

**ATILIM UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCES
DEPARTMENT OF BUSINESS ADMINISTRATION
MASTER OF BUSINESS ADMINISTRATION PROGRAMME**

**“THE IMPACT OF TECHNOLOGY AND INNOVATIONS IN RETAIL
BUSINESS SECTOR”**

Master's Thesis

Mohim Uddin Asif

Ankara, 2020

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Ankara, 2020

ACCEPTENCE AND APPROVAL

This is to certify that this thesis titled “The Impact of Technology and Innovations in the Retail Business Sector” and prepared by Mohim Uddin Asif meets with the committee’s approval unanimously as Master’s Thesis in the field of School of Business Administration following the successful defense of the thesis conducted in 02/06/2020.

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ETHICS DECLARATION

I hereby declare that;

- I prepared this thesis in accordance with Atılım University Graduate School of Social Sciences Thesis Writing Directive,
- I prepared this thesis within the framework of academic and ethics rules,
- I presented all information, documents, evaluations and findings in accordance with scientific ethical and moral principles,
- I cited all sources to which I made reference in my thesis,
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ÖZ

Mohim Uddin Asif. Perakende Sektöründe Teknoloji ve Yeniliklerin Etkisi, Yüksek Lisans Tezi, Ankara, 2020.

Teknoloji ve yeniliklerin ışığı altında, perakende sektörü son yıllarda büyük değişime uğramaktadır. Perakende mağazaları artık insanların elli yıl önce düşündükleri gibi geleneksel mağazaları temsil etmemekte; teknolojinin etkisiyle artık her yerdedir. Tüketiciler yalnız mağazalardan değil, çok kanallı ya da çoklu kanal alışveriş imkanlarını kullanabilmektedirler. Teknoloji ve yeniliklerin kullanılması ve uygulanması, eş zamanlı olarak iş modeli yapılarını ve iş stratejilerini de şekillendirmektedir. Yeni teknolojinin iş yarışına katılmasıyla, tüketicilerin davranışları da değişmiştir. Perakende sektöründe rekabetin artmasıyla müşteri deneyimleri kesintisiz, keyifli ve süratli hale gelmiştir. Şimdiye kadar teknolojinin perakende işletmeleri üzerindeki etkisini inceleyen derinlemesine bir araştırma yapılmamıştır. Metodoloji bölümünde, bu sektörde teknolojinin iş modellerinde uygulanmasından, stratejilerin değişmesinden, çok kanallı ve çoklu kanal devrimlerinden, yeni teknolojinin icat edilmesi ve müşteri hizmetlerinde doğrudan uygulanmasından başlayarak; teknolojinin müşteri davranışını nasıl etkilediği, teknolojinin uygulanmasının işletme sahiplerinin kâr ve gelirlerini en üst düzeye çıkarmasına nasıl yardımcı olduğu ve aynı zamanda işletmelerin müşterileriyle daha fazla etkileşimde bulunmak için sosyal medya platformlarında varlıklarını nasıl korudukları üzerine derinlemesine araştırma yapılmıştır. Sonrasında, bu çalışmada sektörle ilgili tüm vaka çalışmalarının ve tüm iş modellerinin çalışıp çalışmadığı da incelenmiştir. Son olarak bu çalışmada, bu teknolojilerin müşteri tatmini ve kesintisizliğini sağlayıp sağlamadığı ve onlara benzersiz bir alışveriş deneyimiyle nasıl daha iyi hizmet sağlanabileceği ile ilgili gerçeğe ışık tutulmaktadır.

Anahtar Kelimeler: Perakende sektörü, iş modeli, stratejiler, çok kanallı, çoklu kanal, teknolojinin etkisi, kesintisiz müşteri deneyimi

ABSTRACT

Mohim Uddin Asif. The Impact of Technology and Innovations in Retail Business Sector, Master Thesis, Ankara, 2020.

Retail sector has been transformed over the few decades. The technology and innovations influenced this change in a great deal. Retail businesses do not represent typical brick and mortar stores any more, as people used to think 50 years ago. With the touch of technology Retail sector is now everywhere. Currently' people are doing multi-channel and omni-channel shopping with their fingertips because of technology. The usage and application of technology and innovations shaped business model structures and business strategies. As new technology joined the business race, consumers' behaviour changed as well. With the more competition in the retail sector customer's experiences are becoming seamless, enjoyable and swift. Up until now there was not any in depth research done on the impact of technology in retail businesses. In the Methodology section, this study has done in depth research in this sector starting from application of technology in business models, change of strategies, revolution of multi-channel and omni-channel, invention of new technology and its direct application in the customer service, how the technologies affecting customer behaviours, how the application of technology helping business owners to maximize the profit and revenues, and at the same time how businesses keeping their presence on social media platforms to engage with customers more and more. Moving further, this research has also inspected case studies relevant with the sector and whether all business models are working or not. Finally this study has shaded light on the most important fact whether these technologies bring customer satisfaction and seamless and how to provide them better services with a unique shopping experience.

Keywords: Retail sector, business model, strategies, multi-channel, omni-channel, impact of technology, and seamless customer experience.

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CHAPTER 1

INTRODUCTION

1 Introduction:

Currently, multinational business companies are efficiently using technology to meet the demand and supply within their supply chain and customer base. Retailers are constantly focusing to reach more customers through different mode of shopping sectors. Nowadays business is not just face to face transaction or physical location of a store. Blessings of technology enabled businesses to have a virtual location and made the shopping easy for customers throughout the world.

At this age, retail sector is full of competition. Customers' demands are rising and retailers working hard to meet the customers demand. For retailers it's either live or die scenario. Retailers are developing their business model¹ in a systematic way to keep their costs and expenditure low and revenue higher (Amit & Zott, 2020). The responsibility of managers is kept on going high as they face more competition from their rivals. It is quite difficult to keep the expenditure lower from time to time. As the cost of the materials is increasing and labour cost is increasing at the same time. Each and every retailer always trying to attract more customers and at the same time struggling to keep their cost on check. The solution of this hardship of maintaining cost is usage of technology in the retail sector (Birkin, Clarke, & Clarke, 2018).

