



E-commerce Businesses Are Taking Customers Back to the Store

Dissertation on how e-commerce businesses in the technological retail industry in the Netherlands can benefit from an omnichannel retail strategy through the implementation of a physical store.

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Executive summary

In this report the current trend of e-commerce companies opening brick and mortar stores was investigated. This phenomenon can be linked to a concept known as omnichannel retail. It appears that many businesses are not aware of the current trends in retail. This leads to a misunderstanding of the modern consumer's wishes and ultimately to bankruptcies of retail brands. Additionally, this report focuses on computer-driven products that can be connected to the Internet. In this paper omnichannel retail is defined as a new business concept, evolved from multichannel and crosschannel marketing, that focuses on a number of different retail channels which engage with consumers on a one-to-one basis, on multiple devices, both online and offline, and which seamlessly work together to provide the consumer with a personalised brand experience.

The central research question that was investigated is: **How can successful e-commerce businesses in the technological retail sector benefit from omnichannel retail by opening brick and mortar stores in the Netherlands?**

After identifying the definition of omnichannel retail, the Consumer Buying Behaviour theory was researched and five experts were interviewed to gather information on the advantages and disadvantages for an online retailer to introduce a physical store. In addition, the business models of Leapp, Coolblue, and Argos were linked to the definition of omnichannel retail to investigate how this is currently being done by large retailers.

The five professionals agreed that the primary reasons to create an offline channel for an e-commerce company are building a relationship with the customer and providing them the opportunity to inspect the product before the purchase. The main disadvantages that were highlighted in the interviews are the investment costs and the lack of know-how of an e-commerce organisation to run an offline store.

Leapp, Coolblue, and Argos are pursuing an omnichannel strategy. Nevertheless, the brands do not yet offer a personalised shopping experience, which means they cannot be regarded as omnichannel businesses yet.

This paper concludes that successful e-commerce companies in the technological retail industry that open up brick and mortar stores benefit from an improved customer relationship. The retailer is able to sell to a new group of customers and interact with them in a way online retail cannot. However, omnichannel retail is still developing itself, since retailers have not yet implemented the concept to its full potential.

Online retailers with an offline channel are advised to collect the data of their customers and to provide them with additional services next to the product offerings. Selling through pop-up stores is recommended to smaller retailers.

List of definitions

Brick and mortar store: Physical store.

Buyer's journey: The experience the consumer has before, during and after the moment of purchase (Peulers, 2015).

Channel: Route through which the consumer can interact with a business and vice versa (Marrs, 2013).

Customer journey: See buyer's journey.

Device: Desktop computer, laptop, smartphone, tablet or other computer-driven end product that gives the user the option to purchase a product or service online.

E-commerce: Business conducted through the use of computers, telephones, fax machines, barcode readers, credit cards, automated teller machines (ATM) or other electronic appliances (whether or not using the Internet) without the exchange of paper-based documents" (Business Dictionary, n.d.).

Omnichannel retail: A new business concept, evolved from multichannel and crosschannel marketing, that focuses on a number of different retail channels which engage with consumers on a one-to-one basis, on multiple devices, both online and offline, and which seamlessly work together to provide the consumer with a personalised brand experience.

Pop-up store: Temporary physical store (Gurd, personal communication, 22 April, 2016).

Pure player: Business that only uses a web shop (Libbenga, 2015).

Retail: The sale of small quantities of products directly to the end user (The Free Dictionary, n.d.).

Showroom: Type of store that focuses on displaying the products rather than selling the product (Mehra, Kumar, & Raju, 2014).

Touch point: Point where the consumer comes into contact with the brand.

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1. Introduction

E-commerce has existed for a relatively long time. According to MIVA, a tech expert firm, the first step towards e-commerce was made in the 1960's with the introduction of Electronic Data Interchange (EDI) (MIVA, 2011). This process made it possible for companies to exchange information between computers such as orders, invoices, inventory data and other types of business information. EDI can be regarded as the first form of e-commerce when looking at the definition of e-commerce provided by the Business Dictionary: "Business conducted through the use of computers, telephones, fax machines, barcode readers, credit cards, automated teller machines (ATM) or other electronic appliances (whether or not using the Internet) without the exchange of paper-based documents" (Business Dictionary, n.d.).

Nevertheless, it was only during the 1990's when e-commerce was deemed economically viable. In 1991, Tim Berners-Lee developed the World Wide Web. This service increased the efficiency of spreading information and was a major step towards the commercialisation of the Internet. Schipperus, the CEO of Sana Commerce, an organisation that creates software for B2B companies, mentions that the introduction of the Internet was also the first step for e-commerce to reach end users, since it was previously used for Business to Business (B2B) purposes through the EDI system (Schipperus, 2015).

By 1999, the number of Internet users had grown to 150 million (Elon University School of Communications, n.d.). Following the rapid growth of the Internet, many new regulations were created in order to safeguard the sensitive data of consumers, such as their payment information. With several different organisations that focused on making the Internet more secure, companies and private investors saw their opportunity to take advantage of the growth of e-commerce (Smith, n.d.).

Since the introduction of the world wide web, many new e-commerce businesses are being formed on a daily basis (RJMetrics, 2015). Some believe that e-commerce is replacing the offline shopping experience (Braunstein, 2014). Contrary to this statement, new articles are being published, showing that e-commerce businesses are trying to open their own physical stores, and by doing so, turn to omnichannel retailing (Saiidi, 2015). Omnichannel retailing can be regarded as a new way for businesses to communicate and engage with their customers. It makes extensive use of different tools such as social media, physical stores, web shops and mobile devices (Brown, Mendoza-Pena, & Moriarty, 2014). Firms are pursuing this strategy as customers are more likely to make a return visit for new online purchases when it provides multiple, well-integrated channels through which the customer can choose their favourite shopping experience.

The fact that opening a brick and mortar store increases online traffic has been proven by three university professors. These three experts are: Bell, of the University of Pennsylvania, Gallino, of the Dartmouth college, and Moreno, of the Northwestern University. (Bell, Gallino, & Moreno, 2014).

It occurs that the retail industry is currently undergoing different changes in order to satisfy the consumer and this change is believed to be driven by the development of technology. As reported by EMarketer, a company that focuses on providing information regarding digital business, the number of smartphone users worldwide will reach 2 billion in 2016 (EMarketer, 2014). A large number of these consumers are thus connected to the Internet, which creates possibilities for businesses to influence these individuals. Krueger, a retail specialist for Google, describes that customers should be sought after wherever they are and also in whichever form they would like to do their shopping. She states that: "For much of the 2014 holiday season, mobile shopping clicks exceeded those on the desktop as shoppers made their purchase decisions on the go" (Krueger, 2014).

Even though the number of online sales via mobile devices has exceeded sales via a desktop computer, many consumers still prefer to purchase their products in physical stores. Results of a study done by A.T. Kearney, a global consultancy firm, show that two-thirds of online shoppers interact with a physical store before or after purchasing a product (Nickels, 2015). This data indicates a new phenomenon, where consumers are using both online and offline touch points to interact with an enterprise. Consequently, some e-commerce businesses seem to be opening physical stores with the purpose of serving the consumer in whichever way they desire, for instance, through a web shop, in-store or via an app. Nickels (2015) also notes that the reason for companies to pursue a strategy which involves both a brick and mortar store and a web shop is because 90 per cent of all purchases in the retail sector are still done in a physical store.

However, retail in general is currently facing a new problem since many businesses do not seem to understand the changing wish of the consumer that is driven by technology. Large retailers such as V&D and DA in the Netherlands, HMV in the United Kingdom and MyCom in Belgium have filed for bankruptcy (Dutch News, 2015). It appears that some retailers are having trouble identifying the needs of their customers. Many businesses, therefore, are taking steps in many different directions to determine what it is the consumer desires. One of these steps is creating an omnichannel shopping experience. Yet, according to the consumer, this shopping experience is often lacking (Rosner, 2015). Companies are thus desperately trying to identify what it is the consumer desires in 2016. When more firms are able to create an omnichannel experience for shoppers, the entire retail industry could change. The reason for this change in the

retail landscape would be caused by the fact that omnichannel retailers are offering the consumer something more than traditional retailers. These traditional retailers have to improve their experience as well or risk losing customers to businesses that do offer their customers more value, although this value is only found in the shopping experience and not necessarily in the product offerings.

To understand what is happening in retail, this report investigates the current trend of e-commerce firms opening brick and mortar stores and how this may prove beneficial to them. For this reason the following central research question will be answered:

How can successful e-commerce businesses in the technological retail sector benefit from omnichannel retail by opening brick and mortar stores in the Netherlands?

In order to come up with the answer to the central research question and to provide the recommendations for companies, five sub questions are researched and answered.

- 1. What is omnichannel retail?**
- 2. How are omnichannel retail in the technological sector and the buying behaviour of modern consumers interdependent?**
- 3. What are the benefits for an e-commerce company to open a brick and mortar store?**
- 4. What are the challenges an e-commerce business will face when it adopts an omnichannel strategy?**
- 5. How do Leapp, Coolblue, and Argos implement omnichannel retail as their marketing strategy?**

The ultimate goal of this report is to investigate this phenomenon in retail and to present businesses in the technological retail sector in the Netherlands with a number of general recommendations. These recommendations will be based on recent articles, opinions of professionals and case studies of successful businesses. This study is theoretically relevant as it appears that some retailers are currently failing to recognise the wishes of the consumer. By investigating why successful online retailers choose to create an offline experience for the consumer in the form of physical stores, a set of recommendations can be given to businesses that are currently debating whether or not they should also introduce a physical store. This report thus aims to look at a current global trend in retail and inform those who are interested in this development.

The scope of this report will primarily focus on smartphones, computers, laptops, gaming consoles, tablets, televisions or other computer-driven end products that can be connected to the

Internet. These products were chosen as the focus because they can be linked to e-commerce as it requires an online connection to make use of the e-commerce business. By choosing these types of products, the scope is narrowed down and different types of technological products are not seen as homogeneous. The Netherlands were focused on, since Internet there is highly accessible, which makes shopping online relatively uncomplicated (Nu.nl, 2014).

After identifying the definition of omnichannel retail in sub-question 1, the second sub-question concentrates on the Consumer Buyer Behaviour of the modern consumer. This theory is applicable in this report as some businesses are having difficulties recognising the current developments in retail and thus cannot satisfy the needs of the consumer (Bolton, 2015).

By looking at the advantages and disadvantages of a physical store in sub-question 3 and 4, a general recommendation can be made to businesses that would like to create an offline touch point with the consumer. The advantages and disadvantages can create insight into the most difficult aspects of having to serve customers online and offline.

Lastly, the three businesses that will be researched in the form of a case study are all technological retailers that have opened up physical stores. Leapp and Coolblue, in particular, are relatively small retailers that are currently undergoing a rapid growth. Argos, on the other hand, is a large catalogue retailer in the United Kingdom that has had 17 stores in the UK since 1972 (Argos For Business, n.d.).

This report is thus divided into several different sections. The research starts with the theoretical framework. Here, the definition of omnichannel retail is disclosed, as well as the link between omnichannel retail and the Consumer Buyer Behaviour theory. The theoretical framework prepares this paper for the primary research, namely the interviews that are used to answer the third and fourth sub-questions. The section following the theoretical framework, the methodology, explains and justifies the research methods. The information gathered on what omnichannel retail is and how consumers behave while making a purchase, are the foundation of the interview questions. In these interview questions, three main topics based on the theoretical framework section can be identified, namely: the developments within online retail, the phenomenon where physical stores are being created by online companies and the characteristics of the e-commerce consumer. These three topics lead to recommendations, which businesses can use if they would like to create an offline experience for their e-commerce business. After this section, the results are described based on the five above mentioned sub-questions. In the analysis these results are linked together and the relevant differences are clarified. In the conclusion, which follows the analysis, an answer to the central research question is provided. The recommendations to other businesses in the technological retail sector are

defined in the section following the conclusion. A reference list is presented at the end of the report, followed by the appendices.

2. Omnichannel retail and the buying behaviour of modern consumers

2.1 Supportive empirical research

When investigating the benefits of an omnichannel strategy for a retail company in the technological sector, it is important to note that a brick and mortar shop positively affects the number of visitors to the web shop or website of the company. Dorman (2013) proved this in a senior research paper for a prestige university in the United States. He examined 241 brick and mortar stores and came to the following conclusion regarding the connection between a physical store and web traffic: “A firm investing heavily in its physical locations enjoys heavier Internet traffic, which affirms the assertion that physical stores are a power tool in generating web traffic”. Mehra, Kumar, and Raju (2014); three professors of the Mays Business School in Texas, the Indian Business School and the Wharton School of Pennsylvania indicate that this can be seen as a new phenomenon where consumers examine a number of products in-store which are later bought online.

This report uses the above stated empirical evidence of both the paper of Dorman and the research conducted by Kumar, Mehra, and Raju that investing in a brick and mortar store as an e-commerce company will yield more traffic towards the business’ website. This means that opening a physical shop can, in some cases, be regarded as lucrative for an e-commerce business. This paper in its turn investigates how e-commerce companies can benefit from an omnichannel strategy in the technological retail industry.

2.2 What is omnichannel retail?

With technology becoming more widely available than ever, many industries are adapting to a changing environment (Benady, 2014). Shoppers have the ability to purchase almost any product online. Thus, retail is currently undergoing a rapid change. Businesses have to compete on many different platforms in order to satisfy their customers. Online sales are still growing although according to a study conducted by A.T.Kearney, the majority of the public still purchases their products in a brick and mortar store (Nickels, 2015). For this reason, businesses attempt to give the consumer the experience they desire, both online and offline by turning to omnichannel retailing. Fortna, a business that helps companies with improving their distribution systems, mentions that consumers in this day and age focus on “what they want, when they want it, where they want it and at the price they want it” (Fortna n.d.). This sub-question, sub-question 1, will provide information on the different types of retail channels. Both the consumer’s perspective and the business’ perspective of omnichannel retail, as well as a definition of what omnichannel

retail is also discussed. The definition of omnichannel retail that results from the research conducted in sub-question 1 will be used throughout the paper.

2.2.1 The types of channels

According to Marrs, who works for a marketing consultancy, retail channels are the routes through which a company can reach the consumer, and consumers in their turn can also use the channels to communicate with the business (Marrs, 2013). In order to understand the definition of an omnichannel strategy, the other types of retail channels will first be explored. There are four different channels that can be distinguished from each other, namely: single channel, multichannel, crosschannel and omnichannel.

Single channel retailing is the most basic form for a consumer to purchase a good or service. With this strategy the consumer can interact with the business in only one way (Direct, n.d.). Usually this interaction only happens through a brick and mortar store. On the contrary, there are also cases where the business is a web shop, in which case the interaction will appear online. Single channel retail offers the consumer a single way of purchasing a good or service. All the elements of the business are focused on this channel and thus the consumer has to resort back to this one channel for every step of the shopping process, including after sales service.

Unlike single channel retailing, a multichannel business offers the consumer more than one channel through which a purchase can be made. Eishout (n.d.), the director of a company that specialises in fulfilment of logistical channels, points out that businesses can realise this strategy, for instance, by having a physical store and a web shop that supports this. The two channels then operate under the same business yet the channels are not working in conjunction with each other (Loft Nedsense, 2013). The two channels are separate entities and so have different prices, stock and customer service. In this case, when a consumer purchases the product in a physical store, he will have to return to this same channel, thus the physical store, for questions, support or other services. Minkara (2014), the lead researcher on customer experience of the Aberdeen Group, indicates that the web shop functions as an entirely different shopping experience and when a transaction is made online, the consumer will have to resort to the web shop's service point and cannot return to the physical store. Multichannel, thus, is focused on how the company can use its channels effectively to spread their message to consumers. (Van Berkum, 2011). Businesses can also make use of television commercials, e-mail marketing, print ads or social media. Which channels are used in a multichannel strategy is determined by what the business deems lucrative.

Contrary to a multichannel retail strategy, crosschannel marketing does integrate the different channels through which consumers can engage with the company (Truong, 2012). A

crosschannel strategy aims to connect the different ways a consumer can purchase a product in order to enhance the shopping experience of the consumer. After an item is bought in a physical store for example, the consumer is given information to keep interacting with the company. This can be done by providing the consumer with instructions or information on similar products through a related channel such as social media (Van Berkum, 2011). From the information presented above, it is possible to consider cross channel marketing as a strategy that will provide the user with a similar experience across all the channels. The purchase may have been done in-store, via an app or through the web shop, yet each of the different channels will recognise the consumer and offer the service accordingly. Where a multichannel strategy usually guides a consumer through one of the different channels and sends them the same standardised message, a crosschannel strategy intends to lead the consumer through multiple channels in order to stay engaged with the buyer.

