

Master's thesis on

‘Leveraging Omnichannel Retailing for Customer Loyalty through Customer Lifetime Value: Is this the reality, or is this just fantasy?’



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Abstract

Scope: Many physical store-based retail businesses are establishing online stores to provide an omnichannel experience to customers. Omnichannel contributes with an immense supply of data, whereas, the physical store complements this data with its touch and feel aspect, especially for the home and consumer electronics industry. Due to the competitive nature of this industry, value-addition and long-term relationship building (key components of Customer Lifetime Value) are a necessity for home and consumer electronics business sustenance and are challenging to attain. Digitalisation in the omnichannel era of retailing is making retailers more informed about the customers' journey and as a result, presenting an opportunity to add *value* and *longevity* to the customer-retailer relationship. This paper focuses on the contextual gap of these two elements in omnichannel and customer loyalty research by studying case companies Elgiganten AB, MediaMarkt and Kjell & Company as a representation of the Swedish home and consumer electronics industry.

Purpose:

The authors of this paper aim to find how leveraging omnichannel can cater for the challenge of customer loyalty which retailers in competitive industries are aspiring to. This study is done primarily from the retailer but also from the customer's perspective, in the identification of '*How do the home and consumer electronics goods retailers in Sweden work with customer loyalty to create value in the long term?*'.

Method:

This paper adopted a case study approach to collect empirical data. The in-depth qualitative interviews with retailers and customers within Sweden by following an abductive approach. The selection process of the interviewees was convenience selection and the interview design was semi-structured. The transcription was done through an open-coding process and cross-case analysis was done further. A literature review and secondary research about the case companies were done to increase the validity and reliability of the study.

Results:

Although retail practitioners could not undermine the necessity of customer loyalty, even with the support of an omnichannel setting the attainment of long-term customer relationships is still under development. To inspire customer loyalty the retailers would need to have strong arguments for data personalisation (such as presenting as a value for customers) which is perceived as a way to leverage omnichannel strategy and as a result create a repeat customer base. There is a demand from the customer for 'feeling valued' in home and consumer electronics retail which can be an area of interest for future research in other retail businesses.

Keywords: *customer lifetime value, customer loyalty, customer relationship management, omnichannel, online store, physical store, Swedish home and consumer electronics retail*

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Abbreviations

CLV	Customer Lifetime Value
HCE	Home and consumer electronics

1. Introduction

In the everyday life of modern customers – retail stores play a significant role by bringing the manufacturers and service providers together in one place. As of now, the world of retailing has undergone massive changes within the last two decades, due to the ongoing digitalisation and the emerging online channels spreading rapidly (Verhoef, Kannan and Inman, 2015). With this change, brick-and-mortar retailers have faced major challenges to sustaining viable businesses, essentially putting them at risk of shutting down if not adapting quickly enough to the changing business landscape (Helm, Kim, and Viper, 2020). Moreover, with physical retail becoming more threatened by technological disruption and online channels, the power dynamics have shifted in favour of the customers. Thus retail mixes are becoming more customised to the customers' behavioural changes (Verhoef, Kannan, and Inman, 2015; Helm, Kim, and Viper, 2020). As a result of this, marketing has tilted its focus in favour towards the customer from the product, where customer relationship building and satisfaction are at the very core of today's marketing activities (Blattberg, Malthouse, and Neslin, 2009).

As a way of catching customers' attention and adding new value to their offerings, many physical retailers have incorporated online channels into their business models to better equip themselves for this change (Hagberg and Fuentes, 2018). Furthermore, optimising the technological disruption of new devices, such as smartphones, researchers have noted the rise of the omnichannel retailing model. Omnichannel retailing enables customers to shop irrespective of channels to provide customers with a seamless shopping experience and interaction at any place or time (Verhoef, Kannan, and Inman, 2015). As a testament to omnichannel being a rising trend, a recent McKinsey report has published that omnichannel shoppers purchase 1.7 times more than single-channel shoppers (McKinsey, 2022). Digitalisation resulting from omnichannel practices has enabled retailers with increased interactional capabilities to leverage customer relationships as a value-added unit for the business. Focus on loyalty is the final result of building and sustaining customer relationships (Lawson-Body and Limayem, 2004) in this changed retail environment. Moreover, expanding the retail dimension through omnichannel makes retail more informed about the individual customer journey.

In order to harness the true potential of omnichannel retailing and thus realise its full potential CLV is introduced as a means to leverage and understand the individual customer journey. CLV, or Customer lifetime value, is a measure that provides visibility about the profit a customer might generate in the relationship with the retail store (Gupta et al., 2006) and is consequently a component to view the loyalty-building efforts of retail. In addition, CLV helps to take strategic and tactical decisions about marketing campaigns. The data captured through omnichannel, thus, supports leveraging customer lifetime value by integrating *user experience* with *improved communication* (Hole, Pawar and Khedkar, 2019), and it is why it is deemed relevant for this study. Recent dramatical change in customer behaviour from the best price and convenient 'one-size-fits-all' e-commerce to 'customised advice' based *omnichannel* experience is observed in the home and consumer electronics industry (McKinsey, 2021). The ever-evolving digitalisation and network economy instigated

the growth of consumer electronics, thus, obtaining an esteemed position in the retail industry context (Zeng, Wang, and Hu, 2018). Moreover, the purchase process of home and consumer electronics demonstrates a unique demand for demonstration, trial, genuine expertise and proper sourcing of information throughout the customer's *omnichannel* journey (Acosta, 2022). Such importance of this industry is the prime motivation for choosing consumer electronics as the scope of this study. A case study in a real retail environment to understand the academic concept of CLV will enrich not only retail research but also obtain practical implications for retail managers to improve customer loyalty in an omnichannel context.

1.1 Problem Discussion

In 2006, Gupta et al. published a paper in which they described that as retention and acquisition carry meaning in the service industry, CLV application is centred on that industry for its *long-term* orientation, where service orientation has instigated a structural shift in the economy for its relationship prioritisation. Moreover, the measurement of CLV is particularly applicable for businesses (such as banks and financial service businesses, airlines, hotels, internet-based product selling companies, 'frequent shopper' or 'loyalty' programme-focused retail stores, direct computer sales companies etc.) that maintain customer database or stores end-user information and have the infrastructure planned for customised customer-specific marketing investment (Ekinci, Ulengin, and Uray, 2014). Attention towards relationships in business is mostly attention towards customers – a viewpoint that has given rise to the metrics and concepts in marketing quantification such as measures like the *voice of the customer* or *customer value* (Rust, Lemon and Zeithaml, 2001). As an example, we can observe how a product-centric concept of 'brand loyalty' is being questioned by the customer-centric concept of 'customer loyalty'.

Marketing activities are the visible expressions of the retailer's relationship nourishment initiatives. A key challenge that marketing managers encounter is the integration of marketing activities and customer relationship management across various channels (Venkatesan and Kumar, 2004). Even though CLV is a familiar concept to quantify marketing outcomes and has been present in marketing literature for the last four decades, its presence in the retail industry was not observed due to the lack of its uniform application across the industry. In addition to it, Chamberlain et al. (2017) mention CLV prediction is an 'important' necessity in online retailing (a major component of *omnichannel retailing*) as it capacitates the retailer to allocate marketing expenditure based on the estimated future value of the customer. Although there are several published research on CLV as a strategic business tool, the main impediment to CLV development is the lack of empirical implementation (Abdolvand, Albadvi and Koosha, 2021). Only through practical application weaknesses and strengths of a model can be identified. Thus, to maintain relationships in omnichannel (especially in online channels where relationship-building efforts are marketing-backed) CLV found new potential in the retail industry. Furthermore, omnichannel is the protagonist in present retail change and the connection with omnichannel and CLV, referring to research in other service industries (Haenlein et al., 2007), is significant to enhance the value customers

receive in home and consumer electronics retail settings and thus enabling retailers to provide that value.

The pandemic has accelerated the adoption of omnichannel for home and consumer electronics products with the consumer behavioural change towards online purchase, for instance, purchasing video conferencing equipment or headphones to study or work from home. CLV, in addition, can be a conjunction point to offer a seamless experience to customers in omnichannel retailing which provides value to customers. Unlike the business-to-business setting, Kumar and Reinartz (2018) argue, the business-to-consumer relationship in retail is non-contractual which empowers the customer to allocate the category expenses within several competing businesses making it difficult for the retailers to stabilise customer loyalty. The existing research on *customer loyalty in omnichannel settings* lacked both *long-term* and *value perspectives* put together – thus the authors intend to fill up a contextual gap through this study. Moreover, this research combines the view of retailer and customer in one paper – which is also a unique contribution to the academic field as these two parties lie in the supply and demand side of the retail relationship. Therefore, a comparative study of contemporary practices in Swedish home electronic retailers will assist us to contribute in academia by understanding how the retailers are leveraging omnichannel through CLV application in this competitive industry where loyalty is perceived as momentary.

1.2 Purpose and Research Questions

The aim of this thesis is to assess the phenomena of how home and consumer electronic retailers are leveraging omnichannel retailing to add value to the relationship and to sustain long-term customer relationship factors that are prerequisites for the ‘customer loyalty’ retailers in a competitive industry are aspiring to achieve.

RQ1: How do the home and consumer electronics goods retailers in Sweden work with customer loyalty to create value in the long term?

RQ2a: What relationship-building efforts are made to provide a seamless experience to the customer in home and consumer electronics omnichannel retailing?

RQ2b: What relationship-building efforts are regarded by the customer to experience seamlessness in home and consumer electronics omnichannel retailing?

1.3 Delimitations

Owing to delimitations in terms of scope and time, the research is limited to addressing Swedish retailers exclusively. Moreover, the researchers decided upon limiting the number of retailers down to three of the biggest home and consumer electronics stores (Elgiganten, MediaMarkt and Kjell & Company). In addition, the measurement of customer lifetime value involves analysing customer demographic and purchase data. There were also delimitations

concerning the customer interviews, as the researchers prioritised fewer, in-depth interviews rather than a higher quantity of the interviews.

2. Theoretical and Conceptual Framework

Moving towards the theoretical section, the thesis will explore concepts related to retailing and how retailers are operating towards adapting their value offerings to sustain long-term customer interaction and thus, loyalty. Our thesis aims to explore how viewing customers from a lifetime value perspective can be beneficial in an omnichannel setting, and we will henceforth begin by reviewing the nature and possibilities connected to omnichannel retailing, to later look into customer loyalty and CLV in isolation.

2.1 Omnichannel Retailing

As the world is progressing further with digital solutions and closer connectedness; customers are growing more and more demanding. The concept of *change* has closely accompanied retailing throughout history, and within the last decade, it is more relevant than ever. As previously stated, the retailing landscape has undergone major changes with the emergence of both online channels and digital channels consisting of social media and other mobile channels (Verhoef, Kannan and Inman, 2015; Hagberg and Fuentes, 2018). A big challenge herein lies in businesses' ability to fully understand how to manage customer relationships within a multichannel context. As there are different values that customers can derive from each existing channel, strategies are based on determining what is the most effective approach for each channel in order to establish resource allocations within the channels, but also to know *how* the channels are being used (Slack, Rowley and Coles, 2008). Drawing on this, there seems to be the integration of experience missing from the big picture in the multichannel retailing context – all while it is engaging the customers, is it really improving the customer experience?

Seamless experience in Omnichannel

These days, customers are seeking a seamless experience intertwining all channels to reach various touchpoints that aids them in their decision-making processes. This introduces the omnichannel retailing experience, where customers freely can move through the channels in accordance with their own convenience, as the channels are *integrated* (Verhoef et al., 2015). Furthermore, applying the broader perspective that omnichannel retailing entails means locating the sources which influence the customers and mapping the movements throughout the channels, including the original setting of classic brick-and-mortar retail. To exemplify, this inter-channel movement could be customers roaming around in physical stores whilst searching for information such as reviews on their mobile devices, yet still ending up purchasing the wanted product through an online channel. Omnichannel retailing is essentially a strategy that can be adopted by businesses, and subsequently calls for alternating business models to embrace the new challenges from both the growing demand from customers but also the changed retail mix. By doing this, it is possible for companies to reap

the benefits of competitive advantages from aligning online and offline channels to offer an integrated and seamless customer experience (Verhoef et al., 2015). Nevertheless, this might be easier said than done.

Omnichannel and relationship management

Although, while convenient for the customers, this poses a challenge for the marketing managers – concerning the management of upstream suppliers and downstream retailers alike (Verhoef et al., 2015; Ailawadi and Farris 2017). Moreover, a great challenge lies in adapting the value offering to the business models. As per research by Ailawadi and Farris (2017), there is much uncertainty concerning data collection, and how to deal with the intermediaries that the customers meet during their journey towards the final purchase. Questions arise regarding how performance can be measured – which performances should be awarded and which could use optimization for instance. Moreover, it can be hard to measure the impact of offline stores having to boost online sales, which could contribute to the ongoing demise of physical stores. The answer to this uncertainty could be derived from what sets omnichannel marketing apart from multichannel marketing. In contrast to disintegrated multichannel approaches, omnichannel taps into closing the gaps of confusion and thus focuses on customer satisfaction by providing rich sets of information on all integrated channels. Arguably, an omnichannel marketing strategy goes beyond customer satisfaction to create customer equity. Customer equity in turn builds trust with the customers by incorporating value equity, relationship equity and brand equity with mechanisms that favour unceasing exchanges between the parties (Akter et al., 2021). In easier wording – omnichannel retailing is proving to greatly inspire customer loyalty.

2.2 Customer Loyalty

So, when successfully building trust with customers, and creating that special bond that makes the customer want to return over, and over again; customer loyalty is created. Customer loyalty in turn can be synonymous with longer lifetime value, an antecedent of higher customer lifetime value (CLV). The longevity of a customer's involvement with a business is generally assumed to play a role in a company's profitability and revenue in the long run (Meyer-Waarden, 2007).

