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Customer Relationships and Physical Stores in Omnichannel Context:
A Qualitative Study of Retail Brand and Store Manager Perspectives

by

Joowon Lee and Song Thu Nguyen

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Supervisor: Magnus Larsson

Examiner: Stein Kleppestø

Abstract

This research paper delves into the complex domain of customer relationships within the physical stores of an omnichannel context. The primary objective is to provide a comprehensive understanding of the strategic management of these relationships by retail brands and store managers. The study draws upon a diverse range of sources, including empirical findings, background research, and theoretical suggestions, to explore the significance, challenges, and implications associated with how retail brand and store managers manage customer relationships in brick-and-mortar stores in omnichannel.

The paper commences by providing an overview of the omnichannel context, the dynamics of the retailing landscape, and the crucial role played by customer relationships. Through the lenses of relationship marketing, CRM (customer relationship management), the role of physical stores and its relation to customer relationships in an omnichannel context, existing research on these topics is examined in order to establish a holistic understanding of the current state of the field and identify potential gaps in knowledge.

Additionally, valuable insights into the intricacies of customer relationships within physical stores are then introduced. By examining the strategies employed by retail brand managers and the challenges they face, this study contributes to the existing body of knowledge on CRM, relationship marketing, and the effective utilisation of physical stores. The findings and implications presented in this paper serve as a foundation for future research and provide practical guidance to retail brand and store managers seeking to cultivate enduring and meaningful customer relationships in the dynamic landscape of omnichannel retailing.

Keywords: customer relationships, physical stores, omnichannel context, retailing, CRM, relationship marketing

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I. Introduction

This chapter provides an overview of the background information pertaining to omnichannel, retailing, customer relationships, and physical stores, along with an analysis of the associated problematisation within these areas. Subsequently, the research questions, purpose, and scope of the study are elucidated.

1. The Rise of Omnichannel

Businesses of today may find it hard to ignore the concept of omnichannel, especially in the retail industry (Asmare & Zewdie, 2022; Brynjolfsson & Rahman, 2013). With over 73 per cent of customers preferring to shop through multiple channels, including seven per cent who shop exclusively online and 20 per cent who only shop in-store (Sopadjieva, Dholakia & Benjamin, 2017), it is clear that in order to secure success; businesses can no longer turn a deaf ear to retail omnichannel strategies.

Nowadays, customer decisions and purchases are influenced by several channels at the same time. These channels may include online platforms such as websites, social media, and mobile apps, as well as offline channels such as physical stores and call centres. Due to evolving consumer demands and technological advances, the longstanding line between online stores and offline stores is in blurry existence. Therefore, companies need to redesign their multichannel approach by optimising one holistic strategy, an omnichannel strategy (Akter, Hossain & Strong, 2021).

2. Retail Background and Trends

As physical stores have been a big part of retailing, it is unavoidable to understand how the retail industry has been developing in relation to customers. Retailing has a long history of its revolution since the mediaeval era in both its format and practices (Stobart, 2010). Traditionally, the business model of the retail industry was based on the local, and limited range of the service and merchants. Retailing mainly happened domestically where businesses such as tailoring and trading small goods were prevailing. Unlikely, the modern retail industry has developed into an international and integrated system. This development contains demographic, geographic, productional, and distributional perspectives, which

eventually influence the value chain of the brand and customer (McArthur, Weaven & Dant, 2016) in fairly different ways. For these reasons, the modern retail industry is considered to have distinctive strategies compared to traditional retailing.

Passing through the years with digitalization and the COVID-19 pandemic that entails increased demands on distance shopping, traditional retail stores have been experiencing remarkable transitions and challenges in regard to their function and form. Recent studies and statistics indicate that the online share in the retail industry and online spending share among consumers have tremendously increased in recent years (Alcedo, Cavalio, Dwyer, Mishra & Spilimbergo, 2022). Unlike the traditional retail industry that was basing its brand exposure and CRM (customer relationship management) heavily on the physical stores' existence, modern retail brands started enhancing and building meaningful customer relationships through different customer touchpoints.

Interestingly, the accelerated usage of the retail brands' online channels and technology development changed the scope of customer relationships. Customers started using multiple channels and tools to interact with the retail brands, which allowed customers to pursue their shopping experience whenever and whenever they wish, regardless of the time and place (Juaneda-Ayensa, Mosquera & Sierra Murillo, 2016). Along with the familiarised customers' expectations of seamless experiences through the different touch points, the purpose of retail stores has become beyond PoS (Point of Sales). To cater to these expectations, retailers have been now adapting their strategies and business models toward physical stores in order to deliver brand value and improve customer relationships.

3. Customer Relationships and Physical Stores in Omnichannel Context

Although omnichannel retailers utilise multiple online and offline touchpoints to influence customer behaviour along the customer journey (Lemon & Verhoef, 2016; Bues, Steiner, Stafflage & Kraft, 2017), it is hard to overlook the ability of brick-and-mortar stores thanks to the ability to directly influence customer behaviour and relationships. Historically, physical shopping has been the main channel within the retail industry and the original touchpoint of omnichannel. However, the physical retail stores of today operate in a transforming environment. Nowadays, customers use multiple retail channels to shop. As a result of new channels, consumers have developed new shopping activities which significantly change the

way they make decisions, search for products and make purchases (Bäckström & Johansson, 2017). Such changes have led to major impacts on consumer's shopping behaviour and how retailers construct their offerings (Godfrey, Seiders & Voss 2011; Jones & Runyan, 2013; Kollmann, Kuckertz & Kayser 2012; Venkatesan, Kumar & Ravishanker 2007). The modern omnichannel approach thus focuses on such changes. The physical store, on the same note, undoubtedly requires adaptations as well.

As previously addressed, customer relationships are not a new phenomenon (Berry, 1995). However, the connection between customer relationships and physical stores in the context of brand omnichannel strategies has not been significantly discussed and covered in modern research. According to Gronroos, relationships between parties (i.e. customers and brands) are considered the core phenomenon in marketing and businesses. As a result, a well-managed relationship would generate continuous purchases and cross-sale opportunities, exchanges or transactions for businesses (1990). With that in mind, companies could rely on three tactics to foster their relationship with the targeted audiences strategically. These tactics are seeking direct contact with customers, building the database and developing a customer-oriented system (Gronroos, 1990). Thanks to the direct and physical advantages, brick-and-mortar stores would be the most convenient playgrounds to implement and test out these tactics. Hence, customer relationships and physical stores can be examined in connection.

4. Problematisation

Correspondingly, physical stores in the omnichannel context have been facing unforeseen problems due to digitalisation, numerous sales channels, and transformed customer relationships. Within the field of retailing, it has been assumed that digitalisation will have implications for physical stores (Hagberg, Jonsson & Egels-Zandén, 2017) and therefore, the validity and the strategic position of physical stores' strategies and research have been questioned in recent years. Customers now have multiple alternatives to reach out to the brands and their products, which in turn decreases the necessity of utilising physical stores' functions for the purpose of the purchase. For instance, the transfer of sales from physical stores to online will directly impact the sales of brick-and-mortar stores (Doherty & Ellis-Chadwick, 2010; Hernant & Rosengren, 2017), sparking the assumption that traditional stores may be outcompeted by online channels in the future (Shontell, 2013). These factors

affected physical stores within sales, purchase processes, store settings, and human resources (Hagberg, Jonsson & Egels-Zandén, 2017). Cannibalised sales of physical stores by webshops, customers' increased preference for the online purchase process, and avoidance of interactions with store staff are the observed implications. As a result, retail brands have been experiencing large-scale closures of physical stores. Thus, companies have been required to change their traditional physical stores to better adapt and evolve in the digitalised era.

Considerable attention has been paid to various in-store aspects to maintain the sustainability of physical shopping by conceptualising customers' experiences (Grewal, Levy, & Kumar, 2009; Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros & Schlesinger, 2007) and examining their effects on customer in-store behaviour and experiences (Babin, Hardesty & Suter, 2003; Eroglu, Machleit & Chebat, 2005; Mattila & Wirtz, 2001). However, there is still a lack of focus on how customer interactions in a physical context relate to meaningful customer relationships, which is one of the primary phenomena of a successful omnichannel strategy (Carnein, Heuchert, Homann, Trautmann, Vossen, Becker & Kraume, 2017).

Furthermore, as more and more physical shopping transformations stem from digitalisation's impacts (e.g. Kushwaha & Shankar 2013; Pantano & Priporas 2016), technology will facilitate new customer relationships. New relationships have one thing in common: the customers have control over the entire process, from start to finish (Van Belleghem, 2015). Consequently, there exists a gap in our understanding of how brand managers effectively leverage physical shopping to cultivate customer relationships throughout these digital shifts. In addition to this, retail brand managers rarely know how they attract their customers to physical stores, who gain brand awareness through the brands' other touch points (Porges, 2019)

In today's hyper-connected world, customers interact with brands through various channels, including websites, mobile apps, social media platforms, and physical stores. While the existing literature on omnichannel strategies provides valuable insights into CRM, it often overlooks the unique opportunities and challenges presented by physical touchpoints. By focusing primarily on the digital realm, brand managers may be missing out on the potential to establish deeper connections with customers through personalised experiences, sensory engagement, and tangible interactions that can only be achieved in physical retail environments. With an emphasis on direct and physical context, brands can also optimise

their retail store through in-store technologies (Blázquez, 2014; Dennis, Micho, Brakus, Newman & Alamanos, 2012; Poncin & Mimoun 2014) to raise their relationship with customers to a different level. As emotional relationships indicate an equivalent for certainty which is the type of foundation for readiness to trust (Luhmann, 2018), the retail brand of today could strategically leverage the role of brick-and-mortar stores in their omnichannel approach to maintain positive relationships and trust (Sombultawee & Wattanatorn, 2022) in the long run.

Therefore, it is crucial to problematise the lack of existing relationship focus and shed light on the underexplored relationship between brand managers and physical stores within an omnichannel context. By recognizing the need for a more holistic and balanced exploration, we can delve deeper into understanding how brand managers can leverage physical touchpoints to cultivate strong customer relationships, improve customer satisfaction, and drive overall business success.

5. Research Questions

Our research mainly focuses on retail brands' physical stores and CRM in an omnichannel context. These two aspects will be addressed from the brands' managerial perspectives through the below research questions.

Q1. How do retail brand and store managers of today leverage physical stores to manage their relationships with customers in an omnichannel context?

Q2. How do retail brand and store managers cope with the challenges they face in physical stores in relation to CRM?

It is fully understood that the factors such as customer experience and customer intelligence usually belong to CRM. However, the fundamental focus of our research question has remained to explore managerial aspects of retail brands' physical store utilisation and challenges in relation to customer relationships although these factors should be explored from customers' perspective in order to gain insightful data. Consequently, it aims to deliver retail brand managers' strategy and design behind physical stores to impact customer relationships rather than addressing the customers' discourses.

6. Purpose

The purpose of this research is to explore how retail brand managers are leveraging their physical stores in an omnichannel context to manage customer relationships. We aim to provide insights into leveraging physical stores, especially in terms of setting up and designing their role to influence customer relationships in an omnichannel context. In addition, these insights can contribute to suggesting different perspectives to enrich both the retail industry and future retail research regarding CRM and physical stores' future.

Not only the leverage of physical stores strategy but also the exploration of the strategic position of physical stores in the omnichannel context will be addressed in order to provide insights into the future of physical stores. By exploring how managers are using physical stores in consideration of customer relationships, we aim to suggest complementary features of the existing physical stores. This, in turn, will contribute to improving physical stores as an element of an omnichannel context through valuable empirical data. By doing so, the existing gaps in the research regarding physical stores and CRM will be alleviated.

7. Delimitation

Considering the nature of operational perspectives of omnichannel context and customer relations, this research includes the following delimitations.

Firstly, this research is not highlighting the engineering and technical characteristics of the omnichannel supply chain structure. Most of the existing research within the omnichannel area is related to the business models or omnichannel retailing that is rooted in data and technology-driven functions. Considering the fact that the success of physical stores in omnichannel is largely dependent on inventory management and seamless supply chain integrations (Gallino & Moreno, 2019), business system analysis including intelligence technology and AI (artificial intelligence) and machine learning is unavoidable. While we admit the significance of technical perspectives of omnichannel strategy for physical stores' features, the focus of this research significantly lies in the explorative analysis between physical stores and customer relationships.

Furthermore, although the aim of this research is to explore the leverage of physical stores in consideration of customer relationships, psychological elements remaining in the relationships' nature will not be addressed in detail. Psychological factors such as emotions, habits, salience, and congruence have indeed large influences on customer relationships during their journey through multiple touchpoints (Bhattacharjee, Gilson & Yeon, 2016). However, since the purpose of this research is to deliver insights into how retail brand managers are leveraging physical stores in the context of customer relationships, exploring the phenomenon from managerial perspectives will be a relevantly prioritised focus.

II. Literature Reviews

This section introduces the definition of the omnichannel context and examines existing research on customer relationships and their transformation through two primary perspectives: relationship marketing and CRM. The aim is to offer a holistic comprehension of the present research on each term. Additionally, this section explores the investigation of customer relationships within physical stores, highlighting the existing research gaps and challenges.

1. An Omnichannel Context

Omnichannel is described by Rigby (2011, p.11) as: “an integrated sales experience that melds the advantages of physical stores with the information-rich experience of online shopping.” Kamel and Kay (2011, p.1), on the same note, state that a true omnichannel experience infers the “desire to serve the customer however, whenever and wherever they wish to purchase merchandise (and return it too)”. From these two definitions, it is clear that the omnichannel context entails integrating multiple channels to provide customers with personalised service through their preferred channel.