The last channel, which is currently regarded as the most complicated shopping experience for a retail business to realise due to challenges regarding IT or other start-up costs, is omnichannel marketing (Boulton, 2014). This strategy provides the consumer with a seamless experience through all its channels (Minkara, 2014). The consumer is targeted by the business in many different ways such as a web shop, a physical store, an app or social media. These channels all engage with the consumer one-to-one, unlike print ads and television commercials. Newman, a marketing strategist for EC3 (an IT business) and Abacus, a retail consultancy, explain that for this reason print ads and TV commercials are usually left out when considering omnichannel strategy (Abacus, 2014; Newman, 2014). In case a person purchases a good or service, the business will use the consumer's previously acquired data to create this seamless experience. Each of the channels recognises the consumer, for instance when contacting the customer service. Customer service will be informed that a purchase was made so the employee knows for which product the buyer will contact customer service (Bagge, 2015). In some cases the shopping experience may be formed by providing the buyer with information regarding related items on the web shop, the reviews of the desired product by other shoppers on social media, and which physical shop is nearest to the consumer (Horden, 2014). The main characteristic of omnichannel retail is that the consumer can interact with the business through any channel and by using any device they want, albeit a desktop pc, a mobile phone or a tablet. The consumer has the same shopping experience regardless of which channel they chose (Tuk, 2013). Therefore, the focus of businesses that adopt an omnichannel strategy is the centricity of the consumer. The company does not guide a shopper through any of the channels but it is the consumer that chooses which channel he or she wishes to make use of. This creates a nearly personalised experience for each

individual as the business leaves its consumer free to choose which form of engagement is preferred (Krueger, 2015).

2.2.2 Omnichannel retail from the consumer's perspective

Looking at omnichannel retail from the perspective of the consumer is important because this type of strategy is currently still developing. By taking the perspective of the consumer into account, the wishes of the end user regarding retail can be investigated. Michael Kingston who is the CIO of the Nieman Marcus Group, mentions that: "We are still trying to figure out the best way to engage with our customers in digital and mobile" (Boulton, 2014). Foremost, it is important to note that the buyer does not necessarily recognise the different channels in high detail. The consumer experiences the channels as different steps in the shopping process, such as a visit to the brick and mortar store, looking at the website or app or interacting with the customer service (Horden, 2014). When looking at omnichannel retail from the consumer perspective, the consumer recognises a brand that offers a variety of ways to buy a product. The two examples below illustrate two different omnichannel experiences and are based on the information provided in the articles of Horden (2014), Krueger (2015) and Newman (2014).

Example 1: Individual A examines Product X of Company Y in the window of a physical store. She visits the social media page of the company to see what other users write about the product. She does this by using her smartphone whilst still on the go. After clicking on the article on the social media page of Company Y she is directed to the web shop page of Product X directly. On the web shop she reads that the business delivers the product directly to her home address, and she can return the product within 14 days, which persuades Individual A to make the purchase through the online web shop on her smartphone.

Example 2: Individual B notices that he is in need of a new product to solve a certain problem he is facing. Individual B conducts research and visits the website of Company Y that offers the article best suited for him, which is Product X. Individual B, however, first wants to inspect the product before ordering it online. He sees on the website of the company that there are still a number of the desired products available in brick and mortar stores nearby. The website of Company Y informs Individual B of which physical store is closest to him. Individual B then visits the brick and mortar store to inspect Product X. After inspecting the product he makes the purchase in-store, nevertheless, he instructs the company to deliver to product to his home address as he realises he has other tasks to attend to and it would be inconvenient for him to carry Product X along with him. Back at home, Individual B can track the status of the delivery on his tablet.

The examples above show the degree of personalisation a person can have while making purchases through an omnichannel retailer. Both Individual A and B are making the same purchase, Product X, however, their purchasing habits differ greatly. Even though Individual A has never set foot in the brick and mortar store of the company, this channel of the business has still sparked interest to a consumer to make a purchase. Furthermore, the seamless transition between viewing the product in the shop and visiting the social media page, which automatically redirects the shopper to the website if he or she so desires, makes it so the consumer stays engaged during the process. The home delivery paired with a convenient return policy acted as a deal closer for Individual A.

Individual B on the other hand, encountered a problem which needed to be solved by purchasing a product. The physical store in Example 2 acted as a showroom. After inspecting Product X in the brick and mortar store, Individual B made the purchase offline but still desired to make use of the shipping service of the company which is commonly used in online orders. While Example 1 mainly illustrates the online aspect of an omnichannel strategy, Example 2 illustrates that consumers sometimes desire a combination of online and offline channels before making a purchase. As mentioned before, the main difference between a crosschannel approach and an omnichannel approach is the degree of consumer centricity. In Example 1 and 2 the company simply offers several channels through which the consumer can engage with the company, nevertheless, the company never forces the consumer through a channel. The choice is entirely given to the consumer.

The business in its turn gains information through each step of the shopping process which can be used to increase the effectiveness of its marketing on that individual (Open Bravo, 2015). The business has acquired key information on Individual A and B, namely that Individual A appears to be indifferent about inspecting the product before making a purchase. Individual B on the other hand values the possibility of inspecting a product before buying it. By collecting these types of data, a company with an omnichannel strategy will receive large amounts of information on its customers and can tailor the shopping experience to the customer's wishes.

2.2.3 Omnichannel retail from the business' perspective

According to Open Bravo (2015), a company that consults e-commerce businesses about improving their omnichannel strategies, the purpose of an omnichannel strategy in the technological retail sector is to deliver consumers a shopping journey that allows them to purchase the item in whichever way they prefer. To do so, a business must first make sure that it is able to present the consumer an indistinguishable brand experience regardless of which channel the buyer chooses. This means that the information that the company provides is similar

for all its channels. The product information, price, and stock levels, for example, have to show the correct information in each channel (Open Bravo, 2015). Open Bravo also notes that failure to present consistent information to the consumer may result in the wrong purchase being made, which in its turn leaves the buyer dissatisfied.

As described earlier, an organisation that wishes to implement an omnichannel strategy is required to make its existing channels work together to come up with a seamless experience. Combining the different marketing departments of a business requires a centralised approach by the management of the firm (Open Bravo, 2015). Each of the business departments will have to be given an identical core message to make sure consumers receive the same information, regardless of which channel the company chooses to use. In their turn, the different branches of the business must use the strengths of the specific retail channel to deliver the core message of the brand to the consumer in the best way possible. With this centralised approach, the company can deliver the same message across all channels and provide the consumer with a unified shopping experience. Another task for the business in order to create a profitable omnichannel strategy, is to make sure the different channels are able to work together efficiently. In case the retailer utilises an app and web shop as sources of their retail channels, these media must be compatible (Fortna, n.d.). It requires investments in IT to make sure the systems within the company are able to work together to offer the consumer a suitable experience. Where failure to provide the consumer with correct information can prove harmful for the positive relationship with the buyer, the same can be said for leading the consumer through a shopping channel that is not functional. Lauchlan (2015) experienced this after using the web shop of a business. In his article, Lauchlan gave an example of how the confirmation of the delivery hours on the website were not in sync with the confirmation he received via text. This mismatch left him uncertain of the delivery time, which created an unsatisfying experience.

In addition to home deliveries, offering the buyer the opportunity to inspect the item before making the purchase increases the customer centricity. By having a physical store as a channel, a different approach to creating a relationship with the consumer can be pursued. The reason for this is because some consumers value a shopping experience where interaction takes place with employees or where they can see and feel the product before making the purchase (Kercheval, 2014).

2.2.4 Definition of omnichannel retail

In order to come up with the definition of omnichannel retail for this paper, three definitions of omnichannel retail are stated below. These definitions were found on websites or in papers of specialists in the field of marketing or strategy.

1. The definition of omnichannel by Adnovate, a company that provides marketing support for big brands such as Hema, Volvo and Ford:

“Omnichannel revolves around developing a holistic view of the customer experience, regardless of the channel. It is based on the belief that most customers navigate between many touch points to make a single purchase. Companies using this approach engage multiple channels to interact with their customers through consistent and seamlessly integrated campaigns. Omnichannel recognizes the customer’s need to explore various different channels and places him in the center of the strategy” (Adnovate, 14 January 2016).

2. Emerce, an e-commerce oriented platform which businesses use to gain insights in the e-commerce environment, states that omnichannel retail can be seen as:

“A new way of doing business where the focus is shifted from selling a product or service through a separate set of channels towards selling through a tuned channel. The omnichannel consumer uses different channels to come into contact with a brand. He visits multiple websites on his smartphone to view the product offerings of the brand but also visits the physical store. This type of consumer sees the brick and mortar store as a showroom to inspect the product before making a purchase. He is cost-conscious and compares different brands whilst still in the showroom”. (Tuk, 2013)

3. The definition of omnichannel by Piotrowicz and Cuthbertson. Piotrowicz is a member of the Faculty of Management, Oxford University at the Saïd Business School and holds a Ph.D. in Management. Cuthbertson is a senior researcher at the Saïd Business School, Oxford University:

“The omnichannel concept is perceived as an evolution of the multichannel. While the multichannel implies a division between the physical and online store, in the omnichannel customers move freely between the online (PC), mobile devices, and physical store, all within a single transaction process. Mobile and social media channels, and even gaming, are added to “traditional” online and physical channels. At the same time, the journey should be smooth and should provide a seamless, unified customer experience, regardless of the channels used. Because the channels are managed together, the perceived interaction is not with the channel, but with the brand”. (Piotrowicz, & Cuthbertson, 2014)

As omnichannel retail is a phenomenon that is still developing, the three above stated interpretations are not factual descriptions of the concept. By using a combination of the three definitions that the experts have given, no key information shall be missing from the definition for this paper. Therefore, the interpretation of omnichannel retail for this research paper is:

Omnichannel retail is a new business concept, evolved from multichannel and crosschannel marketing, that focuses on a number of different retail channels which engage with consumers on a one-to-one basis, on multiple devices, both online and offline, and which seamlessly work together to provide the consumer with a personalised brand experience.

2.2.5 Conclusion; interpretation of omnichannel retail

In conclusion, omnichannel retail is an evolution of multichannel and crosschannel retail. It involves many different channels that work together seamlessly and they present the shopper with an indistinguishable brand experience regardless of the used channel. Omnichannel retail is driven by technology as the potential customer shops at home using a variety of different devices. These different devices are expected to work in conjunction with each other and must make the shopping experience clear, quick, and personal. A company with an omnichannel strategy puts the consumer at the centre of the business, engages on a one-to-one basis, and leaves the choice of channel to him or her. This new type of consumer demands that businesses optimise their communication between the channels and that they are offered a showroom to inspect the product.

In addition, retailers collect the data from the customer's shopping process to identify their needs and demands to further enhance the experience the next time the buyer returns to the company.

2.3 How are omnichannel retail in the technological sector and the buying behaviour of modern consumers interdependent?

In order to investigate how successful e-commerce businesses in the technological retail sector can benefit from omnichannel retail by opening brick and mortar stores, it is important to understand the connection between the buying behaviour of the consumer and omnichannel retail. This will be done by explaining and investigating Kotler's Consumer Buyer Behaviour theory. This theory is relevant to the central research question as it is important for businesses in the technological retail sector to understand the steps that their target audience takes before purchasing a product. It will also be possible to identify at which step firms are currently losing customers and how this loss can be prevented. It may also prove useful for an enterprise to understand which step of the buyer decision process they influence when turning to omnichannel retailing.

The Consumer Buyer Behaviour theory in its entirety was acquired through the Marketing: An Introduction study book, written by Armstrong and Kotler. This edition was published in 2012. The theory refers to "the buying behaviour of final consumers, individuals, and households that buy goods and services for personal consumption" (Armstrong, & Kotler, 2012, p.156).

2.3.1 The Consumer Buyer Behaviour theory by Armstrong, G. and Kotler, P. (2012)

To create an understanding of how the omnichannel consumer purchases products or services in the technological retail sector, the Consumer Buyer Behaviour theory will be investigated. The model of buying behaviour (figure 2.1) of consumers can be divided into three major steps and these steps in their turn are divided into smaller segments. The first step is the environment; the environment is split into 'marketing stimuli' and 'other stimuli'. The marketing stimuli are exerted onto the consumer by the company through the use of the 4p's; product, price, place, and promotion. These are described in the section below. The other stimuli are external developments such as economic developments, technological developments, social developments, and cultural developments. For this paper, the external factors are not looked into, as these factors are not dictated by the enterprise or the consumers themselves. However, both the marketing stimuli and other stimuli contribute to the second step of the buyer behaviour, namely the consumer's black box. Here, the buyer's characteristics and the buyer's decision process are taken into account. The final step of the model is the buyer's response. This step indicates, for instance, what product or service the consumer has bought, which brand the individual has purchased, and how often the person returns to the business. This model of the buyer behaviour is used to identify the shopping behaviour of the omnichannel consumer.

Marketing stimuli of an omnichannel business

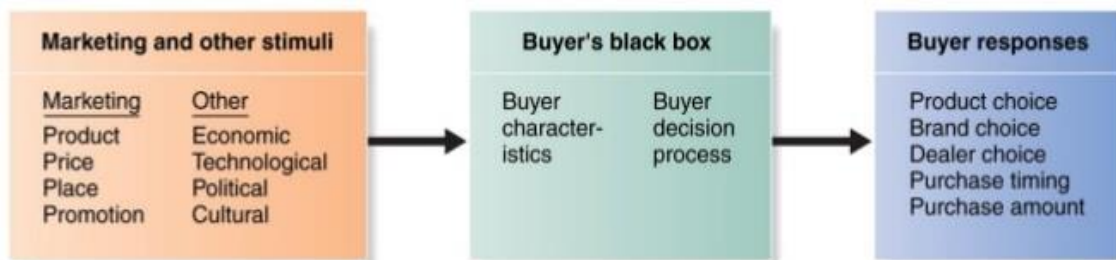


Figure 2.1 Tarannum, S. (3 april 2013) Consumer Buyer Behaviour Model

When looking at omnichannel retail, the consumer wishes to undergo a seamless brand experience. The buyer is the focal point of the retailer and expects to be served through multiple platforms, both online and offline, and that multiple forms of one-to-one communication are available.

Firms can stimulate the buying behaviour of consumers through the 4p's. By looking at the product, price, place, and promotion the omnichannel business can influence the consumer's decisions. Conversely, Lamboo (2014), an expert on digital marketing strategy for Jungle Minds, and Petersen (2013), who holds a PhD in Marketing Solutions, explain that the 4p's were created without the current digital trends in mind. Petersen suggests that businesses that aim to be

successful in omnichannel retail have to change the traditional concept of the 4p's and focus on the demands of the buyer.

Product: With the Internet at the consumer's disposal at any moment, buyers have the opportunity to purchase almost any product from anywhere. Consumers are not satisfied when products are not available for them to purchase (Lamboo, 2014). She also states that omnichannel retailers should consider working together with other businesses in order to make sure that the individual does not leave the shopping process empty-handed. She points out that partnerships between different retailers or other members of the supply chain have to be considered. In case the retailer does not have the article readily available, the consumer should be able to acquire it through a partner. Lamboo implies that this service provided by the retailer will likely result in a positive experience, since the buyer feels that the retailer looks after him or her.

On the contrary, because consumers are able to find large numbers of products online, retailers should also increase their product assortment. However, It is not required for omnichannel retailers to have all products physically available in their stores. Lamboo (2014) gives the following example of the brand Crocs:

"Crocs is a brand that sells plastic footwear in many different colours and styles. Assuming that Crocs has 10 sizes of footwear in 10 different colours, this means that Crocs has 100 different variations of one shoe. It is impossible for a retailer to have so many different sizes and colours of different styles of shoes in a small store in a prime location. For this reason, the Crocs brand has equipped their sales staff in the stores with tablets. By doing this the consumer can try on the different sizes and styles and proceed to order the different colour in the store, which will later be shipped to the consumer's home address. This phenomenon where a business intentionally has a limited number of products physically available in-store but where the unavailable products can be delivered or reserved is known as 'endless aisle'".

The example of Crocs shows that the shop is used as a showroom. In their research, Mehra, Kumar, and Raju (2014) have proven that showrooming is an increasing trend in retail. It allows consumers to inspect the products before making the purchase. Businesses can thus use a showroom to stock a smaller combination of products for consumers to test. Shipping the specific product to the buyer's home address while they are still in the store allows for a high degree of personalisation, for example, by offering different colours, sizes, and types to the consumer.