In the literature, the term 'customer loyalty' tends to refer to the long-term commitment to a business organisation that consists of repeat purchases and recommendations of products and services (McIlroy and Barnett, 2000); an outcome of customer satisfaction pre and post-purchase (Nguyen Thi and Nguyen Thi Thu, 2022). In that sense, customer loyalty can be seen as an experience that transcends beyond satisfaction and generates an emotional connection between the business and the customer. In addition, Nguyen Thi and Nguyen Thi Thu (2022) mention the effect of customer satisfaction on a customer's behavioural intention in the form of repurchase intention or word-of-mouth that encourage retailer-customer relationships and customer loyalty according to home electronics research. When competitors provide superior value, convenience, and quality, it makes the commitment unstable and

leads towards defection. In contrast, these are also the elements that drive customer loyalty within a business (McIlroy and Barnett, 2000). Customer value, meaningful relationships, trust and a sense of belongingness are recurrent concepts emerging in the customer loyalty literature. From the retailing perspective, the literature on customer loyalty is yet undetermined. Furthermore, Nguyen Thi and Nguyen Thi Thu (2022) point out that due to repurchase and existing customer retention can result in an increase in profit for a company by uplifting revenue and reducing costs. By treating the customers as equal and rewarding them proportionately to their expense, it can prove to be an encouragement tool for further spending. However, it can be argued that the strong commitment of customers through emotional and psychological closeness is a prerequisite for the existence of true loyalty (Zentes, Morschett and Schramm-Klein, 2008). Moreover, researchers stressed the fact that loyalty cannot be purchased at any cost, it must be inspired. Customer lifetime value may fortify the inspiration by making more information available in the process.

Customer Loyalty and Customer Lifetime Value (CLV)

As mentioned by Meyer-Waarden (2007), customer loyalty programs are mostly targeted to a small group of customers. How the business applies customer data apart from loyalty program customers is, therefore, another potential area of consideration. Customer loyalty may, for example, be influenced by marketing campaigns by enhancing CLV as a desired outcome. This is in line with Rezaei, Sanayei, Amiri Aghdaie, and Ansari (2022)'s findings that intentional loyalty deriving from the CLV stimuli (attitude) drives the CLV (behaviour) of the customers. Though building customer loyalty is mostly limited to rewarding customers' existing or future business contributions, greater emphasis is required in developing attitudinal and behavioural loyalty for the complex relationship nature of the loyalty initiatives and the customers' behavioural outcome according to Meyer-Waarden (2007). This can be a representation of store commitment, a component of store loyalty, that impacts customers' 'feeling valued' quotient. With several channels, omnichannel retailing has more opportunities to make customers feel valued.

Customer Loyalty and Omnichannel Retailing

As previously touched upon, *Customer loyalty*, in an omnichannel context, ensures the quality of seamless experience in omnichannel integration (Gao and Huang, 2021). Configuration of channel and service (e.g., options for alternative channels, distinct service such as operating a specific channel), as well as consistency in interaction (e.g. congruent promotional, price and product information across channels), are thus indispensable components. Tyrväinen, Karjaluoto, and Saarijärvi (2020) further highlight the positive effect customer experience has on customer loyalty in omnichannel settings. Customer experience across channels and the aggregated performance over channels can be optimised through effective omnichannel and customer touchpoint management. As a result, the blending of channels in omnichannel retailing enables customers to interact with the activities retailers designed to provide an experience which extends beyond transactional activities. This experiential activity in relationship building can be further leveraged through digitalisation.

Furthermore, as argued by Lazaris, Sarantopoulos, Vrechopoulos, and Doukidis (2021), options to have multiple channels encourage customers to evaluate and admire the service and functionality of retail stores. Thus, retailers capable of providing such an experience can reduce perceived uncertainty as well as increase retail identity attractiveness and customer retention rate. Omnichannel integration capacitates a bigger data source that can be applied to strengthen customer loyalty. Careful consideration of customer loyalty, therefore, can help retailers gain more power in the shift of retail agency and *Customer Lifetime Value* (CLV) can aid in loyalty consideration.

2.3 Customer Lifetime Value (CLV)

Moving forward, we will dive deeper into Customer Lifetime Value (CLV), which is a marketing metric to manage and measure the accountability of marketing (e.g. promotional campaign) in business. Technological advancement and development of CLV models resulted in academic and practical interest in CLV research. In addition, as marketing communication is becoming more interactive and direct, noticeable interest has been observed towards CLV (Berger & Nasr, 1998). Customer Lifetime Value was first defined by Kotler 40 years ago as *'the current value of the profit a customer will generate within a specific time in future by transacting with the business'* (Haenlein, Kaplan and Beeser, 2007). The birth of CLV can be rooted in the marketing evolution that took place in the middle of the 1980s. This evolution brought a shift from viewing seller-customer exchange as *transactional* to *relational*. Kotler and Armstrong (1996) incorporated the concept of the 'profitable customer' to define CLV which is the revenue from the customer that exceeds the company's customer attraction cost, sales cost, and service cost with *time*. From CLV, businesses can extract information about customer behaviour and plan marketing strategy, for instance, investing in customers or limiting the investment in customers based on their potential (Ekinci, Ulengin, and Uray, 2014). Building this profitable relationship determines success for the business, especially, when the company is functioning in a competitive and mature market. Although customer value is reciprocated between the two parties in a business relationship, the *value* is evaluated from the consumers' consumption experience, in the words of Chen (2015).

The value perspective of CLV

Although analysing customer lifetime value (CLV) is in practice within the service and business-to-business industry, it is not a common practice for retailers of consumer products. However, with the increased significance of customer relationship management (CRM) that is dominant today, businesses are stressing customer relationships for an enhanced lifetime of the customer for increased growth and profitability (Jain and Singh, 2002). By drawing on the concept of service-dominant logic, Vargo and Lusch (2008) have been able to show that even though products are involved, economic activity is driven by service. To build robust systems and a loyal customer base, adopting a comprehensive and practical approach towards customer relationship management and CLV is significant, particularly for retailers and commonly for the service industry as well (Kaul, 2017). Direct marketing is about providing value to the customer based on their contribution to the business; where CLV acts as a guide

to make marketing decisions by providing value to customers through these differences (Ekinci et al., 2014). Traditionally, *direct marketing* in business-to-business, as opposed to marketing in a retail setting, has been enriched with information that facilitates the investigation of customer issues. AboElHamd, Shamma and Saleh (2020) hold the view that businesses that rely on long-term customer relationship CLV play an important role in CRM by dealing with the strategy measurement for direct marketing. Information revolution through digitalisation and omnichannel incorporation has reckoned the individualised information accessibility in retailing as well, therefore, reviving the interest of CLV research in recent times (Jain and Singh, 2002) with an interest in creating quantitative tools to manage customers efficiently (Ekinci et al., 2014). Kumar (2010) introduced a customer segmentation based on the value that the customers provide to the company. His reasoning to associate CLV to measure the effect of marketing communication is that CLV allows a dynamic view of a marginal change in profit resulting from customers as an aftermath of such communication. The strategy of communication designed for each segment considers both communication costs and how the mode of communication is received by the customer.

The long-term perspective of CLV

The retailers gather customer transactional data through loyalty programs and formulate discounts and rewards based on that, however, this data can be leveraged to understand individual customers' *value*. The valuation of the customer, according to the definition of CLV by Kaul (2017), is viewed from a long-term relationship perspective rather than evaluation through short-term transactions. An outcome of CLV is knowing more about the customer which can support in producing personalised product recommendations, according to Liu and Shih (2005) which subsequently strengthens retailer and customer relationships and profitability. As captured by Meyer-Waarden (2007), a variety of methods are used to assess CLV – namely Pareto/NBD models, Markov models, individual models of discounted cash flows, recency-frequency-monetary value models, logit or multivariate probit models, and top-down financial models.

Motivation for retailers to know the customer lifetime value is to recognise the factors that the retailers can control to enhance the *value* (Kumar, Venkatesan, Bohling and Beckmann, 2008). As a result, CLV benefits the business with customer orientation rather than product orientation in tactics and strategy formulation. Factors such as customer acquisition and retention cost, customer loyalty, purchase frequency and churning risk are important components in maximising CLV, and play a key role in a long-term perspective (Von Mutius and Huchzermeier, 2021; Venkatesan and Kumar, 2004; Berger and Nasr, 1998). Therefore, CLV benefits from carefully designed marketing communication. Other researchers, however, who have looked at CLV, have suggested that revenue is the key driver of customer lifetime value rather than the longevity of the business-customer relationship (Reinartz and Kumar, 2000). In a study, Berger and Nasr (1998) moreover incorporated the probability of repeat purchases for CLV valuation. Another significant aspect of CLV measurement is whether to opt for a portfolio approach or an individual customer acquisition approach for valuation (Gupta et al., 2006).

Challenges with CLV

However, there are certain drawbacks associated with the use of CLV. One of the key challenges in measuring CLV is the availability of purchase data in the company's system from the first day of the customer-business transaction (Meyer-Waarden, 2007). Another limitation is that the majority of the models to calculate CLV are based on the customer's monetary value. Abdolvand, Albadvi and Koosha (2021) observe that in calculating the non-monetary value of CLV product usage and demographics variables are equally important. This contributes to more accurate outcomes in the calculation. Another aspect is considering the ever-changing purchase behaviour of customers and adjusting the CLV according to it. Therefore, this study is proposing an alternative way of utilising CLV, which will be explained further in the analytical model.

2.4 Analytical Model

According to the literature studied by the authors of this paper, the following model is constructed to better understand the present study. This model will serve as the basis for analysis and presenting the findings at the later stage of the study. The analytical model here includes the theoretical concepts of Omnichannel retailing, Customer Loyalty and their possible connection with Customer Lifetime Value (CLV) to enhance customer value in the longer term. The core purpose of this study is to leverage omnichannel retailing with respect to CLV in order to sustain long-term customer relationships and to add value to the relationship – components that direct towards loyalty. These main components of the tailored framework are presented below.

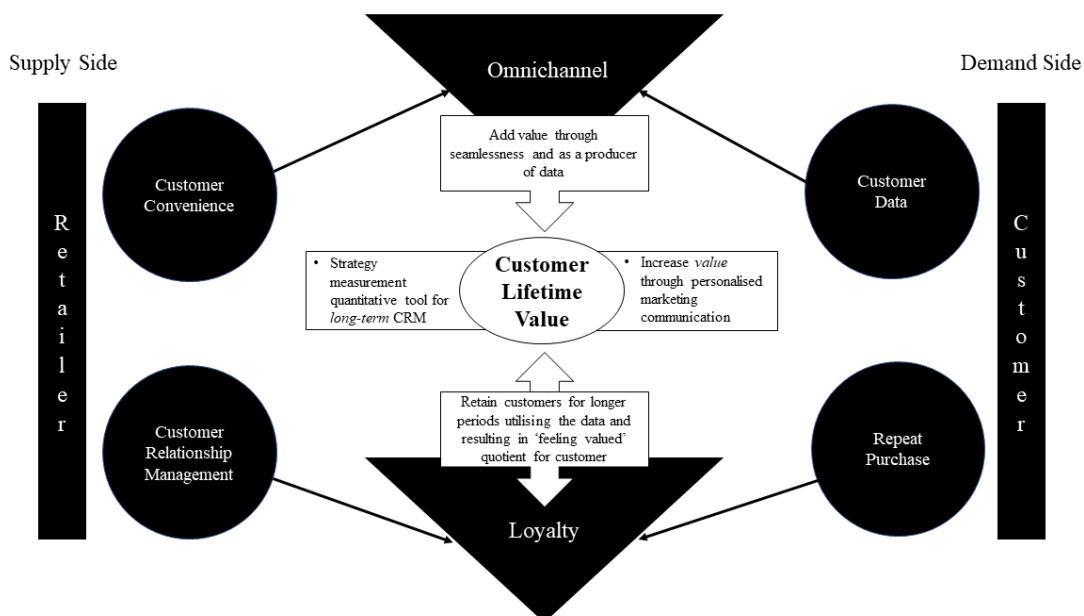


Figure 2-1: Analytical model of Omnichannel Retailing and Customer Loyalty in connection to Customer lifetime value (CLV) integrating both retailer and customer

2.4.1 Explanation of the Analytical Model

‘Omnichannel’ and ‘Customer Loyalty’ are the two key components of this tailored framework. Both of these components have inputs from the retailer end – considered as the supply side and consequently the customer end – considered as the demand side. ‘Retailer’ is the provider of omnichannel retailing to cater for the demand of the ‘Customer’. While the retailer inputs ‘Customer Convenience’ to the omnichannel system, the input from customers in the same system is ‘Customer data’. On the other hand, retailers are the giver and customers are the receivers in the ‘Loyalty’ ecosystem. The input from the retailer here is the ‘Customer Relationship Management’ efforts and the input from the customer is the ‘Repeat Purchase’ to the concept of loyalty.

The output of omnichannel is *value addition* for the customer through seamless experience and collected data from various customer touchpoints. This output is directed towards Customer Lifetime Value (CLV) which is expected to have two-fold benefits – firstly, strategy measurement quantitative tool for long-term CRM (a benefit for retailers) and value increase through personalised marketing communication (a benefit for customers). CLV is the connecting point that provides motivation to utilise the data generated in omnichannel and acts as a tool for a long-term attainment goal of customer loyalty. The output of CLV is success towards retaining customers for longer periods by the application of data and uplifting the ‘feeling valued’ quotient for the customer. Since loyalty initiatives act as a data source, it also acts as a system input for CLV and thus, establish a two-way dependency of loyalty and CLV.



