LUND UNIVERSITY
School of Economics and Management

Creative Concept or Watered-down Version?

A Study on Factors that Influence how a Concept Store Format Contributes to a Format Portfolio

Master Thesis
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M.Sc. International Marketing and Brand Management 2018/19

Lund University School of Economics and Management

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Examiner:

Title: Creative Concept or Watered-down Version? Factors that Influence how a Concept Store Format Contributes to a Format Portfolio

Seminar Date: 5th June 2019

Course: BUSN39 Business Administration: Degree Project in Global Marketing – Master lvl

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Key words: Format development; Concept store; Traditional format; Customer Experience; Store Performance Evaluation; IKEA; Clas Ohlson; Portfolio Management; Sales Cannibalism; Market Penetration, Touchpoints, Revived Image

Purpose: The purpose of this to study is to identify factors that influence how a concept store format contributes to a format portfolio, which will be done by exploring the concept store format from three perspectives; customers, manager, and industry experts.

Methodology: Philosophies of epistemology and ontology was considered, where the social constructionism stance was employed. Additionally, the research followed an abductive approach where the qualitative methods semi-structured interviews and documentation for data collection was carried out. Finally, the research adopted a single case study of a specific format in the home furniture sector, with multiple embedded units (i.e. two concept stores).

Theoretical Perspective; The study focused on reviewing literature within the areas of format development and portfolio management, which includes concept such as format synergies, format objectives and format evaluation. Additionally, theory on customer experience was reviewed, which essentially includes store format choice as well as the in-store experiences shaped by the store characteristics apparent in a concept store (i.e. store location, store personnel, store environment, merchandise, digital touchpoints).

Empirical Data: A multi-method procedure for the data collection was applied, where semi-structured interviews was conducted with 27 customers, 10 managers and 3 industry experts. The interviews were then coupled with documentation in order to increase the understanding of formats part of the portfolio, as well as in order to better comprehend the information and context expressed during the interviews.

Conclusions: The analysis grounded in the three perspectives show several contributions as well as shortcomings of the concept store format. More specifically, these refers to improved customer experience, market penetration, learnings, revived corporate image, and positive as well as negative financial outcomes. These contributions and shortcomings are the results of several prominent factors which have a determining role for whether the outcomes occur or not. Additionally, we conclude that beyond traditional sales evaluation methods, and in the light of the influential factors, it is beneficial to determine what kind of behaviours the store format prompts and how that behaviour relates to the other formats in the portfolio. Thus, by doing so cross-format mobility and the relative role of the concept store format can be better established.

Acknowledgement

The study was written during the spring semester 2019 as the final project in Global Marketing within the Master's Programme in International Marketing and Brand Management at Lund University School of Economics and Management.

In order to put together this final piece of work, we have during the past ten weeks conducted many interviews with customers, managers and industry experts. We would therefore like to use this opportunity to thank and express our gratitude to everyone who has helped us along this process.

First and foremost, we would like to thank Dr. Ulf Johansson, who has been an extraordinary supervisor. We are especially thankful for his great engagement, genuine support and constructive feedback along the whole process.

We would also like to thank the IKEA company for providing us with all the information and support needed for this research. Moreover, we would especially like to thank our contact person Petra Axdorff, for valuable guidance and support.

A great thanks should also be given to all the managers who have been interviewed at IKEA and Clas Ohlson, for kindly supporting us with their valuable thought. Additionally, we are very thankful for the support we were given by the IKEA store managers in both Stockholm and London. Likewise, we would like to thank the interviewed industry experts for providing us with rich insights and understandings.

Lastly, we would like to thank all the participating customers at IKEA who spared time from their shopping in order to contribute with unique and insightful opinions.

Lund, Sweden, May 29th, 2019

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1. Introduction

Growth and value creation are two fundamental objectives for most retailers operating in today's market (Zentes, Morschett & Schramm-Klein, 2016) and to achieve these objectives companies need to set their strategy (Gowerek & McGoldrick, 2015). Gowerek and McGoldrick (2015) differ between a retailer short- and long-term strategies. The former is practices that influence constant day-to-day practices (i.e. promotions & advertisements) whereas the latter concerns strategies that have an impact upon the structure of the business (Ailawadi, 2001; Gowerek & McGoldrick, 2015).

In retailing, long-term strategies could include increasing current business activities, extending product assortment, merger or acquisitions of other companies or moving onto new countries (Pellegrini, 1995; Gowerek & McGoldrick, 2015; Harrison & O´Neill, 2017). A well-known framework that outlines various ways to pursue growth is Ansoff's matrix, which includes four categories for growth; 'market penetration', 'market development', 'product development' and 'diversification' (Ansoff, 1957). Levy and Weitz (2009) have adjusted the framework to better suit the context of growth within the retail industry. Their revised framework consists of following four areas: 'market penetration', 'format development','market expansion' and 'diversification' (Figure 1).

Figure 1: Retail growth strategies (Levy and Weitz, 2009)

While 'diversification' and 'format development' according to Levy and Weitz (2009) constitutes two different growth strategies, they both involve developing new formats. Instead, the distinguishment between the strategies regard whether the format is developed with the existing target market in mind, or a new one. However, developing a new format could potentially imply succeeding with attracting a new target market while simultaneously satisfying the needs of current customers better. Thus, we notice that retailers engaging in format development, could at the same time implement a diversification strategy. Accordingly, the distinction between the two growth strategies can be subtle and rather interchangeable. Therefore, scholarly research exploring store format development will be discussed interchangeably in the following section.

1.1 The Development of New Store Formats

Developing new retail formats is a way to achieve growth in a challenging retail landscape (e.g. Dawson, 2000, Edelmann & Singer, 2015; Verhoef, Kannan & Inman, 2015). It allows retailers to distinguish themselves from their competitors while simultaneously appealing to an existing target market but could also be used to attract a new target market (Munoz-Gallego & Kopalle, 2005; Levy & Weitz, 2009). Accordingly, retailers are developing portfolios with different types of formats tailored to different segments and markets (e.g. Reynolds et al. 2007; Brown, 2010; Sorescu et al. 2011; Sharma and Gautam, 2017).

Format development is the physical embodiment of a retail business model, which implies either moving away from the original core business by adding a completely new format or by modifying an existing format (Pellegrini, 1995; McGoldrick, 2002; Sharma, 2015). Reynolds, Howard, Cuthbertson and Hristov; 2007, Zentes, Morschett & Schramm-Klein, 2011). In both cases, strategic decision regarding the retail marketing mix need to be made. The retail marketing mix have been defined as what constitutes a retail format and includes elements such as merchandise, services, pricing, advertising, promotion, location (e.g. Müller-Hagedorn, 2005; Sethuraman, 2006; Levy & Weitz, 2009; Sidhpuria, 2009; Sorescu et al. 2011; Azeem and Sharma, 2015).

The benefits of format development as a growth strategy derives from its potential to generate further competitive advantages through positive customer experiences. A customer experience is constructed through emotional, cognitive, social and sensorial components created during the customer journey (e.g. Schmitt, 2003; Verhoef, Parasuraman, Roggeveen, Tsiros & Schlesinger, 2009; Homburg et al., 2015), where experiences occur each time they interact with any part of the service, product, store and brand, across various points in time (Zomerdijk &

Voss, 2010; Pantano & Milena, 2015; Stein & Ramaseshan, 2016). Scholarly literature suggests that a positive customer experience resulting in store attachment is linked to the specific format and the product assortment offered, rather than the location or prices (Rhee & Bell, 2002). Furthermore, according to Gonzáles-Benito, Munoz-Gallego and Kopalle (2005) consumers tend to work in a hierarchical order when they go shopping, as they first and foremost choose the type of store format they would like to visit, followed by the choice of a particular retailer which offers that format.

Expansion with new formats is mostly a strategy applied by retailers of larger scale, primarily due to two reasons. Firstly, operating with one single format becomes evidently more challenging when aiming for extensive growth (Dawson, 2000; Levy & Weitz, 2009). Secondly, as it is rather difficult for larger retailers to acquire companies possessing suitable store formats in mature markets, growth expansion is instead enabled through the development of new store formats (Dawson, 2000). Evidently, retailers are entering city centres with new smaller formats, as a subsequent effect of for a long time focusing on larger sized formats in out-of-town locations (Reynolds et al., 2007). These new stores are in most cases compromised versions of the retailers already existing formats (Sinha & Kar, 2007; Ozuduru & Guldmann, 2014). Hence, although they have a more limited assortment available, they focus on providing a similar experience to customers. However, more recently, retailers have been opening up stores that differentiates more distinctively compared to existing formats in their retail format portfolio (e.g. Reynolds et al. 2007; Brown, 2010; Sorescu et al. 2011; Baptiste Coumau, Köster & Vollhardt, 2012; Sharma and Gautam, 2017).

1.2 External Factors Prompting Store Format Development

First and foremost, the trend towards more diversified store formats is propelled by changing consumer behaviours. Factors such as urbanisation is changing consumer's lifestyle patterns while influencing shopping motivations and preferences, resulting in retailers expanding with new formats in urban locations (Kent & Omar, 2003; Pargett & Mulvey, 2007; McGrath, 2010; Sorescu et al. 2011). Several studies have found that store location is the most important factor for consumer shopping choices (Severin, Louviere & Finn, 2001; Jones, Mothersbaugh & Beatty, 2003; Jaravaza & Chitando, 2013). Retailers operating in city centres can be close to the customers daily travels (i.e. between work and home), and are highly accessible while enhancing chances for more spontaneous shopping trips (Léo & Philippe, 2002; Kim & Ulfarsson, 2008)) a It is further a way for retailers to reach the growing number of consumers that does not have access to a car (Kim & Ulfarsson, 2008).

Another major reason for the change in physical store formats developed is the technological development permeating society. Digitalisation and omni-channel practices are allowing retailers to reach consumers via online-channels without limitations to either time, space or geographical location (Christensen and Raynor 2003; Verhoef Kannan & Inman, 2015). Hence, there has been a great urge for retailers to engage in omni-channel practices by developing additional customer touchpoints (e.g. Neslin et al. 2006; Avery, Steenburgh, Deighton & Caravella, 2012; Verhoef Kannan & Inman, 2015). Since consumers seamlessly interact with the retailer through different channels and devices (i.e the physical store, the mobile channel, social media) the customer journey cannot be viewed as isolated to a single store format (Bèzes, 2018). In line with this, Avery, Deighton and Caravella (2012) state that a format portfolio consisting of both online, catalogue and brick and mortar channels, benefit from increasing sales when introducing a new brick and mortar store due to format synergies. Hence, instead of internal sales cannibalisation the extension of additional store formats is argued to accelerate a firm's growth through increased awareness, resulting in consumers to a greater extent interacting with all formats available (Avery, Deighton & Caravella, 2012). With the exception of existing format synergies, brick and mortar stores are often differentiated from online channels by enhanced unique 'offline' attributes such as in-store experiences, service and the possibility to interact with products directly (Paulins & Geistfeld, 2003).

Considering above-mentioned factors influencing the retail market and store format development, several retailers such as IKEA, Clas Ohlson and Nordstrom are experimenting with differentiated store formats (Carlsson, 2018; Meyersohn, 2018; Maheshwari, 2019). These formats provide a limited assortment and are developed with the modern consumer in mind by providing a seamless experience across online and offline formats (e.g. Sinha & Kar, 2007; Ozuduru & Guldmann, 2014; Carlsson, 2018; Direkt affärsvärlden, 2018; Meyersohn, 2018; Sheehan, 2018; Maheshwari, 2019). In terms of categorisation, these experimental formats share characteristics with both concept store formats and speciality formats. Even though no established scholar definition of a concept store format exists, it typically encloses innovative store elements (i.e creative design and in-store technology) and a limited store assortment consisting of private labels (Triki & Hakimi, 2017). The aim with a concept store is further to go beyond merely selling products in store and instead focus on providing customers with an experience (Triki & Hakimi, 2017). Specialty formats on the other hand are defined as stores with a narrow market focus while offering few product categories (Lamb, Hair & McDaniel, 2012). Both of these formats cater to consumers demands by offering prominent brand values in store, convenience and a hedonic shopping experiences (Reynolds et al, 2007; Mores, 2007; Triki & Hakimi, 2017). However, concept stores tend not to offer an assortment as deep as speciality formats, while being more innovative in its nature. The newly launched formats could thus mainly be seen as a concept stores which however share several characteristics with speciality formats (Sheehan, 2018; Direkt affärsvärlden, 2018; Carlsson, 2018; Meyersohn, 2018; IKEA, 2019 Maheshwari, 2019). Accordingly, we will from now on refer to these new types of store formats as concept stores.

When adding a new store format to a portfolio, such as a concept store, Yrjölä, Saarijärvi and Nummela (2017) emphasize that retailers need to have a clear understanding of what type of value each format or channel provide the customer with. Otherwise, they risk misalignment between channels which could result in complexity and operational misfits (e.g. Piotrowicz and Cuthbertson, 2014; Yrjölä, Saarijärvi & Nummela, 2017; Yrjölä, Spence & Saarijärvi, 2018). Therefore, retailers need to continuously evaluate the performance of each store format.

1.3 Evaluation of Store Formats

At a strategic level, growth and expansion strategies such as store format development are generally permeated with the ongoing evaluation of the current format efficiency level, which provides a foundation for further portfolio development (Assaf, Barros & Sellers-Rubio, 2011). Store closings and store expansions are thus based on managers' understanding of the key drivers for store performance, where practitioners often seek to adopt a 'best practices' approach to continuous improvement (Thomas, Barr, Cron & Slocum, 1998). Traditionally, store performance and the evaluation of retail formats are almost exclusively measured through three categories; market-based results, productivity in store, and financial results (e.g. Dunne & Lusch, 1999; Kumar & Karande, 2000; McGoldrick, 2002; Hernant & Boström, 2010). Commonly used indicators then refer to sales volume, market share, gross margin, value added, sales per hour, sales per square meters, gross profit, and so forth (Dunne & Lusch, 1999). Achabal, Heineke and McIntyre (1984) argue that a vital issue in retail performance evaluation and output measurements is the bias part of productivity measurements used to track output. While the preference toward productivity measurements derives from the ease in equating the output and data accessibility, it fails to distinguish sales output from customer demand, and to take store specific attributes, local competitors and momentary market changes into account (Achabal, Heineke & McIntyre, 1984).

It has further been suggested that consumers behave differently depending on which type of format they visit, resulting in a variation in visit frequency and sales (Gonzáles-Benito, Martos-Partal & Garrido-Morgado, 2018). The challenge of succeeding with a balance among various retail formats is further supported by Brown (2010) who writes that the difficulty partly lies in that each format will generate different levels of profitability. Thus, making traditional performance measurements somewhat inadequate. As a complement, literature touching upon retail store performance also includes ways of evaluating dimensions of the performance through customers feedback metrics (e.g. Egan & Guilding, 1994; Sweeney & Soutar, 2001; Brakus, Schmitt & Zarantonello, 2009; Calvo-Porral, Martinez-Fernandez, Juanatey-Boga & Levy-Mangin, 2015), which are considered critical in order for retailers to turn consumer insights into something actionable (Lemon & Verhoef, 2017). Accordingly, there is an existing myriad of metrics which take different narrow approaches when evaluating the customer experience (e.g. Zeithaml, Berry and Parasuraman, 1996; Klaus & Maklan, 2012; Schmidt-Subramanian, 2014; Klaus, 2015). Most commonly, satisfaction perceptual metrics based on a single transaction at a specific point in time are used (Fernandez & Highett-Smith, 2015; Lemon & Verhoef, 2017). However, existing customer experience measurements including a multidimensional nature which better capture the full experience, is uncommon (Lemon & Verhoef, 2017). Lemon and Verhoef (2017) therefore argue that a metric is needed which determine and measure the customer journey and experience accurately across multiple touch points.

Existing literature evaluating the performance of different store formats *part of a portfolio* is limited. Shi, Lim, Weitz and France (2017) examined the performance of different formats using existing sales metrics and market-based results. The findings revealed negative results for format diversification, as it was found to reduce competitive advantages while increasing the operational costs (Shi et al., 2017). Additionally, previous literature have aimed to increase the understanding of the phenomenon by generating insights of customers' perceptions of different formats, and how that relates to store format preference (e.g. Morganosky & Cude, 2000; Reynolds, Ganesh, & Luckett 2002; Bhatnagar & Ratchford, 2004; Hultman, Johansson, Wispeler & Wolf, 2017). However, since these studies are using image as a determining factor, they could be argued not to capture the full customer experience across multiple touchpoints, as previously suggested preferably by Lemon and Verhoef (2017).

1.4 Problem Formulation

More innovative store formats have recently been developed as a response to a changing retail environment driven by urbanization and technological progress (e.g. Howland, 2016; Bäckström & Johansson, 2017; Hultman et al., 2017; Devani & Coonan 2018). As previously stated, these new formats could be viewed as concept stores located in city centres. Even though these concept stores are developed with the urban consumer in mind, they also constitute a challenging business model. Firstly, as there is a fundamental polarisation in consumer behaviour regarding preferences towards either large-scale formats with a large assortment, or smaller formats with a more niched assortment (Reynolds et al, 2007). Secondly, as they tend to generate lower average sales numbers, as well as varying space and locational requirements in comparison the traditional format (Reynolds et al, 2007; Shi et al., 2017; Colliander, 2018).

Retailers, such as IKEA and Clas Ohlson, have during the last years chosen to close down innovative store formats just recently launched (Colliander, 2018), while simultaneously expanding with other new formats (e.g. Clas Ohlson, 2018; Direkt affärsvärlden, 2018; Colliander, 2018, IKEA, 2019). Hence, it is apparent that the market is undergoing a period of trial, where these retailers are experimenting with different formats in order to successfully add formats to the portfolio responding to the changing retail environment (e.g. Sinha & Kar, 2007; Ozuduru & Guldmann, 2014; Clas Ohlson, 2018; Direkt affärsvärlden, 2018; IKEA, 2019). However, It has been expressed that more evaluation and testing is needed in order to fully understand the performance and the contributions of these concept stores (Direkt affärsvärlden, 2018; IKEA, 2019). While the process of store format development generally is permeated by the evaluation of the format efficiency level through traditional performance indicators (Thomas, Barr, Cron & Slocum, 1998; Assaf, Barros & Sellers-Rubio, 2011), these metrics provide little understanding of the different dimensions of store formats and how a specific format contribute to a portfolio. A more extensive understanding of how to determine whether a new store format contribute to the portfolio or not, could be considered needed. Especially, since consumers are demonstrating seamless behaviour while format synergies are becoming more common (e.g. Avery, Deighton and Caravella, 2012; Beck & Crie, 2016). Hence, further emphasizing the need to determine the performance of the concept stores across customer touchpoints, using a less isolated approach.

1.5 Purpose

The purpose of this to study is to identify factors that influence how a concept store format contributes to a format portfolio. Potential contributions are not exclusively limited to beneficial outcomes given to the retailer's format portfolio, but also refers to the shortcomings or disadvantages of the concept store.

Influential factors and subsequent contributions will be identified by exploring the concept store format from three perspectives, as store contributions is recognised to derive from a combination of sources; customers' and their in-store experience of the concept store, managers working with store format development and performance evaluation, and industry experts with valuable insights of the retail environment, are all acknowledged to possess relevant perspectives. Thus, resulting in a more comprehensive understanding of the phenomenon while enabling us to compare and understand different motives and perspectives on what the format brings. Hence, it is important to recognise that the format motives differ between customers, managers and industry experts, which ultimately creates different views upon the potential contributions of a concept store. Additionally, we recognise the limitations of current traditional store performance metrics and will therefore also focus on potential contributions beyond sales numbers by further studying the phenomenon from a customer experience perspective. Lastly, due to increasingly common seamless customer experiences and format synergies, other determinants (e.g. customers' previous experiences of the retailer, needs related to geographical proximity) and how the concept store's potential contributions might be shaped by other formats currently existing in the retailer portfolio, are also considered.

1.5.1 Theoretical Contribution and Positioning

Limited research has previously been conducted in order to fully understand the performance of this type of new store formats and its contributions. Despite that researchers stress the relevance of store format development as a growth strategy (Levy & Weitz, 2009), the existing and yet limiting, relevant literature within store formats and portfolio management is almost exclusively found within more generic textbooks (e.g. McGoldrick, 2002; Levy & Weitz, 2009; McGoldrick & Goworek, 2015). Many research studies have instead attempted to analyse and identify the characteristics of customers of different store formats, underlining the interrelation between customer perceptions of store formats among different segments and the evaluation of different store image attributes (e.g. Bloch, Ridgway, & Dawson 1994; Morganosky & Cude, 2000; Reynolds, Ganesh, & Luckett 2002; Bhatnagar & Ratchford, 2004; Singh & Sahay, 2012; Basu, Jena, Goldman, Philipson & Dubois, 2013). In general, these studies compare store formats offered by different retailers (i.e. formats that are not part of the same portfolio), such as departments stores, category killers and convenience stores within the grocery sector, generating managerial implications regarding consumers preferred format choice in a particular region. Seemingly, previous literature tends to disregard how a seemingly *diversified* format portfolio relates to the customer experience and their future shopping intentions. Furthermore, little attention has been given to other sectors and formats such as general merchandise retailers and more innovative store formats added to a portfolio (e.g. concept stores). Although, one study by Hultman et al., (2017) explored format development and its effects on store image within the home furniture sector, focusing on a smaller compromised version of a traditional format. The same sector was previously explored in a master thesis; however, the authors then used the pick up point format as basis for the study (Grimani & Privitello, 2016). In each of these studies the chosen format differs from the format serving as a base for this study. Furthermore, the researchers did not conclude what the most prominent attributes identified meant in terms of store contributions and performance. The only study found to explore the performance of a diversified portfolio is a research conducted by Shi et al. (2017), in which they used existing sales metrics and market-based results as the only determinants. Their findings then revealed negative results for format diversification due to reduced competitive advantages and increased operational costs (Shi et al., 2017), however providing little understanding of the different dimensions of store formats contributions. Lastly, despite scholarly literature prompting for the embedding of omni-channel touchpoints when exploring and evaluating in-store customer experiences (Lemon & Verhoef, 2017), such inclusion has not been found within the store format development literature.

In conclusion, while the research above provides insights regarding customers' choices, and how that reflect on the image of the specific store, few studies have evidently explored how new formats relates to retail format portfolio management and the customer experience. Furthermore, we have not managed to locate any previous study within the field of store format development investigating concept stores specifically.

1.5.2 Managerial contribution

By identifying the distinctive and valuable attributes of the new store format, retailers may gain relevant insights and further understanding of how a new city store format contribute to the portfolio. The inclusion of how urban consumer interact with, and experience, the store format characteristics allows managers to grasp format synergies, vital touch points and prominent modern consumer demands. Such insights are especially valuable for managers and employees working directly with format development, format innovation and customer experience. The aim is to provide findings in terms of factors indicating contributions of a concept store, which can help managers to establish strategic decision for future store evaluation and format portfolio management, as well indications of what to improve with the existing format. Moreover, by including several retailers in the research, we provide managerial implications in terms of various actors strategies related to format development. Hence, the reader will establish a greater understanding of practices currently being used in different sectors, and how Business Managers perceive these to work. Such understanding is favourable since it lowers the risk of repeating strategies that have been proven insufficient by other retailers. This understanding is further enhanced by including insights and relatively unbiased opinions of industry experts.

Lastly, our research should be viewed as a foundation for retailers who wish to establish continuous evaluation of new type of store formats part of a portfolio. Developing key performance indicators requires time and insights unique for each format (Teece, Pisano & Shuen, 1997). Hence, while the identified attributes could serve as a valuable first step in terms of relevant contributions and factors to look for when managing a format portfolio, adaptation to each company's specific process is needed and encouraged.

2. Methodology

In this chapter we present the research philosophies that are permeating this study and affecting our point of view. We will discuss our research strategy, the selected case, sampling criterion, the method chosen for data collection, how the data is analysed, and the study's trustworthiness.

2.1 Research philosophy

Easterby-Smith, Thorpe, Jackson and Jasperson (2015) emphasize that the research philosophy will reveal important assumptions on how the researcher think of the world. One of the first thing researchers need to reflect upon concerns the matters of ontology, hence the "philosophical assumptions about the nature of reality", that permeates the study (Easterby-Smith et al. 2015, p. 47). We believe that when studying the phenomenon of concept stores as part of a retail portfolio, there is no single truth. As we are looking beyond sales metrics and performance, which most likely would have derived in a realism view (i.e. single truth) involving direct facts (e.g. performance measures) and numbers (e.g. amount of sales), we acknowledge that there are many truths. We believe that each individual will have a different view upon how the format potentially contribute to the portfolio of different formats. Especially since we are including multiple perspectives. Depending on if we ask the customers of the store, the managers working with the development of the store or industry expert that are 'outside' of the development process per se, we will gather different insights. We further note that it will depend on the individual's internal views and motives. For example, a customer's view upon the store is likely to be a result of various factors such as motive with the visit, expectations, experience in store and so forth. Similarly, a manager working with store format development will most likely base his or her views upon expectations, past experiences, knowledge in the area and so on. Hence, the study is based on a relativism view (Easterby-Smith et al. 2015) and we agree that facts will be influenced on each individual's viewpoint.

The next stage involved reflecting upon the epistemology of the study. Epistemology have been defined as "a general set of assumptions about ways of inquiring into the nature of the world" (Easterby-Smith, et al. 2015, p. 47). In line with our ontology (Easterby-Smith et al. 2015), we position ourselves within social constructionism, but relatively close to positivism. We focus on what the participants are thinking and feeling and the meanings they place upon their expressions and experience related to the new store format, but also accepts data from multiple sources. Accordingly, we acknowledge and appreciate differences as well as similarities in the experiences among the individuals, as we will seek for possible variations in how a concept store can contribute to a format portfolio. We assume that findings regarding if and how a store format contribute to a portfolio, derive from comprehensive investigation. In line with Easterby-Smith et al. (2015) recommendations we are collecting multiple perspectives from various individuals by working with triangulation (see section 2.5).