In 2019, a total amount of \$203.6 billion dollars was spent in global retail sector (Birkin et al., 2018). Nowadays, customers are expecting more from the retailers and retailers are forcing themselves to meet the customer's expectation. These expectations led retailers to transform their business digitally. In the retail sector customer

¹ A business model could be illustrated as governance, structure and content of transaction designed to create value and to earn business opportunities. A retail business model could be seen as creating value for their customers and at the same time maintaining partnerships with suppliers to make profits (Liu, Verhoef, & Lobschat, 2018).

experience² is very crucial. Without customer satisfaction a retailer won't be able to survive in this ferocious sector (Bland & Osterwalder, 2019). From product selection to preference of the products and to dedicate a proper customer service which customers will not forget; are all vital in this sector. Just serving the product does not end the retailer customer cycle but also after purchase service is pivotal as well. A retailer's business operation mainly focuses on 7 steps, which are defining the goal, planning and mapping the business process, setting actions and assigning stakeholders, process testing, process implementation, monitoring the results and repeats the process. Consequently, business operation integrates with technology and digitalization. Technology represents usage of machines and computerized equipment with the human commands which makes the whole process effortless. Whereas digitalization symbolizes the existing business process changing to digital processes, such as usage of IT infrastructure, apps, data and optimally networked systems. Therefore technology combines all this steps together and contributes towards an essential and repetitive customer experience. Digitalization in customer experience came a long way. Back in 1950 or 1960 customer experience was only limited in brick-and-mortar stores which is a traditional physical store (Castaldo, Grosso, & Premazzi, 2019). Customers would travel long distances to go to the city centre and purchase a product. Transportation was not efficient and severe weather condition would make the situation worse. In those days products were sold with no return policy. Stores didn't have any fitting rooms so customers didn't have opportunity to try out whether a shirt would fit or not. Moreover there was no after purchase service available. As a result the whole system was dreadful. Since that time retail sector came a long way (Cuofano, 2019). The technology used in manufacturing and service industry caused a revolution. Modern customers can enjoy the benefits of these blessings. At present customers experience is seamless and connected with different digital channels.

² When customer buys a product they don't necessary just buy them they also have interaction with supplier's employees, system, channel or products and related feelings occurred from this interaction are known as customer experience (Ameyo, 2019).

In past, retail sector was suffering due to poor inventory system and management. Due to lack of technology mass production was not available and transportation from one country to another country was costly as well. Retailers would source the material locally and produce in a small scale (Gattorna, 2017). There wasn't any scope for mass distribution due to poor transportation. Only elite class would afford high quality products. And middle class and lower class people were being deprived of good quality products and services. However, gradually retailers started to use innovation and technology in inventory management. Transportation got better. Big names like Amazon, eBay, Alibaba and AliExpress came into the market and transformed the whole retail industry. Currently, retailers use robots in their warehouse and to stock and store the products (Clifford, 2019).

Retailers considers supply chain management a vital area and new generation of shopping options through e-commerce and m-commerce have made this area crucial for both retailers, suppliers and customers. Manufacturing companies mainly depend on supply chain management to deliver their products to the retailers. Distributors, shippers, retailers and manufacturers are all major stakeholders in the supply chain (E, Brown, Jones, & Wang, 2019). Efficient usage of supply chain management makes sure a customer could reach to the products on time and buy the products. As technological innovation is becoming more and more advanced manufacturers are constantly utilizing this technology in supply chain management to meet the customer's expectation. Therefore the integration of technology and supply chain management is more crucial than ever (Birkin et al., 2018).

Building a substantial customer base is the goal for manufacturing and retail companies. Digitally transforming the whole process of manufacturing products and transferring those products to retail sector with the use of technology is more than just value added proposition (Lisa Villing, 2017). Creating a digital environment for the customer base therefore has been an essential requirement. Retail industry has been transformed with the aggressive use of wireless technology. For instance it allows

consumers from all over the world to connect with retailers and carry out business transaction (Grewal, Hadi, Stephen, & Appel, 2019).

Having influences on the customers to attract them and bagging the most customers have created a sudden race between retailers and this situation made it almost inevitable to use the technology to stay ahead. Raising the bar of customer's ease and providing an efficient service in shopping is the first priority among retailers. And if any retailer doesn't keep pace with this race it will get phased out. Not only customer experience, inventory management and supply chain management but also there are other various aspects in retail where technology is being used to increase productivity, revenues and profits (Gielens, 2018).

In a nutshell the structure and objective of this study is to introduce different areas of business models and to explain to the reader the way it connects between the retail stores and retail managers. Accordingly, retail brands operation style, reports and data will be examined in depth to find out in what ways these retailers are benefited from these models. Likewise, the digital technologies those are being used in retail business sectors and by different brands will be identified, described and will be explained how these technologies are enhancing customers shopping experiences whether it's online

In the following section the conceptual framework will be provided, followed by the methodology part whereas the analysed cases will be presented. The final section will be reserved for discussion and implications.

CHAPTER 2

LITERATURE REVIEW

The main focus of this chapter is to discuss related literatures about business model. In the first part general approaches of business model that are advanced in literatures will be depicted, later on business model innovation³ will be discussed.

2.1 Background of the Study:

The business world is more dynamic and at present it's changing rapidly. It became possible due to correlation between physical and digital world. This relationship opened up challenges and opportunities for business's that was out of imagination just decades ago. However dot-com crash in 2000 influenced businesses in great deal, they were not much enthusiastic to open up their retail operations on digital platform (Rigby & CHAFFEY, 2019). On the contrary this dilemma changed few years later and organizations were going for combined multi-channel digital business expansion. This step introduced a new horizon for small businesses and organizations.

International business industries are becoming more and more competitive, dynamic and market leaders. Global market transformation is helping these business industries to go forward. Customers are using technology and internet on a daily basis. Internet has become part and parcel of today's generation. The usage of internet and technology forced business industries to adapt a new business models for e-commerce strategies and multi-channel shopping experience (Liu et al., 2018). Another influential element is that there are 2.5 billion smartphone and tablet users in the world. These users are able to stay connected with the internet because of high speed internet like 3g and 4g. The rising number of sales of smartphones and tablet are predicted to grow higher

³ Business model innovation could be termed as the development of unique and new concepts that takes place within the business and it supports organizations financial stability and mission which aims to combine the processes to bring a fruitful result. Moreover business model innovation regarded as the art of expanding the benefits and value creation by making mutually supportive and simultaneous changes both to an value propositions of the organization and to its customers (Moore, Bruce, & Birtwist, 2019).

and it is becoming an attractive trend to become smartphone and tablet user (Statisa, 2019). Moreover, the prices of smartphones and tablet are becoming cheaper and customers are finding them affordable. Emerging markets like Asian countries are focusing to build smartphones and tablets for the people within their budgets. Therefore in developed and developing countries budget smartphones and tablets are becoming more popular among the people. As per tablet usage, it is predicted that by 2021 the tablet users will be 1.28 billion (Liu S. , 2019). As a result of increasing smartphone and tablet users' consumers need, expectation and shopping patterns are changing constantly. Moreover, social networking sites like Facebook, Instagram, and Twitter revolutionized how businesses are operating; customers are shopping and what they are expecting (Pliszka, 2019).

Other factors those are contributing to digitalize business platforms are higher global population, middle class population's higher purchasing power, who are living in developing and developed countries. At present customers enjoy wide range of product selection, different sorts of brands to choose from, mobile shopping, online shopping, TV shopping, catalogue shopping, department stores, flagship stores and other formats of electronic shopping (The World Bank, 2019).