Figure 2-2: Steps to be followed for the analytical model

As these components of the tailored framework will be verified in Swedish home and consumer electronics retail, the analytical model can be depicted through the steps of the above figure.

3. Methodology

In the methodology section, information regarding the methodological framework and how the study was conducted will be provided. As well as presenting the chosen methodology, this section will also exemplify and describe the process in terms of research approach, research design, data collection and finally how the collected data was used for analysis. A discussion later follows about the qualities of the study.

3.1 Research Approach

Going into the research, one must determine which approach is best suited in order to describe the connection between theoretical concepts and empirical data. In accordance with Eriksson and Kovalainen (2016), many researchers combine both *induction* and *deduction* throughout the varying stages of the thesis, calling for an *abductive approach* that is an integration of the two approaches.

Abduction is the process where meanings and descriptions made from everyday life are transformed into concepts and categories that creates a base for explanation or understanding of the phenomenon researched. Moreover, as our study aimed to generate new theories stemming from our research (RQ1, RQ2a and RQ2b), the deduction was applied to evaluate the material whereas inductive elements used were a means to justify the research idea with the aid of the collected empirical data (Eriksson and Kovalainen, 2016). Conclusively, abduction was flexible as it allowed the researchers to collect more data when deemed necessary (Saunders, Lewis and Thornhill, 1996).

Qualitative Approach

For this thesis, a qualitative approach was deemed the best option as the purpose is to gather in-depth empirical data for analysis. A certain amount of subjectivity was sought around the chosen topic, which is further explained by Bryman and Bell (2015) to go in line with qualitative research which accordingly was producing empirical data that contributed to deepening the understanding and nuances of said phenomenon. As a quantifiable result was never sought, the qualitative method was deemed a better fit; although the researchers stress that the approach requires a good match to the empirical data collected to increase validity and thus prove effective (Bryman and Bell, 2015).

The main incentive towards utilising a qualitative approach was due to the lack of research in this specific context of looking at the long-term value of customer loyalty in the retail setting, which led to an explorative approach. Thus, a qualitative approach was deemed more suitable. Moreover, Eriksson and Kovalainen (2008) illustrate the role of qualitative interviews as a research method to generate empirical materials for a particular study, which was adopted in this thesis. The most important limitation of *qualitative interviews* lies in the fact that the respondent is influenced by the researcher, thus, prohibiting a natural conversation (ibid). Naturally, qualitative methodology approaches, such as interviews, are

conformed to some elements of subjectivism (Eriksson and Kovalainen, 2016), which will be discussed more in-depth in the validity and reliability section.

3.2 Research Design

After having established the qualitative method choice, the research design was to be selected. As the research design sets the prevailing tone of the research and poses as general framework and conduct for analysis (David and Sutton, 2016) the choice is deemed crucial. In accordance with this statement, the chosen design was a case study. This design entailed that the main sources of data were the interviews and existing empirical data – creating a merge between a real-life context and contemporary phenomenon (Eriksson and Kovalainen, 2016; Yin, 1981). As our study aims to explore different electronic retailers and compare them, the study qualifies as a multiple case study, or a collective case study (Eriksson and Kovalainen, 2016) in that sense. Yin (1981) further points out the benefits stemming from multiple cases where the possibilities of juxtapositioning the results exist, thus creating the comparative multiple case study. The research design was adopted in order to answer the research questions and provide a basis for comparison of the cases, but also give room for comparison with the customer insights. Drawing on this, this thesis has elements of grounded theory in the sense that the prospect of producing a new or adjusted theory by comparative analysis from the systematically obtained data is possible (Chun Tie, Birks and Francis, 2019). As for the analysis, coding was performed as an analytical tool to break down the collected data to categorise, compare and identify themes and conceptual reoccurrences. Thus, open coding was mainly used (Chun Tie, Birks and Francis, 2019; Eriksson and Kovalainen, 2016). To conclude, the analysis was based on the coded material derived from the empirical data with the aid of the theoretical and conceptual framework, which will be further discussed in the coming chapters of the methodology.

3.3 Research Selection and Interview Structure

Crang and Cook (2007) argue that competence in selecting suitable people and places for the interview determines the interview outcome. The selection process was accomplished through *convenience selection* entailing that the sampling was a *non-probability* method and not all of the population had an equal chance of getting chosen (David and Sutton, 2016). Although, as the study concerns a specific research era that requires knowledge and experience one could argue for the selection having a bias and that the sample was chosen strategically from the population. To obtain the best result for our thesis, we sought out interview persons for the retailer practitioners (managerial side) based on their position within the home electronic retail companies, where we wanted store managers and if possible employees working in the headquarters at the concerned firms. The initial contact was via the social network for professionals, LinkedIn, and through e-mail communication. From there, we found candidates for the interviews, where one of the respondents was found through snowball selection (David & Sutton, 2016). Looking at the customer side, the respondents were found, yet again with two interviews made through convenience selection and this time via personal connections with a *non-probability* method. The last two interviews were done

with a *random sampling* (David & Sutton, 2016) where the interviewees were chosen at random from a public space near various home electronics stores to participate in the study. The chosen participants had thus no specific links to the interviewed retailers other than that they were customers that were more frequently than not purchasing goods from home and consumer electronic stores.

Table 3-1: Details of interviews with the case companies

No. of Interviews	Dates of Interview	Case Company	Interviewee Name, Rank & Station	Time in Hrs.	Place of Interview
First Interview	22nd March, 2023	MediaMarkt	Manager A, <i>Lerum</i>	1 (16:00-17:00)	Online (Microsoft Teams)
Second Interview	28th March, 2023	Elgiganten AB	Manager B, <i>Stockholm</i>	1.5 (12:00-13:30)	Online (Microsoft Teams)
Third Interview	30th March, 2023	Kjell & Company	Manager C, <i>Stockholm</i>	1 (11:30-12:30)	Online (Microsoft Teams)
Fourth Interview	3rd April, 2023	Kjell & Company	Manager D, <i>Stockholm</i>	1 (13:30-14:30)	Online (Zoom)

Table 3-2: Details of interviews with the customers

No. of Interviews	Dates of Interview	Interviewee Name, Occupation & Station	Time in Hrs.	Place of Interview
First Interview	19th April, 2023	Respondent 1, <i>Web Developer, Gothenburg</i>	30 mins (11:00-11:30)	In person
Second Interview	19th April, 2023	Respondent 2, <i>Electronics Engineer, Gothenburg</i>	30 mins (12:30-13:00)	In person
Third Interview	19th March, 2023	Respondent 3, <i>Therapist, Gothenburg</i>	40 mins (12:00-12:40)	Online (Zoom)
Fourth Interview	21st April, 2023	Respondent 4, <i>Fiber Technician, Gothenburg</i>	45 mins (13:30-14:15)	Online (Zoom)

Prior to starting the interview, the researchers are expected to be clear about the objective and the potential outcome of the interview (Eriksson and Kovalainen, 2008). As Schoenberger (1991) reminds us, in a corporate interview background research about the topics to be covered during the meeting is a prerequisite to properly utilise the limited time the executives schedule for the researcher. This, because the researchers must convince the respondent that the researchers have a thorough understanding of the subject to persuade detailed and open answers that are required for valid results. This entailed that the researchers were immersed with the industry and with the current research on the topic of the study beforehand.

As for the interview design, *semi-structured* interviews (see appendix 1.1-1.3) enable the collected data intake to get more in-depth and detailed, as it allows for natural follow up questions to complement the already structured questions (David and Sutton, 2016). Furthermore, in order to answer the research questions, a semi-constructed interview is deemed optimal as it incorporates elements of the flexibility that the unstructured interview contains whilst still allowing theory to build from the guidance of the conceptual framework that is reflected in the structured questions (Bryman and Bell, 2015). To further ensure the quality of the interviews, the researchers conducted a pilot interview with the head of the advertisement from a Swedish grocery store chain. Even though the interview could not contribute to this study in terms of empirical data, it aided the researchers in improving the structured questions and thus improving the quality.

3.4 Recording, Transcription and Analysis

The length of the transcription process significantly depend on the *recording quality* of the interview in qualitative research, according to Crang and Cook (2007). For this study, it was strived to achieve the best results possible by using good equipment for recording and being mindful of background noises. As the researchers had limited access to professional tools, careful consideration was thus prioritised in regard to the locations. In line with this, a vast majority of the interviews were done from separate locations, and with recordings via the digital tools Zoom or Teams. As a backup, mobile devices were also utilised to audio-record the interviews. Crang and Cook (2007), furthermore emphasised checking from time to time if the recorder is working properly is important, which was the advice we adhered to. In addition, it is also suggested to write notes in detail if there is any malfunction in the recording, and those notes proved valuable for the coding process (Crang and Cook, 2007). Moreover, the emotional and physical (e.g., facial expression, body language) as well as the environmental (e.g., seating arrangement in the room) aspects, if disregarded in recording (either as sound recording or written notes), can result in ‘distortion’. As a step to avoid this, the interviews are recorded by more than one person to better capture these aspects and are later subjected to be transcribed in written form as soon as possible.

The interview that was conducted in Swedish (one of the customer interviews) was *transcribed* in Swedish and later translated into English. The *translation* process is not beyond the risk of misinterpretation when it comes to analysis. As Xian (2008) indicated, the translator’s individual experience, prior knowledge and societal background influence the

sensemaking of the translation. The interviews taken in English were hence transcribed in English. For the researchers, this entailed carefully discussing the contents of the interview and making sure meanings are not lost in the translation process.

The analysis process of the transcribed material started with the *open coding* process (Strauss, 1987), which is highlighting the codes in the word file with distinct colours to distinguish major phenomena. Subsequently, the *iterative process* took place by reverting to the source from the contradictory coding categories (Crang and Cook, 2007). As a result, the codes have become more consistent and comprehensive. As our study included multiple cases, the coding process was also submitted to *cross-case analysis*, to locate comparative elements of differences and similarities and to develop new categories (Eriksson and Kovalainen, 2016). Furthermore, the *secondary material* derived after the coding helped to analyse the interrelationships of the categories. Lastly, the authors of this thesis identified the conceptual units that formed interconnectedness between theory and practice.

3.5 Validity and Reliability

The evaluation of qualitative research, which consists of criteria such as validity and reliability, is supposed to take place during the entire research as per Eriksson and Kovalainen (2008). The term *reliability* in research refers to the consistency in research that enables another researcher to replicate it and produce related findings (Eriksson and Kovalainen, 2008). Another possible evaluation criterion is *validity* which encompasses the accuracy of representing the phenomenon while reinforcing it with evidence. According to Lincoln and Guba (1985), validity and reliability in qualitative research can be substituted with ‘trustworthiness’ which comprises four characteristics. The research process is mentioned comprehensively in the methodology section and the transcript provided in Appendix which equipped the reader with information – thus, demonstrating *dependability*. The *transferability* concept was exercised as the research was initially inspired by another research on the banking industry which aimed to establish a connection between omnichannel and maximising CLV. In the named study, the methodology was conducted in a quantitative approach which stands to contrast with this study. Additionally, not only was an extensive literature review performed but also secondary research was done on the internet to get familiarised with the recent developments taking place in the Swedish home and consumer electronics market indicating researchers’ efforts towards achieving *credibility*. The analysis section captures the interpretation of the researchers in reference to the data received during the interview. Thus, making the explanations convenient for readers’ understanding which is in line with the *conformity* aspect.

3.6 Criticism of Method Choices and Reflections

With qualitative methods, there is always an aspect of uncertainty as there are no ‘rights and wrongs’, rather the focus lies on the interpretation of matters that cannot be reduced to numbers (quantitative research). As the researchers are in charge of analysing and interpreting the data, the value of the study is measured through the performance of said

researchers, and how not only validity and reliability are presented, but also rigour. It can be argued that potential bias and positionality could have affected the study in the methodological steps such as research selection, data collection and data analysis. With this, some themes could have gone unnoticed, and the authors' embedded subjectivity could have affected the coding process for instance. By being aware of the shortcomings of qualitative research the authors strived to steer clear of conforming to subjectivity that could potentially harm the results of the study. Furthermore, it could be argued that the sample of collected data is too small to uphold relevant results. Although, it must be noted that the authors do not strive to solely make assumptions, but rather to explore and illuminate an issue that has not previously been researched that much and by that contribute with valuable insights.

4. Industry Overview and Case Companies

An overview of the Swedish HCE industry in relation to the theoretical and conceptual framework will be provided to deepen the understanding and create a basis for the analysis section.

4.1 Home and consumer electronics industry

Home and consumer electronics industry is the expediter of the omnichannel retailscape of today (Malbasic and Choi, 2019). This, as it is simultaneously making the devices required for online shopping accessible for the customer, all while increasingly depending on physical stores as an outlet of communication – the differentiative element for the retailers. Zeng et al. (2018) in contrast to being the driver of digitalisation, highlighted high-durability (resulting in less frequent purchases) and easy-to-imitate aspects that lead to heightened competition in the consumer retail industry. According to a definition contributed by Kumar, Strandlund and Thomas (2008), electronic retail is 'establishments for household appliances and consumer electronic products that are sold as new, specialised in single-line consumer electronic product or provider of repair service in addition to selling new home/consumer electronics products'. Mentionable characteristics of the consumer electronics industry are higher variation in product offering, brief product lifecycle and diminishing monetary value (Appelqvist and Gubi, 2005). In home and consumer electronics retail products and associated services are sold alongside (Vesel, Orel, and Špende, 2011). The highly competitive product-service mix of this retail industry and its non-contractual nature compels retailers to rely on repeat business with the customer (ibid).