2.2 Research approach

The approach taken in the study is an abductive approach. Abduction is recommended for researchers who want to discover new things (Dubois & Gadde, 2014). Via an abductive approach theory emerges as a result of constant process between collecting and analysing data and is helpful since theory cannot be understood without empirical research and conversely (Dubois & Gadde, 2014; Bryman & Bell, 2017). However, even though it is important to enter data collection with some background information in the field, it is not always recommended to have reviewed all literature in beforehand (Strauss & Corbin, 1990). Gadd and Dubbois (2002) even argue that in case studies it is not possible to review all literature in beforehand since the theoretical conceptualization is the result of an ongoing empirical investigation. Specifically, for our study, the first step involved researching for existing literature in the area of store format development, store characteristics, customer experience and performance management, which then laid the foundation for the problematization and theoretical framework. Accordingly, already existing research within the areas of customer experience, store format development and portfolio management, functioned as a foundation when framing the data collection. Researching theories in the area before collecting data and as in this case, conducting interviews, was necessary as it provided us with a framework to further develop through empirical investigation (Dubois & Gadd, 2014). Secondly, the outlined theory was encapsulated and visualised in the framework (Framework 1) as discussed in chapter 3. Thirdly, this framework was used as foundation when framing the interviews with Business Managers, customers and industry experts. The theory also provided us with knowledge in mentioned theoretical fields, allowing us to achieve valuable interpretations during the interviews which further enhanced the possibilities of asking relevant follow up questions (Bryman & Bell, 2017). Finally, the collected data were analysed to contribute with new insights and findings regarding how the concept store potentially contribute to retailers' portfolios. By going back and forth between collecting empirical material and theory, reflexivity and new well-grounded valuable interpretations were generated (Dubious & Gadde, 2002). Hence, the theoretical framework was expanded according to our findings, further on resulting in the framework visualised in chapter 3.5 (Figure 2), including the contributions we found apparent via the empirical analysis.

2.3 Research strategy

According to Eisenhardt (1989), "The case study is a research strategy which focuses on understanding the dynamics present within single settings" (p. 534). Considering the purpose of this research (i.e identify factors that influence how a concept store format contributes to a format portfolio) a case study was determined a suitable strategy. Thus, due to the diversified store format development part of a portfolio still being an uncommon practice as well as the time frame of this research, a case study allows us to better grasp the characteristics of the particular phenomenon (i.e the new concept stores) while facilitating the understanding of the different dimensions shaping the overall contributions of the store. Hence, by focusing on a single type of store format (i.e. concept store) as an explorative device in a certain context (i.e. the home furniture sector present in city centres), the linkage between the customer experience and the management process of the practitioners becomes more apparent and distinguishable, which facilitate comparisons and understandings when analysing the collected data.

Dubois and Gadde (2002, p.55) argue that "Case studies provide unique means of developing theory by utilizing in-depth insights of empirical phenomena and their contexts". Since we aim to both increase the understanding of the potential contributions of a concept store and identify influential factors part of the customer experience that retailers should consider when determining the contribution of a concept store, a case study is further applicable. However, it is noticeable by focusing on the dimensions present in a single setting, we are aiming for an understanding of the particular rather than the general. In conclusion, we will focus on a single case study of a specific format in the home furniture sector, with multiple embedded units for analysis (i.e two concept stores). This will be presented in detail in the next section.

2.4 The Selected Case

In the light of the purpose of the study (i.e. identify influential factors indicating how a new concept store format potentially contributes to a format portfolio), the case deemed as relevant for the study was the concept stores format launched by IKEA in city centres around the world. The concept stores are part of IKEA's market approach where they are aiming to become more convenient and accessible to where people live, socialise and work (Ingka Group, 2019). Despite including several perspectives from business manages, industry experts, and consumers, the study should be considered based on a single revelatory case (Bryman & Bell, 2017) since the new store format, only recently launched by IKEA, serves as device for exploration.

According to Yin (1994), how suitable a case is for a research study can be evaluated by using three criterions; uniqueness, to what extent it poses as an exploratory device and its accessibility. The choice of using IKEA as case company primarily derives from the uniqueness and innovation brought by the concept stores in relation to their traditional store format and ordinary way of doing business. Regardless of retail sector, IKEA is one of the first companies to expand their portfolio with new formats which to a great extent differ from existing formats (Personal communication with Petra Axdorff, 26 march, 2019). While it is common for retailers in general to expand through store format development by opening up new formats almost identical to the traditional store format expect for a slightly smaller product assortment, the innovation and diversification tend to be low in comparison to the chosen case (e.g. Sinha & Kar, 2007; Ozuduru & Guldmann, 2014). Considering above-mentioned, and the fact that the concept stores was launched as recently as 2017 in London and Stockholm, it has not yet been extensively studied. Hence, previous studies on IKEA store formats (Grimani & Privitello, 2016; Hultman et al., 2017) have not explored this particular format, nor have they focused on formats actual performance and overall contributions to the portfolio. The chosen case thereof enables us to detect new and valuable insights, which makes it highly suitable as an exploratory device. Furthermore, the accessibility was considered a key factor when selecting the case. Early on, we were connected with Petra Axdorff, Country Manager IKEA Spain, by our supervisor Ulf Johansson. Hence, we directly had access to someone working with the new concept store formats. During our initial meeting with Axdorff we discussed her view upon challenges and the areas she would like us to explore. This further enhanced our understanding of the phenomenon. By combining Axdorff's thoughts with our aimed theoretical contributions, we altered and adjusted the purpose accordingly which resulted in the study's final purpose. Axdorff also connected us with several managers globally working directly with store development, consumer insights and retail management within IKEA. Thus, providing us with valuable and necessary insights related to the new store formats. Due to the collaboration with Axdorff, we were also provided with the possibility to conduct interviews with customers in two different city stores (IKEA Kitchen Stockholm and London Planning Studio) since IKEA covered our travel costs. Axdorff expressed that they perceive customers to have different relationships to IKEA in different countries and we therefore found it to be necessary to include both stores as embedded units for analysis, in order to reach customers in both London and Stockholm.

Both concept stores focus on a specific part of the home, and only offers a planning area and inspirational areas focusing on the chosen product category (e.g. Kitchen, Storage). The concept store in Stockholm focuses on Kitchen planning, while the store in London offers Kitchen and Storage planning. Overall, both stores are highly similar in terms of what attributes and characteristics they contain. In detail, the new concept store formats in Stockholm and London comprise the following functionalities and elements:

- In-store area between 500-1000 m2
- No assortment and stock available for immediate take home purchase
- Urban store location in comparison with the traditional IKEA stores
- All showcased products correspond to the chosen home area (i.e. Kitchen, Storage)
- Orders are placed online with the help of store personnel
- No cash payment allowed
- In-store showrooms and inspiration constitutes a great part of the layout (i.e. products on display with the aim to inspire customers. The store in Stockholm showcase more inspiration and styles compared to the store in London)
- Co-creation areas where consumers can interact with different materials and styles (The London store allocates similar store size as the Stockholm store, however while covering two product categories instead of one)
- Planning areas where store personnel is available through scheduled appointments
- Personnel available for brief questions
- Self-service computers with the planning system installed (only in Stockholm)

- Screens and tablets available for inspiration and to view/order from the larger assortment available online

Considering the characteristics presented, the new concept store format generates a new customer journey with other touch points offered compared to the traditional store format. Furthermore, the unique characteristics and smaller store size is suggested to result in sales numbers being low in comparison to the traditional formats (Personal communication with Petra Axdorff, 26 march, 2019), making the actual contribution to the portfolio less apparent when basing performance on traditional sales metrics.

When collecting the data, it became apparent that customers often reference to the traditional IKEA store format for comparison. Hence, we find it necessary to also briefly outline prominent characteristics of the IKEA's traditional store format, 'the big blue box', in order to facilitate understanding of the potential reasoning brought forward in the analysis. The store characteristics of the traditional store are retrieved from the internal documents provided (Ingka Group, 2019) and described as following;

- In-store area of 20 000 m2 or more
- Product assortment spanning across product categories (e.g. kitchen, livingroom, bedroom, bathroom, storage)
- Large product assortment of smaller items
- Inspiration areas related to all product categories
- Restaurant and Bistro functioning as a food market
- Kids playroom
- Suburban location
- Personnel available for planning as well as for brief questions
- All products are available for in-store purchase to take home directly
- 'Maze' layout to guide the customer through the store
- Digital screens with product information
- Self-service computers available in several sections of the store

2.5 Choice of Research Method

The case study has an exploratory nature, meaning that we aim to form the basis for future more conclusive research (Singh, 2007). Hence, we do not aim to make objective generalizations. Instead we are focusing on understanding and exploring the development of new city stores from multiple perspectives as we have identified a need to study this new phenomenon (i.e. concept stores in city centres) by taking both customers, industry experts and managers perspectives into consideration. With this in mind, we have chosen to study the potential contributions through a qualitative research method as it allows us to gather comprehensive data (Patton 1999, Bryman & Bell, 2017). A qualitative research method is considered suitable when researchers aim to gather rich and detailed information to interpret, understand and analyze a certain phenomenon (Patton, 1999; Bryman & Bell, 2017). With our qualitative method we will attempt to make sense of and interpret the meanings that individuals from both the managers, industry experts and customer side give to these new formats. A qualitative method further allows us to uncover various opinions and viewpoints through the explicit language used by the interviewees (Bryman & Bell, 2017). Thus, we are emphasizing the importance of understanding how individuals think and why they act a certain way. Such understanding is supported by the fact that we are asking broad and open questions as well as follow up questions (e.g. why, how, what) whenever needed.

To gain comprehensive data we are working with triangulation. Triangulation enhances the confidence in findings as it implies searching for data from multiple perspectives, sources and via different methods (Patton, 1999; Carter et al. 2014). By working with triangulation, researchers are more likely to develop a comprehensive, rich and robust understanding of the phenomena (Patton, 1999). The study involves triangulation of sources as we have gathered data from three various perspectives; managers, customers and industry experts. By taking all three perspectives into consideration, a broad understanding of experiences and perceived contributions of the new city store format can be developed. The extensive material will thereafter be analysed and reflected upon in order to provide insights on how and if new city store formats contribute to the retailer portfolio. The motivation, sampling and participation criterion of the different sources are discussed in detail in chapter 2.6. The different methods used when collecting data from the sources (i.e. documentation and semi-structured interviews) are stated below in chapter. 2.7

2.6 Participation Criterion and Sampling

Since the purpose of this thesis is to establish potential contributions of the concept store format by including different perspectives, the specific criterion for participation depend on the type of source. These will be discussed in detail in relation to each source. In terms of sampling, all participants were first and foremost chosen based on non-probability sampling, meaning that they were strategically chosen due to their characteristics and the insights they possess (Saunders, Lewis & Thornhill, 2009). In this case, it meant either relevant knowledge and experience of the concept store format, or extensive knowledge of the retail market and external determinants fueling the development of store formats. Different types of non-probability sampling were then applied depending on the type of source. Consumers were chosen through in-store convenience sampling, business managers was found through snowball sampling, while industry experts were purposively chosen. The characteristics of the sampling process will be discussed in detail below each source. The overall sampling was further dependent on participants proximity and convenient accessibility (Bryman & Bell, 2017). Considering the limited time frame of this study, each interviewee matching the criterion needed to be available for an interview within the time period of three weeks (i.e. 190422 - 190510) in order to make time for analysis. Furthermore, face-to-face interviews was required for the participating customers in order to better grasp their explanation of their store encounter, while assuring actual store experience as the interviews were held in the IKEA concept stores. For business managers and industry experts, accessibility through Skype was deemed as enough, and many times preferred, considering the geographic distance.

In terms of sampling size, we did an initial assumption of how much insights were needed. This was later on altered depending on when we found theoretical saturation to be reached. 26 consumers, three industry experts and 10 managers from IKEA and Clas Ohlson was ultimately interviewed.

Business Managers are interviewed as we are interested in understanding how they manage store format development. These interviews will contribute with insights regarding their perspectives on how the new format are thought to contribute to the format portfolio and how they currently evaluate them. These insights will then be analysed in comparison to the perspectives of consumers and industry experts.

Industry experts are interviewed since they have great knowledge concerning retail environment and important changes in customer behavior. In relation to business managers, we believe that industry experts possess less biased insights since they are likely to have researched or worked with retail management from multiple angles (e.g. industries, countries and theories) during a long period of time. Hence, likely to have gained insights in the research area that are valuable to analyse.

2.6.1 Consumers

Interviewing customers with experience from the concept stores was essential in order to establish potential contributions of the format. Customers' experiences play a major role since they are crucial for a store's performance and ultimately where store contributions derive from. The store visitors were approached via convenience sampling, meaning that they were haphazardly chosen due to accessibility (Saunders, Lewis & Thornhill, 2009). By approaching store visitors' part of the existing IKEA clientele, we simultaneously assured that they had experience from the format. Despite the selection being rather randomized, we still strived for variety in age and gender in order to collect insights from different types of customers, as suggested by Bryman and Bell (2017). Another criterion regarded that each participator was expected to permanently live in the city where the store is placed, rather than being a tourists. This in order to better analyse the expressed experience in the light of their needs and wants as urban consumers. Furthermore, we also aimed for variety in terms of customers visiting the store because of a pre-booked planning session with store personnel and those visiting the store in other purposes. A detail description of the participants and the interview process can be viewed in section 2.7.2.1.

2.6.2 Managers

The managers participating in the research consist of company representatives from IKEA and Clas Ohlson working directly with store format development and format portfolio management. Each IKEA manager participating was required to have direct experience of working with the new concept store, store format development and/or evaluation of store formats. We were fortunate enough to reach managers with complementary insights working in different markets.

For example, Ramon Ramos working as a Customer Experience and Intelligence Manager and Emma Recco working as a Property and Expansion Manager. A full list of participants and positions can be viewed in section 2.7.2.2. Beyond IKEA managers with experience from the selected units of analysis, Clas Ohlson representatives were included due to the retailer going through a similar format expansion. By including another approach to store format development, we believed that valuable insights related to format portfolio management could be gained. Hence, functioning as a complement to the process described by IKEA resulting in a more nuanced picture. For example, learnings related to how they currently evaluate their new store formats and the purpose the concept stores of Clas Ohlson serve. Similar to the IKEA representatives, we required Clas Ohlson representatives to possess direct knowledge of store format development.

Literature suggest that researchers are more likely to access relevant potential participants by using existing contacts (Easterby-Smith et al. 2008; Saunders et al. 2009). For IKEA, our main contact person Petra Axdorff, provided by our supervisor, was initially approached via email. She then connected us with colleagues possessing relevant knowledge. In several cases the people we ended up interviewing were recommended to us by their colleagues, who recognised them to be suitable considering their role within the organisation and the purpose of this study. Hence, creating a snowball-effect. According to Saunders, Lewis and Thornhill (2009), snowball sampling is suitable when populations and cases are difficult to identify or reach out to. As IKEA is a very large organisation, having employees within the organisation to connect us with suitable people were proven very beneficial.

The sampling process was identical for the interviews with Clas Ohlson representatives, where our main contact Geir Hoff, provided by our supervisor, connected us with two employees working directly with store format development. As the units for analysis regards IKEA stores, fewer number of representatives from Clas Ohlson were considered needed., in comparison to IKEA. However, considering Clas Ohlson being a smaller company than IKEA the three people chosen for interviews possessed direct knowledge of the company’s store format development process as a whole.

2.6.3 Industry Experts

The sampling process for industry experts was purposive in nature, meaning that they were approached based on their perceived ability to shed light on the phenomenon. Thus, it is a common method when looking for sources that are highly informative and typically representative to some extent (Saunders, Lewis & Thornhill, 2009). The sources considered relevant was located through online research and initially contacted via email. The participants chosen could be divided into academic experts and general industry experts.

The criterion for the academic experts regarded extensive previous knowledge of the retail market, changing customer behaviour, and relevant in-store customer experiences. Furthermore, we looked for academics which currently are active within the retail research area as it improves the chances of their knowledge being up-to-date with the industry changes discussed in the introduction, as well as the specific phenomenon. Both participants, Docent Malin Sundström at University of Borås and Professor Sara Rosengren at Stockholm School of Economics are currently researching customer buying behaviours, retail innovation, digitalisation and how different market activities corresponds with consumers needs and wants. As an addition, Robert Kron, a senior retail creative director consultant with years of experience developing store concepts, was chosen based on his relevant practical knowledge. Since he has worked with various retailers his knowledge is not only considered widespread, but also less biased by companies' ordinary ways of doing business. A detail description of the participants and the interview process can be viewed in section 2.7.2.1.

2.7 Data Collection

It was decided that qualitative data was best suited to serve as empirical foundation as it allows us to gather profound insights from different perspectives. The data was collected through multiple qualitative methods. Hence, in addition to source triangulation, methodological triangulation was used, which refers to using more than one type of method when studying a phenomenon (Bekhet & Zauszniewski, 2012). This type of methodology has previously been proven beneficial due to enhanced understanding of the phenomenon (Lewis & Thornhill, 2009; Bekhet & Zauszniewski, 2012). Furthermore, the method is based on the assumption that potential weaknesses within one approach will be counterbalanced via the strengths of another method, hence increasing the overall trustworthiness and strengths of the findings (Jack, 2014). Following methods were chosen; (1) Semi-structured interviews and (2) Documentation. For managers, both methodologies were applied, while consumers and industry experts were only interviewed. Each method will be motivated in detail below.

2.7.1 Documentation

As suggested by Saunders, Lewis and Thornhill (2009), internal documents provide researchers with comparative and contextual data. The internal documents given to us by IKEA first and foremost served as a basis for the case description, where information about the concept store was added. In order to better grasp the store format development process within IKEA as well as the store format investigated, we also included internal company documents in our analysis. The documents contained reasoning of why IKEA are expanding through new store formats, long-term objectives, current evaluation metrics of customer satisfaction, an overview of the existing formats part of the portfolio, as well as detailed information regarding current customer segments and their behaviours related to the city stores in Madrid. The documentation was further used in triangulation as a way to comprehend the information and context expressed by managers during the interviews, while complementing with more generic information not specifically approached during the interview.

2.7.2 Semi-structured Interviews

With the purpose to study (i.e the potential portfolio contributions of the concept store format), customers' experiences related to the concept store, managers view on format portfolio management and industry experts' knowledge of the related retail environment, semi-structured interviews were considered a suitable method. Semi-structured interviews allow the participants to freely discuss aspects beyond the scope of our questions, hence enabling them to elaborate on things they personally find relevant (Bryman & Bell, 2017). Considering this, each interview was driven by the theoretical framework based on previous literature, with room for participants to freely discuss their experience and view of the process. As mentioned, the semi-structured interview methodology consisted of three separated types of interview sources; customers, managers (both from IKEA and Clas Ohlson), and industry experts within the field of retailing. The theories used when developing the interview guides varied depending on the source and is outlined in the interview guide (Appendix 1, 2, 3 and 4). While the interviews with customers was constrained to theory on customer experience, the questions given to business managers and industry experts were further based on theory regarding portfolio management.

Considering the aim to find potential contributions of new store formats part of a portfolio, it was essential to encourage all participants to think freely while stressing the importance of their personal experience. Hence, emphasising that there was no right or wrong answer. For example, the business managers were encouraged to not solely describe how the process *is* managed, but also how they believed it *should* be managed.

During each interview, independent of the source of information, one of us asked the questions while the other person was in-charge of audio-recording in order to enable detailed transliteration of the interview afterwards. The person in-charge of recording further made sure to add relevant follow-up questions and thoroughly study the participants; their way of conveying implicit and explicit ideas as well as visual expressions which could give further meaning to the words used.

2.7.2.1 Semi-structured Interviews with Consumers

Interviews with consumer where conducted in both IKEA City Stockholm Kitchen (Regeringsgatan) and IKEA Planning Studio in London (Tottenham Court Road). The data collection in Stockholm was conducted 6th and 7th of May, while we were in London the 9th of May 2019. We decided to conduct the interviews in the language spoken in each country, hence during the interviews in Stockholm we spoke Swedish and in London we spoke English with participants. As we are fluent in both languages, we thought it would be beneficial to allow participants to speak in their native language since participants then tend to be more relaxed (Andrews, 1995). Hence, by speaking in native language participants are more likely to fully express him- or herself, resulting in more detailed and elaborated answers. In total we conducted 17 interviews in Stockholm and 9 interviews in London. Hence, a total of 26 interviews were conducted for the study with an overall average of 18 minutes. After 11 interviews in Stockholm we felt saturation since the answers came across as similar or repetitive of what had already been said. However, since we initially conducted interviews with people in the age of 40-60 years old (mainly represented in the store during both days) we wanted to expand the diversity of the participants by including a few younger consumers as the answers potentially could differ from other age groups. Therefore, as seen in the table below, the three last participants are younger than the average of participants. The tables below (Table 1 and Table 2) illustrates the participants, where the first name in the list is the first participant interviewed in each store.

Stockholm

Interview Number	Name	Age	Area of living	Occupation	Duration	Pre-booked planning (Yes/No)
1	Sven	57	Nacka	Property Manager	17 min	No
2	Johan	52	Hagalund	Lawyer	15 min	No
3	Peter	66	Gärdet	Pensioner	19 min	No
4	Stig	80	Södermalm	Pensioner	13 min	Yes
5	Helena		Lidingö	Accountant	19 min	No
6	Simon	33	Vasastaden	Pension Adviser	22 min	No
7	Cecilia	54	Vasastaden	Administrator	19 min	Yes
8	Vivian		Kungsholmen	Digital Innovations Consultant	17 min	No
9	Lasse	65	Midsommarkransen	Mechanical Engineer	18 min	No
10	Karin	53	Värmdö	Marketing Communications Manager	20 min	No
11	Eva	52	Östermalm	Administrator & Economist	17 min	Yes
12	Johanna	44	Bromma	Chief Financial Officer	22 min	No
13	Hanna	33	Hammarby Sjöstad	Tech Consultant	16 min	No
14	Anders	69	Östermalm	Pensioner	21 min	Yes
15	Henrik	43	Östermalm	Management Consult	18 min	Yes
16	Linus	30	Mariaberget	Event Project Manager	15 min	Yes
17	Siri	31	Östermalm	Interior designer & Stylist	20 min	No

Table 1: Customer Interviews in Stockholm

London

Interview Number	Name	Age	Are of living	Occupation	Duration	Pre-booked planning (Yes/No)
1	Mike	32	Peckham	Film Director	15 min	Yes
2	Mario	59	Holborn	Voice Actor	17 min	No
3	James	42	Isle of dog	Accountant	19 min	Yes
4	Lydia	41	Pimlico	Artist	20 min	Yes
5	Daisy	52	Camden	Cashier	15 min	Yes

6	Samantha	35	South Kensington	Strategy Consultant	21 min	No
7	Samuel	37	Brixton	Construction Worker	17 min	No
8	Gabrielle	44	Canary Wharf	Former Lawyer	19 min	No
9	Chloe	30	Bermondsey	Marketing Manager	20 min	No

Table 2: Customer Interviews in London

In London we felt that we had reached saturation after nine number of interviews, mainly as we managed to reach a diverse group of consumers (age, gender) in London quicker and experienced the customers answer to be repetitive during the 8th interview. However, we added one additional interview to avoid missing out on valuable insights. In both stores, we also wanted to reach consumers that where visiting the store because of a pre-booked planning session with store personnel and those who visited because of other reasons. This due to the motive with each customer's visit is likely to affect their store experience. Those who had planned a session where also likely to be further in the process and could thus contribute with other insights than those who were visiting for the first time. As seen in the table below six participants in Stockholm and four participants in London visited the store because of a pre-booked planning session. All participants in both Stockholm and London met the participant criteria mentioned in chapter 2.6.1.

In both cases the IKEA store managers had allocated us small area to sit in to conduct the interviews. Both locations were close to the entrance but private enough so that other consumers could not overhear the conversation. We believed that being placed in a more private setting, participants would be more comfortable and relaxed to openly discuss their experiences. Furthermore, by being close to the entrance we could see when consumers walked in and let them stroll around for a while before asking them to participate in the research.

When asking consumers to participate we firstly asked if they lived in Stockholm or London since we wanted to exclude tourists (see chapter 2.6.1). If their answer was yes, we explained that we are writing our master thesis at Lund University together with IKEA and asked if they could spare some time for an interview regarding their experience in the store. To reach customers who with pre-booked planning we collaborated with the personnel working as a greater in the store, so that we could ask them to participate in the study directly following their planning session.

In the beginning of each interview, we asked if they were okay with us recording the interview so that we later on could retrieve the details from the interviews. Furthermore, at the beginning of each interview we underlined our autonomy from IKEA and that we were conducting the interviews as students from Lund University. We also briefly explained our purpose with the study and gave them our contact details if wanted, in order to reassure them about the validity of the research. Since the interviews were conducted face to face with participants, we did not take any notes during the conversation as we believed that it could be disturbing and uncomfortable for the participant. During the interviews, one of us asked the questions whereas the other one paid greater attention the participants body language while engaging in asking relevant follow-up questions.