2.2 Customers and Businesses are getting Connected Through Technology

The technology is getting developed on high speed and people are adopting themselves with this sort of rapid technological development globally. This rapid transformation is impacting consumer behaviour and organizations that are producing services and goods (Herbert, 2017). All the businesses consider technology as their part and parcel of every aspect and it works as a principal source of profitability, business growth and market differentiations. In this day and age, SME's try to keep up with technological innovations and developments. In particular, using technology in a manner which takes part in business operation successfully plays an important role in businesses. For example, various companies create ads and use digital platforms like Facebook, Instagram, YouTube and different apps to reach customer on their mobile phones with

the help of Internet. Thus, Business and client's relationship get extended to digital realm, they don't just stay into brick and mortar stores anymore. Businesses take part on social media as a part of their digital campaign and marketing and engage with consumers where they depict their products services or benefits for better sales and revenues (Chaffey & Smith, 2017).

2.3 Innovations Used in 2019 Retail Industry:

Currently there are many technologies are being used in retail businesses on daily basis. They are personal selling assistants, smart kiosks, self-check-out system, digital advertising displays, electronic price tags, Quick Response (QR) codes and chip and pin terminal. With the help of chip and pin terminal customer can accepts all sorts of card payments and removes the risks of keeping large amount of cash at stores. Moreover, chip and terminal has included a new technology called tap and go. In this technology customers can just touch their debit or credit card with chip and pin terminal and the money will be transferred to seller's account from customer's account. Furthermore, businesses are also using e-commerce; it's a platform and payment gateway to accept payment from remote consumers online (Digital Commerce 360, 2019).

Linking Technology and the Market

The six features that characterize successful innovation all link a recognized technology trend and a recognized market need. Trends were identified by an analysis of regularly published industry reports from think tanks and consulting companies such as the McKinsey Global Institute, PwC, and the Economist Intelligence Unit.

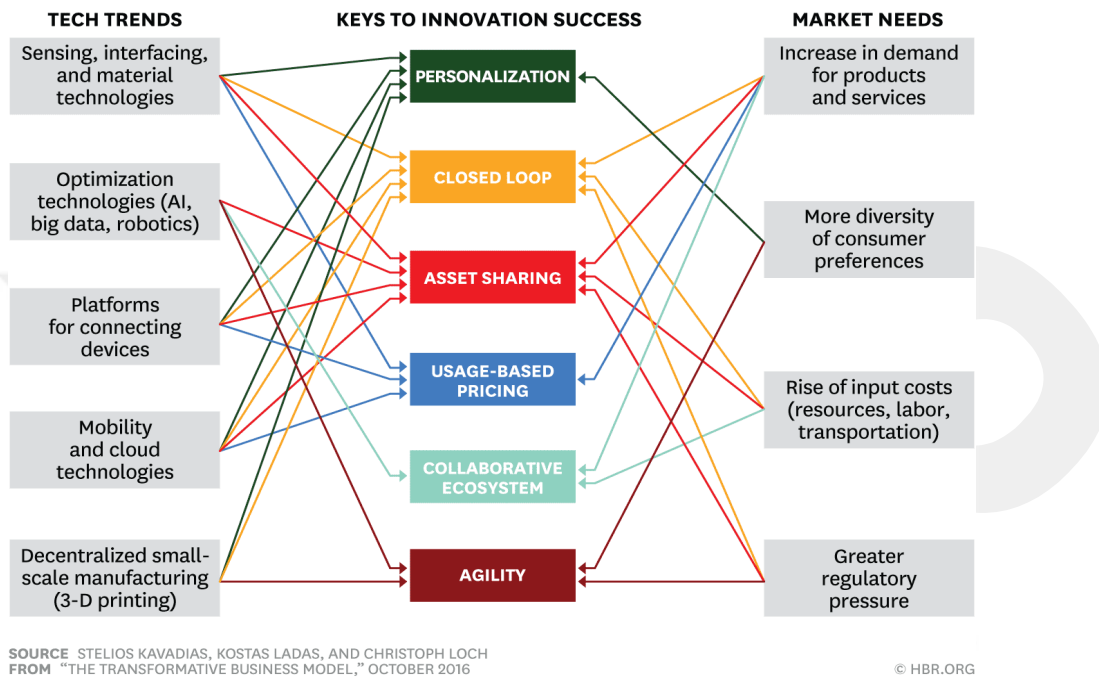


Figure 1: The transformative business model. Source: (Stelios Kavadias, Kostas Ladas, & Christoph Loch, 2016).

2.4 Technology Creating Sources of New Data:

All above mentioned applications, platforms, technological innovation creates immense potential to collect the business data which was previously unexplored. Therefore, either business perspective or customer's perspective data can be collected to have better understanding of business and customer's satisfaction on the other hand. Hence, these collected data could be used to enrich both of the party's business transaction experience.

Moreover, consumers are not just 'consumers' anymore. They are advertisers, marketers and content creators at the same time (Grewal et al., 2019). From one customer to another customer they spread word of mouth and at the same time they chat, blog about the products with their followers, colleagues and friends online. They visit

the product website and contribute to retailer own websites, product review websites and social media sites like Facebook, Instagram by expressing their likes, dislikes, reviews and recommendations. They promote products those maintain their quality and criticize companies and brands that do not provide quality products and services and do not keep their promises (Choi & Shen, 2019). Usage of mobile technology enabled this facility for consumers to interact, collaborate, stay informed and maintain overall awareness. It also reflects how customers react to a product ads displayed on their social media sites. According to (E, Brown et al, 2019) amongst the customers earned media works as a most trusted form of advertisement is earned media. Earned media is known as free media where publicity is gained through owned efforts and marketing rather than using paid promotion services. If the businesses could take this advantage it will put them in inevitable position to have benefits from areas such as personal targeting, marketing, product and service pricing and merchandising and inventory planning. Integrated communication system in virtual and physical channels can help retailers to advance their services in store and in digital channels (Mason & Knights, 2019).

It's a common fact that big data⁴ analytics and data drives business can transform businesses and retailers to a new level; this process cans these organizations to understand their customers deeply and according to that they can offer services. It can analyse consumers past transactions, interactions and behaviours and at the same time it maximizes overall marketing performances and reduces marketing costs (Kotler, Armstrong, C, & He, 2019). Other than that, digital devices integrated with big data influence means business have the opportunity to learn about their customers and monitor their behaviours closely at the same time. It takes targeted marketing and business customer relationship to a remarkable level. By using big data, retailers can manage their existing relationship with consumers and start new ones.

⁴ Big data is a set of large volume of data which could be structured or unstructured and they generally overpower businesses on a day to day basis. But what is important that what it could be done with these volumes of data rather how they could be utilized in organization. The big data is classified under 3 categories; they are volume, velocity and variety (Capgemini, 2019).