4.2 Retailers and Customers of the home and consumer electronics industry

Even though consumers have deep involvement with the good, uncertainty is involved when it comes to making the purchase decision (Vesel et al., 2011). The key characteristics of HCE industry customers are that these customers can afford and are willing to pay more than the market price for utilitarian needs (e.g. product customisation, usage training) as well as psychological needs (e.g. social status, relationship building) (ibid). Due to the low-switching cost and ease of comparison for the customers, the quality of relationships outweighs the

quality of products. These particular customer behaviours govern contemporary retailers' approach towards profitability enhancement, Gable, Fiorito, Topol (2008) assert. Wong, Hung, and Chow (2007) observed relationship building, therefore, has emerged as a non-tangible asset for retailers that cannot be replicated by the competitors and as a result, customers remain with the business. On another note, relationships with customers are regarded as continuous in this industry and are thus embedded in mutual respect for the parties (Gummesson, 1998). Another motivation for studying the retailer-customer relationships for consumer electronics retail presents as this industry is an appropriate example of comprehensive omnichannel behaviour. Apart from the online presence, when it comes to purchasing a new electronics product, customers tend to try out products in stores and take advice from a well-informed salesperson prior to making the purchase decision (Cohan, 2020). However, after deciding which product to purchase, the customer usually evaluates the price online and eventually purchases online (ibid).

4.3. The Case Companies

In light of the theoretical and conceptual framework the case companies *Elgiganten AB*, *MediaMarkt* and *Kjell & Company* will be discussed in this section which will serve as a source of secondary data and will further enrich the analysis section with a third perspective. The motivation to consider these companies as the case companies is that these companies have a variety of characteristics. Though all the companies are operating in the Swedish market, Kjell & Company is the only one that originated in Sweden. Differences in the origin of the companies may lead to interesting findings. Additionally, Kjell & Company sells Home and consumer electronics *accessories* in comparison to the other two companies that offer HCE products. This accessories subcategory may intertwine omnichannel, customer loyalty and CLV differently.

4.3.1 Elgiganten AB

Elkjøp Nordic AS, owned by British Dixons Retail PLC is the parent company of *Elgiganten AB*. The Swedish name *Elgiganten* can be translated to 'electronic giant'. Justifying its name, it is the biggest home and consumer electronics retailer in Sweden at present after its establishment in 1994 (Annual Report 21/22, n.d.). At the retail award show organised by Swedish Trade in 2018, Elgiganten was awarded the 'Retail Chain of the Year' (Elgiganten AB, n.d.). The key product categories of its business are mobile phones, computers, consumer electronics, domestic appliances, white goods (home appliances such as refrigerators), kitchen appliances etc. and services associated with these products. Under the brands Elgiganten and Elgiganten Phonehouse, it owns 102 stores in Sweden with employees close to 3,800 and revenue of 16 357 MNOK (Annual Report 21/22, n.d.). There were no new or closed stores in this reference period. The supply of this electronics retail is delivered from a 107.000 m² central warehouse of the group situated in Jönköping, Sweden.

Elkjøp launched its website in 2002 for the Swedish market which can be now located as *Elgiganten.se*. The board of director's report for the fiscal year ending April 2022 expressed

that the board deems the interaction between the physical store and the e-commerce channel as important and focuses on developing solutions to reinforce the value of omnichannel operation. The business's focus on customer value and omnichannel inclusion can be captured through this published statement, "*We work hard every day to enrich the lives of consumers through technology, whether they come to us online or are visiting our stores*" (Annual Report 21/22, n.d.). In the financial year 2021-2022, this retail business has implemented 'B2X' a new store system and online platform to incorporate all the stores (including franchises) in one system. The system change is a crucial step to create an authentic and seamless omnichannel experience with two major outcomes – modernisation and transformation of the business; and betterment of the customer journey.

Elgiganten's stand on the customer relationship-building approach can be interpreted through the following quote by Erik Gunset Sønsterud, CEO of Elkjøp Nordic AS - "*We are humble and proud to be able to continue welcoming you (customer) back,*" (Annual Report 21/22, n.d.). Furthermore, he mentioned that Elgiganten's business model is not based on *one-off sales* rather than from *returning customers*. The statements are directed towards the long-term approach of the business for customer relationship building. The Customer Club of Elgiganten allows the business to create tailored services and offers for customers who are loyal to the business. Moreover, the program communicates with members about valuable products and services and the business experiences that customers also value.

In addition, *engagement* is one of the core values of Elgiganten's culture and the business believes engagement produces superior customer experience. Even in Elgiganten's annual employee survey a third of the total weightage is evaluated on the business's customer focus aspect (DEI report, Elkjøp, 2022). When it comes to data privacy legislation and data protection, their website claims to have a *privacy policy* which includes a detailed explanation of how and when the company uses customer data for segmentation and personalisation (Personuppgiftspolicy för Elgiganten, n.d.). The company also empowers customers with a self-service data delete function on the customer account on the webpage. As an early adopter of technology, Elgiganten management aims to make timely decisions relying on the best possible customer information. In the words of Monica Trøen Volden, Elkjøp's Head of Insight and Analytics the business's emphasis is on ensuring product and service relevancy for the customer and improving the quality of customer interaction by applying customer data (IBM, 2021).

4.3.2 MediaMarkt

MediaMarkt, the German retailer entered the Swedish electronics goods market in 2006 (Hultman and Elg, 2013). It is under the umbrella of Media-Saturn Group which was founded in 1979 and is owned by Ceconomy AG. Its business positioning is maintaining a constant low price instead of offering one-off discounts as well as 30 days open purchases for all customers (Jafari, Nyberg and Hilletoft, 2016). At present MediaMarkt has 29 retail stores in Sweden (MediaMarkt Sverige, n.d.). Along with limited private label brands, the company offers a wide range of household appliances, computers and other electronics products - approx. 45,000 variations. During the last financial year 2021/2022, MediaMarkt accounted

for 506 million euros in revenue. In the Swedish home and consumer electronics market, MediaMarkt holds the fourth position. In February 2023, Power Sweden acquired a 100 percent share of MediaMarkt in Sweden along with all the stores and approximately 1300 employees of the company (CECONOMY-dotterbolaget, n.d.). However, the transition is expected to take place in the summer of 2023 after receiving approval from the competition authority.

MediaMarkt is heavily reliant on its ‘Omnichannel Spine’ as the business’s aim is shopping experience and service improvement in all the sales touchpoints placing the customers in the centre (Annual Report 2021/22, n.d.). This retail business has identified that customers prefer a combination of the convenience of online which is complemented by the experience and service of the physical store – a conviction that the company considers formulating its strategy. As a result, it is upgrading the store space to a smaller store format to reflect the digital journey of the customer that takes place before coming to the store.

According to Jafari et al., the headquarters in MediaMarkt Sweden supports the store with customer relations. Moreover, product return due to reasons like customised upgrades and installations or competitors’ pricing is a tactic for customer orientation at MediaMarkt. In the annual report for the financial year 2021-2022, it was mentioned that the success factor of MediaMarkt is *offering personal advice and an enriched service portfolio*. For instance, Smart TV installation at home which was initially purchased online to add value to the customer. The management structure in the store is planned to be centralised so that the employees are released from administrative tasks that allow the staff to concentrate more on customer experience. A key business strategy of MediaMarkt is making the customer perceive it as a trusted consultant as well as a partner in the matter of home and consumer electronics products. Thus, the business wants to stay true to its principle of ‘experience electronics’.

The business, furthermore sees value creation as the consistent and early alignment with the customer’s needs. It evaluates data on a regular basis to spot changing customer demand and adapt to customer requirements. MediaMarkt Sweden maintains a webpage that provides information on the Personal data policy for the website www.mediamaarkt.se (Integritetspolicy, n.d.). It is mentioned on this site that providing access to personal data will help the customers take advantage of all its offers. A customer can also become a club member of MediaMarkt Club. Media Markt Club is a loyalty program which encourages repeat customers and rewards any purchase in the departmental store or online (Media Markt, n.d.), an initiative that represents the business’s continuous customer focus.

4.3.3 Kjell & Company

Kjell & Company, a leading actor in Swedish retail with 1908 MSEK revenue, was started as a family business in 1988 and is part of Kjell Group (Om Kjell & Company, n.d.). Currently, it has 114 physical stores in Sweden along with its online channel ‘kjell.com’ operating with approximately 1200 employees. Lately, in 2022, the company won the ‘Shopping Experience of the Year’ in the Retail Awards. The key product Kjell & Company offers is the accessories

for home electronics and the company perceives that the consumption of this product is more complex than the home electronics products itself. Even though the physical space in the store seems small, the company carries an inventory of 10,000 different products in its warehouse.

In the words of Andreas Rylander, President and CEO of Kjell & Company about always being customer-focused amidst the pandemic and geo-political uncertainties in 2022, “*We strengthened our omni-channel platform with new partnerships, more service points and channel-independent customer service in order to always remain available to our customers and to improve their lives through technology.*”. The company’s omnichannel initiative was recognised when it was named the ‘Omni-Channel of the Year’ in 2022 by the Swedish Trade Federation as well as the leading trade news channel Market (Annual Report 2022, n.d.). According to the same source, the majority of their customers’ purchase journey starts online and the integration of the channels helps the customer to enjoy the online shopping convenience (e.g., selection of goods from a wide assortment) in combination with the advantages of the physical store (e.g., receiving the product as soon as the purchase) as Kjell & Company allows the customer to collect an online order at the closest physical store within 10 minutes.

The ‘about’ section of Kjell & Company mentions that its sales staff are happy to help in finding personalised solutions for individual customers. The basis of the business is to offer a ‘family feeling’ and is exercised through serving busy customers, technologically curious customers or learning back from technologically minded customers (Kjell & Company, LinkedIn, n.d.). The company has over 2.6 million members in its customer club. Kjell & Company attributes this to its staff’s knowledge and enthusiasm which builds trust and loyalty for sustaining customer relationships. As a member, a customer is prioritised during the sales as well as for customer service (Om Kjell & Company, n.d.). The membership special prices are applicable for both the *physical* and the *online* store, thus, integrating seamlessness in the omnichannel setup of the business. Another way of building relationships with customers for Kjell & Company is sharing the latest and relevant technical knowledge through ‘Kjell Academy’ produced and published content. Kjell Academy further provides the staff with education essential to inspire loyalty by showcasing knowledge and satisfactory customer service to the consumers (Om Kjell & Company, n.d.).

The loyalty club is a key factor for Kjell & Company’s business success as through the members of this club the business has generated a comprehensive database that reflects customers’ purchase behavioural patterns, price sensitivity and customer demand (Annual Report 2022, n.d.). In the privacy policy section on its website, Kjell & Company points out that to add value to the customer it analyses data on how a distinct customer uses the business’s service (Integritetspolicy, n.d.).

Table 4-1: Comparison of the case companies in Swedish Home and Consumer Electronics (HCE) market

Attributes in Swedish Market	Comparison of the case companies in Swedish Home and Consumer Electronics (HCE) market		
	Elgiganten AB	MediaMarkt	Kjell & Company
Category	Home and consumer electronics	Home and consumer electronics	Home and consumer electronics accessories (a sub-category of the larger HCE market)
Country of Origin	Norway	Germany	Sweden
Years of operation	30 years	17 years	35 years
Company size (employees)	3800	1300	1200
Company size (no. of stores)	102	29	114
Revenue (in 2021-2022 financial year)	15700 MSEK	5700 MSEK	1908 MSEK
Omnichannel approach	modernisation and transformation of the business; and betterment of customer journey	‘Omnichannel Spine’ - shopping experience and service improvement in all the sales touchpoints	always remain available for the customers to improve their lives through technology
Loyalty or membership clubs	yes (2 million members in 2020)*	yes	yes (2.6 million members in 2022)
Outlook about long-term value creation	ensuring product and service relevancy for the customer with data	loyalty program to encourage repeat customers	comprehensive database to analyse on how a distinct customer uses the business’s service for retention

*source: Ehandel.se

5. Findings and Analysis

This chapter provides the empirical findings. In this section, by applying the analytical model and theoretical framework the outcome will be discussed. During the course of this thesis, the authors identified the necessity of long-term relationship building and value creation for home and consumer electronics retail in the omnichannel era. However, the authors also uncovered different expectations and motivations in relation to customer loyalty among the retail respondents. The authors, furthermore, received insight from what customers desire to thoroughly understand where the retailer's expectations and motivations are created. This is in line with the previously mentioned theory, thus, making the comprehension of the customer loyalty concept complex for the unpredictable behavioural outcome of the customers (Meyer-Waarden, 2007).

5.1 Retail Practitioners

This section interprets the retailer's viewpoint regarding the core but interconnected themes of our study: *omnichannel retailing*, *customer loyalty* and *customer lifetime value*. Retail spokespersons from the home and consumer retail industry with a wide range of roles contributed to our diagnosis of the industry practice with the present-day theoretical underpinnings of retail research and with the secondary data (existing data on the internet). A reader can expect a comparison and contrast between the theory, secondary data and the practitioners' statement in this section.

5.1.1 Omnichannel retailing: retail practitioners

Although in omnichannel settings different channels offer different advantages in home and consumer electronics retailing experience, the retailers intend to provide customer value through channel fluidity.

“because we saw that, if we, with our store, have an opportunity to show, for example, in consumer electronics, 20 different kind of Television. But online we can show 200 different [things]. And that's, that's when we understand that, if we can solve the logistic problem, send it to the store, or to the customer right away and be able to show a big... broader experience or better experience for the customer or broader choice for the customer.”– Manager B, Elgiganten

The comment above by a respondent captures the advantage of various channels in omnichannel retail. Online provides a wide range of options to choose from, whereas, the presence of the chosen product in the physical store exposes customers to a greater experience. This is in congruence with what Slack et al. (2008) refer to as the effectiveness of different channels from which customers extract different values. In the words of one of the respondents, *Manager B* (Elgiganten), “*Amazon who are super great in creating value online but doesn't have the physical store.*”. Compared with e-commerce like Amazon which is successful in generating value online, in an omnichannel setting online drives traffic and

navigates it towards physical stores adding values such as feel or touch. This retail phenomenon is further strengthened by *Elgiganten*'s board of director's report (2022) which mentions developing solutions to provide value to the customers through online and physical retail channel interaction.