The interview then followed a pre-written interview guide (Appendix 1) which shows how the different question relates to theory. This guide was in beforehand been sent to both Petra Axdorff and Ulf Johansson in order for them to provide us with valuable feedback. Due to comments from Axdorff some minor changes were made to the questions while one question was added (i.e. what it has meant for you and your life that IKEA has opened up in city centres). In the first part of the interview, we asked the participants about their age, where they lived, and their occupation. We also asked about their motive with the visit, which relates to previous theory of customer expectations and format choice. We excluded name to protect the anonymity of participants, instead all names that are seen in the table one and two are fictive. In the next step we asked general questions connected to IKEA (e.g. webpage, previous relationship with IKEA). These questions were thought to contribute with insights regarding what this specific store contributes with in relation to IKEA’s other formats. Hence related to theory regarding customer expectations and experience. Thereafter, we asked questions specifically related to the city store and their visit (e.g. impressions, expectations, behaviour in store). This was done to fully grasp their experience and what consumers believe the city store to contribute with, related to research on store characteristics and customer in-store experience. All questions were asked with an open end and when needed we asked the consumer to elaborate further by asking why or how. We had in beforehand been informed by store managers that consumers in general only are willing to spend a limited time for interviews since they tend to visit the store during lunch-break or after work. The interview guide was created with this in mind and since we did not have any incentives for consumers to participate beyond offering coffee, we focused on relatively few questions but instead made sure to collect rich answers. Lastly, we asked consumers if there was something they would like to add. In many cases customers added thoughts regarding what they missed in store or thought was less good.

2.7.2.2 Semi-structured Interviews with Managers

As mentioned, we conducted interview with managers from both Clas Ohlson and IKEA. In total we conducted 10 interviews with managers, whereas three are working at Clas Ohlson and seven at IKEA. The interviews were conducted via skype and lasted in average 34 minutes. Specific details including job title, number of years working at IKEA/Clas Ohlson country currently working in and interview length can be seen in the table below.

Name	Company	Position	Country	Duration
Ignacio Navarro	IKEA	Expansion Manager	Spain	31 min
Ramon Ramos	IKEA	Customer Experience & Intelligence Manager	Spain	48 min
Andreas Berg	IKEA	Retail Establishment Manager	Portugal	21 min
Carolina García Gómez	IKEA	CEO/Country Retail Manager	Poland	24 min
Fredrik Johansson	IKEA	Global Project Portfolio Manager	Sweden	36 min
Laia Blanch	IKEA	Project Leader, Store Innovation	Spain	18 min
Emma Recco	IKEA	Property and Expansion Manager	France	44 min
Geir Hoff	Clas Ohlson	Director of New Markets & Expansion	Norway	35 min
Derek Nixon	Clas Ohlson	Senior Project Manager – Strategic Projects	Wales	34 min
Marianne Knudsen	Clas Ohlson	Store Concept Manager	Norway	43 min

Table 3: Interviews with managers

The interview was conducted via Skype due to geographical distance, time constraints and the limited possibility to cover travel costs involved, thus making it a convenient alternative to face-to-face interviews (Saunders, Lewis & Thornhill, 2009). To ensure that the material collected from the interviews were in line with our purpose and to minimize the risk of missing out of relevant information, we beforehand created an interview guide to be used as a foundation for all interviews (Appendix 2 for IKEA and Appendix 3 for Clas Ohlson). Each appendix further outlines the theory related to each question. The interview for IKEA managers was then sent to our contact person Axdorff to confirm that the questions also covered the areas she was interested in and she was then asked to add questions if wanted. She expressed a want for questions more related to specific KPI’s (numeric metrics) which, in our view, were not necessarily needed for the study’s purpose. However, we did not see it as a hinder to include such questions but instead considered it to be a nice gesture and therefore included them.

The questions in the guide was to some extent altered to the specific managers according to their area of expertise as well as the concept store related to their position. When tailoring the questions to the individual's expertise, we for example asked more questions about consumer behaviour to managers working within consumer insights. Before conducting the interviews, we also decided to send the questions beforehand. We believe that by having time to prepare, we could receive more rich and credible answers as some of the questions are more based on actual facts than others (e.g. how stores are currently evaluated versus why it is important with new formats). We were also recommended by our contact person, Petra Axdorff, to send the questions in beforehand as it could improve the quality of the answers.

The interviews could be seen as divided into three and in some cases four parts. The first step involves the opening of the interview. We thereby briefly described the purpose with our study (i.e. potential contributions of a new concept store) to give the interviewee an idea on what to have in mind when answering the questions and asked them to tell us a little bit about the role at the company. The second part involves questions specifically related to the process of format development and portfolio management. Hence, questions related to why it is considered necessary, opportunities, challenges, intentions with the new stores and how they currently are or should be evaluated. Hence, relating to theory on customer experience and managing a portfolio (see appendix for detail). For managers working with consumer insights we also included an extra part where we specifically asked questions related to consumers' responses or insights. In the last step we asked if they wanted to add something in light of the research area while giving a reminder about purpose of the study. The aim with the interviews with managers is to receive their view upon the aim with the concept store and current way of managing it. These interviews are not only a way to understand what the concept stores currently are contributing with but also to give indications regarding the value they potentially could or should add to the retail format portfolio. These findings will then be analysed together with the findings derived from the interviews with customers and industry experts.

As previously mentioned, we chose to conduct less interviews with managers at Clas Ohlson due to the size of the company. Hence, after 3 interviews we felt that we had reached saturation due to repetitive and similar answers. In the case of IKEA, we wanted to include managers responsible from different countries and with different managerial position. We felt similarity in answers and thus saturation after seven interviews.

2.7.2.3 Semi-structured Interviews with Industry Experts

The semi-structured interviews with academic experts were conducted with Malin Sundström, Docent at Borås Högskola and Sara Rosengren, Professor at Stockholm School of Economics. Both interviews were skype-based and lasted for 44 minutes versus 38 minutes. Similarly, the interview with Robert Kron, a senior retail creative director consultant, lasted for X minutes. Due to similar reasons as for business managers (i.e. geographical distance, time constraints, travel costs), the interviews were held via Skype. Specific details including job title, area of expertise and interview length can be seen in table 4 below.

Name	Title	Area of Expertise	Duration
Malin Sundström	Docent, University of Borås	Marketing, researching within consumer behaviour and how the digitalization's within retail affect consumer behaviour and the retail environment	45 min
Sara Rosengren	Professor, Stockholm School of Economics	Marketing, advertisement, retailing. Researching how digitalization affect the purchasing behaviour of a consumer and how people react to different types of marketing activities and advertisements	33 min
Robert Kron	Creative Director/Owner, Scandinavian Retail Center	Extensive experience within advertisement, previously worked with communication and store development at IKEA, now consulting within store development	39 min

Table 4: Interviews with Industry Experts

For each interview, three steps were followed in order to assure that the information collected was of high quality and in-line with the research purpose. An interview guide was further used to guide the questions and process (Appendix 4). First, the interviewees were given a short description of the research purpose and the retailers taking part of the study. This was done in order to assure transparency while allowing them to more easily apply their knowledge on the chosen phenomenon. To open-up the interview in a natural manner, each interviewee was asked to tell us a little bit about themselves and the area of expertise they are prominent within. The interview then proceeded with more general questions regarding the retail environment, change in consumer behaviour and external determinants believed to play a role for store format development. These questions were linked to theory on customer experience. The next part of the interviews consisted of concrete questions aimed at understanding their view on the challenges and opportunities with store format development and format portfolio management, as well as how they perceive these to best be evaluated, thus linked to theory regarding format development. In order to capture additional information of personal interest and perceived relevance of the participant, the interviewees were as a last question asked if they wanted to add something beyond what had been discussed so far. As all three industry experts primarily possessed knowledge of modern consumer behaviours and communication methods, while these interviews lasted for a long time, saturation was reached fast in comparison to the other perspectives.

2.8 Research analysis

When analysing data, researchers should use a method that is in line with the research philosophy and methodology (Easterby-Smith, Thorpe & Jackson, 2015). Via our abductive approach, theory is created during the iterative process between data collection and data analysis (Bryman and Bell, 2017). As previously mentioned, theory regarding customer experience and store format portfolio management was used as a guidance for the interviews. However, since the aim with the study is to provide new insights and findings, neither the data collection nor data analysis where strictly limited to the theoretical framework presented in chapter three. Instead, we followed the grounded analysis approach, which entails that the researcher is open to new discoveries and aims to derive structures and new theory from data by comparing segments with each other, rather than framing data according to pre-existing structures. Following each interview, we directly made notes of the things we found important for our analysis, while at the same time writing a brief summary of each interview to facilitate comparisons between individuals within each group as well as between groups (i.e. customers, managers and industry experts). In order to facilitate the analysis further we read through all the transcripts again and discussed the content jointly. As we had conducted all interviews by this time, we added notes when we found something that could be analysed in the light of other interviewees perspective. We believe that an extensive reflection on the data lowers the risk for misinterpretations as we then made sure that we had understood the data similarly. At one point we were not certain if we had interpreted the data correctly and therefore sent an email to the manager to confirm. In the next step, after reading through and discussing all data while making notes, we highlighted expressions related to the study’s purpose, hence indications of influential factors generating contributions. Specifically, when analysing the data from consumers we firstly highlighted expressions related to store characteristics (i.e. location, merchandise, personnel, environment, digital touchpoints). Thereafter we highlighted additional quotes related to customer expectations and findings that indicates why customers does or does not like the concept store. We further highlighted quotes related to other formats in the portfolio (i.e the traditional store format located in suburbs and the website) in order to understand how their previous experiences of other formats have shaped their preferences, but also to understand the role of the concept store in a format portfolio. Importantly, this was done separately for interviews in London and Stockholm to facilitate comparisons between customers.

When analysing the data from managers we followed the theoretical framework by highlighting how they currently are evaluating store formats (i.e. KPI's), aimed contributions (i.e. store objectives), their view on format synergies, potential sales cannibalism and the aimed customer experience. However, in order to not be too constrained to the theoretical framework we also highlighted additional quotes that we found relevant and related to store format development as it could represent new dimensions to format development not available from our literature review. For example, format development as a process of generating new learnings. Similarly to managers, theory regarding format portfolio management and customer experience was used in order to highlight industry experts relevant expressions. These regarded seamless customer interactions, how a format could be evaluated as part of a portfolio, why it is necessary for retailers to expand with new formats and how to portray a company via different formats. In the following step we divided the data into themes depending how they potentially contribute to the format portfolio. Hence, expressions indicating similar influential factors were categorised together into one theme. This was done in a separate manner, meaning that customers, managers and industry experts were all given separate themes related to how they perceived the concept store to contribute. Hence, the different perspectives could be seen as thematic chapters, with several sub-themes. For managers this resulted in following themes; Response to Competition, Learnings About Customer Expectations, Market penetration, Complement to other Formats, Cannibalise the Traditional format. For customers following themes were established; Convenient Location, Appealing In-store Environment, Two Folded Opinions of the Merchandise, Facilitate Digital Touchpoints, Inconsistent Level of Service, Prominent Types of Customers. Lastly, industry experts were sorted into following themes; Changing Customer Behaviour and Learning by Doing. When analysing the data, we exposed it to a degree of verification by using theory from the theoretical framework to either support or contrast our findings with previous literature (Easterby-Smith, Jackson & Thorpe, 2015). Furthermore, we often involved rich and exact quotes from participants in the analysis, hence enabling the drawn conclusions to be scrutinized. Furthermore, when analysing a case study, researchers need to take all key aspects into consideration, including both contrasting interpretations and relevant evidence (1994). Hence, in order to establish contributions and shortcomings of the concept store format, and not solely those perceived to exist from one perspective, the different perspectives were linked and analysed in terms of alignments and misalignments. During the linkages, theory was applied where it was confirmed or contrasted from more than one perspective (i.e. managers, industry experts and customers). Lastly, the influential factors apparent in the separate analyses as well as the linked analysis was summarised and categorised depending on its contribution or shortcoming. Thus, resulting in five major contributions driven by several different factors, which was then visualised in a framework.

2.9 Trustworthiness

To increase credibility, researchers should focus on the quality of the material instead of quantity (Bryman & Bell, 2017). As suggested by Easterby-Smith, Thorpe and Jackson (2015), we used triangulation of data sources to increase the credibility the study. We ensured to gather many different perspectives of the phenomenon through comprehensive interviews and in total we conducted three interviews with industry experts, 10 with managers and 26 with customers. The credibility was further enhanced as we did not solely rely on the participants' arguments as we also considered the documentation provided by IKEA. Moreover, when we were uncertain about the participants' expressions we directly asked for clarification. However, in regard to managers, we utilized confirmation questions via email afterwards, for clarification. Additionally, all quotes in relation to managers and industry experts were disclosed to each individual before finalizing the study to further avoid misinterpretations, while at the same time respecting their need for an open and transparent process.

Regarding transferability researchers should provide enough evidence and descriptions of findings so that the readers can apply the results to other contexts, situations and times (Bryman & Bell, 2017). In regard to evidence and descriptions of findings, we have made sure to involve thick descriptions by including exact and rich quotes in the analysis. Hence, facilitating the reader to make own interpretations to the data. Furthermore, to facilitate insights of this study to be transferred to other contexts we have given detailed descriptions for the case under study, which enables the reader to compare this specific case and format under study with others. However, the study is limited to only include two concept stores which depleted the transferability to a certain extent. Thus, even though the findings could provide great understanding of format portfolio management and contributions of a concept store from various perspective, the findings are not necessarily possible to generalize to other countries, sectors or formats.

To ensure dependability researchers' need to act in a meticulous and transparent manner, including describing important factors along the process (Bryman & Bell, 2017). The dependability of the research is augmented through an extensive method section as we continuously and extensively elaborate on the process and our own work. Furthermore, all steps in the research process various chapters have clearly been presented to the reader. By detaily outlining the process we have assisted further research in the case of replicating the study. Furthermore, all steps in the research process various chapters have clearly been presented to the reader. The transparency is further improved due to the process involving several supervisions where the study has been audited by third party. The dependability is further shown as we have included the interview guide is included in the appendix, while other documents (e.g. transcriptions, audio recordings, internal documents) have been stored and saved internally.

Confirmability is based on the acknowledgement of that researchers actively should engage in avoiding biased result by reflecting upon their own subjective role (Bryman & Bell, 2017). In order to improve confirmability all interviews were recorded and transcribed in close connection to when the interviews were held. After each interview we further jointly discussed the context and underlying intentions noted by the person not asking the questions, to limit misapprehensions. Furthermore, our biased role have been reduced as we along the whole process when analysing the empirical material have been two researchers which reduces the biases. We further made sure during the analysis to emphasise the context of which each phrase was expressed as well as stating as explicit quotes as possible, in order to assure that the empirical data were guiding the findings, and not the other way around.

3. Theoretical Framework

In this chapter we will outline the fields of literature that are considered to be relevant in light of the study's purpose. As previously mentioned, the study explores how a concept store potentially contribute to the retail format portfolio. Since existing literature regarding concept stores as well as managing retail format portfolio's is limited, this chapter will include theory directly applicable on the phenomenon, but also review literature related to the phenomenon which provides a better overall understanding. We will begin with describing what constitutes a retail format and the definitions of various retail formats. This facilitates the positioning of concept store in relation to the existing store format literature, where prominent store characteristics are stated. We believe that by framing attributes that are apparent in a concept store format, the understanding of its contribution the portfolio is facilitated as we can identify which elements that are more or less important according to both consumers and managers. With this in mind, theory regarding the customer experience includes literature on customer behaviours and preferences related to the store characteristics, as well as research related customer expectations and store format choice. Hence, we acknowledge that in order to identify the contributions, the format should not be studied in an isolated manner. Furthermore, we believe that it is important to know how a portfolio with various format currently are or should be managed and evaluated from a company perspective according to existing literature. Thus, we will lastly review literature regarding portfolio management. The reviewed areas of literature will then be encapsulated in a theoretical framework (Framework 1) provides a basis for the interviews and the analysing of the collected material.

3.1 Retail store format

Even though scholars tend to define store format differently (Brown 1986 cited in McGoldrick, 2002), it is often described as the retailer's type of retail mix (e.g. Müller-Hagedorn, 2005; Sethuraman, 2006; Levy & Weitz, 2009; Sidhpuria, 2009; Sorescu et al. 2011; Azeem & Sharma, 2015). The retail mix is described as the overall strategic elements that create the customer experience and factors that retailers use to influence customers purchase intentions and satisfy their needs (e.g. Müller-Hagedorn, 2005; Sidhpuria, 2009; Sorescu et al. 2011). Zentes, Morschett and Schramm-Klein (2016) emphasize that the word choice "mix" in the description of format indicated that the elements are not used in isolation but are deemed jointly by consumers. Therefore, retailers need to make sure that there is a strategic fit among all these elements as well as the various contact points with customers and that they build on the same brand message (Zentes, Morschett & Schramm-Klein, 2016).

Common elements in the retail marketing mix include the merchandise and service offered, pricing strategy, advertisement and promotion, store design, visual merchandising and the store location (e.g. Levy & Weitz, 1998; Goldman, 2001; Sethuraman, 2006; Sidhpuria, 2009). Ghosh (1990, cited in Bloemer & de Ruyter, 1998, p. 169) highlight the attributes of "location, merchandise, store atmosphere, customer service, price, advertising, personal selling and sales incentive programs as a part of the retailer marketing mix". Similarly, Zentes, Morshett and Schramm-Klein (2016, p. ix) categorize the retail mix in terms of "store size, typical location, merchandise price and service offered". More recently, Blut, Teller and Fluh (2018) describes the marketing mix in a similar fashion but also adds online retailing to the mix. The importance of online channels in the retailing marketing mix is supported by the fact that customers often integrate via a retailer's online platform simultaneously while they are in store (Rapp et al. 2015). Hence, omni-channel practices could also be considered as a part of the retail marketing mix affecting the customer experience (e.g. Verhoef Kannan & Inman, 2015; Blut, Teller and Fluh 2018).

The effectiveness of the elements in the mix is suggested to be dependent on the specific shopping context (e.g. grocery/non-grocery shopping, frequency of shopping, hedonic/utilitarian shopping) and the overall retail environment (e.g. country innovativeness, country GDP) (Blut, Teller & Fluh, 2018). Hence, the customer's motive with the shopping trip as well as the external surroundings is likely to have an impact on how consumers value the various characteristics. To adopt to consumers' various needs, both in terms of target market but also because of changing trends or behaviours, retailers can develop new formats that differentiate from the existing formats they are operating with (e.g. Blackwell & Talarzyk, 1983; González-Benito, Munoz-Gallego & Kopalle, 2005; Levy & Weitz, 2009). The combination of characteristics will thus vary across different formats and will ultimately affect where consumers choose to make their purchases (Hawkins, Mothersbaugh & Best, 2008; Blut, Teller & Fluh, 2018). Each customer's evaluation of characteristics in specific settings therefore contributes to the understanding of choices and attributes for certain formats (Shim & Kotsiopulos, 1992). Knowing how and in what context to employ the different elements is therefore vital for retailers (Pan & Zinkhan, 2006).

3.2 Types of Formats

To stay competitive retailers often develop a portfolio consisting of various retail formats (Brown, 2010). Retail store formats can be divided into two main types of touch-points based on whether they involve physical interaction with customers or not (Zentes, Morschett & Schramm-Klein, 2011). Gowerek and McGoldrick (2015) describe these two types of formats as store formats and non-store formats. The former includes various forms of brick and mortar stores whereas sales through the latter either occur on the internet or via other non-store options (e.g. face-to-face, mail or catalogue order, direct selling, television, etc) (Musso & Druica, 2014). Hence, retailers can operate solely via online formats or intergrate online formats to their portfolio by operating via omni-channel practices. Brick and mortar stores can then be divided upon various characteristics (e.g. size, merchandise, location, services) and are commonly labelled as following; specialty stores, category specialists, department stores, discount stores, variety stores, extreme value retailers and off-price stores (Berman & Evans, 2013; Levy et al. 2014; Gowerek & McGoldrick, 2015; Zentes, Morschett & Schram Klein, 2016). More untraditional store formats include flagship stores, pop-up stores and concept stores (Kozinets et al. 2002; Keller 2013; Huber, Lenzen, Vizethum & Weisshaar, 2013; Picot-Coupey 2014; Gowerek & McGoldrick, 2015; Haas & Schmidt, 2016; Triki & Hakimi, 2017). In the table below we have outlined the descriptions of the different types of brick-and-mortar stores since these are common to combine when retailers are developing format portfolios (e.g. Brown, 2010; Sorescu et al. 2011; Sharma and Gautam, 2017). Considering the format explored in this study, literature related to the characteristics of concept stores will be discussed in detail below.

Store Format	Description	Reference
Specialty store	"Specialty stores specialize in one or very few product types and consequently carry a limited number of products within one or few product (and service) lines"	Zentes, Morschett & Schram Klein, 2016, p. 50
Category Killers	"Price-oriented stores that provide a high depth of merchandise in a particular category, usually in large stores. They offer an almost complete assortment in a particular category at low prices and thus can "kill" a category of merchandise for other retailers"	Zentes, Morschett & Schram Klein, 2016, p. 52
Department store	"Department stores are large retail units that carry a broad variety of merchandise and offer a deep assortment 'under one roof' (…) displaying merchandise in a manner that resembles a collection of specialty stores, i. e., each department acts as a "mini store" in the larger store"	Zentes, Morschett & Schram Klein, 2016, p. 53

Discount store	"Offers a broad variety of merchandise, limited service, and low prices"	Levy & Weitz, 2009, p. 48
Variety store	"Offer a broad assortment of inexpensive and attractively priced merchandise (…) offer limited services and do not carry full product lines"	Zentes, Morschett & Schram Klein, 2016, p. 55
Extreme value retailers	"These are general merchandise discount stores that mainly target low income customers and are thus located mainly in low rent, lower income urban or rural areas"	Zentes, Morschett & Schram Klein, 2016, p. 55
Off-price store	"Off-price stores sell an inconsistent assortment of merchandise (…) They often negotiate with manufacturers to discount orders, e. g., for merchandise that is out of season or for irregular items that have minor flaws"	Zentes, Morschett & Schram Klein, 2016, p. 55-56
Flagship store	"Can be distinguished by three characteristics. First, they carry a single (usually established) brand of product. Second, that brand's manufacturer owns them. Finally, they are operated—at least in part—with the intention of building or reinforcing the image of the brand rather than operating to sell product at a profit."	Kozinets et al. 2002, p. 17
Pop-up store	"A 'limited edition' type of retail atmosphere, as these stores only open for a specific period (e. g., a few days, weeks or months) and then close (…) Pop-up stores offer a limited assortment of usually seasonal products"	Zentes, Morschett & Schram Klein, 2016, p. 56
Online retailing	"Retailers offer their products and services over the Internet. Merchandise is thus presented in Internet shops"	Zentes, Morschett & Schram Klein, 2016, p. 71
Concept store	An attempt to offer customers not only the product category that they are looking for but also provide a complete shopping experience and a product range tailored to a lifestyle	Von Frank Huber, Lenzen, Vizethum & Weisshaar, 2013

Table 5; Description of different store formats

3.2.1 Positioning of Concept Store

As mentioned in the introduction, existing literature regarding concept stores is scarce. However, when scanning the existing literature related to store formats, we believe that concept stores share some characteristics with speciality formats. Speciality formats are defined as stores which offer a differentiated, distinct and narrow line of merchandise focusing on one or a limited amount of complementary product categories (Levy & Weitz, 2009). Speciality formats cater to consumers demands by offering value for money through a deep assortment (i.e. various products part of the same category), prominent brand values in store, convenience and a hedonic shopping experience (Reynolds et al, 2007). Furthermore, they focus on a high level of customer service through expert sales assistance (Gonzáles-Benito, Martos-Partal &

Garrido-Morgado, 2018). A highly related format just recently developed, is concept store formats. While no established scientific definition exists, Triki and Hakimi (2017) describe it as a format consisting of a limited product assortment, consisting of primarily private labels, innovative and experimental store elements such as technology and cafe areas, and with an overreaching theme. Similarly, Huber et al. (2013) point out that concept stores does not only attempt to offer customers the product they are looking for but to provide them with an experience and a more narrowed product assortment that inspires to a certain lifestyle. Hence, concept stores do not tend to offer an assortment as deep as speciality formats and focus more on providing a customer experience rather than extensive in-store sales (Huber et al. 2013; Triki & Hakimi, 2017). This is further emphasized by Mores (2007) who describe the early versions of concept stores as smaller scale retail formats with an innovative store design focus. Furthermore, concept stores often aim to create an emotional connection with the consumer, as described in the light of experiential retailing (Pine & Gilmore, 1998).

With the study's purpose in mind we find it important to describe the various characteristics visible in concept stores further. Especially, since we will explore how consumers interact with the new format and how different attributes contribute to their experience. Considering the generic definition of a retail format brought forward as the retail mix, we have chosen to tailor and structure the elements of the retail marketing mix to fit the definition of a concept store. Accordingly, we notice that the characteristics of store environment, merchandise and sales personnel are important when providing customers with an experience that differentiates from an existing format. Additionally, as mentioned in the background, the new store formats are developed as a response to both technological advancements and urbanization (e.g. Howland, 2016; Bäckström & Johansson, 2017; Hultman et al., 2017; Devani & Coonan 2018). Therefore, we also include digital touchpoints and location as characteristics related to the concept store. We exclude price as concept stores are not developed to offer customers products in another price range compared to other formats in the portfolio, but rather present parts of the existing assortment differently. Promotion have been excluded for the same reason. These characteristics will be reviewed as part of the customer experience.

3.3 The Customer Experience

Customer experiences are constructed through emotional, cognitive, social and sensorial components created during the customer journey (e.g. Schmitt, 2003; Verhoef, Parasuraman, Roggeveen, Tsiros & Schlesinger, 2009; Homburg et al., 2015), where experiences occur each time they interact with any part of the service, product, store and brand, across various points in time (Zomerdijk & Voss, 2010; Pantano & Milena, 2015; Stein & Ramaseshan, 2016). These key decisive moments between the retailer and the customer is known as 'touchpoints'. The customer journey carried out as part of a shopping routine (i.e.product search, evaluation, purchase, and after-sale behaviour) is hence shaped by a myriad of touchpoints part of different retail formats. Customer experiences are further contextually interpreted and unique, meaning that they emerge irrespective of whether a firm recognize and shape the experience or not (Vargo & Lusch, 2008). Hence, an experience is not only created by attributes controlled by the firm, such as the store environment, personnel, and the merchandise, but also by attributes beyond their control, such as customer owned devices used in various situations, shopping motivation or the influence of other customers (McColl-Kennedy, Gustafsson, Jaakkola, Klaus, Radnor, Perks & Friman, 2015). Related to this, results from research indicate that consumers are exercising greater influence on the experience than previously, dynamically affecting themselves, stakeholders, other customers and the service provider through a co-created and seamless experience (Van Doorn, Lemon, Mittal, Nass, Pick, Pirner & Verhoef, 2010).