Retailers can produce new opportunities by tracking on-line word-of-mouth and should react according to the customer's response. Retailers can also learn about consumer engagement strategies and insightful information by tapping data sources. After collecting data businesses and retailers must understand and unlock the value of the customer's data on different channels (Gattorna, 2017). Furthermore, businesses and retailers could merge various data sources and combine them to create a fully functional customer database. This helps to understand customers need, assist them according to their requirements and to build up communications strategies which are suitable and appropriate for future purpose (Hewitt & Carlson, 2019). Retailers cannot afford to misread customer behaviours, not only it will degrade the position of retailer in the market but it also lead to internal misperception and wrong assumption.

2.5 Business Model

The definition of business model is a company's plan to make profit. The business model identifies services or products the business will sell, it also identifies the target market where it will sell its products or services and anticipates expenses which will occur during the business operation (Kopp, 2019). Business model has many types. Some of the examples of business model could be franchising, direct sales, brick-and-mortar stores and advertising-based business model. There are business models which are known as hybrid; this kind of model integrates brick-and-mortar stores with internet retail. For instance sport organization NBA has this kind of store (Kopp, 2019). Each business or firm regardless of its capacity, size, services or products it sells in the designated industry; to compete with the competitors, it's really important to have solid business model. Either it's a new venture or established market player developing a clear idea of a business model is a vital important step (Tesch, 2019). A business model can be reshuffled, entrepreneurs have been trying to rearrange their business models for years, however at present the reshuffling are challenged by external market forces because entrepreneurs have the mentality to follow their business order like 'it-has-always-been-done-this-way' mind-set (Mubako, 2017).

Sometimes the current business model which has been recognised successful may make the managers reluctant to change the way how the value is created and appropriated. Nevertheless, it does not mean that pass successful business model will generate future success (Mendelson, 2019). With the change of time market changes too. Customer expectation and demand change at the same time so the companies need to keep pace with this customer expectation. However, in reality its easier said than done due the fact that companies made heavy investments in the past which narrows the flexibility to create new value and appropriation. Therefore, if the company wants to introduce its commonly accepted thinking to what it means to partners, customers and company itself can be dealt with great deal of support and agreement (Pribanic, 2019).

Companies those have solid business models could enjoy higher positions in terms of competition with other businesses when they are serving their common group of customers. Companies those are selling similar or identical products could add a little distinguished feature and it could elevate their products selling from one over another. Some consumers might be interested in special facilities provided by the manufacturers of the products especially after sales like delivery options or service terms for exchange or return the products. However other customers show importance to store atmosphere and convenience, packaging, brand and product price. So it is expected from every business model to specify how the customer values are regarded and how the company perceives the values. Consequently, a business model illustrates the practices of company's offering and selling to its targeted customers for making profits (Pachory, 2019).

Pachory, (2019) states, a company's business model consists of different activities which are interdependent, create values for its customer by offering appropriate products or services and share values between its partners or stakeholders. Hence, the business model is responsible to cover different aspects of partnerships, create network through different channels and cooperate within the channels. Some other vital components of business models are governance of information flows, goods and resources exchanges within its networks. Consequently, in this study Chase & Zilber, (2019) have different perspectives. According to them, consideration of business

model governance is important but they classify above aspects under company's policies and assets choices through managers and the consequences arises from these choice making processes.

Having looked at all the context, these authors highlighted that a business model should have continuous interchange between the activities, components, and elements. Therefore, it could be said that, business model is perfectly balanced and well-specified system of processes, activities, and independent structures and focus toward value creation for all the parties involved within the business through maintaining a set of activities for company itself and customers and partners (Camman, Fiore, Querro, & Livolsi, 2017). The idea is to create more values for company, stakeholders and customers and when the overall value is higher company can perform better, can capture greater profit for itself and it can strengthen the bargaining power in the value chain (Pedersen, Devinney, Tihanyi, & Camuffo, 2017).

Every business must realize the value of it prospective and current customers and at the same time it has to make sure it is receiving satisfactory profit in return. A company's model establishes various ideal business opportunities at the same time it also clarifies how it's going to generate profit and create customer values by selling its products or services to the customers at reasonable cost. This is the phase where customer's value created by a company plays effective role through producing an insight about the value it has generated (Kovacic, 2019). A company faces competition from many direction, hence each and every company has to be built on clear law on how it will create customer values by giving them better products and services, solving their problems and do all these steps better than other competitors in the market. Accordingly, understanding the customers' problem and grasping the full dimension of it remains main challenge. When company act upon these challenges it can design a solution and offer the services or products according to customer's needs which could be better than other competitor products or services. If a company is successful at offering particular solutions which can solve customer's certain problems consequently, there is a greater likelihood that that company can attract bigger volume of customers who tend to face similar kind of problems and who didn't find any solution for their specific problems in

the market (Denning, 2018). The essence of the company's business model relies on targeted customer's value propositions. Moreover a company always tries to create and capture unique values for its customer's to stay competitive in the marketplace and it's the crucial implication of the business model (McVay, Kennedy, & Fullerton, 2017).

In each market sector there are some companies those are profitable. However at the same time there are other companies those outweigh them in terms of profit return. What is the reason for that? Why they stand out amongst the rest? Is it because they established a successful business model which makes them separate from others? Is it also possible that some business models create a new concept of performing business? According to (Mubako, 2017) p. 105, these businesses are successful than others because they initiate the business process in a organize way and they follow process innovation when serving particular sets of customers and these customers stays loyal to that specific brand.

Pearson (2017) states that, sometimes it becomes necessity to redesign company's internal and external structures. In such cases, different business models must be erected and adopted with resources supplied from different parties. Moreover, a company might go through stages where lacks of internal and external capabilities are apparent. In those stages the company should rely on value chain partners to outsource those crucial capabilities. It's ideal for the company to decide which value chain partner should be relied on to receive an optimal performance. Some firms heavily depend on outsourced external value chain partners starting from key activities to product development (Rissen, 2019). Nevertheless, outsourcing is a key factor for companies and still regarded central element of a company's business model. When a company goes for outsourcing, links and synergies between the value chain partners and the company is formed and this kind of collaboration makes the relationship amongst company and partners more strengthened. Camman et al., (2017) also states, a company's internal and external value get more appropriated when it surround itself with multiple networks of customers, partners and suppliers. The motto of the company in redesigning process should be act first before anybody else. Therefore, when a company quick to realize the needs of redesigning process before its competitor it will

be ahead of the race. Hence, it may take some time for other companies to realize the reality of the market and adjust with it. Many firms find it very difficult to internalize and replicate the process of innovation of the origin company which constantly changes and rethinks its business model (Pribanic, 2019). Thus, when a company creates a successful business model that is unique and provides competitive long-term advantage against its competitors and such kind business models are very difficult to copy and sustainable at the same time. As time goes by every business venture needs to do constant refinements and tweaking to its business model. Repetitive managerial tasks along with continuous testing within the market place are required to create and redesign a successful business model (Rissen, 2019). It's significant for a business model to create customer value on the one hand, raising business revenues and sustainable competitive advantage for business venture on another hand. However, if the business model logic fails to fulfil the needs of business subsequently customer values will not be generated and companies' profits will not be maximized. Moreover, top to bottom redesigning of a company's business model creates direct consequences to company's production line. This process may influence to update product's production cost and profits, new value chain partners might be sourced and additional workers might be needed to fill in the gaps.

