad], (the product was not available in store anymore) searched the online shop for availability of colours and other styles, was directly able to tell me all the product details and information about it and the exact price. Yes, that was really pleasant.”

(I3-f25)

The interviewees declared that they did not expect in-store technology and that they were rather hesitant to use it (I2-f25, I6-m25). Thus, we identified that the readiness and eagerness to use in-store technology is still quite low. However, it was welcomed as a tool to use as a source of inspiration, providing the opportunity to combine products (I1-m31, I9-f22) and discover an even larger online assortment (I8-f26). Apart from this, the **store personnel** were named as source of inspiration while shopping offline (I1-m31, I9-f22). The importance of the store personnel's advice and assistance was mentioned, especially for technology, sports and generally complex products (I1-m31, I12-m30). Thus, staff are also seen as an important source of information (I2-f25, I5-f24, I6-m25, I7-f26).

“I find it very good [the use of technology by personnel], because I have to say, on the one hand I felt like I was in good hands, since staff is still physically present, but you get the feeling, that things are done properly, it is fast, you rapidly get your information [...] and the possibility, that you are directly connected with other branches, that's simply convenient.”

(I8-f26)

The interviews also revealed that the store personnel can be seen as a contact point for social interaction, to make a conversation and to engage with others (I7-f26). It became clear that the combination of tech and touch increased the level of trust towards the personnel and in-store technology which impacts the whole store environment.

4.1.4 Engagement

Within the described shopping situations, we were able to identify different forms of interaction with the retailer in terms of social, product and brand interaction. We found contrasting instances regarding the **interaction with the staff**. On the one hand, interviewees were less or not at all seeking for interaction with the staff, only when it was necessary such as paying for the products (I6-m25, I12-m30). On the other hand, interaction with the personnel was appreciated and welcomed when asking for assistance or advice (I3-f25, I7-f26). Moreover, the interviewees who were shopping with their friends or partner directly exchanged information verbally (I2-f25, I8-f26, I12-m30) or used their mobile phone to send pictures to friends in order to get advice or confirmation on the products (I2-f25, I3-f25). From this we inferred that depending on the type of person you are, the degree of engagement with personnel can influence the in-store experience either positively or negatively. This was in particular applicable when expectations regarding the staff were not met or exceeded (I3-f25, I8-f26, I9-f22).

“What I found very positive, as it was a retail chain and you usually expect that you have to serve yourself, this one [sales person] was super friendly and directly asked for the size and colour and said “I’ll be back with it in a minute”. And then she was back within two minutes and [...] returned with it and handed it to me in my fitting room and I didn’t have the feeling that I am in a retail chain but rather in a boutique. And this, I actually found very positive”
(I3-f25)

Furthermore, we discovered that the **interaction with the product** itself such as touching and trying on the product was very important to the interviewees. It enabled them to get an impression of the quality but also to see how the product looked like when wearing it themselves. Therefore, we identified a high degree of product engagement as risk reducer, trust builder and supporter of the purchasing decision.

“[...] and I don’t like it, to buy them [soccer shoes] online, I need to have the feeling, I need to hold them in my hands, I need to try them on, if they fit my feet well, uhm yes, and I tried on different brands. And yeah, I made a decision and ultimately bought them”
(I6-m25)

Moreover, we also found **engagement on brand level** when the interviewees mentioned that they were able to identify themselves with the staff and the products, and thus, with the brand itself (I1-m31, I9-f22, I12-m30). For instance, I11-f26 used an app to collect reward points for a customer loyalty programme which depicted an established relationship between her and the retailer and therefore an intense engagement. As a loyalty programme is most rewarding when frequently visiting the retailer, we discovered that a high degree of engagement also increases the relevance of the retailer for the interviewee.

4.1.5 Emotions

From the interviewees' experience of the last store visit it has become apparent that the perceived store design, atmosphere and senses influence the shopping experience and shopping behaviour emotionally. The interviewees were positively influenced by a clear and logical store concept as well as a tidy and categorised **store layout** (e.g. I4-f22, I6-m25, I9-f22, I11-f26). This, on the one hand, offered a better overview within the store and thus evoked a feeling of control and, on the other hand, also generated a feeling of being appreciated as a customer.

“To me it is very important that the customer is valued when entering a store. And I believe that a clean store and friendly personnel is basically the first impression that supports this. If it is a store that is messy then I don't get the feeling of being very welcome or that the retail chain or the store is happy that I am there to take a look.”

(I3-f25)

It was also mentioned that a less crowded and spacious store led to a more calming and relaxing **atmosphere** (I1-m31, I5-f24, I12-m30). Thus, there was a particular need not to feel overwhelmed by the large assortment and choice. Furthermore, the interviewees associated a welcoming and well-designed store with higher quality and also higher priced products. This is particularly interesting in regards to **sustainability**, as it was made clear that quality is more important than quantity (I10-f28, I11-f26). Especially in terms of fast fashion, we found that there was ultimately a combination of feelings evoked, positive and negative. On the one hand, the interviewee was satisfied with the purchase of a new, affordable product but on the other hand this contradicted the interviewee's principles of supporting sustainable and high-quality products.

“And, yes, I left the store with a little bit of mixed feelings because it got me thinking, to see these amounts of clothes.”

(I11-f26)

Besides that, the right balance of **senses**, such as background music, smell and lighting, was found to enhance the atmosphere. The interviewees mentioned that soft, appealing background music supported the vibe in the store and strengthened the perceived relationship with the brand (I3-f25, I10-f28, I12-m30), while loud and fast music rather distracted and disturbed the shopping situation (I2-f25, I3-f25, I11-f26). A strong scent of perfume for example was perceived negatively; yet, it was also mentioned as an intense and unique association with particular brands (I4-f22, I8-f26, I10-f28). Furthermore, a well illuminated store with daylight was favoured (I3-f25, I11-f26). Also, feeling and touching the product and its materials was highly relevant as it allowed the interviewees to get an impression of the product quality and its characteristics (e.g. I3-f25, I4-f22, I5-f24, I8-f26).

“In terms of senses, in particular touching, I always touch the materials in order to evaluate if it is of high quality or not. Sometimes, I get angry when I touch it and can already feel that it starts pilling immediately, right after wearing it once or it goes out of shape after washing. [...] But sometimes, I am also happy, when the fabrics, when I feel that it is of high quality.”

(I11-f26)

Overall, we discovered that the interviewees responded to the shopping environment and the senses differently which was related to their personal values and character. Furthermore, the interviewees noticed that their perception of the shopping environment was also influenced by their personal mood (I3-f25, I12-m30).

4.1.6 The Need for Emotional In-Store Experience

Looking at our findings from an overall perspective, we identified that motivations, expectations and the in-store experience were deeply linked. The demands and thus expectations towards the retail store depended on the motivations that were pursued. For instance, I7-f26 strived to acquire a certain product which is why she chose an offline store that was assumed to offer this product. Hence, the expectation to accomplish her shopping goal was high. However, even though the store did not offer the product she was looking for, the use of in-store technology with the help of staff ensured a positive experience. The technological linkage of the offline and online shop allowed the store personnel to order the product online and thus offered a satisfying solution to the interviewee. This depicted a rather rational shopping situation and serves as an example when a mismatch between expectation and reality can still be turned into a pleasant experience. In contrast, I8-f26 visited a store motivated by the search for inspiration and curiosity, influenced by previous shopping experiences that were deeply rooted in her memory and shaped her expectations. Therefore, this shopping trip was rather emotional. However, as she noticed that the product range did not fit her personal style anymore, she was not inspired and thus unsatisfied. Even though the store design and atmosphere appealed to her, she was disappointed in the end and remembered this store visit as a rather negative experience. Also, she derived from this experience that this store had lost relevance for her.

“[...] however, it does not make the store more attractive, if you have had this experience several times, that it is just not exciting anymore, to try on all the products and not being able to choose.”

(I8-f26)

The shopping experiences illustrated above allowed us to infer that certain elements of in-store experience can outweigh the lack of others, but that not all elements are of the same value. In more detail, offline shopping was identified to be especially driven by hedonic motives, even if they came along only with functional motives. Therefore, the experiential, sensory and emotional nature of physical stores was able to better respond to these motives. We also found that this was a reason for the fact that offline shopping was preferred over online shopping. This shed light on the importance of the emotional aspect of in-store experience. In particular, we identified the interviewees' desire for **trust, reliability, security**

and control, by having highlighted the role of social interaction, tech and touch and in-store design. Furthermore, we discovered that **reliability, the feeling of belonging, identification and reduced risk** were created through knowledgeable and competent personnel. We found that these wishes and desires depict deep-rooted motives to choose offline over online shopping. Therefore, the emotional aspects of in-store experience were identified to play a stronger role when aiming to respond to hedonic motives, whereas rational elements had a higher importance when answering utilitarian motives. However, as we found that online shopping was driven by utilitarian and rational motives, we infer that physical stores can differentiate and sharpen their position in an omnichannel landscape by creating emotional experiences that appeal to the inner desires of the millennial generation. Thus, in Figure 10 we illustrated the importance of aligning the aspects of in-store experience with the millennials' desires in order to create an emotional in-store experience.