Bäckström and Johansson (2017) argue that traditional values such as the product assortment, store layout and the behaviour of the store personnel to a great extent constitutes the customer experience in store. Accordingly, scholarly literature suggest that a positive customer experience is generated by the format and the product assortment, rather than the location or prices offered (Rhee & Bell, 2002). Retail store formats could be described as competing store profiles catering to the needs of different types of consumers in various shopping situations (Levy & Weitz, 2009). Hence, consumer's preferences towards a format is built upon the fit between the unique attributes of the format and the benefits sought. Since the growing heterogeneity of customer behaviour has resulted in a significant diversification in retail formats and offers, the type of product sought no longer automatically determine the retail format (Gonzáles-Benito, Martos-Partal & Garrido-Morgado, 2018). Depending on the purpose and underlying need of the buying trip, a particular retailer or type of store may come to mind, where the liking and acceptance of a store format depend on the extent to which it corresponds with the needs (Gropper, 1995; Goodman & Remaud, 2015). Complementary to this, Gonzáles-Benito, Munoz-Gallego and Kopalle (2005) suggest that consumers tend to work in a hierarchical order when they go shopping, as they first and foremost choose the type of store format they would like to visit, followed by the choice of retailer which offers that format. Hence, implying that customers tend to be loyal towards certain store formats rather than specific retailers. Related to this, Jayasankaraprasad and Kathyayani (2014) state that the purpose and underlying need driving a particular store visit tend to vary across formats. For example, while larger out-of-town formats tend to be planned visits where the customer is looking for a particular product, stores in urban locations often attract more spontaneous shoppers aiming for impulsive buying or social experiences (Jayasankaraprasad & Kathyayani, 2014; Hultman et al. 2017). Furthermore, when studying consumer needs and shopping motivation, literature generally makes a distinction between recreational motivation and task-oriented motivation, commonly also expressed as hedonic or utilitarian shopping values (e.g. Reynolds & Arnold, 2006; Van Rompay et al. 2011). Recreational shopping motivation occurs when consumers view the act of shopping as worthwhile in itself with satisfaction deriving from emotional, social and epistemic benefits (Korgaonkar, 1981). In comparison, task-oriented motivation refers to shoppers visiting a store to obtain a particular product with little satisfaction deriving from the shopping activity itself, but rather from the outcome (Korgaonkar, 1981). Beyond customer product needs and shopping motivations, store format choice is also highly driven by individual factors such as geographic proximity, household income, age, car ownership, and distance to nearest city centre (Brooks, Kaufmann & Liechtenstein, 2004; Luceri & Latusi, 2016).

3.3.1 Customer's Store Format Expectations

Customer experience and the liking of a particular format is shaped by customers' expectations, which largely derives from previous experiences of the retailer and its stores (Meyer & Schwager, 2007). Accordingly, consumers consider not only store similarity in terms of product assortment, but also concept consistency (Park, Milberg & Lawson, 1991). In terms of relative influence of different bases of similarity between the extension and the traditional format, consumers prioritise similarity primarily through product category and attributes, whereas usage situation and target market is secondary (Ahluwalia, 2008). It is thereof commonly assumed that the customer evaluation of a growth extension, such as a new store format, is a joint function of the similarity between the original version and the extended, and how much the traditional format is liked (Ahluwalia, 2008). These anticipations will then influence the consumer's actions and mind-set when visiting the new store (Kalwani et al., 1990). Grimani and Privitello (2016) further argue that the experience of a new store format (e.g. pick-up-points) often contrast those in the traditional store format, which resulted in customers viewing it complementary to the traditional format. Related to this, research suggests that previous positive experience with the retailer clearly influence whether the consumers interact with the format extension or not, however it is not likely to stimulate repetitive behaviour (Swaminathan, Fox & Reddy, 2001). Hence, suggesting that the previous experience of the retailer can encourage consumers to visit the new store format once, but not further times. Instead, repetitive visits are based on the accumulated experience of the new format extension (Swaminathan, Fox & Reddy, 2001)

3.3.2. Store Location

Deciding on where to locate a new store is an important part of the retail strategy and crucial for business success (e.g. McGoldrick, 2002; Levy & Weltz, 2009; Zentes, Morschett & Schramm-Klein, 2011; Jaravaza & Chitando, 2013). It is considered to be one of the first decisions that needs to be taken when a retailer has decided to expand (McDowell Mudambi, 1994). Considering that the format development investigated in this study often tend to be located in a new urban location, the effect of such expansion is highly relevant to explore when investigating a format's potential contribution to a portfolio.

A great location has the possibility to provide the retailer with a competitive advantage as it could imply that other retailers will have to operate with the second-best location (Jaravaza & Chitando, 2013; Levy et., 2012). Several studies have also found that store location is the most important factor for consumer shopping choices (Severin, Louviere & Finn, 2001; Jones, Mothersbaugh &. Beatty, 2003; Jaravaza & Chitando, 2013). Choosing store location should be based on a long planning and strategy process (Zentes et al. 2011). This is supported by the fact that while for example interior design, merchandise and services are things that can be adjusted later on, store location is costlier and more difficult to change (McGoldrick, 2002; Jaravaza & Chitando, 2013). Additionally, Sullivan and Adock (2002, p. 115) writes "A sufficient number of the right shoppers must be nearby or within easy reach, competition must be manageable, access must be unhindered, and the site must fit the retailer's offering".

Store location can be divided into suburban and urban locations. The former implies out-of-town areas and the latter those in city centres. Suburban areas tend to be less cost-intensive and is often depended on the drive for greater market share (Kent & Omar, 2003). It mainly include store formats such as category killers, retail parks, big box stores or large shopping malls (Kent & Omar, 2003; Levy & Weitz, 2009; Zentes et. al., 2011; Han, Håkansson & Lundmark, 2019). When consumers visit stores in suburban areas they often have a specific motive with visiting and it does not imply spontaneous shopping trips to the same extent (Biba, Des Rosiers, Theriault & Villeneuve, 2006). Urban locations on the other hand, are related to greater costs but offers a diversity of opportunities (Kent & Omar, 2003). Retailers operating in city centres can be close to the customers' daily travels (i.e. between work and home) and hence highly accessible while enhancing the chances for more spontaneous shopping trips (Léo & Philippe, 2002). It is further a way for retailers to reach consumers that does not have access to a car (Kim & Ulfarsson, 2008; Schneider, 2015). City centre shops also tend to be located in clusters where consumers can walk between various stores to satisfy their different needs (Kim & Ulfarsson, 2008; Schneider, 2015).

3.3.3 Store Environment

The store environment has a proven pronounced effect on consumers' store attitudes and emotional experiences, where positive customer responses might include willingness to spend more money, engaging more actively in social and service interactions as well as staying in the store for a longer time (e.g Finlay, Marmurek, Kanetkar & Londerville, 2009; Van Rompay, Tanja-Dijkstra, Verhoeven & Van Es, 2011). Two factors, design and ambience, represents the major determinant of how the physical environment influence the customer experience (Jain & Bagdare, 2009). Seemingly, a well-designed store environment is proven to stimulate an emotional state and as a result, positively influence the perceptions of the store value while reducing price sensitivity (Lin & Chiang, 2009). Hence, the store experiences is to a large extent shaped by traditional factors such as a layout and overall environment that ease the store visit (Bäckström & Johansson, 2016). Specific elements such as lightning, colours, ambient scents, and music have all been proven to influence customers responses to the store environment (e.g. McGoldrick & Pieros, 1998; Babin & Attaway, 2000; Michon & Chebat, 2007). For example, a well-ordered store, clear signage and a well-stocked assortment positively impact the customer experience (Kent & Kirby, 2009). However, how consumers experience and interact with the store environment is highly contextual and related to each customer's needs and wants (Van Rompay et al., 2011). For example, while task-oriented shoppers with a clear outcome in mind prefer spacious environments, customers engaging in more hedonic shopping would instead value high-arousing store environments (Van Rompay et al., 2011).

3.3.4 Store Merchandise

Merchandise mainly refers to the products available in store (Gowerek & McGoldrick, 2015). The main objective for retailers is to offer a range of products and services that satisfy customers' needs and wants (Mantrala et al. 2009; Blut, Teller & Fluh, 2018). Levy and Weitz (2009) define the process of deciding on what products to offer in store as 'merchandise management'. Merchandise management is when a retailer tries to provide a right number of products, in the right location and at the right time, while also making sure that the organisations financial goals is met (Levy & Weitz, 2009). Levy & Weitz (2009) further highlight the importance of matching the merchandise with the needs and wants of the target customer for the specific store. The merchandise management is further limited to both physical space and the available money to invest in both products and inventory (Mantrala et al. 2009). Hence, retailers operating in smaller spaces need to consider whether they should offer a great variety of product categories or if they instead should focus on fewer categories but stock larger quantities (Levy & Weitz, 2009; Mantrala et al. 2009). Oppewal and Koelemeijer (2005, p. 45) states that "Retailers are also increasingly keen to recognize opportunities for smaller-scale outlets with reduced size assortments. Such outlets allow retailers to locate at sites that otherwise would never fit their formats.". Hence, the effects of reducing the assortment is crucial to consider in order to pinpoint the potential contributions of the store format explored in this research.

It has been argued that a large assortments provide the most benefits for customers since it enhances the likelihood that the customer will find products that are in line with their preferences (e.g Lehmann, 1998; Hoch, Bradlow & Wansink 1999; Inman 2001). Thus, retailers should avoid decreasing the available assortment since research have shown that it could influence customers overall attitudes towards the store negatively (Arnold, Oum, and Tigert, 1983; Louviere & Gaeth, 1987; Broniarszyk, Hoyer & McAlister, 1998). On the other hand, several researchers have found that sales can increase when items are deleted from the assortment (e.g. Iyengar & Lepper, 2000; Boatwright & Nunes, 2001; Shah and Wolford, 2007). Shah and Wolford (2007) illustrate that while a wide assortment has the possibility to attract consumers, it simultaneously becomes more difficult for consumers to select products, hence risking no purchase to be made. Similarly, Iyengar and Lepper (2000) argue that customers are less likely to make a choice when there are too many options provided, while Huffman and Kahn (1998) point out that if retailers provide too many products in the same category customers' search process become more complex and could thus result in customers cancelling their purchase.

Diehl and Poynor (2010) found that customer satisfaction is lower for the same product when it is bought from a larger sortiment compared to a smaller one. They explain this phenomenon in terms of an expectation-disconfirmation mechanism whereas when the assortment increases, so does consumers expectations. Evidently, customers' expectations also decrease when the assortment decreases (Diehl and Poynor, 2010). Chernev and Hamilton (2009) further argue that a small assortment is prefered by customers when the overall attractiveness (e.g. perceived benefits compared to costs) of the available products is relatively high. On the other hand, a larger assortment is favoured when the overall attractiveness is lower (Chernev & Hamilton, 2009). At the same time, they point out that for retailers operating in low price-quality assortments, decreasing the available assortment is likely to have a negative impact on overall store performance, whereas the opposite occur for retailers operating with high price-quality assortment (Chernev & Hamilton, 2009). Hence, depending on the retailers positioning, assortment-reduction strategies, in which retailers offer a narrowed assortment with carefully chosen items to customers, could be considered favourable (Chernev & Hamilton, 2009).

3.3.5 Store Personnel

The store personnel are considered crucial for store loyalty (Beatty et al, 1996; Reynolds & Arnolds, 2000). It is argued that customers are more likely to become loyal towards store personnel, rather than specific stores (Beatty et al. 1996; Macintosh, Anglin, Szymanski & Gentry, 1992; Reynolds & Arnold, 2000). Additionally, research have found that customers satisfied with the store personnel, are more likely to become loyal to the salesperson, and this loyalty then "spills over" and affects store loyalty (Beatty et al. 1996; Macintosh et al. 1992; Reynolds & Arnolds, 2000). Reynolds and Arnolds (2000) further illustrate that customer loyalty towards personnel not only relates to store loyalty but also to increased share of purchase (total monthly amount of purchases in the particular store), positive word of mouth (informal recommendations to others) and competitive resistance (tendency to not shop elsewhere, irrespectively of price). Darian, Tucci and Wiman (2001) conducted a study to outline which attributes customers find most important in relation to store personnel. The study showed that respect for the customer, knowledge about the products and responsiveness are the most important factors. A survey by Whitely (1991) showed that the reason for customers switching to buying products from competitors is more likely to be grounded in bad service, rather than unsatisfying product quality.

Researchers have also discussed the importance of sales personnel in a more digital retail landscape (Cross, Brashear, Rigdon & Bellenger, 2007; Spaid & Flint, 2014; Rapp et al. 2015; Bäckström & Johansson, 2017). Cross et al. (2007) writes that the role of salespeople is likely to decline as more and more digital tools are employed to handle the transaction with customers. To survive in such process, sales personnel need to provide extra value besides handling common requests and dealing with transactions in the sales process with customers (Cross et al. 2007). Hence, implying that the role of sales personnel instead of declining will respond to new expectations. Bäckström & Johansson (2017) support that compared to last decade, customers are now expecting sales personnel to be more competent (e.g. knowledge about products, provide useful advices) while also being able to keep a balance between being social and selling when interacting with customers. On the other hand, Rapp et al. (2015) raise the issue with 'showrooming' (search and receive inspiration in store but purchase online) from the perspective of personnel. As customers are showrooming, sales personnel lose confidence in their capability to reach performance goals. Hence, showrooming could result in declining sales performance (Rapp et al. 2015).

3.3.6 Digital Touchpoints of the Store

In order to evaluate new and modern store formats and their potential contributions to a format portfolio, it is essential to consider the seamless experience and related different digital touch points. Since the rise of omni-channel retailing where consumers seamlessly interact with the retailer through different channels and devices (i.e the physical store, company websites, social media) the customer journey cannot be viewed as isolated to a single store format (Stein & Ramaseshan, 2016; Bèzes, 2018). Hence, consumers are becoming increasingly omni-channel driven in their behaviour (Beck & Crie, 2016). If the integration of channels is done right, it has the potential to appeal to the heterogeneity in customers' in-store behaviours (Grob, 2018). For example, advice-reliant and human interaction driven consumers may be served through the store personnel, while self-reliant consumers independently are able to look-up information via alternative information channels such as the company website (Grob, 2018). In line with this, it is essential to recognise that consumer no longer access the different channels, but is rather always wired to several at once, as each channel provide different benefits (Bezes, 2018). Modern consumers therefore expect an integrated and consistent experience regardless of the channel, as they move between the various channels depending on their preferences (Piotrowicz & Cuthbertson, 2014). For example, concepts such as 'showrooming' (search and receive inspiration in store, but buy online) and 'webrooming' (search and receive inspiration online, but buy in store) allows consumers to extract the greatest benefits from different formats, while gaining access to a larger assortment than what is available within a single format (e.g. Rapp et al. 2015; Lemon & Verhoef, 2017).

In-store technology known as smart retailing has been developed in order to further bridge the different channels while profit from seamless consumer behaviour (Pantano & Timmermans, 2014). Scholarly literature state that technology used in store should consist of enjoyable, interesting and practical attributes which expedite and facilitate the customer journey while offering more personalized recommendations (e.g Juaneda-Ayensa, Mosquera & Sierra Murillo, 2016; Roy, Balaji & Sadeque, 2017). Pantano and Viassone (2014) differentiate between technologies that are hybrid (i.e can be used inside the store however through customers' own devices) and those fully owned by the store (e.g. self-scanning checkouts, touchscreen displays). The benefits derived from in-store technological solutions has been found to generate functional utilitarian values (e.g time-saving, makes it easier to obtain product information, extended product assortment) rather than hedonic values (Willems, Smolders & Brengman, 2017). Regardless of the values generated, technological in-store solutions owned by the retailer is found to have a low penetration rate while also reducing the independency and human interaction otherwise sought by consumers, compared to the hybrid solutions that are used more freely (El Azhari & Bennett, 2015). The lack of usage and interest could be explained by three factors; the positioning of the tools as they are not placed according to the customer journey; customer's preference towards their own devices; and customers being highly focused on their goal which makes them brush of the tools as part of the decor (Bèzes, 2018).

3.4 Managing a Retail Format Portfolio

It is becoming increasingly common for retailers to develop portfolios with various types of formats for different segments and markets, rather than operating with one specific and similar format across all markets (e.g. Reynolds et al. 2007; Brown, 2010; Sorescu et al. 2011; Sharma and Gautam, 2017). Sorescu et al. (2011) conceptualize how retailers are creating value for customers and how retailers can gain value for its markets by describing three components of the retailer’s business model (RBM): formats (i.e. retailer mix), activites (i.e. in-store experience) and governance (i.e actors involved in creating and delivering the customer experience). It is emphasized that all formats within a retailer's RBM need to be integrated in a way so that the company's brand equity is preserved (Sorescu et al. 2011). Sorescu et al. (2011) further writes that the both internal and external drivers can be the reason for retailers’ choice to innovate their RBM. In regards of internal drivers, expanding with new store formats can be the result of retailers wanting to satisfy various market segments to increase the firm's profitability (Mason et al. 1993). A diversified retail format portfolio enables the retailer to increase sales and growth as it meets the diversified needs of the target market (Blackwell and Talarzyk, 1983). As pointed out by Brown (2010) the ultimate motive when operating with various formats in a portfolio is to increase sales and enhance profit. External motives for expanding with new formats includes new technologies, changing consumer behaviours and the extensive use of internet (Pargett & Mulvey, 2007; McGrath, 2010; Sorescu et al. 2011). At the same time, retailers may experience internal reluctance towards expanding with new formats (Sorescu et al. 2011). Such reluctance can be explained by the fact that if companies already have vested great resources and time to their positioning strategy, they could be afraid that changing position might interfere with customer’s current view of the company (Pargett & Mulvey, 2007). Furthermore, if the current business is successful, managers might be less inclined to make changes regarding how value is created or appropriated (Debruyane et al. 2010).

A challenge of succeeding with a balance among various retail formats is brought forward by Brown (2010), who writes that the difficulty lies in each format generating different levels of profitability, making the contributions uncertain. Similarly, Shi et al. (2017) examined the performance of different formats using existing sales metrics and market based results. The findings revealed negative results for format diversification, as it was found to reduce competitive advantages while increasing the operational costs (Shi et al., 2017) Related to this, operating with different formats increases the risk of competing for the same clientele, resulting in expenditures not being covered while the overall sales level stagnates (i.e sales cannibalism) (Pancras, Sriram & Kumar, 2012). Accordingly, even though rivalry within store formats are more apparent than between formats, retailers are urged to be careful to not dismiss inter-format rivalry as mobility across formats remains common (Gonzalez-Benito, Munoz-Gallego & Kopalle, 2005; Luceri & Latusi, 2016). Avery, Deighton and Caravella (2012) state that a format portfolio consisting of both online, catalogue and brick and mortar channels, benefit from increasing sales when introducing a new brick and mortar store due to format synergies. First-time customers then began with purchasing in the new physical store, later moving on to the online channel. Hence, instead of negative internal sales cannibalisation the extension of additional store formats accelerated a firm's growth through increased awareness and penetration, resulting in consumers interacting with all formats available to a greater extent (Avery, Deighton & Caravella, 2012). Similarly, when researching the store format development of IKEA, Hultman et al. (2017) concluded that even though the new store format shares several characteristics with the traditional format, it does not necessary result in format rivalry. Instead, opening up a new store format in a new location meant that IKEA was facing new competitors rather than competing with itself (Hultman et al. 2017). According to Brown (2010, p. 21) the key to successful format development lays in active portfolio management and strategic target market decisions;

> By treating its retail formats as a portfolio, a retailing firm could better manage its overall levels of risk and return. Because they target different market segments and compete against different brands, a firm’s alternative formats incur different levels of risk and generate different levels of return.

Hence, it is recommended for retailers to constantly evaluate the performance of various retail formats to examine which formats that should be left intact versus opened up in more markets. By experimenting in smaller scale with new retail strategies and formats, retailers are argued to be able to overcome the risk of jeopardizing with their current performance (Chesbrough 2010; McGrath 2010). Reynolds et al. (2007) argue that winning store formats are the result of an incremental process rather than a rational analysis. Hence, store format success comes from being able to capture the moment in a creative way (Reynolds etl. 2007). However, Hultman et al. (2017) suggest that, when managing a format portfolio practitioner should consider implementing recognisable attributes apparent in all formats in order to keep a stable store image. For example, in the case of IKEA, Hultman et al (2017) argue that its core element (i.e accessibility for the many people) is present in both the traditional format and the smaller sized city stores, however translated from accessibility through product range to accessibility through convenient locations. Similarly, Grimani and Privitello (2016) found the customers to perceive the "IKEA feeling" as apparent in both formats investigated (i.e. the traditional store and pick-up-points) despite the various store layouts, experiences and assortments offered. Yrjölä, Saarijärvi and Nummela (2017) argue that retailers need to have a clear strategy of what type of value each format and channel should provide the customer with as well as an understanding of how to achieve that goal. If retailers does not have such understanding, they risk a misalignment between channels which could result in complexity and strategic misfits, risking unsatisfying overall performance (e.g. Piotrowicz and Cuthbertson, 2014; Yrjölä, Saarijärvi & Nummela, 2017; Yrjölä, Spence & Saarijärvi, 2018). Accordingly, the objectives of each format part of a portfolio need to be clearly stated and aligned between formats.

3.4.1 Store Format Evaluation

Store closings and store expansions are based on managers' understanding of the key drivers for store performance, where practitioners often seek to adopt a 'best practices' approach to continuous improvement, which requires ongoing monitoring of store performance (Thomas, Barr, Cron & Slocum, 1998). Traditionally, store performance and the evaluation of retail formats are almost exclusively measured through three categories; market-based results, productivity in store, and financial results (e.g. Dunne & Lusch, 1999; Kumar & Karande, 2000; McGoldrick, 2002; Hernant & Boström, 2010). However, these traditional sales metrics are not developed specifically to evaluate and compare the performance of formats part of an portfolio, nor do they consider consumer demand, store specific attributes, momentary market changes, or exogenous factors (e.g. Achabal, Heineke & McIntyre, 1984; Dubelaar, Bhargava & Ferrarin, 2002). Thus, making them unsuitable to use as the only method for evaluating new store formats part of a portfolio. In line with this, researchers and practitioners are urged to identify critical touchpoints and their linkage to customer outcomes and format performance, throughout the customer experience (Lemon & Verhoef, 2017). As for today, this is almost exclusively done through customer feedback metrics regarding customer satisfaction and image due to the relatively easiness to obtain the information as well as indication of repurchase intentions, word of mouth and so forth (Gupta & Zeihmahl, 2006; Aksoy, 2013). Commonly used metrics for example include the Net Promoter Score

(Reichheld 2003; Zeithaml, Bitner, Gremler, 2006). NPS determine the level of satisfaction through the likelihood of a customer recommending the product or service to an acquainted (Reichheld, 2003)

While customer satisfaction and positive image has been linked to favourable outcomes such as profitability, market share, and purchase intentions (e.g. Bolton & James, 1991; Oliver, 1999; Reichheld 2003; Gómez, McLaughlin & Wittink, 2004; Simon & Gomez, 2013), these types of metrics have also been criticised for not capturing the full experience in terms of different touchpoints and components suggested to be part of a customer experience (Lemon & Verhoef, 2017). Instead, previous research has viewed the customer experience and journey as an overall evaluation constructed by an accumulation of experiences (e.g. Rose, Clark, Samouel, Hair, 2012). Stein and Ramaseshan (2016) argue that this way of approaching customer experiences restricts the understanding of the interactions between the retailer and the customer. Another weakness of current customer satisfaction metrics is the difference between self-reported repurchase intentions and actual repurchase behaviour, where the level of satisfaction expressed by consumers tend not correspond with the actual level of purchase, nor loyalty, due to response biases (Mittal & Kamakura, 2001; Seiders, Voss, Grewal & Godfrey, 2005; Dixon, Freeman & Toman, 2010). Lastly, proven measurements for the *overall* customer store experience is rather fragmented with no established or commonly accepted scale available (Lemon & Verhoef, 2017). Lemon and Verhoef (2017) therefore argue that a metric is needed which determine and measure the customer journey accurately across multiple touchpoints.

3.5 Chapter Summary and Visualisation of the Theoretical Framework

In order to identify the potential portfolio contributions of the new city store formats defined as concept stores, the connection between the theory reviewed above is illustrated in a theoretical framework (Figure 2) serving as a basis for the data collection and analysis. As illustrated in the framework (Figure 2) different theories are applied in relation to the perspectives (i.e. Managers, Industry Experts and Customers). The listed theory is applied in order to compare their practices, experiences and convictions to relevant findings within scholarly literature. Hence, further deepening the understanding of their way of reasoning, which allows us to better pinpoint the influential factors, contributions and shortcomings of the concept store format.