Price: The pricing aspect of different retailers in the tech industry varies greatly. The American Federal Trade Commission reports that the technological market is one of the most competitive

markets worldwide (Federal Trade Commission, 2016). This high degree of competition means that consumers have the power to compare many different retailers based on product prices. However, Accenture, a leading global strategy company, encourages omnichannel businesses to present the consumer with consistent pricing information across its channels. With the shopping journey being both on- and offline, the company should communicate the same price on the web shop and in the app, as well as in the physical store. Research conducted by Forrester Consulting shows that 49 per cent of consumers expect the price to be equal across all channels of a retailer (Accenture, n.d.). Companies that created a uniform pricing strategy across all channels can experiment with using the physical store as a showroom (Parker Brady, 2015). Here, the products are displayed with the same price as on the online platform. Consumers can inspect the products and decide whether or not they purchase it online or in the brick and mortar store. According to the Boston Consulting Group and Boomerang Commerce, omnichannel enterprises must first determine their strategy and collect the required data through their channels before rushing their pricing strategy. The two companies argue in their article *Winning at Omnichannel Pricing* that pricing based on the strategy of the business is more valuable than reacting to the prices of others. They add to this by stating: "Omnichannel retailers should also examine consumer purchase patterns to identify categories where they can 'price up'". This should be done particularly in categories with low transparency and low sensitivity to generate cash" (Boston Consulting Group, Boomerang Commerce, 2015). So, Accenture and the Boston Consulting Group and Boomerang Commerce are both stating different pricing strategies for an omnichannel business.

Place: Distribution, or the place stimulus, focuses on the availability of the product to the buyer (Armstrong, & Kotler, 2012, p.81). Ecommerce Europe describes that approximately one-fifth of the technological consumer goods in Europe were purchased online in 2014 (Ecommerce Europe, 2015). In most cases, online shopping also means that the products are shipped to the buyer's home address. With a large number of online transactions, omnichannel businesses have to be able to distribute the products effectively to provide the shopper with his or her product. Lamboo (2014) suggests that companies throughout the industry value chain or other networks should work together to assure that the consumer receives their product. An example of a network of companies that work together is Google Express. Google Express is an online shopping platform that consists of a large number of different retailers that collaborate with Google to promote their products. The website displays the products offered by the partnered retailers and Google delivers them the same day. Google thus acts as the service provider, however, the retailers use this service to sell and promote their products to the consumer (Tuttle, 2014).

Optimising logistical operations are thus of great importance to an omnichannel retailer. The business should have the products available for purchase both in the brick and mortar store, as well as in the warehouse that is linked to the web shop. Nonetheless, if the item is out of stock in the physical shop, the company should still be able to sell the customer the desired product. Either by showing the buyer the nearest brick and mortar store that does have the product available or by delivering the product to the customer (Fortna, n.d.).

Promotion: Lastly, the promotion stimulus is characterised by the communication of a business towards the consumer. Traditional forms of promotions are: print ads, television commercials, and direct sales (Armstrong, & Kotler, 2012, p.81). However, as mentioned in sub-question 1, omnichannel consumers prefer a more personalised and one-to-one approach when being communicated with. The developments in IT and data collection services create an opportunity for omnichannel retailer to collect more detailed information on their customers. (Open Bravo, 2015).

The data gathered by following the buyer's journey can then be used to create more personalised promotions. Krishnan, the head of strategy and domain consulting for Wipro, explains in an interview with Davey that omnichannel businesses should monitor the steps the customer takes across the different channels before buying the product. He states that understanding the purchase history, the used channels, and the personal data of the customer, are key factors in creating a personal promotion for the buyer (Davey, 2014). Additionally, in order to capture the attention of the consumer in the first place, the brand has to actively try and tell a relatable story to the buyer. This has everything to do with the way the mind of the consumer works. According to Zaltman, author of the book *How Customers Think: Essential Insights in the Mind of the Market*, "Marketers who wish to influence the stories that consumers create about the product must build stories around archetypes" (Zaltman, 2003, p. 214). Zaltman describes that the story or metaphor of the brand must be recognisable for the shopper in order for them to be able to remember the brand at all. When creating the right content for the buyer, he or she will understand and remember the core message of the brand and is more likely to make a return visit.

Buyer's characteristics of an omnichannel consumer

As reported by Armstrong and Kotler, four factors influence the consumer's final buying decision. These are the cultural, social, personal, and psychological factors. The cultural factor has been taught to the individual by society. This element dictates to the buyer what is acceptable within society and what is not. Similar to the cultural factors, the social factors also influence the buyer externally, since the buyer takes the opinions of friends, family, and his or her role of status to the

outside world into account when making a purchase. The personal factors on the other hand are determined by the characteristics of the buyer and can thus not be regarded as external factors. Age, occupation, economic situation, and lifestyle all influence the buying process of the consumer. Lastly, the psychological factors such as motivation, perception, learning, and beliefs also affect the buying decision. Ultimately, these four factors form the basis of the buyer decision process (Armstrong, & Kotler, 2012, p.167).

To understand the characteristics of the consumer, omnichannel businesses must understand the four factors of their audience. The cultural factors are generally similar for a large group, such as the culture of a country or of a market (Perreau, n.d.). Enterprises can conduct research on the habits of the audience in advance and change their business model accordingly. Cultural factors tend to change slower than the social factors. Even though professionals such as Ted Levitt of the Harvard University have argued that the increase in technology would lead to a global culture, De Mooij does not agree. De Mooij describes that most people are still generally only subjected to their own culture. Therefore, an omnichannel organisation should not ignore cultural differences if it operates in multiple countries (De Mooij, 2004, p.5).

On the contrary, when taking the characteristics of an omnichannel shopper into consideration, it appears that the social factor is currently the factor that is changing the fastest of the four. Gevelber (2015), head of America marketing division of Google, describes that the omnichannel consumer is connected to the Internet at all times, thus also has product reviews at his or her disposal and can consult the opinion of friends and family at any time through social media. Omnichannel businesses should understand their audience in order to effectively persuade individuals to buy their product. As of now, approximately two billion people worldwide use social media (Chaffey, 2016). With this many social media users, omnichannel consumers are likely to share information about their favourite brands and products online. This rapid spread of word-of-mouth can influence the buyer's responses to a significant degree.

The personal factors of consumers can be divided into different sub-factors such as age, occupation, lifestyle, and personality (Armstrong, & Kotler, 2012, p.165). These aspects differ per individual, however, when looking at omnichannel consumers in the tech industry, these people are young, lead busy lives, and are quick to follow new trends (Facebook IQ, 2014; Horden, 2014; Krueger, 2015)

As mentioned before, the psychological factors of the consumer are also divided into several sub-factors. The learning factor in particular is of importance for the omnichannel consumer, as they are quick to follow changes in the market. This means that omnichannel shoppers are on the look-out for emerging trends and learn about these situations quickly

(Horden, 2014). Furthermore, as Bagge (2015) stated in the interview, some consumers understand the product or service they desire to buy better than the retailers themselves. The learning factor of the consumer is thus an important characteristic for the omnichannel retailer to consider.

Buyer decision process of an omnichannel consumer

In its turn, the second aspect of the buyer's black box, the buyer decision process, can be divided into five steps: need recognition, information search, evaluation of alternatives, purchase decision, and post purchase behaviour. These five steps have been illustrated in figure 2.2.

Usually a consumer goes through all five steps of this process, nevertheless, a long term customer to a brand will be able to skip certain steps since he or she already knows all the information about the brand and he or she is not interested in the alternatives. This model is used in this report because it shows all the possible steps a consumer may take into consideration when purchasing a product (Armstrong, & Kotler, 2012, p.170).



Figure 2.2. Askew, J. (n.d.) Consumer Buyer Behaviour

Need recognition can be regarded as the initial step to the buyer decision process. The consumer recognises a problem and wants to make a purchase to solve this (Armstrong, & Kotler, 2012, p.170). In this step, the (omnichannel) consumer has a problem that needs a solution, for instance, a broken television. The individual recognises the need for a new television and this will trigger the search for a new product. According to Shyam Prasad (2015), consumers are increasingly experiencing need recognition in a new way. Buyers have the ability to share information whenever they want through the Internet. New trends are formed quickly because of the rapid sharing of this information via social media. Consumers feel the need to keep up with these trends, thus, to buy the popular products. This also triggers the following steps of the model of buying behaviour.

The second phase of the process is the search for information by the consumer. He or she will then look for potential products that can solve his or her problem. The information may be gathered through personal sources such as friends and family, through commercial sources, such as advertisements and sales people, or through public sources such as the Internet or consumer review organisations. This second step in the buyer decision process will leave the individual with an increased understanding of different brands and of the features of the product. As described earlier, consumers are connected to the Internet at almost any given point in time. When looking to buy a product or service, consumers conduct extensive research to be able to understand the pros and cons of said product or service. Bagge (2015), head of the retail department of IBM in the

United Kingdom and Ireland, explains that in some cases, buyers understand the product they are looking for better than the retailers. Clark (2015), who has worked in the technology sector for over 20 years, adds to this statement that 27 per cent of European consumers first research the product they are looking for online, before making a purchase. Clark came to this conclusion after working on research project which included 5,000 European consumers. Krueger (2015) notes that according to Google data, the number of consumers who keep researching products while visiting the brick and mortar store of a company is increasing. This phenomenon implies that the omnichannel consumer is highly sensitive to better deals offered by competitors at any stage of the customer journey.

Thirdly, the shopper will look to evaluate alternatives. He or she will rate the different brands that were found during the second step of the process and make a choice based on the product with the best attributes. In this phase, businesses may win or lose a customer. Similarly to the aforementioned steps of the Consumer Buyer Behaviour theory, the evaluation of alternatives is also highly influenced by the Internet. Buyers have the possibility to compare products or services based on brands, characteristics, and performance. Furthermore, large numbers of reviews can be found on websites such as 'Purchx' and 'Consumer Search'. In addition to these review websites, many retailers like Amazon in the United States and Bol.com in the Netherlands allow shoppers to post product reviews on their website. Based on a survey conducted by iPerceptions in 2011, Charlton indicates that 63 per cent of consumers are more likely to purchase from a website which shows user reviews (Charlton, 2015). According to Armstrong and Kotler (2012, p. 171), in this step of the Consumer Buyer Behaviour model, the individual will rank the different brands on preference. The characteristics of the product are compared, however, the majority of the consumers do not see all features of the article as equal. Therefore, each characteristic is given a weighting factor. Different brands appeal to different buyers, because of the variety in features of the product and that consumers perceive distinct features as important.

The fourth step is the purchase decision. During this phase, the individual makes the final choice of which brand he or she will purchase. The shopper is likely to buy the product of the preferred brand that has been evaluated in the previous step. On the other hand, Armstrong and Kotler (2012) state that there are two external factors that also influence the buyer, namely the opinion of others and unexpected situational factors.

When friends and family discourage the purchase of the initial preferred brand, the chance of the consumer buying a product from that brand is reduced. This may result in a different product being bought. Technology has also influenced this step of the buying behaviour of the consumer, since there are currently approximately two billion social media users worldwide

(Chaffey, 2016). It is simple for shoppers to rapidly share their experiences and opinions about brands by using the Internet. Omnichannel consumers may ask the opinions of others at any given point in time which can alter the outcome of the purchase decision.

Armstrong and Kotler indicate that the second factor which influences the purchase decision is the unexpected situational factor. Neither the business nor the consumer can influence this factor. Examples of unexpected situational factors are: competitors dropping their price or the consumer losing his or her job.

It is important to note that the individual can proactively look for the opinion of others and thus influence the purchase decision through this external factor. However, the second external factor is usually unforeseen by both the shopper and the firm.

The fifth and final step is the post purchase behaviour of the buyer. Here, the customer experiences whether he or she is satisfied or dissatisfied with the purchase. Depending on the degree of satisfaction, a first step towards a relationship with the brand is either gained or lost. As reported by Boundless, an institution which provides teachers and students with study material, businesses increasingly offer customers after sales service in order to positively influence the customer's feeling towards the brand (Boundless, n.d.). Because the omnichannel consumer has the ability to find almost any product anywhere online, enterprises have to create meaningful deals and promotions after the purchase was made in order to persuade the consumer in making a return purchase. Furthermore, according to Yu (2014), CEO of BrightEdge, an online tech company, retailers should aim to find an engaging theme and interact with the buyer through that theme. This interaction can take place online or in-store, nevertheless, the objective is to create a long lasting relationship with the customer.

Omnichannel buyer's response

The buyer's response is the sum of the influence of both the stimuli, the characteristics of the individual as well as the outcome of the buying decision process. How much the person spends and which brand is bought are factors determined by the different steps of the Consumer Buyer Behaviour theory. However, omnichannel consumers are more valuable to businesses as they spend more than single channel shoppers and they also interact more regularly with the company or brand (Dorman, 2013; Fiorletta, 2012).

Krishnan states in an interview with Davey (2014) that in order to differentiate itself from other businesses in a service point of view, an omnichannel retailer should first track the journey of the buyer to be able to provide additional service during the journey. Secondly, each of the channels must complement each other in order to avoid disappointing the shopper and lastly, the omnichannel firm should give the buyer a choice regarding how intensive the service will be. The

business should never force features onto the consumer. Krishnan implies that retailers which can deliver the right amount of service at the right time are able to distinguish themselves and establish a relationship with the buyer.

2.3.2 Conclusion; technology is altering consumer behaviour

To summarise this sub-question, individuals who are purchasing a product are influenced by marketing stimuli, other stimuli, their own characteristics, and the buyer decision process.

Marketing stimuli are the 4p's which are exerted onto the consumer. The 4p's of an omnichannel business in the technology industry are currently changing due to the increase in technology.

Lambo (2014) argues that larger product assortments and partnerships between firms will derive from the consumer demands. Regarding the pricing aspects, omnichannel retailers have to create a pricing strategy that fits the business model before rushing to adjust prices based on their competitors. On the other hand, it is also argued that omnichannel retailers should have consistent prices among all channels. Moreover, companies that wish to pursue an omnichannel strategy are optimising their logistics to make sure consumers receive their goods on time and at the right place. Lastly, the promotions of omnichannel companies are shifting towards a one-to-one approach, both online and offline, to grant the shopper a personalised experience.

The cultural factors that influence the consumer are generally dictated by the country or the market. Enterprises must study these characteristics before entering the market to ensure that no critical errors are made. In addition, the social factors are also to be studied, although this factor is undergoing rapid change as a result of the developments in technology and social media. The personal factors of omnichannel consumers vary per individual, however, as these shoppers share characteristics such as age, lifestyle, and social characteristics, retailers are able to create smaller segments and target the right group. The last factor, the psychological factor of omnichannel consumer seems to be influenced by the desire to learn about new trends and products. This will ensure the individual of staying on top of new trends.

Each of these four factors influence the buyer's decision process. This process is also subject to change because of the technological developments. Consumers are influenced through social media and feel the need to make a purchase of a new, trendy product. The search for information can be done online and information is acquired easily. Furthermore, the large number of products that are displayed online and offline can be evaluated through the use of website reviews or relatives. It is up to the consumer to choose where and when to make the purchase. He or she will likely receive after sales service to be persuaded into making a return visit.

Thus, technology is the driving factor behind the change in the omnichannel consumer's

buying behaviour. Both the business and the buyer are changing the way of interacting with each other. The consumer desires to be sought after at all times, both online and offline, and shoppers now have the power to share their experience on social media at any moment, which can either boost the trust in the company or worsen the perception towards it. This has forced companies to change their marketing strategy into a more one-to-one approach. In addition, the omnichannel business should also make adjustments to its logistics to make sure the consumer is not dissatisfied with the delivery, the pricing across channels, and the inventory in the brick and mortar store. When these changes have been implemented correctly, omnichannel companies have the opportunity to differentiate themselves from competitors as a result of the shopping experience (Davey, 2014).

2.4 Conclusion Theoretical Framework

From this section onwards, omnichannel retail is defined as a new business concept, evolved from multichannel and crosschannel marketing, that focuses on a number of different retail channels which engage with consumers on a one-to-one basis, on multiple devices, both online and offline, and which seamlessly work together to provide the consumer with a personalised brand experience. This definition is based on several elements which experts say are important for omnichannel retail. The examples given in the second sub-question of this theoretical framework are not necessarily only applicable to one sector of retail or to one country. As the omnichannel phenomenon is still evolving rapidly, the definition of omnichannel retail is still fragmented in literature.

The Consumer Buyer Behaviour has been illustrated by looking at retail in general. Considering the characteristics of the modern consumer, it appears that the developments in technology are the main factors which have changed the way consumers search, evaluate, and purchase products. Possible ways in which individuals worldwide engage with omnichannel retailers in various industries were identified, although the primary characteristics of an omnichannel consumer are the desire to personalise the experience and the one-to-one engagement with the business. These forms of communication between the end users and the companies can also be applicable to the technological retail sector in the Netherlands. This theoretical framework prepares for primary research to investigate how omnichannel retail will affect or how it already affects the technological retail sector in the Netherlands.