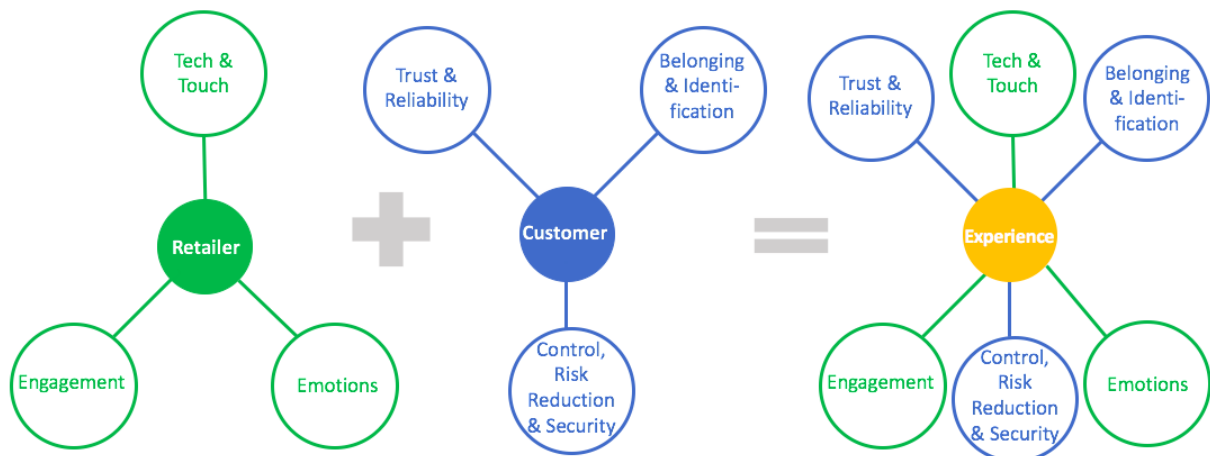


Figure 10: Alignment of Retailer and Customer Perspective (Own Illustration)

4.2 Shopping Experience with Tchibo

As described in Section 1.1, Tchibo is a struggling retailer that is losing relevance. Therefore, we aimed to gain insights about the interviewees' overall perception of Tchibo as well as their relationship with this retailer in order to understand Tchibo's level of relevance within the millennial generation. Furthermore, we asked for their in-store experience to explore their perception of the stores and underpinned this by discovering the interviewees' perceived issues and future challenges of Tchibo. As Tchibo offers coffee as well as a variety of non-food products in one place, we found varying shopping contexts, which we took into consideration for our analysis. Exploring the interviewees' experiences with Tchibo allowed us to shed light on their motivations and expectations towards Tchibo.

4.2.1 Perception

From the interviews, we discovered that Tchibo was, on the one hand, seen as a traditional family brand that embodies the German way of life (e.g. I1-m31, I5-f24, I10-f28). The brand

was correlated with a positive brand image due to its heritage, family roots and broad offering. On the other hand, the interviewees mentioned that it was an old fashioned, rather outdated and dusty brand (e.g. I2-f25, I5-f24, I11-f26) which could not be trusted and was associated with a “housewife image” or “granny brand”.

“For me Tchibo is a traditional company. I personally really like it, when a company has a history and is a family business.”

(I3-f25)

“To some degree it is granny-like; it feels like a ‘granny brand’. A ‘granny brand’ in terms of ‘not hip at all’. There is coffee and cake, the grandmas walk in, also buy cotton underpants for themselves because they are comfortable to wear [...].”

(I1-m31)

The interviewees highlighted that they think of Tchibo as a functional store where you always find something practical at a good price-quality ratio (e.g. I1-m31, I5-f24, I6-m25, I9-f22), sometimes items that you did not know you needed. Yet, it was also still positively associated with the smell of freshly grounded coffee beans (I4-f22, I8-f26). Nevertheless, it was pointed out that coffee had lost relevance due to the amount of other non-food products that were offered which influenced the perception of the quality of coffee. From this we can derive that there is a lack of perceived consistency of the concept which thus affects the feeling of security in regards to high quality products.

“If they were good in selling coffee, they would not need to sell all these other things.”

(I9-f22)

Even though the durable quality of Tchibo’s non-food products was well known amongst the interviewees, low prices as well as a large assortment and variety of products negatively impacted the perception of quality and trust towards the retailer (I2-f25, I9-f22, I10-f28, I12-m30). From this we understand that there was a fear of losing control in the store environment from the customer side due to an overwhelming offering. Therefore, the interviewees concluded that they did not believe that Tchibo was relevant to their generation in general. We identified that the interviewees had different associations with the brand Tchibo and the store itself. From this, we discovered that there are also varying expectations towards Tchibo and the overall in-store experience.

4.2.2 Experience

Similar to the varying perceptions of Tchibo as illustrated above, we also found this variance when exploring the interviewees’ in-store experiences. On the one hand, due to the rotating concept, the store design was perceived as chaotic and unstructured (I2-f25, I3-f25). On the other hand, interviewees liked the concept as it triggered curiosity and an urge to buy things as they may disappear from the shelf again (I4-f22, I7-f26). Apart from this, the stores were described as not welcoming from the outside which is why the interviewees would rather not spontaneously visit the store. Besides that, the store itself was depicted as being too small and

showcasing too many products. Thereby, again, we identified a need for spacious stores that allow for an overview in order to stay in control of the shopping situation and avoid the feeling of missing something. Moreover, interviewees felt uncomfortable being in a store which was quickly crowded and did not allow keeping a certain distance to other customers. Therefore, we found that space is needed to avoid an invasion of privacy which makes customers feel uncomfortable and thus leads to a negative experience.

“As soon as there are five people in the store, you need to watch out not to knock something over while trying to have a look at everything“

(I8-f26)

On the contrary, there were interviewees who described the atmosphere as calming and relaxing (I5-f24, I7-f26) due to the nice smell of coffee and the soft background music. Moreover, the store personnel were depicted as friendly and helpful. Even though, the interviewees noticed the higher age of the staff as well as their formal dress code and behaviour (I11-f26). Therefore, it was difficult to identify themselves with the staff and thus the brand. To them, this suggested the impression of a conservative environment which was also evoked by older clientele (I2-f25, I11-f26). That is why we identified that a lack of identification on brand level has a negative influence on the in-store experience.

“And when I started to actually buy Tchibo coffee, I first felt very bourgeois. Because there was nobody in my circle of acquaintances who bought Tchibo coffee, apart from substantially older people than me and also at the store there were always older people than me, which is why, yeeeah, in the beginning, I didn’t feel comfortable at all to buy my coffee there.”

(I11-f26)

Overall, we discovered the relevance of identification points within the physical store, which were missing at Tchibo as the staff were perceived as too old, the product assortment as not relevant and the design as not appealing. Thus, the in-store experience was negatively influenced and an old-fashioned image was fostered.

4.2.3 Relationship

As aforementioned, we found that there is no clear picture of Tchibo among the millennial generation. This was in line with our discovery of a variety of different relationships between the interviewees and Tchibo. We identified contrasting instances in terms of frequency of shopping at Tchibo, namely, the ones that frequently visited the store (I3-f25, I4-f22, I7-f26, I11-f26) versus the ones that only once shopped at Tchibo in the past (I6-m25, I9-f22, I10-f28, I12-m30). Moreover, the interviewees were either stimulated through the rotating shop concept or confused and averse. Whereas the former were motivated by the search for inspiration and curiosity, the latter only shopped at Tchibo due to a specific need or a special offering. We found that the interviewees who understood the weekly changing product assortment rather liked Tchibo (I3-f25, I7-f26). Thus, we inferred that a clear, comprehensive and appealing concept is needed to provide the customer with a feeling of being in control. Due to the diversity of the product assortment, the interviewees who frequently shopped at

Tchibo had different focuses on what to buy. They either focused on the non-food products or on the coffee and coffee-to-go offering. Relating back to differing associations with Tchibo, we discovered that it was difficult for the interviewees to understand the overall concept of Tchibo. Therefore, their relationship with the retailer was rather biased.

“I find it difficult, as they [Tchibo] do so many different things, to classify them. I have the feeling they try to do a little bit of everything, but it [the concept] is not really tangible.”
(I8-f26)

Furthermore, the relationship with Tchibo was influenced by the interviewees’ parents, which increased the perceived degree of quality (I1-m31, I2-f25, I5-f24). That is why we identified family as an important reference point. In addition, those interviewees who had special and emotional childhood memories in regards to Tchibo showed a deeper relationship (I3-f25, I8-f26).

“[...] because my mum, she frequently went to Tchibo and was always raving about it: ‘it’s high quality, isn’t it!’”
(I1-m31)

Nevertheless, for the interviewees who did not like shopping at Tchibo overall, positive family references did not outweigh the perceived irrelevant product assortment or the old-fashioned association of Tchibo.