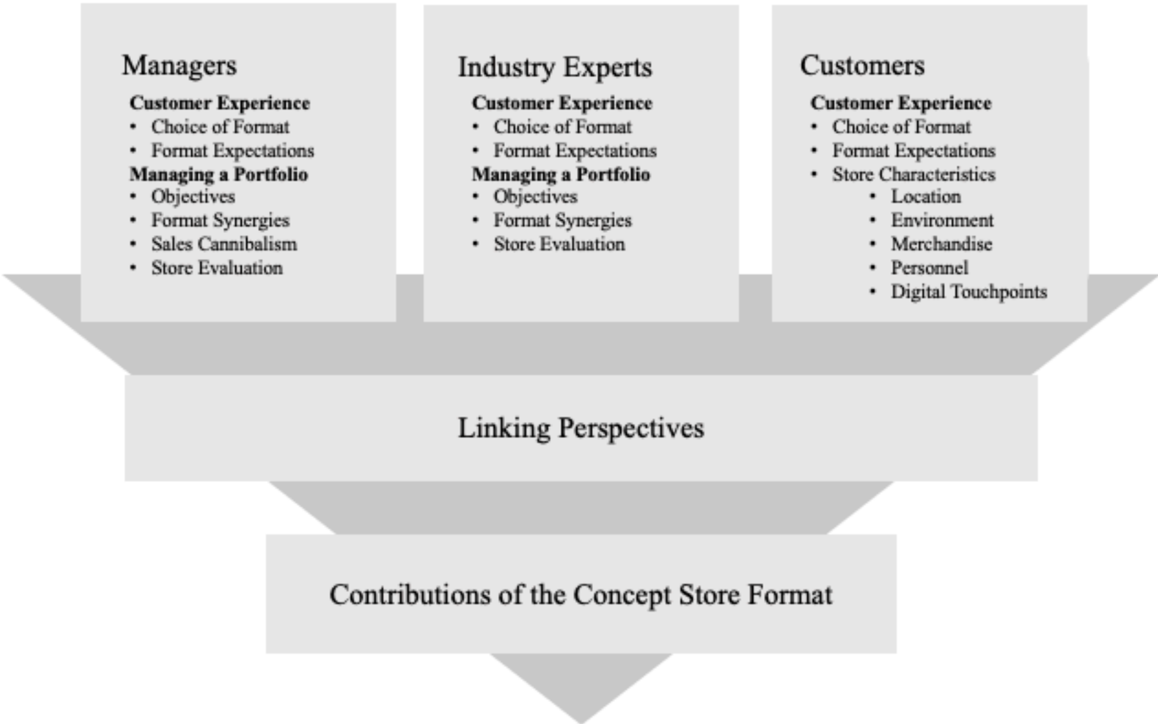

Figure 2: Visualization of Theoretical Framework

Within format development we find distinguishable concepts to regard store objective, format synergies, sales cannibalism and format evaluation. It have been argued that retailers objectives when developing new formats includes increased profitability (Blackwell and Talarzyk, 1983; Mason et al. 1993; Brown, 2010), improve competitiveness (e.g. Levy et., 2012; Jaravaza & Chitando, 2013), attract new target markets (Blackwell and Talarzyk, 1983; Levy & Weitz, 2009) and respond to consumer behaviour (e.g. Pargett & Mulvey, 2007; McGrath, 2010; Sorescu et al. 2011). In terms of synergies, it has been stressed that retailers need to be consistent among all formats (Avery, Deighton and Caravella; Yrjölä, Spence & Saarijärvi, 2018) and by introducing a new physical format retailers have found to benefit from increased sales across all channels (Avery, Deighton and Caravella, 2012). At the same time research points out the risk of cannibalism and increased overall costs when introducing a new format (e.g. Pancras, Sriram & Kumar, 2012; Shi et al. 2017). When evaluating formats is has been argued that store performance commonly is measured through market based results, productivity in store and financial results and customer satisfaction metrics (e.g. Dunne & Lusch, 1999; Kumar & Karande, 2000; McGoldrick, 2002; Reichheld 2003; Zeithaml, Bitner, Gremler, 2006; Hernant & Boström, 2010). However, research argue these to be insufficient as they do not measure formats part of a portfolio (e.g. Achabal, Heineke & McIntyre, 1984; Dubelaar, Bhargava & Ferrarin, 2002) or succeed with capturing the full customer journey across touchpoints (Lemon & Verhoef, 2017). Additionally, customer metrics have been criticized as they tend to include response biases (Mittal & Kamakura, 2001; Seiders, Voss, Grewal & Godfrey, 2005; Dixon, Freeman & Toman, 2010).

It has been argued that format choice and in-store experience is influenced by; location (e.g. Jayasankaraprasad & Kathyayani, 2014; Hultman et al. 2017), shopping motivations (Korgaonkar, 1981), individual factors such as geographic proximity, household income, age, car ownership, and distance to nearest city centre (Brooks, Kaufmann & Liechtenstein, 2004; Luceri & Latusi, 2016), store personnel (e.g. Macintosh et al. 1992; Reynolds & Arnold, 2000; Bäckström & Johansson, 2017), the merchandise (Lyengar & Lepper, 2000; Cherney and Hamilton, 2009), digital touchpoints facilitating a seamless experience (e.g. Stein & Ramaseshan, 2016; Bèzes, 2018) and the store environment itself (Rhee and Bell, 2002; Lin & Chiang, 2009 Jain & Bagdare, 2009). Related to this, store format expectations are influenced by previous relationships with the retailer, where research suggest that consumers base their choice and experience upon their previous liking of the retailer as well as the extent of similarities offered (e.g Park, Milberg & Lawson, 1991; Ahluwalia, 2008; Meyer & Schwager, 2007).

4.Analysis

This chapter analyses Managers, Customers and Industry Experts perceived contributions and shortcomings of the new concept stores separately.

4.1 Business Managers

This section analyses the perceived contributions and shortcomings of the new concept stores from a management perspective. To analyse the interviews, theory regarding customer experience and portfolio management is applied.

4.1.1 Response to Changing Consumer Behavior

As pointed out by Sorescu et al. (2011) the reason for companies expanding with new formats can derive from both internal and external drivers. When managers at IKEA were asked why they find it important to expand with new formats it became apparent that they mainly view it as a response to changing consumer behaviours and thus due to external drivers (e.g. Pargett & Mulvey, 2007; McGrath, 2010; Sorescu et al. 2011). When it comes to changing consumer behaviour managers are mainly mentioning that consumers nowadays are expecting more convenience when they go shopping. Laia Blanch, Project Leader for Store Innovation describes why store format development in terms of new city formats is necessary; "Well, changes in this society and changes in behaviour for the customers when shopping. And I think one of the major points is customers wanting convenience". Laila Blanch further describe that convenience includes the fact that customers do not have car which hinders them from visiting a traditional IKEA store in the suburb. Hence, in line with the findings of Kim & Ulfarsson (2008) IKEA have started to operate in city centres as they want to reach those customers that do not have access to a car. Ramon Ramos, Customer Experience and Intelligence Manager, further explains that beyond customers not having cars nowadays, expanding with new formats in city centres is necessary due to customers valuing their time more;

> People don't want to go too far away from the city centres to buy accessories as they can do it online or in other shops in the cities. What we see now is a new trend were young people don't have a car and we also see that time is very valuable to people, they don't want to spend their whole day, you know, going to IKEA.

Accordingly, Ramos think that customers are not visiting the traditional IKEA store as they are experiencing time constraints in their daily life. Emma Recco, Property and Expansion manager describe IKEA's format expansion strategy in a similar manner;

> The big topic is accessibility. We want to be closer to consumers, which is why we're opening up new stores in new areas. We recently did a survey showing that the value for time is very different nowadays, where consumers no longer visit IKEA for a fun day out, but it's rather about buying your products while consuming as little time as possible. So more customers today wish to spend less time in the stores, and not walk through the full store. They want to have the possibility to spend less time in the shopping experience.

Besides acknowledging that customers do not have enough time to visit a traditional IKEA store format in the suburbs, managers also mention how customers are interacting with all formats in the portfolio simultaneously in order to satisfy their needs, as in line with previous findings by Luceri and Latusi (2016). Laia Blanch then describes the modern consumer as following; "You start to look for one thing online and then you might want to go look at it in a city shop och then you might end up going to buy it in one of the larger stores or vice versa". Hence, acknowledging that customers use formats in a completarary way, where different formats are used for different needs and purposes. Thereafter she describes that it is important for IKEA to not only look at the concept stores sales numbers as consumers tend to move across all channels. Similarly, Emma Recco at IKEA believes that customers are much more prepared these days as they visit the website before going to the store. She further explains that;

> Thanks to the web possibilities, Customers prepare their visit prior to coming in the stores, so they know what they want, and they have already a lot of knowledge about what they can find at IKEA. They can find some solutions, inspiration, they know about the products and most of the time, they quite know what they want to buy and quickly want to get to the point.

In line with Avery, Deighton and Caravella (2012), both Emma Recco and Laia Blanch acknowledges that customers are likely to demand format synergies as they move across online and offline channels during their purchase. This further emphasizes that the customer journey cannot be isolated to a single format which is in line with previous findings (e.g. Stein & Ramaseshan, 2016; Bèzes, 2018).

4.1.2 Response to Competition

Besides responding to changing consumer behaviour, expanding with new formats can be seen as a way to respond to competition (e.g González-Benito, Munoz-Gallego & Kopalle, 2005). Ramon Ramos, Customer Experience and Intelligence manager, explains that the competition of selling furnitures has increased during the last years due to online shopping and local retailers;

> Before, you couldn't find any competitors offering the same type of product for a low price. However, due to both e-commerce and smaller shops in city centres it is important for us to update our format portfolio in order to compete.

When expanding with new formats, Fredrik Johansson described how they choose assortment according to the competition located in the surrounding;

> If you look at retail in cities, they tend to places in clusters, where all car-dealers are placed in the same area. This is a way of meeting the micro markets in the cities so we are placing kitchen stores around other kitchen suppliers to meet that kind of competitors and to continue to stay relevant (...) Should we for example open up an IKEA store in the center of Malmö, we would have competition such as 'Flying Tiger' (i.e.a variety store chain) in the nearby and then we need to offer the customer products that they purchase directly.

This is line with previous studies regarding that city centre shops tend to be clustered so that customers can walk between shops so satisfy their shopping needs (e.g. Kim & Ulfarsson, 2008; Schneider, 2015). Hence, the concept stores should not only attract customers who actively plan their store visit but also by those who are shopping for a specific product category and happen to stumble upon the IKEA store as it is located in the same district.

4.1.3 Learnings about Customer Expectations

Mason et al. (1993) describes that retailers can expand with new formats due to internal drivers. Managers at Clas Ohlson described that they mainly have opened up new stores in order to learn and are thus taking an internal driven approach with format expansion. Geir Hoff, Director of New Markets and Expansion, describes it as following;

> Lab-store is not a sales machine and Svevägen is not the most attractive shopping district in Stockholm either so it will probably not become a customer-machine but is a nice shop where we are experimenting with exposures and learning about the assortment. It also has another purpose since it is located at ground level from where we have our Stockholm office. So it has a bigger purpose, we can invite our guests there and do retail talks there. So the losses the store is doing is seen on as investment in these purposes.

Hence, Hoff describes their new format, called the lab-store, as an experiment where they can learn about various ways to expose the assortment. Furthermore, Marianne Knudsen, Store Concept Manager at Clas Ohlson, describes that they opened up a store called ‘Hemma Hos’ in which they exclusively focused on interior products to evaluate consumers’ reactions;

> We’re in a phase were we’ve done a lot of tests, not only the lab store but also a smaller store in Oslo called Hemma Hos. For me it is about evaluating what we have done, what have been successful but also to see what actually works and what doesn't. So that is a process where we really need to evaluate what we have done and the reason for us expanding with these formats was to see how consumers would react to them. So in the future we will learn from these smaller stores and then build a clearer concept based on that. But that is more in the future, nothing we will rush

Thus according to Knudsen by developing these new store they can understand how consumers react and then use these insights when creating a concept strategy. Even though managers at IKEA are not describing the formats as a learning process to the same extent as Clas Ohlson, it is still something that have been mentioned by several managers. Andreas Berg, Retail Establishment Manager in IKEA, for example explained how new services is going to be implemented in the traditional stores due to the concept store; “So in fact, some of the things we are learning in the city stores we are going to implement in the traditional stores”. This strategy of experimenting with the new formats are in line with the strategy put forward by Chesbrough (2010) who argue that retailers can overcome the risk of jeopardizing with their current performance by starting in a smaller scale. In fact, Geir Hoff is described an event were Clas Ohlson tried a new format in order to respond to a new competitor in Oslo but quickly realised that the concept was not successful enough as customers ended up being confused and unsatisfied since Clas Ohlson did not offer their full range in store. Geir Hoff then continued with explaining how they handled the situation and why he believes that consumers reacted as they did;

> We ran like idiots between these two stores to move products and when you start to analyse this case there are many reasons to why we should’ve thought differently but for me it was all due to the Clas

> Ohlson logo placed on the walls. It signalised a certain value proposition to the customer but they couldn't understand or interpret our new concept. So we decided to shut down the store. I mean, we could've kept it open because the turnover was okay but it just felt wrong since the customers didn't really like it and the store was difficult for us to work with.

Hence, in line with previous findings (e.g. Meyer & Schwager, 2007; Ahluwalia, 2008) it is noticeable that customers had already shaped certain anticipations regarding what assortment Clas Ohlson provides, which shaped their perceptions of the new format. Seemingly, their disappointment derives from previous experiences. The difficulty of responding to customers' expectations due to previous experiences of the retailers is further emphasised by managers at both IKEA and Clas Ohlson;

> Customers need to understand directly that it's not a regular Clas Ohlson. The stores need to be more clearly differentiated (...) I'm not sure that customers understand that it's a new concept if we exclude a lot of products from our regular assortment in a new store and I think that we could end up with disappointed customers. Especially, as they believe that they will be able to find everything in all stores. The purpose with each store need to be more explicit in a visual manner. (Marianne Knudsen. Clas Ohlson)

> It is difficult to handle expectations. IKEA has struggled a little bit with finding a name for these concept stores and the new formats with makes it difficult for them to separate it from the traditional store because it just says IKEA, and then they will have an expectations of it being the same experience in the small store as in the large one (...) That is the feedback that is most distinct to us and which we are working with. How can we create a customer experience based on the traditional formats in the new stores? (Fredrik Johansson, IKEA)

Both managers are describing how customers are likely to use the traditional store as reference point when evaluating the new store. While both managers want new store formats to clearly correspond with the overall company image, which is line with previous recommendations by Hultman et al. (2017), they however emphasise that new concepts must be distinguishable from the traditional store format in order to manage customer expectations. Fredrik Johansson further describe the IKEA kitchen store in Stockholm as an example where customers' expectations match their perceptions;

> We also need to respond to customer expectations better through branding efforts. So that Stockholm kitchen becomes a global concept, where it is named kitchen globally. But I don't know. For now it's only in Stockholm that we call it 'kitchen'. So customers who enter that store does not expect to find everything, they just expect kitchen. But yes, it is something we need to work with.

The difficulty of meeting customers' expectations was also raised by Geir Hoff from Clas Ohlson; "the problem is that when we're asking the customers, they tell us that they want a full-scale store because they are so satisfied with them". Indicating that Hoff's experiences share similar findings as previous research (e.g. Arnold, Oum, and Tigert, 1983; Louviere & Gaeth, 1987; Broniarszyk, Hoyer & McAlister, 1998), attitudes towards the store are negatively shaped by the reduction of the assortment.

4.1.4 Market Penetration

Retailers can also be internally driven when expanding with new formats, as they aim to increase sales and growth by satisfying new customer segments (e.g. Blackwell and Talarzyk; 1983 Mason et al. 1993;) When talking to managers at IKEA, it became apparent that a prominent goal with the new city stores is market penetration. Carolina García Gómez, CEO/Country Retail Manager in Poland explains how penetration is a motive with the store in Warsaw as following;

> I mean, we look at the penetration; how many new customers are we reaching, which is seen through new family members (i.e. loyalty card members). So, we follow how many new family members we get. Then we do a lot of surveys to know if they've been in IKEA before or if they're new customers or not. Because the main goal with the store was of course to create new customers around the city store, but also to wake up those that have been "sleeping".

Hence, penetration does not only include attracting new customers but also those that have not visited IKEA in a long time. Ignacio Navarro, Expansion Manager, explains the motive for the two city stores located in Madrid in a similar manner; "We decided to add touchpoints to interact with the customer we have lost and to convince new customers that have never considered to come to IKEA. Our penetration in the city centers was much lower than the traditional stores.". According to the managers at IKEA, the expansion with new formats is both a way to respond to the changing behaviours of current customers but also a way to increase the market penetration, hence attracting those that are currently not visiting IKEA or have not done so for several years (i.e. latent customers). Furthermore, managers at IKEA explains that even in markets were many customers know about IKEA and are visiting the traditional store on a regular basis, they have noticed an increased penetration by opening up the city concept stores. Carolina Garcia Gómez explains that Poland have the second largest market share after Sweden within IKEA globally, but are anyhow experiencing an increased market penetration;

> Yeah, we've calculated that eight percent of the customers are new or have not visited IKEA for a long time. So, it's a very good number. Because especially in a market like Poland and in Warsaw where everyone already knows IKEA and have been in IKEA, that we manage to attract eight percent is really good for us. Those customers were coming from the surroundings of the city store.

Hence, in markets were IKEA is very well-known the concept store is attracting customers that have previously been latent. However, in IKEA Spain, where they are experiencing a lower overall penetration, their concept store focusing on bedroom have managed to attract 10 percent customers that have never heard about IKEA whereas 15 percent had not visited a traditional IKEA in a very long time (Documentation). This implies that in countries where the overall penetration is lower, concept stores have greater potential to attract new as well as previously latent customers.

4.1.5 Complement to Other Formats

IKEA's concept store is thought to function as complement to other parts of the portfolio (i.e. the traditional store and the website) instead of customers abandoning the traditional store or the website in favour of the concept store. As previously mentioned, the objectives of new city stores such as the concept stores, does not solely refer to market penetration in terms of reaching new consumers and those whom have not visited IKEA for a very long time, but also include managing the existing clientele and providing them with a richer customer experience. For example, Carolina García Gómez at IKEA highlights that the city concept stores provide customers with access to personnel; "It's much more personal service because we have much more personnel per customer here compared to the traditional store, so there is more availability". Furthermore, Fredrik Johansson pointed out that IKEA is experiencing the traditional stores in some cities to carry a too heavy workload. Therefore, they are opening up the city stores in areas where the traditional stores are too stressed to manage customer expectations in a sufficient way. Fredrik Johansson phrase this strategy as unburdening the traditional format;

> We don't want too much to do in-store, nor too little. If it is too crowded the customer experience and level of satisfaction will suffer, and if there's not enough to do the profitability will suffer. So the city store formats are really a tool for managing the customer level in our existing stores.

However, Andreas Berg Retail Establishment Manager, explained that in Spain were they have experienced a declining market penetration as they are losing customers, the city concept store is thought to function as a complement by attracting new customers to the traditional store;

> What we want now is to really increase the awareness and get the new customers to buy online or go out to the bigger store where we really have the total range of IKEA, rather than having them limit their visits to the city stores

Similarly, Ignacio Navarro, Expansion manager says that the main goal for the city stores opened up in Madrid is to increase the number of visitors to the traditional IKEA store where the full range is displayed. In order to increase the number of visitors to the traditional store Navarro find it especially important to offer customers the possibility to purchase smaller items;

> Ones they start shopping at IKEA they start buying the small things, they don't buy the kitchen or the bedroom or the sofa, but they normally start buying the smaller items. But what we see is that when they're coming closer to IKEA, they also start buying the bigger things. So, we need to create relationships with customers first.

In contrast, Fredrik Johansson explained that some stores might function as inspiration and for customers who only wishes to plan a kitchen and said that the possibility of purchasing products directly is less important in those cases. Ignacio Navarro later described that by tracking the members of IKEA family card (i.e. IKEA's loyalty card members) they found that; "In the city store, 15 percent of the new customers we have reached also visit the traditional store after that visit" . Hence, even though it is to a relatively small extent, the city stores in Spain contributes to the portfolio by pulling customers to the traditional store, where they also tend to make larger purchases.

In line with the research by Brown (2010) managers find it difficult to evaluate the new formats since they contribute with less sales than traditional stores but could at the same time contribute to the portfolio by other means. Emma Recco, Property and Expansion Manager at IKEA explained that concept store's performance cannot be measured individually. Instead, they mostly measure performance in terms of total growth in the market to evaluate whether the concept store contributes with sales or not. Similarly, Fredrik Johansson, Global Portfolio Manager, clarifies that the new stores complement the traditional stores in terms of regional performance;

> Historically, IKEA worked along the stipulation that each store should be able to carry their own costs. However, ehm, in a financial context we are now looking at it more as a city or a region, where each region needs to be profitable. So the new city store formats complement the traditional stores in a way so that the overall sales in the region improves.

Fredrik Johansson further emphasise that a sufficient result of the format portfolio will not be reached by only opening one new city store. Instead, he points out that in order for the portfolio to be successful, it need to include clusters of formats;

> In cities we have an approach oft opening up several new formats, since in a city like Shanghai with millions of inhabitants, it won't make a difference if we just open up one store. To see difference we will need a cluster of new formats and then we will measure the effect of those. What happens with the total market?

Even though Fredrik Johansson describes that they evaluate the total market to establish whether individual formats contribute, Andreas Berg, Retail Establishment Manager in Portugal point out that it is difficult to follow up on how customers are moving across different formats;

> It is very difficult to follow up, because we only have the IKEA family membership card, customers might go from one shop to another to buy something which then triggers sales in another store, but we can't follow up on that.

This indicates that there is a need to beyond regional sales performance and sales numbers in specific stores, identify the different triggers part of the customer journey as a whole in order to better determine the relation between different formats. This is in line with research by

Achabal, Heineke and McIntyre (1984), who emphasise that only looking at sales and outputs will fail to distinguish underlying factors affecting the overall performance.

Besides measuring penetration and regional sales, managers described that they use traditional metrics including sales per square meter, conversion rate and average ticket as ways to evaluate specific stores. Additionally, the documentation from IKEA spain (IKEA, 2019) disclosed that customer satisfaction is measured via quantitative surveys, mainly using NPS as determinant. Complementary to these methods, Fredrik Johansson described that social media is used a method for continuous evaluation;

> We need to evaluate the store in terms of whether it positively contributes to the customer- and purchase experience, that is important. In fact, that is how we try to measure today. We follow social media alot and customer reviews; what do customer think about the store, what do they think about the products, how accessible are they to them and so on.

This approach can be seen as an alternative to the other evaluation methods. However, as pointed out by Derek Nixon at Clas Ohlson and in line with previous research (Mittal & Kamakura, 2001; Seiders, Voss, Grewal & Godfrey, 2005; Dixon, Freeman & Toman, 2010), there is a risk in relying on customer reviews as customers tend to be more inclined to leave reviews when being either highly dissatisfied or satisfied. Hence, only capturing the extremes of the spectrum, while missing out of the opinions of the general mass. An additional alternative approach was put forward by Marianne Knudsen, Concept Manager at Clas Ohlson, who described that they evaluate formats by using similar stores as a benchmark;

> We compare them with stores that have similar prerequisites. The stores should be similar in assortment but not in size. So for example, we compare those store that are selling a lot of hardware with similar ones and then we look at more specific what kind of assortment they have been selling. But we also look at the average tickets in these stores and compare it.

Even though the method of evaluation through comparison might not give a direct answer to weather the store is sufficient enough it still could give indications on how the store could be improved and better respond to customer's needs.

4.1.6 Cannibalise the Traditional Format

While the strategy of ‘unburdening’ the traditional stores (see chapter 4.1.5) could improve customer experience across formats, it potentially also results in resources being used for redistribution of existing customers (i.e. sales cannibalism), instead of penetrating the market by attracting new or latent customers. When asked whether IKEA risk such an event to occur by opening up the new concept stores, Fredrik Johansson state that careful calculations are used in order to avoid sales cannibalism at an undesirably high level;

> Well, the fact is that sales cannibalism isn’t always a bad thing. We actually do it intentionally to a certain extent. We have some traditional stores around the world which is overcrowded and burdened, so then we use mathematical formulas and customer surveys to figure out where to place a store to reach a certain level of intentional cannibalism. So like, we place a new city store a little” too close” to a traditional store in order to unburden it and create an overall better customer experience.

In the case of the concept stores in London and Stockholm, he states that unburdening or cannibalism is not an explicit objective, as they rather aim to increase sales and increase market penetration. Similarly, the expansion manager of France, Emma Recco and the customer experience manager of Spain, Ramon Ramos, stressed that sales cannibalism part of their market expansions is not desired since their traditional stores in suburban areas are experiencing stagnation or declining sales. Hence, rather than viewing sales cannibalism positively, or unburduning as phrased by Fredrik Johansson, they aim to decrease it in the regional areas of Madrid and Paris where city stores have been launched. Accordingly, Emma Recco phrase sales cannibalism as a potential risk and a negative outcome of expanding with new formats in city centres;

> By being more accessible, we aim to broaden our customer base. The risk however is that we invest in new formats, but do not broaden the customer base, which means that we will just cannibalise our other existing stores, and this we cannot afford.

Hence, due to increased operational costs, such as high rental costs, short-term leasing contracts as well as personnel costs, cannibalisation is seen as extra challenging according to several IKEA managers. Ramon Ramos adds to this by explaining that cannibalism need to be considered in the light of penetration;

> What happens is that this sometimes cannibalises the bigger stores as people which before went to the bigger store now instead are visiting the small ones. And it is also important to understand the average ticket in a store. Often, the increased penetration is coming from a smaller average ticket and this is not ideal. So even though new customers are coming in, they are not necessary compensating for the loss in cannibalisation.