The theme of *omnichannel integration* and *relationship* recurred throughout the dataset. Talking about this issue an interviewee, said:

“So if we want to be more than our product, we need to have relationship, you need to trust us. So therefore, what we talk about is, yeah, the relationship is regardless of whatever kind of channel you choose to visit us, you can ask us on the internet. You know, that on the webpage, you can actually click on talk to salesperson and you get connected to a store. That person is a person in the store that has the free time to talk to you.”– Manager C, Kjell & Company

For home and consumer electronics retail, integration of various channels is particularly important as the decision-making process involves complexity and expertise. Omnichannel is strengthening relationships by providing more options and fluidity to seek this expertise from the retailer. The aforementioned statement thus directs towards the notion of convenience that results from channel integration enabling customers' free movement across channels (Verhoef et al., 2015). Trust in the retailer's suggestion, furthermore, acts as a key component in the nourishment of the customer-retailer relationship, when the suggestion is taken into consideration in customer decision-making. This is well-resonated with Kjell and Company's channel-independent customer service strategy where the store staff engage in trust building through their knowledge and enthusiasm – according to the company's website and annual report.

In contrast, as customers receive more consumption touchpoint options, the integration process makes it challenging for managers when offering a *seamless* experience. The quotation below from another interviewee thus reflects the research by Verhoef et al. (2015); Ailawadi and Farris (2017).

“We try to show the products in the same way both in store and online. So we are recommending the same accessories for example, in the same services for the products. No matter if you are scrolling [a] web page or if you are in the store, but it's a massive job.”– Manager A, MediaMarkt

The interviewee, to expand on this contrast, mentioned that at first glance products in online might appear similar due to the lack of specifications knowledge of the customer as well as the inability of the customer to connect his or her needs to the specifications offered by this home and consumer electronics product; warranting a quality purchase. Imitation of this interaction dimension of physical retail was perceived as difficult for the purchases taking place online. Consistently, interviewee *Manager B (Elgiganten)* speaks about this challenge of ensuring seamless experience, “*But online is quite narrow. It's quite hard to get the same customer experience and customer interaction in a digital shuttle. So that is something that*

we still today trying to solve in different kind of way [...] but that's hard because you don't get the connection.” He further added information commercials or website text are not the best replacements of the personalised questions that a salesperson asks in a physical store to help the customer. One way *MediaMarkt* is tackling this seamlessness is by changing the physical store format towards a smaller store which then acts as an extension to the digital journey a customer already walked in the whole purchase journey (Annual Report 2021/22, n.d.).

‘Creating good feeling’ was also suggested by *Manager B* when asked how the home and consumer electronics retailers such as *Elgiganten* are creating a seamless experience across channels:

“So that’s why you need to understand what’s beneficial for the customer who are visiting your site and then you are into something really interesting in terms of how do you create a good feeling online? Then you need to use data, you need to use insight, you need to use things that can create not the same experience, but a feeling that we care about you as a person.”– *Manager B, Elgiganten*

Even though the human meet and greet aspect of the physical store is arduous to replicate in the online channel, the blessing of omnichannel is access to data that supports retailers to create personalised feelings online as well. The concern of seamlessness that was introduced in the omnichannel setting can be minimised by leveraging the omnichannel itself. In the analytical model of this thesis Omnichannel was positioned as the powerhouse of data that adds value (a predecessor of improved relationship) to customers through a seamless experience. The authors of this paper can, therefore, apply the *analytical model* to explain the retail strategies practised by home and consumer electronics retail and *Elgiganten* to be particular.

Subsequently, in response to if the retailer thinks omnichannel has improved the relationship with the customer, one of the retailers surveyed indicated that particularly for home and consumer electronics retail where the purchase frequency is low, omnichannel is a tool for *relationship rejuvenation* during the purchase dormant period:

“If you have two purchases a year, six months between on the total year, how do you engage the customer from the first purchase and the second purchase. It’s a long, long way. So, that’s where we can utilise the e-commerce platform to actually engage with customer, or within CRM communication with newsletter, or digital marketing as well. But then we need the customer to act, to able to break from a newsletter, from a digital ad from something to a platform and we can expect to create some experience on that platform. So in that sense company that sell product that you don't buy every day, it’s crucial to have a good platform.”– *Manager B, Elgiganten*

Therefore, the statement is in line with how *Akter et al. (2021)* explain the function of omnichannel marketing to expand beyond customer satisfaction to support long-term exchange relationships. This literary framing and empirical data, in addition, are bolstered by

the *returning customer-based* business model of Elgiganten; a clear deviation from the short-term gain strategy (Annual Report 21/22, n.d.). A crucial element to having constant communication for keeping the relationship active is relying on after-sales communication, as reported by *Manager D (Kjell & Company)*, another spokesperson for home and electronics retail. His retail manages to be on top of customers' minds by offering complementary products or spare parts (spare parts offering take place after six months of initial purchase) to keep the communication flow.

5.1.2 Customer Loyalty: Retail practitioners

Due to the nature of the product, the *home and consumer electronics* retailer demonstrates an inclination towards building relationships which is well exhibited by a retail practitioner, *Manager B (Elgiganten)*'s quote, "...we needed to create bond between us and the customer which could develop more than just purchase that we have two or three times a year.". Furthermore, the comment below illustrates the retailer's perception of establishing emotional connection exceeding beyond customer satisfaction, in other words, what Nguyen Thi and Nguyen Thi Thu (2022) refer to as 'customer loyalty'. Even though customers intend to evaluate the functional attributes of the product, discussion with the retail representative leads towards relational sustenance, a prerequisite of loyalty. This comforting relational aspect, furthermore, can provide an omnichannel business competitive advantage over other industry players. Kjell & Company formulates this as a 'family feeling' that the staff offer to the customers (Kjell & Company, LinkedIn, n.d.).

"...we need to remind them of our existence and that they kind of like us. Because that is pumping the price elasticity so that they are not only going for the lowest price, because if you go on Amazon, you can buy any of our products online for half the price, not really true but some of them. So we have to sort of motivate them that it's easy for them to come to us, they will know that they will get the help. They will know that they will also have somebody to talk to if we get the product that they can come back with,"– Manager C, Kjell & Company

Contrary to expectations as there are designated roles within the home and consumer electronics retail to manage customer loyalty, this study did not find significant credence in the concept of customer loyalty among retailers when they shared their industry-specific observations. One retailer stated:

"And, but – especially in the home electronics industry, I think your home electronics retailers, then the customer is not loyal at all, we have a small percentage, maybe 5% that comes to my store because they like how they are treated here and they have some kind of relationship to my staff. But I don't think at all, that they are loyal to X home and consumer electronics retail store, they are loyal to the person that sells [the items]. Or else, they would only buy where it's cheapest."– Manager A, MediaMarkt

Another respondent commented:

“You’re loyal...very much in society, or in life, hopefully, to your family, or your beloved ones. Those are your loyalty, or maybe to your favourite soccer team. But you’re not, no, you’re not loyal to a store, chain of store. But, we have to earn [the right] to be top of mind.”– Manager C, Kjell & Company

In the words of the retail practitioner, the *symbolic* attribute (e.g., relationship with store staff) or *utilitarian* attribute (e.g., price advantage) governs the repeated purchase behaviour with specific retail for a prolonged period of time. While elaborating on the relationship between store staff and customers, *Manager A (MediaMarkt)* highlighted that when a retail salesperson makes a customer feel special with more than a regular service, the customer tends to buy from this specific salesperson of the retail. Due to this particular customer-retailer relationship the retail gains additional business from the customer. This is an indicator of the wide adaptation of the *relationship* aspect to the consumer-to-business concept which was previously only prevalent in the business-to-business industry. On another note, the closest to achieving loyalty a retailer may reach is strategizing to be present in the customer’s mind. As per the published information by MediaMarkt, the company strategies this by making the customer perceive the business as a partner of home and consumer electronics products. The aforementioned analysis, however, is in adherence to Zentes et al. (2016)’s literature about the complexity of true loyalty.

One of the noticeable aspects of relationship management for Elgiganten is training and presenting their staff as ‘trusted advisors’. The retail nurtures relationships with their club members by providing value-added services (e.g. solving a PC (personal computer) problem which is not even bought from Elgiganten) through these trusted advisors. Elgiganten, on its website, communicates about tailoring products, services or experiences that the customer values. Since customer club members usually have regular interactions or transactions with the business, the business invests in return to keep relationships with these member customers. This view was echoed in the following quote:

“[...] it’s a perk that we have in the customer club. That is to engage with the customer from a digital level and drive it to the physical store. Of course, it’s where we are creating a new net cost in terms of that. Because the store costs money and the staff costs money, you have this function, everything. But we see that, if we can make the customer happy they are then and help the customer with the problem, we actually solve the issue of creating [a] trusted advisor...”– Manager B, Elgiganten

This is an example that perfectly resonates with the research on customer loyalty by Meyer-Waarden (2007), where the researcher indicated that developing attitudinal and behavioural loyalty exceeding beyond customers for business contribution is a way to make customers feel valued. These are the initiatives that motivate customers to come back again to this particular retail.

While speaking about *customer relationship* building and *customer loyalty* as a result, one of the interviewees brought up the necessity of data to connect retailers with customers:

“[...] to actually create some bond between the customer and the brand, you need to understand the customer. To understand the customer, you need data. And to get data and use the data, you need a consent from the customer. That means in some sense you need to create a customer club”– Manager B, Elgiganten

It is interesting to note that *customer loyalty* theory suggests big data facilitates customer loyalty (Lazaris et al., 2021), whereas retailers expressed that the ‘customer club’ which is the assemblage of loyalty customers, is the means of extracting customer data. Data that is sourced from customers who have greater contributions to the business is in turn utilised to nurture relationships with the same customer base. “*But the other one that are affective loyalty that’s something that you utilise, harder facts, meaning that frequency average transaction value, CLV some actually connected to transactions.*”, Manager B, the respondent from *Elgiganten* highlighted. The result of CLV calculation can be applied to understand affective loyalty which is the emotional connection a customer develops with a retail and implement the insight derived from the affective loyal customer on a broader scale for business sustenance. This two-way connection between *CLV* and *Loyalty*, derived from the response of the interview and existing literature, indicates the validity of the *analytical model* proposed in this paper.

5.1.3 Customer Lifetime Value (CLV): Retail practitioners

In the home and consumer electronics industry that is characterised by low purchase frequency, retailers are required to have a long-term view of customer engagement or business revenue. This is well-captured by the following quote from the interviewee:

“But it’s in low frequency businesses you need really have the opportunity to engage with the customer throughout the period that you don’t have the transaction. That’s from a broader perspective, so I repeat myself, it’s super important – both to grow the business in terms of the revenue but also, you can utilise the data you collect for [a] longer period.”– Manager B, Elgiganten

He also mentioned during the interview that the retail focuses on engagement through personalised product recommendations during these inactive periods. Based on Liu and Shih (2005) opinion this is a way of relationship continuation and hence, continued revenue flow.

Issues related to Customer lifetime value (CLV) were not particularly prominent in the interview data, although the concept surfaced as important mainly in relation to the member customers of the retail, also known as loyalty members. For example, a spokesperson from the consumer and home electronics retail industry said:

“I think we can see that the members we have, they are more valid to us, they buy for more than the regular because we can see that the average receipt for them. So if we have a person that has become a member, we can see that they are more profitable for us regardless [of] where they buy it if they buy it in stores or if they buy it. So and that of course, is the question of the hen and the egg. Yeah. Those people are more,

they like us so they buy more and therefore, also, they are members so or is it because they are members that they've got. So you understand. But I think it's super important for us to understand that and that is the next level for us.”– Manager C, Kjell & Company

This *retail membership* (or loyalty initiatives) is a rather remarkable outcome that can be the crossroad of *customer relationship management* and business profitability; which is coherent with the literature of Jain and Singh (2002) on CLV. The Annual Report 2022 (n.d.) of Kjell & Company specifies how loyalty clubs are a key factor in business success as it provides access to the comprehensive database which adds distinct value for the customer.

In response to the question '*How do you see building lifetime relationships with customers in a retail context?*', a detailed response was elicited from a representative of HCE retail.

“Yes, that is a really hard question. I think, because we have started quite recently [to] try to attract, like younger customers, for example, with some crazy campaigns on TikTok, can we have invited some, influencers to do corporations and so on [...] When I try to understand it but I for sure, I think it's the future because if we can grab the opportunity to get someone that just moved away from home, for example, and is buying all the home appliances and so on and they can provide a good service for them and we can grab them for the lifetime of the customer. [...] But it's really hard to measure as well. And it's hard not to mess up, during such a long time.”– Manager A, MediaMarkt

Similar to *Manager A* from MediaMarkt, *Manager C* from Kjell and Company pointed out it is not only important but also difficult to measure the value of the customer in business as his retail view relationship as long-term, this is interrelated to the definition of CLV from Kaul (2017). *Longevity* to derive prolonged value from the customer, in his opinion, can be obtained if the customer is targeted from an early age when the customer's expenditure power is higher or when the industry (e.g. home and consumer electronics retail) is new to a particular market (e.g. Swedish market). As the young customer has frequent and essential purchases at the peak of their age, the value these electronic goods incorporate in their lives stays with them for a *lifetime* and the customer provides value in return to the business with their future purchase with this retail.