“When I am in the city with my mother and she wants to go there [to the Tchibo store], and then I also think it is pleasant to have a look around, but I don’t buy there. I myself at least don’t.”
(I5-f24)

Based on the identified biased relationships, we found that a rather weak or negative perception of a retailer decreases relevance and thus depicts a motive not visit it.

4.2.4 Current Issues and Future Challenges

Asking the interviewees which current issues they see and which challenges Tchibo may face in the future enabled us to identify gaps between Tchibo’s offering and the desires of the millennial generation. Even though the interviewees did shop at Tchibo from time to time, they pictured Tchibo as irrelevant to the younger target group as it missed to reposition and reinvent itself as a brand (e.g. I1-m31, I2-f25, I5-f24, I6-m25, I9-f22, I11-f26).

“And in terms of cafés, I would say that Tchibo clearly has lost, this is especially true for the younger target group, none of us would say ‘Let’s meet at Tchibo for coffee’.”
(I1-m31)

“I sometimes have the feeling that it is actually not made for my generation. [...] I don’t believe that we, when we are older, will perceive it [in-store design] as appealing. But yes, that is what I see as a challenge.”

(I11-f26)

That was the reason why the interviewees saw a need to change the whole concept due to the complexity of the product offerings. Thus, they wished for a clear separation of coffee and non-food products (I2-f25, I3-f25, I7-f26). On the one hand, this would enable the interviewees to enhance their quality perception of Tchibo’s coffee which had moved into the background (I7-f26, I8-f26, I10-f28). On the other hand, it would allow Tchibo to create a more welcoming and structured store layout that visualises quality instead of quantity and could support the in-store experience (I1-m31, I2-f25, I3-f25, I11-f26). Therefore, we discovered the wish for consistency and clarity which would enable millennials to orientate themselves within the retailers’ abundance of offerings and to better understand the product assortment.

“[...], so the people who drank coffee were two centimetres away from the people who were browsing the shelves. And that is somehow unpleasant for both sides [...]. Well, the café and the products, it was not really separated, which I found annoying.”

(I3-f25)

Furthermore, the interviewees mentioned that they do not know about Tchibo’s sustainability efforts. Hence, we inferred a need for proactive transparent communication about corporate sustainable behaviour and the desire for a brand that can be trusted. Besides that, the interviewees stated that rejuvenation of Tchibo as a brand would require an increased presence through advertising, in particular through social media (I9-f22, I12-m30). However, they also mentioned the importance of staying visually present across Germany through its offline channels (I3-f25, I4-f22). This indicates that physical stores are still perceived as relevant within this generation.

4.2.5 Tchibo’s Need for Emotional In-Store Experience

Throughout all twelve interviews which we conducted, we found an inconsistent and differing perception of Tchibo as a retail brand. Overall, it was described as a brand that is not relevant to the younger target group. This association was strengthened by the in-store experience that did not appeal to the interviewees as it did not offer a clear structure and did not allow for a controllable shopping situation. Furthermore, the interviewees were not able to find aspects of identification within the store environment, such as store design, personnel or assortment which would have enabled them to increase engagement with Tchibo as a brand. Moreover, we identified a desire for a more consistent product concept that supports a clear picture of quality, reduces perceived risk and thus increases trust in the brand. This came along with the discovered increasing importance of transparent communication about sustainability aspects. In addition, even though Tchibo originally started out as a coffee business, the interviewees did not perceive Tchibo as a coffee expert but rather related to mass production. This was

why the interviewees wished for a refocus on the original coffee expertise to be provided with a consistent and authentic coffee experience that has a more personal touch.

“[...] I believe [...] that the coffee business moves into the background. I also think that smaller brands actually offer higher quality.”

(I10-f28)

Even though the mere transaction within the store was easy and convenient, this was not enough to create an in-store experience that leveraged perceived relevance. And, although Tchibo has a high presence in the German market and is well-known within the millennial generation, this did not outweigh the imperative of an attractive store comprising a meaningful in-store experience which appeals to the wishes of the millennials such as trust, transparency, consistency, authenticity and control.

“However, I believe that Tchibo, in the long-run, in order to stay relevant, definitely needs to rethink its stores, [...]”

(I7-f26)

4.3 Gap Between Last Store Visit and Tchibo Experience

Comparing the interviewees' shopping experience from their last store visit with their Tchibo experience, we aimed to identify a gap between a more relevant and a less relevant store experience. As a result, we could better understand what is needed to create a meaningful experience point to attract millennials.

We found that aspects of in-store experience create different experiences depending on the personal motives, whether they are of more rational or emotional nature. In particular, we identified online shopping as being able to satisfy rational needs but struggling to respond to emotional motives. Therefore, we derived that rational aspects are hygiene factors of in-store experience while emotional aspects can lever in-store experience to a more experiential, sensory and social, and thus, meaningful level. Hence, an emotional in-store experience can redefine the position of offline shopping into a complementary rather than opposing role to online shopping. Furthermore, this corresponds to our finding that hedonic shopping motives are pervasively present when shopping offline and are of rather emotional nature.

In more detail, we discovered **sales personnel**, their knowledge, competency and discreet role, as an important element when creating a meaningful in-store experience. The social aspect can convey the feeling of trust, reliability and identification. Especially the latter was missing at Tchibo as the interviewees perceived staff as too old and conservative and thus difficult to identify with. Furthermore, we found that great service can outweigh the unavailability of a needed product, in particular when making use of in-store technology and linking the online and offline channels. Efficiently combining tech and touch can increase the in-store experience by elevating convenience and information flow to a new level. However, as **in-store technology** was not the first thing that came to the interviewees' mind when

describing their in-store experience, we found that it is not seen as a mandatory element in stores yet.

Moreover, we identified the imperative role of **senses** when shopping offline. Not only did feeling and touching the products as well as trying these on reduced risk when making a purchasing decision, but it also allowed the interviewees to engage with the products and thus increased the emotional bond with the brand and the retailer. However, at Tchibo stores, interviewees did not refer to product engagement but only remembered the specific smell of freshly grounded coffee, which positively contributed to the in-store experience. Nevertheless, as we have pointed out before, one element of customer experience cannot necessarily compensate the lack of other elements.

Beyond that, the influential role of **store design** became apparent, in particular, the need for a clear structure to gain an overview of the store easily. We inferred that this was important to the interviewees as it enabled them to keep control of the shopping situation and to not miss anything. Also, they perceived a structured and sorted environment as a guarantor of quality. This perception of quality was strengthened by a selected product assortment and consistent store concept. Vice versa, an overwhelming range of products and an inconsistent store concept led to perceived overstimulation, a feeling of confusion and being lost and also decreased the perceived level of quality. This was also found within the interviewees' description of Tchibo's stores.

Overall, we discovered that the **brand perception** influenced the motivations as well as the expectations towards visiting a store and were interrelated with the store experience. The interviewees perceived Tchibo as a brand that is irrelevant for their generation since, among others, the clientele in store was much older and the in-store design rather old-fashioned. Moreover, the unattractive store design, confusing concept, older staff and the lack of product engagement let us infer that there is a gap between millennials' demands, such as trust, authenticity, feeling of belonging, being in control, and the brand Tchibo. Therefore, an emotional experience is difficult to be realised with the current aspects of Tchibo's in-store experience.

5 Discussion

Throughout our research, we discovered the importance of an attractive in-store experience that complies with millennials' motivations and expectations in order to increase retailers' relevance towards the millennial generation. However, as we also found a variety of different motivations and expectations as well as aspects of in-store experience, the complexity of creating an appealing experience became apparent as well. This is in line with previous literature (Lemon & Verhoef, 2016; Verhoef et al. 2009). In more detail, we were able to gain an insight into the desires of the millennial generation which allows for an in-depth understanding of where the motivations and expectations come from. Thus, we first discuss our findings in regards to our second sub-question: **What motivates millennials to visit and what do they expect from physical retail stores?** Taking the findings of our research into consideration, we then discuss the question '**what is needed to create an experience point?**' that appeals to the millennials' desires.

5.1 Motivations and Expectations of the Millennial Generation

According to Pervin (1982 cited in Puccinelli et al. 2009) motivations are anchored deep within the customer and impact the decisions and behaviour during the shopping trip. In our interviews, we saw that these were either of utilitarian or hedonic nature, or ultimately both. In their hierarchical model Wagner and Rudolph (2010) call these motives task-fulfilment and recreational activity and categorise these two as purpose-specific. It is argued that millennials mainly shop for recreational reasons which was previously discussed by Arnold & Reynold (2003), Hirschman & Holbrook (1982) and Tauber (1972) who stated that customers do not only shop to acquire a product. Apart from the purpose-specific dimension, Wagner and Rudolph (2010) also introduce the activity-specific as well as the demand-specific dimension and show that there is a hierarchical link between these three. In regards to this, we found several motivations that can be classified as activity-specific such as the search for social interaction, inspiration, curiosity or to keep up with current trends, to change perspectives, to reward yourself for a personal achievement, to make yourself feel good, or to save money with discounted offerings. Furthermore, Wagner and Rudolph's (2010) third dimension, the demand-specific motivations, comprises the specific expectations the customer has towards the retailer's store environment and which are related to the overall shopping goals. From our research it became clear that these expectations are directed towards the **in-store personnel** who are at best friendly, competent and authentic but also discreet. Moreover, **in-store technology** is expected to work flawlessly and the personnel should be able to use it to increase convenience. Yet, there are no general expectations towards the level of technology used in store. In addition, the **in-store design** is expected to be spacious, tidy and well-structured to convey an enjoyable environment. Last, we identified the expectation towards **transparent** communication in regards to **sustainability** efforts within the store environment because it is reflected in the product quality. Whereas personnel (Bagdare, 2013), technology (Pantano & Timmermans, 2014) and store design (Riewoldt, 2000 cited in Bäckström & Johansson, 2006) were named as elements of in-store experience in existing literature, the

importance of transparent communication about corporate behaviour has not been explored in this relation yet.