This is in line with the findings of Pancras, Sriram and Kumar (2012), who argue that operating with different formats increases the risk of competing for the same clientele, thus resulting in expenditures not being covered while the overall sales level stagnates (i.e sales cannibalism). Hence, if a great amount of the existing customers, which previously would visit the traditional store format transcend to the city store, the sales would risk to further stagnate in the traditional stores, simultaneously as the overall operational cost increases due to operating with more formats. In line with internal IKEA documentation from IKEA Spain and the interviews with managers in France (Recco) and Spain (Navarro, Ramos and Berg), sales cannibalism seems to be an apparent consequence of opening up new city stores, independent of whether it is a market objective or not. Thus, implying that the concept stores contribute with an sometimes unfavourable and unjustifiable cannibalism. This extends the findings by Hultman et al. (2017) who previously found that IKEA faced new competitors rather than competed with itself when expanding to urban locations, as IKEA could be seen as facing new competitors while simultaneously competing with itself.

According to Emma Recco, cannibalism could be managed by altering the objectives and target group of the traditional format in order for customers of the different formats to be close-knitted;

> So we said okay, maybe the first years we will cannibalise but then we will look into our existing stores and transform them in order to better answer to the needs of people living in the suburbs, and not only the needs of the Parisians being targeted now due higher average income. So the objective is to improve the traditional format's capacity to reach people outside of Paris. By doing so, we believe that we will recover from this cannibalism over time.

This potential solution for reducing sales cannibalism is in-line with the findings of Sarrijärvi and Nummela (2017) and Yrjölä, Spence and Saarijärvi (2018), who argue that a clear strategy of what type of value each format and channel should provide different customers is necessary in order to avoid strategic misfits and unsatisfying performance levels.

4.2 Customers

In this section the perceived contributions and shortcomings of the concept stores is analysed from a customer perspective. Theory on customer experience, which include the store characteristics, store format choice and format expectations, is applied.

4.2.1 Convenient Location

Previous studies have shown that store location is the most important factor for consumers when choosing where to make their purchase (e.g. Severin, Louviere & Finn, 2001; Jones, Mothersbaugh &. Beatty, 2003; Jaravaza & Chitando, 2013), which is partly supported by our study. Several customers interviewed express how a visit to the traditional IKEA store format in the suburbs is too time-consuming and troublesome, especially when not having access to a car. For example, Henrik, a previously latent customer in Stockholm who had not visited IKEA for several years, emphasized that the reason for him not visiting the traditional IKEA store is the distance; "I do not have time going back and forth because of work". He then continues to state that he would not have purchased an IKEA kitchen today if the concept store was not available in the city centre; "I looked at a kitchen from another company here in the city, and I think I would've bought it from them if this store wasn't available since it would have been a much smoother process.". Similarly, the customer Linus express how the location of the concept store was vital when buying a kitchen from IKEA;

> It's very comfortable. Ehm, It's my first time renovating a kitchen so it's very comfortable to be able to meet someone here in the city to talk with and to discuss different solutions and systems. It's actually critical for my decision to buy a kitchen at IKEA, otherwise it's such a big project to rent a car and then having to drive to 'Kungens Kurva' (i.e. IKEA's traditional store located in a Stockholm suburb). So, yeah it is very convenient that there are solutions available in the city nowadays. (Linus)

These expressed experiences indicate that the participants are reluctant to travel longer distances in order to buy their kitchen from IKEA, especially when not having access to a car, as previously suggested by Schneider (2015). Whereas the store in terms of location is clearly beneficial and appreciated by the participants living in Stockholm, a slightly different image emerges when interviewing customers in London. While the Planning studio in London provide possibilities to visit the store during lunch break or in-between the daily travels of work and home as in line with previous research by Leo and Philippe (2002), the great size of London appear to undermine the value of the central location of the concept store. For example, the customers Mike and Samantha both expresses how the geographical proximity and difference in accessibility between the traditional store format and the concept store becomes less apparent due to them both working and living in different areas of London. Considering their residential areas as well as the location of their partners' workplaces, the traditional store location is appreciated and seen as complementary to the location of the concept store;

> There's actually a big store in south London that opened quite recently, so now I'm not quite as motivated to go to this one for my next planning compared to when the only close traditional store was outside of north London. It just makes less of a difference now considering that I live in Peckham. (Mike)

> So I work around the corner, but it's probably more convenient to go to the store in Wembley for the actual planning as we (i.e. Samantha and her husband) then can go together late at night which is more suitable as we have two young children. Also, my husband works across town so it would take him quite some time to commute here anyway. (Samantha)

Hence, while the concept store offer accessibility to both Samantha and Mike during daytime as they work close to the store, the size of London results in a greater geographical distance to the concept store for their partners as well as for themselves when they are home in the evening, compared to the traditional stores just outside of the city centres. A benefit deriving from the central locations of the concept stores in both London and Stockholm, refer to customers spontaneously coming across the store. For example, the customer Gabrielle expressed that she did not know about the IKEA Planning Studio (i.e. the concept stores in London) beforehand and just happened to walk pass since it is located on a street close to other interior shops. This is inline with research by (González-Benito, Munoz-Gallego & Kopalle, 2005), who suggest that consumers first choose the type of format they wish to interact with, followed by the retailer. The appearance of a local store then made her consider buying an IKEA kitchen instead of one from a competitor, despite not being a customer for many years. Peter, a customer in Stockholm, stated a similar experience;

> I'm here today to get inspiration for a kitchen we're helping our son to purchase, but I wasn't necessary planning to visit IKEA today. I live nearby and was running some errands in the area, passed the store, and thought I might as well have a look. I like the store and it's very practical for these kind of situations.

This is in line with research showing that consumers might be attracted to an urban store due it being placed in a cluster of other similar stores (e.g Kim & Ulfaresson, 2008; Schneider, 2015). Additionally, the location of the concept store appears to enable IKEA to reach latent customers, such as Gabrielle.

4.2.2 Appealing in-store Environment

While it is noticeable that the location is vital for consumers visiting the concept store, the in-store environment (i.e layout and atmosphere) and how it essentially differ from the traditional store format appear to be just as important, if not more determining. When describing their initial impressions of the concept stores, several consumers mentioned the calmness and airy feeling. For example, the customers Vivian and Hanna describes the concept store environment as following;

> It’s great. It has like a positive and relaxing vibe. I like the concept with the small planning stations and that there’s a lot of personnel available. And well, I also like how it’s very calm and nice, it makes you feel welcome in here. Like, like there’s actually room for you as a customer, haha. (Vivian)

> It’s airy and light, and sort off tidy, which I think is super nice. It reminds me of like a trendy pop-up store. (Hanna)

The general liking of an airy and calm setting could be linked to previous findings by Van Rompay et al. (2011), who argue that task-oriented shoppers tend to prefer spacious environments, which is applicable considering that most customers interviewed were either in store for a scheduled appointment or to get some initial inspiration for a planned new kitchen. As previously suggested by Jain and Bagdare (2009) it is further prominent how the physical environment in terms of design and ambiance influence the overall customer experience positively. However, it also seems to improve their general perception of IKEA. For example, Gabrielle stress how her reason for considering purchasing a kitchen from IKEA, to some extent was because the products appeared different and more appealing in the concept store setting than what she normally would have expected from IKEA;

> I really like it. It is displaying IKEA in a way which might surprise people. The things actually look much better and it doesn't feel like IKEA. I've an interior designer at the moment who is like "no IKEA is coming in here", and now I'll be like "ooh, I'm not so sure about that, haha".

Similarly, Chloe, a customer visiting the London store for the first time, further emphasize this; "It's nice and trendy. It feels like a new and better version of IKEA". This type of comparison is commonly expressed by the customers, where the preference towards the environment and design of the concept store is clear. For customers such as Eva and Sven, the preference is so strong that despite previously buying their kitchens from the traditional store format, they will no longer continue doing so;

> I've previously bought three kitchens from the traditional IKEA store. I'm here (i.e IKEA Kitchen Stockholm) today as I need help with the planning and to find suitable solutions for yet another one. It's just great that I no longer have to travel all they way to the traditional store when I live in the city centre. And eh, also, the fact that this store isn't crowded with other types of customers looking for other products, as you can only buy kitchens here, makes it even better. It's just so much calmer and nicer. (Eva)

> The store is awesome. I don't have the energy nor the desire to visit any of the big stores. It's just too tiresome; too big, takes too much time and there is just people everywhere creating a mess. I would seriously not buy a kitchen from IKEA in the future if I had to do the planning over there, haha. Like, if this store wasn't available. (Sven)

This relates to previous findings of Grimani and Privitello (2016), since the characteristics of the concept store are better in line with the store preferences of Eva and Sven, their negative perceptions of the traditional store seem to increase to a level where they, when comparing the two formats, evidently no longer would consider visiting the traditional format for this type of purchase. Similar experience and preferences are expressed by Daisy, a customer visiting the London Planning Studio for a first planning meeting. She previously tried to have a planning session at the traditional store just outside of London, but failed to do so since she felt overwhelmed by the crowd and the maze-layout, which is in accordance with previous findings regarding customers being less likely to make a purchase when too many options are provided (Huffman & Kahn 1998; Lyengar & Lepper 2000; Shah & Wolford 2007). Considering this, she instead reached out to a competitor but later backed out since the price was considered over her budget. She continues to describe the process of buying a new kitchen as following;

> I’ve really been going around in circles. I was in contact with a competitor but that just ended up being way too expensive, so as I said also visited the traditional store again, but per usual I go there to have a look and then I just drive myself mad. Ehm, so I just end up buying a couple of meatballs and going home haha. So without this city store, I probably wouldn’t have ended up buying an IKEA kitchen, even though I like the products. So this new store is ideal. It is nice and quiet and calm. I don't do big crowds really.

Hence, Daisy showcase a clear preference towards the environment of the concept store to the extent that she perhaps would not have ended up buying an IKEA kitchen if she would have been forced to rely on the traditional IKEA format for her purchase. Similarly, the previously latent customers emphasize how they would not even consider IKEA if the concept store format was not available as an option. For example, Linus states that “I’m not actually that used to the big stores and I’ve never been particularly interested either. The concept is just too exhausting”. Similarly, the customer Gabrielle expressed an explicit dislike for IKEA’s traditional format when being asked what she thought of the new city store;

> Oh, this type of store is a very good idea, because I would absolutely not go to a store outside of town. Those are absolutely depressing, horrible, awful. I don’t like them at all. So, if I were to buy a kitchen from IKEA it would be from this store for sure. No way that I would go to a big store.

From the interviews above it is clear that the participants’ previous experiences of IKEA stimulated them to visit the new concept store, as suggested by Swaminathan, Fox and Reddy (2001). However, in contrast to findings by Park, Millberg and Lawson (1991) and Ahluwalia (2008), their motivations towards visiting the concept store was not necessary grounded in a positive experience of the traditional store format. Rather, due to previous dissatisfaction, their initial as well as their intended future visits was prompted by the differences of the two formats, rather than liking and similarities. Nonetheless, the customer interviews implies that the concept store results in several benefits related to the customer experience due the type of format and atmospheric factors. This is in line with the findings of Rhee and Bell (2002) as the store attachment first and foremost seem to be linked to the format and overall concept, where the location appear to be important, however somewhat secondary.

4.2.3 Two Folded Opinions of the Merchandise

Despite customers prominent liking of the concept store format in terms of location and store environment, a clear division within the interviewed customers regard whether they perceive the product assortment and inspiration to be enough, or if complementary visits to the traditional store is considered necessary. In most cases, this is driven by store expectations shaped by previous IKEA visits and the traditional store format, as in line with research by Meyer and Schwager (2007). The greatest confusion then refers to whether one can buy small things related to the kitchen directly in the store or not. The customer Karin who is planning to buy a new kitchen but are in the store today mainly for inspiration, emphasise this;

> It's a little confusing really. I knew it was all about kitchen planning, but I did think that you would be able to buy small things like glasses or pots, but it doesn't look like it. I would've liked that option though; to bring something home with you. Now I realise it's nothing more than a showroom really.

In comparison, all the customers with a scheduled appointment express how it is highly beneficial that you cannot buy anything directly in store, and like that the concept store is more of a showroom. For example, Lydia, a customer visiting the London store for her first planning session, and Eva in Stockholm, phrase this as following;

> It's like… right now the purpose is to plan a kitchen so It's not like you want loads of people coming in and buying napkins. So maybe it would just end up being people everywhere. And also I would just get really distracted, and I don't really want to get distracted by straws or napkins haha. (Lydia)

> I think when you go to a big IKEA you feel quite overwhelmed and there is always this feeling that you should get some small stuff as well. So considering us having a specific reason for visiting (i.e to plan a kitchen) I think it is quite nice that you cannot buy anything in store. (Eva)

As apparent in the quotes from Lydia and Eva, the preference towards not being able to buy anything directly in-store derives from the otherwise perceived risk of compromising the calm atmosphere while getting distracted by smaller items. While this appears to improve the customer satisfaction, it could also reduce the overall sales level of IKEA as the statements from Eva and Lydia indicates that if they were to plan the kitchen in a traditional store format, they would have bought additional small things. Another perspective on the limited product assortment is brought forwards by several customers whom mention that bringing something with you from the store would be inconvenient as they came by public transportation or are heading back to work after the store visit. This is explained by Samuel;" It's not a problem. If can't get it here I'll just order it online later on, I don't like carrying stuff to be honest, haha. Especially not when commuting". Hence, in contrast to research by Cherney and Hamilton (2009), making a product assortment smaller from what the customers are used to is not necessary a bad thing from a customer point of view as it could enhance the in-store experience. Since the merchandise available for take-away purchase in the concept stores is non-existing, the store layout to a great extent consist of inspiration. Most customers are happy with the inspiration provided as it allows them to interact with different kitchen- and storage solutions as well as styles. Furthermore, the inspiration provided seem to function as a way to initiate the early steps of the planning process. However, customers do not take for granted to find all inspiration needed. Instead, several customers consider themselves lucky that the kitchen of their interest was actually showcased or part of the co-creation area. For example, Samantha stresses the latter;

> I guess I'm lucky since the kitchen I was interested in is showcased, as well as some other products I came to see. But I mean, if the kitchen wouldn't have been shown here it would've been a disappointment for sure.

Similarly, some customers expressed that they will still go to the traditional store format for kitchen inspiration in order to guarantee not missing out on anything. Cecilia, a customer in Stockholm visiting for some last alterations, phrases this;

> This is my third visit, and I really like the store. It's calm, and close to where I live. The downside is that I also will have to visit Kungens kurva (i.e traditional IKEA store in the Stockholm suburbs) as everything is not really showcased here. I mean, even if I'm just buying kitchen and not other types of products you cannot be sure that this is everything, right? Even if it's a lot, I still want to make sure to touch and feel all the different types of kitchens and materials. (Cecilia)

Hence, even when though customers seem to be aware of what to expect from a concept store in terms of general concept and product assortment, they consider it necessary to complement with a visit to the traditional store format to assure that they get the full experience of a kitchen. This is something that the customer Hanna find frustrating, where the concept of inspiration and planning itself appear to create certain anticipations;

> Well, you think beforehand like “ah so this is going to be more like a showroom”, so you know that you will not be able to buy products and stuff, but then at least you expect the inspiration to be up-to-date and extensive, so that you don’t have to visit the big store as well, but no.

Similarly, Simon, a consumer visiting the Stockholm store as a first step in his kitchen purchase, emphasize the lack of format transparency as reason for why the process as a whole is not necessary isolated to one physical store format;

> I wouldn’t mind planning here (i.e. the concept store). That’s not something I necessary need the traditional store for, but I was interested in a new type of kitchen which is not showcased here yet, so I can’t really see it in real life. I feel like that’s a general problem with this store, like, you’re never sure of if you will be able to view all the different kitchens in here, like the different cabins, colours, knobs etc, or if you have to complement using the traditional store. And there’s really no way to look this up online, like what kind of inspiration that’s located in which store. It feels a little bit like ‘double effort’, so therefore I might as well do the planning and order from the traditional store were I know everything is present. But this is still nice for some inspiration.

It is thus apparent that even though customers like the concept store and find it convenient, the benefits do not convince them enough to solely rely on it when buying a kitchen. Hence, while the introduction of a concept store provides existing customers with a positive customer experience, it does not necessary shorten the buying process or increase the sales in the region through other formats, in contrast to findings by Avery, Deighton and Caravella (2012). Seemingly, the concept store is instead more likely to add or reallocate one or several touchpoints. Evidently so, as most customers interviewed are part of the existing IKEA clientele and would have bought an IKEA kitchen even if the concept store did not exist.

4.2.4 Facilitate Digital Touchpoints

According to previous research the customer journey cannot be viewed as isolated to a single format as consumers seamlessly interact with the retailer through different channels such as the website and the physical store (e.g. Stein & Ramaseshan, 2016; Bèzes, 2018). In line with this, all customers interviewed expressed how they use the website to complement the physical store; beforehand, while in store and after their store visit. Karin, a customer visiting the concept store for her third planning appointment, explained it as following;

> I tend to use the website a lot, mainly before the first visit but also in-between the planning sessions, because.. Well, you get a lot of question marks and wonders when planning a kitchen so then it's great to look up some information in-between.

Hence, the customers expressed how they mainly use the website for product information, but also to book planning appointments in the concept store and for inspiration. In the light of previous research by Rapp et al. 2015, the consumers are thus exercising 'webrooming', where they search and receive inspiration online, but place the order in store. Even though all consumers seem to use the website as part of their buying process, they agree on the necessity of having a physical store where you can interact with the products in real life and to receive advice from the personnel. Furthermore, the customer Helena mentions that she in addition to inspiration also likes to visit the concept store as the number of products showcased on the website sometimes feels a bit overwhelming;

> Well, before coming in today I looked up some cabins on the website, and now I'm here to see how they actually look like, but I also like to have a look at the inspirations and solutions showcased, sizes and so on. There's so many products available on the website so it gets quite hard to choose and figure out how to put it all together. That's also why I've booked a planning appointment. It's just easier to express what you've in mind compared to putting it all together.

While in store, the customers show a stronger tendency to use their own devices (i.e. smart phones) instead of the tablets or computers provided as part of the service, which is in line with previous research by El Azhari and Bennett (2015). The reason mainly appears to be the possibility to take photos of inspiration or products deemed as interesting, and then utilize them at a later occasion. This is emphasised by Johan;

> I've taken some pictures on like kitchens, and especially the labels. It's really good because if I feel like ”Oh I really want this one” then I can just search for it online later and well, compare it to other things

Hence, digital tools used in store seem to facilitate customer independency when carrying out the buying process, while stimulating a seamless experience. This becomes further prominent when interviewing the previously latent customers whom do not intend to visit the traditional store format despite liking the concept store. Instead, they all however expressed an awoken interest in the website. For example, Henrik explains that he has added additional things to his online basket created during the process of buying a kitchen in the concept store;

> I've a basket that's open in the phone so that I can add things beyond the things I've planned with the personnel. I can simply add those things to the same basket so that the delivery is quicker. So, it is not just kitchen things I've added but also some things for my bathroom and so on. It's great because I can add things when I'm home as well, eh like, I don't necessarily have to do it during an appointment.

Similarly, Siri, another previously latent customer in Stockholm, emphasise how she could add additional things to her basket, but only products also visible in the concept store;

> If I were to find some nice small things here (i.e. the concept store in Stockholm), like some glasses or pillows, I would buy them online when placing my kitchen order. I would for sure not go to the traditional store unless It was to book a planning session closer in time, as I said before. But anyhow, I like to see the products before ordering them.

Hence, the concept store appears to motivate new customers to add digital touchpoints to their journey, which in turn results in increased sales as the products span across categories not included in the concept stores. This is line with previous findings by Avery, Deighton and Cavarella (2012) regarding that a format portfolio consisting of both online and brick and mortar channels, can benefit from increased sales across available channels when introducing a new physical store. In contrast, the existing customers Eva and Sven who will no longer visit the traditional store format in favour of the concept store expresses that they very rarely buy something from the website, and only add things to a kitchen order if it is something specific they need;

> Hmm, well no I don't really order things online. Unless it's something I need, but it happens very rarely. I didn't add anything to my kitchen order this time, but If I needed something I would probably do it like that. I'm not going to the big store again for sure, and I feel like that's where you probably do more of the "stocking up" with small things. (Sven)

> I don't order like, lamps or decoration online, or any small things really and I would never order big things because they you're never sure of if all the bits and pieces you need to put it together is part of the package. That's why I use this store (i.e. the concept store) where someone can help me haha. (Eva)

This indicates that their transition to the concept store reduces the overall sales of their journey as they are less inclined to order small things online or to add them spontaneously when placing their kitchen order, an otherwise common behaviour in the traditional store format.

4.2.5 Inconsistent Level of Service

According to previous research, the store personnel is crucial for store loyalty (Beatty et al, 1996; Reynolds & Arnolds, 2000). Most customers interviewed stress the importance of good service, especially considering that the concepts revolve around kitchen and storage planning. For example, as put by the customer Sven; "The store looks great, and the service is very elegant and of high class". However, for most customers the service provided is not necessary a determining factor for choosing the concept store instead of the traditional store format as the same level of knowledge and expertise is expected and provided in both types of formats. This is emphasized by Anders, a customer visiting the store in Stockholm for some kitchen alterations;

> We would like to come back, but are probably going to visit the traditional store for our next meeting as we're passing it on our way to our summer place. It doesn't really matter though, like, it would've been convenient to go back here, but the most important thing is the service, and that's really the same in both stores.

In line with this, Siri, a previously latent customer who is in store for some initial inspiration, expressed that she might visit a traditional IKEA store in Stockholm since she did not manage to schedule a meeting with a planner in the concept store this specific day, nor within the following two weeks;

> I might go to the traditional store for planning so I can get an appointment in time, but I would very much prefer to do it here as it is much more convenient, but yeah, at least the service is the same.

Hence, Siri does not necessarily want to visit the traditional IKEA but might choose to do so because of personal time constraint while she perceives the service offered in the different formats to be of similar standard. This implies that the main importance when it comes to the personnel is the accessibility, which is further emphasised by several customers mentioning how they really like the concept store as it is possible to book an appointment in beforehand. Hence, in contrast to research by Reynolds and Arnolds (2000), the service provided by personnel in the concept stores does not necessary reduce the tendency of customers to instead shop in the traditional store format, as it instead comes down to accessibility. Especially, in comparison to factors such as in-store environment and location previously analysed.

An apparent difference between the concept stores in London and Stockholm is the experienced availability of the store personnel, which partly could be explained by the different amounts of bookings and visitors. Customers in London seems very happy with the fact that several people from the staff is always available for quick questions, for example as stressed by Mike; “Eh, the store’s great. It's well-designed and everyone’s very helpful. And it's really good that you can talk to staff straight away. Like, there's always someone with time to spare.”. In contrast, Linus, a customer in Stockholm, mention how he during both his visits had been surprised to find that no personnel were available for instant help regarding smaller issues;

> I wasn’t expecting the access to personnel to be so limited. Like, you enter the store and then they expect you to do everything on your own. It would’ve been great if you could get help with smaller things straight away, as it is now it appears as if you’ve to book an appointment even for the smallest things. If I’m paying thousands, I expect good service from beginning to end.

In line with this, Emma, another customer in Stockholm stress how the concept store is not constructed in a way that facilitate self-service. She think that the store is lacking helpful and transparent information on how to plan a kitchen while the access to personnel without a booked appointment is highly limited;

> It feels like it takes forever to reach a decision when the information isn’t easy to access and you have to rely on the staff for everything, and also you basically have to book an appointment them if you want assistance, even for minor things. I mean, buying a kitchen is more than picking a colour, so you need to be able to figure out things on your own as well.

The interviews with Linus and Hanna hence suggest that while the service offered during a booked appointment is appreciated and considered to be of high quality, the store should still enable additional access to personnel while enabling self-service to a greater extent. Thus, in contrast to research by Cross et al. (2007), customers still expect personnel to be available for common requests.

4.2.6 Prominent Types of Customers

The analysis of the customer experience show that all customers interviewed enjoy the characteristics of the concept store format, expect for a few shortcomings, and perceive it to provide several benefits related to their needs. While the participants demonstrate and express diversified intended behaviours related to the different formats, four types of customers are distinguishable; the previously latent consumers who will only visit city stores in the future, the previously latent consumers who will also consider visiting the traditional store format if absolutely necessary, the existing IKEA customers who will abandon the traditional store format in favour of the concept store format, and the existing customers whom use the concept store as an complement to the traditional store format hence adding additional touchpoints. For all these types of customers, the distinctive differences refer to their intended cross-format mobility in terms of the concept store format and the traditional store format, whereas the website appear to be an essential complement to one or both of the physical store formats, regardless of customer type. However, not necessarily for purchasing but rather for additional product information or inspiration. Most prominent in our empirical findings are the existing customers transcending to the concept store, as well as those only using the concept store as one component part of their purchase journey to complement the traditional format.

4.3 Industry Experts

This section presents how industry experts view customer behavior and management procedures related to store format development such as the concept store, and why they may or may not contribute to a format portfolio. To analyse the insights from industry experts, theory regarding customer experience and portfolio management will be used.

4.3.1 Changing Customer Behavior

According to research by Van Doorn et al. (2010) consumers today are exercising greater influence on the retail experience as a whole. Robert Kron, Malin Sundström and Sara Rosengren all expressed this from their point of views. For example, Kron emphasised how consumers today expect a tailored product assortment and formats created with each person's lifestyle in mind, simultaneously as they expect all retailers to be highly available across various touchpoints;

> Consumers of today demands a lot, whereas retailers often fail to deliver. Either they don't offer touchpoints where the consumer wants them to be (e.g. across digital and physical formats) or consumers find them to be portrayed in the wrong way. They expect service on another level, an assortment adapted to their personal needs, a consistent brand or format which they easily can relate to, and they possess much more knowledge.