3. Methodology

In this section, the methods to answer the central research question will be explained per sub-question. Additionally, the various different sources that were consulted are justified and the requirements in order to be considered a successful e-commerce firms are also clarified.

To answer the central research question: **How can successful e-commerce businesses in the technological retail sector benefit from omnichannel retail by opening brick and mortar stores in the Netherlands?** both desk research and qualitative research were conducted.

Companies that have either been doing business for more than fifteen years or have seen a significant increase in revenues within the last three years are seen as successful in this paper. In addition, a successful enterprise is able to sell its products to customers everywhere in the home country.

Methods used for sub-question 1: What is omnichannel retail?

Desk research was conducted to answer sub-question 1. Mostly non-academic sources were used, since the trend of omnichannel retailing is relatively new and the information on this subject is still spreading rapidly online. Many specialists who are investigating the phenomenon of e-commerce businesses opening brick and mortar stores are currently writing new articles. These sources were used in order to create the definition of omnichannel retailing for this dissertation.

Methods used for sub-question 2: How are omnichannel retail in the technological sector and the buying behaviour of modern consumers interdependent?

To answer this sub-question, the Consumer Buyer Behaviour was analysed. The theory in its entirety was acquired through the Marketing: An Introduction study book by Kotler and Armstrong (2012). Furthermore, non-academic articles are also applicable to this sub-question as there are a number of writings and interviews online that describe the relationship between consumers and omnichannel retail. The several different steps of the Consumer Buyer Behaviour were investigated and compared to how omnichannel companies are conducting business at this moment. The first and second sub-question formed the theoretical framework.

Methodology sub-question 3: What are the benefits for an e-commerce company to open a brick and mortar store?

In order to answer this question, two e-commerce specialists who also understand offline retail have been consulted. According to Key (1997), of the Oklahoma State University Qualitative, qualitative research is used when there is a need for in-depth information. This research paper thus used the information of the experts to create an understanding of the current developments in retail. Qualitative research appeared to be more valuable than quantitative information as this

would not have benefited this paper in investigating the trend of omnichannel retail.

Three topics were identified through the research done in the theoretical framework, namely: the developments within online retail, the trend where physical stores are being introduced by e-commerce companies, and the characteristics which define the modern e-commerce consumer. By interviewing professionals, this paper provides the most up to date information on the advantages of a brick and mortar store for an e-commerce organisation. The interview questions of this paper, which can be found in Appendix 1, were based on the theoretical framework and are created to answer sub-question 3 and 4. The findings of the theoretical framework, namely the definition of omnichannel retail along with the Consumer Buyer Behaviour theory, have led to the three aforementioned topics. The outcomes of the interviews were compared with each other immediately in the results section to thoroughly describe the different opinions. In the analysis, the opinions of interviewees were also linked to the theoretical framework and to the fifth sub-question. The results were compared mostly based on similar opinions by the specialists to prove the developments in omnichannel retail. When clear contrast between the experts' opinions was perceived, the differences were also described.

The first interview was done by phone with an independent omnichannel expert, Van Olphen, who understands the general advantages of having both an e-commerce shop and physical store. Since the interview with Van Olphen was done by phone, no signed consent form with his name shall be present in the appendices. His consent was recorded instead. Van Welie, who works for an organisation on behalf of e-commerce and omnichannel companies in the retail, finance, and travel sectors also participated in the interview to share his opinion. Van Welie answered the interview questions via e-mail. Van Olphen and Van Welie are credible sources, since they work in the field of e-commerce and can grant practical examples of how e-commerce is evolving. Their careers in retail prove valuable as this can give insight into how professionals experience the current trend in online commerce.

Methods used for sub-question 4: What are the challenges an e-commerce business will face when it adopts an omnichannel strategy?

Similarly to sub-question 3, qualitative research was conducted to answer this question. For this section, three specialists who understand the difficulties of opening a physical store for an online company were interviewed. These interviewees are: Bakker, Gurd, and Respondent A. Respondent A wishes to remain anonymous in this dissertation. To safeguard this person's anonymity, no signed consent form with his signature can be found in the appendices. The interview with Bakker was done by phone, whereas Gurd and Respondent A answered the questions via e-mail. Similar to Van Olphen's case, Bakker's consent has been recorded during the interview.

The experts all work for e-commerce consultancies and collaborate with online retailers. They are active in retail and understand the ongoing trend in the e-commerce industry, which makes them credible sources for this paper. They have answered several questions regarding the difficulty of opening a physical store. These questions are also based on the theoretical framework and on the same three topics as sub-question 3. Linking the results section to the theoretical framework ensured that the professionals were asked relevant questions. The reason for this is that the theory behind omnichannel retail was acquired in the first two sub-questions and can be investigated further by using the opinions of the interviewees. Statistics Solutions (n.d.), a company that provides researchers with assistance during their research, implies that the choice of the research method depends on the findings in the theoretical framework. In this case more in-depth knowledge of omnichannel retail was required, thus qualitative research was conducted for the remaining sections of this paper. Furthermore, by looking at the same topics in both sub-questions, a comparison can be made between the advantages and disadvantages.

Methods used for sub-question 5: How do Leapp, Coolblue, and Argos implement omnichannel retail as their marketing strategy?

Sub-question 5 was answered through analysing the strategy of the three e-commerce companies that are currently opening brick and mortar stores. These three companies are active in different countries and, after analysing, can contribute to understanding a general trend in retail in multiple regions. Leapp, Coolblue, and Argos all sell a range of different technological products and based on the criteria above, they were selected to be investigated further. To answer this sub-question, the information and theories that have been gathered in the four previous sub-questions were used and functioned as a base for the analysis. The brands were tested against the definition of omnichannel retail to investigate to what extent the businesses are implementing this type of strategy. The results were gathered based on the information displayed on their websites. The research methods for this sub-question consisted of both desk and qualitative research. The results of the theoretical framework were used in conjunction with the information that the professionals provided.

4. Results of the interviews and the three investigated retailers

4.1 What are the benefits for an e-commerce company to open a brick and mortar store?

As mentioned earlier, this sub-question describes and analyses the opinion of two e-commerce experts. The first interviewee, Van Olphen, is an independent omnichannel specialist and has worked for different brands. The second professional, Van Welie, works for Ecommerce Foundation, a non-profit e-commerce organisation, initiated by worldwide e-commerce associations. The clients of Ecommerce Foundation are e-commerce and omnichannel companies from industries such as retail, travel, and finance.

4.1.1 Expert's opinions

Considering the information that has been received from the specialists, it appears that they agree on the core message omnichannel retail has to offer. Namely that the buying behaviour of the consumer is changing towards a situation where the consumer looks for multiple ways to be served in. Van Olphen (personal communication, 14 April, 2016), states in the interview that the majority of retail sales still go through physical stores. The reason for this is that a large number of customers prefers to inspect the product before making the purchase. Van Welie (personal communication, 20 April, 2016) notes that an offline store is simply an addition to the already existing channels of the company and that the customer can thus be served in more ways. Another key aspect of having an offline touch point as an e-commerce firm is that having multiple stores in a city centre will help the business create brand awareness. Both Van Welie and Van Olphen argue that creating this point of interaction with the customer could prove valuable to the enterprise, since there is direct contact with the buyer. This is less so when selling the product or service online.

Taking the retail landscape as a whole into account, the experts agreed that in the future, retailers have to implement both online and offline channels in order to survive. Van Olphen argues that the business model of the retailer in question dictates how the organisation will distinguish itself. Nonetheless, he implies that companies with both an online and offline presence are currently having the upper hand. Van Welie of Ecommerce Foundation also expects e-commerce to change and that a physical shop would be a powerful tool for an online firm to interact with the consumer. He thinks that online companies will have to consider creating a physical store to improve the strength of the brand. According to Van Welie, "the 'e' in 'e-commerce' is currently slowly disappearing, which leaves only 'commerce'". He argues that online and offline retail are becoming more interdependent and that the power of the consumer is growing. Businesses will have to be able to serve their customers through all channels.

To gain insight into how an online company can create a successful offline channel, Van

Olphen and Van Welie pointed out what the main activities of the physical store must be. Van Olphen mentions that the offline channel of the e-commerce company has to be as reliable as the web shop. "This means that brick and mortar store has to be relevant for the consumer and that the brand exceeds the expectations offline as well". Furthermore, Van Olphen explains a recent trend in offline stores which he has noticed. Many large retail brands, such as Nike, are experimenting with entertaining the consumer when they shop in-store. According to Van Olphen, "an outlet which solely has products available will not likely be the future of retail". Van Welie on the other hand argues that service should be the priority of the physical store. He states that consumers are purchasing products and services mostly online because it is easy to do so and because of the low prices. The physical store in its turn should focus on interacting with the customers, for example, by answering questions or providing the customer with advice. Van Welie said that demonstrating the product to the buyer or giving him the possibility to inspect the item is also an important activity of the offline store. Nevertheless, he notes that the business should experiment with the size of the inventory required for testing purposes and sales purposes.

Furthermore, Van Olphen implies that starting up a physical shop will have major effects on the company. First and foremost, the enterprise will not only experience consequences on financial level and logistical level, but also on cultural level. The retailer must create a new business model that requires a different vision. "Managers who used to focus on doing business online, have to adapt to an offline strategy", says Van Olphen. Van Welie thinks that introducing an offline touch point results in more brand awareness and that the customer becomes more familiar with the brand. This will insinuate customers to also place an order online.

Both Van Olphen and Van Welie express that the power of the consumer is increasing. According to Van Welie, many consumers wish to be served at all times. They want to be able to order a product and have it delivered the next day. The main reason for e-commerce companies to open up a physical store is to give consumers the possibility to purchase the product however they want and whenever they want.

Considering the increase of the consumer's power, Van Olphen says that firms that do not change their business model to the current trend will go bankrupt. Moreover, he mentions that "bigger players in the market will become even bigger and smaller players have to focus on a niche market to stay successful". The physical retailers must offer their customers something special in order to stay relevant. Van Welie on the other hand expects that online and offline retail will merge to a large extent. Enterprises will try to persuade consumers into buying their

products through as many channels as possible and the distinction between online and offline will disappear.

4.1.2 Conclusion on expert's opinions

Taking the information of the two experts into consideration, the main reason for an online firm to open a physical shop is because a large number of customers still prefer to purchase a product in-store. In addition to this advantage of the physical store, brands can focus on building a relationship with their customers through the offline channel. Van Olphen also explains that the companies which conduct business both on- and offline have an advantage over firms which choose to serve their customers only offline or online. Van Welie mentions that he thinks that online retailers should focus on both online and offline channels to appeal to a larger audience.

On the contrary, both professionals do not seem to agree on the primary activities of e-commerce business' physical store. Van Olphen argues that offline retail channels in the future should offer the customer a unique experience, whereas Van Welie is of the opinion that the primary focus of the store is to provide the customer with service to build a relationship.

The two specialists have a similar opinion on how the future of retail will look, namely that online and offline channels are merging and that the consumer has to be able to decide where, when, and how he or she shops.

In conclusion, there are a number of advantages for an online business to set up a physical store. The first reason is to appeal to a group of customers who prefer to inspect the product before making a purchase. The offline touch point can be used as a tool to attract individuals who are not comfortable with buying certain products over the Internet. Secondly, the enterprise can build a relationship with their customers in a different way by delivering more personal services in-store. Van Welie and Van Olphen both state that creating an offline touch point helps buyers familiarise themselves with the brand even more, which creates more brand awareness. Lastly, the experts also agree that the consumer is becoming more powerful and wants to be served in different ways. The physical store can add to this wish by allowing customers to visit a store. Taking Van Welie's and Van Olphen's predictions for the future of retail into consideration, it appears that the distinction between online and offline shopping is fading.

4.2 What are the challenges an e-commerce business will face when it adopts an omnichannel strategy?

The experts who were interviewed to gain insight into the disadvantages of having an offline presence were: Gurd, the owner of Digital Juggler, a British e-commerce consultancy, Bakker who works for an omnichannel platform that helps firms improve their customer experience, and a

marketing professional who prefers that his name is not used throughout this report. He shall be referred to as Respondent A.

4.2.1 Expert's opinions

Similar to sub-question 3, the interviewees explained why e-commerce companies are choosing to create a brick and mortar store. According to Respondent A (personal communication, 29 April, 2016) and Bakker (personal communication, 3 May, 2016), several reasons can be named for this phenomenon. Like Van Olphen and Van Welie mentioned, Respondent A and Bakker also think that a large number of customers would like to see the product before they make the purchase. Another reason Respondent A brings up for creating an offline touch point is that having an offline presence can enhance the legitimacy of the firm in the eyes of sceptical consumers. Some buyers place more trust in a company that has a physical store, since this reduces the anonymity of the business. Bakker adds to this that the introduction of the so-called 'flagship store' of large (online) brands seems to be successful. This results in smaller stores being opened in addition to the flagship stores. Gurd (personal communication, 22 April, 2016) on the other hand, emphasises the interaction that takes place in an offline store. He implies that customer contact is an important part of why online retailers choose to adopt an offline strategy. Like Van Olphen, Gurd believes that an offline presence can be used to engage with consumers in an interactive way, for example, through events and in-store digital tools.

Considering the disadvantages of opening a physical store, Respondent A, Gurd, and Bakker all point out that the enterprise will start undertaking a radically different approach. The skills and know-how for doing business offline will have to be acquired. The business has to invest in the offline location and recruit people to create a team for the new channel. Initially, the set up costs of the offline shop will put pressure on the online channel of the organisation. Respondent A and Gurd also have a similar opinion on the fact that the investment is a large risk. It is uncertain how the customers will react to the outlet, and with low sales during the introduction stage of the store, high overhead expenses are inevitable. Gurd claims that the business should be aware of the limitations that the shop brings with it: "There are also the physical limitations of the store to consider, including the need for opening and closing times which do not exist online where you can sell 24/7".

In order to make the physical store a success, Respondent A, Bakker, and Gurd imply that there are a number of important challenges to overcome. Firstly, the firm has to recruit staff that can keep the shop open for five to seven days a week. Secondly, the retailer has to identify an attractive location. Bakker also indicates that the company will have to create awareness not only for its online platform, but also for its offline store. This can be a difficult task for the brand, which

external parties often take care of. Contrary to selling products online, an offline business has a limited range in which it can attract customers. This has to be taken into account when searching for the right location. Furthermore, 'high street retailing' is an extremely competitive environment, since this is where the highest number of potential customers is located. Gurd argues that identifying the right location is an extremely difficult task for the enterprise. A third challenge which is important for business to consider is designing the interior of the outlet and how to equip it. Gurd claims that; "creating a user experience in a physical location is different to doing it online, so this requires a blend of skills including interior design and visual merchandising".

Respondent A thinks that whether or not an offline channel is lucrative for an online retailer depends on the business model. He indicates that certain companies, such as fashion retailers may draw more success from the brick and mortar store due to the high return rates. Respondent A questions, however, whether the shop will be able to sustain itself and in some cases it could be seen as a marketing expense that compliments the web shop. Bakker states, similarly to the answer of Respondent A, that the firm has to carefully compare the pros and cons before making a decision. "The offline stores are meant to create higher conversions. If the advantages are more prominent than the disadvantages, then the firm should opt for the offline channel" (Bakker, 2016). Bakker sees the shop as a means to create higher revenues for the brand, regardless of channel. Gurd mentions that eBay is currently successfully opening pop-up stores, a type of temporary shop, in London. He explains that in case of eBay's business model, the offline stores are successful. Nonetheless, he also points out that the example of eBay is no guarantee that pop-up stores will work for other retailers as well. Larger brands are thus also experimenting with different types of offline channels.

The reason for these large retailers to be able to experiment with offline touch points is because established businesses have more cash available. This allows them to make large investments says Gurd. He also implies that "large retailers have brand scale and brand awareness, which plays a vital role in drumming up consumer interest in a new store". However, Gurd and Respondent A also suggest that smaller organisations could be able to create offline selling locations, although they have to do this more efficiently. For example by following eBay's example, which means experimenting with pop up store locations. Bakker on the other hand is sceptical about smaller retailers that open an offline touch point in addition to a web shop. In his opinion it is much more difficult for an online firm to go offline than vice versa. He states that smaller online retailers could work with dealers. These dealers take the products of the online organisation into their assortment and will try to sell those items through their omnichannel

strategy. Bakker implies that the small company should carefully select these businesses, since the customer has to undergo the brand experience of the dealer to get to the smaller retailer's products. If the dealer is not carefully selected, the mismatch between product and seller could prove harmful for the sales of the small online retailer's products. Bakker also notes that franchise companies may encounter problems when opting for an omnichannel strategy. Franchisees will have to make agreements with the franchisor to gain benefits from customers that order online after inspecting the product in-store. This may complicate an omnichannel strategy for these types of retailers.