Since our research focused on offline shopping in particular, we identified additional motives that make millennials visit physical stores. In particular, they are driven by the possibility to receive personal service and advice on the spot when needed. As the millennial generation is overloaded with information and offerings (Hall & Towers, 2017) this is particularly important because they are seeking for a trustable and reliable contact that can minimise the risks within the shopping environment. Furthermore, we found that the millennial generation chooses offline over online shopping to be able to identify themselves with the brand or the personnel which can trigger a feeling of belonging. Additionally, the option to touch, feel and try on the product in store is a factor that enhances the feeling of control and security throughout the purchasing process. In addition, this sensory engagement with the product intensifies the relationship with the retailer. Apart from this, in today's fast changing environment millennials are faced with time pressure and various decisions on a daily basis (Hall & Towers, 2017). In this regard, we found a motivation to visit an offline store because there can be an urge to make a decision and buy a product right away to have the feeling of immediate possession and even gratification. This stands in contrast to the motivations that we discovered in regards to online shopping and which were also discussed in literature, namely the advantages of convenience and price (Rigby, 2011). Ultimately, the choice of channel, online or offline, depends on the specific demands and the overall shopping goal millennials carry in a particular context (Rohm & Swaminathan, 2004).

By understanding the motivations and expectations we were able to identify the inner desires of the millennial generation namely trust & reliability, feeling of belonging & identification as well as control, risk reduction & security. In relation to these inner desires, Kim, Fiore and Lee (2007) argue that millennials "express who they are and identify the relationships that are important to them through consumption" (Kim, Fiore & Lee, 2007, p.8). The hierarchical model by Wagner and Rudolph (2010) allows us to underpin what we have found when exploring millennials' drivers to shop offline. In more detail, we discovered that there are desires, motivations and expectations that are related to each other - from an inner desire to motivations which turn into expectations. This shows that it is especially important to understand the desires of the millennial generation since these have an influence on the motivations on all hierarchical levels including the specific expectations towards the retailer and thus the ultimate customer experience. Puccinelli et al. (2009) refer to this as the goals the customer has in mind and desires to achieve which influence the whole shopping process. Therefore, experience points should be created in such a way that they appeal to the millennials' inner desires which in return will increase the relevance of the retailer in the customer's mind and strengthen loyalty.

5.2 Towards the Creation of an Experience Point

“Success at retail is less about what the retailer has to sell and more about how they sell it”
(Sachdeva & Goel, 2015, p.292)

Looking at existing literature within the domain of retail, the presence of **in-store technology** highly increased over the past years. This is due to the fact that technology is transforming the retail environment dramatically (Larivière et al. 2017). Customers demand a seamless experience across different channels (Foroudi et al. 2018) which can be approached by exploiting the virtues of technology. Thus, as customer experience is elevating to an imperative key objective in physical retail, the importance of in-store technology is highlighted (Foroudi et al. 2018; Larivière et al. 2017; Pantano & Timmermans, 2014; Willems et al. 2017). Moreover, it is identified as enhancing customer value by means of cost, functional and symbolic benefits (Willems et al. 2017). Therefore, Larivière et al. (2017) depict the ‘service encounter 2.0’ which comprises the interaction of all three, the company, customer and technology. Thereby, the necessity of in-store technology is even more emphasised. However, throughout our research, it became salient that in-store technology was perceived as less relevant and not expected to be a mandatory aspect of physical retail stores yet. Technical features were rarely noticed within stores and not used as its purpose was not clear. Therefore, the readiness status of the millennial generation to use technological interfaces (Larivière et al. 2017) is determined as rather low. In turn, a wish for assistance and education to use in-store technology was identified. This corresponds to Verleye (2015) who points out the need for a guiding function of staff to support a more extensive use of in-store technology. The explored instances where in-store technology was experienced included the staff’s functional use of iPads to ease service. This was perceived as convenient and increased the flow of information. In line with this, we found that millennials overall acknowledge the potential of technology, when introduced well. It can deliver more reliable and objective information and thus appeals to the aforementioned desire of trust towards the retailer. Furthermore, it enhances the perceived innovativeness of the store design. Hence, millennials can identify themselves with an innovative retail store as it embodies an attractive and modern store image more easily. Referring to Willems et al. (2017), in-store technology is mainly used to enhance functional benefits, such as the ones described before, however, retailers do not take advantage of its recreational side. In more detail, technology entails high potential by means of creating superior service, personalised offerings and experiential entertainment (Pantano & Timmermans, 2014) which is not unleashed yet.

Apart from the supporting function of staff, when using in-store technology, the key role of **sales personnel** became apparent throughout our entire research. In particular, the imperative of personnel’s presence in store was pointed out. In concert with Bäckström and Johansson’s (2017) study on in-store customer experience, we found that staff need to find a balance between being a welcoming host and a discreet servant. Moreover, we identified the sales personnel to be a source of inspiration. Thereby, it appeared to be relevant for millennials to be able to identify themselves with the staff. In addition to these different roles, we discovered high demands towards the sales personnel’s skills and abilities. In turn, not

meeting these expectations, such as being knowledgeable, competent, friendly and authentic, can even have a negative impact on millennials' in-store experience. Although the importance of new in-store aspects, such as technology, is rising, the presence of sales personnel is indispensable when aiming to create a positive in-store experience (Bäckström & Johansson, 2017). Therefore, excellent staff are required in order to respond to the millennials' desire for a trustful and risk reducing relationship with the retailer. This indicates the importance of educated and knowledgeable sales personnel and depicts a challenge retailers are facing: finding the perfect fit (Bäckström & Johansson, 2017; Morse, 2011). Furthermore, the relevance of skilled personnel and the rise of in-store experience imply the need for the right **balance between tech and touch** (Bäckström & Johansson, 2017; Larivière et al. 2017). For the millennial generation, we identified that currently more touch than tech is required to facilitate a smooth roll-out of in-store technology. This allows millennials, even though they are more tech-savvy than previous generations, to get accustomed to it and experience its benefits. Referring to Larivière et al. (2017), the need for a transformed role of staff as being an enabler emerges.

In addition to sales personnel, there are further traditional aspects that play an important role when creating a positive in-store customer experience, namely **store design, structure and atmosphere** (Bäckström & Johansson, 2017). Bäckström and Johansson (2017) mention recent research about multisensory approaches as well as the rise of new store concepts in regards to in-store customer experience. This relates to our findings which emphasise the importance of a consistent store concept, comprising a clear structure, a sensory and experiential character as well as a modern design. Moreover, in addition to existing literature, we discovered a transparent **in-store communication** about corporate sustainable behaviour to be relevant for millennials as a guarantor of trust. That is why it affects the in-store experience and needs to be considered as an additional aspect. Overall, we identified all these aspects as imperative as they relate to the millennials' desires of trust, reliability, feeling of belonging, identification, being in control, risk reduction and security. Thus, the physical store can emotionally appeal to the millennial generation. Through this, the relationship with the retailer is strengthened and the retailer's relevance for the customer increases (Pullman & Gross, 2004). In more detail, within 'environmental psychology', the importance of these traditional aspects is underpinned by the fact that environmental stimuli in the store are found to impact the emotions, hence behaviour of customers (Mehrabian, 1976; Puccinelli et al. 2009). Even though we stated that the four marketing principles are assumed to be a fundamental premise of retail stores, and therefore were neglected (see Section 2), we found product assortment and price to be recurring aspects within our research. In particular, the quality of the products as well as the price-quality ratio were identified as indicators for a trustable retailer and thus impacting in-store experience. Notwithstanding, we still define the fit between the retailers' offering and millennials as a prerequisite when aiming to be relevant, as we consider the other aspects of in-store experience to be more distinctive from competitors than the mere product itself (Arnold et al. 2005). Especially, as we identified online shopping to better respond to rational demands, such as price and convenience, we highlight the importance of turning physical stores into emotional experience points instead of rational selling points, in order to differentiate and regain a competitive advantage.