Elements of business models & characteristics:

According to (Grewal et al., 2019), four interlocking fundamentals keep a company together and they are creating and delivering value for the company and same value should be created for value chain partners and customers. Afterwards, the company manager should create workable strategy to utilize these value chain elements. As a result, the company will be prepared to face competition and generate profits. It's important to remember that its way more important to keep the elements work together and create appropriate value rather than the competitive strategies company use. This combination, interplay and synergy among to elements generate a greater total value. However if company apply these elements in isolation in such case the generated value

will be worthless (Trotter, 2019). The following table has shown four elements and their uses has been depicted in figure 2 which is shown after the table.

| Business model elements | Characteristic |
|----------------------------|---|
| Customer value Proposition | This element states company's initiatives to solve the customer's problem with product or services within the marketplace at a price which is affordable, provide benefits to the customer and unique when compete against the competitors. |
| Profit formula | This formula is a structure of company's resource velocity, cost structure, margin models and revenue models. This formula gives us insight of how company generates value which is useful for it, for its partners and for its customer base. |
| Key resources | The key resources could be described as an asset; for instance brand, channels, equipment, facilities, products, technology and work force all are meant to offer the proposition value to the customer base, create sustainability and should be distinguished as unique. |
| Key processes | This is the stage where company's managerial and operational processes create a way that can be increased and repeated successfully. The process comprises of various tasks such as company's rules, service, sales, planning, budgeting, manufacturing, product development, employee training, metrics and norms. |

Table 1: How business models affects company's choice of strategy. Source adapted from (Mendelson, 2019).

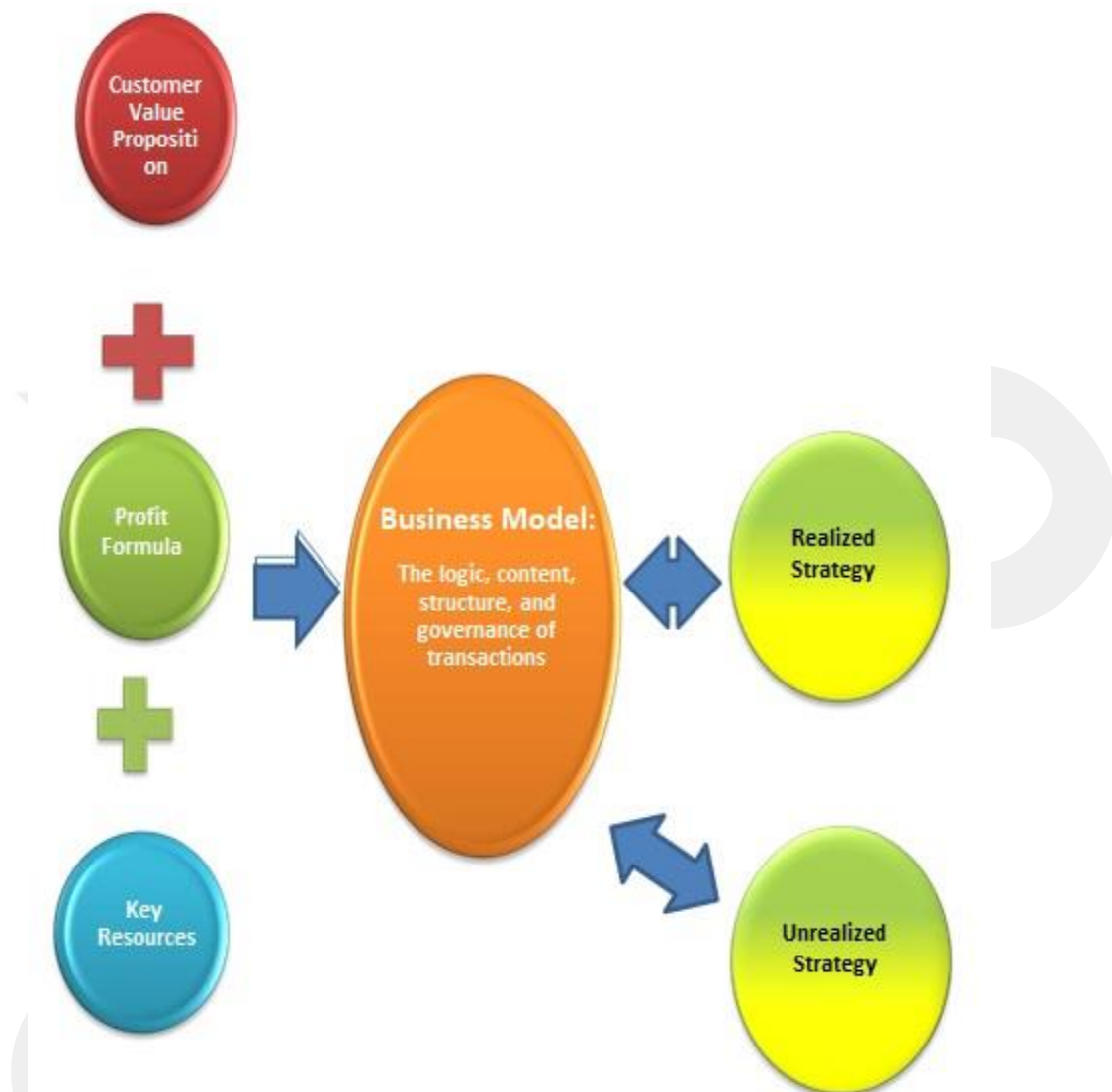


Figure 2: Business model elements. Source: own figure.

2.6 Competing through Business Model Innovation:

A manager's necessary ability is to identify company's business model innovation with success. This ability is a must have for the managers due to constant changes in consumers preferences and tastes, economic control is taken over by emerging markets (BRICS, Indonesia, Mexico, etc.) from western developed countries, growing competition and pressures and external market forces (Improvement and

advancement in communication and technology, deregulation, globalization etc.) (Chesbrough, 2019). Managers make most of the decision of the firm and their decisions reflect the outcome of the company's business model operation and value generation. The Economist Intelligence Unit carried out a global survey in 2018 which stated that 55% out of 4018 senior managers preferred new business model rather than having new services and products as a basis of competitive future advantage (EIU, 2019, p.9). Another study done by IBM on 1709 chief executive officers in 64 different countries points out that new innovation and technological impact on companies are very crucial over the next 3 to 5 years (Kilbride, 2019). Even though there are some differences in types of industries and the patterns however the overall message is crystal clear. Therefore, how companies are performing business is way more crucial than location, time and what type of business they are doing.