The lack of balance between the monetary and non-monetary values the existing CLV model calculates (Abdolvand et al., 2021) makes this important customer analysis KPI rather unpopular among practitioners. The *analytical model* in this thesis, thus, provides importance on the longevity and value components of CLV which was also frequent in the interview data. This view was echoed by an informant:

“Because if you only look at transaction and only look at CLV, then you're actually not looking in the possibility to grab in the customer experience... Customer relationship. Nothing CLV is fantastic to measure in terms of that you have a car insurance or if you have something else connected that you have a lifespan and you

know that the customer is actually churned over here that because that's where the service is ended. Then CLV is perfect....but you need to, you need to address it with more KPIs during the total way.”– Manager B, Elgiganten

Apart from the long-term perspective of evaluating customer value, the short-term perspective is important to change the strategy frequently to have a better engagement with the customer. According to the interviewee from Elgiganten, a leading home and consumer electronics retailer in Sweden: “*Because in the long perspective, we of course, we look at customer lifetime value but or in a long progress but we need to understand in the shorter perspective as well*”. How retailers can have more control over improving CLV is one of the key motivations, as pointed out by Kumar et al. (2008), to have a ceaseless perspective on customer valuation. On the other hand, the aforementioned quote from the retailer certainly provides importance on short-term adjustment for long-term value creation. The example can be drawn with email communication that has fewer open rates showing the customers are not particularly interested in the message and such a message can repel customers in the long run. A quick evaluation to discontinue the communication can add value in this case.

5.2 Customer Insight

For this part of the analysis, we will look deeper into the customers' insights; what motivates the customer navigating through the customer and home electronics retailscape, and why? By obtaining in-depth qualitative data from four customers in the Swedish market we aim to investigate the phenomena previously discussed: *omnichannel retailing*, *customer loyalty* and *customer lifetime value* through the lens of their eyes to provide a richer and more holistic view of the research subject. For later discussions, the customer insight will also serve as a complement to the perspectives of retailer practitioners, as the juxtaposition of the results will get a holistic overview of the industry and its participants.

5.2.1 Omnichannel Retailing: Customer Insight

It was evident throughout all collected data that the customers of today are immersed in the changes seen in the world of retailing, where digitalisation and technical advancements (Verhoef, Kannan and Inman, 2015) have impacted the way customers behave in the electronic retail setting. Many of the respondents testify to using online channels when it comes to purchasing their electronic goods.

“I do buy a lot of things online, it could be via online stores like Amazon or I check out Facebook market if there's any cheaper offer for used products but in good shape. Sometimes I use social media, or like the links you get from social media to buy stuff. I bought my airfryer via a deal I got from Instagram” – Respondent 4.

Noticeably, e-commerce has been a strong driving force that has caught many customers' attention where Respondent 1 argues: “*Because the prices are better and, it's easy to*

compare products. So now-a-days it's almost entirely online [I shop]". Although physical retailers, having to rely more on omnichannel retailing are gaining some ground back with new efforts and channels approaching, in line with Respondent 1 further elaborating "[...] *But sometimes I look online and then I go to the shop and buy it from the shop*". This is in agreement with another theme that was detected among the respondents; namely being very assertive when it comes to researching the products of which they are interested in buying. As many of the customers also mention, electronics purchases tend to be on the costly side and inspire greater investment in terms of time. The respondents thus stress the importance of researching the products, and that could include every channel available. Respondent 3 elaborates:

"[...] I would go to a search engine first, look at all the products listed. And for me, I like brands, like I enjoy Samsung when it comes to products. Via third parties like pricerunner I will find the best option for purchase, where I can buy stuff. I [would] start at google, and depending on what results I get from google I would go to [the] store or order online. Since the pandemic, I usually would order something online and then pick [it] up in the store. I think there are differences between people who want products and people who search for products specifically, and I am the latter one."

Moreover, the customers are showing signs of integrating channels as per the omnichannel experience (Verhoef et al., 2015), and it hence being a natural part of their decision-making. From the customers, there seem to be tendencies of mixing and matching different channels from varying sources and often including independent third parties and other search engine optimisers. This further indicates, as Slack, Rowley and Coles suggest that customers find distinct values from all the existing channels and the troubles for the individual company lie in allocating resources to the right one (2008), where a key channel to have visibility in is via search engines. In line with previous statements, the customers are searching for seamlessness, but also convenience (Ailawadi and Farris 2017). Even as many customers turn to online channels for initial research, the respondents show signs of appreciating the omnichannel perspective of having a physical store to turn to.

"Yeah, even if I do buy a lot online, I like to have a store for more 'risky' purchases, like a phone and a computer. Then you know somebody will be there to help you if anything goes wrong [with the product]. It feels more secure and you can get help directly at the store but also get help online cause they work the same. If you only buy online you won't have the option of just walking in and being like 'hey, I need help'."

– Respondent 4

Furthermore, it was noted that the interviewees respond well to the integrated customer experience offered by electronic retailers via omnichannel strategies as it provides more seamless and fast deliveries. When asked about whether they integrate various channels in their purchasing process Respondent 1 answered that they often integrate channels as a point of convenience, "*[I like] the speed because then I can get it the same day and if I have delivery it takes maybe three days*". This demand of the customers could be explained by the *analytical model* of the thesis that considers 'customer convenience' as the input of retailers

to the omnichannel system. Another point of view brought up in the interviews was the importance of the shopping experience. Although customers prefer to search for products online, Respondent 1 marks the importance of the visual representation mentioning going to the physical store *“Just to see it. See how it works. [That’s] basically it. Just to see the product. Right.”*. Even as Ailawadi and Farris point out, it is hard to measure the actual impact offline store browsing has on actual sales for the store at hand – yet, it does prove to have value for the customers (2017).

Overall, the customer shows a positive attitude towards integrated customer experience – even as most are quite oblivious that they are in fact participating in them. Three out of four respondents note that they are more likely to purchase from a store offering an integrated omnichannel approach with a unified message, with Respondent 4 saying *“[...]That means that I won’t get to research as much myself right? So yeah. I like having all the information available.”* Thus, indicating that there is want from the customer side to have a more informed and unified message from the electronic retailers. Omnichannel is an integral component of the *analytical model* and the previous statement is an application of *seamlessness* inside the omnichannel system.

5.2.2 Customer Loyalty: Customer Insight

Customer loyalty is in the literature defined by a strong commitment of the customers where a psychological and emotional closeness fuels the loyalty, which is furthermore expected to last long-term (Zentes, Morschett and Schramm-Klein, 2008). That said longevity is what the home electronic companies strive for as it is expected to positively affect profitability and revenue (Meyer-Waarden, 2007). Although, this is easier said than done, as customer loyalty in the home electronics industry is affected by other factors that ultimately sets the tone for the relationship between the two parties. As the industry is affected by the high durability leading to fewer purchases as well as the unusually high easy-to-imitate aspects, the competition is fierce (Zeng et al., 2018). The respondents showed evidence of this in terms of their customer habits where Respondent 2 says *“[I] only [purchase] when I need something, so basically nowadays, not too much”*. Furthermore, the third customer argues along similar lines, referring to fewer, yet more expensive purchases. *“[...] more big purchases. I tend to spend a lot of money if I buy something. I mean, if I had the need I could buy batteries [from a home electronics store] but why would I, if I could easily get it from a grocery store? So I would say the purchase would tend to be bigger”*.

For retailers, the challenge hence lies in obtaining customer loyalty in a difficult industry where you would need more than just good offers to stay competitive. To achieve the kind of satisfaction that generates strong loyalty, many companies work with pre and post evaluation as per Nguyen Thi and Nguyen Thi Thu will strengthen it (2022), in connection to their customer clubs/loyalty programs. From the collected data, some customers show signs of appreciating these types of efforts. Respondent 1 answers as following on what motivates them to become a member:

“At Elgiganten, for example, it was the 60 days test period, if you are a member. If you’re not a member, it’s 30 days only. And at some other stores it was special offerings only for members. Okay. And it’s also good to have ... you can view your previous purchases...in the previous orders online, if you are a member.”

In general the respondents show both positive and mixed reactions in response to being a part of a loyalty program, where Respondent 1 notes “[...] *When I’m a member I think I prefer to go [to that specific store] over others. Because you can collect codes and discounts and stuff*”. This further goes in line with Zentes, Morschett and Schramm-Klein who argue that treating customers equally and thus rewarding them proportionally for what they spend, consequently results in them being more inclined to future purchases (2008). The analytical model, here, helps to analyse the application of ‘repeat purchase’ and ‘customer relationship management’ elements that the customer and retailer respectively inject into the ‘loyalty’ system.

Besides using customer loyalty programs as a tool for further spending, many physical stores work hard with relationship building. Their efforts, however, are not always appreciated by the customers to the extent that it inspires loyalty, which is stressed by researchers as an asset that cannot be bought. From the collected data, most of the respondents view it more as a ‘prerequisite’, and ultimately it is the price that will determine their willingness to purchase, whereas Respondent 2 states that they are not that willing to pay extra for a satisfactory relationship with the retailer. “*Probably not. Because it’s their job. So there’s no reason to do it*”. And along similar lines, the third respondent argues that not only will they pay more, they would ultimately quit being a customer if the relationship is not up to par with their expectations: “*I don’t think so, but if it’s bad, if the contact with the customer support is bad I will not buy from store, but often it’s price that’s I check for the most*”. Once again, showcasing the high expectancy customers have for electronic retailers and how the market has tilted in favour of the customers and despite some of their best efforts from retailers to build relationships (Blattberg, Malthouse, and Neslin, 2009), it might not be sufficient.

From the literature, research has shown that customer loyalty has been noted to increase when the customer experience is heightened through omnichannel strategies and increased customer touchpoints (Tyrväinen, Karjaluoto, and Saarijärvi 2020). Although the general shopper (which is represented in the collected data) is showing signs of greatly appreciating the increased offers, opportunities and new integrated channels, it is hard to determine if it is a sign of loyalty. As Meyer-Waarden mentions, customer loyalty programs are usually targeted towards a niche group of customers (2007), which could be an explanation as to why. Moreover, it could be important to note that what defines loyalty for the retailer is necessarily not the same for the customer.

“Yeah, I got a specific store because I like their products and they’re a big brand so in that there is trust. I trust in a big company when purchasing something expensive because I pay for guarantee, I pay for the help if something goes wrong and so on. It’s

creating loyalty because it gives me security.”
– Respondent 3

For the customer, loyalty seems to be created when the customer is at ease, and feels secure. With an abundance of options, the customers seemingly seek the ‘easy’, yet secure choices.

5.2.3 Customer Lifetime Value (CLV): Customer Insight

Customer lifetime value, or CLV, is a marketing metric developed to manage and measure the accountability of marketing measures in business. With CLV, one intends to look at the future profits a customer will generate if they keep transactions with the business (Haenlein, Kaplan and Beeser, 2007). Although CLV is an established term within marketing, it may not translate as well when directed towards the customers. For CLV, we, therefore, chose to focus our questions and the conversations more towards customer retention and what ultimately generates value for the customers, enough to make them return repeatedly. In our research, we note that focusing on the relational aspect and how it may help to overcome short-term obstacles to achieve long-term goals is usually referred to as *customer relationship management* or *retail membership* (Jain and Singh, 2002). The objective of many companies is thus to gather transactional data to improve the value offered to the customers to improve the customer relationship in the long run.

When approaching the customers, it was initially asked how comfortable they are with sharing their personal numbers and generally the customers share a positive attitude towards sharing, although a bit reluctantly. With Respondent 1 saying “*Yeah, I do with the bigger, like the retail stores with good reviews, but I will not give my personal number to any smaller retail store that I don’t know anything about*” and Respondent 3 responding “*Yes, I have no problem doing so if I become a member*”. The retailers will use the personal numbers as the customers become members of the loyalty clubs to gather more data and by that formulating personalised rewards and discounts where the goal is ultimately to understand the individual customer’s valuable insights in order to retain loyalty (Kaul, 2017). There can be seen to be some discrepancy between the retailer’s ambition and what is translated to the customers; many fail to understand and sympathise with why such measures are necessary.

“They would usually demand those sort of data when you purchase, especially online it just comes up. But I really don’t see why these companies would want all this type of information, I find it a little sketchy to be honest, I don’t need that type of personalisation.” – Respondent 3

When the *analytical model* was applied to analyse CLV from customer’s perspective, insignificant interest was observed about personalised marketing communication – a key benefit of CLV. Out of the respondents, one out of four responded positively to personalisation, and in a sense that it would create more value (Kaul, 2017) rather than just receiving generic emails or text messages that companies would frequently send out to their loyalty program customers. Respondent 3 explains how they perceive the companies’ effort

to build relationships via various channels, and how well they actually receive the information.

“Honestly... not really. If it's not very personalised, like I won't read much of it just quickly scroll through. I might keep an eye if I know I, like if I know I will be buying from an electronics store then I might check for campaigns. Or if it's like a super sale.” – Respondent 4

Furthermore, what can be noted from the collected data is that the customers form their opinion on relationship building more based on their customer experience in the stores than through digital channels, as an illustration of this as Respondent 2 implies that personalisation will not improve their experience, but a good encounter with a salesperson has the potential. *“It could be only if you go to the store and then they present themselves and that's it. If you need the help, you would say, okay, yeah, help me. If not, now I'm just watching. I think that would be the only thing.* For the physical stores, this indicates that the performance of the seller greatly affects the relationship-building efforts and much comes down to the physical interactions between the two parties. This proves as an issue for the CLV measurements, as the lack of balance between the non-monetary and monetary values in the model makes it hard to calculate (Abdolvand et al., 2021). For omnichannel retailing stores, this entails that although their online channel efforts to build customer relationships are easier to measure in terms of what value is created for the customers, they might not be the most important component. In fact, the value constructed in-store poses a better contributor to value; although yet again, it may be more difficult to measure in numbers.