Additionally, if an e-commerce business decides to open a physical shop, the web shop of the enterprise may lose customers who would normally order online to the physical store. All experts agree that there will be some degree of cannibalisation of sales. Despite the cannibalisation, Respondent A expects that the outlet will attract new customers who are then going to place their order online. He mentioned earlier that, for this reason, the offline store could also be seen as a marketing expense. Gurd adds to this that: "Initially the shop will run a loss but it should reach break-even and start to turn a profit within a few years". Furthermore, Gurd also indicates that large established brands such as John Lewis in the United Kingdom have openly stated that implementing multiple channels increase consumer spending. Gurd says that: "If a customer spends 20 per cent less online but has increased his overall spend with the business at a higher margin, it is positive". It thus does not matter if the sales come from the web shop or the offline touch point. Bakker agrees to this and expresses that "it should not matter where the sale is made. The customer is at the centre of the business". The offline store is supposed to generate traffic to the web shop and vice versa. The channels have to work interdependently and create higher sales figures for the entire brand. On the contrary, Bakker stresses that "the brand has to offer the same principles in their web shop as in their offline store, otherwise two different signals are being given to the buyer".

Lastly, the specialists shared their predictions for the future of retail. Respondent A expects that the online sales will continue to grow. The physical stores have to become more creative in attracting customers in order to survive. This could be done by focusing on products that are hard to sell online. These products will, for example, require the customer to visit the shop before making the purchase. Respondent A thus thinks online retail will win the competition of selling generic products and offline retailers will start offering unique shopping experiences. Furthermore, the ageing population currently plays a large role in keeping brick and mortar stores profitable. However, in 10 to 20 years, brick and mortar locations will be under more pressure than ever before. Gurd on the other hand, predicts that retail in the future remains comparable

to retail today. He expects brands to start focusing on using customer data more efficiently to personalise the shopping experience. He does imply, however, that social commerce will become more important. Products will be advertised through social platforms such as Instagram, WeChat, and Facebook Messenger and less so by retailers. Gurd argues that the changes in technology are the main reason for large brands to innovate and that retailers are following these trends to create their own successful business models. Lastly, Bakker's response is in line with Van Welie's. He also presumes that online and offline retail are going to merge. In addition, Bakker suspects that brands will use their customer's data more efficiently to offer the consumer a more personalised experience. Online brands will increasingly try to improve customer relations through the introduction of physical stores, which may reverse the shop vacancy in the high streets.

4.2.2 Conclusion expert's opinions

As with sub-question 3, the main reasons for opening a brick and mortar store according to Gurd, Bakker, and Respondent A are that customers wish to inspect products before purchasing them. Respondent A mentions a different idea to why online retailers could opt for a physical store, namely to have a more trustworthy appearance to some buyers who have not yet embraced e-commerce as a business concept. Gurd is of the opinion that the offline touch point should focus on providing services to the consumer and that it should contribute to building a relationship with them in a way a web shop cannot.

The main disadvantage that the three experts brought up is that the organisation will add an entirely different channel to their firm. The company has no experience with doing business offline. This requires the retailer to conduct business in a new way, which may prove difficult to do. Gurd and Respondent A both say that the major disadvantage of the offline channel are the initial costs. It is impossible to know in advance if the new channel will be a success, which is a large risk. To make the shop a success, however, Bakker states that the organisation has to be able to keep it running for five to seven days a week. In addition the store has to be placed in an attractive location, which generally leads to high expenses. Another prominent disadvantage when comparing a web shop to a physical store is that the offline channel has a limited reach compared to a web shop. Bakker and Gurd also note that the shop has to be in line with the business values. Equipping the outlet with the right staff, features, and services will also prove to be a high expense.

When asked if smaller online retailers can create an offline channel, Bakker, Gurd, and Respondent A are sceptical. According to them, it will most likely be difficult for a small

companies to make the initial investment to set up the shop. Large and established brands have an easier time generating the cash required to turn to offline retailing.

4.3 How do Leapp, Coolblue, and Argos implement omnichannel retail as their marketing strategy?

To answer sub-question 4, the definition of omnichannel retail is linked to three retail brands. The definition of omnichannel retail for this report is: Omnichannel retail is a new business concept, evolved from multichannel and crosschannel marketing, that focuses on a number of different retail channels which engage with consumers on a one-to-one basis, on multiple devices, both online and offline, and which seamlessly work together to provide the consumer with a personalised brand experience.

First, the different segments of the definition are explained by using examples of Leapp, Coolblue and Argos. The definition is broken down into; the different retail channels, the one-to-one engagement with the consumer, the support for multiple devices and their interdependence, and lastly the personalised brand experience. By looking at the definition of omnichannel retail for these three companies, the degree to which Leapp, Coolblue, and Argos are implementing an omnichannel strategy can be identified.

In order to gain insight into the strategy of the three brands, their websites have been consulted. The services that are listed on their web page are explained below and are used to identify whether or not the businesses can be defined as omnichannel retailers.

Leapp:

In recent years, Leapp has opened up several brick and mortar stores in the Netherlands. The firm used to sell their products only through their web shop, however, Leapp now has outlets in major Dutch cities, such as Amsterdam, The Hague, and Rotterdam. Leapp sells refurbished Apple products. The company buys and repairs the display models that were used in Apple stores and sells them for a lower price. The brand has expanded to Belgium in 2015 and is located in large cities such as Antwerp, Gent and Hasselt. The CEO of Leapp, Van Camp, mentions in an article written by Retailwatching that, before the expansion of Leapp to Belgium, the company already had a large number of Belgian customers (Retailwatching, 2015). The driving force behind the popularity of Leapp appears to be its pricing. According to Appletips (2014), Leapp profiles itself to be the “bridge between non-Apple users to Apple users. News organisation Alles van Veghel (2015) describes that Leapp sometimes sells the Apple products with a discount of up to 70 per cent. As described earlier, this strategy seems to be the driving success behind Leapp’s business model and shows that there is a demand for lower priced Apple products.

When taking the characteristics of an omnichannel business into account, Leapp fits the profile to a significant degree. Firstly, the firm has several forms of one to one engagement with

the customer. Leapp offers customers a live-chat service on their website, which gives the customer the option to start a conversation with an employee. This service is available seven days a week, whereas contact by phone is available from Monday to Friday. Leapp promises customers an answer within 48 hours when they have e-mailed the company. All of these services show that Leapp lets the consumer decide on how to contact the enterprise. The features are not forced onto the shopper, which is an important aspect of omnichannel retail.

The second aspect which indicates that Leapp is making use of an omnichannel strategy is the fact that Leapp started out as a pure player, an online only business, but now also has physical stores. Orders can be placed both on a laptop and desktop pc, as well as on a tablet or smartphone. The website is customised for the used platform. In addition, the retailer promises free delivery within three days. After an order is placed, the customer receives a track and trace code, which allows the buyer to follow the order. Leapp thus regularly informs the customer about the delivery process.

Thirdly, Leapp also offers the customer an offline experience. As mentioned before, Leapp is rapidly expanding by creating physical stores. Van Welie and Gurd in the personal interviews for this research stated that the physical shops of online retailers should primarily focus on offering high quality service. Van Camp explains in the same article of Retailwatching (2015) that the outlets of Leapp focus on customer satisfaction and service. It thus appears that the CEO of Leapp and the interviewed professionals agree on the function of the brick and mortar store. Moreover, the website indicates which products are sold in an offline Leapp shop. This allows consumers to first inspect the product, before making the purchase. In addition to being pick up points, products that have been purchased offline can also be delivered to the home address of the buyer. The website does not, however, show in which of the Leapp stores the product is available. This may leave the consumer uncertain to which outlet in the country sells the product.

Combining the three above mentioned steps suggests that Leapp is pursuing an omnichannel strategy. In addition, products that are bought in the offline channel can also be delivered to the buyer's home. The transaction process is also up to the consumer. The buyer can visit the web shop, order the product, and then choose an offline location to collect the product. The online and offline aspect of the company are thus intertwined. Furthermore, the products can be ordered through different devices such as a desktop computer, a smartphone or tablet. Lastly, the firm also offers customer care on a one to one basis, either via phone, live-chat, e-mail or in-store. Leapp's brand experience does have a degree of personalisation as it is possible to interact with the company in different ways depending on the preference of the buyer.

Coolblue:

Similar to Leapp, Coolblue also used to be an online pure player. Nevertheless, the retailer currently has five brick and mortar stores in different major cities in the Netherlands. In an interview for the television programme 'Toekomstmakers' broadcasted by RTL Nieuws (2014), Pieter Zwart, CEO of Coolblue, states that the outlets of Coolblue focus primarily on helping customers who seek advice on a certain product or who want to inspect it before making a purchase. He also indicates that the majority of Coolblue customers who visit the store have first looked for the product online and later decided to come to the shop. In the same interview, Zwart mentions that Coolblue aims to give advice to the customer in-store to make sure the right purchase is made. The most important objectives of a Coolblue brick and mortar store are thus; providing detailed customer service, as well as offering the buyer a platform to inspect the product.

The one-to-one engagement by Coolblue consists of many different platforms. The company's customer service consists of call centres, live chats, social media, e-mail, and 'Whatsapp'. Each of the different services reply within one hour. The preferred method to contact the firm is up to the consumer and the services are available seven days a week.

Comparable to Leapp, Coolblue's website is also built to be used on different devices. The website shows the inventory of the product in the nearest outlet, as well as the inventory for an online order. By presenting the website in this way, Coolblue also seems to be pursuing an omnichannel strategy. The customer should have the possibility to shop wherever they are and whenever they want. The fact that Coolblue has built a website that lets the customer use whichever device they want, indicates that the consumer is at the centre of the business. Additionally, displaying the inventory of both the web shop and the nearest offline store adds to this customer centricity. Furthermore, the offline channel of Coolblue is meant to build a relationship with the customer. As mentioned before in the interview for Toekomstmakers, Zwart states that the Coolblue stores give advice about the products that are sold. This is in line with what the interviewed experts have said. Bakker (personal communication, 3 May, 2016) explained that: "It seems as if big online brands are currently trying to create a customer relationship through their stores". After buying a product in Coolblue's brick and mortar store, the consumer can also choose to have the item delivered.

Argos:

Argos, as opposed to Leapp and Coolblue, started out as an offline company. The catalogue retailer is mainly active in the United Kingdom and Ireland, and it has a large technology assortment. The organisation was founded in 1973 and has grown to be a large business which

offers its catalogue to 18 million households in the UK (Cocoza, 2013).

Like Leapp and Coolblue, Argos also has several forms of one-to-one communication. Customers can contact the business via live chat, by phone, and by e-mail. Argos thus tries to communicate with their buyers through many different channels. The choice of how to contact Argos is up to the consumer. Each of the different services is available seven days a week.

Argos' website also shows that the company is doing its best to create an omnichannel experience. The web shop promises same day delivery on certain items. Other items are delivered the next day. In addition to this traditional form of online shopping, the customer can also order the article online and pick it up in an Argos store. The item will be stored in the premise for up to seven days. When a customer chooses to do so, the business asks the consumer for their postcode and reserves the product at the preferred store. Besides ordering the item online and picking it up in-store, Argos also delivers selected products to the buyer's home address after payment in the brick and mortar stores. The shopping process thus works from online to offline and vice versa.

BBC News states that the enterprise currently has over 700 stores in the United Kingdom and Ireland (BBC News, 2012). With this offline channel, the retailer also gives customers the possibility to inspect products and buy them at a later stage. The customer thus has the possibility to shop at Argos whenever and wherever they want. The tools that are used are also up to the consumer as Argos' website supports each type of device, whether it is a desktop computer, a laptop, a tablet or a smartphone. Cooper, who is a journalist for The Telegraph, notes that "Argos will develop its online, mobile and tablet channels to be the primary outlet for communicating with customers" (Cooper, 2012).

4.3.1 Conclusion; Leapp, Coolblue, and Argos are pursuing omnichannel strategies.

Considering the approaches each of the brands take to satisfy the consumer, it appears that all three businesses are pursuing an omnichannel strategy. The similarities between Leapp, Coolblue, and Argos can be identified while visiting their website, which is built to fit the used device. Each of the retailers communicate with their customers through multiple forms of one-to-one engagement. Live chat, call centres, and e-mail are the primary forms of customer contact. All three of the businesses offer these services for at least five days a week.

The companies also seem to have made their different channels work together to a significant degree. All of the businesses give the customer the choice to order the product online and pick it up in the nearest outlet. It is also possible to have the items that are bought in the brick and mortar store delivered to the home address.

Upon ordering online, the consumer has to provide the retailer with their address to find

out which shop is closest. Coolblue takes this approach further by showing the inventory of the article at the selected shop to avoid sending the customer to a brick and mortar store that does not have the goods in stock. The customer can order the product online and pick it up in-store. Purchasing the item offline and having it delivered to the home address is also possible at all three brands. Leapp promises free delivery within three days, whereas Coolblue states that products are shipped to the home address of the buyer the next day if the order was placed before 23:59 pm. Argos generally delivers the goods the next day at a fee. Smaller items will be delivered the same day. The buyer has to submit a preferred time slot to indicate when the delivery should be done.

For Coolblue and Leapp, the offline store primarily appears to be a channel to improve the customer relations and to offer a showroom where products can be inspected. This is in line with what all the interviewees have explained. It thus looks as if an offline touch point is seen as a tool to engage with the customer in a more personal way and to give buyers the possibility to physically hold the item before making the purchase. On the contrary, Argos started as an offline catalogue retailer, however, the organisation has now designed a website around its brick and mortar stores. These shops are not meant to improve the relationship with the customer as they have been the main selling point of the business from the start (BBC News, 2012). According to an article in The Guardian written by Coccozza (2013), Argos is currently trying to shift its focus to selling products online. The strategy Argos is pursuing thus occurs to be opposite of Coolblue and Leapp, namely that the company wants to become more successful in online retail, whereas Coolblue and Leapp are introducing offline channels to their business models to enhance customer relations.

In conclusion, all three brands seem to be working on creating an omnichannel strategy. The brands have done so to a large extent by offering the consumer the freedom of choice on how to purchase the desired product. The three firms have an online and offline channel, and deliver customer care on a one-to-one basis. Additionally, their websites support multiple devices. On the other hand, the three brands do not seem to be targeting their buyers with a customisable and personalised experience. The degree of personalisation is limited to the choice of which channel is used. Tailored promotions or apparent advantages of switching between channels cannot yet be identified. It thus looks as if the brands are taking steps towards becoming an omnichannel brand. Nevertheless, the unique and personalised experience has not yet been fully integrated.

5. Analysis

After extensive research it is possible to regard omnichannel retailing as the evolution of multichannel retail. In this section the information gathered in the theoretical framework and the results are compared and analysed. The definition of omnichannel retail is linked to Armstrong and Kotler's (2012) Consumer Buyer Behaviour theory. Additionally, the results acquired through the interviews with the experts and the data gathered on Leapp, Coolblue, and Argos shall also be connected to the theoretical framework. By doing so interesting remarks can be identified.

Based on the knowledge obtained in the previous sections, the concept of omnichannel retail focuses on offering the customer a uniform shopping experience through multiple, well-integrated channels. Furthermore the customer is engaged with on a one-to-one basis. According to Open Bravo (2015), from a business' perspective this means that each of the channels must work together to make sure the customer receives the uniform and personal brand experience throughout the journey. "The business should acquire data on the purchase behaviour of their customers in order to create specific promotions or ads that suit that person", states Bakker in a personal interview. Mismatches between the different channels lead to losing customers as Lauchlan (2015) broke down in his article. The modern consumer is becoming more powerful due to their ability to shop online. Van Welie and Bakker both agree that consumers are looking for different products online and compare prices intensively. Retailers thus have to be able to offer a consistent experience across the channels, since the consumer will lose interest and turn to a competitor if the shopping activities are too complicated.

Taking the Consumer Buyer Behaviour theory of Kotler into consideration (Armstrong, G., & Kotler, P., 2012), the 4p's of the marketing stimuli are currently undergoing a change which is driven by technology. Consumers have the power to purchase any product online and can compare them between many different retailers. Lamboo (2014) argues in her article that it is important to give the consumer the possibility to acquire the product, even if the retailer in question does not have it readily available. Lamboo thus explains that retailers may have to work together through partnerships to give the consumer the positive brand experience they desire.