Business model innovation requires managers working through different steps and phrases and it also wants them to compare cost and benefits by answering these following questions (Amit & Zott, 2020):

- *What is the performance of business during last x years?*
- *How to improve business performance, i.e. business can create optimal value for their customer base, suppliers and for the company itself.*
- *Company needs to find out what kinds of technology, resources, expertise or skills the business lacks in and how to fulfil it in the future.*
- *Company needs to evaluate how the business model can impact its competitive position in the future and what will be the competitor's next big move?*

When company managers find the solutions of these answers their positions will stay one step ahead than other company managers. The first thing is that company has to develop a perspective of the existing business model and it's a precondition. This initiative will provide important ideas to the managers how to lead the business to a completely different level which will be responsible to create values for the customers rather than considering process choice or isolated products. Despite the fact that direct innovation on products and processes may seem easier at first for the company however (Mendelson, 2019) points out that, it is logical to choose business model innovation

rather than product or process innovation because developing a process or products takes research and development, consumes time and it is uncertain whether the chosen products will be successful or no and whether how long the company should wait for initial investment payback period.

There is no doubt that there is certain amount of uncertainties involved when company prepares products or services without having a business model or business plan. These kinds of uncertainties can further escalate if there is any economic downturn and crisis like the one in began in fall of 2008 with the fall of Lehman Brothers and the consequences were felt even after 5 years later (The Economist, 2018). At that time economic outlook was so gloomy that companies went for short time cost reduction measures to survive; methods like workforce size slashing and reduction of workers benefits. However for the long term these cost cutting measures might be troublesome for businesses and their competitive position in the industries. A business has to be ready at all time for any upcoming disasters or calamities like credit crunch. Nevertheless, during a credit crunch product or process innovation along with short-term cost reduction measures might not be the suitable option (Cuofano, 2019).

In contrast developing a successful business model can help companies shape up their future. Moreover, even there is a sudden economic calamity the business can adapt with it by embracing new technology and apply it into the business process and introducing a new change which could be welcomed by customers who are bored with same old products or companies can blend in with other industries if their existing business model not getting desired revenues (IBM, 2019, p.47). One might argue that starting a new business if the existing is not running very well would be a costly undertaking. However it is literally impossible for companies to be successful just by reducing cost and staffs during the time of recession, since all other competitors will do exactly same thing (Cuofano, 2019).

Ideal time for a new business model?

- Existing market offerings fail to satisfy customers;
- Market could be disrupted by new product or services;

Contribution of modern technology for a significant opportunity for a new product;

- When low-end companies have potential to enter existing market;
- When shifts in competition takes place and therefore various companies try their best satisfy consumer needs;

Figure 3: When is the right time for a business model innovation? Source: Adapted from (Bland & Osterwalder, 2019)

During economic downturn and strong economic crisis , when capital investment for research and development is limited throughout the industry, in that time if any attractive source of value creation can be found by utilizing modern technology or starting a new industry may seem an ideal solution. Therefore developing a business model innovation portrays a long term movement if the firm wants to earn new and addition profit with low cost investments compared to product development. According to (Spijker, 2019), managers focus should be beyond the process or product development and their attention should be in the centre where company's business model is innovated. A business doesn't seem to be always disruptive for industries but it plays vital role for the company and gradually create plenty of benefits (Spijker, 2019).Hence, it is very significant for the companies to have business model innovation to grow profits and market share and at the same time apply modern technology to keep them updated (Jabłoński & Jabłoński, 2019).

A company hits the perfect opportunity when it takes advantage of brand new technology wrapped in a new business model. The idea is to get the preliminary innovation to make ready for commercial purposes and by doing so company can leap-frog its competitors. Thus company generate new ways of create and appropriate value (Jabłoński & Jabłoński, 2019). This tactic paves the way to lead the game in product innovation therefore generates appropriate values which converts into success of the business and contributes into consistent business growth. Hence, company's market share grows stronger and it reaches into solid market position. It was found in IBM (2019, p.46) study, there was a interview carried out for CEOs where they watched new technology and digitization made the existing or old business model obsolete and disrupted entire industries revenues and profit shares. It's a undeniable truth that the role technology plays to make the business successful. Additionally, usage of internet growth and sales of smartphone revolutionized the whole retail market structure which introduced new waves of change. At present the information exchange between retailer

and customers are dealt with speed, easiness and in convenient manner with many efficient ways (Jabłoński & Jabłoński, 2019).

Effect of technology on business models:

When retailers start innovating in their business model they go beyond their existing practice of transacting in brick and mortar store and this innovation brings a positive effect in business model's one or more elements. Each element is connected with other and when change takes place in one element it starts rippling in throughout the entire structure of business model. This causes interface design and retail format change at the same time the result brings modified appropriation and value creation (Mubako, 2017). There are some solid examples that some companies changed the existing market; for instance Walmart brought changes in the industry with its large bargaining power, flawless inventory management while performing agreement with its supply chain partners and impeccable price policy. The founder of Walmart Sam Walton said in his word that his motto was offering customers affordable products and services with affordable price such as "Everyday Low Prices" or "Always Low Prices" when first opened his store back in 1962 (Business Insider, 2019). There are other companies who set example of innovating their business model and consistently expanded their existing market with the use of modern technology. Companies like Burberry is an ideal example of such process, which used the digital innovation to expand, starting off with branding through implementation of mobile digital devices and online media from its brick-and-mortar stores (Camman et al., 2017).

There are many retailers those have used the technology to change the way customers thinks about the store format, pricing, assortment and finally product. A good retail company example is Spanish fashion giant Zara owned by Inditex group which has

put technology into practice, design, manufacture and distribution. The whole concept is to utilize 'fast fashion style' idea to reach consumers (Jabłoński & Jabłoński, 2019). Since starting its online operation in 2009 Zara launched its online operation over 80 countries. Zara's application for both smartphone and tablet has been downloaded by millions of customers since its launch (Bland & Osterwalder, 2019). Zara maintained its balance by having in-house manufacturing garments and outsourcing others and now it has become power house of global fashion. This position Zara has earned by undertaking an innovative approach through its unique business model and not only understanding customers fashion preferences but also rapid delivery of fashionable clothing under the wrapping of technology (Bland & Osterwalder, 2019).