Furthermore, the omnichannel strategy involves providing a seamless and consistent customer experience across multiple channels or touchpoints (Cocco & Demoulin, 2022). The ultimate goal of omnichannel is to create a unified and integrated experience for customers (Peltola, Vainio & Nieminen, 2015), regardless of the channel they use to interact with a brand. Additionally, a successful omnichannel strategy would also help companies build customer loyalty and trust (Sombultawee & Wattanatorn, 2022; Cheah, Lim, Ting, Liu

& Quach, 2022), as customers are more likely to engage with brands that provide a consistent and seamless experience. For those reasons, companies of today devote enormous effort to actively identify their areas for improvement and optimise the customer experience, interaction and relationship across all their invested channels (Brynjolfsson, Hu & Rahman, 2013).

In short, in an omnichannel context, this paper means to explore how brand and store managers foster customer relationships while keeping in mind the potential and existing impact of other channels (i.g. online platforms, mobile apps, social media, and more) on the overall customer relationship created within physical stores.

2. Customer Relationships

The term customer relationships first emerged in the late 1990s (Payne & Frow, 2013) although the use of the term is not clearly identified throughout that period. In the academic and business setting, it is quite often that CRM and relationship marketing are used interchangeably (Sheth & Parvatiyar, 2001a; 2001b) to address customer relationships in general. Despite being viewed as different phenomena (Zablah, Bellenger & Johnston, 2004) with clear distinction (Figure 1), CRM and relationship marketing interconnection in relation to customer focus would not be overlooked due to their relevance to this paper's research.

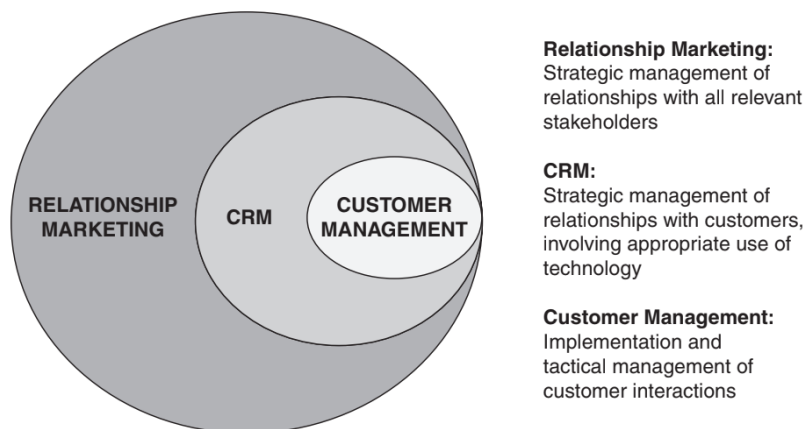


Figure 1. The domain of strategic management (Payne & Frow, 2013, p.4)

2.1. Customer Relationships and Relationship Marketing

It is quite understandable to encounter confusion when it comes to customer relationships and relationship marketing. Customer relationship and relationship marketing are two related concepts that are often used interchangeably in marketing (Parvatiyar & Sheth, 2001b). At their core, both concepts are focused on building and maintaining long-term relationships with customers, with the result of increasing customer loyalty, retention, and lifetime value (Gronroos, 1984; Fournier, 1994; Payne, 1995; Blattberg, Getz & Thomas, 2001; Egan, 2004; Greenberg, 2010)

Customer relationship refers to the interaction between a business and its customers (Winer, 2001). Customer relationship or CRM is a strategy that focuses on managing and improving relationships with customers. It encompasses all the touchpoints between the customer and the business, including customer service, sales, marketing, and other interactions (Rust & Zahorik, 1993; Gronroos, 1994; Rigby, Reichheld & Schefter, 2002; Peppers & Rogers, 2004; Payne & Frow, 2005; Buttle, 2009). The goal of customer relationships is to build a long-term, mutually beneficial relationship between the business and its customers (Payne, 2014; Gummesson, 2008). This relationship is based on trust, communication, and understanding of customer needs and preferences (Gronroos, 2004; Morgan & Hunt, 1994; Peppers & Rogers, 2011).

Relationship marketing, on the other hand, indicates the way a business interacts with its target market. It involves understanding the needs and wants of potential customers, developing marketing strategies that address those needs and wants, and creating a brand that resonates with the target audience (Levitt, 2004; Berry, 1983; Payne & Frow, 2005). The goal of a marketing relationship is to build a connection with the target audience that goes beyond a one-time purchase. This connection is based on shared values, interests, and beliefs (Vargo & Lush & Malter, 2006; Gronroos, 2006).

While CRM and relationship marketing are distinct concepts, they are closely related and often used in tandem to achieve the same goal of building strong customer relationships (Gummesson, 2004; Brink & Berndt, 2008). CRM provides the tools and technology necessary to manage customer interactions at every touchpoint, while relationship marketing

provides the strategy and tactics necessary to build long-term relationships and foster customer loyalty (Chen & Popovich, 2003; Gummerus, Von Koskull & Kowalkowski, 2017).

As the interest of this paper lies in the holistic strategy used by retail brands of today to manage relationships with their customers by using physical stores, within the context of omnichannel; it is beneficial to access the best available knowledge of customer relationships across all prominent research areas. In this case, with *customer relationship* as the main phenomenon, we thus will investigate its existing footprints within both CRM and relationship marketing to better understand the key themes and trends revolving around it.

2.2. Customer Relationships Evolution

As customer relationships stem from marketing, it is vital to discuss their roots from a marketing perspective to provide a general overview. At first glance, marketing practices have a long history dating back to 7000 B.C. (Carratu, 1987). Initially, these practices were rooted in economics and focused primarily on transactions and exchanges (Bartels, 1976; Hunt & Goolsby, 1988). However, around the last quarter of the twentieth century, the marketing domain underwent a reconceptualization in its orientation from transactions to relationships (Kotler, 1990; Webster, 1992). This movement thus developed a growing interest in researchers on the Paratiyarrelational paradigm shift associated with direct marketing in business-to-business (BTB) and business-to-consumer (BTC).

According to Sheth and Parvatiyar (1995), BTC practices are inclined to relationship orientation when producers and consumers directly deal with each other. In BTB, on the contrary, wholesalers are less emotionally attached to products because economic transactions are more important. The separation of the producers from the users was a natural practice of the industrial era. However, it is not the case with today's technological advancements. Producers of today can and should interact directly with large numbers of users. Direct interface between producers and users has thus reemerged in both consumer and industrial markets, leading to a greater relational orientation demand and interest among all industries.

Consequently, the *relationship focus* has caught the curiosity of many scholars in the entire spectrum of marketing's subdisciplines (Bagozzi, 1994; Kotler, 1994; Morgan & Hunt, 1994;

Sheth & Parvatiyar, 1995). This change in focus has encouraged companies to develop a more relational-oriented approach in marketing with customer relationships in mind rather than solely relying on transactional relationships (Kalwani & Narayandas, 1995). This approach also paved the way for partnership trends such as business alliances and cooperative marketing ventures (Anderson & Narus, 1990; Johnston & Lawrence, 1988).

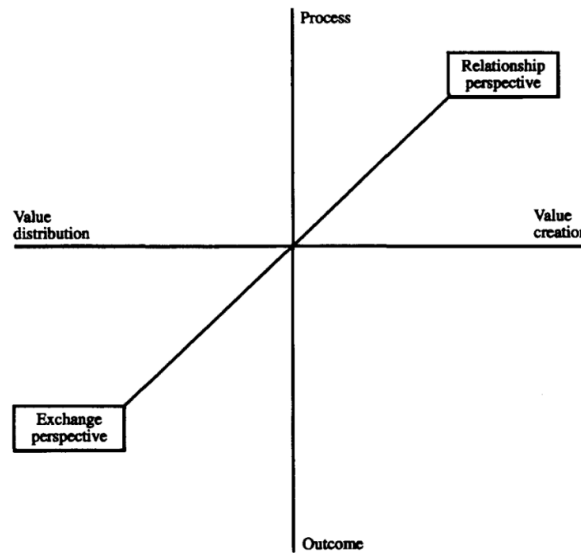


Figure 2. Paradigm Shift in Marketing Orientation (Sheth & Parvatiyar, 1995, p.412)

As a result, a paradigm shift in marketing orientation (Figure 2.) was introduced to depict the changes in the relationship orientation and better explain the connection between the producer and user (Sheth & Parvatiyar, 1995). However, several scholars still question the sufficiency of this paradigm due to its negligence in consideration of consumer involvement and their interdependent relationship with producers (Christopher, Payne & Ballantyne, 1991; Gronroos, 1994; O'Neal, 1989). In today's era of relationship marketing, the roles of producers, sellers, buyers, and consumers are becoming less clear (Kotler, 1994). Customers are now seen as co-producers due to the rise of digitalization and e-commerce. They are actively and directly involved in important decision-making processes of businesses (Gundlach & Murphy, 1993; Morgan & Hunt, 1994). Personalisation and customisation have become more and more important for business strategy nowadays. Therefore, a more integrated paradigm is needed.

This new paradigm can acknowledge the continuous and interconnected nature of the marketing actors (seller and buyer) involved in relationship building. It should emphasise the

focus on the *process of forming a relationship* rather than the end result (i.g. trust, loyalty, commitment...). Further research is encouraged to focus on the conditions that foster marketing actors (i.e. the seller and the buyer) to enter a relationship, the purpose of such a relationship or *the process of relational engagement and how to enhance the relationship* as well (Sheth & Parvatiyar, 1995). Leaning on that note, this paper thus will explore managers' actions to manage and form in-store customer relationships and address their challenges in order to better enhance the process of forming customer relationships in an omnichannel context.

2.3. Customer Relationships Research since the Early 1900s

In spite of its roots in the early days of marketing, it was not until the 1900s that the term began to emerge as a distinct discipline. Customer relationship was first extensively discussed by Leonard Berry. Throughout his study, he argued that by focusing on developing long-term relationships with customers, businesses can foster trust and loyalty (1983). Peppers and Rogers then put customer long-term relationships in a closer examination by testing and demonstrating how vital it is for businesses to create a relationship with their audience based on personalised, one-on-one interaction. Their research provides the concept of "customer lifetime value" as the metric to calculate the total value a customer brings to a business over the entire duration of their relationship (Peppers & Rogers, 1993, n.p). On the same note, Reichheld points out that meaningful customer relationships would become a driving force for businesses' future growth, profits and lasting value in his research (1996). His study also indicates customer loyalty and its impact on a company's growth and profitability as a critical driver of business success and provides strategies for building and maintaining strong customer relationships.

Sheth and Parvatiyar's paper, however, would pay attention to the importance of understanding customer needs, creating customer value, and developing long-term relationships with customers. Various aspects of relationship marketing, including customer satisfaction, trust, commitment, and customization are proven as key relationship-building factors in their study (1995). Furthermore, other psychological factors were considered in research via experimental marketing which praised the benefit of memorable and engaging experiences to build stronger customer relationships and later became a unique advantage of businesses (Pine, Pine & Gilmore, 1999).

As the period up to the 2000s witnessed the shift in marketing from transactional approaches to relationship-oriented strategies, research within customer relationships emphasises the importance of long-term customer relationships and the potential benefits of focusing on customer retention, loyalty and trust. This shift in marketing thinking thus would prompt researchers to explore the underlying factors, dynamics, and strategies associated with relationship marketing. In short, key themes and interests of marketing scholars in customer relationship or relationship marketing of this period have proved the connection between customer relationships and its variables such as customer engagement, loyalty, trust, commitment and customer retention. These variables thus will be leveraged as this paper's primary coding themes to explore our phenomena - customer relationship.

2.4. Customer Relationships Research from the Early 2000s

The beginning of the twenty-first century witnessed the radical transformation of technology in societies and daily life. With evolving digital landscape, changing consumer behaviours, and technological advancements, the research focuses on customer relationships have been influenced by an emphasis on customer experience, digital interactions, data analytics, and customer engagement.

From the early 2000s onward, scholars have increasingly emphasised the importance of managing the overall customer experience across various touchpoints and interactions with companies. Research in this area examines how organisations can create positive, seamless, and memorable customer experiences to enhance satisfaction, loyalty, and advocacy. Topics include customer journey mapping, service design, emotional engagement, and omnichannel customer experiences (Schmitt, 2010; Lemon & Verhoef, 2016; IVWatson, Worm, Palmatier, Ganesan, 2015). Notable researchers would pay attention to reshaping customer shopping behaviour or redesigning customer experiences across all touchpoints (Homburg, Jozic, & Kuehnl, 2017; Shen Li, Sun & Wang, 2018; Shi, Wang, Chen, & Zhang, 2020); eliminating barriers between channels to create synergy among them (Park & Kim, 2019; Valentini, Neslin, & Montaguti, 2020; Zhang, Ren, Wang & He, 2018), or primarily aiming to offer a seamless and holistic customer experience in omnichannel (Hickman, Kharouf, & Sekhon, 2019; Silva, Duarte, & Sundetova, 2020).

Although devoted efforts have been made to discover the outcomes of customer experience in physical retail channels (Grewal et al., 2009; Bustamante & Rubio, 2017; Fernandes & Pinto, 2019), *detailed research on customer relationship in brick-and-mortar stores as the prime subject is scarce*. Indeed, when it comes to omnichannel context, customer relationship is merely used as a small part of investigating pillars of customer experience. The limelight normally belongs to its psychological origins such as cognitive and affective aspects or its contribution to the overall customer purchase or shopping engagement within very generic and broad omnichannel channels (Holbrook & Hirschman, 1982; Frow & Payne, 2007; Dennis, Brakus, Gupta & Alamanos, 2014; Rose, Hair & Clark, 2011).