Even though Bäckström and Johansson (2017) point out the challenge of fulfilling the rising demands of new customers, which are of rational as well as of emotional nature, in our research we identified the dominance of **emotional** aspects when shopping offline. Although we discovered relevant rational demands as well, such as ensuring convenience, a quick information flow and reduced effort, we found these to be hygiene factors as these in particular respond to utilitarian motives. The use of in-store technology can facilitate the ease of shopping which is why we identify in-store technology as a basic aspect that needs to be integrated smoothly into the store environment. Nevertheless, we found offline shopping to be particularly driven by hedonic motives, which are better satisfied by the emotional aspects of the store. For instance, when being in search of inspiration, we discovered a structured and multisensory store to be more appealing than a chaotic and overstimulating store. Unleashing the experiential, social and sensory potential of physical retail allows offline stores to differentiate themselves from rather rational online shops and thus attract millennials by appealing to their inner desires.

“Therefore, it is the need whether utilitarian or hedonic, that carries them to the store but the emotions make them stay in the store and shop.”

(Sachdeva & Goel, 2015, p.291)

Taking Tchibo as an example, we identified the need for struggling retailers to rethink their store concept in order to create an experience point that attracts future customers, namely the millennial generation. First, it starts with understanding the needs and desires, the motivations and expectations of the millennial generation (Christensen & Bower, 1996) and how these can be satisfied by means of the retailers’ value proposition (Johnson, Christensen & Kagermann, 2008). Second, the following aspects of creating customer in-store experience need to be taken into consideration: balancing tech and touch, ensuring skilled, competent and inspiring personnel, providing a structured and experiential store design, a consistent concept, a pleasant atmosphere and transparent corporate communication. And third, retailers can hone in-store experience by elevating it to an entertaining, engaging and delighting level (Arnold et al. 2005, Sachdeva & Goel, 2015) and thus create a unique experience and competitive advantage.

6 Conclusion

In this last section, we take up the aim of this paper again and highlight how we have worked towards answering the research question. Additionally, we discuss the theoretical as well as managerial implications and present our recommendations for Tchibo. Finally, we critically reflect upon the limitations of this thesis and make suggestions for future research.

6.1 Research Aim

Today's society is transforming tremendously, and so is the retail landscape. Digitalisation has changed the way we shop due to the pervasive availability of information (Hagberg, Sunstrom & Egels-Zandén, 2016). Thus, customers are more powerful than ever and require retailers to respond to their high demands (Bäckström & Johansson, 2017). In particular, physical retail is facing major challenges as traditional store concepts seem to not live up to the needs of the emerging customer generation, the millennials. Therefore, the role of offline stores in today's omnichannel environment needs to be redefined. Even though customer experience has gained relevance throughout the last twenty years (Lemon & Verhoef, 2016; Pine & Gilmore, 1998), these days it elevates to an even more important level, becoming a key objective for traditional retailers to differentiate offline from online stores (Foroudi et al. 2018; Sachdeva & Goel, 2015). Hence, transforming traditional selling points into innovative experience points is deemed to be a critical development in order to attract millennials to physical stores and regain relevance (Morse, 2011; Sachdeva & Goel, 2015). Thereby, it was the aim of our thesis to explore **how in-store customer experience can be used to create an experience point and thus attract millennials to physical retail stores**. In search of an answer to this research question, we considered three sub-questions to be of importance.

First, we aimed to gain in-depth knowledge of the relevant aspects that need to be taken into account when creating a meaningful customer experience. Hence, we examined existing literature. We illuminated the complexity and dynamics of customer experience, especially in-store customer experience. Based on this, we identified three aspects to be of particular importance and discussed these in more detail: **tech and touch, customer engagement, and emotions**. In relation to our theoretical framework (see Section 2.1) dealing with shopping behaviour and motivations, we put the three aspects into context.

Second, we considered millennials' motivations and expectations to shop offline as imperative to understand in order to be able to illustrate experience points that are attractive to this generation. Furthermore, we wanted to know how the identified aspects of customer experience are related to millennials' motivations and expectations. Thus, following a qualitative research approach, we developed a research design which was based on our conceptual research model and helped us to identify these motivations and expectations. Allowing our research to be more specific, we related it to Tchibo as a paradigmatic retailer that experiences a loss of relevance among the younger generation. By collecting primary empirical material by means of twelve in-depth interviews, we were able to discover

millennials' shopping experiences at a more relevant retailer but also their perception of and shopping experiences at a struggling retailer, namely Tchibo. We found that millennials were particularly driven by **hedonic motivations** when shopping offline. Interestingly, we also identified **desires** which influence millennials' motivations and expectations. Thereby, we deduced the importance of the emotional side of physical stores, hence, the need to create an emotional customer experience. Furthermore, specific insights about Tchibo helped us to even sharpen our findings by pointing out a gap between a more relevant and a less relevant retailer.

These findings allowed us to answer our third sub-question: What is needed to create an experience point? Due to the disclosure of millennials' desires as original driver to shop and thus influencing the choice of channel as well as the entire shopping process and the in-store experience, we discovered the need to extend our preliminary conceptual research model even further and add the aspect of millennial's desires. Taking the latter into consideration, namely trust & reliability, feeling of belonging & identification, and control, risk reduction & security, we emphasised the relevance of **social, sensory and experiential aspects** of in-store customer experience in order to respond to these desires. Therefore, aligning these aspects with the desires of the millennial generation, the role of physical stores can be reshaped by leveraging on the experience character, hence, creating an entertaining and exciting experience point that appeals to millennials.

Through exploration of the three sub-questions, we were able to answer our overall research question. Finding the right balance between tech and touch, engaging millennials in-store and stimulating their emotions by means of responding to their inner desires, namely trust & reliability, feeling of belonging & identification, and control, risk reduction & security, will enable retailers to create a meaningful and appealing experience point that will attract the millennial generation and thus supports the objective to remain relevant.

6.2 Theoretical Implications

“Retailers that sell the experience, not the product, will prevail”
(Woolley, 2018)

Having collected empirical material and conducted an in-depth analysis, we were able to underpin the importance of in-store customer experience, presented in previous literature (Morse, 2011; Pine & Gilmore, 1998; Sachdeva & Goel, 2015). In more detail, we highlighted the relevance of emotional experiences in physical stores particularly for the millennial generation. Uncovering millennials' motivations and expectations towards offline shopping and in-store experience allowed for expansion of knowledge about this generation. In particular, we discovered **immediate possession, the urge to buy things on the spot, getting personal service and advice, social interaction** as well as **the possibility to touch, feel and try on** as motives that drive millennials to physical stores. Furthermore, illuminating the link between motivations and in-store experience, we were able to better understand the gap between customer perspective and retailer perspective (Bäckström & Johansson, 2017).

By disclosing millennials' desires that influence their shopping motivation, we revealed the importance of considering these desires in order to generate a meaningful in-store experience. Especially, **trust & reliability, feeling of belonging & identification** as well as **control, risk reduction & security** became apparent to be desired from the millennial's side when shopping offline.

The findings of our thesis contribute to previous literature by underlining the still important role of traditional aspects, such as the role of sales personnel, store design and atmosphere (Bäckström & Johansson, 2017). These were argued to be of importance as these aspects are able to respond to the aforementioned desires of the millennial generation. Furthermore, in line with this, our thesis revealed that the readiness status of millennials to use in-store technology is still quite low. The reasons behind this might be the lack of in-store availability, the lack of awareness as well as the lack of knowledge about usage. Partially, this contradicted the growing trend of in-store technology in existing literature (Foroudi et al. 2018; Larivière et al. 2017; Pantano & Timmermans, 2014; Willems et al. 2017). Therefore, we added to existing theory by arguing for a stronger role of touch than tech, when trying to balance both in store. Moreover, in addition to existing theoretical concepts of customer experience (Verhoef et al. 2009), we identified transparent in-store communication about retailer's corporate sustainability behaviour as a new aspect to consider, when aiming to create a meaningful in-store experience that attracts millennials. This is due to the fact that transparent communication appeals to the desires of trust & reliability as well as control & risk reduction.

We found rational aspects of in-store experience as necessary hygiene factors in order to live up to millennials' demands in terms of convenience and information flow of whichever channel they choose. Notwithstanding, throughout our thesis the importance of an emotional experience in physical retail as differing aspect to online retail became apparent. Instead of supporting the view that argues for the disappearance of physical stores, we agreed with Morse (2011) and Sachdeva and Goel (2015) and pointed out the future potential of experiential offline store concepts, in particular, due to their social, sensory and experiential advantages. Thus, the focus must not be on the mere transaction anymore but is supposed to be on the customers' emotional experience in order to build up and strengthen the customer-retailer relationship and increase retailer loyalty, which is decreasing within the millennial generation (Parment, 2013; Smith, 2011). In conclusion, we emphasised **the imperative of rethinking the role of physical stores and developing traditional selling points into innovative experience points**.

6.3 Managerial Implications

Currently, Tchibo still has high brand awareness in Germany amongst the millennial generation which mainly stems from the brand's relevance among their parents' generation. However, if Tchibo fails to build up the same relationship with millennials as with their parents, it is only a matter of time because this generation will be less likely to tell their

children about Tchibo and so on. Again, this shows the necessity of a unique and relevant in-store customer experience.