Technology plays significant role in business model innovation and it can be blended into company's internal and external activities, can enrich relations between partners, broaden the company's boundaries and can connect with its consumers in many different ways. In an essence, technology act as an enabler to draw customers more closely and business model innovation sets the logic for competing effectively in existing and new market sources (Bland & Osterwalder, 2019). The relation between consumers and retailers are more personal in a retail industry because retailers engage and transact with customers directly. The stability of retailer and customers' relation depends largely on how the interaction takes place and how the retailer creates memorable customer experience rather than services and goods sold to them. A company always needs to be focused on the matter that how to elevate customers experience and this element works as an internal driver which enables retailers to choose innovative techniques to maintain best balance between activities which are not visible to customers like back door activities and face to face and digital activities (Chaffey & Smith, 2017). Thus, when a company works with an innovative business model it goes beyond the traditional retail functions of moving, stocking and procuring products. In more detail perspective, when retail business model combines with technology driven innovation it changes retailer mere intermediary positions between manufacturer and customers to additional value creators with the help of integration of technology into the retail business sector.

Channel coordination surrounded by decision making processes have been given priority in the past decade since these business decisions structured with customer design interface influenced the choice made by business owners in to the retail format in the first place. Apart from channel coordination, how a retail format would function and what kind of choice should be made in day to day operation is quite significant because it would offer unique competitive advantage regarding retailer's core processes (Camman et al., 2017).

(Bland & Osterwalder, 2019) asserts, at present many retailers transformed themselves into multi-channel companies. Retailers, who don't want to transform themselves to multi-channel and become a part of technology development need to direct themselves to on and offline channels using multichannel formats like click-and-mortar where an customer could find a product information over the internet on the smartphone after watching the ad on Instagram or Facebook page and reading the consumer reviews on trustpilot.com or yelp.com. Afterwards, the customer visits the website of the store for a particular product and orders it. Finally, the product gets delivered to the customer's house with an option to contact customer support for after sales service in case if customer is unsure how to use the user manual properly (Grewal et al., 2019).

The arrival of internet and growing demand of smartphones enhance the total shopping experience efficiency by reducing consumers time spending and by globalizing shopping concept. Now customers from far Asia can enjoy the benefits the availability of Gucci or Adidas brands which were not available before. Customers at present can buy any products geographically through popular shopping sites like AliExpress, Amazon or EBay which was not possible before. Retailers at present sell their products in multiple locations and these include services like click and collect, where customer can choose a product online, buy it online and collect it when the time is suitable (Piotrowicz & Cuthbertson, Exploring Omnichannel Retailing: Common Expectations and Diverse Realities, 2018). Moreover, retailers also increased after sales support significantly to turn a onetime customer to a returning customer. Nevertheless, all these different services are devoted to customers which incurs costs to the final product cost

and customers pay that cost. At present' customers have flexibility of shopping through different channels. Either they are busy at work or at home they can purchase products with the tip of fingers. Due to different channel shopping flexibility they enjoy these benefits. Retailers combine their services with value chain partners and enable these swift facilities for the consumers (Kumar & Reinartz, 2018).

Multi-channel retail environment equipped with business model innovation gives the power back to customers and they can contribute in total value creation by using in-store technology which may also cost effective to retailers. New technologies such as self-checkout registers, self-service shops, hand scanners and walk-in-kiosks are the new addition in this sector (Kumar & Reinartz, 2018). However there was a question whether this self-service technology will be appreciated by customers. In this regards New York Times had a survey and the result showed positive outcome from younger generations who previously felt forced to make purchase but don't feel that anymore (Clifford, 2019). These younger customers can make their decision regarding a purchase without any external influence (Kumar & Reinartz, 2018). Customers also use online platforms to review websites, websites such as Trustpilot.com or after purchase they could leave reviews regarding product quality. These processes create value by customers and contribute to the whole consumer retailer system (Stettner, 2019).

At present' customers and technology are both affiliated with each other. The whole industry is keep upgrading itself to technology driven. The more customers share their experiences through online or offline shopping retailers get benefitted by the data of customers' impressions. Thus, retailers use these data and use in their business models to further innovate and shape their stores and online shopping systems. These shopping system changes retailing interfaces and retailers are able to meet customers' demands and enhance customers shopping experiences in in-store, on-line and mobile devices (Piotrowicz & Cuthbertson, Exploring Omnichannel Retailing: Common Expectations and Diverse Realities, 2018).

Our above discussion regarding theory of business model innovation and how modern technology being used in the retail sector in traditional retail market and multi-channel retail ends with the following figures which portrays various transformation

how retail sector passed through transformation and different motions during the last decade. Traditional business models with bricks and mortar store have been discussed in first 2 figures and figure 10 outlines how business model transformed to multi-channel retailer.

Figure 4: Traditional business model - low costs bricks-and-mortar. source: own figure.

This figure below depicts a business model which is followed by low cost retailers such as Walmart, Lidl etc; these giant retailers follow low cost, large volume policy which is the key driven tool in their business model (Ingene, Brown, & Elgar, 2019). This kind of low cost large volume policy is mostly customer driven and it's a crucial element that customer creates such values in this business. This kind of business policy also determines who the targeted customers are and what their expectation is. Customers of these businesses always want to save money and seek discounts. The market position of the retailer should be very strong to continue influence over its suppliers to achieve the best rate available in the market and at the same time provide discounts to its customers. Additionally, retailers who follow this business model should offer various kinds of products with budget quality (Ingene et al., 2019). Moreover retailers spread their businesses in many different branches to satisfy the needs of the mass. In this sector retailers operational management runs on thin margins therefore customer service assistant numbers are rather limited to minimum and in combination with economic scale this system takes up low budget to run the business. However the retailer's turnover is quite high compared to the profit margin due to the fact that for every customer the retailer earn low profit.