As the nature of omnichannel customer experience remains ambiguous with most studies being descriptive (Shi, Wang, Chen & Zhang, 2020), *little attention has been specifically paid to sole customer relationships within physical retail stores of omnichannel*. Alternatively, many have focused on understanding and fostering customer engagement, which refers to the active participation, emotional connection, and co-creation of value by customers (Nambisan & Baron, 2009; Roberts & Darler, 2017). Research in this area examines the drivers and outcomes of customer engagement, as well as strategies for engaging customers in different contexts but omnichannel and physical stores specifically (Islam & Rahman, 2017; Patterson & De Ruyter, 2006; Brodie, Hollebeek, Jurić & Ilić, 2011).

3. Customer Relationships and Physical Stores in Omnichannel Context

With a closer examination throughout the evolution, key trends and themes of the customer relationship from the early 1900s until today, one can simply spot the complex interconnections between the factors such as customer engagement and experiences with the brands, trust, and loyalty within relationship focus. Despite existing extensive research on these elements across several contexts, pivotal research on physical stores and CRM within an omnichannel context as a whole has still been unnoticed. Due to this reason, we intend to problematise the missing bridges in this section while addressing the related theories and models behind them.

In addition, considering that the number of e-shoppers has notably been increasing during the last five years (Lone & Weltevreden, 2022), the value and focus of physical stores in recent

research are decreasing in general. Focusing on physical stores and CRM in an omnichannel context, the disconnections among theories and decreased attention behind the role of physical stores will be hereby presented.

3.1. The Role of Physical Stores

As per a study regarding the roles of physical stores, physical stores historically functioned as marketplaces that provided currency and trading (Jaucot, Billiet, Vanhout, Martens, Ampe & Loutas, 2018). As time passes, these marketplaces have been developed into places where customers can purchase multiple retail goods from the site. This was later on transformed into a department store where a wide scope of goods is offered in the same place. As Jacuot et al. (2018) addresses in their study, physical stores have simply been perceived as a place where goods and services are sold, and customer relationships are built through traditional campaigns, loyalty programs, and contact with staff, which in the end increased the importance of physical stores.

However, due to the introduction of digitalisation and e-commerce, the physical stores' roles have been experiencing tremendous transitions. In a study provided by Oka, Ghai, Venkatesan & Bagri (2017), it is explained that profits and shares gained from e-commerce within physical stores are expected to double the amount of the last few years in the upcoming years, while a remarkable number of physical stores are starting to close down their business. Because of these circumstances, physical stores seem to use their functions in different ways to influence management for customer relationships for their survival, nonetheless, the profound exploration of these functions in the recent research is still missing.

Noting this problem, Chan, Wang, Xu & Chen (2021) suggest some examples in their research regarding the physical stores' unique features to generate awareness and shape positive brand perception. Aligned with their suggestions, Longfield, Baxter & Habboush (2022) provides IoT (Internet of Things) connectivity, social media brand exposure, and new virtual technologies as examples that influenced the way brands build relationships with customers even in physical stores. Nevertheless, how these features are utilised in physical stores practically, and how managers are navigating them through the challenges are still very uncertain. Customers of today tend to require real-time shopping experiences, even in physical stores, where flexible personalization and fast information acquaintance are

available. Therefore, as Zhang et al. (2022) emphasise, physical stores of today are adapting their strategies in consideration of digitalization, the risk of e-commerce, and virtual and metaverse retail shopping trends, and these strategies are still in need of exploration.

3.1.1. Value Creations

One of the most prominent roles of physical stores in the 21st century is providing new customer value creations beyond PoS. It appears in the research done by Zhang et al. (2022) and Zhang & Nelin (2021) that when it comes to understanding and purchasing “deep” products that require profound inspection such as physical interaction, physical stores tend to have better engagement on the right occasion. The deep products can be referred to as more complex products that require deep product inspection such as television, shoes, and quality clothes, while shallow products often do not require such processes.

In order to give a better overview of the brands’ strategy for value creation, Zhang et al. (2022) suggests the visualised journey from experiencing the physical stores’ features until the creation of the values. According to Figure 3, the engagement created in the physical stores enhances customer relationships, which leads to customer action and increased value creation. Experiential learning that customers go through in physical stores obtained by tangible engagement with both products and stores’ staff contributes to developing a positive perception of the brands. However, not only the engagement with the products and staff but also with the store ambience affect customers’ perception of the brand, which in the end, affects the relationship between customers and brands.

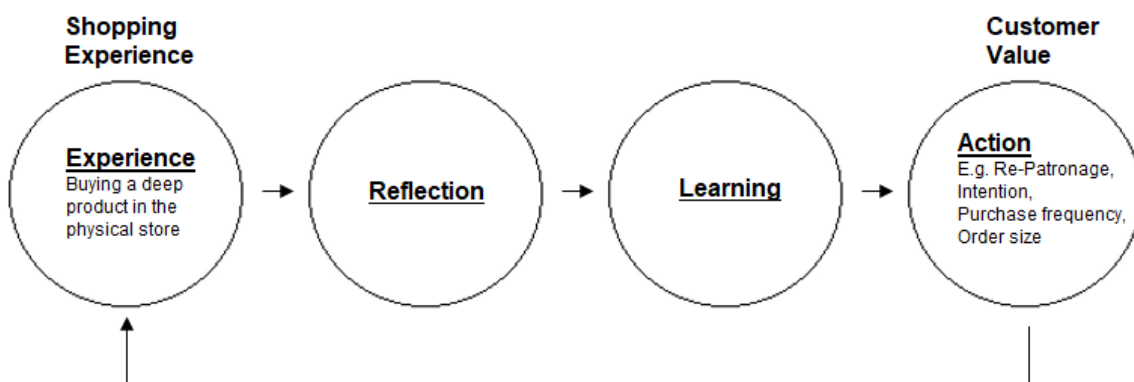


Figure 3. Shopping Experience and Value Creation Cycle (Zhang et al., 2022, p. 169)

It was understood in their study that experiencing products visually and physically enhances the interaction and relationships between customers and brands, which in turn, improves customer relationships through providing multisensory value creations. However, how the brand managers are actually leveraging these through their practical tools in physical stores, and what challenges they are facing still remain unclear.

3.1.2. Exchange and Relationship Marketing

In addition to the value creation role, physical stores function as a core touchpoint of exchange and relationship marketing. Sheth & Parvatiyar (1995) note in their research that physical stores are the places where customers and store staff deal with each other directly, and this creates the potential for psychological bonding and economic exchange. Even though this study appears beneficial in the view of relationship marketing throughout its evolution by fostering interactive involvement of both customers and staff in the stores, it does not fully highlight how the brand managers are practically managing these engagements in their stores.

In order to provide the fundamental logic behind relationship marketing, Sheth & Parvatiyar (1995) provides the following Figure 4. They mentioned that relationship marketing aims to reach mutual interdependence and cooperation that improve efficiencies for the brands, while traditional transactional marketing heavily depends on the competition (e.g. pricing, promotion and product strategies) and choice interdependencies. Thereby, maintaining optimised relationship marketing entails enhanced marketing productivity, customer loyalty, and engagement. This framework provides a sufficient understanding of the logic behind brand managers' strategies in building relationships with customers in stores.

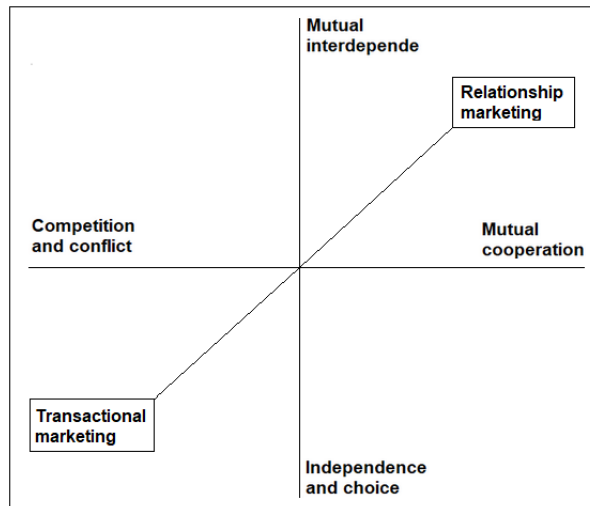


Figure 4. The Principles of Transactional Marketing and Relationship Marketing
(Sheth & Parvatiyar, 1995, p. 400)

3.2. In-Store Customer Experiences and Transformation

As previously addressed, due to digitisation, physical stores have been changing the way they provide in-store customer experiences. Sorensen (2016) demonstrates that the features of the in-store environment and customer experiences have been transformed, unlike the previous focus of traditional physical stores such as product displays and utilisation of the surface to attract customers.

3.2.1. Technologies

Existing and upcoming technologies such as shopping platforms or apps are visibly changing in-store customer experiences. Barbosa (2016) explains that digital media such as advertisements, internet browsers (search engines), social media, and any other relevant platforms get customers into physical stores. In comparison to traditional customers, the customers of today are standing out with remarkable shopping behaviours such as webrooming and showrooming. For instance, according to Mukherjee & Chatterjee (2021), they are collecting relevant data on products or brands through online channels, while the actual purchase is done in the physical stores (i.e. webrooming) or vice versa (i.e. showrooming). However, none of these studies mentioned what functions and features the brand managers have planned in physical stores to adapt to these transformations.

As Grewal, Roggeveen, Noble & Nordfält (2019) addresses in their research, not only the technologies experienced before entering into physical stores but also the in-store technologies are contributing to building close relationships between customers and brands thanks to their flexibility and convenience. Therefore, it is critical to profoundly explore the technologies utilised in physical stores today to understand the brand managers' strategies.

3.2.2. Customer Demand

Fulfilling customer demands is often considered the first step in building customer relationships. Alongside the technology development and introduction of Industry 4.0, customer demands on physical stores have been altered. Lee, Kuo & Russell (1999) explain that customers expect a high level of satisfaction when it comes to the experiences such as store atmosphere, tangibility, and a trail of the goods due to the characteristics that physical stores have with their facility. They additionally explained that these experiences cannot be achieved in online stores, the first purchases of the complex products under consideration (e.g. vehicles, industrial products, electronics, etc) seem to be heavily based on the interaction with store staff. In other words, the physical stores are expected to provide thorough and detailed information about the products to customers that require expertise.

Furthermore, Burinskiene & Daškevič (2014) clarify that customers are requiring flexible and personalised shopping experiences considering the hectic schedules of modern society, and also the comparability of the pricing. In addition, store display and design are demanded to deliver pleasant in-store customer journeys together with delivering the message from the brand. Notwithstanding the explanations on the customer demands, what physical stores features are implemented by the brand managers to meet these demands requires further exploration.

3.2.3. The Psychological Value

Despite the technological transformation within physical stores, existing studies underline that customer relationships often depend on the psychological interaction between the customer and the brand. According to previous research by Yoo, Part & MacInnis (1998), customers' psychological and emotional experiences in physical stores affect the level of interest in retail brands.

As per the study performed by Yoo et al. (1998) main variables of physical stores that influence customers emotionally are product assortment (e.g. availability, variety), value (e.g. pricing, quality, dependability), customer service, after-service (e.g. return, repair, refund), location (e.g. accessibility, transportation, space), and atmosphere (e.g. lightning, design, display, music, decoration). They describe that customers tend to interact with the brand when customers recognize the quality and quantity of product range and services that the stores provide. Admitting this, the empirical research of each variable still needs to be elaborated.

3.3. Customer Relationships through Physical Stores

Recent studies are indicating the directions to CRM in physical stores. As previously reviewed, value creations through physical stores, relationship marketing, and providing in-store customer experiences according to the technological revolution are the variables that affect customer relationships in the stores. In spite of this effort, many retail brands today are experiencing challenges regarding CRM in their physical stores.

3.3.1. Fostering Customer Relationships through Physical Stores

Along with the long history of trade and commerce activity, the retail industry has been well known for its direct customer accessibility. According to a study by Teller, Kotzab and Grant (2006), one of the competitive advantages that the retail sector contains is that it has direct access to the customers, which enables the collection of customer data that can be useful in maintaining customer relationships. The given competitive advantage plays a meaningful role in the existence of physical stores. However, they do not specify which functions in physical stores are utilised by brand managers as direct customer accessibility.

Not only the accessibility but also utilising the advantages of other channels in physical stores is suggested by the existing research as one way to foster customer relationships. As per Verhoef's (2021) study, omnichannel retail has different perspectives such as channel switching, channel usage and outcome of customer relationships, and retailing mix among multiple channels which can be integrated with physical stores. While he clarified that the features connecting online and offline channels are actively used in physical stores, how these

features are being leveraged still remains ambiguous.

3.3.2. Collaborative CRM

Apart from focusing on the operational features and potential of physical stores in an omnichannel context, there have been multiple studies about promoting collaborative CRM in physical stores that appear to boost elements of customer relationships (e.g. loyalty and trust). One of the research by Duffy, Koudal & Pratt (2004) mentions that in-store functions such as personal service, purchase assistance, and personalised engagement between staff and customers markedly influence customer relationships. In continuation, Agarwal & Assam (2022) underline that this process is typically termed collaborative CRM where the actual relationships with the customers are built including all the informative and emotional exchanges. Considering this terminology and its psychological value, the existing research struggles with providing more explorative insights into the physical stores' performance.