Similar to the statement by Robert Kron, Malin Sundström argued that retailers need to be aware of how digitalisation is changing consumers interactions with a physical store, and how retailers are urged to implement better format synergies;

> The smartphone is becoming consumers most important possession, and then its essential to implement the retail context into those phones. So for example, whenever a customer visits a physical store they are likely to use their phones in various ways, and then retailers need to have solutions in place which enables integration between different channels. So the point of purchase is not always isolated to the store. So even if I didn't buy anything in store, I should wish to do so afterwards.

Additionally, Sara Rosengren expressed that opening new physical store formats could enable growth through heightened awareness in a certain area; "In the light of existing research, the physical store remains an important tool for attracting new customers. It creates a kind of billboard effect which drives traffic to other channels and formats as well". Hence, the industry experts all view it as essential for retailers to update their current format portfolio in order to adapt to changing customer behaviours. However, both Robert Kron and Malin Sundström further emphasised that while adaptation to changing consumer behaviours are essential, it is still important to remember what the retailer and brand wish to deliver long term, and not solely rely on what consumers' expresses. Malin Sundström phrased this as following;

> Changing consumer behaviour seems to create panic within the industry, which results in retailers not taking the time to set the new formats according to their knowledge and convictions, but instead ask consumers what they want and change accordingly. The problem is that consumers often doesn't know what they want or need, especially not in the future.

In the case of IKEA and adapting to changing consumer needs through store format development, Robert Kron argue that 100 percent of IKEA need to be perceived as present, independent of what format the company is portrayed in;

> Our way of reasoning as consultants has been 100 percent. 100 percent in the phone, 100 percent when crammed into 20 square meters, and 100 percent when displayed in 55 thousand square meters. So the objective should be that no matter where a customer enters, the total experience should be available. Consumers need to be able to recognise that IKEA is always 100 percent accessible, however in different ways. In order to do this, each format and channel needs to be in line. And then they have to figure out ways of making consumers understand what they can buy and not in the different formats.

This is in line with research by Hultman et al. (2017), stating that companies managing a format portfolio should consider to implement recognisable attributes apparent in all formats in order to keep a stable image.

4.3.2 Learning by Doing

Reynolds et al. (2007) argue that successful formats are the result of an incremental and creative process rather than rational analysis. Similarly, Robert Kron emphasised that a rational analysis might have worked before but as the retail environment is changing more rapidly nowadays, retailers constantly need to improve and alter their formats accordingly;

> Back in the days when someone asked how long a retail concept would last, we used to say three to seven years but nowadays we tell them they need to constantly transform their concepts. By transforming I mean testing them live and not just in a small lab. It's about learning and that's crazy expensive and difficult. I think that 20 percent of our customer are in a stage where they are testing but the rest of them are doing it more old school. Well, they might be doing less mistakes but they also end up in a "in between stage" where they aren't challenging their customers.

This indicates that retailers might be reluctant to make changes to their concept as they are afraid to make mistakes, which is line with the research by (Debruyane et al. 2010). However, as stated by Robert Kron, by not taking risks, retailers at the same time risk loosing in the long-term; "when we meet retailers, it is often about either change or you will die". Similarly, Sara Rosengren believed that in order to stay relevant retailers need to test various things and view it as a process of learning;

> They will need to test different things, test in a systematic way and view it as a learning. It is important to establish reasonable targets for the specific store; how much should be sales and how much is about communication and learning? For example, with a lab store which many have, it might be more important to have KPI's regarding learning and let the other two factors be in the background. So when developing

> a new store, retailers need to be explicit regarding why they are doing it, how they do it and which physical stores that will have which role in this process. We are experiencing a great process of change at the moment as consumer behaviours and the conditions for retailers are changing.

Hence, similarly to previous research, retailers need to have a clear strategy of what type of value each format and channel should provide the customer with as well as an understanding of how to achieve that goal (Yrjölä, Saarijärvi and Nummela, 2017)

When talking about how to evaluate a new city store as a part of portfolio, the industry experts agree that the difficulty lies in that the store per se might not have sufficient sales, but could contribute to the portfolio in other ways. Similarly to research by Avery, Deighton and Caravella (2012), Sara Rosengren suggest that a new concept store might exist to increase the demand for the retailers products across other channels. Therefore, she recommends retailers to measure sales regionally;

> Some formats might exist in order to increase the demand in other channels and online. Then it's important to have clear goals with the store that not only includes sales in that specific store but instead look at sales in the region and include the store in those numbers since it might have a greater purpose for the customer base as a whole.

She further highlights that store formats can have a communicative purpose, which makes it more important to evaluate the performance in terms of brand experience, brand awareness or satisfaction in store. Therefore, she stresses that retailers need to have a long-term focus when evaluating stores since, even though the might not contribute with sufficient sales today, they can have an important purpose in the long run. An additional approach is put forward by Malin Sundström, who expressed that a more customer centric evaluation method could potentially be suitable when evaluating performance across formats;

> An idea is to proceed from customer and how much time they spend in different formats, were the customer during different moments are more or less rushed. Then, one could think that the online shop is for customers that are very rushed "I know exactly what I want" since online could be more about convenience. A customer that is not as rushed might instead be more inclined to visit physical stores to spend time and explore. However, what's exciting is that today, one could say that it's the opposite.

The approach suggested is in line with Lemon and Verhoef (2017), who previously have urged researchers and practitioners to develop methodologies that better acknowledges linkages between various customer touch points and format performances.

4.4 Linking Perspectives

From the perspective of customers in London and Stockholm, several store characteristics appear to be influential determinants of the liking of the store, and how they perceive it to perform in comparison to the traditional store format. However, several misalignments or lack of understanding is further prominent when comparing the different perspectives. Both alignments and misalignments will be analysed below.

4.4.1 Aligned Perspectives

According to both managers and industry experts, customer behaviours are changing. Managers at IKEA expressed how they by responding to changing customer behaviour would reach penetration as a result. By penetration they referred to both attracting new and previously latent customers (i.e. those who have not visited IKEA for several years). In terms of changing customer behaviour, both managers and industry experts explained that customers are demanding more accessibility as people living in city centers do not have access to cars to the same extent. Furthermore, managers mentioned that consumers are valuing their time more nowadays and thus do not have the time to visit a traditional IKEA store. The fact that customers are valuying their time while not having cars is something that became apparent in the interview with customers. Many of the customers visited the store during their lunch break from work and expressed that they do not have the time, nor the motivation to visit an IKEA in the suburb. This mainly become prominent when interviewing customers in Stockholm.

Additionally, due to the central location IKEA is attracting previously latent customers to the store and is thus increasing penetration. This became apparent both in the documentation regarding IKEA Madrid but also via the customer interviews in London. Customers in London described how they happened to walk pass the store when shopping for similar products and decided to walk in, which later made them consider buying a kitchen from IKEA. As suggested by Professor Sara Rosengren the city concept store seem to be an important tool for attracting new customers. Hence in line with previous research (e.g. Jayasankaraprasad & Kathyayani, 2014; Hultman et al. 2017) IKEA could be seen as succeeding with attracting spontaneous and previously latent customers due to favourable locations. Furthermore, the benefits of a central location also seem to include improved competitiveness. Part of IKEA's strategy of opening up in city centres includes responding to increased competition. In line with this strategy, consumers in both London and Stockholm expressed that if IKEA would not have a city store, they probably would have bought a kitchen from a competitor instead. Hence, in contrast to Shi et al. (2017) who found negative results for format diversification in terms of reduced competitiveness, our findings indicate that by being in present in cities, the concept store facilitates IKEA to maintain their competitiveness while attracting latent customers. Furthermore, customers deemed location as an important factor when deciding where to shop. This implies that the concept store is contributing with convenience by being placed in a central location, which in turn results in market penetration. However, in contrast to previous research (e.g. Severin, Louviere & Finn, 2001; Jones, Mothersbaugh &. Beatty, 2003; Jaravaza & Chitando, 2013), location might not be the most important factor for customers. The reasoning for this will be analysed further in chapter 4.2.2 (misalignments).

Besides an attractive location, both existing customers and latent customers described the store as a source of inspiration in the early stages of their planning process. Hence, in line with IKEA's motive to partly use the city store for customers wanting initial inspiration, customers did not only visit the store when they had a pre-booked planning appointment but also as a source for inspiration in the early stages in the process of planning a kitchen or storage solution. Managers at IKEA further expressed a concern about customers being disappointed by not being able to purchase products directly in store. In order to avoid such confusion managers expressed that the concept of the store need to be clearly stated. It must be clear in the eyes of customers that the store is limited to showrooms and planning while not offering products to be purchased directly. In line with this and previous findings (Van Rompay et al., 2011), customers who visited the store with the intention to find inspiration or for a booked planning appointment (i.e. task oriented shoppers) did not find it disturbing that they could not buy anything directly. Hence, implying that these customers knew what to expect from the city store in terms of the niched product category showcased and were not disturbed by not being able to purchase products directly.

As customers cannot buy anything directly in store, managers at IKEA instead stressed that customer will have to purchase products online to access the full range of products available for sale. Considering the interviews with the previous latent customers, the concept store appears to motivate them to add digital touchpoints to their journey, which in turn results in increased sales, as they tend to add products to their online order not necessarily related to the kitchen or storage solution planned. The products added either referred to decoration visible in the concept store, or products which the customers did not feel a need to see in reality before buying. Such online purchases were then added to the customer's already existing basket online. Hence, in relation to the already ongoing kitchen purchase. This is line with previous findings by Avery, Deighton and Cavarella (2012) regarding that a format portfolio consisting of both online and brick and mortar channels, can benefit from increased sales across available channels when introducing a new physical store.

Lastly, and in line with Reynolds et al. (2007), industry experts and managers at both IKEA and Clas Ohlson view the process of format development as an incremental and learning process. The importance of learning is especially emphasized by the industry experts who described that continuously changing is essential for retailers to survive, and in order to know how to change, they need to experiment. Similarly, managers at Clas Ohlson described the objectives of the new concept stores in terms of learning, rather than direct profitability. At IKEA the motive of learning is not as prominent, however they still expressed that some of the insights they collect in the concept store, will be implemented in the traditional store. Furthermore, both managers and industry experts points out that there is a risk with responding and adjusting too much to the needs expressed by customers, and states that is therefore could be more beneficial to experiment with formats to pinpoint actual behaviours. Hence, although learning per se might not be a direct contribution of the city store related to profitability or customer satisfaction, it could provide values related to the understanding of customer preferences and expectations.

4.4.2 Misaligning Perspectives

An apparent misalignment between the managerial and customer perspective refers to the overall in-store environment, and more specifically how it clearly differs from the otherwise disliked traditional store format's environment. Seemingly, the atmosphere in the concept stores is one of the major contributions of the format, as several, both previously latent and existing, customers, emphasised how the very existence of another type of setting was vital for them buying an IKEA kitchen. For example, several customers mentioned the calmness and airy-feeling in comparison to the crowded maze-layout in the traditional store format. This further relates to the overall image of IKEA, which appears to be revived and improved due to the store environment and layout offered in the concept store. Especially, as several customers mention how it looks like a better version of IKEA. In contrast to suggestions by Hultman et al. (2017) it is thus perhaps not necessary to portray the brand in a similar way across all formats, as the differences instead appear to increase the liking. Hence, implying contributions such as market penetration and revived corporate image. While the importance of the store layout and atmospheric factors previously has been highlighted by researchers (e.g. Jain & Bagdare, 2009; Van Rompay et al. 2011), none of the managers acknowledged this as an potential benefit during their interviews, but rather emphasised the challenge in not offering the whole IKEA experience and full product assortment. Thus, indicating that the environment of the concept store format might not currently be taken into account when determining its potential portfolio contributions.

Instead of the store environment, managers at both IKEA and Clas Ohlson emphasised how accessibility through a central location is one of the major adaptations done to appeal to changing consumer behaviour, which then is perceived to be the major contributions of the concept store format. While this is apparent for customers in Stockholm, it is not as prominent when interviewing several customers in London. Firstly, since the closeness to a city central concept store becomes less apparent in London due to geographical distance between home, work, and the concept store is greater because of the size of the city. Secondly, as the accessibility further is judged based on opening hours and store personnel. The traditional store format then enables customers to schedule appointments later in the evening or drop-in for planning session spontaneously as customers are not required to book an appointment beforehand. Customers in Stockholm further expressed that more accessibility to personnel in terms of help with smaller issues and scheduled planning appointments is needed. This in contrast to IKEA managers who express that the accessibility to personnel in cities is greater in comparison the traditional store formats. Hence, even though the concept store is placed in a central location, customers do not necessarily recognise it to be more accessible compared to the traditional store. This then undermines the contributions of the concept store format in terms of accessibility. Considering this, more stores seem to be needed in London in order to improve the accessibility of the format location, and thereof its contributions to the portfolio. While managers at IKEA suggest that a cluster of city stores is needed in larger cities in order to through regional sales evaluation methods determine the financial consequence of launching new stores, limited acknowledgements regard the level of accessibility needed in order to 'compete' with the traditional store format. According to customers in both Stockholm and London, location appear to be secondary in favour of the store format environment when creating format loyalty, as in line with previous research by Rhee and Bell (2002).

From the analysis with the managers from IKEA, it further became clear that their aimed and perceived contributions of the new concepts store formats to a great extent refer to responding to changing customer behaviours, of which market penetration and increased sales is seen as a consequence. While previously latent customers are showing willingness to purchase from the website as a consequence of interacting with the concept store format, similar results do not seem to appear for the traditional store format. For example, previously latent customers in both London and Stockholm emphasised how they would only visit the traditional store if absolutely necessary (i.e due to limited appointments available in the concept store) and perhaps not even then. This contrast the format objective emphasised by the IKEA managers Ignacio Navarro and Andreas Berg, who aim for the concept store to allure new customers to both the traditional store format as well as the website, something which they have found the concept store in Madrid doing to some extent. Potentially, this could be explained by the concept stores in Madrid also offering smaller items to be bought directly, which then functions as a gateway for new customers (i.e. not latent ones) to interact with the traditional store format. Our empirical findings only include latent customers with a previous understanding of IKEA and its various products, meaning that they do not necessarily need to first buy small items in order to consider more expensive purchases. Furthermore, they have a clear understanding and uninterest in the traditional store format since before, which is driven by the store environment rather than the product assortment. Hence, it could be argued that their perceptions of the traditional store are unlikely to change solely through offering smaller items in the concept store, meaning that the inclusion of smaller items in London and Stockholm is unlikely to motivate the previously latent customers to visit the traditional store format.

Despite above mentioned, all analysed perspectives (i.e. industry experts, managers and customers) indicate that the concept store format to some extent result in portfolio contributions such as increased sales and market penetration. Additionally, managers at IKEA argue that customers interact with formats in a complementary way, where different formats serve different purposes for customers. However, our empirical findings suggest that customers use IKEA's physical formats for similar purposes, where both store formats often are visited in order to retrieve inspiration and planning appointments. Related to this, the concept store format appears to breed sales cannibalism and extend the overall customer journey of existing customers. Sales cannibalism then occur due to existing customers' dissatisfaction of the traditional store environment and layout, rather than location as otherwise suggested by managers at IKEA. This indicates a stagnation or reduction in sales since the customers express how they previously would also buy smaller items when planning their kitchens in the traditional store format. However, these types of products are not necessarily added to their kitchen order placed in the concept store, nor do the spontaneous 'stocking up' behaviour occur to the same extent, as stressed by the customers Eva and Sven. In terms of the extra touchpoints, existing customers expressed that they like concept store but do not feel that they can solely rely on it since they perceive the concept store as inadequate in terms of inspiration or are indifferent between the location of the traditional store format and the concept stores. Therefore, their customer journey includes visits in both the concept store format and the traditional store format. The extra touchpoints (i.e. visiting the concept store for either inspiration or planning sessions) does not imply increased sales, as the customers are unable to purchase anything directly in the concept store, simultaneously as they emphasise how they would have bought a new kitchen or storage solution from IKEA even if the concept store did not exist. In line with previous research by Avery, Deighton and Caravella (2012), it is apparent that the introduction of the concept store format can results in increased sales through market penetration and new customers' willingness to interact with the website, as mentioned in chapter 4.2.2. However, whether this compensate for existing customers changing their way of interacting with the format portfolio is uncertain. While the concept store format improves the overall customer experience, which according to previous research implies several long term effects such as loyalty, word of mouth, willingness to spend more money and positive perceptions of the retailer (e.g Finlay et al. 2009; Lin & Chiang, 2009; Van rompay et al. 2011), it is further uncertain whether the format manage to reach a sufficient profitability level considering the costs of operating in city centres.

Lastly, several managers expressed how a certain level of dissatisfaction with the city stores derives from expectations not being met. While the IKEA managers argue this due to ambiguity in terms of what can be purchased in the store or not, other types of unmet expectations emerge during the interviews with customers. Several customers emphasised how the lack of transparency and format synergies forces them to visit several physical stores for inspiration. The concept store format is thus perceived as limiting in terms of inspiration, simultaneously as they are not able to use the website in order to figure out what is showcased and not in different formats. This is in line with the experience of industry experts Robert Kron and Malin Sundström as well as previous literature (e.g. Piotrowicz & Cuthbertson, 2014; Beck & Crie, 2016), who states that retailers need to enable better integration between channels and formats since consumers are exercising greater demands on how different touchpoints are displayed while expecting channel synergies.

4.4 Outcomes of the Analysis

Several indicators of different contributions and shortcomings of the concept store format emerges from the analysis and are illustrated below (Figure 3).

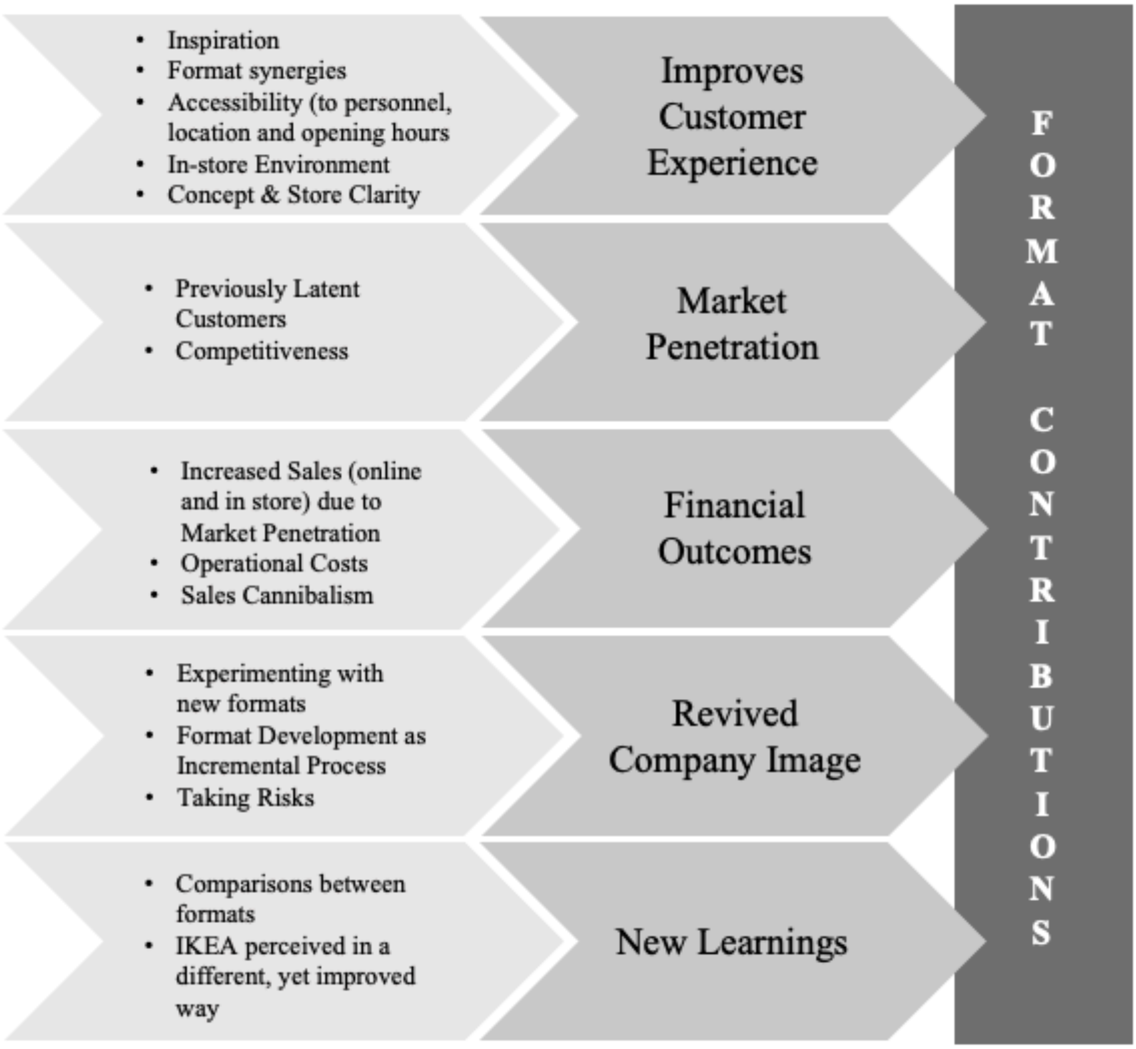

Figure 3: Visualization of Influential Factors and Contributions

Considering IKEA's objectives with the concept store format being market penetration, increased sales and an overall improved customer experience, the analysis indicates that the format is only somewhat sufficient. Market penetration and increased sales are accomplished by reaching previously latent customers. Furthermore, in terms of improved customer experience, all customers expressed a liking of the concept store format being offered, however the analysis also shows room for improvements. Additionally, the behaviour of the existing clientele results in drawbacks related to the risk of reduced sales through cannibalism, while the concept store becomes an additional touchpoint in the customer journey. The analysis also imply contributions of the concept store beyond the objectives expressed by IKEA, as learnings and revived image emerges through the analysis with industry experts, customers and managers from Clas Ohlson.

The influential factors are thus derived from the analysis of the different perspectives of industry experts, managers and customers, as well as from the alignments and misalignments. These factors are summarised and visualised in the framework below, where they are linked to potential contribution and shortcomings in order to emphasise their influential role. The contributions refer to improved customer experience, market penetration, new learnings, and revived corporate image, while financial outcomes include both financial contributions as well as financial drawbacks linked to the concept store format. Furthermore, it is essential to recognise that all factors determining a contribution is not necessarily positive, as we have also found drawbacks. Hence, emphasising the need to monitor all influential factors.

4.4.1 Improved Customer Experience

The concept store contributes with an improved customer experience among all four types of customers (see section 4.2.6), whereas we have found following four factors shaping the customer experience; Inspiration, Format Synergies, Accessibility (i.e. location, opening hours and personnel), In-store Environment and Concept- and Store Clarity.

In terms of *Inspiration*, customers expressed that they like the fact that the store layout to a great extent consist of inspirational showrooms and co-creation areas showcasing different styles and materials of kitchen and storage products. Especially previously latent customers and customers abandoning the traditional store in both London and Stockholm found the inspiration to be sufficient enough for their whole purchase process. In contrast, existing IKEA customers many times viewed the concept store as a first step in their planning process, before visiting the traditional store for planning or to retrieve more extensive inspiration. Several existing customers thus deemed the inspiration as insufficient and not as up-to-date as expected of a store format which mainly function as a showroom. Furthermore, they emphasised the lack of *Format Synergies* between the various formats and raised concerns about missing out of the full kitchen- or storage assortment by only visiting the concept store. This resulted in the concept store working as an additional touchpoint, extending the customer journey, rather than facilitating the path to purchase.

Concept- and Assortment Clarity refers to whether first time store visitors find it easy to comprehend the concept of the format (i.e. concept clarity) and what it offers (i.e. assortment clarity). When customers perceive the concept to be in line with their previous expectations, they indicated being satisfied with their visit. Our empirical study found this to mainly include customers who visited the store in the purpose of pre-booked planning, while other customers felt more confused about the concept. This indicates that improvements could be made in terms of concept clarity. Moreover, as mentioned by managers at both Clas Ohlson and IKEA, customers previous experiences of the retailer tend to shape their expectations of a new format, whereas great differences between the traditional and new format could make customers disappointed. In line with this, our empirical study shows that while customers seemed to comprehend the fact that the stores focused on kitchen and storage solutions, they at the same time expressed that more transparency is needed in terms of which specific products that are showcased in the concept stores. In order to facilitate assortment clarity, a seamless experience appear to be expected, where customers emphasised how they would like to be able to determine the specific inspiration and planning systems applied in different stores by using the website. As apparent in our analysis, customers otherwise risk feeling frustrated as they feel the need to add additional touchpoints by complementing with visit to the traditional store format.

The Store Environment of the concept stores clearly shape the customer experience as several customers expressed great liking to the environment due to its calm, trend and airy atmosphere. The environment of the concept store was further a prominent factor for previously latent customers as well as for those abandoning the traditional store format, and their decision of purchasing a kitchen from IKEA. They expressed that they otherwise would not have considered doing so due to strong disliking of the traditional store format (i.e. the layout and atmosphere). For example, customers described the traditional IKEA store as “absolutely depressing, horrible, awful". While it is apparent that most customers would prefer to do the planning in the environment offered in concept stores, other factors are for several customers deemed as more important (e.g. accessibility, lack of inspiration). Hence, they will despite the initial liking of the store concept carry out the planning in the traditional store.

Accessibility refers to how customer perceive the central *location* of the concept store, the *opening hours* and the easiness of scheduling an *appointment with personnel*. As customers do not have access to cars and seem more time constrained, the location of the concept store enhances their experience. However, as apparent among customers in London, accessibility is further judged based on opening hours for which the concept store could be seen as limited in comparison to the traditional store. Additionally, the geographical size of London undermines the proximity and central location of the concept store. Thus, some customers express that they will visit the traditional store as it better matches their preferences in terms of opening hours and proximity. Furthermore, accessibility is related to the store personnel. While customers in London expressed great access to personnel, customers in Stockholm were more concerned about the limited possibilities to meet personnel, due to appointments being fully-booked and the limited possibility to ask brief questions. Something that seemed to lower their level of satisfaction.

