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A qualitative study of customer value and new retail store formats

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Customer journeys in the new retail landscape: A qualitative study of customer value and new retail store formats

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Introduction

In recent years, retail digitalization has revolutionised the retail landscape, giving rise to new touchpoints and channels as well as new shopping behaviours. The customer journey has, thus, become increasingly complex, involving multiple contact points and offline, as well as online, retail contexts (Lemon & Verhoef, 2016; Mele et al., 2021).

In the wake of increased digitalization, retailers have developed new store concepts to meet new markets and cater for consumers' new shopping preferences. We have seen, for example, a growth of store concepts that offer novel and personalized experiences (e.g., pop-up stores) as well as stores that enable convenience via new technology (e.g., scan-and-go, unmanned stores) and/or new localization strategies (e.g., IKEA city-centre stores, shop-in-shops) (e.g., Egan-Wyer et al., 2021; Gauri et al., 2021; Hultman et al., 2017; Rudkowski et al., 2020).

Literature overview

The new retail landscape–comprising various forms of touchpoints and new retail formats–enables a wide variety of consumer behaviours and journeys. Hence, a central query–for academics and practitioners–is how consumers' shopping behaviours and preferences can be understood in this new context. In previous research, considerable attention has been devoted to understanding the customer journey. Such work has provided insights on the various forms of touchpoints that comprise customer journeys and the aspects that influence customer experiences at various stages of the journey (e.g., Lemon & Verhoef, 2016; Towers & Towers, 2021; Rudkowski et al., 2020). Researchers have also improved our understanding of the strategic management of customer journeys, for example, by outlining retail management strategies to handle these new market challenges (e.g., Neslin, 2022; Edelman & Singer, 2015).

Several have turned their attention to the role of customer value in the new retail landscape. Previous research has, for instance, examined the different forms of customer value created in multichannel contexts, how various retail channels are involved in value-creating processes, and how multichannel retail strategies can be applied accordingly (e.g., Cui et al., 2022; Huré et al., 2017; Yrjölä et al., 2018). However, our knowledge on how customer value is created in today's customer journeys is still scarce, not least with regard to the role of new retail formats and their characteristics.

Research on retail format development has provided important insights into the relationship between different retail formats and customer value or shopping orientation (e.g., Willems et al., 2016; Reutterer & Teller, 2009). Researchers have also explored how customers use and experience new store concepts (e.g., Egan-Wyer et al., 2021; Hultman et al., 2017; Rudkowski et al., 2020). However, there is still a lack of knowledge on how customers perceive and evaluate new retail store formats during the customer journey and the value-creation processes that these contexts involve. In this study, we use a value-creation lens to learn more about the role of new retail formats in todays' customer journey.

Aim & method

The aim of our study is to improve our understanding about what role new retail store formats play in contemporary customer journeys and how they, thereby, create value for customers. To fulfil this aim, we focus on the following questions:

- How do consumers subjectively interpret and value the characteristics of new retail formats?
- What is the relationship between retail store format characteristics and value-creating processes in customer journeys?

To fulfil our aim, we used two qualitative methods: focus group interviews and in-depth interviews. Focus groups interviews were conducted with university students (3 interviews, total 12 students). An important part of our focus group interviews involved the use of Stauss and Weinlich's (1997) Sequential incident technique (SIT), where consumers were asked to map out customer journeys in which they had previously been involved using prompt cards (with symbols representing various retail channels and touchpoints). During the focus group interviews we also used photographs of different retail formats (e.g., scan & go, shop-in-shop, unmanned store, pop-up, planning studio) to elicit discussion on how consumers experience the various characteristics of different retail store formats and how these create value in their customer journeys. In addition, in-depth interviews were performed with consumers to achieve a more detailed understanding of how they subjectively experience and relate to these phenomena.

Findings

Our findings show that the examined retail formats are all linked to multiple forms of customer value (e.g., hedonic, functional, social) and that store format characteristics contribute to value-creation in manifold and complex ways. Consumer descriptions thus reveal considerable differences in how they perceive and value different channels and store characteristics (e.g., the role of personal service, assortment, self-scanning).

A central theme in our findings was chaos and disorder. Participants expressed concern about chaos and disorder when they talked about customer journeys in general. Since there are so many potential touchpoints in contemporary retail landscapes, customers are able/need to build individualised customer journeys, which help them to create order and to avoid overwhelming customer experiences. For example, customers research products prior to visiting a physical store in order to be sure of what will be available in various locations, explore reviews in a variety of channels to arm themselves against potentially predatory sales personnel, investigate collection and return options to maximise convenience, and plan their shopping routes to ensure they end up with the perfect item.

Many participants related particular store formats to chaos and disorder. For example, outlet stores were described as "overwhelming" and "messy" while unmanned stores were described as "absolute chaos" with a specific visit described as "kind of an end-of-the-world experience." Participants found value in touchpoints that helped them create order and navigate chaos. For example, several described how planning stores would create value by helping them to narrow down the selection and to feel less overwhelmed--thereby contributing to their perception of functional value. Hence, our findings show that the theme chaos and disorder is useful for understanding how retail store characteristics are valued and how these may either enhance or inhibit value-creation during the customer journey.

Contributions

This study is ongoing but we anticipate that our findings will add to discussions about the ways in which different retail formats contribute to customer experience (e.g., Hultman and Egan-Wyer, 2022; Egan-Wyer et al. 2021; Gauri et al. ; Hultman et al. 2017) by re-emphasising that customer experience may not only be about excitement (Sherry 1998; Sherry et al. 2001; Borghini et al. 2009), drama (Kozinets et al. 2002; Dolbec and Chebat 2013), or extraordinary branding (Jahn et al. 2018), nor even about convenience (Egan-Wyer et al. 2021) or reassurance (Hultman and Egan-Wyer, 2022). A retail store format that brings order to the chaos of the contemporary retail landscape may offer a very valuable customer experience in certain circumstances.

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