3.3.3. Facilitating Elements of Customer Relationships (e.g. Engagement, Trust, and Loyalty)

In recent studies, it is mentioned that the main elements of relationships such as customer engagement, trust, and loyalty can be created by in-store staff, store environment, product assortment, and direct communication in physical stores, unlike other touchpoints in the omnichannel context. For instance, Guenzi, Johnson & Castaldo (2009) present that customers' perception of the above variables affects their trust and loyalty to the brand in general including personal (i.e. in-store staff) and informational (i.e. store ambience, products) factors. According to Figure 5, in-store staff's friendliness, professional dimension, store atmosphere, music, merchandise assortment, and store communications have a relevant influence on the enhanced perceived value of the brand, thereby the increased customer loyalty and trust.

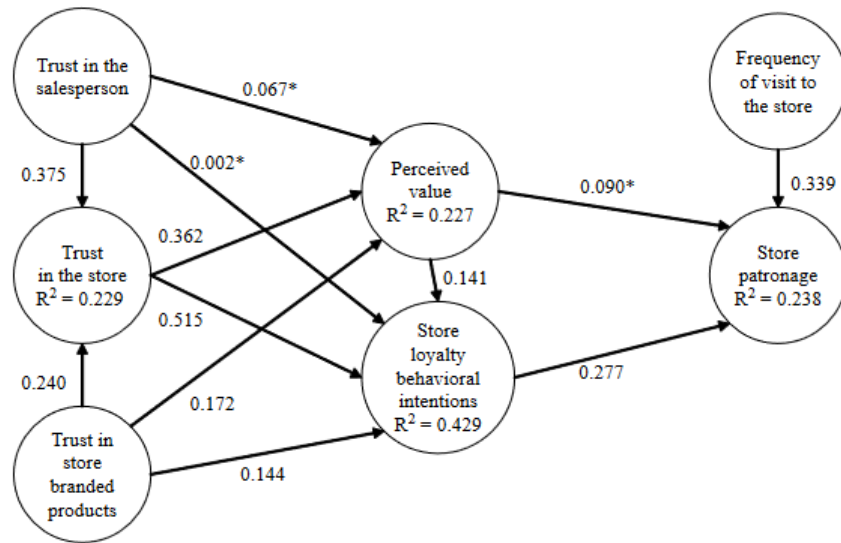


Figure 5. Customer Trust and Loyalty Interrelations Measured by PLS (Partial Least Square) (Guenzi, et al, 2009)

Although it is proven that the physical stores' unique designs are affecting customer trust and loyalty, it is unclear what functions of physical stores the brand managers are leveraging to obtain the expected result.

III. Methodology

1. Research Design

This study endeavours to investigate two primary inquiries that pertain to contemporary omnichannel retailing and the dynamics of customer relationships. The first query concerns the strategies adopted by retail brands to utilise their physical stores to foster relationships with customers in the context of an omnichannel approach. The second inquiry focuses on how retail brands address the obstacles and difficulties that arise in managing customer relationships within physical stores, as part of their wider CRM strategy.

The research approach selected is qualitative, as it aligns with the epistemological stance of the researchers, which prioritises understanding the nature of knowledge (how brand and store managers leverage physical stores in relation to customer relationships within an omnichannel context) in various ways (interviews) in which it can be acquired (Saunders, Lewis, & Thornhill, 2016). In practice, this approach also includes the use of historical

records and narratives as a means of comprehending complex phenomena (Burrell & Morgan 2016; Martí & Fernández, 2013; Gabriel, Gray & Goregaokar, 2013; De Cock & Land, 2006). This study thus leverages empirical data from the interpretation of non-numerical data, such as descriptive retail experiences of participants, to make sense of phenomena. With that in mind, quantitative research that relies on numerical data is opted out as a consequence (Bryman & Bell, 2015; Saunders et al., 2016). With the help of a qualitative approach and inductive reasoning, we would gain valuable insights into how brands of today manage rapport with their customers through physical shopping activities.

In general, qualitative research provides a flexible and comprehensive understanding of a brand's relationship with its customers, enabling the exploration of complex and multifaceted phenomena such as customer needs, motivations for physical shopping, and interaction within stores to foster relationships. Furthermore, this research can help companies address challenges they face in physical stores related to CRM by giving voice to marginalised groups and learning from their experiences. By understanding the specific pain points encountered when interacting with customers in-store, companies can make strategic improvements to enhance their customer relationships and in-store performance. Lastly, this research aims to identify customer frustrations with physical shopping, which will aid in the development of new theories and strategies to improve customer retention, satisfaction, and brand profitability.

To collect data for this research, the chosen method is interviews conducted in a semi-structured format. These interviews take place via face-to-face online conversations with the interviewees. Prior to each interview, a questionnaire is sent to the interviewee to serve as a data collection instrument. This research follows the standard of a master's thesis and is conducted over a period of ten consecutive weeks, from the middle of April until the end of May 2023.

Without question, objectivity is the fundamental required prerequisite of qualitative research (Kirk & Miller, 1986). The objectivity of this study is achieved by reporting experiences in a manner that makes them accessible to others. For instance, all attempts are made to accurately provide a detailed questionnaire focusing on the interview's experience, not opinions. Moreover, the findings of the interviews are justified by relevant theories in our theoretical frame. On that note, validity is determined by the focus on internal validation to

determine if the obtained results are attributable to the anticipated causal relationships between physical stores and customer relationships (Campbell & Stanley, 1996). Finally, reliability can be ensured through the systematic and consistent measurement of the same concepts across various brands. To achieve this, it is imperative to follow a standardised protocol and conduct the study in the same manner for each participant, regardless of the context in which they are situated.

2. Data Collection and Sampling Procedures

This study endeavours to examine the utilisation of physical stores by retail brand and store managers in managing customer relationships within an omnichannel strategy, as well as their approaches to overcoming challenges associated with CRM in physical stores. Given that the interviewees are regarded as managers rather than experts, the focus of this investigation lies in exploring their actions and experiences pertaining to the cultivation and enhancement of customer relationships through physical shopping channels, rather than solely relying on their opinions. We assert that this approach represents the closest and most pragmatic data source for unravelling the phenomena explored in this paper.

To achieve the above objective, data is gathered primarily through semi-structured interviews with retail managers from different retail brands in Scandinavia. Brand and store managers are chosen as the primary data sources as we aim to observe how they leverage physical stores in managing customer relationships. The semi-structured interviews are designed closely based on the research questions and assessed by the thesis supervisor for appropriateness and efficacy. Before the interview, participants are provided with a consent form that outlines the study's objectives and their rights as respondents. The interviews are conducted virtually via video conferencing software and recorded with the participant's consent.

To identify retail brands that employ omnichannel strategies and leverage their physical stores to manage customer relationships, a purposive sampling method is employed. The sample size is established based on the point of data saturation, the point at which data collection ceases to yield new insights (Vasileiou, Barnett, Thorpe & Young, 2018). In this case, we conduct four interviews with different retail brands. Participants are selected based on their roles as store and retail managers at companies with prominent omnichannel

evolution and orientation. This ensures their ability to provide thorough insights into the phenomenon under exploration.

To further guarantee the validity and reliability of the data gathered, several measures are taken. Firstly, the research questions and interview questions are assessed for appropriateness and effectiveness by the thesis supervisor. Secondly, the sampling technique is selected carefully to ensure participants possess practical experience in managing customer relationships in physical stores. Thirdly, the same interview questions are used for all participants to ensure consistency and comparability of the data collected. Lastly, the research process is thoroughly documented, encompassing the measures taken to gather, analyse, and interpret the data, to ensure data reliability.

Considering the above data collection and sampling procedures, the semi-structured interview follows the structure of Table 1, while allowing room for any additional insights from the interviewees.

Interview Theme	Interview Questions
Omnichannel Overview	As a retail brand, what are your existing channels? (i.e. online, retail stores, apps, social media,...)
	What is your brand's general customer journey* across existing channels?
Omnichannel Strategy	How do your brands integrate multiple channels (i.e. customer flow and relationships between other channels and physical stores) simultaneously?
	What influence do your omnichannel channels have on each other? (i.e. connections between the channels - how they are constructed and how they appear)
Retailing	What challenges have your brand faced when it comes to managing customer relationships as a retail brand?
	What are the current shopper behaviour and trends in retail store shopping that can influence customer relationships and interaction?
Physical Stores in Omnichannel	Apart from physical contact with customers, are there any other unique advantages that physical stores offer that other channels of your brand can not?

	What is the current creation of physical stores' features (ambience, store image and product display) used to foster customer relationships with your brand?
	What technologies or activities (i.e. events, workshops, personal shopper, customisation...) are considered to be useful (in-store context) from your brand's perspective, when it comes to enhancing customer relationships?
	Keeping the booming e-commerce and digitalized era in mind, what are your brand's current strategies to enhance customer relationships and interaction <i>with</i> physical stores?
	From your experience, what will be the future role of physical stores?
Customer Relationships through Physical Stores	Currently, what have been your strategies in utilising physical stores to enhance customer trust and loyalty to your brand? And what are the challenges?
	What are the features in the physical stores (of your brand) that help to create and increase customer engagement (to your brand)? And what are the challenges?
	Is there anything else you want to add regarding customer relationships, physical stores and omnichannel?

Table 1. Chosen Interview Themes and Interview Questions

Our interview sampling is as per below Table 2.

Interview	Participant	Job Description	Background
Face-to-face online April 16 2023	Head Visual Merchandiser February 2019 - September 2022 Helsinki, Inditex Group, Zara	Manage and create visual display ideas, and floor plans considering the brand's standards and customer demand Analyse weekly in-store sales and take commercial action to achieve KPI goals with customer interaction priority Create store collections based on weekly sales analysis and customer engagement Ensure visual uniformity across multiple stores	Digital Marketing, with seniority level of experience varying from sales, logistics, visual merchandising to the management position of retail fashion brands
Face-to-face online	Department Manager	Lead the flagship Monki store in order to reach KPI goals, maximise profit Create and manage in-store customer experience	Digital Marketing, with seniority level of experience

April 16 2023	September 2022 - present Helsinki, H&M Group, Monki	and relationships Ensure daily store visualisation In-store management (daily activities, training and recruitment)	varying from sales, logistics, visual merchandising to management position of retail fashion brands
Face-to-face online April 21 2023	Business Project Manager November 2019 - present Sweden, ICA Group	Create concepts, events, store communication, and marketing strategies for customers Manage campaigns and developing concepts for brand engagement and store communication Social media coach for stores and oversaw store implementation for various events	Project Leading within Physical Stores, with seniority level, managing physical store marketing team, visual merchandising, business strategies
Face-to-face online May 2 2023	Marketing Manager 2021 - present Sweden, Flattered	Manage marketing such as social media, live shopping, influencer marketing Social media contents creating Manage customer communication through contents, online marketing and virtual shopping experiences	Social Media Marketing, with focus on online channels, contents creating, brand community management

Table 2. Chosen Interviewees and Descriptions

3. Data Analysis and Interpretation Methods

Considering our research scheme is based on an explorative study, it is mentioned that the current research of physical stores with a focus on customer relationships have often a tendency that generality and similarity with the common phenomena are lacking. In order to deliver profound insights and framework on the physical stores' utilisation and CRM, exploring more comprehensive variables is necessary (Sekaran, 2003). Hence, our data analysis has exploratory characteristics in nature, while keeping the limitations of the existing studies in mind.

The data analysis of the leverage of physical stores and customer relationships in omnichannel is drawn from comparisons of the interviews and existing research. As previously mentioned in the research approach section, the data analysis is based on thematic and discourse analysis, since the information on our research questions is mostly gathered from the conversations with the interviewees. By using programs such as MAXQDA, we not

only categorise the interviewee's terminology choices and reactions but also analyse to what extent the same kinds of answers can be articulated (Sekaran, 2003). Through thematic and discourse analysis, the collective and meaningful topics from the interviews are categorised. This categorisation is based on the codings created from the applied interview questionnaire. The main focus is making sense of the commonalities such as repetitive strategies suggested by managers or challenges they are experiencing regarding leveraging physical stores (Braun & Clarke, 2012).

Moreover, the software MAXQDA has the advantage of transcription-oriented qualification analysis. MAXQDA focuses more on comparative analysis between the interviews and contributes to exploring the hierarchical relations between the codings and node attributes (Godau, 2004). On one hand, discourse analysis is elaborated through segmenting different perspectives on physical stores and customer relationships and on the other hand, it provides better pictures of code interrelation to improve understanding of different circumstances influencing customer relationships in different brands.

It is undoubtedly that the tool enhances the efficiency of coding, interpretive comparisons between the interview, categorisation and elaboration of categories (Kuckartz & Kuckartz, 2002). The following Table 3 shows the data analysis steps in detail.

	MAXQDA
Step 1	Transcription of the interviews
Step 2	Interpretation of particular parts of the interview
Step 3	Comparisons between the particular parts of the interview
Step 4	Coding
Step 5	Segmentation of the particular parts and connecting the codes
Step 6	Sampling and interpretation of the segmentations based on the codes
Step 7	Comparative analysis between the codes

Table 3. Data Analysis Procedure through MAXQDA

Interpretation of each interview had five layers: physical store, retailing, customer relationships, omnichannel, and brand, which at the end sets sub-categorisation according to the interview contents. Below codes in Table 4 are utilised to give us a better understanding of the interview contents. The main focuses of these codes are physical stores and customer relationships, while retailing, omnichannel and brand themes give us a unique condition to consider when comparing the interview.