Emerging from our research, two main practical implications arose and should be considered by managers in the field of retail when trying to create a meaningful in-store customer experience for millennials:

1. Less is More

In accordance with our findings, we deduced that retailers should put emphasis on the creation of the in-store environment in order to enhance the relationship between the customer and the retailer and thus, increase the emotional involvement for the customer. The store concept should be appealing and welcoming and designed in a way that evokes excitement and an adventurous feeling. This can be triggered through the store layout by displaying a few products only rather than the whole assortment as this allows the customer to experience the products in an inspiring way. Also, retailers have to take haptic aspects in store into account such as enabling customers to touch and try on the products because these do not only generate an elevated perception of quality but can also have an influence on the final purchasing decision.

"Do less better. Focus."
(Sheahan, 2012, p.n.a.)

For Tchibo this implies the need for a clear concept. Retailers have to be aware that there is a wish for a logical and carefully selected product assortment that needs to be presented in an inspirational way. Hence, a refocus on a more relevant range of products is recommended, such as products around the theme of consuming and preparing food and coffee. Especially, due to the weekly changing concept, it needs to be assured that the product assortment fits an overall idea, which is currently missing. This comes along with the recommendation to spatially separate the food and non-food area in order to emphasise clarity, and thereby quality. A refocus on the suggested theme would allow Tchibo to generate true value, and hence, a meaningful in-store experience. In detail, Tchibo could make use of the current coffee trend and its original coffee expertise by creating a real coffee experience. Moreover, this should be supported by a welcoming, modern but also cosy store environment that allows for a more adventurous discovery of the products. Therefore, it is suggested to offer less but with the possibility to touch and feel the products and thus create a haptic experience and a chance to engage emotionally. In addition, to further enhance the perception of quality and reliability, transparent corporate communication within the in-store environment in regards to sustainable behaviour is recommended.

2. The Perfect Fit

Apart from the store environment, retailers are proposed to acknowledge the new role of store personnel. For customers, the personnel are not only a source of information but also a source of inspiration. Thus, we want to emphasise the importance of recruiting highly skilled personnel that personally fit the brand image and

authentically represent it, which again underlines the traditional and fundamental aspects of great service. Hence, in regards to the millennials, the store personnel need to appeal to this age group in a way that they can identify themselves with the personnel.

In regards to Tchibo, this is a challenge as Tchibo's personnel are highly competent and offer great service, however, it is currently not seen as a source of inspiration for millennials as it embodies a rather conservative and stiff image. Thus, in the first instance, we recommend introducing less formal attire and facilitating more informal communication. Furthermore, we suggest putting great effort into the search for talented junior personnel that rather appeals to the millennial generation. Here, Tchibo could make use of its already existing apprenticeship programmes. Nevertheless, as qualified staff in retail is rare, tailored trainings that ensure a high degree of knowledge and set free hidden talents as well as attractive non-monetary incentives are required to find the type of employees that become brand ambassadors and help to create a unique experience. Tchibo needs to aim for an inner rejuvenation of corporate culture to ensure a consistent and authentic appearance that allows millennials and other future generations to identify themselves with and be inspired by the sales personnel and thus Tchibo as brand.

Taking into account our findings, flexibility from the retailer side is required when creating an experience point. We found different types of customers within the millennial generation who have several different motivations in varying contexts. Moreover, even though we highly argue for the importance of considering future customers, namely the millennial generation, retailers should not forget about their current customers who may have other desires, motivations and expectations. Therefore, retailers are required to be flexible within the physical store environment. We recommend continuing the roll out of in-store technology in order to facilitate convenience and information flow to ensure responsiveness to rational motivations. However, particularly, we emphasise the imperative role of sales personnel in-store as a unique differentiator and co-creator of a personal and authentic in-store experience. The human strength of empathy allows sales personnel to act flexibly and close the gap across generations. This approach of 'one size does not fit all' needs to be taken into account by retailers when aiming to create a unique in-store experience. Reviewing the mentioned managerial implications, we can see that these are well interlinked and together contribute to the overall customer experience. These implications can add to the understanding of physical retail stores and are supposed to help retailers better appeal to millennials by creating a valuable in-store experience.

6.4 Limitations & Future Research

Apart from the limitations that were discussed in regards to our method as well as the overall quality of our thesis (see Section 3) we acknowledge that this research has several limitations. Even though we were able to collect valuable empirical material that made it possible to

answer our research question, we have several suggestions for future research that would further enhance the understanding in this field.

First of all, the aspects which we identified in the literature, namely tech and touch, emotions and engagement were chosen because we found these to be the most relevant in regards to our research question. The identification of other aspects from the beginning on could have led to different findings and thus focus of this thesis. Therefore, future research could be based on other aspects that are thematised in existing research.

Second, since our research solely focused on the German market, the findings of our thesis may be applicable to the German market only. This is due to the fact that there might be country specific characteristics in regards to the national retail market but also, for example, in regards to customer behaviour such as the readiness status of using in-store technology. Hence, we suggest that future research should also investigate other markets by taking into account their unique characteristics.

Third, we specifically exemplified a traditional German retailer, Tchibo, which embraces a variety of retailing facets but still is quite unique with its business concept. Therefore, the in-store experience that is created at Tchibo can be substantially different from other offline retailers and thus, we propose considering other retail concepts and store formats for future research.

Fourth, considering the time frame and thus scope of our thesis, our research was only directed towards the in-store experience of physical stores. However, due to the increasing relevance of omnichannel retailing (Lemon & Verhoef, 2016) we want to highlight that it is also important to examine the relationship between the online- and offline channel in future research.

Fifth, taking into account our chosen sampling strategy for the collection of empirical material we had some gender variety as well as a broad age spectrum amongst the interviewees. However, we did not put our focus on the different shopping characteristics between the interviewees. Accordingly, we recommend to particularly examine the differences for instance between male and female customers as well as younger and older millennials or new generations of even younger future customers in regards to in-store experience in the future.

Lastly, we have some general suggestions for future research in regards to customer experience. Due to the new role of physical stores we see a need for further research that focuses on new measurements of success along the customer journey in order to achieve acceptance from an organisational perspective. Specifically, the focus should not be on the transaction only but on the whole customer experience because sales become less relevant than the emotional customer-retailer relationship. In addition, millennials' use of technology and current usage barriers should be investigated in detail and varified over time because this aspect may have a strong impact on the overall in-store experience in the future. Moreover, considering our findings, it could be interesting to study the relationship between in-store

customer experience and transparent corporate communication in regards to sustainability in the future.

Contradicting the assumption that offline stores may disappear in the future, throughout our thesis, we revealed that physical stores will remain relevant. However, **retailers need to transform their stores from traditional selling points to emotional experience points in order to attract the millennial generation and build brand loyalty.**

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Appendix A

Picture 1: A Typical Tchibo Store (Westfälische Nachrichten, 2016)⁴



Picture 2: A Typical Tchibo Store (Citypark, 2018)⁵



⁴ Westfälische Nachrichten (2016). Kosmetik statt Kaffee, Available Online: <http://www.wn.de/Muenster/2016/09/2539891-Neuer-Mieter-in-Ludgerstrasse-Kosmetik-statt-Kaffee> [Accessed 22 May 2018]

⁵ Citypark (2018). Tchibo/ Eduscho, Available Online: <https://www.citypark.at/de/shops-gastro/tchibo-eduscho> [Accessed 22 May 2018]

Appendix B

Interview Topic Guide

Checklist	Dimensions
Offline Shopping	
Describe your most recent shopping trip (<i>no grocery shopping</i>)	
Planned/ unplanned	Motivations
Informed beforehand	Motivations
Reason for the shopping trip	Motivations
Alone/ with others	Motivations
Shopping result - purchase?	Expectations
Why not shop online?	Motivations
Behaviour in store - what did you do?	Emotions, Interaction, Tech & Touch
Interaction with other customers, mobile phone or personnel	Emotions, Interaction, Tech & Touch
Feelings	Emotions
Disturbing factors	Emotions, Interaction, Tech & Touch
Satisfaction - why?	Expectations
Unexpected/ surprised	Expectations, Emotions
Trust/ identification with the brand/ relationship	Emotions
Time constraint - limitations?	Expectations, Motivations
Technology in store - expectations	Tech & Touch
Personnel in store - expectations	Interaction
Design in store - expectations	Tech & Touch, Expectations
Wishes in store	Expectations
Atmosphere in store as influencing factor	Emotions, Interaction, Tech & Touch
Senses: hear, smell, taste, see, feel	Emotions
Shopping trip: rational/ emotional	Motivations, Emotions
Other reasons for offline shopping	Motivations
Online Shopping	
Why did you shop online?	Motivations
Advantages/ disadvantages	Expectations, Emotions
Tchibo	
What do you think about Tchibo?	Emotions
Have you ever purchased something from Tchibo?	Motivations
Did you shop online or offline? Why?	Motivations
How was the shopping experience?	Expectations
Feelings	Expectations, Emotions
Special memory	Emotions
What would need to change?	Expectations
What do you think about Tchibo's coffee expertise?	Expectations
Would you like to learn from Tchibo?	Interaction, Expectations
Future of Tchibo	