6. Discussion and Conclusion

In this final chapter, the outcomes of the study will be discussed, where the results stemming from the analysis and its empirical data will be further compared with the secondary sources. Furthermore, the relationship and the possible discrepancy between practitioners' efforts in attaining customer loyalty and the customers' reactions to those efforts will be examined. The discussions will lead to the answering of the research questions and thus, the conclusion. Finally, the implications for both practitioners and customers will be discussed as well as suggestions for future research drawing on the results from this study.

6.1 Discussion

There are many aspects of the study that pose a great foundation for interesting discussions. To begin with, the analytical model that was constructed guided by the literature and the collected data has aided this thesis in understanding the core purpose of this study; which is to identify how retailers and customers can benefit from CLV concerning omnichannel retailing and customer loyalty. The model, designed to feature both retailers and customers, explains how they meet and create a relationship (loyalty) and with what prerequisites.

Although evidence was found in support of the analytical model, the authors noted that there were some slight differences between the empirical data and the secondary sources.

To begin with, the omnichannel strategy, which is a big trend as of now (Verhoef et al., 2015), is dealt with differently in the secondary sources in comparison to how it was described in the interviews. From the collected data, it was evident that the retail practitioners were well aware of the omnichannel strategy and are all said to be utilising it. This goes in line with information from the annual reports, claims of adhering to omnichannel approaches are also heard from the HCE industry companies. Despite this, it is hard to determine whether they are incorporating omnichannel strategies, or if perhaps the efforts are more aligned with the multichannel approach.

From the literature, what can be noted is that what sets them apart is the integration; where omnichannel provides seamlessness and focuses on customer satisfaction by closing the gaps of confusion (Akter et al., 2020). There seems to be a common problem where many companies are well aware of the theoretical side of omnichannel retailing – yet struggle to put strategies to practice, which is coherent with our data. As one of the companies interviewed just recently launched their e-commerce site, it is perhaps fair to assume that they are at the beginning of their omnichannel journey and have thus not fully come to terms with utilising their full potential. Moreover, from the retail practitioners, it was noted that they are in general well aware of different channels and integrating their offers to meet customers on various platforms. Even so, when asked about what efforts within omnichannel they could improve to increase customer loyalty, the answers were suggesting that the retail practitioners too see it as a work in progress, mentioning ideas that could/would be relevant for future endeavours but are not fully being actualised as of now; creating this gap between the secondary data and collected data.

Another point that the authors want to highlight is the discrepancy that can be noted between what the retail practitioners are communicating in relation to how the customers are reacting. Even as the analytical model is providing support that they do meet their long-term incentives by the use of omnichannel strategies and customer loyalty efforts, it appears as if the customers are responding well to different aspects other than what the practitioners are expecting them to be reacting to. From the retail practitioners' side, the main focus is to get data insights. The more they know about the customer – the better. In contradiction to this, the customer side is proving reluctant towards giving away too much information to companies where they value their privacy and do not always see personalisation as a benefit (Kaul, 2017).

Furthermore, what instead encourages customers seems to be connected to the 'feeling valued' quotient (Meyer-Waarden, 2007). This could demonstrate an important implication for the retailers – how can we provide the customers with a clearer message of value for personalisation? With this in mind, it leads the discussion towards customer loyalty. As customer loyalty cannot be bought, it needs to be inspired (Zentes, Morschett and Schramm-Klein, 2008) and thus, the identified discrepancy needs to be addressed. The

incentives of both the customer side and the retailer practitioners need to be aligned, and for the retailers, it could imply that there is a need to be more responsive towards the customers or they would need to better advocate in favour of personalisation which in turn could help the retailers further in leveraging their omnichannel strategies for a more satisfied customer base willing to repeat purchase.

6.2 Conclusion

The purpose of this thesis is to assess how home and consumer electronic retailers are leveraging omnichannel retailing to increase value in order to sustain long-term customer relationships and to add value to the relationship and thus creating customer loyalty. By that, the authors wanted to contribute to the existing literature on customer lifetime value by encompassing omnichannel retailing. Furthermore, the authors wanted to recognise and analyse the dynamics in the growing retailer-customer relationships by observing the industry practices. In order to do so, the research questions were written to aid in assisting the purpose.

Firstly, RQ1 relies on the connection of omnichannel and customer loyalty with the intermediary Customer Lifetime Value (CLV) – deconstructed as long-term and value. This research question means examining how home and consumer electronics work with customer loyalty to be able to create value in the longer run. In answer to this, the analytical model was created to be able to fully visualise all components that ultimately determine how long-term value is generated and appreciated by the customers. In the Swedish home and consumer electronics industry, value is constructed through the various efforts and touchpoints of which the customer meets the retailers, and thus products. As the industry is categorised by its high durability and heightened competition (Zeng et al., 2018) it means that to gain and attain customer loyalty there need to be elements that go beyond customer satisfaction to favour the sought long-term exchanges between the parties (Akter et al., 2021). From the customer side, those types of efforts that were deemed to be most appreciated were the initial meeting in-store, and customised services from the staff. The customers found the highest value, and reason to revisit a company based on the agreeability of the store's opportunities to cater to their personal needs. This aligns with the practitioners, who put a lot of effort into training their staff to be able to deliver the best customer service possible. This, with examples such as Kjell & Company training their staff at the *Kjell Academy* to obtain high knowledge and customer service that inspires repurchases, and thus loyalty amongst the customers (Om Kjell & Company, n.d.).

Building on the practitioners' effort, the following RQ2a means to explore the relationship-building efforts that are made to provide a seamless experience to the customers within the home and consumer electronics omnichannel retailing. Drawing on results from the findings and analysis it can be seen that when it comes to relationships in integrated omnichannel retailing, retailers emphasise customer relations regardless of the channel customers use. As the retailers intend to, but may or may not succeed in, replicate the support a customer receives in physical stores through online retail it also captures retailers' intention

to provide convenience to the customers (Verhoef et al., 2015). Another component retailers include in their channel-independent relationship nurturing effort is building trust with knowledge and enthusiasm, for instance, *Kjell and Company's* customer service strategy. In addition, retailers consider comforting the relational aspect by creating bonds with customers which goes beyond the transactional relationship – a competitive advantage for any omnichannel business. Retailers are, furthermore, adapting towards providing a seamless experience by reducing the size of physical stores but relying on the importance of their existence. The reason is retailers are realising that the information on the internet is not a replacement for help a sales staff offers in-store – another example of *MediaMarkt's* relationship nourishment effort (Annual Report 2021/22, n.d.). Data from omnichannel is supporting retailers to create, if not exactly a similar experience, a personalised feeling for the customer. To keep the relationship flow, retailers moreover mentioned the after-sales complementary product or spare part offering through various channels. The long-term and value perspective of CLV is a means to reach towards customer relationship but the retailers also believe the short-term adjustment is needed to utilise the full potential of the relational dynamics between retailer and customer.

Moving on to the next research question, which dwells further on the relationship-building efforts, although this time focusing more on the seamless experiences from omnichannel retailing and how they are made and perceived. Initially, what can be noticed is that the omnichannel efforts have succeeded in strengthening the physical store retailers and by that improving the relationship with the customers. The customers are enjoying the liberties of the multiple choices arranged by the omnichannel structures, such as choosing to order online but still picking up the products in-store or vice versa for instance. From the customers, it is clear that having a physical store still poses a significant value and safety; as they have a place to return to if anything were to go wrong the customers find solace in that sense. Moreover, in line with this, it can be noted that the change in the power dynamics as mentioned by Helm, Kim and Viper (2020) that caused marketing efforts to refocus on satisfying customer needs has been well received. From this study, it can be concluded that customers are fast to adopt new and innovative ways to consume electronic goods and whichever option is deemed better for them at the moment of purchasing intention – will be favoured. What is more, it can be noted that from the customer sample in this study, many preferred to do their own research beforehand which again ties to the fact that retail loyalty is hard to obtain as quality and price governs the customers' final decision. To build loyalty in the long-term, as previously noted in the discussion, retailers need to inspire the customers to the extent where they would clearly see the benefits of repeating the purchase by utilising the CLV deconstructs to leverage omnichannel retailing and adding value to the relationship.

So, in conclusion, there is still much left to be done when it comes to leveraging omnichannel retailing for achieving customer loyalty through CLV measures. At the moment, it is leaning towards being a fantasy rather than reality even as multiple efforts can be seen from both the retailer's side and the customer's side. The authors believe in the potential of this phenomenon and will discuss further the practical and theoretical implications of this thesis in the coming section.

6.3 Theoretical and Practical Implications

Theoretical Implications

This study has some theoretical implications as follows. *Firstly*, after collecting empirical data and conducting an in-depth analysis of home and consumer electronics retail, the authors ground their argumentation in favour of physical retail. This paper contributes to one of the major challenges retailing faces today which is the risk of physical store shutdown (Helm, Kim, and Viper, 2020). Revealing the customer motivation towards physical stores, the importance of the touch, feel and trial aspect of home and consumer electronics products is demonstrated. There is a demand from the customer for ‘feeling valued’ in physical stores and it is thus an opportunity for not only home and consumer retail but also for other retail businesses.

Second, though CLV has been present in the marketing literature for over four decades (Haenlein, Kaplan and Beeser, 2007) and CLV theory suggests measurement of customer profitability, in reality, the concept was limited to academic fields and could not gain much popularity in practical application. This can be due to a lack of empirical application that prevented the development of the theory. However, the authors of this study found in HCE retail the main concepts of CLV - *long-term* and *value* perspective - are present and serve a directional purpose for customer loyalty in omnichannel settings.

Third, even as *customer loyalty* is a prominent topic in marketing research, this study was able to find a significant difference in how academia perceives customer loyalty and how customers perceive it. Long-term commitment is tied to customer loyalty (McIlroy and Barnett, 2000) whereas the customers interviewed could not connect significantly with the concept of loyalty.

Practical Implications

Several practical implications can be extracted from this study. *Firstly*, whether or not the home and electronics retail industry wants to label the task of customer analysis as CLV, the long-term and value perspective of evaluation is crucial for omnichannel retail sustenance. Access to data has made forecasting convenient for practical application, thus, piloting different CLV models, in reality, will help the practitioners to identify the difficulties of the CLV model implementation. By receiving motivation from the concept of CLV, retailers can integrate customer data with business strategy to enhance the productivity of CRM platforms, which in turn can bring retailers closer to achieving loyalty in this competitive environment. This can aid to remove the core impediment of CLV development which is the lack of empirical implementation (Abdolvand, Albadvi and Koosha, 2021).

Secondly, the increased significance of CRM stresses customer relationships for increased customer lifetime which results in increased growth and profitability for the business (Jain

and Singh, 2002). Though it is not an uncommon practice in the HCE retail industry to present the salesman or staff as the ‘trusted advisors’ (Elgiganten), ‘trusted consultant/partner’ (MediaMarkt) or serving the customers with ‘family feeling’ (Kjell & Company), the relationship building efforts customers experience varies according to the change of service staff. Since the service staff are not mere salespersons in the HCE industry but are the medium of reducing complexity and offering expertise through their interaction with customers, retailers can strategize on recruiting skilled staff. In case of skilled staff unavailability, emphasis is required on customised training focusing on both technical and human skills to nurture relationships with customers going beyond salesmanship.

Thirdly, channel fluidity has taken the centre of customer demand and retailers need to react to that to keep pace with customer needs. Customers, especially customers of HCE, are increasingly interacting with retailers through different channels (e.g. websites, mobile phones, TV or physical store) in the same shopping process. The customers need to be picked up in a new channel from where they left off in the previous channel. Thus, retailers should invest in dedicated resources (e.g. infrastructure, staff etc.) to ensure a seamless experience across channels. This integration makes it convenient for customers to move across channels (Verhoef et al., 2015).

6.4 Suggestions for Future Research

As the scope of this current study is limited to the Swedish market as well as within the home and consumer electronics industry, it poses great opportunities for future research. Moreover, research by Kumar and Pansari (2016) on CLV metric’s influence on *national culture* and *economy* concluded that country-specific cultural dimensions (e.g., individualism, long-term orientation etc.) have an influence on two key components of CLV: *contribution margin* and *purchase frequency*. A country’s economy (e.g., GDP and similar indicators) impacts all the three components including *marketing cost*. Thus, the findings of this research may not be suitable for other countries and economies. Similar studies could therefore be conducted on other markets with varying results, which could prove insightful. Another suggestion would be to widen the scope by gathering participants from a wider geographical area and demographic, making the collected data more national in that sense. This study was partly limited by the scope, as its focus mainly was in the Gothenburg area for customer insights. In addition, suggestions for future research include quantifying the study. By quantifying the collected data, where an incentive could be to hypothesise and test out the research questions to see if the same results would be provided through that. As the retail practitioners’ side demands more in-depth data, the suggestion for quantifying the data is more suitable for customer insights. Furthermore, a final suggestion would be to include more companies within the HCE industry to get a better insight into the comparative case study aspect.

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Appendix

1.1 Template Providing Basis for Structured Interview Questions (Electronics) - Headoffices of the HCE companies

This is a semi-structured interview, which means that we have prepared some questions connected to three major themes (CLV, Omnichannel Retailing and Customer Loyalty). It also means that many questions are open-ended and open for further interpretation and elaboration – taking the interview where you want it to go without limitations. The interview will also include some general questions for the introduction part and you will remain anonymous.

General Questions

- Can you tell us a little bit about yourself? What is your professional background?
- Moving to your current work: what is your role within the company? Why did you pursue it?
- How long have you been working for ___?
- Did you start in this role, or have you been assigned different roles previously?