Themes	Codes	Description
Physical Store	Role	PoS, providing continuous customer experience, complementary touchpoint, value creation, promoting relationship marketing
	Feature	In-store ambience, in-store design & decoration, product display, technologies (i.e. self-scanning, digital displays)
Retailing	Direct communication	Direct access and communication between customers and brands
	End customer	Retailing reaches out to the end consumers
	Transformation	Digitalisation and virtual retailing due to technological development
Customer Relationships	Engagement	The ongoing cultivation of a relationship between the company and consumer that goes far beyond the transaction
	Trust	The faith customer has in a company
	Loyalty	Customers' willingness to engage with and repeatedly purchase from the brand versus the brand's competitors
	Commitment	Customer's willingness to invest time, effort, resources, and energy to remain dedicated to brands
	Retention	Company's ability to retain existing customers and encourage them to continue purchasing its products or services
Omnichannel	Touchpoints	Different touchpoints where customers meet the brand through their journey
	Channel integration	Operational and practical seamlessness among multiple channels

	Customer journey	The stages customers go through when interacting with a company
Brand	Value	Brand awareness perceived quality and image; value premium that is derived from the degree of brand recognition (e.g. brand image, brand reputation)
	Capacity	Operational and financial capacity required from a brand to perform a certain strategy

Table 4. Coding Design Used in MAXQDA

4. Ethical Considerations and Limitations of the Methodology

Research ethics entail the rights between the research conductor and participants that are expected to be protected while research strategies and processes are built. Research ethics are often functioning as guides to researchers especially when the research procedure is heavily based on the qualitative approach. In terms of qualitative research data collection methods such as interviews, it is required to obtain consensus from participants, protect the participants' confidentiality and anonymity, and provide the rights to withdraw (Rana, Dilshad & Ahsan, 2021).

Considering the current research is using interviews as a main data collection method, the sampling of the interviewees can be considered as the limitation. Since sampling of the interviewees can change the result and content of the study, selecting a wide range of participants is significant to provide insightful data, while clearly setting the boundaries to enhance the generality and commonality. At the same time, the quality and the frame of interview questions might form responses from the interviews in a certain way.

Furthermore, due to the nature of the current study delivering the strategic perspectives of physical stores to leverage CRM, there is a risk of dual use. Although dual use is a term that has often been used in diplomacy and politics, it even refers to the situation where the research is used for both positive and negative purposes (European Commission, 2013). The result of the current study might be exploited to manipulate customer behaviours or foment highly aggressive market competition.

IV. Data Analysis

1. Presentation and Interpretation of the Results

To gather data pertinent to the primary research inquiries, three specific questions have been formulated for data presentation. These questions were selected with consideration given to the primary tasks performed by brand and store managers who utilize physical stores while taking into account the study's objectives and the prevailing issues in current research. Within the confines of these three focused questions, we delve into the actions employed by contemporary retail brand and store managers to harness physical stores for customer relationship management within an omnichannel context, as well as the approaches they employ to address the challenges associated with CRM in physical store environments.

1.1. According to Brand and Store Managers, What Is the Role of Physical Stores in Relation to Customer Relationships?

1.1.1. Monki

The interviewee recognizes and emphasises the ongoing significance of Monki's physical stores in facilitating in-person shopping experiences and fostering a social environment. She believes that the role of physical stores will continue to be of paramount importance and does not expect it to undergo substantial changes, even in light of the increasing prominence of online shopping within the brand.

A physical store is a place for a customer to go and have like a face-to-face experience or like get help from just the staff there. The role of the physical store won't reduce or it won't change much. (Interview, 16 April 2023)

According to her, the integration between Monki's brick-and-mortar stores and its online webshop remains incomplete, resulting in a fragmented customer journey and relationship with the brand. The customer's choice of touchpoints, namely the online webshop or in-store shopping, significantly impacts the brand's overall experience, as these are the sole retail channels currently offered by Monki.

Of course, there's the online website, and then there's like, the physical stores. Like I think, like, compared to other brands like Zara is that the physical store is not really connected with the website...I would say that since the website and physical store are so separate, it's not really like connected fully. So because a customer journey depends so much on when a customer chooses to go with an online order or physical store. (Interview, 16 April 2023)

Despite the inherent limitations in the inability to return products to Monki's physical stores, which is considered a common inconvenience in contemporary retailing, she and her in-store team endeavour to offer a shopping experience that extends beyond mere points of sale (PoS). In addition to the obvious advantages of direct interaction with products, such as visual examination, tactile engagement, and the ability to try on garments, they aim to make physical stores as spaces where customers can browse merchandise, engage in face-to-face interactions with store staff, and receive personalised assistance. It should be noted, however, that while they can not merely focus on the in-store quality of service, she and her team still try trying to offer specialised and personalised expertise. Given Monki's expertise in denim, the brand provides a diverse range of size charts and silhouettes for their jeans. That's why they take pride in their in-store assistance of knowledgeable staff members during customer in-store visits to better help them understand the size range.

It's still quite inconvenient for a customer of Monki as a brand. They (customers) don't return (product) to the physical store...Because I know that at least in our capital region, then not always when you go to a clothing store, you will 100% get a nice, bubbly, feel-good customer experience. When someone approaches and then asks okay, hey, I'm going to this event and I'm looking for these kinds of clothes. And then of course once staff is gonna accompany that person to look for those kinds of clothes. But I wouldn't say that they will invest too much time in a real personal shopping experience. (Interview, 16 April 2023)

Monki doesn't have to be like the same size system at all there are other brands normally we have 32 or 34 EU size, but in Monki the size runs a bit different. So it's starting from 24 or 25. And also there's like several different fits so of course, if you're not like, I don't know like denim or shopping expert then you would you cannot like to know for sure what style and what fits absolutely suits you. So, it

matters a lot when it comes to customer service for this kind of thing in a physical store, so our sales assistant is there to help. (Interview, 16 April 2023)

As a visual merchandiser, the interviews also highlight the centrality of interaction in shaping Monki's store philosophy and customer relations. The physical store is perceived as a pivotal space where customers are not only engaged in shopping activities but are also encouraged to congregate, unwind, and socialise. With this in mind, she wants to create and design an in-store environment that extends beyond the transactional aspects of shopping underscoring Monki's vision of fostering meaningful connections and facilitating enjoyable experiences for customers. For instance, the interviewee designs the fitting room of Monki in the form of a lounge for customers to hang around.

Many customers actually in the winter just come and browse but not buying anything but mostly just looking for some interaction or some nice chat or something like that in the physical stores... The purpose or Monki's mindset is to create a physical space where customers can also hang out there...For example, I know that in the fitting room, it just not work only as the fitting room but also opened up to these couch lounging areas where you can just like chilling with your friends while they're trying out clothes. (Interview, 16 April 2023)

At quick glance, the store manager designs Monki's physical store with the roles of providing a face-to-face shopping experience, assisting customers with trying on clothes, offering interactive and social spaces, and utilising visual merchandising to create an attractive and enjoyable environment. Despite the separation between online and physical channels, she believes the physical store remains relevant and valuable in Monki's brand strategy.

1.1.2. Zara

According to Zara's store manager, several roles of physical stores can be identified. At first glance, physical stores serve as touchpoints where customers can see products they desire, make purchases in-store, and return items. The store manager also aims to provide a bridge between online and offline channels, allowing customers to explore products seen on social media, check availability in physical stores, and make informed purchase decisions.

Of course, within physical stores, we already know customers see something they find they want something that they buy in-store and then they return in-store as well. But then, for example, if a customer sees something from an Instagram guy from social media ...it will straight up lead you to where you can purchase that product or if you don't like to purchase it right away then you have the function of looking for it in a physical store where you can see where which store is available and then you can go try out that these have closed in store and if you like it okay, you buy it in store, but if they don't have it in cal store then you have to order it online and then you pick it up in either like physical store or you can just choose to deliver it to your home. But if you pick it up in the store then it's free. (Interview, 16 April 2023)

Furthermore, physical stores act as bridging channels to ensure consistency with online promotions and offers, creating a seamless customer experience. The store manager (interviewee) needs to make sure deals and discounts available on the online platform are implemented simultaneously in physical stores, providing convenience and ease of navigation for customers. However, due to Zara's popularity, it can attract a significant influx of customers to its physical stores. The high volume of visitors poses as her main challenge as she needs to arrange staff in visual merchandising and customer service in order to necessitate prompt action to maintain order and ensure a positive shopping experience in-store.

For example, if a deal is going on in an online store, it's also implemented immediately at the same time in a physical store. Yeah, it's just really consistent and it's easy for the customer to follow as well...It's such a big, popular brand. So like, there's this huge amount of customers every day to store to this store...It gets hectic in the store a lot... if the visual merchandiser doesn't take action right away, then it just got to be a mess in the store. (Interview, 16 April 2023)

On the same note, Zara's physical stores are known for their wide range of products, offering customers a diverse selection of clothing items at affordable prices. The brand prides itself on staying ahead of trends, drawing inspiration from high fashion brands and adapting them into more accessible and reasonably priced pieces. And this is considered the key role of the

advantage of their physical stores. And this helps their physical stores act as unique marketing material without actual investment in marketing. In her daily task, the interviewee needs to approve the arrangement and presentation of products through visual merchandising in-store then help to elevate the physical shopping environment. She makes sure that in-store products are displayed in the context of the intended collection, alongside colour palettes and store decorations, and inspires and guides customers in styling and outfit coordination.

They have all sorts of products... they are so ahead of the trends... forecasting the trends from runways... making it their own product with reasonable price... You don't get the idea of how to style it if you see it alone... if you see it in a context in a collection and with a colour palette... you will get inspired... Zara is the kind of brand that needs to promote itself through activities or even marketing campaigns because you never see a Zara advertisement or billboard anywhere because now they don't do that... They don't put money into marketing. ... they have fans already. They don't have to attract. (Interview, 16 April 2023)

In relation to customer relationships, Zara's store manager emphasises that the teams' expertise, motivation, and training are vital to maintaining the store's image and providing satisfactory customer service. Improvements in these areas are seen as crucial for enhancing the overall customer relationship and countering negative perceptions or word-of-mouth feedback. While acknowledging the importance of technology, the store manager recognizes the continued relevance of human presence and assistance in physical stores during the transition period. Human interaction is seen as necessary to provide a personalised and engaging customer experience.

If the shopfloor team is well trained and motivated... it would do the company so much better... it will elevate the brand so much more for physical stores... At least in the transition... humans are still needed of course. (Interview, 16 April 2023)

Overall, the Zara store manager uses physical stores as a multifaceted role in Zara's retail strategy. She focuses on facilitating seamless omnichannel experiences, embodying trendsetting fashion, offering a wide product range, inspiring customers through visual merchandising, and maintaining the brand's image through customer service and store team engagement.

1.1.3. ICA

One of the main phenomena of physical stores roles that ICA's project manager said was that ICA managers design physical stores for the customers who need an urgent purchase through unmanned ICA stores (e.g. ICA to go). They provide customers with a tool for acquiring necessary consumer goods quickly when the online or the other channels within the omnichannel context cannot provide an immediate, quick, and flexible supply of the products (i.e. late at night, after the stores' normal opening hours), In the interview, the ICA's project manager mentioned the following.

There is an ICA to go. The unmanned and optimised stores. Let's say if you live in the countryside and if it takes 10 miles to a big ICA Maxi, then there are small stores like 2 miles from you. In these unstaffed stores, they provide small consumer goods that you can buy. These unstaffed stores can be one thing that allows people to live in the countryside. (Interview, 21 April 2023)

Moreover, according to the interview data, the ICA project manager builds campaigns and promotions that are only provided in ICA's physical stores. It appears that ICA brand managers encourage each store manager to maintain social media, online websites, and web shopping as their multiple touchpoints, however, they provide special discounts or weekday & weekend deals that only apply within physical stores but are announced in both social media and stores. Therefore, they make customers check this information online and come to physical stores to take advantage of the offers.

ICA's project manager also forms physical stores as places where customer data is collected. According to ICA's project manager, when customers are using the self-scanning service provided in the physical stores, ICA collects information on customer purchase tendency, frequency, the sort of products purchased, and their interest.

We can see how much and how often customers buy things and we can give them offerings of things like that. Oh, so we are very very close to the customers in that way. And in a store, you have to have self-scanning. So when you are self-scanning you must give information about who you are, with the pin card and or with a digital ID. (Interview, 21 April 2023)

Lastly, the ICA project manager creates physical stores as an environment where the customers using ICA can gather and hang out. Especially the customers who normally do not have any personal contact with people who come to the stores to talk and engage with people while enjoying the ambience, music and ongoing events. ICA managers are transforming physical stores into a community and place where interaction between staff and customers happens.

In small stores, it's very important. The store is the main, it's more important than the church. You meet people there, you talk to people. Psychological health-wise, maybe the only people you talk to in a week can be the cashier or things like that. (Interview, 21 April 2023)

Likewise, according to the interview data, ICA's project managers leverage their physical stores' roles majorly in purchase flexibility and promptness, specialised campaigns, customer data collection hubs, and providing a space for the customer community.

1.1.4. Flattered

Flattered used to have physical stores previously, however, in order to focus on the online channels and brands, they decided to have their physical products in a Swedish retail store Åhlens. Hence, the roles of the physical stores that Flattered's marketing manager described were based on their previous experience, pop-up stores, and the current Åhlens stores.

Firstly, the manager was utilising the physical store as the place where customers could try, see, and inspect the products deeply. Considering the nature of the product as shoes, Flattered's marketing manager described the physical store's main function as below.

We're kind of like a shoe brand. I do believe most of the customers wanted to try the shoes before they bought them. So we've kind of opened once most of our audience I mean, at least some customers when they see some shoes and they and they and they don't want to return or they get it and they can at least try the shoes. (Interview, 2 May 2023)

Also, they observed that many customers who do not prefer purchasing or browsing shoes in online channels tend to visit the physical store.