Appendix C

Interview Schedule

Interviewee Number	Identifier	Interview Date & Time	Gender	Nationality	Year born	Occupation/ Education	Location	Interview length in minutes	Interview language	Interview recorded	Interviewer
1	I1-m31	18. April, 14:00	male	German	1987	Student	in-person, Lund	31	German	yes	Annemarie
2	I2-f25	18. April, 16:00	female	German	1993	Student	in-person, Lund	26	German	yes	Svea
3	I3-f25	18. April, 19:00	female	German	1993	Student	in-person, Lund	31	German	yes	Annemarie
4	I4-f22	19. April, 09:00	female	German	1996	Student	Skype	32	German	yes	Svea
5	I5-f24	19. April, 12:00	female	German	1994	Student	Skype	30	German	yes	Svea
6	I6-m25	19. April, 17:00	male	German	1993	working	Skype	16	German	yes	Svea
7	I7-f26	19. April, 18:00	female	German	1992	Student	in-person, Lund	45	German	yes	Annemarie
8	I8-f26	19. April, 18:00	female	German	1992	Student	in-person, Lund	30	German	yes	Annemarie
9	I9-f22	24. April, 15:00	female	German	1996	Pupil	in-person, Hamburg	29	German	yes	Annemarie
10	I10-f28	25. April, 20:00	female	German	1990	Student	Skype	34	German	yes	Svea
11	I11-f26	27. April, 25:00	female	German	1992	Student	Skype	31	German	yes	Annemarie
12	I12-m30	29. April, 21:30	male	German	1988	working	Skype	25	German	yes	Svea

Appendix D

Interview Findings: General Shopping Experience

Interview No.	Motivations to shop offline	Barriers to shop online	Expectations	EX: Tech & Touch	EX: Engagement	EX: Emotions <i>(Atmosphere, Design & Senses)</i>
1	<ul style="list-style-type: none"> •Fulfil a need •Inspiration •Social activity 	<ul style="list-style-type: none"> •Large assortment •Risks (size, delivery) •No personal service 	<ul style="list-style-type: none"> •Presence of knowledgeable staff •Fit between design & products 	<ul style="list-style-type: none"> •Tech to increase convenience •Tech as source of inspiration •Touch to assist with complex products 	<ul style="list-style-type: none"> •Low interaction with staff (general) •Intense interaction with staff & customers (passion-products) •Identification with staff 	<ul style="list-style-type: none"> •Less crowded & relaxing environment •Clear structure •Senses influence mood
2	<ul style="list-style-type: none"> •Recreational activity •Reward •Inspiration •Immediate possession •Feeling of saving money 	<ul style="list-style-type: none"> •Shipping process •Dismantling data •Risk (delivery) Waiting time 	<ul style="list-style-type: none"> •Shopping success •Presence of knowledgeable staff 	<ul style="list-style-type: none"> •Touch as source of information •No tech expected 	<ul style="list-style-type: none"> •Interaction with friends → approval •Try on products 	<ul style="list-style-type: none"> •Music & smell can distract •See how products fit
3	<ul style="list-style-type: none"> •Recreational activity •Reward 	<ul style="list-style-type: none"> •Risks (size, delivery) 	<ul style="list-style-type: none"> •Presence of kind, knowledgeable 	<ul style="list-style-type: none"> •Tech to increase convenience 	<ul style="list-style-type: none"> •Interaction with phone to send 	<ul style="list-style-type: none"> •Positive mood •Clear &

	<ul style="list-style-type: none"> •Inspiration •Increase self-image •Meet societal demands •Immediate possession •Social activity/event 	<ul style="list-style-type: none"> •Shipping process •Lack of touch & feel •Payment process •Unsociable 	<ul style="list-style-type: none"> & discreet staff •Structured & tidy store •Inspiring product presentation 	<ul style="list-style-type: none"> •Tech to assist staff & enhance information flow 	<ul style="list-style-type: none"> pictures to friends •Interaction with staff •Try on products 	<ul style="list-style-type: none"> consistent design •Touch & feel material •Background music good •Loud music & strong smell distract
4	<ul style="list-style-type: none"> •Inspiration •Information •To feel good •Reward •Increase self-image •Recreational activity •Social activity •Immediate possession •Triggered by weather 	<ul style="list-style-type: none"> •No emotional experience •Waiting time 	<ul style="list-style-type: none"> •Tech needs to work flawlessly •Staff needs to know how to use tech & educate customers •Paper bags instead of plastic bags 	<ul style="list-style-type: none"> •Tech as source of information •Tech to increase convenience 	<ul style="list-style-type: none"> •Interaction with friends •Interaction with cashier (annoyed) •Try on products 	<ul style="list-style-type: none"> •Structured, clean, tidy & spacious store •See & touch product •Music & smell → Association with brand
5	<ul style="list-style-type: none"> •Recreational & balancing activity •Change of perspectives •Reward •Inspiration •Information •To feel good •Increase self-image •Social activity 	<ul style="list-style-type: none"> •Lack of advice 	<ul style="list-style-type: none"> •Tech needs to work flawlessly •Design needs to be appealing •Organized, structured store •Presence of kind, knowledgeable & discreet staff 	<ul style="list-style-type: none"> •Tech to increase convenience •Tech as source of information •Touch as source of information 	<ul style="list-style-type: none"> •Interaction with friend 	<ul style="list-style-type: none"> •Relaxed atmosphere •Influenced by senses •See & touch product •Inspiring product presentation
6	<ul style="list-style-type: none"> •Fulfil a need 	<ul style="list-style-type: none"> •Lack of advice 	<ul style="list-style-type: none"> •Staff needs to 	<ul style="list-style-type: none"> •Touch as source 	<ul style="list-style-type: none"> •Try on & feel 	<ul style="list-style-type: none"> •Structured,

		<ul style="list-style-type: none"> •Delivery time •No immediate possession 	<p>know how to use tech & educate customers</p> <ul style="list-style-type: none"> •Kind & competent staff 	<p>of information</p> <ul style="list-style-type: none"> •No tech expected 	<p>product</p> <ul style="list-style-type: none"> •Interaction with cashier 	<p>spacious & bright design</p> <ul style="list-style-type: none"> •Not influenced by senses
7	<ul style="list-style-type: none"> •Fulfil a need •Engagement •Inspiration •Information •Sign of loyalty •To feel good •Reward •Recreational activity •Social activity •Change of perspectives •Immediate possession 	<ul style="list-style-type: none"> •Lack of advice •Lack of trust in reviews •Lack of touch & feel (quality) •Lack of human contact •Delivery process •No urge to buy 	<ul style="list-style-type: none"> •Clear structure & wide assortment •Kind, competent, authentic, trustable & discreet staff •Clear communication •Tidy & sorted store 	<ul style="list-style-type: none"> •Tech to assist staff & increase convenience •Touch as source information •Touch for social interaction 	<ul style="list-style-type: none"> •Intensive interaction with staff (conversation) •Try on products 	<ul style="list-style-type: none"> •Personal relationships •Structured & well-organized layout •Functional design •See, touch & feel product
8	<ul style="list-style-type: none"> •Recurring event •Social activity •Fulfil a need (functional) •Inspiration 	<ul style="list-style-type: none"> •Lack of touch & feel 	<ul style="list-style-type: none"> •Shopping success (high) •Sale depending on weather •Presence of knowledgeable & assisting staff 	<ul style="list-style-type: none"> •Tech to increase convenience •Tech as source of information •Tech to extend assortment •Tech to assist staff •Balance of tech & touch to increase trust 	<ul style="list-style-type: none"> •Try on products 	<ul style="list-style-type: none"> •Euphoric/disappointed •Structured, colourful & bright design •Smell → association with brand •See & feel products

9	<ul style="list-style-type: none"> •To feel good •Saving money •Immediate possession •Inspiration •Social activity 	<ul style="list-style-type: none"> •Lack of overview •Payment process 	<ul style="list-style-type: none"> •Kind, trustable, competent & discreet staff •Readiness to assist •Spacious store layout 	<ul style="list-style-type: none"> •Tech as source of inspiration •Touch as source of inspiration 	<ul style="list-style-type: none"> •Interaction with friends to get confirmation •Identification with staff 	<ul style="list-style-type: none"> •Tidy & sorted store •Comfort •Influenced by store environment (senses)
10	<ul style="list-style-type: none"> •Fulfil a need •Inspiration (in-store) 	<ul style="list-style-type: none"> •Lack of touch & feel (quality) •Shipping process & fees (unsustainable) •Inconvenience 	<ul style="list-style-type: none"> •Kind, competent & discreet staff •Clear structure •Fit between design & products •Sustainability & transparency 	<ul style="list-style-type: none"> •No experience with tech in-store •Tech to increase convenience 	<ul style="list-style-type: none"> •Try on & feel product •Interaction with cashier 	<ul style="list-style-type: none"> •Spontaneous shopper •Influenced by environment •Music → Association with brand •Classy, light store design •Quality instead of quantity
11	<ul style="list-style-type: none"> •Fulfil a need •Inspiration •Curiosity 	<ul style="list-style-type: none"> •Shipping process & fees •Large assortment •Waiting time •Inconvenience •Risks (size & fit) 	<ul style="list-style-type: none"> •Friendly & discreet staff •Sustainability & quality 	<ul style="list-style-type: none"> •Tech to support staff & increase convenience 	<ul style="list-style-type: none"> •App to collect reward points •Interaction with staff •Try on & feel products 	<ul style="list-style-type: none"> •Spacious, light organised store •Welcoming & clear store concept •Loud music → distraction
12	<ul style="list-style-type: none"> •Fulfil a need •To feel good •Triggered by weather 	<ul style="list-style-type: none"> •Shipping fees •Lack of touch & feel 	<ul style="list-style-type: none"> •Very discreet staff •Knowledgeable 	<ul style="list-style-type: none"> •No experience with in-store tech 	<ul style="list-style-type: none"> •Interaction with girlfriend about choice of 	<ul style="list-style-type: none"> •Well-designed, structured store •Relaxed

