

Meeting the new customer behaviours in Swedish retail

by Elsa Sollbe and Rakel Sieradzki

The retail industry is in an ongoing transformation towards omni-channel retailing with new customer behaviours and evolving customer values. Customers have more power and influence in the retail industry today, but still, Swedish retailers do in general find it challenging to become customer-centric and how to meet the evolving customer values with technologies. To meet the customers of today, retailers must know who their customers are and listen to what they have to say. In our study, we suggest six evolving customer values and four technology application areas that are connected to these. Our study further indicates that in order to meet the evolving customer values, retailers must work in a data-driven approach and have a clear purpose.

We have studied how Swedish retailers can meet the customers of today, from an omni-channel perspective. Omni-channel retailing is when retailers have multiple channels that are integrated, so that a customer can start a purchase in one channel and end it in another. A channel can be physical, e.g. physical store, or digital, e.g. webshop. Our study has the purpose to provide Swedish retailers insights and indications on how to meet the new customer behaviours in retail. The results from our study suggest six evolving customer values, four Internet of Things application areas and what other key factors that are of importance in order to meet the evolving customer values. Internet of Things are 'smart' devices that are connected to the Internet and interconnected to one another. These have increased in popularity as with the technical development and their multiple application areas within retail. Our study consists of a literature review and interviews with representatives from the industry.

The retail industry is evolving from a product-driven to a customer-driven approach. Automation, digitalization and globalization are strong drivers of the industry transformation. Traditionally, retailers could differentiate themselves with product and price, but today these are 'hygiene factors' and the customers demand more. The physical store has historically been the main channel for retailers, but due to the rise of the Internet and e-commerce

accordingly, retailers are nowadays using multiple channels and touchpoints. The physical and the digital channels are merging and it is getting more difficult to distinguish what channel that was used for what reason during the customer's shopping journey.

The interviews indicated that Swedish retailers do in general find it challenging to become customer-centric. Swedish retailers have a history of 'following their gut feeling' and measuring customer values to a limit extent, or not at all. As the customers get more well-informed, digitally mature and have higher demands towards the retailers they interact with, it is becoming critical for retailers to really understand their customers. If a customer is not satisfied with one retailer, they can easily switch to another.

The technical development is generating new technologies that are increasingly implemented in retail. A rising trend that is shaping the future of retailing is personalization, where retailers utilize customer data to provide each customer service based on their preferences and previous purchases. The results of our study indicate that retailers do in general lack of knowledge on how to meet the new evolving customer values with new technologies, and tend to implement technical solutions without having a clear purpose of what value they will generate.

Our study resulted in six evolving customer values as following, Integrity, Interactivity, Loyalty, Personalization, Shopping ease and Transparency. Moreover, the results of our study suggest four application areas for Internet of Things, in order to meet the evolving customer values as following, Experience, Logistics, Payment and Personalization. Furthermore, the results of our study indicate that in order to meet the new customers of today, retailer must adapt a value-driven strategy, meaning to work in a data-driven approach and have a clear purpose with their brand niche and what channels they select. Retailers can no longer set the path, instead the customers are in charge and retailers must listen carefully to their customers in order to stay relevant.