I mean, some older people couldn't just go online and buy a shoe so bad for our brand because we only target those customers who are willing to buy some fashion design shoes online. (Interview, 2 May 2023)

At the same time, the Flattered managers designed pop-up stores as the hub of customer communication where customers and staff can have talks, share insights, and mingle. This means that the pop-up stores were built to provide unique customer experiences with their museum-like fancy ambience, rather than giving the customers a point of sale. The marketing manager demonstrated as follows.

We put our pop-up store in a very rich man area and stocked on what I caught Östermalm heard during our memoria beside a really fancy golden guard Garden Park. We had around 60 square metres of our pop up and our designer tried to design it more like a museum. We've met a lot of customers in person. And it was really really nice. And actually, we had a chance to talk to the customers and they just gave us a lot of insight about how they think our brand and also they think okay, some of the issues of quality are really really bad and they actually provided some design suggestions to us. (Interview, 2 May 2023)

Not only the interaction with the customers but also, the managers experienced that pop-up stores were the places where the customer's image was matched with the online data they had. Flattered analysed target customer data through Google and Metadata, however, it did not provide them the actual opportunities to align with the customers in real-life occasions. The manager described that this gap was filled in the pop-up stores, while they were meeting the actual customers in real life.

Likewise, Flattered managers constructed physical stores as a place where customers can experience products, and brand value, and meet the brand staff physically to build a proper brand image.

1.1.5. Rationale of Similarities and Differences

In terms of the physical store's roles, these four managers share some similarities in describing the physical stores' role in relation to customer relationships. Firstly, the managers designed their physical stores to function as a direct customer touchpoint for all brands, while providing a place where customers interact with each other and with staff. From this perspective, physical stores are utilised by managers as a space for socialisation and enjoying engaging shopping experiences.

This commonality reflects the fact that the managers provide occasions for better engagement (Zhang & Nelin, 2021) for value creation through physical stores, still pitched to some of the traditional retailing features such as direct contact and psychological bonding (Sheth & Parvatiyar, 1995) as its core roles.

On the other hand, some specific physical stores' roles that were described by different brand managers differed from each other due to the nature of their industry. Firstly, Zara and Flattered's managers share that they made physical stores entail more characteristics as a showroom compared to others, due to the brand maturity, capacity and value. Secondly, ICA's manager believes her brand has distinctive physical store roles, which they utilise as a customer data collection hub and the place where the brand provides more accessibility and flexibility when it comes to the shopping experience.

These differences show the double-sided aspects of physical stores strategies used by the managers; a traditional place where merchandise is sold and customers get a chance to inspect the products (Zhang et al., 2022), and on the contrary, a part of omnichannel touchpoints where customer relationships are made through contact with their personal data (Jaucot, et al., 2018) to be linked to the other touchpoints within omnichannel. Also, customer relationships can be fostered more efficiently by collecting customer data more comprehensively (Teller, Kotzab & Grant, 2006).

Furthermore, depending on the pursued brand value, the way the brand managers are displaying and designing their stores and how they generate customer relationships varied. It explains the theory that the physical stores where engagement between customers and brands

are occurring provide multiple features (Gallino & Moreno, 2019) in-store to deliver the brand image strategically.

1.2. What Are the Functions of Physical Stores that Brand and Store Managers Are Implementing? (e.g. Activities, Features, Promotions, etc)

1.2.1 Monki

According to the interviewee, Monki's physical stores adhere to traditional practices in their operations and strategies, similar to other retail fashion brands. Visual merchandising plays a pivotal role in these stores by attracting customers through captivating window displays and maintaining an appealing store environment. With that in mind, she monitors regular changes in window setups and ensures the visibility of specific products. Notably, Monki's store manager places a strong emphasis on inclusion and diversity within its physical stores. For instance, she designs the fitting rooms in new stores that feature doors shaped like female genitalia, serving as a reflection of the brand's values and promoting body positivity and inclusivity. So as a visual merchandiser in-store, she is also in charge of aligning the ambience and store designs to match with this vision.

It's still quite traditional... when it comes to a physical store... Visual merchandising aspects... Windows setting is always like every two weeks... making sure that it is visible to the customer... you need to look good, you need to look fresh, and it needs to have the product on point and on-trend. So then the customer can relate to... It reflects also in the physical store features... for example, in the fitting room of new stores, they will have a door that has the shape of a female genitalia. (Interview, 16 April 2023)

Furthermore, Monki's manager strives to create a fun and customizable store environment by incorporating playful lighting and flexible wall systems. As a result, the interviewee organizes the lighting and furniture in her store to align with the brand's lively aesthetic. As the wall system allows for adaptability and creativity, she can tailor store layouts to suit customer preferences. These elements contribute to nurturing customer relationships and enhancing the overall shopping experience. Although personalised shopping experiences may not receive extensive investment from staff, she and her team are readily available to assist

customers in finding specific items or provide style consultations. Customer service and face-to-face interaction are essential activities that Monki's physical stores offer to strengthen their rapport with customers according to her.

Even the lighting has to be because Monki is a fun brand... just like the wall system is like, easy, or for the visual merchandiser to work with. And be flexible with be creative just so that in each store...we can easily foster a relationship with them (customers). (Interview, 16 April 2023)

When someone approaches and then asks okay, hey, I'm going to this event and I'm looking for these kinds of clothes. And then of course once staff is gonna accompany that person to look for those kinds of clothes....I wouldn't say that they will invest too much time in a real personal shopping experience like in a higher brand, you know, but we do offer, customer service. (Interview, 16 April 2023)

Another notable feature of Monki's physical stores is the availability of ongoing deals, such as offering a 10% discount to customers who sign up for newsletters. Additional discounts and promotions are also present, including incentives for customers to capture photos and utilise specific hashtags. Moreover, Monki's brand managers actively encourage customers to interact with physical stores by utilising hashtags to connect with customers and promote engagement. This creates integration between their physical stores and online shops, aiming to provide a seamless customer experience.

Monki's manager also incorporates technology in their physical stores, including a function that enables staff to check the availability of products in other stores. By leveraging this technological integration, the interviewee and her team can enhance their customer relationship with physical stores and offers convenience. However, customers are not provided with the ability to search for product availability in specific locations, which in her opinion may pose challenges in finding desired items easily.

We always have these discounts going on... if you take a photo and make like hashtag Monki girls, then you will get like 20% off....So we always have like these

discounts going on...Our Instagram account does push for interaction with physical stores... we have this hashtag. (Interview, 16 April 2023)

Search Availability in store. So then a customer can see, okay, this product is available in this kind of location, like in this store, and then nice easy for them to look for it as well. But Monki doesn't have that function at all...Monki has this technology between physical stores... the customer can go to the other store and pick it up...that kind of like also enhances the customer relationship with physical stores. (Interview, 16 April 2023)

1.2.2 Zara

According to the Zara store manager, a range of features, technologies, practices, and activities are being used in Zara's physical stores. These initiatives aim to enhance the customer experience and strengthen the brand's relationship with its clientele.

The integration of technology and automation within the stores is one notable aspect that the interviewee and her team find very convenient. Customers are provided with convenient options such as booking fitting rooms through the app, thereby minimising waiting times and improving overall convenience. Additionally, the app allows customers to reserve items and collect them later the same day from the store.

Some Zara stores also feature self-checkout systems, enabling customers to complete their purchases without the need for cashier assistance. This emphasis on technology integration is perceived by the store manager as a means of compensating for the brand's limited customer service, while simultaneously enhancing customer engagement and satisfaction.

Zara is so good, and so ahead, compared to other brands when it comes to technology, so when I used to work there, I'm so amazed that all the functions and features that they have, even for a physical store. (Interview, 16 April 2023)

You go to a physical store you have to get in line to get to the fitting room because well everyone goes to Zara to shop but you don't, of course, we don't want to wait

in line so now you can book a fitting room via the app... they did develop just to enhance that customer journey in the store. (Interview, 16 April 2023)

... click-and-collect function that's happened already. If you justify an item on the app, and then you see it available in stores and you can just kind of like click like on the right side and you will be able to pick it up later that day. In the same store and that's quite convenient because you don't have to wait then again with the waiting time and then I know that in what is it like some really advanced modern store, we now have like the auto self check out, which you don't even need to have like a cashier there. But you can already just do it yourself.... create a smooth process if the customer doesn't have to, or doesn't want to get human interaction. (Interview, 16 April 2023)

... online pickup service, where you order your online products, and then you pick them up, but, in the future, I think it's going to be even more towards automation. (Interview, 16 April 2023)

... the strategy is to cooperate with technology inside a physical store to make it like a wholesome omnichannel shopping experience. Because it involves all features or all aspects of the Omni channel and Customer Journey. Not only physical stores but also, the app and social media as well. (Interview, 16 April 2023)

Visual merchandising holds significant importance in Zara's physical stores. The store manager makes frequent adjustments to store displays and pays constant attention to product visibility, all in an effort to maintain an appealing and enticing store environment.

Furthermore, she ensures products are thoughtfully showcased within the context of collections, enabling customers to visualise different styling possibilities and draw inspiration from the overall presentation. To ensure a positive shopping experience, she also diligently maintains the store's appearance, as the coherence of the collection and the arrangement of products play a vital role in creating an engaging and aesthetically pleasing environment.

... it almost happened every two days or even has to take place daily. Like we have to react kind of on the spot if something happened. Like if a product run out so fast. And then there's only one piece hanging there. You need to act fast. You need to find some other product to put there or just mix something else there. So you have to take immediate action because one empty spot is like money thrown out the window. So I guess, visual merchandising in Zara is a main factor as well. (Interview, 16 April 2023)

... customers can see or feel the vibe of a product when it is brought into the context of a collection. For example, if you just see one product as it is, you don't get the idea of how to start it or you don't get inspired much from it, if you see it alone, if you see it in a context in like a collection and with colour palette, with all these vibes going on, in the store, then you will get inspired, and then you will get the idea of how to style it. So again, with the visual merchandising aspect, it contributes a lot to a physical store. (Interview, 16 April 2023)

...if you look at the in-store decoration and colour palette, it is really inspiring if you put it into context. (Interview, 16 April 2023)

It takes work as well for the store team to maintain the collection, or like the shop floor. And if that doesn't happen, it makes the store look so bad in like bad shape and stop becoming inspiring. Things just become really confusing and the customer just wants to exit. (Interview, 16 April 2023)

1.2.3. ICA

In ICA, the content created by the managers in physical stores is ongoing from a different direction. Firstly, they created an occasion called *Musikfesten* where all the customers can dance and engage with the staff. They invited customers to sing a song in ICA's contest and all the content created by both staff and customers can be linked back to the other channels of ICA in an omnichannel context. However, not only the interaction between the store and the customers but also special discounts on the products related to music festivals are offered. They provided customers opportunities to compete to win a free product from the ICA store that is related to the Musikfesten event.

In addition to the store event, ICA's brand managers allocate the products in a well-thought order to create customer engagement in a way ICA wants. Below is an example provided by the ICA's project manager.

When you come into the store, you have what we call plånbok öppnare (wallet opener). It makes you want to buy more in the store. And in the area of sort of checkout, you have a plånbok stängare (wallet closer). Things like that. Why do you think the candy is the last in the store? It is always because it's um (sceptical) and you buy it the last. But flower, you always put it first (in the store) because the customers become happy. (Interview, 21 April 2023)

Additionally, the brand managers are placing the products in different heights, positions, and layouts in the stores to encourage engagement between the customers and the physical stores' structure. This entails that they intend to convince the customers to engage with all types of marketing (e.g. products, signs, graphic designs in stores, etc) within physical stores while using their mobile or self-scanners.

If you're using the mobile in the store, you can integrate and see things. You can buy more than you think, let's say, I think it's because you stay longer and you put your mobile down and click then look up and down, up and down - you see? (Interview, 21 April 2023)

Besides, the managers designed loyalty systems related to the physical stores' features (e.g. integrated displays and customer ID cards and self-scanners) to increase customer trust and commitment to the brands. For instance, ICA has its own loyalty program where they call their customers "Stammis" and once the customers choose to visit physical stores, they get different types of offers and discounts (e.g. quantity discount, discounts only applied to Stammis). ICA stores are decorated to draw attention from the customers Stammis, with their campaign signs, and special design icons for Stammis to deliver the message from the stores that they offer loyalty programs.

Lastly, they design the ambience to impact the customers' mood which is meant to generate positive customer experiences in the stores. It forms the whole image of the ICA brand in

order to increase customer trust and loyalty to the brand, based on the brand perception customers receive in the physical stores.

We have decorations. And you have the whole experience when you go into the store. We have a new ICA sound we have in some stores. So how do we use it? It is coordinated to be right for the whole day, tempo and things like that. So we have almost 100 stores that have that sound system. It's not too loud that you notice it. It's musical if you have research to be pleasant for your ears. And that is why it's more uptempo in the afternoon and it varies depending on the season. (Interview, 21 April 2023)

To summarise, the brand managers' main focus in the physical stores appears to be content creation that generates customer engagement, store displays and design, loyalty system, and store ambience.

1.2.4. Flattered

One of the main things that brand managers did in their physical stores designed the stores as per the pursued brand image and choosing the right location of the stores. For instance, Flattered designers placed luxury furniture, flowers, and minimalistic interiors in their pop-up stores to deliver brand value to the customers. In addition, considering their target customers, they built their pop-up stores in the rich-man area of Stockholm (e.g. Östermalm).

Furthermore, they placed only a few shoe samples in the stores in order to provide brand value to the customers. Rather than focusing on the variety and the number of shoes, they chose to have ample space where customers can mingle, experience the brand, and feel the luxuriousness.