4.4.2 Market Penetration

Our empirical findings indicate that the concept store attracts previously latent customers to IKEA, hence responding to IKEA's format objective with the concept store. Some of the previously latent customers expressed how they happened to stumble across the store when shopping for similar product categories, while other customers visited the store as they did not want to visit IKEA in the suburbs. Both of these customer groups expressed that they probably would not have bought a kitchen or storage solution from IKEA if it was not for this concept store. Hence, indicating that the store is also enhancing IKEA's competitive market position.

4.4.3 Financial Outcomes

Due to market penetration, our analysis indicates that the concept store contributes with *sales* via orders *in store and online shopping*. However, previously latent customers did not express interests in visiting the traditional store, an objective otherwise stated by IKEA managers. As already existing customers reasoned that they would have bought a kitchen even though the concept store did not exist, their purchases related to the concept store could be seen as not contributing with financial outcomes. In terms of *operational costs* related to the concept stores, managers especially highlighted the challenges in terms of high renting costs, shorter leasing contracts as well as the great amount of sales personnel available in store. Additionally, our analysis showed that *sales cannibalism* has a tendency to reduce the financial contributions of the concept store to the format portfolio. Sales cannibalism seem to occur in both London and Stockholm due to the existing customers abandoning the traditional store format in favour of the concept store format. Customers within this group implied that they less extensively purchase smaller items as they place their order in the concept store where no products are offered for direct sales. At the same time, they did not seem inclined to add these types of products to their kitchen or storage order, nor did they express an interest in ordering products online at another point in time. Hence, we acknowledge that the additional sales due to previously latent customers should be considered in the light of operational costs and sales cannibalism.

4.4.4 Revived Company Image

An apparent contribution regards the revived image of IKEA expressed by previously latent as well as existing customers in London and Stockholm, prompted by the distinctive differences between the concept store format and the traditional store format. Customers tend to *compare the two physical formats* with each other, which seems to propel their previous disliking of the traditional format further. However, via the concept store, IKEA seem to be perceived in a different, yet improved way. For example, customers described the concept store as a "better version of IKEA", indicating the potential of the concept store to contribute to an overall revived company image, a contribution not previously mentioned by managers at IKEA.

4.4.5 New Learnings

By working with format development as an *incremental process*, managers at Clas Ohlson expressed how they are *experimenting* with formats in order to set a future format portfolio strategy and managers at IKEA said that they are learning on the way when developing new formats. Several managers and industry experts emphasised how new learnings are acquired by operating the concept store format, which then can be used for future format improvements, both when improving the concept store, but also for other formats across the portfolio. Industry experts further stressed the importance of *taking risk* and that continuous changes are essential for retailers to survive, as customers' behaviours are always changing. Hence, it is necessary to test in an actual store environment to capture changing customer behaviours and preferences. Furthermore, both managers and industry experts agree on customers not always knowing what they want, which further emphasises the importance of experimenting with new formats in order to acquire new learnings. Although learning per se might not be a direct contribution of the city store related to profitability or customer satisfaction, it could thus provide valuable insights related to the understanding of customer preferences and expectations.

5. Conclusion

The study took its point of departure in changing consumer behaviour and the recent store formats developed as a response. It has been expressed that more evaluation and testing is needed in order to fully understand the performance and the contributions of concept stores part of a portfolio. While the process of store format development generally is permeated by the evaluation of the format efficiency level through traditional performance indicators, these metrics have been argued to provide little understanding of the different dimensions of store formats and how a specific format contribute to a portfolio. A more extensive understanding of how to determine whether a new store format contribute to the portfolio or not, was considered needed. The purpose of this study has therefore been to identify influential factors indicating how a new concept store format contributes to a format portfolio. Hence, influential factors and subsequent contributions have been identified by exploring the concept store format via three perspectives, as store contributions is recognised to derive from a combination of sources; customers' and their in-store experience of the concept store, managers working with store format development and performance evaluation, and industry experts with valuable insights of the retail environment. Potential contributions have not exclusively been limited to beneficial outcomes given to the retailer's format portfolio, but also referred to the shortcomings or disadvantages of the concept store.

The analysis grounded in the three perspectives show several contributions as well as shortcomings of the concept store format. More specifically, these refers to improved customer experience, market penetration, learnings, revived corporate image, and positive as well as negative financial outcomes. These contributions and shortcomings are the results of several prominent factors which have a determining role for whether the outcomes occur or not. Hence, factors essential to acknowledge and monitor in order to better understand the potential contributions. These influential factors and contributions are described in detail in section 5.4.

Supported by the perspectives of managers and industry experts, we further conclude that the contributions and performance of the concept store format is not best captured solely through traditional sales evaluation methods (i.e. sales per square meter, conversion rate, total market growth, and average ticket), regional sales performance and customer satisfaction metrics applied on the specific stores, as currently used by IKEA. Considering the nature of the pinpointed prominent factors building contributions of the concept store format, it is beneficial to during format evaluation also look beyond these metrics to determine what kind of behaviours the store format prompts and how that behaviour relates to the other formats in the portfolio. Thus, by doing so cross-format mobility and the relative role of the concept store format can be determined. Decisively, it appears as if all customers use the concept store format for initial inspiration, whereas different types of customers then finalise the purchase either by placing the order in the concept store or in the traditional store. The website is further used as a complement for product information and inspiration. However, while all types of customers emphasise an improved customer experience, the financial outcomes of the retailer (i.e. IKEA) differs and is not necessarily mainly positive. Especially, as the concept store format primarily appear to attract existing customers whom either abandon the traditional store format or use it as a complement, rather than previously latent customers. Beyond the objectives emphasised by IKEA (i.e. market penetration, increased sales and an overall improved customer experience), the concept store format also appears to contribute with new learnings which allows the retailer to stay up to date with changing customer behaviour, as well as a revived brand image previously deteriorated due to lack of accessibility and dissatisfaction of the traditional store format environment (i.e. layout and atmosphere).

The initial theoretical framework regarding the different store characteristics of a concept store shaping the customer experience, have further been altered and extended as the concept store format is part of a format portfolio, which essentially generates different customer expectations and determinants. Through our analysis we have concluded that inspiration, concept- and store clarity, format synergies, accessibility (to personnel, location and opening hours) and the in-store environment to be influential factors of expected of a concept store, ultimately shaping the customer experiences.

5.1 Theoretical Contributions

The findings of this research enhance the general understanding of store format development and how a new store format potentially contributes to a format portfolio, an otherwise unexplored scholarly literature field, mostly found in generic textbooks. Firstly, we confirm our initial assumption related to the framework of Levy and Weitz (2009), by showing that the strategies of format development as diversification can be implemented simultaneously, as the concept store format appear to improve the customer experience of existing clientele while attracting new customers. Hence, a new format manages to reach both new and existing target markets. Our findings further contribute to theory on customer store format choice, where several previous theories and findings are contrasted or extended. Firstly, our study show that store format choice related to format extension is not necessarily driven by previous liking of the retailer or of the other formats as suggested by Ahluwalia (2008) and Swaminathan, Fox and Reddy (2001) but could also be prompted by a dissatisfaction related to the retailer and the formats. Furthermore, in contrast to Park, Milberg & Lawson (1991), consumers seem to base little of their liking on concept consistency and similarities, as differences between the formats instead are sought after. Hence, customer does not necessarily choose a format based on similarities between the different formats, but also due to dissimilarities. In extension to Rhee and Bell (2002) we therefore further suggest that while the format itself might be the reason for loyalty, it could also be the reason for why customers might abandon a retailer. Additional theoretical contributions are found within store characteristics and their relative influence on store format choice. Firstly, our findings suggest that the store environment and store atmosphere are important determinators, and often more prominent than location for several types of customers. This in contrast to findings by several researchers (e.g. Severin, Louviere & Finn, 2001; Jones, Mothersbaugh &. Beatty, 2003; Jaravaza & Chitando, 2013). Secondly, we contrast research by Chernev and Hamilton (2009), as our findings suggest that shrinking the product assortment actually results in a positive customer reaction in this case, despite IKEA being classified as a low priced retailer within the home furniture sector.

In contrast to previous literature suggesting that brand consistency is important when displaying the retailer in different formats (Sorescu et al. 2011; Hultman et al. 2017), our findings suggest otherwise. Hence, a contribution regard how a retailer potentially can revive or improve the overall corporate image by portraying the products and company in a new way in a new store setting. Meaning that, while it is important to preserve the brand, it might be necessary to extend it by portraying it differently. Related to this, our findings further indicate that when customers already have a bad perception of an existing format, the negative perception is strengthened when interacting with a dissimilar yet preferred format, which adds to previous findings by Grimani and Privitello (2016).

Lastly, theory on sales cannibalism and financial outcomes related to format development and portfolio management has also been extended (e.g. Avery, Deighton & Caravella, 2012), where our findings indicate that the addition of a new physical store only partly increase the sales in other channels such as the website, while it is more likely to instead reallocate the sales within the format portfolio. Additionally, it might also reduce sales as consumers abandon formats which otherwise generate higher profitability. Previous research (Shi et al., 2017) found that format diversification is related to reduced competitive advantages. Contrary to this, our findings suggest that the concept format contributes with a competitive advantage as customers expressed that they would have turned to a competitor, if the concept store format did not exist.

5.2 Managerial Contributions

Besides the theoretical contributions explained above, the study also makes a number of practical contributions, which have emerged from the study's empirical findings. The five areas of contributions (i.e. market penetration, improved customer experience, learnings, revived corporate image, financial outcome) helps retailers to understand how and why a concept store contributes to the retail format portfolio. The identified factors within these contributions could further be seen as guidelines for retailers when establishing methods for evaluation and for strategic decisions making regarding format development. Specifically, the factors within the identified customer experience of the concept store, can be used by retailers to understand the role of a concept store in a format portfolio.

Even though customers' overall experience of the concept store is positive, our findings still suggest room for improvements in terms of format synergies, accessibility (personnel and opening hours), concept- and assortment clarity and inspiration. Factors that retailer could consider in order to improve an existing format but also to keep in mind when developing future formats. Hence, the findings are not solely related to retailers currently managing a concept store, but also for those operating with, or planning to adapt a new store format focusing on planning or inspiration, rather than in-store sales.

Our findings also illustrate that the contributions of a concept store preferably is evaluated in the light of other existing formats in the portfolio, and not isolated. Especially, considering format cannibalisation and the potentially extended customer journey, due to customers using the traditional format and the concept store simultaneously. For example, retailers could determine customer's total number of touchpoints in the purchasing process and then compare these findings to the financial outcomes related to the concept store in order to evaluate its performance. Hence, in extension to existing sales metrics, our findings suggest that retailers could acknowledge different triggers and touchpoints part of the customer journey as whole, as our research indicates how different types of customer journeys clearly results in different portfolio contributions and disadvantages. By doing so, format synergies and customers cross-format mobilites are better captured, which latter could be complemented with evaluation of the concept store in regard to its contributions (i.e. market penetration, improved customer experience, learnings, revived corporate image, financial outcome).

Our study further shows that benefits related to format development are not necessarily limited to financial outputs. Hence, it is suggested that managers could consider contributions which are not directly related to sales and profitability but could evidently be in the long run. For example, our study indicates that the introduction of the concept store format enables a revived corporate image which then could have a positive impact on the company as whole. Additionally, retailers are encouraged to evaluate the effects of format development in relation to existing formats, since our findings suggest that a new store could affect the perceptions of existing formats negatively. Another example regards how a concept stores enables retailers to acquire new learning. Learnings which would be difficult to access without experimenting with format development in urban locations. Hence, even though the learnings related changing consumer behaviour are not necessarily directly interlocked with the profitability, retailers could gain valuable insights applicable and beneficial for the format portfolio as a whole.

5.3 Limitations and Future Research

Several limitations as well as suggestions on how these could be complemented in future research is acknowledged. While our methodological qualitative approach provides a comprehensive understanding of the phenomenon through different perspectives (i.e. managers, customers and industry experts), we do recognise that certain factors or insights might have been overlooked due to not studying the perspectives more in-depth. Future research could therefore focus on one of the perspectives in order to better understand the prominent factors emerging from that source of information, and thereof increase the understanding of specific contributions. For example, as consumer behaviours and customer's relationship with IKEA tend to vary between countries, a more in-depth analysis of customers from different countries could be beneficial when determining the contributions of a global format.

Additionally, future research in collaboration with companies in similar situations is recommended in other to further increase the understanding of the phenomenon. However, we do suggest an additional approach to ours, where the researchers either use our findings as an starting point, or utilize data and information from a company which has already started the process of determining prominent factors and potential contributions of a store format. This would then allow the researchers to focus on the development of more concrete evaluation methods and formulas, preferably by using a mixture of qualitative and quantitative data.

Lastly, one of the factors most difficult to incorporate in the analysis and determine the influence of, has been the seamless customer experience related to sales generated from the website as a consequence of a physical store format visit. Future research could therefore by collaborating with data tracking companies or similar organisations aim to establish format contributions in the light of what kind of online behaviour the concept stores in relation to other formats appear to prompt. More so, as the concept store format investigated seem to fuel in-store customer behaviours related to initial inspiration, rather than final purchase.

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7. Appendix

Appendix 1. Interview Guide for the participating Customers

Categorisation	Questions	Purpose and Theoretical Foundation
Background information	If you briefly could tell us where you live, your age, and what you do for a living	The question function as a way to assure that participation criteria are met while opening up the interview in a natural manner.
Previous Experiences of IKEA	Why are you visiting IKEA today? What has it meant for you that IKEA has opened up this store in the city centre? Have you visited this store (i.e the concept store) before? Why? Why not? Have you visited an IKEA blue box (the traditional store) before? Why? Why not?	In order to determine their shopping motivation, how they generally interact with IKEA's format portfolio and to enable analysis of how their previous relationship might influence how they experience the store, these questions are asked. Applicable theory: (e.g Park, Milberg & Lawson, 1991; Ahluwalia,

	Do you visit the IKEA webpage anything? Why? Why not? What determine which of these formats you use? What previous relationship do you have with IKEA?	2008; Meyer & Schwager, 2007)
In-store Customer Experience	What is your first impression of the store? Could you describe your visit today from the beginning to the end? What is important to find in a store like this according to you? What is less important? Have you interacted with the personnel? How was that experience? If not, why not? How do you perceive the product assortment in this store, considering that it is quite different from the traditional IKEA store. For	The questions are written with the purpose to enable analysis of the relative importance of different store characteristics (i.e. Location, personnel, merchandise, environment and digital touchpoints) as well as to capture the general expression of the concept store format. Applicable theory; e.g. Jayasankaraprasad & Kathyayani, 2014; Hultman et al. 2017; Korgaonkar, 1981; Brooks, Kaufmann & Liechtenstein, 2004; Luceri & Latusi, 2016; Macintosh and Lock, 1997; Reynolds &

	example, it is not possible to buy anything directly in-store, and only storage/kitchen solutions are showcased as port of the inspiration. If you were to order something in-store, how would you prefer it to be delivered? (e.g. to your doorstep, picking it up after work) Do you use any digital tools while you are in store? For example, the pads that are provided or your own smartphone? In that case, why? Did you have any expectations before you came here today? Do you consider your expectations to have been fulfilled? Are you satisfied with your visit? Will you visit the store again? Why / Why not?	Arnold, 2000; Bäckström & Johansson, 2017; Lyengar & Lepper, 2000; Cherney and Hamilton, 2009;. Stein & Ramaseshan, 2016; Bèzes, 2018; Rhee & Bell, 2002; Lin & Chiang, 2009; Jain & Bagdare, 2009

Ending of interview	Anything you would like to add?	The question is included in order to enable the participant to add anything he or she find to be relevant.

Appendix 2: Interview Guide for IKEA Managers

Categorisation	**Questions**	**Purpose and Theoretical Foundation**
Background information	Could you briefly describe your role at IKEA?	The question function as a way to assure that participation criteria are met while opening up the interview in a natural manner.
Format objectives and current process for store format development	In your opinion, why is it necessary for IKEA to expand with new store formats? Would you say that it is primarily driven by adapting to changing consumer needs, or is it about driving sales through market penetration?	The questions are asked in order to enhance understanding of their current way or working with store format development, how the different formats are perceived to contribute to the portfolio and more

	Could you describe how you currently work with the development of the city stores and store innovation? + Process/Challenges/opportunities How would you describe the different objectives with the various store formats in the portfolio? In particular, what is the primary goal with the new city store concept? How do you see the new city stores contributing to IKEA considering the relatively low level of sales in comparison to the blue boxes (big stores)?	specifically their view upon the concept stores. Applicable theory; Blackwell & Talarzyk, 1983; Mason et al. 1993; Brown, 2010; Levy et., 2012; Jaravaza & Chitando, 2013; Blackwell & Talarzyk, 1983; Levy & Weitz, 2009; Pargett & Mulvey, 2007; McGrath, 2010; Sorescu et al. 2011; Avery, Deighton and Caravella; Yrjölä, Spence & Saarijärvi, 2018; Pancras, Sriram & Kumar, 2012; Shi et al. 2017.
Store format evaluation methods	How do you currently evaluate store formats? How do you connect the overall objective with the store to the evaluation method used? Do you have any thoughts on how this process could improve? Do you use any specific KPIs? Why do you use these? Is there a difference in the KPIs used for	These questions are added in order to better understand how IKEA currently evaluate the concept store format and how they perceive these evaluation methods to work. Applicable theory; Dunne & Lusch, 1999; Kumar & Karande, 2000; McGoldrick, 2002;

	the new city store format (.e.g IKEA Bedroom, IKEA Kitchen), compared to the blue boxes? - What is your benchmark level? Thus, when do you consider the results to be sufficient?	Reichheld 2003; Zeithaml, Bitner, Gremler, 2006; Hernant & Boström, 2010; Achabal, Heineke & McIntyre, 1984; Dubelaar, Bhargava & Ferrarin, 2002; Lemon & Verhoef, 2017; Mittal & Kamakura, 2001; Seiders, Voss, Grewal & Godfrey, 2005; Dixon, Freeman & Toman, 2010; Avery, Deighton and Caravella; Yrjölä, Spence & Saarijärvi, 2018
The aimed customer experience	How have customers responded to the new city store formats? What kind of in-store experience are you aiming to offer customers with the new city stores?	These questions are added in order to understand how they currently perceive the formats to contribute in terms of store experience, as well as the thought process behind the store characteristics currently offered. Theory applicable:

		e.g. Jayasankaraprasad & Kathyayani, 2014; Hultman et al. 2017; Korgaonkar, 1981; Brooks, Kaufmann & Liechtenstein, 2004; Luceri & Latusi, 2016; Macintosh & Lock, 1997; Reynolds & Arnold, 2000; Bäckström & Johansson, 2017; Lyengar & Lepper, 2000; Cherney and Hamilton, 2009;. Stein & Ramaseshan, 2016; Bèzes, 2018; Rhee & Bell, 2002; Lin & Chiang, 2009; Jain & Bagdare, 2009
Ending of interview	Anything you would like to add?	The question is included in order to enable the participant to add anything he or she find to be relevant.

Appendix 3: Interview Guide for Clas Ohlson Managers

Categorisation	**Questions**	**Purpose and Theoretical Foundation**

Background information	Could you briefly describe your role at Clas Ohlson?	The question function as a way to assure that participation criteria are met while opening up the interview in a natural manner.
Format objectives and current process for store format development	In your opinion, why is it necessary for Clas Ohlson to expand with new store formats? Would you say that it is primarily driven by adapting to changing consumer needs, or is it about driving sales through market penetration? Could you describe how you currently work with the development of the city stores and store innovation? + Process/Challenges/opportunities How would you describe the different objectives with the various store formats in the portfolio? In particular, what is the primary goal with the new type of city stores?	The questions are asked in order to enhance understanding of their current way or working with store format development, how the different formats are perceived to contribute to the portfolio and more specifically their view upon the recently developed city stores (e.g. the lab store). Applicable theory; Blackwell & Talarzyk, 1983; Mason et al. 1993; Brown, 2010; Levy et., 2012; Jaravaza & Chitando, 2013; Blackwell & Talarzyk, 1983; Levy & Weitz, 2009; Pargett & Mulvey, 2007; McGrath, 2010; Sorescu et al. 2011;

	How do you see the new city stores contributing to Clas Ohlson considering the relatively low level of sales in comparison to the larger stores placed in the suburbs?	Avery, Deighton and Caravella; Yrjölä, Spence & Saarijärvi, 2018; Pancras, Sriram & Kumar, 2012; Shi et al. 2017
Store format evaluation methods	How do you currently evaluate store formats? How do you connect the overall objective with the store to the evaluation method used? Do you have any thoughts on how this process could improve? Do you use any specific KPIs? Why do you use these? Is there a difference in the KPIs used for the new city store format compared to the larger stores placed in the suburbs? What is your benchmark level? Thus, when do you consider the results to be sufficient?	These questions are added in order to better understand how IKEA currently evaluate the concept store format and how they perceive these evaluation methods to work. Furthermore, this part of the area aims to capture the store format objectives and how they currently perform according to the interviewee. Applicable theory; Dunne & Lusch, 1999; Kumar & Karande, 2000; McGoldrick, 2002; Reichheld 2003; Zeithaml, Bitner, Gremler, 2006; Hernant & Boström, 2010; Achabal, Heineke & McIntyre, 1984; Dubelaar, Bhargava & Ferrarin,

		2002; Lemon & Verhoef, 2017; Mittal & Kamakura, 2001; Seiders, Voss, Grewal & Godfrey, 2005; Dixon, Freeman & Toman, 2010; Avery, Deighton and Caravella; Yrjölä, Spence & Saarijärvi, 2018
The aimed customer experience	How have customers responded to the new city store formats? What kind of in-store experience are you aiming to offer customers with the new city stores?	These questions are added in order to understand how they currently perceive the formats to contribute in terms of store experience, as well as the thought process behind the store characteristics currently offered. Theory applicable: e.g. Jayasankaraprasad & Kathyayani, 2014; Hultman et al. 2017; Korgaonkar, 1981; Brooks, Kaufmann & Liechtenstein, 2004; Luceri & Latusi, 2016;

		Macintosh & Lock, 1997; Reynolds & Arnold, 2000; Bäckström & Johansson, 2017; Lyengar & Lepper, 2000; Cherney and Hamilton, 2009;. Stein & Ramaseshan, 2016; Bèzes, 2018; Rhee & Bell, 2002; Lin & Chiang, 2009; Jain & Bagdare, 2009
Ending of interview	Anything you would like to add?	The question is included in order to enable the participant to add anything he or she find to be relevant.

Appendix 4: Interview Guide for Industry Experts

Categorisation	**Questions**	**Purpose and Theoretical Foundation**
Background information	If you could start by briefly telling us a about yourself, your current title and area of expertise...	The question function as a way to assure that participation criteria are met while opening up the interview in a natural manner.

Urban consumers and changing consumer behaviours	How would you describe an urban consumer in terms of preferences, behaviours etc.? How would you describe that a urban consumer interact with a physical store format today? In what way do you suggest retailers to adapt store formats to this type of consumers?	These questions are added in order to better understand the changing retail environment in relation to customer experiences and preferences, as well as how to potentially manage these expectations. Applicable theory: (e.g Park, Milberg & Lawson, 1991; Ahluwalia, 2008; Meyer & Schwager, 2007; Jayasankaraprasad & Kathyayani, 2014; Hultman et al. 2017; Korgaonkar, 1981; Brooks, Kaufmann & Liechtenstein, 2004; Luceri & Latusi, 2016; Macintosh and Lock, 1997; Reynolds & Arnold, 2000; Bäckström & Johansson, 2017; Lyengar & Lepper, 2000; Cherney and Hamilton, 2009;. Stein & Ramaseshan, 2016; Bèzes, 2018; Rhee & Bell, 2002; Pargett & Mulvey, 2007; McGrath, 2010; Sorescu et al. 2011; Lin & Chiang, 2009; Jain & Bagdare, 2009

Store format development and portfolio management	What is your take on the retail industry developing innovative store formats as a way to expand their format portfolio? Success factors? Challenges? Future prospects? If you picture the IKEA format portfolio, which consist of several different formats such as the website, the traditional store format, and now concept stores located in city centres, what do you think is essential for them to consider in order to succeed? How can a retailer potentially establish what different types of formats contributes with to a portfolio? How do you reckon a suitable evaluation method for a format part of a portfolio to look like? Do you recognise it to be possible to evaluate the performance of a store	The questions are written with the purpose to enable understanding as well as comparison to the processes suggested by managers related to store format development and portfolio management. Applicable theory; Blackwell and Talarzyk, 1983; Mason et al. 1993; Brown, 2010; Levy et., 2012; Jaravaza & Chitando, 2013; Levy & Weitz, 2009; Avery, Deighton and Caravella, 2012; Yrjölä, Spence & Saarijärvi, 2018; Pancras, Sriram & Kumar, 2012; Shi et al. 2017; Dunne & Lusch, 1999; Kumar & Karande, 2000; McGoldrick, 2002; Reichheld 2003; Zeithaml, Bitner, Gremler, 2006; Hernant & Boström, 2010; Achabal, Heineke & McIntyre, 1984; Dubelaar, Bhargava & Ferrarin, 2002; Lemon & Verhoef, 2017). (Mittal & Kamakura, 2001; Seiders, Voss, Grewal &

	format part of a portfolio in isolation? If yes, how? As previously mentioned, we are writing our thesis in collaboration with IKEA, looking into the performance and contributions of their concept store formats located in city centres around the world. What is your view on these kind of developments?	Godfrey, 2005; Dixon, Freeman & Toman, 2010).
Ending of interview	Anything you would like to add?	The question is included in order to enable the participant to add anything he or she find to be relevant.