Theme 1 – Omnichannel Retailing

To cater to customer demand, the retailers are going beyond the physical store and are introducing new channels like online, third-party collaboration etc. so that electronics products are accessible from everywhere. Ensuring seamless experience in omnichannel provides a competitive advantage to electronics retail. Which channel attributes to the final sales and what other channel has an influence on purchase are also an important part of the omnichannel discussion. Omnichannel comes with huge access to customer and channel data. Managing this data and applying this data to advance the business condition is, yet another key discussion point of retail research.

- What are the channels are you operating in? What was the company's motivation to operate in these channels? Was it part of the business strategy?
- Did you face any challenge while expanding to these channels from the traditional physical or brick-and-mortar setup? Why do you think the business has faced these challenges?
- How do you create a seamless experience across channels? Do you follow any guideline? (Probe: *The initiatives you take to integrate customer experience across channels rather than a stand-alone channel experience (multichannel) for the customer*)
- While aligning the new channels in the business have you noticed any difference in terms of customer interaction? Why do you think customer's were acting differently?

- Do you think Omnichannel has improved the relationship you had with the customer?

Theme 2 – Customer Relationship

If the customer needs to shop for electronics products, does the name ABC come to the top of their mind and do they end up in the retail that came to their mind at first? Do the customers shop from the same retail chain always? These are the questions that might help to capture customer loyalty. But we want to understand if the retail is making any conscious effort to build relationships with customers so that they have more functional benefits to shopping with this retail. Omnichannel gives retailers more touchpoints to strengthen this relationship and maybe restore the agency in the retail context from the customer.

- How do you maintain the relationship? How do you build relationship across the channels (*here mention the channels the respondent spoke about in the beginning*)
- Do you have any particular programs or campaigns to maintain this relationship?
- How do you measure the impact of the campaign? is it short term return on investment impact or long-term relation building impact with the customers?
- How important is customer loyalty in the electronics retail industry? How do you define customer loyalty in your retail?
- Can you give an example of a recent loyalty campaign (objective, execution, post-evaluation)?
- Are the loyalty campaigns designed centrally or is it a local store initiative? designed by the HQ or do you have store specific initiatives
- Do you have any specific omni-channel strategy to strengthen customer loyalty? Do you consider the customer's value contribution to your business in this process?

Theme 3 – CLV

Customer lifetime value, as we see it for our research, is the calculation of how much an individual customer contributes to the business. Every customer is unique in retail and customer purchase behaviour is ever-changing. Some do shopping for electronics products very frequently; some have bigger shopping baskets when they shop for electronics products (maybe during new year or Black Friday). Building relationships with customers can be a way out to sustain competitive Electronics retailing. Or maybe electronics products are a necessary purchase. Retailers might think they will be in business anyhow. But then again during this period of economic inflation, shoppers are cutting down their necessary electronics shopping budget. Focus on relationships may not only support the long-term business but also help to overcome short-term obstacles. Transactional data can help retailers to know how they can increase customers' value to the business and nurture this retail-customer relationship.

- Do you think it is an issue for the electronics retail to have a long-term perspective in the customer valuation?
- What kind of customer valuation method do you apply? Are they connected to

customer relationships?

- How do you measure customer value? *(ask only if they measure CLV)*
- Do you connect the monetary value a customer is contributing to the business with the relationship-building effort the company makes? For example, if you can have ten times more business from one customer than the other, will you invest more in relationship building with the customer who contributes more to the business?
- How does customer interaction between channels (e.g. returns, data) have an impact on this valuation?
- To calculate the customer lifetime value what reference period do you consider? Is the value calculated from the first purchase? Is the information regarding the first purchase date and purchase amount in your system? *(ask only if they measure CLV)*
- How frequently is this customer valuation adjusted? How do you deal with the changes in purchasing behaviour after the observation period that has an impact on calculating lifetime value? *(ask only if they measure CLV)*
- How do you segment and target customers for loyalty programs? Do you target a small group of customers for the loyalty programs? What percentage of the customer do you include in the loyalty programme? How do you incorporate the customer group in CLV assessment who are not in the loyalty program? *(ask only if they measure CLV)*

General remarks

- How do you think your company can maximise omnichannel experience further in electronics product retail?
- What initiatives do you think your company should take to improve CLV by utilising omnichannel? *(ask only if they measure CLV)*

1.2 Template Providing Basis for Structured Interview Questions (Electronics) - HCE Store

This is a semi-structured interview, which means that we have prepared some questions connected to three major themes (CLV, Omnichannel Retailing and Customer Loyalty). It also means that many questions are open-ended and open for further interpretation and elaboration – taking the interview where you want it to go without limitations. The interview will also include some general questions for the introduction part and you will remain anonymous.

General Questions

- Can you tell us a little bit about yourself? What is your professional background?
- Moving to your current work: what is your role within the company? Why did you pursue it?
- How long have you been working for ___?
- Did you start in this role, or have you been assigned different roles previously?

Theme 1 – Omnichannel Retailing

To cater to customer demand, the retailers are going beyond the physical store and are introducing new channels like online, third-party collaboration etc. so that electronics products are accessible from everywhere. Ensuring seamless experience in omnichannel provides a competitive advantage to electronics retail. Which channel attributes to the final sales and what other channel has an influence on purchase are also an important part of the omnichannel discussion. Omnichannel comes with huge access to customer and channel data. Managing this data and applying this data to advance the business condition is, yet another key discussion point of retail research.

- What are the channels are you operating in? Did you face any challenge while expanding to these channels from the traditional physical or brick-and-mortar setup?
- How do you create a seamless experience across channels? Do you follow any guideline? (Probe: *The initiatives you take to integrate customer experience across channels rather than a stand-alone channel experience (multichannel) for the customer*)
- As a physical store, how do you connect customers from other channels? Can the customers purchasing online provide feedback in store? Return from online sales that the physical store has managed? Is there any between channel interaction?
- Nowadays, many retailers opt to use omnichannel retailing strategy – which essentially means creating a seamless experience intertwining all channels to reach various touchpoints that help customers in their decision-making processes (Verhoef, Kannan and Inman, 2015). Is that something you actively work with?
- Have you done any adjustments to your business models in order to align your current channels? Why/Why not? If so, have you noticed any difference in terms of customer interaction?

Theme 2 – Customer Relationship

If the customer needs to shop for electronics products, does the name ABC come to the top of their mind and do they end up in the retail that came to their mind at first? Do the customers shop from the same retail chain always? These are the questions that might help to capture customer loyalty. But we want to understand if the retail is making any conscious effort to build relationships with customers so that they have more functional benefits to shopping with this retail. Omnichannel gives retailers more touchpoints to strengthen this relationship and maybe restore the agency in the retail context from the customer.

- How do you maintain the relationship? How do you build relationship across the channels (*here mention the channels the respondent spoke about in the beginning*)
- How important is customer loyalty in the electronics retail industry? How do you define customer loyalty in your retail?
- How do you measure the outcome of loyalty programs? Can you give an example of a

recent loyalty campaign (objective, execution, post-evaluation)? Is it a short-term gain in business or is it a long-term impact connected to the business goal?

- Are the loyalty campaigns designed centrally or is it a local store initiative?
- Do you have any specific omni-channel strategy to strengthen customer loyalty? Do you consider the customer's value contribution to your business in this process?

Theme 3 – CLV

Customer lifetime value, as we see it for our research, is the calculation of how much an individual customer contributes to the business. Every customer is unique in retail and customer purchase behaviour is ever-changing. Some do shopping for electronics products very frequently; some have bigger shopping baskets when they shop electronics products (maybe during new year or Black Friday). Building relationships with customers can be a way out to sustain competitive Electronics retailing. Or maybe electronics products are a necessary purchase. Retailers might think they will be in business anyhow. But then again during this period of economic inflation, shoppers are cutting down their necessary electronics shopping budget. Focus on relationships may not only support the long-term business but also help to overcome short-term obstacles. Transactional data can help retailers to know how they can increase customers' value to the business and nurture this retail-customer relationship.

- How do you see building relationships with customers in a retail context? Do you connect the monetary value a customer is contributing to the business with the relationship-building effort the company makes?
- To calculate the customer lifetime value what reference period do you consider? Is the value calculated from the first purchase? Is the information regarding the first purchase date and purchase amount in your system? (Meyer-Waarden, 2007)
- How frequently is this customer valuation adjusted? How do you deal with the changes in purchasing behaviour after the observation period that has an impact on calculating lifetime value? (Meyer-Waarden, 2007)
- How do you segment and target customers for loyalty programs? Do you target a small group of customers for the loyalty programs? How do you incorporate the customer group in CLV assessment who are not in the loyalty program? (Meyer-Waarden, 2007)

General remarks

- Do you think leveraging omnichannel can help to maximise customer lifetime value (CLV) in electronics product retail? Why and why not?
- What initiatives do you think your company should take to improve CLV by utilising omnichannel?

1.3 Template Providing Basis for Structured Interview Questions for Interview with Customers

This is a semi-structured interview, which means that we have prepared some questions connected to three major themes (CLV, Omnichannel Retailing and Customer Loyalty). It also means that many questions are open-ended and open for further interpretation and elaboration – taking the interview where you want it to go without limitations. The interview will also include some general questions for the introduction part and you will remain anonymous.

General Questions

- Can you tell us a little bit about yourself? (age/occupation/gender)
- How often do you visit a home and consumer electronic store? (explain what is home and consumer electronic store if needed)
- What types of consumer electronics product (e.g. mobile phone, computer) and home appliances (e.g. washing machine, TV) do you purchase often?
- What types of purchases do you make in terms of price? (Big/small)

Theme 1 – Omnichannel Retailing

To cater to customer demand, the retailers are going beyond the physical store and are introducing new channels like online, third-party collaboration etc. so that electronics products are accessible from everywhere and to ensure seamless experience in omnichannel. Which channel attributes to the final sales and what other channel has an influence on purchase are also an important part of the omnichannel discussion. Omnichannel comes with huge access to customer and channel data. Managing this data and applying this data to advance the business condition is, yet another key discussion point of retail research.

- When purchasing home and consumer electronic products, what types of channels (such as online, offline, social media, market places etc) do you prefer to buy from?
- Would you say you integrate various channels when you purchase products? for example, looking up products online and buying in stores. Could you tell us about an instance where you combined multiple channels to buy a product?
- If a store offers an integrated customer experience where you can use multiple channels to interact with its unified offers, would you say you are more likely/or not likely to buy from that store?
- Do you, as a customer, feel more valued by the electronics store if they offer a more integrated and seamless shopping experience throughout various channels? Why/Why not?
- Would you say that there are any advantages to purchasing from an electronics store that have both physical and online channels in comparison to e-commerce sites? Why/why not?

Theme 2 – Customer Relationship

If the customer needs to shop for electronics products, does the name ABC come to the top of their mind and do they end up in the retail that came to their mind at first? Do the customers shop from the same retail chain always? These are the questions that might help to capture customer loyalty. But we want to understand if the retail is making any conscious effort to build relationships with customers so that they have more functional benefits to shopping with this retail. Omnichannel gives retailers more touchpoints to strengthen this relationship and maybe restore the agency in the retail context from the customer.

- Do you feel the electronics store puts effort into maintaining a relationship with you? Do you observe the same level of effort when you are purchasing online and when you are purchasing in a physical store?
- Please walk me through how a new electronics product purchase takes place for you.
- Are you willing to pay extra if you have a satisfactory relationship with a particular electronics retail? (*maybe through aftersales service, maybe through pre-purchase interaction*)
- Are you a member of any electronics retail store? If yes, what motivated you to become a member? Was it your spontaneous decision to become a member or the salesperson or any member-specific offer that has influenced you to become a member?
- (*Ask only if the person is a member*) Do you think after becoming a member your purchase with this specific electronics retail has increased or it doesn't have any effect on your purchase frequency and you only purchase a product when you need it?
- Do you look into membership discounts or other seasonal discount offers before purchasing? Do these discounts motivate you to purchase all the time with this particular electronics retail or just to take advantage of this momentary discount offer?
- Do you feel you are loyal and do you always purchase from a specific retail store? What is the reason for this loyalty?

Theme 3 – CLV

*Customer lifetime value, as we see it for our research, is the calculation of how much an individual customer contributes to the business. Every customer is unique in retail and customer purchase behaviour is ever-changing. Some do shopping of electronics products very frequently; some have bigger shopping baskets when they shop electronics products (*maybe during new year or Black Friday*). Building relationships with customers can be a way out to sustain competitive Electronics retailing. Or maybe electronics products are a necessary purchase. Retailers might think they will be in business anyhow. But then again during this period of economic inflation, shoppers are cutting down their necessary electronics shopping budget. Focus on relationships may not only support the long-term business but also help to overcome short-term obstacles. Transactional data can help retailers to know how they can increase customers' value to the business and nurture this retail-customer relationship.*

- Do you use your personal number while shopping, to get access to the members club?
- Will you allow the electronics retail to access your demographics data (e.g. age, address, income) and purchase history data to craft personalised product offers or discount offers for you?
- If you are a member of a customer club, do you respond well to emails, texts, or other offers via other channels that are directed toward you?
- Do you feel the relationship-building effort a specific electronics retailer puts on you depends on how valuable a product you are purchasing or willing to purchase? You can compare these between your purchase experiences when you have purchased valuable items and when you have purchased not-so-valuable items from the same retailer.
- If you choose to discontinue purchase with a particular electronics retailer (apart from not needing a product), what could be the reason for the discontinuation?

General remarks

- Is there anything you can think of that companies could do better to improve the overall shopping experience? For example, include more personalised campaigns/better offers on more channels etc?
- How, in your opinion, can the company work to keep you a customer for a longer time period? What would make a difference?