We placed a few products in a big place and it's just meant to give the customer a really premium style from the brand. For example, we tend to place only 20 shoes. (Interview, 2 May 2023)

As a part of providing experiences, Flattered placed free luxury coffee capsules to give customers time and ambience to enjoy the brand at its full capacity.

Customers just wanted to try some shoes and sat on a sofa. We had a really nice espresso coffee machine. I think I made like 100 Espresso every day. Why? Because sometimes you don't really want to push them to buy something but you want to give them a whole brand experience. We are kind of like a premium shoes brand and this was the way to show what you can get for free from our shop. Interview, 2 May 2023)

Eventually, the managers provide activities and promotions in the stores to enhance a customer experience where the customers can engage and build trust in the brand.

1.2.5. Rationale of Similarities and Differences

In regard to the physical stores' features, all the brand managers count on the visual aspect of the physical stores. From visual merchandising to interior, furniture and product display, the brands were managing the physical stores in order to deliver the message from the brand through visualisation. Furthermore, they leverage integrated technology into their physical stores to increase customer convenience and efficiency. As previously reviewed, the flexibility and convenience generated by technologies in physical stores enhance customer relationships (Grewal et al., 2019). While providing a pleasant ambience and integrated technology to the customers, the interviewees are also organising continuously ongoing deals in physical stores to attract customers.

The subtle difference when it comes to the physical store's features is the degree to which each function and feature is integrated into the physical stores. For instance, Monki managers provide a relatively lower density of integrated technology in physical stores compared to ZARA, which makes Monki focus more on direct customer service in the stores, while ZARA remains focused on automated customer service. Lastly, only ICA managers are providing the connection between store function and loyalty program, for instance, the available services can be limited if the customers do not join their loyalty program. By differentiating the accessible in-store service between loyal and non-loyal customers, the brand managers are motivating customers to join their community (Guenzi et al., 2009).

1.3. What Are the Challenges that Brand and Store Managers Are Experiencing within Their Physical Stores in Relation to Customer Relationships?

1.3.1 Monki

Based on the sharing of Monki's lead visual merchandiser, some challenges that the brand has in its physical stores in relation to customer relationships can be highlighted below.

Firstly, consistent employee performance and customer service is the main concern of the interviewee. If a team member is having a bad day and not performing well, it can negatively affect customer service and the overall relationship with customers. Inconsistent service may result in a poor customer experience and relationship.

if someone on the team is having a bad day and then she didn't perform well. So that affects our customer service, the customer journey or in general our relationship with the customer. (Interview, 16 April 2023)

Besides, due to a lack of consistency between physical stores and online stores, the interviewee faces challenges in connecting her physical stores with Monki's website. Promotions and deals available online may differ from what is offered in physical stores. This inconsistency can lead to confusion and dissatisfaction among customers, impacting their overall experience in-store.

On the same note, price changes within the physical stores can also be a trigger for customers. If the price of a product increases without an apparent increase in quality, customers may question the brand's pricing strategy and the value they are receiving.

...the (Monki) physical store is not really connected to the website. Because for example, there might be some news going on, like some promotional product going on in an online store. But in a real physical store, it could be a totally different deal. So they take advantage of the traffic and customer behaviour in each channel. So they say and then they kind of customise the deal based on that. So it's not really consistent. (Interview, 16 April 2023)

customer does purchase from the webshop. And they don't find it like good enough and they want to return, they don't return to the physical store, they have to return that to the online warehouse, like, you know, like, just by mail, like the same way it comes. So to say that it's just like two separate processes for a customer. (Interview, 16 April 2023)

will also trigger the customer. For example for certain the product if the price level used to be this. But not the price is higher with the same quality. The customer will question why the quality doesn't even increase. (Interview, 16 April 2023)

The customer journey with Monki is heavily dependent on whether they choose to shop online or visit a physical store. This can be inconvenient for customers who want to try on items before purchasing. Additionally, some products may only be available online or in physical stores, creating a challenge for both the store team and customers trying to find specific items.

As a consequence, when customers make a purchase from the webshop and want to return it, they have to go through a separate process by mailing it back to the online warehouse. This separation of processes between physical stores and online returns can be cumbersome for customers. Monki's manager thus suggests that the brand can invest more in in-store technology to better foster customer relationships and streamline processes.

a customer journey depends so much on when a customer chooses to go with an online order or physical store. It's still quite inconvenient for a customer of Monki as a brand. For example, they see something online and they want to look for it in a physical store just to try it on because it's faster and then they don't have to like order and then return if it doesn't fit. So, like some products, we have an online website, but we don't have a physical store. So that makes it really, like difficult and inconvenient for the customer. (Interview, 16 April 2023)

if a customer sees a deal going on in the webshop, and they want to go to the physical store to try on clothes, then they still have to take the risk of like, do we

even have the product? Or do we even have the same views? (Interview, 16 April 2023)

I don't think Monki or the H&M group, in general, are strong in technology. This is brutal honesty, but I mean, I work in both brands so now I have my comparison. So technologies in physical stores, at least. (Interview, 16 April 2023)

In short, the interviewee notices that Monki can improve its customer relationships in physical stores, by investing in employee performance, pricing consistency, integration of online and offline experiences, convenience in the customer journey, returns process, and technology implementation.

1.3.2 Zara

At Zara, physical stores serve not only as a marketing tool but also as a means of fostering positive customer relationships and enhancing the brand's overall reputation. As a result, the manager finds it challenging to navigate the brand's relationships with customers due to its widespread popularity and enormous fan base. The brand has a reputation for bad service by word-of-mouth effect among their clientele. As a consequence, this has damaged their reputation and affected initial customer perception severely.

If a customer encounters a busy store with delayed assistance from staff or simply messy clothing arrangements in-store, the interviewee believes they can easily dislike and perceive a bad perception of the brand due to its existing online criticism. In light of these negative customer perceptions of service and occasional overcrowding leading to chaotic shop floor layouts, the store manager focuses on the importance of maintaining the collection's coherence and ensuring a visually appealing store presentation. By doing so, she believes the brand can provide customers with an inspiring and enjoyable shopping experience. This approach, in her opinion, can encourage the customer to enter and foster a relationship with the brand.

... so many reels and videos about how Customer Service at Zara can be (in a negative way). (Interview, 16 April 2023)

... they're (customers) making fun of some products that they don't get (to understand) for example there used to be this kind of like arm warmer like the sleeve where you can wear and... if some certain product doesn't really speak to like a common customer then it can also be like a thing in social media already. And then one more negative thing is that if the customer...randomly sees something from Instagram and then she bought that but then she's not happy with it and she returned it to the physical store or even to the online warehouse. Then again, it creates this kind of carbon footprint like a negative carbon footprint because you're just kind of like all these delivery time and it takes resources and also input more workload for the retail team in store. So yeah, that's quite not really sustainable that way. (Interview, 16 April 2023)

...the mockings behind our customer service... it is a big turn-off for the customer. And when they enter the store immediately they already kind of manifest this negative feeling already from themselves. Like no one ever no one even did anything do anything yet and they still kind of already have like a bad feeling just because of all the bad feedback and stories that they heard. Like the bad word of mouth. I would say if those can improve that of course it will kind of like elevate the brand so much more for physical stores at least. (Interview, 16 April 2023)

1.3.3. ICA

Being one of the most progressive and leading brands in the Swedish grocery retail industry, ICA does not seem to have many outstanding challenges but the current challenges they have been experiencing are related to technological issues. The main problem ICA managers experience is that they could not implement mobile scanning features in physical stores due to the lack of wireless internet connection within the physical stores.

1.3.4. Flattered

As Flattered has its physical stores in the past, the challenges addressed were based on what they experienced previously. One of the outstanding challenges that managers are experiencing within physical stores to foster customer relationships was the budget constraint. The managing of physical stores permanently required far more financing and

Flattered managers deemed online channel marketing and online CRM to be more cost-efficient than maintaining physical stores.

For some online brands like us, which rely much on E-commerce, I will say that physical stores are not necessary because they cost too much. If you're holding another luxury product, I mean, they have something really, really luxurious at the physical store. We may totally give you champagne and very exclusive offline personal shopping. But this is not for most of the brands. It's not mainstream to do that because it's just too expensive for marketing. (Interview, 2 May 2023)

In consideration of their industry, the manager mentioned that pursuing the same quality of brand value and brand experiences in permanent physical stores are not corresponding to their strategy and CRM.

1.3.5. Rationale of Similarities and Differences

Throughout the interviews, similarities in the challenges faced by brand managers in their physical stores regarding customer relationships can be considered as inconsistency in service and technology implementation. On the contrary, there are also notable differences specific to each brand such as reputation and overcrowding for Zara, convenience in the customer journey for Monki, returns process and budget constraints for Flattered.

Indeed, both Monki and Zara managers face challenges related to maintaining consistent employee performance and customer service in their physical stores which is a huge setback for customers to enter a relationship with the brands. Inconsistent service can negatively impact the customer experience and the overall relationship with customers (Berndt & Brink, 2004; Kumar & Reinartz, 2006, Frow & Payne, 2009).

Besides, Monki's interviewee suggests investing in in-store technology to improve customer relationships, while ICA's manager faces challenges related to technological issues, such as the lack of wireless internet connection for implementing mobile scanning features in their physical stores. Both interviewees recognize the importance of technology in enhancing the customer experience and streamlining in-store processes. These findings align with existing

researchers about the impact of technology implications within physical stores such as technological advancement in purchasing in-store process (Pantano and Viassone, 2015), self-service technology (Fuentes, Bäckström & Svingstedt, 2016), movement tracking (Mathmann, Chylinski, Higgins & De Ruyter, 2017) and in-store experience improvement (Fuentes et al., 2016)

When it comes to the differences in their in-store challenges regarding customer relationships, Zara's manager faces challenges related to brand reputation and overcrowding in physical stores. Negative word-of-mouth effects have damaged the brand's reputation, impacting customer perception and relationships (Bach & Kim, 2012; Lin & Lu, 2010; Wilson, Giebelhausen & Brady, 2017). Additionally, busy stores and delayed assistance can lead to a negative customer experience. In contrast, the other brand's interviewees do not mention reputation or overcrowding as significant challenges.

Monki's visual merchandiser, on the other hand, highlights the challenge of customers having to choose between shopping online or visiting a physical store. This can be inconvenient for customers who prefer trying on items before purchasing. In comparison, the other brands do not specifically address this challenge.

Furthermore, she mentions the challenge of separate processes for returns between physical stores and online, which can be cumbersome for customers. Integration between physical shopping and online channels within an omnichannel strategy has thus once again proven to be the key success factor of retailing of today (Binder, 2013; Wu & Chang, 2016; Savastano, Bellini, D'Ascenzo & De Marco, 2019) to better build customer relationships and engagement. On the other hand, Flattered's marketing manager discusses budget constraints as a challenge in maintaining physical stores, leading them to focus more on online channel marketing and CRM. These challenges are not mentioned by the others.

V. Theoretical Suggestions

1. Theoretical Assumptions of the Study

Considering the significant interconnection between relationship marketing and CRM within physical stores, the current study showed the process of the leverage of physical stores' role

and features based on the retail brands' value and capacity. Each retail industry entails different brand values (e.g. brand image and reputation) and brand capacity (e.g. financial and operational capacity) and they remarkably affect how brand managers are utilising their physical stores in an omnichannel context. Keeping in mind that a CRM and a relationship marketing principle model (Sheth & Parvatiyar, 1995) admit that mutual interactions (e.g. mutual interdependence and cooperation between the brands and customers) are the key variables in relationship marketing that affect customer relationships, Figure 6 contributes to understanding the sources of challenges and leverage of CRM that is observed in the managers' strategies toward physical stores.

According to Figure 6, retail brand value and capacity affect the formation of physical stores' roles and features. Considering the effect of digitalisation, existing online channels of brands function as a main variable in an omnichannel context. The brand values and capacities reflected by physical stores are connected to the leverage strategies and challenges the managers are facing. And circularly, these strategies and challenges affect the brand value and capacity, which in turn are reflected in the activities of the managers in the physical stores.

As previously viewed in the literature review, relationship marketing reflecting customer demand, communication with customers, and customer lifetime value has a heavy impact on cultivating sustainable customer relationships. In this suggested theoretical frame, the generic process of physical stores' optimisation executed by the brand managers, based on the retail brands' characteristics (e.g. brand value and brand capacity) is explained in terms of the challenges and key leveraging features experienced by the managers in managing customer relationships.

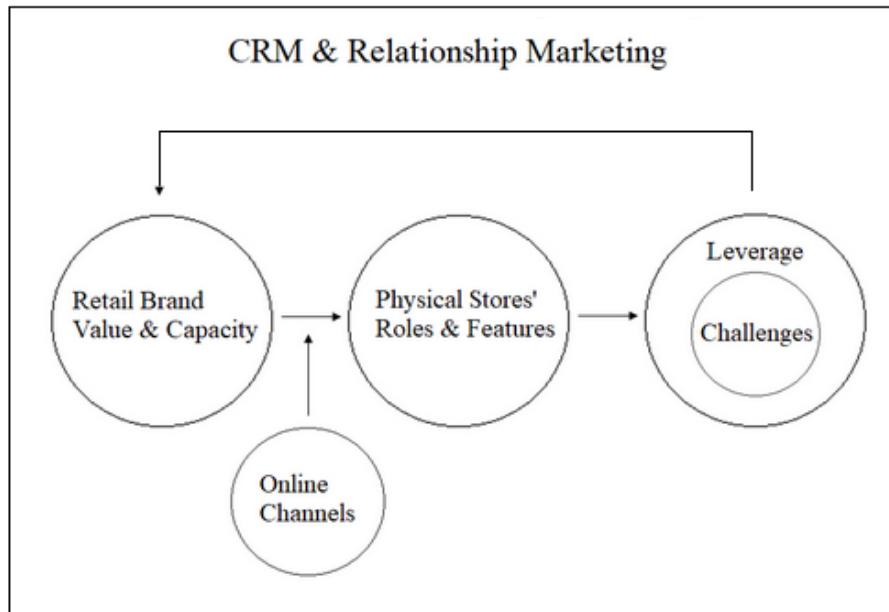


Figure 6. Leverage Process of Physical Stores with CRM in Focus

2. Conceptual Definitions, Frame and Operationalisation of Key Variables

According to Figure 6, there are some conceptions such as retail brand value, retail brand capacity and leverage to be explained. Retail brand value refers to the perceived brand image and quality that the brand managers are trying to deliver to the customers. Moreover, retail brand capacity refers to the brand's financial and operational capacity that directly affects the manager's performance within physical stores strategies. Finally, leverage refers to the brand managers' strategic performance that maximises the result of relationship marketing and CRM while avoiding potential risks and challenges that arise from the context.