As mentioned before, consistency among the different channels is a key component of omnichannel retail. Consumers will lose interest in a brand if different channels have different prices. The offline touch point of an omnichannel e-commerce company has to have similar prices as the web shop (Accenture, n.d.). This reduces confusion among shoppers. The third 'p' of the marketing stimuli, place, is also subject to change. It appears that with the rise of showroom locations, retailers are using their outlets as service points (RTL Nieuws, 2014). In these stores the

consumer receives information about the products and has the ability to inspect them before making the purchase. These shops generally have a smaller inventory than traditional brick and mortar stores. The objective of these selling locations is to interest the consumer in the product and to have them order it either online or in-store. The business thus offers the consumer the possibility to have the product delivered. This means the inventory of the shop can be lower than when all sales are being done through the store (Lambo, 2014). Lastly omnichannel retail is currently reinventing the promotions aspect of the 4p's. The high degree of personalisation is a key concept of the new retail phenomenon. The personalised brand experience can be formed by offering consumers distinct promotions based on their purchases or allowing them to travel through the channels in whichever way they prefer. When a business collects the data of its consumers correctly, the enterprise will gain great insight into the shopping behaviour. This will help the retailer to communicate unique promotions to the customer, which in its turn can stimulate return visits through a different channel or create a positive brand experience in general.

In addition to the changes of the 4p's, the omnichannel retailer should also consider that the social factors of their target audience are changing. Of the four factors (cultural, social, personal, and psychological), the social factor appears to be most susceptible to change (Geveller, 2015). This change is a consequence of the improvements in technology and the changes the Internet has brought with it. Geveller states that the omnichannel consumer is likely to be connected to the Internet at all times. This gives them the power to share or collect information about the brand experience through social media or other Internet driven communication tools. Omnichannel businesses should carefully monitor this behaviour of their customers in order to target the right audience.

Lastly the change in the buyer decision process can also be related to the technological developments. Shoppers that are looking to fulfil a need can do so by searching for products or services online. This information search can be done at any given point in time as the omnichannel shopper is most likely connected to the Internet. Since he or she can look for many different types of products on many different websites, the consumer is well-informed at the time the purchase is made. Comparing different brands and prices between competitors also makes it difficult for an online business to attract the buyer. To increase the chance of satisfying the consumer, after sales service is an important aspect of the brand experience (Yu, 2014). Omnichannel companies have to stay connected to the buyer, even after the purchase has been done. This is where the personalised promotion may persuade the consumer to make a return visit. As Bakker indicates, it is not important where the initial purchase is made. The goal of omnichannel retailing is to create

higher overall sales. If the consumer has made his or her purchase in-store and then proceeds to order products online, the offline selling location has successfully contributed to winning over a customer.

When looking at the advantages of an offline outlet for an e-commerce company, all experts have given similar opinions to what can be found in literature. Van Olphen and Van Welie both note that a large number of consumers wish to look at the product or feel the product before making a decision. The offline touch point can contribute to reaching a new group of customers who cannot be targeted solely through a web shop. This group of customers prefers traditional retail or may need to be persuaded by sales representatives in the shop to buy the desired product. The second most apparent reason to opening a brick and mortar store is the fact that successful online brands can work on their customer relations through an offline touch point. Leapp and Coolblue appear to be doing so by opening their outlets in different large cities in the Netherlands. Upon visiting the websites of these two brands, it becomes clear that the customer can visit their stores to receive personal advice on the products. This message on the home page of both retailers is thus comparable to what the specialists state in the interviews. Van Olphen and Bakker both add to this that the offline selling location should reflect the values and core principles of the business. The offline store is an addition to the web shop and customers expect a similar experience to when they purchase their product online.

Van Olphen and Bakker also argue that the business has to carefully work out its offline store because the power of the consumer is increasing. Buyers can look for any product online and order it from anywhere. If a brand does not offer the consumer a smooth, easy, and quick experience, the customer will choose to buy from a competitor who grants them a superior experience. This phenomenon can be linked to the changes in technology and the growth of the Internet. The third step of the buyer decision process, the evaluation of alternatives, seems to be the motive for retailers to create a high quality customer experience. The risk of losing a customer during the shopping process is high and can be reduced by making sure the buyer is satisfied with the customer journey. In addition to the new way in which consumers evaluate alternatives, the information search step of the buyer decision process has to be recognised by omnichannel businesses as well. To make a physical store successful, it appears that the staff must be able to give advice to well-informed customers. This is in line with what Bagge (2015) has noted; namely that some customers are better informed than the retailers themselves. In the RTL programme Toekomstmakers (2014), Zwart recognises this, since he states that many customers of Coolblue have most likely first looked at the product online. Businesses that start with an e-commerce strategy and which later proceed to open a brick and mortar shop have to acknowledge that their

customers may first look for the product on their website. After visiting the web shop the customer may want to see the product in real life before making the purchase. The staff of the outlet thus has to have in-depth knowledge of the product in question to be able to give advice to the customers.

To understand the benefits of the physical store for the online company, the disadvantages of adding an offline channel to the business have to be considered. The three interviewed experts for the fourth sub-question all explained that the primary disadvantage of the offline channel is that the organisation lacks experience in this field. The managers do not have the same know-how on running an offline channel as they have on doing business online. Respondent A thinks that this will create great risk for the firm. Adding to Respondent A's statement, Gurd mentions that if the sales are low, the offline channel will create high overhead expenses. Thus the major disadvantages for the business are the lack of skill to operate an offline channel and the costs that have to be covered for the brick and mortar store.

To make the outlet successful, however, Gurd, Respondent A, and Bakker suggest that the store has to be open to customers for at least five to seven days and the location of the premise has to be attractive to the target group. Furthermore, the channel has to be in line with how the company profiles itself. The brand experience should be consistent to avoid confusing the customer. In case these factors can be realised by the business, a physical shop may prove beneficial. However, the enterprise should aim to use the physical store and web shop in conjunction to generate higher revenues. Nevertheless, it cannot be ruled out that having an offline and online sales channel will create some degree of cannibalisation. On the contrary, the interviewees also point out that which channel the buyer uses to obtain the product is not important. As long as the total profit of the brand increases as a result of having both an online and offline channel an omnichannel strategy is lucrative.

In order to gain insight in the developments in retail, the professionals gave their opinion on what retail will look like in the future. All experts agree that retail will become a combination of online and offline channels. Van Olphen, Respondent A, Gurd, and Bakker predict that the offline channels of the companies shall offer more than merely the sales of products. These stores are likely going to build a relationship with the customer through entertainment or unique business concepts that have never been done before. In addition, data collection will play a key role in creating a personalised brand experience for the consumer. The personalised brand experience will most consist of specific promotions or deals.

To understand the changes in retail, Coolblue and Leapp can be regarded as successful e-commerce firms in the Netherlands and were thus investigated. These two companies are

pursuing an omnichannel strategy by offering their target group different ways to purchase their products. Important to note is how both Coolblue and Leapp have multiple forms of one-to-one engagement, which is available during the week. Coolblue's services, on the other hand, appear to be quicker to respond to customers than Leapp's. As mentioned before, the strategy behind both these businesses' brick and mortar stores are in line with what Van Olphen and Van Welie note; namely that the enterprises seek to appeal to customers who wish to inspect the product before purchasing. Bakker's statement can be added to this, which is that larger online businesses can use an offline channel to build customer relationship. The fact that the consumer can order a product online and pick it up offline or purchase in-store and have it delivered, shows that the company is pursuing an omnichannel strategy. The shopper can make use of multiple channels to obtain the product and travel between the two. This means that the connection between the web shop and outlet works both ways. The degree of personalisation when shopping at Coolblue and Leapp can only be found in the use of the channels. Customers have the ability to shape the buying process to how they prefer.

Argos, as opposed to Coolblue and Leapp, started as an offline catalogue retailer and is now shifting its focus towards online retail (Cooper, 2012). The company is pursuing an omnichannel strategy by making sure its shoppers can use multiple channels to obtain the products. The difference between Argos and the two Dutch retailers is primarily the fact that Argos started offline. It is thus unimportant whether the firm started as an offline retailer or online retailer when it aims to implement an omnichannel business model. Much like Coolblue and Leapp, Argos gives its customers the possibility to select products in-store and have them shipped to their home address.

All in all, it appears that the offline selling points of e-commerce companies are created to target a larger group of customers. The shop grants consumers who have not embraced online retail a way to also shop at the brand (Respondent A, personal communication, 29 April, 2016). As of now, only larger and established online retailers are focusing on creating this customer relationship through a physical store, since it is a costly channel. Smaller firms are expected to keep up with this trend through creative solutions, such as pop-up stores. As the examples of Coolblue, Leapp, and Argos have shown, the goal of an omnichannel approach is to create higher total sales, regardless of where the purchase is made. However, in order to be qualified as an omnichannel retailer the channels have to offer the consumer a unique experience which appears to be lacking for the three investigated retailers. Detailed promotions or unique shopping experiences require large investments in the brick and mortar store and data collection tools to provide the customer with distinct communication and promotions (Open Bravo, 2015).

Thus, omnichannel retail is an evolution of multichannel and crosschannel retail. It involves many different channels that work together seamlessly and which deliver the shopper with an indistinguishable brand experience regardless of the used channel. Omnichannel retail is driven by technology, as the potential customer shops at home using a variety of different devices. These different devices are expected to work in conjunction with each other and must make the shopping experience clear, quick, and personal. An enterprise with an omnichannel strategy puts the consumer at the centre of the business, engages on a one-to-one basis, and leaves the choice of channel to him or her. This new type of consumer demands that businesses optimise their communication between the channels and to offer them a showroom to inspect the product.

Additionally, retailers collect the data from the customer's shopping process to identify their needs and demands to further enhance the experience the next time the buyer returns to the company.

6. Conclusion

This report investigated the following central research question: **How can successful e-commerce businesses in the technological retail sector benefit from omnichannel retail by opening brick and mortar stores in the Netherlands?**

The scope of the report concentrated on computer-driven products that can be connected to the Internet. With omnichannel retail being a new concept, the conclusion of this paper can be applicable to more countries than only the Netherlands. This country was taken as an example to understand how omnichannel retailing is being pursued by e-commerce companies in the technological retail sector, since the Netherlands has a high number of Internet users (Nu.nl, 2014).

Omnichannel as a retail concept can be regarded as an evolution of multichannel retail. An omnichannel retailer places the consumer in the centre of the business and offers them unique and personalised promotions to create a long lasting relationship. This means the buyer has the possibility to make the purchase whenever he wants and wherever he is, which translates to having both a web shop and a physical store. The brand experience is uniform across all channels and the multiple channels work together seamlessly. It appears that technology drives the evolution of multichannel, as the consumer wants to have the opportunity to purchase the desired products on any computer-driven device in addition to visiting a shop. Moreover, the consumer is engaged with on a one-to-one basis, through various different services, and the choice of service is up to the consumer. This indicates that retailers recognise the growing power of the modern buyer. To create a personalised brand experience, businesses must actively collect customer data. Targeted promotions or other forms of communication enhance the consumer's shopping experience. Furthermore, the business has to communicate a uniform message to its customers across the different channels. Fragmented information may lead to a confused audience, which negatively affects the experience.

The opening of brick and mortar stores is currently only done by successful and established brands. These companies use an offline touch point to enhance the relationship with their customers. The store is used as a branding tool to generate more traffic to the organisation, regardless of channel. In addition, the majority of the interviewed experts agree that the shop is aimed at individuals who have not yet fully embraced online shopping and need the advice of sales representatives to make the purchase. However, to make sure the brand experience is uniform across all channels, the marketing stimuli of the business have to be connected. Considering the predictions of the specialists, online and offline retail will become interdependent due to the changing demand of consumers. Buyers wish to be served everywhere and at all times.

E-commerce businesses that aim to fulfil this demand will have to turn to omnichannel retailing. By doing so, the lines between the different channels will disappear and a uniform brand experience can be created. Customers can seamlessly travel through each of the channels on any device they want. The business will benefit from an omnichannel strategy because the brand is active on different levels. The individual is given the choice of how to shop and when to shop, to create a positive experience for him or her. This positively positions the brand in the mind of the consumer. Another reason for a business to pursue an omnichannel strategy is to be able to collect more data on their customers. Being able to acquire information on many different levels allows the company to create more precise strategies to target the right customer segment.

In conclusion, experts agree that retail is changing rapidly and that these changes will most likely result in retail becoming a combination of online and offline channels. The marketing stimuli can be used in more creative ways to increase the number of satisfied customers. Retailers must recognise that the omnichannel consumer wishes to be served at all times and wherever they want. The 4p's thus have to be consistent for all the different channels. Prices among the channels should be equal to avoid confusion and sound logistical systems can positively influence both the web shop and the physical store. In addition, the consumer has the power to effortlessly compare different products online, which is a severe disadvantage for any (online) retailer. Every retailer has to recognise this disadvantage. Promotions can be used to create a personal and unique brand experience to build a customer relationship.

Of the buyer's characteristics, the social factor is subjected to change the most. These developments are driven by technology, and the Internet has made it possible for consumers to involve others in their purchasing process. Sharing information about the brand through word-of-mouth is a powerful tool that can prove beneficial or disastrous for a brand. The personal factor in its turn appears to be important for omnichannel businesses as well. When understanding the wishes and needs of their target group, retailers can create specific promotions, prices, and services that contribute to the optimal customer journey.

Additionally, each of the steps of the buyers decision process appear to be centred around the developments in technology. Omnichannel retailers must recognise that the buyer searches the Internet for competitors who sell the same product. It is thus important to create an experience that will stand out from the competition. The consumer has to be won over by a combination of factors and not only by product offerings. To do so, the retailer must understand that the consumer can turn to the Internet to search for information on the product, evaluate various alternatives, and that the purchase decision is dependent on a combination of factors. By providing the consumer with a customer journey that fits the criteria of an omnichannel business,

he or she will have the opportunity to choose the purchase option which serves him or her best.

Thus, businesses that are currently creating their omnichannel strategy are preparing themselves for the future. The offline stores are created to serve customers who are not comfortable in ordering online or who need extra service for their technological products. The outlets function as a service point as well as a marketing tool that enhances the legitimacy of the business. As mentioned earlier, the benefits of an omnichannel strategy are the positive association the buyer makes with the brand and the improved data collection, which can lead to better customer understanding. Nevertheless, the ultimate goal of omnichannel retail is to generate higher total revenues for the entire organisation.

However, as omnichannel retail is an evolving concept, further research is necessary to understand the new developments in retail. A larger number of professionals may be interviewed to create a more accurate picture regarding the predictions of retail in the future. Interviewing more experts can also yield new information in order to understand the advantages and disadvantages of implementing an offline channel. By conducting additional research in the future, new phenomena may be discovered, since the omnichannel concept has not yet reached its final stage and continues to change. In addition, the information that was gained on Coolblue, Leapp, and Argos for the fifth sub-question was limited. The companies did not wish to share their marketing information. This paper would have benefited from said marketing information of these brands to thoroughly investigate to what extent these businesses are pursuing an omnichannel strategy. Lastly, in the academic sources and online literature, omnichannel retail was not investigated in one particular sector. The current trend in retail is not being linked to a specific industry, therefore, the conclusion on this paper is also applicable to retail in general.

7. Recommendations

When looking at the information that was found in literature and that was granted by the experts, it appears that a physical store is a costly channel for an enterprise. It requires a large investment to set up and equip the brick and mortar store. Smaller retailers that do not have sufficient funds to do so, may have to turn to more creative forms of offline retailing such as introducing the public to a pop-up store. Online retailers can rent shop space for a limited time to examine whether or not their offline concept has potential. Another advantage of the pop-up store is that businesses can experiment with different locations before choosing the region that appears to be most suited for the company.

In addition to pop-up stores, e-commerce companies that wish to be successful in offline retail will have to offer the consumer a unique offline experience. Many large established brands are currently experimenting with (live) entertainment in-store. As an e-commerce business turns to offline retailing, it should create an experience for the buyer that makes it worth visiting the outlet. The brick and mortar store will generate more traffic to the web shop or attract customers to the offline channel when a distinct shopping experience is offered. This increased traffic as a result of the experience will positively influence the brand.

Thirdly, when the choice is made to invest in an offline channel, the business should also consider actively collecting the data of its customers. By doing so, large amounts of information can be retrieved on the buying behaviour, as well as on the characteristics of the shopper. In its turn, this data can provide the firm with different ways to engage with the consumer through promotions for example, which can enhance the return rate to one of the different channels. Moreover, when the retailer is able to distinguish its different types of consumers after collecting their data, the right message can be communicated to the right segment. This will help the business to create a meaningful message to each of their consumers.

Lastly, brick and mortar stores of e-commerce companies can choose to limit their in-store inventories to a large degree. By offering the consumer only a number of variations of the product, the outlet can save space and costs. After the purchase is made, the firm can deliver the products to the home address of the buyer. This means the offline channel is used as a showroom for the web shop. Nevertheless, when opting for this type of brick and mortar store, the retailer should communicate clearly to the customer that there is a limited inventory and that the items are shipped to the home address. In addition, this type of showroom shop will require a sound logistical system to make sure that the order of the buyer is delivered the same or the next day.

