Meeting the needs of a new customer: Organizing and designing the physical store environment

Bäckström, Kristina; Johansson, Ulf

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Total number of authors:
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Kristina Bäckström & Ulf Johansson,
Centre for retail research, Lund University

Introduction

In recent years, the development of multichannel retailing has had a substantial influence on how and when consumers pursue their shopping activities. Retailers of today are thus facing increased digitalization (Hagberg et al., 2016; Pantano & Timmermans, 2014), new customer touch points (Huré et al., 2017; Stein & Ramaseshan, 2016), and new forms of shopping activities (Fuentes et al., 2017; Spaid & Flint, 2014). In line with this, retailers from diverse trades also refer to today's in-store customer as "a new type of customer"; with more complex and multifaceted in-store demands (Bäckström & Johansson, 2017, p. 247). Recent research on consumer behavior confirms the depiction of changing and new customer demands, describing today's customers as more competent, informed and connected than ever before (e.g., Fredriksson & Bäckström, 2017; Verhoef et al., 2017). In retailing literature, scholars have identified and described a number of different challenges which are central for today's retailers, involving for instance technological in-store development, new service requests, as well as new ways of organizing practices at organizational level (Grewal et al., 2017; Pantano & Timmermans, 2014; Verhoef et al., 2017). While such work has provided important insights as regards new challenges in the field there is still a need for more profound, and empirically grounded, investigations on these issues.

As regards the role of the store environment, a considerable amount of research has been conducted over the years. A great amount of literature has been concerned with the effect of atmospheric variables (e.g., color, scents, music) on consumers' in-store behaviors and/or experiences (e.g., Babin et al., 2003; Ballantine et al., 2015; Hynes & Manson, 2016). Research has also focused on the design of the store, for example by exploring how aspects such as architecture, style and layout influence consumers' experiences (e.g., Pecoraro & Uusitalo, 2014; Petermans et al., 2014). More recently, researchers have turned attention to the implementation of in-store technology, for instance by examining the influence of new technologies on consumers' in-store experiences (e.g., Pantano & Naccarato, 2010; Poncin & Mimoun, 2014) and consumers' willingness to use such techniques (e.g., Elliott et al., 2013; Lee & Lyu, 2016). Taken together, previous research has most often focused on examining how different store aspects influence *consumers'* in-store experiences and/or behaviors'. Less concern has been devoted to *retailers'* perspectives and, not least; to changes in retailers' ways of organizing their store environments in response to the new and more advanced demands of today's customers. However, new forms of shopping activities and new requests among customers involve changes as regards how retailers organize the physical store environment, as well as in the strategies that influence this work. Our knowledge on these subjects are nevertheless limited, from both theoretical and practical point of view. Hence, this article focuses on the following research questions:

- *How do new and more advanced consumer demands influence retailers' ways of designing and organizing the store environment?* From retailers' point of view thus, *what aspects of the store environment are prioritized and how are these organized in the store?*
- *What new strategies are used by retailers when organizing their store environments and how are these strategies implemented in the physical store environment?*

Following this, our article aims to advance our theoretical understanding of two kinds of relationships: (1) the relationship between, on the one hand, the design and organization of the store environments, and on the other, consumers' in-store behaviors and experiences. This article will thus improve our understanding of the linkages between the organizing of diverse store aspects and customers' in-store behaviors and experience. A second aim is to provide new insights into (2) the connection between strategies at organizational level and their implements at store level. In addition, from a more practical point of view, this article will improve our understanding of how physical stores can be designed and organized to meet the demands of today's customers. It will also enhance our knowledge of the challenges involved in designing and organizing todays' physical store environments.

Methodology

The research questions focused upon here is partly empirically driven. The focus of this paper has emerged from the analytical processes of our previous work (see Bäckström & Johansson, 2017), where retailers' notion of new customer demands, new challenges, and the imposing of new strategies as regards retailers' ways of organization the store environment, stand out as central aspects. This article thus relies upon a qualitative approach and the empirical material consists of in-depth interviews conducted with retailers from 7 retail companies within different trades of the retail sector (clothing, interior decoration, sports, books, groceries, home electronics) (cf. Bäckström & Johansson, 2017). The interviews were semi-structured, thus we used an interview guide focusing on questions concerning how the retailers design and organize their store environments to enhance customers experiences, what kind of store experiences they seek to induce to in-store customers, what store aspects that are seen as important in these processes, how they implement these store aspects in the store and what challenges these processes involve. The interviews lasted between 1,5 and 2 hours and were fully transcribed.

Preliminary findings

The retailers' accounts reveal that their ways of relating to the in-store environment have changed in different ways in recent years, as a response to new customer demands. Their work involves new strategies which have a profound effect on how they use and organize various store aspects. Central findings in this regards relate to an increased focus on dimensions such as rationality, customization and service. This involves considerable changes as regards retailers' ways of using in-store aspects such as layout, design and display of products, as well as the implementation of new and different kinds of technological solutions (e.g., digital screens and queuing systems, mobile apps, as well as new systems for checkout, stocktaking and

ordering of goods). In these processes, retailers face challenges in terms of providing more flexible, integrated and/or redefined store offerings.

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