	<ul style="list-style-type: none"> •Inspiration •Reward 	<ul style="list-style-type: none"> •Lack of advice 	staff	<ul style="list-style-type: none"> •Tech to support staff to increase convenience •Tech instead of staff as information source 	<ul style="list-style-type: none"> product •Interaction with cashier •Identification with brand 	<ul style="list-style-type: none"> atmosphere •Influenced by smell & music → association with brand
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Interview Findings: Tchibo Experience

Interview No.	Brand Perception	Experience	Relationship	Issues → Future
1	<ul style="list-style-type: none"> •Price-quality-ratio •Functional characteristics •Embodies German way of living •Boring store •Old fashioned brand •Good quality 	<ul style="list-style-type: none"> •Fulfil a specific need •Quick & easy •Rational & convenient 	<ul style="list-style-type: none"> •Bought coffee-to-go there as it was close by •Only once bought a non-food product •Knows Tchibo from his mother 	<ul style="list-style-type: none"> •Irrelevant (missed to reposition & reinvent itself as a brand) •No in-store experience •Irrelevant for younger target group → Need to change concept •Sustainability not clearly communicated → need for transparency •Need to increase level of quality & decrease price level
2	<ul style="list-style-type: none"> •Not a trustable brand as assortment is too mixed •Old & chaotic •Low quality (non-food items) •Not relevant 	<ul style="list-style-type: none"> •No clear concept •Friendly staff •Not cosy •Good smell of coffee & pleasant background music 	<ul style="list-style-type: none"> •Once bought a coffee there as there was no alternative •Knows brand from her parents and from TV commercial thus perceives coffee as of good quality 	<ul style="list-style-type: none"> •Need to change concept to attract younger customers •Clear separation of coffee & non-food products is needed •Need for transparent communication about

		<ul style="list-style-type: none"> •Older customers 		sustainability
3	<ul style="list-style-type: none"> •Not trendy, not dusty, just practical •Would not buy clothing there → suggests low quality •Perceives coffee as mass production → average quality •Traditional & family-led 	<ul style="list-style-type: none"> •Store is small •Too many products for store size •Store is not welcoming •No clear structure 	<ul style="list-style-type: none"> •Café of her grandmother had a Tchibo corner •Her mother bought her a children's product •Frequently buys at Tchibo corner at local supermarket •Visits stores only with a specific goal & only for certain type of products 	<ul style="list-style-type: none"> •More welcoming & structured store layout •Clear separation of café & store •Increase visual presence to rejuvenate brand image •Quality instead of quantity
4	<ul style="list-style-type: none"> •Multi-shop → “everything and nothing” •Items you did not know you needed •Positive brand perception •Smell of coffee beans → Tchibo smell •Great choice of coffee 	<ul style="list-style-type: none"> •Small but well organised •Friendly & helpful staff •Important to her to see & touch products before buying 	<ul style="list-style-type: none"> •Likes visiting Tchibo store •Likes collecting bonus points of loyalty programme •Buys her capsules for home at Tchibo •Taste of coffee most important 	<ul style="list-style-type: none"> •No awareness of Tchibo as sustainable business •Extend café area in-store & in front of store •Brand needs to stay present across Germany
5	<ul style="list-style-type: none"> •Positive association & “cool store” •Positive brand image •Large assortment → Browse through everything •Good quality •Value for money •”Women brand” •A little bit outdated •Traditional 	<ul style="list-style-type: none"> •Likes the smell & background music •Staff is always friendly •Relaxed atmosphere •Not welcoming from the outside 	<ul style="list-style-type: none"> •Visits Tchibo only with her mother, but not on her own 	<ul style="list-style-type: none"> •Irrelevant → need to adjust design & assortment to younger target group •No information about Tchibo as sustainable business → need for transparency •No immediate connotation with coffee → traditional roots •Likes idea of pop-up store & sees potential to rejuvenate &

				revitalise
6	<ul style="list-style-type: none"> •Generally positive associations •Not relevant •Does not stand for coffee but for non-food products •Good price-quality ratio 		<ul style="list-style-type: none"> •As a child bought a water bottle at a Tchibo corner - only time to buy something there 	<ul style="list-style-type: none"> •No information about sustainability → transparency •Enlarger coffee imperium •Adapt towards younger generation •Use of new media
7	<ul style="list-style-type: none"> •Experience & adventure •Low budget & very good quality •Products relevant to season •Good alternative to manufacturer brands •Does not associate coffee with the brand 	<ul style="list-style-type: none"> •Loves the coffee smell •Tidy & sorted •Good structure •Triggered through showcase presentation •Inspired in store •Expects offline & online assortment to be equal 	<ul style="list-style-type: none"> •Always finds something at Tchibo •Likes the coffee •Exchange of information about products with family •Only once had a negative experience 	<ul style="list-style-type: none"> •Separation of non-food products & café area needed •Potential for coffee → coffee experience more experiential •Rotating concept as a USP → triggers curiosity & need for possession
8	<ul style="list-style-type: none"> •Coffee and its smell → moves into background •A little bit of everything •Functionality •No high-quality coffee •Experience & adventure •Good price-quality-ratio •Coffee Expertise •More traditional, less young 	<ul style="list-style-type: none"> •Need to buy something triggered through rotating concept •Small store, too many products → confusing •No clear concept •Likes visual presentation of 	<ul style="list-style-type: none"> •First cell phone was from Tchibo → strong memory •Visits Tchibo stores to stay up to date •When searching for high-quality coffee she would not buy it at Tchibo 	<ul style="list-style-type: none"> •Coffee focus decreases; not a USP •Less is more •No clear concept → Need to refocus •Focus on suitable products related to food & coffee

		coffee		
9	<ul style="list-style-type: none"> •Coffee •Good price-quality-ratio •Good ideas •Less relevant •Family brand •No coffee expertise & high-quality due to other products 	<ul style="list-style-type: none"> •Creates curiosity •Has not noticed the stores 	<ul style="list-style-type: none"> •Does not visit the stores •Bought only once there at a Tchibo corner not in store 	<ul style="list-style-type: none"> •No relevance → Modernisation to appeal to younger target group •More advertising •Importance of sustainability → Communication & Transparency
10	<ul style="list-style-type: none"> •Coffee but even more other products •No association with clothing products •Functional products & household goods •Not relevant •Established & special brand that consumers trust •Average level of quality/ rather cheap •Housewife brand 	<ul style="list-style-type: none"> •Small stores •Lots of bits and pieces •Chaotic •Concept is not appealing 	<ul style="list-style-type: none"> •Does not visit Tchibo stores •Only once bought a coat spontaneously at Tchibo 	<ul style="list-style-type: none"> •Importance of communication about sustainability •Coffee expertise moved to background → smaller brands offer higher quality •Not part of target group •Unusual and interesting concept → coffee & non-food under one brand
11	<ul style="list-style-type: none"> •Positive association •Dusty & "Housewife image" •Quality & coffee expertise 	<ul style="list-style-type: none"> •Positive shopping experience in general •Likes smell of coffee •Store atmosphere is calm, cosy & relaxing •Cannot identify with 	<ul style="list-style-type: none"> •Buys her coffee there but feels uncomfortable due to generally older customers 	<ul style="list-style-type: none"> •Not part of the target group •Critical with purchase decision as Tchibo offers many products that she usually does not need → questions overconsumption & sustainability •No information about Tchibo as a sustainable business → need for

		<p>staff (old, uniforms & formal interaction) → conservative environment</p> <ul style="list-style-type: none"> •Concept triggers curiosity •Urge to buy something 		<p>transparency</p> <ul style="list-style-type: none"> •Need to redesign stores to stay relevant to younger customers
12	<ul style="list-style-type: none"> •One of Germany's largest retailers •No clear focus, little bit of everything (no coffee focus) •Cheap → low quality •Not relevant → for older women 	<ul style="list-style-type: none"> •Easy & convenient 	<ul style="list-style-type: none"> •Only bought rational & functional products •Assortment does not fit taste 	<ul style="list-style-type: none"> •Brand for lower classes of society → Lack of identification •Stronger communication / marketing needed → enhance image & perception of quality •Not part of the target group