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Appendices

Appendix 1: Interview questions

What are the benefits for an e-commerce company to open a brick and mortar store?

It was thought by some that retailers had to embrace the Internet by creating web shops in addition to their physical store. However, some e-commerce businesses, such as Bol.com in the Netherlands or Amazon in the United States and the United Kingdom, are currently doing the opposite. They are starting up a physical store in addition to their online business.

1. What are the reasons for an e-commerce company to open up a physical store?
2. What are the advantages of having a physical store for an e-commerce company?
 - i. Why are these advantages important?
3. Do you think that the online retail landscape is moving in a direction where e-commerce companies are required to create a physical store?
 - i. Why do you think so?
 - ii. Why not?
4. Which activities should be emphasised by the brick and mortar store of the e-commerce business in order to be successful?
5. Does opening up a physical store have consequences for the online aspect of the company?
 - i. If yes, what kind of consequences?
 - ii. If not, why not?
6. What are the most important characteristics of the modern consumer that make omnichannel retail important?
7. What does the 'customer journey' of the e-commerce consumer look like?
 - i. Will the introduction of a physical store influence this journey to a large extent?
8. What do you expect retail to look like in the future?

What are the challenges an e-commerce business will face when it adopts an omnichannel strategy?

It was thought by some that retailers had to embrace the Internet by creating web shops in addition to their physical store. However, some e-commerce businesses, such as Bol.com in the Netherlands or Amazon in the United States and the United Kingdom, are currently doing the opposite. They are starting up a physical store in addition to their online business.

1. What could be the reasons for an online business to create a physical store?
2. What could be the disadvantages of having a physical store for an e-commerce company?
 - i. Why are these disadvantages important?
3. What are the biggest challenges an e-commerce company has to overcome to set up a physical store?
 - i. Why are these challenges most important?
4. Do you think these challenges outweigh the advantages of having an online and offline store?
 - i. If yes, why do you think so?
 - ii. If no, why not?
5. Is it only possible for large businesses that have already proven to be successful (such as Amazon) to pursue an omnichannel strategy or is this something smaller retailers are able to do as well?
 - i. If yes, why do you think so?
 - ii. If no, why not?
6. Do you think that having both an online and offline store will generate more sales figures or will it lead to cannibalisation of the sales of the other platform?
 - i. If yes, why do you think so?
 - ii. If no, why not?
7. What do you expect retail to look like in the future?

Appendix 2: Answers to the interview questions

Transcript interview Van Olphen, R.

Van Olphen is an independent omnichannel expert who has worked for different brands.

14 April 2016

What are the benefits for an e-commerce company to open a brick and mortar store?

Julian Curpanen:

First and foremost I would like to thank you very much for helping me with my thesis. As briefly described in my e-mail I am doing research on why online companies are starting to create physical stores. In this interview I would like to ask you about your opinion of what the advantages are for an e-commerce company to create this physical store. In addition, some questions will be asked about the modern consumer.

Julian Curpanen:

Before starting with the real interview I have to ask some specific questions that I am required to mention by school.

Julian Curpanen:

Do you make an objection to me recording this interview?

Van Olphen:

No, that is fine.

Julian Curpanen:

May I use your name in my thesis?

Van Olphen:

Yes.

Julian Curpanen:

Do you have any questions about my research so far?

Van Olphen:

No, but I would like to read your writing before you submit your project, in case I changed my mind or if some information is misinterpreted.

Julian Curpanen:

Yes of course, I will send you the information when I have concluded my research. Then I will send it to you by e-mail.

Julian Curpanen:

You are also free to end this interview whenever you desire.

And then I would like to move on to the real interview now. Could you provide me with your definition of omnichannel, since there are still many different definitions to this concept.

Van Olphen:

Omnichannel organisations are focused on customer centricity. Furthermore, the business makes sure it can deliver the same experience through each of its channels.

Julian Curpanen:

This definition is similar to the definition I have used in my thesis so far. So we are in agreement about the definition of omnichannel.

What do you think the reasons are for an e-commerce company to create a physical store?

Because we currently see a trend where companies such as Coolblue and Bol.com are creating service points

Van Olphen:

There are multiple reasons for this, namely that on average 80 per cent of the conversions take place in-store. Another reason for people to shop offline is that a large percentage of shoppers would like to inspect the product before making a purchase. A third reason is that an offline store is a channel to interact with your customer. You are able to increase the service with your customer through an offline channel. Another reason could be a cost-driven reason. Customers can return their products to the store, which is a logistical aspect.

As I mentioned, it is a place where a business can make contact with the consumer. If you have multiple stores in a city this will probably prove to be advantageous for brand awareness.

However, the reason to go offline varies per business type. It appears to be less relevant for a

services business to create an offline experience than when a business sells products. Another example of a company that wants to create an offline experience is Fietsenwinkel.nl, however this is probably to provide an extra service to the buyer.

Julian Curpanen:

Do you think the online retail landscape is moving in a direction where the business cannot ignore a physical store?

Van Olphen:

I think that this is true for a large part of the businesses. But you will have to look closely to what product or service is being offered.

Julian Curpanen:

So this will vary per line of business and company?

Van Olphen:

Yes per line of business, but also per business model. Take Zalando for example, they sell shoes online. However, their business model is shifting towards an online marketplace kind of model. So the business model usually dictates which direction the company will go. However, at the moment it looks like that companies that are active both online and offline have the most chance to become successful. However, you have to excel in both online and offline. This means that when you are a shoe store you will have to be at least as good as Zalando. An example of this is Omoda, this company is doing very well offline but also excels at doing business online. This is also applicable vice versa. So online retailers will have to be as good in selling their products offline as they are in selling them online.

Julian Curpanen:

What I conclude from what you have just explained is that the customer expectations are currently very high. A company cannot choose to do a little bit of both.

Van Olphen:

Exactly, for example I think that the Coolblue stores currently are elegant collection points more than a unique retail formula that tries to impress the customer.

Julian Curpanen:

On which activities should the physical store of an e-commerce company be focused in order to be successful?

Van Olphen:

A company has to try to become just as good in doing business offline as they are in online. Coolblue for example knows how to exceed customer expectations online, so this has to be something they should apply in their offline stores as well. So it means they have to be relevant for the consumer and that they exceed the expectation of the consumer offline as well. A trend in physical retail nowadays is that businesses should also try to entertain customers in their stores, so they will also have to do this.

For example, I was in London last week. I went to see what kind of shops inspire me. A Nike store had a DJ playing music, video shoots were done there. It was very interactive with the consumer. A store which solely has products available will not be the future of retail.

Julian Curpanen:

So the future of retail will be that shoppers experience something more than just looking at products.

Van Olphen:

Yes, exactly.

Julian Curpanen:

Does opening up a physical store have consequences for the online aspect of the firm?

Van Olphen:

Of course this has consequences. Financial consequences, operational consequences, consequences for the culture of the company and logistical consequences. Managers that used to solely focus on online business will have to adapt to an offline strategy, which is very different. Opening a physical store will affect the entire organisation. The other way around this is also applicable.

What you currently see, however, is that the online pure players are usually not startup companies. They are online businesses that have proven themselves to be successful online and they are trying to also incorporate an offline strategy now.

Julian Curpanen:

What do you see as the most important characteristics of the e-commerce consumer that drive omnichannel to become more important?

Van Olphen:

I would like to point out now that omnichannel retail does not mean you have to create an offline store. You can be an omnichannel company without a physical store. Omnichannel means that you provide the consumer with a uniform brand experience through different channels and that you place the consumer in the centre. These channels can vary from web shops, e-mail marketing to social media, radio, and television. So the physical store can be absent.

But to get back to your question, customers want the offline experience because they want to inspect the product. Furthermore, it is easy for consumers to have the opportunity to shop both online and offline. For example when they are already in a city centre, they could enter the shop.

Julian Curpanen:

The last question I would like to ask you is: what will retail look like in the future?

Van Olphen:

I expect that more retailers who do not change their business model to current trends will go bankrupt. Bigger players in the market will become even bigger and smaller players have to focus on a niche market to stay successful. I also think that only the retailers that excel in doing business both online and offline or that excel in just online or offline. You can be successful as physical retailer, however, you will have to offer the consumer something very special.

Julian Curpanen

Do you think small retailers are going to face more difficult times in the future.

Van Olphen:

That depends on what kind of business they conduct. If they can stay relevant to the consumer and are able to keep surprising the consumer, then I think that they can be successful of course. But I also think there are many retailers that take a more passive approach in the way business is changing in the last five to 10 years. I think that there are many people in organisations that do not understand the current developments in retail and that do not have an answer to these changes.

Interview Van Welie, R.

Van Welie works for an organisation on behalf of e-commerce and omnichannel companies in the retail, finance, and travel sectors

20 April 2016

What are the benefits for an e-commerce company to open a brick and mortar store?

1. What are the reasons for an e-commerce company to open up a physical store?

Omnichannel is becoming more important. Consumers want to be served and to purchase through multiple channels. Businesses should be offering as many channels as they can to the consumer, which includes an offline store.

2. What are the advantages of having a physical store for an e-commerce company?

Customers can see and feel the products. Consumers who are not embracing online shopping can also be reached. An offline store can offer better and more personal services.

3. Do you think that the online retail landscape is moving in a direction where e-commerce companies are required to create a physical store?

This is a strong statement, however, I do think that a physical store is an important channel for businesses. The 'e' in 'e-commerce' is slowly disappearing, which leaves only 'commerce'. Online and offline are fusing together and omnichannel is becoming more important. The power of the consumer increases as he determines how, when, and where he buys. Companies have to be present throughout all these channels.

4. Which activities should be emphasised by the brick and mortar store of the e-commerce business in order to be successful?

Service is extremely important in a physical store. People purchase online because of how easy it is and for the lower prices. The extra benefit of a physical store is that the customers can be personally spoken to and supported with inquiries. Offering customers the possibility of inspecting the product before purchasing is also an advantage. This does require the store to have at least one model of each product in-store.

5. Does opening up a physical store have consequences for the online aspect of the company?

I think that opening a physical store will strengthen the online aspect. The public familiarises itself with the brand/store and may become more likely to also order online.

6. What are the most important characteristics of the modern consumer that make omnichannel retail important?

See question 3: The power of the consumer increases. He has much more knowledge thanks to the Internet and can easily compare products and prices.

The consumer values ease and comfort. He thinks it is more important that he can choose where and when the product is delivered than the actual delivery time. Preferably the product is shipped with no extra charge. A business should thus focus on being able to deliver the product through multiple channels. Furthermore, returning products is also becoming increasingly important to the consumer and should be an uncomplicated process.

7. What does the 'customer journey' of the e-commerce consumer look like?

This is a difficult question, it varies per product (segment). Nevertheless, ease and comfort should be the most relevant topics. Ordering or purchasing a product has to be as smooth as possible, otherwise there is a large chance that the customer leaves without finishing the purchase.

8. What do you expect retail to look like in the future?

See question 3: Online and offline are fusing together. The store has to offer multiple channels (online and offline) in order to reach the modern consumer.

[Interview Gurd, J.](#)

Gurd is the owner of Digital Juggler, a British e-commerce consultancy,

22 April 2016

What are the challenges an e-commerce business will face when it adopts an omnichannel strategy?

Please take this e-mail as permission to use the information I have presented for your research.

1. What could be the reasons for an online business to create a physical store?

Having a multichannel presence opens up new opportunities for a pure play retailer, for example providing a buy and collect capability for online ordering, which is an established purchase behaviour for consumers. It also provides a physical space to engage with people in the brand experience, for example running events and using in-store digital tools to create interactive environments e.g. Burberry interactive mirrors.

2. What could be the disadvantages of having a physical store for an e-commerce company?

Pure players often lack the in-house retail skills to run a store, so there is recruitment and investment pressure to build a retail team. There are also the physical limitations of the store to consider, including the need for opening and closing times which do not exist online where you can sell 24/7.

It is important to understand the different cost models for an offline store vs. Internet store and factor in what resource you need to grow the in-store customer base.

A physical store can represent a large overhead if there is a sales downturn.

3. What are the biggest challenges an e-commerce company has to overcome to set up a physical store?

Finding the right location. A lot of data analysis and consumer modelling goes into selecting retail store location, which requires specific expertise (typically outsourced to a data specialist)

Designing the store environment – creating a user experience in a physical location is different to doing it online, so this requires a blend of skills including interior design and visual merchandising.

Providing the right tools to help customers find what they want which means knowing how to blend skilled staff with in-store digital technology and point of sale marketing.

High street retail is highly competitive and consumer expectations are high, so the business has to be in the right place with the right environment to attract people into your store.

4. Do you think these challenges outweigh the advantages of having an online and offline store?

That depends. Opening a store is no guarantee of success. You need to build the business case, which means doing due diligence to the right level of detail to be sure that you have a solid business model to work with.

There are plenty of examples of online businesses opening offline stores, such as eBay running pop-up shops in London, to demonstrate that it is a viable business model but not all are successful, just as not all online businesses are successful.

There is a finite number of consumers and spend, so you have to be confident that your offline store will attract enough of the market to make it profitable.

5. Is it only possible for large businesses that have already proven to be successful (such as Amazon) to pursue an omnichannel strategy or is this something smaller retailers are able to do as well?

Larger businesses benefit from scale. They have brand scale and brand awareness which plays a vital role in drumming up consumer interest in a new store. They also have larger marketing budgets to invest in consumer insight, data modelling, and pre-opening PR to entice the local audience. For example, House of Fraser has successfully tested new concept digital stores to extend its store base and in the US big brands like Macys and Nordstrom have opened physical stores.

This does not mean small brands cannot do it, but they will need to think smarter about marketing to drive consumer interest as they will not have the large PR budget.

6. Do you think that having both an online and offline store will generate more sales figures or will it lead to cannibalisation of the sales of the other platform?

From the multichannel retailers I know, it increases revenue. There will inevitably be an element of cannibalisation but it does not matter as long as there is net profit from the investment. Initially the store investment will run a loss but it should reach break-even and start to turn a profit within a few years.

In the UK some large multichannel retailers like John Lewis have openly stated that multi-channel customers on average spend around 3x more than single channel customers and are some of the most profitable shoppers. So there is more than just one-off sales, it is also about

creating an environment in which people can shop how they like to encourage a higher lifetime value.

Businesses should not look at online vs. offline sales as the measure of success, they should look at global measures like revenue, net profit, lifetime value, purchase frequency, and order value. If a customer spends 20 per cent less online but has increased their overall spend with the business at a higher margin, that is positive.

7. What do you expect retail to look like in the future?

Not hugely different to what it is today, just with more intelligent use of data to personalise the shopping experience. I think there will be a tipping point for in-store digital beyond which users will switch off, so it is more about how we learn about customers and then tailor their shopping experience, whatever the channel, to provide the best possible user experience.

One interesting dynamic is the growth of social commerce. With move from the likes of Google, Facebook, Twitter, Pinterest, and Instagram to move the purchase point away from the retailer and into the social space (buy buttons), retailers are increasingly looking at the consumer buying cycle in a different way, realising that the end point is not always on their website or in the store.

We are seeing big consumer brands like Nescafe already moving away from a company owned platform to using social platforms to provide their web presence and KLM recently suggested that their core consumer communication channel in future is likely be chat bots like Facebook Messenger and WeChat. Messenger apps are increasing in sophistication all the time, so it is changes like this that are likely to influence the face of retail more than what retailers themselves do.

Interview Respondent A

Respondent A wishes to remain anonymous. The person works for a marketing and e-commerce consultancy.

29 April 2016

What are the challenges an e-commerce business will face when it adopts an omnichannel strategy?

We would like our answer to be anonymous. Furthermore, you are not required to send me the information for authorisation. You are allowed to use the information in your research.

1. What could be the reasons for an online business to create a physical store?

Strengthening the e-commerce channel, as some customers want to inspect or compare the product before making a purchase. It can also be used to appeal to a customer group that does shop online. Furthermore the store may be used to appear more trustworthy to some shoppers. Certain consumers are still looking at online commerce with great scepticism. Lastly, the physical store can also be a method to persuade suppliers into making deals. Some suppliers only work with businesses that have a brick and mortar store as well.

2. What could be the disadvantages of having a physical store for an e-commerce company?

Having an offline store is a radically different way of doing business. It requires a different mind-set and different skills. In addition to this, it also brings extra expenses such as rent, payment for the equipment of the store, recruiting personnel and maintaining the inventory. The most important disadvantage however, is the investment. After the investment there is a degree of uncertainty whether or not the store will be successful. There is no way of knowing this when the investments are made.

3. What are the biggest challenges an e-commerce company has to overcome to set up a physical store?

The costs of the store and the recruitment of personnel that keep the store running for six to seven days a week. In addition to this, the store is local, unlike the Internet through which you can sell products globally. An offline store has a very limited reach.