Online channels function as a key variable since the connection between physical stores and omnichannel, which is presented as online channels, heavily affects what roles and features of physical stores shall be prioritised to reach the goal of CRM.

3. Justification of the Chosen Theoretical Frame

Essentially, the chosen theoretical frame contributes to facilitating the generality of the research results. In the frame, the functions and influences of relationship marketing in CRM are considered while showing the process of leveraging physical stores. This will, in turn,

enable theorising qualitative data from different brand managers' perspectives and framing in a unified model that will help researchers to look into the phenomenon with generality.

Furthermore, the frame reflects the comprehensiveness of the whole research design. It is intended to indicate how the retail brand managers are leveraging physical stores in an omnichannel context with a heavy focus on customer relationships, which still gives a valid guideline to observe the phenomenon not only focused on the traditional physical store's approach but also on the dynamics in physical stores due to multiple touchpoints and brand values.

VI. Discussions

1. Implications and Applications of the Results

Based on the empirical findings and theoretical frame, it is safe to underscore significant implications and applications of this study, specifically in relation to how retail managers can effectively utilise physical stores and address prevailing challenges within an omnichannel context to manage customer relationships strategically. Each research question has guided us to clarify the implication of the research findings.

1.1. How Do Retail Brand and Store Managers of Today Leverage Physical Stores to Manage their Relationships with Customers in an Omnichannel Context?

- a. Retail brand and store managers can utilise our data result in redefining their approaches to in-store CRM based on the distinct role and functions of each physical store*

The impact of brand value and capacity on the role of physical stores is influenced by various factors, including the distinct challenges posed by online channels. As a consequence, these factors collectively determine the specific objectives and functions that each brand seeks to achieve through its physical store presence. Indeed, it is ponderable to imply how retail managers rely on customer in-store experience enhancement (features and roles) in their physical store's strategy. By assigning the role and designing features of physical stores

catering to like-minded customers, they offer customers the opportunity to see, touch, and try products, which can significantly impact purchase decisions. Retail managers leverage physical stores as experiential spaces, creating engaging environments to encourage customer interaction and exploration.

b. Channel integration can be considered as an integral part when the retail brand and store managers leverage brick-and-mortar settings in relation to customer relationships

In an omnichannel context, customer relationships in physical stores could rely on the seamless integration of the brand's offline and online channels. As the role and function of physical stores are now interfered with by brand characteristics (reputation, value, capacity) and online channels (omnichannel context), the challenges within the physical shopping domain also stem from the integration of these channels. By aligning customer experiences and maintaining consistent interactions across channels, managers can provide a cohesive and convenient experience, regardless of the customer's preferred shopping channel.

c. Retail brand and store managers can utilise in-store technology to smoothen customer experience and cultivate meaningful relationships with customers

On the same note, brand and store managers can pay attention to the implications of technology in improving customer relationships in physical stores. Throughout our interviews, it is noticeable that managers and their brands invest in in-store technology solutions that enhance the customer experience, streamline processes, and facilitate personalised interactions. In this case, brand characteristics (capacity) are the driving forces since not all brand managers can prioritise technology enhancement due to budget restraints.

1.2. How Do Retail Brand and Store Managers Cope with the Challenges They Face in Physical Stores in Relation to CRM?

Retail brand and store managers encounter a multitude of challenges pertaining to customer relationship management within physical stores. These challenges encompass issues such as inconsistent service, technology integration, brand reputation, overcrowding, convenience in

the customer journey, returns processes, and budgetary constraints. In order to effectively address these challenges, retail brand managers adopt diverse strategies and approaches.

a. Brand characteristics as a challenge

Throughout the interviews, understanding the impact of brand characteristics such as reputation and capacity on customer relationships in physical stores is crucial for retail managers or personnel within omnichannel retailing.

The challenges of *brand reputation* and *overcrowding* have a significant impact on retail brand managers, with *Zara* being particularly affected. To mitigate these challenges, managers employ various strategies aimed at improving brand reputation, addressing negative customer experiences, and ensuring efficient store operations to alleviate overcrowding. By actively promoting positive word-of-mouth and addressing any customer grievances, managers seek to enhance the overall shopping experience and foster positive customer relationships. Efficient crowd management techniques are also implemented to ensure that the physical stores can accommodate a large number of customers without compromising their experience.

In addition to brand reputation and overcrowding, brand managers also grapple with budget constraints (*brand capacity*), which can limit their capacity to operate physical stores optimally. To address this challenge, managers make strategic decisions to allocate more resources to online channel marketing and CRM initiatives. By directing their efforts towards online channels, managers can effectively build and nurture customer relationships while managing the physical stores within the confines of their budget limitations. This approach allows brand managers to maximise their reach and engagement with customers through cost-effective online channels, complementing their physical store presence.

b. Online channels as a challenge

Cross-channel customer journey optimisation is considered a significant focus for retail and store managers in their efforts to enhance customer relationships. The *convenience level of the customer journey* and *returns process* emerges as a noteworthy challenge encountered by

brand and store managers in achieving successful cross-channel optimisation. To address these challenges, managers prioritise the integration of physical and online channels within an overarching omnichannel strategy. The primary objective is to create a seamless and cohesive experience for customers, allowing them to seamlessly transition between shopping online and visiting a physical store based on their preferences. By offering this flexibility, managers aim to accommodate diverse customer needs and preferences, ultimately fostering stronger customer relationships.

Another aspect of cross-channel optimisation lies in *streamlining the returns process*. Managers recognise the importance of integrating returns procedures across physical and online channels to provide convenience for customers. By enabling customers to seamlessly return products regardless of the purchasing channel, managers aim to alleviate potential pain points and enhance customer satisfaction. This integration of returns processes contributes to improving customer relationships and engagement by offering a high level of flexibility and convenience throughout the shopping experience.

In addition to the aforementioned challenges, retail brand and store managers also face the *impact of online channels, particularly social media, on physical stores*. The popularity and customer traffic generated by trending items on social media can create challenges for store managers in effectively allocating product displays and aligning store offers with customer demand. The interconnected nature of physical stores and online channels within an omnichannel context further complicates the situation for store managers. They thus remain vigilant and stay abreast of the brand's online trends and offerings to ensure they meet the expectations of customers who visit the physical stores. This requires a comprehensive understanding of the brand's online presence and the ability to adapt and synchronise the physical store experience with the online brand image. By doing so, store managers would effectively leverage the influence of online channels while maintaining a cohesive and satisfying customer experience across both digital and physical touchpoints.

c. The role and features of physical stores as a challenge

When it comes to physical store role and features, all brand managers emphasise the importance of visual aspects in delivering the brand message and creating engaging shopping experiences. However, the degree of integration of technology and the focus on direct

customer service vary among brands. This results in issues such as inconsistent service and lack of technology integration. To address these challenges, retail brand and store managers focus on training and motivating their employees to provide better customer service. They emphasise the importance of maintaining consistent service quality to enhance the overall customer experience and build stronger relationships. This approach can be viewed as a leverage strategy in relation to in-store customer relationships. Some managers may rely more on automated customer service through integrated technology, while others may prioritise direct customer service.

2. Limitations of the Research

As described previously, the fact that this study is delimited from more profound research within omnichannel and physical stores' technological integration excluded the richness of understanding customer relationships fostered or impacted from the engineering perspectives. In addition, as the data was collected from the brand managers' insights, the psychological factors of the customers were not much taken into account. Considering the elements of customer relationships are dependent on the customer's psychological interaction with the brand (Sheth & Parvatiyar, 1995), the current research does not entail all the perspectives of psychological influences.

Furthermore, the executed number of interviews is the limitation of the current study in terms of delivering more reliable data results. Although the interviews were thoroughly analysed by a well-designed analysis methodology, four interviews might not be enough to present a wide spectrum of the phenomena. At the same time, seeing that these four interviewees are from different industries within retail, except for Monki and Zara, the well-woven consistency of the sampled participants remains questionable. Not only the industry but also the interviewees' profiles differ slightly, from store manager to project manager, even though they are commonly leveraging physical stores in an omnichannel context.

Lastly, due to the nature of qualitative studies, there are limitations in terms of generalisation. Since all the interviewees have a few unique characteristics in leveraging their physical stores, our explorative study is limited in defining the common phenomena of physical stores' leverage in relation to customer relationships. Rather it is more suitable to contextualise each

industry's strategies for their physical stores while taking the same context as omnichannel into account.

3. Recommendations for Future Research

In the quest for valuable insights for retail brands aiming to enhance their customer relationship strategies and optimise the customer experience across multiple channels, a more comprehensive and nuanced understanding of customer relationships in physical stores within the omnichannel context is recommended. Based on our findings, recommendations for future research to better explore the same phenomena are below.

Broaden the Sample Size: Conduct interviews with a larger number of retail brand and store managers from diverse industries and geographical locations. This will provide a more comprehensive understanding of how different personnel across various sectors manage customer relationships in physical stores within an omnichannel strategy. Including a variety of brand and store managers will allow for a holistic perspective and the identification of commonalities and differences in customer relationship practices.

Incorporate Customer Perspectives: Expand the research scope by including interviews with customers or conducting surveys to gather their perspectives on customer relationships in physical stores. This will provide a two-sided view and a deeper understanding of the dynamics between customers and retail brands in managing relationships. Insights from customers can shed light on their expectations, preferences, and experiences, complementing the perspectives of retail managers.

Explore Other Channels in the Omnichannel Context: Extend the research to examine how customer relationships can be effectively managed in other channels within the omnichannel context while keeping physical stores in mind. Investigate the role of online channels, mobile apps, social media, or other digital touchpoints in building and maintaining customer relationships. This will provide a more holistic view of customer relationship strategies and their impact across multiple channels.

Quantitative Approaches: Complement qualitative interviews with quantitative research methods, such as surveys or data analysis, to gather larger-scale insights and statistical trends.

Quantitative research can provide a broader understanding of customer relationships, their drivers, and their impact on brand reputation and customer loyalty. It can also help validate and generalise findings from qualitative research.

VII. Conclusion

1. Summary of the Study and Its Theoretical and Practical Contributions

This paper contributes to the understanding of how retail brand managers leverage their physical stores in omnichannel settings to manage customer relationships. It has provided valuable insights and practical implications for both theory and practice in the field of customer relationships and the future of physical stores.

By examining how retail brand managers leverage physical stores to manage customer relationships, the paper provides valuable insights into the theoretical understanding of CRM strategies in the context of an omnichannel strategy. The empirical findings contribute to the existing body of knowledge by highlighting the importance of enhancing the in-store customer experience, integrating offline and online channels, and addressing reputation-related challenges.

Furthermore, the paper contributes to the theoretical understanding of customer relationships by emphasising the implications of technology in physical stores and the need for cross-channel customer journey optimisation. It identifies the significance of in-store technology solutions in enhancing the customer experience and the role of brand reputation in shaping customer relationships. The study also highlights the importance of training and development initiatives to improve customer service and consistency across store locations.

On the same note, the practical contribution of the paper is significant, as it provides actionable recommendations and implications for retail brand and store managers aiming to optimise their physical stores' role in managing customer relationships within an omnichannel context. The empirical findings offer valuable insights that can be applied by practitioners in the retail industry to improve their customer relationship strategies and enhance the overall customer experience.

2. Implications and Recommendations for Practice

Our empirical findings have highlighted the importance of enhancing the in-store customer experience to improve overall customer relationships. By addressing challenges and implementing strategies such as consistent service delivery and personalised interactions, brand and store managers can create positive experiences that foster customer loyalty and satisfaction. Moreover, it is important to emphasise the need for seamless integration of offline and online channels in an omnichannel context, enabling managers to provide a cohesive and convenient customer experience across multiple touchpoints.

Furthermore, the implications of technology in physical stores were also identified, indicating how store and brand managers invest in in-store technology solutions to enhance the customer experience, streamline processes, and facilitate personalised interactions. Understanding the impact of brand reputation on customer relationships in physical stores is crucial as well. By addressing reputation-related challenges and focusing on driving-engagement factors, brand and store managers can create lasting connections with customers and increase their likelihood of repeat purchases and brand advocacy.

3. Limitations and Directions for Future Research

As indicated, this study did not extensively delve into the technological integration of physical stores or account for the psychological factors that impact customer relationships. Additionally, the limited number of interviews conducted and the variation in industry and participant characteristics restrict the generalizability of the findings. It is important to acknowledge that qualitative studies inherently possess limitations in terms of generalisation. Consequently, future research endeavours should strive to address these limitations and offer a more comprehensive comprehension of the phenomena under investigation.

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