4. Do you think these challenges outweigh the advantages of having an online and offline store?

This varies per business. Online stores that have a high return rate for example can make excellent use of the physical store. Online shops that sell 'urgent products' such as presents as well. The physical store can also be seen as a marketing tool. However, I am uncertain if this physical store will be profitable or that it will be seen as a marketing expense for the online aspect of the company.

5. Is it only possible for large businesses that have already proven to be successful (such as Amazon) to pursue an omnichannel strategy or is this something smaller retailers are able to do as well?

It is possible for both large and small companies. However the costs will be extremely high which makes it easier for large and established retailers to make the investment in a physical store. Smaller stores can make use of pop-up stores to smartly create an offline channel.

6. Do you think that having both an online and offline store will generate more sales figures or will it lead to cannibalisation of the sales of the other platform?

I would say the offline store is complementary to the web shop. Of course there will be some degree of cannibalisation, however, this is not necessarily a bad thing. The idea behind the physical store is to drive sales, regardless of where they take place. Most likely these higher figures are realised in the online shop with the help of the physical store. The physical store will appeal to a different target group that may try ordering online after a visit to the brick and mortar store.

7. What do you expect retail to look like in the future?

The number of online sales will continue to grow, which puts pressure on the physical stores. They will have to become more creative in attracting customers. I also expect that more pop-up stores of established online business will arise. In addition, online stores will focus on selling generic products so that their physical stores can sell the unique products that will attract visitors. The shopping experience, as well as service providing are important factors which should not be underestimated.

The ageing population is what currently keeps the physical retailers going, however, in 10 to 20 years' time when everyone is familiar with online shopping the physical retailers will be under an extreme amount of pressure.

Transcript interview Bakker, E.

Bakker works for an omnichannel platform that helps companies improve their customer experience.

3 May 2016

What are the challenges an e-commerce business will face when it adopts an omnichannel strategy?

Julian: First and foremost I would like to thank you very much for helping me with my thesis. As briefly described in my e-mail I am doing research on why online companies are starting to create physical stores. In this interview I would like to ask you about your opinion of what the advantages are for an e-commerce company to create this physical store. In addition, some questions will be asked about the modern consumer.

Julian: Am I allowed to use your name in my thesis or would you prefer this to be anonymised?

Bakker: This is fine, you can use my name in the thesis as long as you do not write your thesis for another company.

Julian: No, I am writing a dissertation which means I will not share these results with other companies.

Bakker: Okay, then you can use my name.

Julian: Would you want to inspect the results before I hand it in at my university?

Bakker: I would like to have a look yes and I am also very curious to read the results of the thesis.

Julian: Of course, you will receive my thesis by mail once I have finished it. Okay now that we have agreed on the terms of the interview I will present you with the first question: What could be the reasons for an online business to create a physical store?

Bakker: what we see these days is that the omnichannel strategy is becoming a trend. It is important for the offline parties to go online. However, this also is true for online business. Offline they can offer a similar customer experience as online. People can then inspect and feel the products before they make the purchase. For some products this is very important. An example of this is the so called 'flagship' store. The flagship store is then the first step of the company, this store tries to generate exposure and invites potential customers to come in and experience the brand. These stores are currently spreading all over the country and inspire the

brands to create more smaller physical stores. The reason that businesses choose for the offline store is because it fits within an omnichannel strategy. It seems, thus, that it also important for online companies to build a relationship with the customer on an offline level.

Julian: So these reasons you have just mentioned are in your opinion the primary reasons?

Bakker: yes these are the ones I can think of.

Julian: Okay thank you. The second question I would like to ask is: What could be the disadvantages of having a physical store for an e-commerce company?

Bakker: It is of course an entirely different business. The company will have to deal with new expenses and situations, such as rent and recruitment of sales people. This differs greatly from the initial business, which focuses on creating a relationship with customers through the Internet. So the company has no experience with conducting business offline. Furthermore, an offline channel is extremely expensive. The business will have to create awareness of the store as well as pay the rent. In some cases, businesses need help with this which means they outsource the start-up of the offline channel. In my opinion, it is more difficult to go from online to offline than vice versa.

Julian: The third question you have already answered in your detailed description of the second question. You mentioned that the most important challenges the business has to overcome are the lack of experience in doing business offline and that it is more difficult for online companies to create an offline channel than it is for physical stores to create a web shop.

Bakker: Yes, and the company has to pay attention to conflicts that may occur in the offline channel that are being transported to online. For example in the B2B playing field. Many manufacturers work with dealers. When the manufacturer decides to create a web shop this will cannibalise the sales of the dealer, which of course, leads to frustration.

Another example of this is Perry Sports. The company is creating a web shop, however, it allows customers to return products that were purchased online in-store. This then generates traffic in the store which translates to a compensation for the branch store. This also works for franchise companies, a disconnected web shop will not generate benefits for a franchise company. The channels will thus have to be integrated to yield profits for each of the channels. When this is done properly, the customer will come to the store because of the web shop and may make return visits more often.

Julian: This is already the answer to one of my questions, namely: Do you think that having both an online and offline store will generate more sales figures or will it lead to cannibalisation of the

sales of the other platform? But like you said, the web shop can create traffic to the store where a relationship can be created with the visitors. This may result in more sales in the future, either offline or online.

Bakker: Yes, that is the core characteristic of omnichannel. It should not matter where the sale is made. You put the customer at the centre of your business. For the customer it does not matter one bit where the transaction takes place. If he or she wants to buy, he or she should be able to do so. The retailer has to make it possible for the customer that the purchase can be made at any given time. The current generation of buyers do so by using their iPad or smartphone. Sometimes they buy online, but sometimes they go to a store. So when they enter a store, they already know what they want. For example, they have seen a certain model of Converse shoes online, they compare different prices online and decide to buy the product offline in a store nearby. So as you can see the buying process has changed. People look for the product online, however, where they actually buy the product remains to be seen. So as a retailer you absolutely have to offer the consumer this freedom.

Take a look at V&D, they tried to introduce a web shop, however, it was not executed well enough which led to their bankruptcy. The web shop has to be in line with your offline experience and customer experience. You have to offer the same principles in your online store as in your offline store, otherwise two different signals are being delivered to the buyer. For example, if a company profiles itself to be quick, stylish and service oriented and the web shop does not function properly, then the customer will not hesitate to leave the website. If this is not done by the retailer then they risk losing the customer to a competitor. The purchase process has to be quick and easy.

When a company chooses to go to offline retailing from online retailing it is part of their omnichannel strategy. They want to create a relationship with the customer. They create a new concept of customer relations.

Julian: Do you think these challenges outweigh the advantages of having an online and offline store?

Bakker: For those companies that wish to create a new form of customer relations the ultimate goal is of course to generate higher sales. The offline stores are meant to create higher conversions. The company has to carefully weigh the advantages and disadvantages to each other. If the advantages are more apparent then the company should create the offline store, definitely. But I am not saying all e-commerce companies should create offline stores. However, many large established online retailers seem to be trying to open physical stores.

Julian: Yes, I have seen several examples of this such as Coolblue, Leapp, Fietsenwinkel.nl, and Zalando. These shops are opening offline stores in many different cities. However, I cannot think of an example of smaller online pure players that are aiming to create a brick and mortar store.

Bakker: Yes it seems that the big online brands are currently trying to create a customer relationship through their stores. They want to improve their conversation rates. Offline retailing is simply an expensive channel. The criterion for an offline store is that you want to improve your branding and customer relations. If this is not the objective of the offline store then it is wise for the business to not pursue an offline channel. The costs are simply too high.

Julian: We have actually touched upon this question a little bit now. Is it only possible for large businesses that have already proven to be successful (such as Amazon) to pursue an omnichannel strategy or is this something smaller retailers are able to do as well?

Bakker: Well the shop space is still very expensive. Smaller or medium sized online players could try to work with dealers. This is not very B2C-related. But you do see it often. A brand called Secrid that makes wallets with room only for credit cards. It might not be the best example, but this brand started offline and tries to sell their products to bigger players such as V&D in this case. Smaller retailers could choose to work together with bigger offline players to let them sell their products in their stores.

Julian: So as a small online retailer with a unique product you could try to contact another business to sell your product, either online or offline?

Bakker: Yes that could be a solution, but then you have to really safeguard your brand experience. You see this with brands that sold their products only through Wehkamp for example. These smaller brands are trying to create their own channels to boost the awareness of their products sold by Wehkamp.

Julian: So basically the smaller brands lose control over their own brand experience because they allow another company to sell the product for them?

Bakker: Exactly, you have to find other businesses that you find appealing to sell your brand. A luxury product would most likely not let any random retailer sell their product. They would more likely contact the Bijenkorf.

Julian: The sixth question of this interview, do you think that having both an online and offline store will generate more sales figures or will it lead to cannibalisation of the sales of the other platform?, you have already answered before. You basically stated that the idea behind

omnichannel retail is that the offline and online store work in conjunction to create higher sales for the business regardless of channel.

Bakker: The omnichannel strategy has to create a uniform customer experience through each of the channels. The firm has to make sure that all the channels benefit from each other. I refer to my example of the franchise companies. The web shop has to create more traffic for the offline departments of the business and not steal away the customers. When implementing an omnichannel strategy the whole organisation is being affected. You cannot divide offline and online marketing anymore, simply because this will create a fractured message to the consumer.

Julian: So brands should try to make each channel work together to acquire as much information about the consumer as possible?

Bakker: Yes this happens sometimes. Firms know everything about their online visitors, for example how the customer found the website, which pages he or she has visited et cetera. But when the consumer enters the store of the same company they suddenly do not know who he or she is. Therefore, it is wise for retailers to integrate this data collection in their offline store too.

I can give you an example of what we do for our business. We create web shops and we offer the possibility that when a customer wants to order something online on their phone and add the product to their 'cart'. They then leave the website to finish the shopping process at home on their laptop, the web shop will remember the products that were placed in the 'cart'. What I am trying to say is that businesses could consider linking a loyalty card or customer card for example to the online account of the shopper. This allows the sales people in the store to work with the data of the consumer and offer a more personalised experience. The customer will then have a good feeling because the store acknowledges that the customer is known to them. The data that the company has of their consumers should thus be connected to each other to create a uniform experience.

Julian: Yes, so when a firm has efficiently integrated all these channels, they could offer their customers very specific and targeted sales offers or detailed assistance about the purchased products. The message the customer receives is then very different then when a sales person or an employee at the customer service do not know why you are visiting them.

Bakker: Exactly, you could even try to create a coupon with a sales offer that is obtained in-store and can be used for the next online purchase to make the channels work together. This creates traffic from the offline store to the online web shop. Brands should focus on making the channels work together to create a benefit for the brand.

Julian: Okay, we have now come to the last question of the interview. What do you expect retail to look like in the future?

Bakker: I expect omnichannel to be the future. Online and offline will merge and that these channels work in conjunction to strengthen the brand. The data of customers will then be used to provide them with a personalised experience. The customer will be put in the centre of the business and the brand will keep trying to make the customer journey as smooth as possible.

The good news of this is that online brands will try to create more offline stores to fill up the shop vacancy in some of the city centres. This will create a better image for the high streets.

I have met a man at a seminar who opened up a store for his brand called Dimagini. This brand sells luxury shoes, however, the company also integrated a coffee shop in the store. The customer thus walks through the shoe department before reaching the coffee bar. So the business consists of two radically different types of products that work together to enhance the shopping experience.

Julian: So from what you have just mentioned I can conclude that the shopping streets will change from only offering generic stores that sell a number of products to a street where different types of retailers are offering very unique shopping experiences.

Bakker: Yes, and the store will most likely also not have every colour of every type of shoe in their inventory. So the customer will probably enter the store for the experience, make the purchase and have the product delivered to their home the day after. The store will function as a showroom.

This could also prove beneficial for a franchise store. The product is bought online, but the product was inspected in-store. The Franchisee will then receive compensation from the organisation for creating sales for the web shop. So these kind of arrangements have to be made by the brand.

But what I also used to see was that some retailers had online prices and offline prices. Their online web shop then offered the same product for a much lower price than their physical store. This is something that retailers have to avoid at all costs. The Internet makes all these prices transparent and customers will rapidly share this information through social media.

Julian: Okay, thank you for very much for answering my question. You have helped me greatly with my thesis. You will receive a copy of the results when the report is finished. For confirmation, do you want to inspect the information to avoid possible mistakes using your name?

Bakker: No it is fine, I trust you will put the information to good use. I am happy to see the results and wish you the best of luck with finishing this project.

Julian: Thank you very much.

Appendix 3: Signed Consent Forms

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Appendix 6.4 – Informed Consent Form

Informed Consent Form

- 1) Project Title The future of e-commerce: is it online or offline?
- 2) Project Description (1 paragraph) This project aims to investigate a trend in e-commerce. The research will be able to provide businesses with recommendations regarding omnichannel retail.

If you agree to take part in this study please read the following statement and sign this form.

I am 16 years of age or older.

I can confirm that I have read and understood the description and aims of this research. The researcher has answered all the questions that I had to my satisfaction.

I agree to the audio recording of my interview with the researcher.

I understand that the researcher offers me the following guarantees:

All information will be treated in the strictest confidence. My name will not be used in the study unless I give permission for it.

Recordings will be accessible only by the researcher. Unless otherwise agreed, anonymity will be ensured at all times. Pseudonyms will be used in the transcriptions.

I can ask for the recording to be stopped at any time and anything to be deleted from it.

I consent to take part in the research on the basis of the guarantees outlined above.

Signed:  Date: 21-4-2016

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Signed:



Date:

9/5/16

Appendix 4: Student Ethics Form

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Appendix 6.3 – Student Ethics Form

**European Studies
Student Ethics Form**

Your name: Julian Curpanen

Supervisor: F. Visscher

Instructions/checklist
Before completing this form you should read the APA Ethics Code (<http://www.apa.org/ethics/code/index.aspx>). If you are planning research with human subjects you should also look at the sample consent form available in the Final Project and Dissertation Guide.

- ☐ Read section 3 that your supervisor will have to sign. Make sure that you cover all these issues in section 1.
- ☐ Complete sections 1 and, if you are using human subjects, section 2, of this form, and sign it.
- ☐ Ask your project supervisor to read these sections (and the draft consent form if you have one) and sign the form.
- ☐ Append this signed form as an appendix to your dissertation.

Section 1. Project Outline (to be completed by student)

(i) **Title of Project:** The future of E-commerce; is it online or offline?

(ii) **Aims of project:** This project aims to investigate a trend in e-commerce. The research will be able to provide businesses with recommendations regarding omnichannel retail.

(iii) **Will you involve other people in your project – e.g. via formal or informal interviews, group discussions, questionnaires, internet surveys etc. (Note: if you are using data that has already been collected by another researcher – e.g. recordings or transcripts of conversations given to you by your supervisor, you should answer 'NO' to this question.)**

☒ YES ☐ NO

If no: you should now sign the statement below and return the form to your supervisor. You have completed this form.

This project is not designed to include research with human subjects. I understand that I do not have ethical clearance to interview people (formally or informally) about the topic of my research, to carry out internet research (e.g. on chat rooms or discussion boards) or in any other way to use people as subjects in my research.

Student's signature _____ - date _____

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2016

If yes: you should complete the rest of this form.

Section 2 Complete this section only if you answered YES to question (iii) above.

(i) What will the participants have to do? (v. brief outline of procedure):

Participants will be asked to answer several questions in the form of an interview.

(ii) What sort of people will the participants be and how will they be recruited?

The participants will be recruited via e-mail or telephone. They will be marketing experts, consultants or entrepreneurs.

(iii) What sort stimuli or materials will your participants be exposed to, tick the appropriate boxes and then state what they are in the space below?

Questionnaires[]; Pictures[]; Sounds[]; Words[X]; Other[].

The interview will solely be a set of questions asked to the participant. No other stimuli will be used.

(iv) **Consent:** Informed consent must be obtained for all participants before they take part in your project. Either verbally or by means of an informed consent form you should state what participants will be doing, drawing attention to anything they could conceivably object to subsequently. You should also state how they can withdraw from the study at any time and the measures you are taking to ensure the confidentiality of data. A standard informed consent form is available in the Dissertation Manual.

(vi) **What procedures will you follow in order to guarantee the confidentiality of participants' data?** Personal data (name, addresses etc.) should not be stored in such a way that they can be associated with the participant's data.

The participant will be asked if it is allowed to use his or her name in the report. If not, a pseudonym will be used to make sure the data is confidential.

Student's signature: Julian Curpanen date: 13-04-2016

Supervisor's signature (if satisfied with the proposed procedures): Julian Curpanen date: 13-4-2016