Traditional business model - low costs bricks-and-mortar

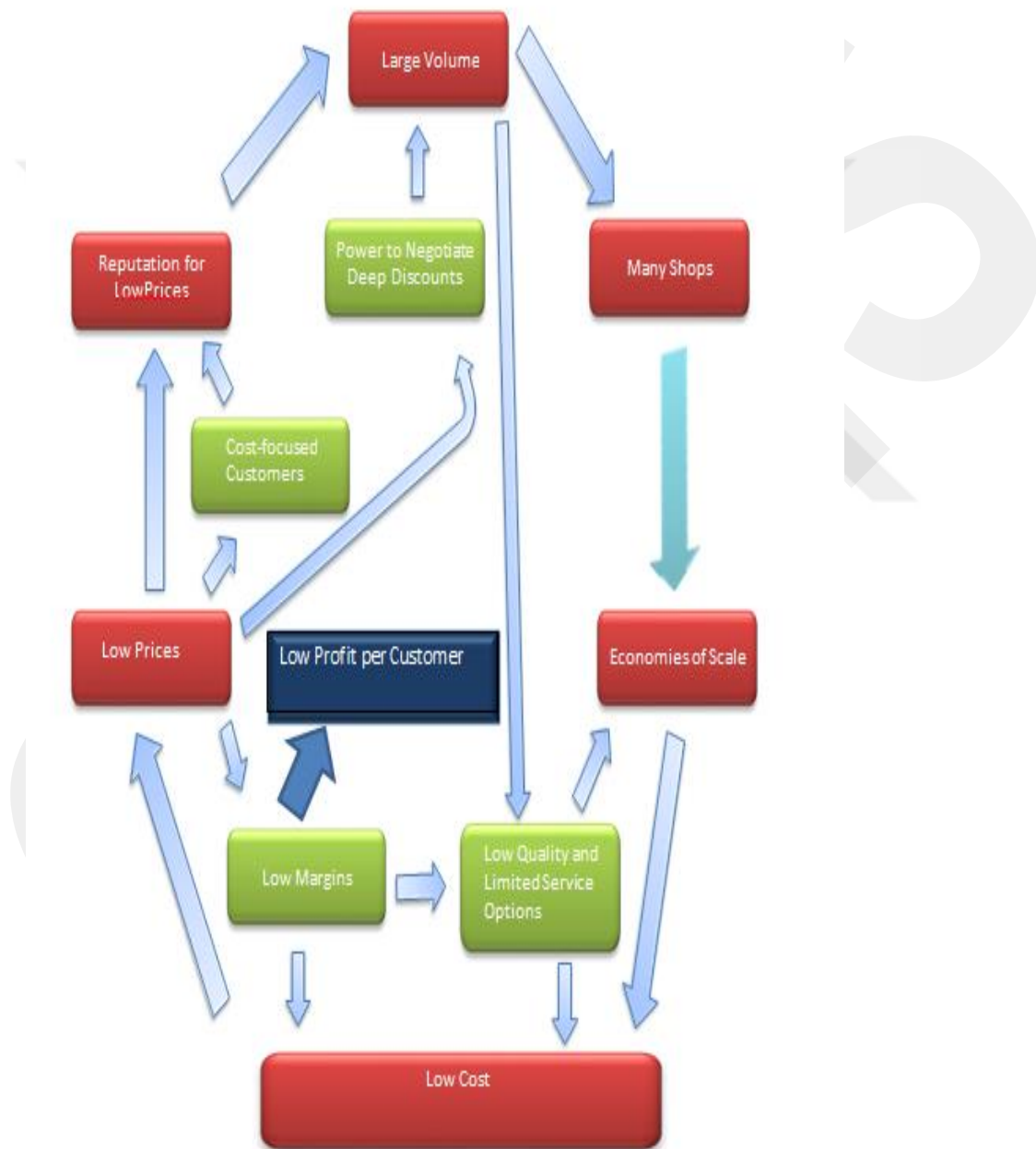


Figure 5: Traditional business model – premium bricks and mortar. Source: own figure.

This figure down below portrays a business model of premium retailer such as Marks & Spencer which sells luxury products with finest quality and take pride in product reputation and uniqueness (Clifford, 2019). These qualities cost high prices and the brand is regarded prestigious among the shoppers. On the contrary, it sells low volume products but only exclusives ones which serve the purpose of the selective customers who seek brand goodwill and finest quality. When a retailer runs this kind of business model they have stores in the heart of the city in exclusive locations. Moreover, these kinds of businesses are limited in number and shoppers enjoy memorable experience while shopping with these kinds of premium retailers. In addition, these business operators make sure that customers are getting impeccable customer service and top notch decoration cost in higher operating cost. Nonetheless each customer contributes to high profit margin and higher cost is accounted at the same time (Chaffey & Smith, 2017).

As the study proceeds further it can be observed that the impact of internet is more on today's customers. This evolution is felt by retailers and they are opening more and more digital stores to meet the customers demand. Two or three decades ago the retailers who used to sell their products in traditional brick and mortar stores now feeling the urgency to have their presence in e-commerce stores as well. Constant internet connection and smartphones in everybody's hand made this revolution a step further and all the products are available online which consumers couldn't imagine before (Fraser et al., 2018).

Traditional business model – premium bricks and mortar

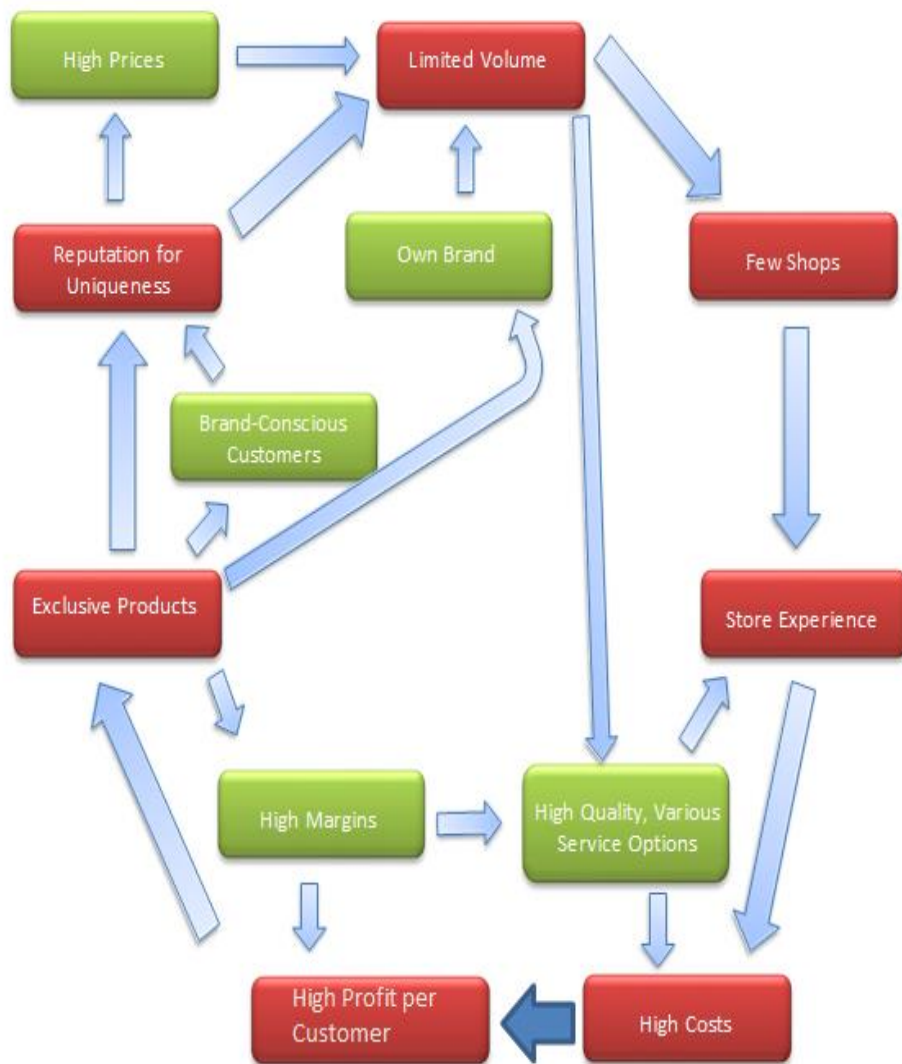
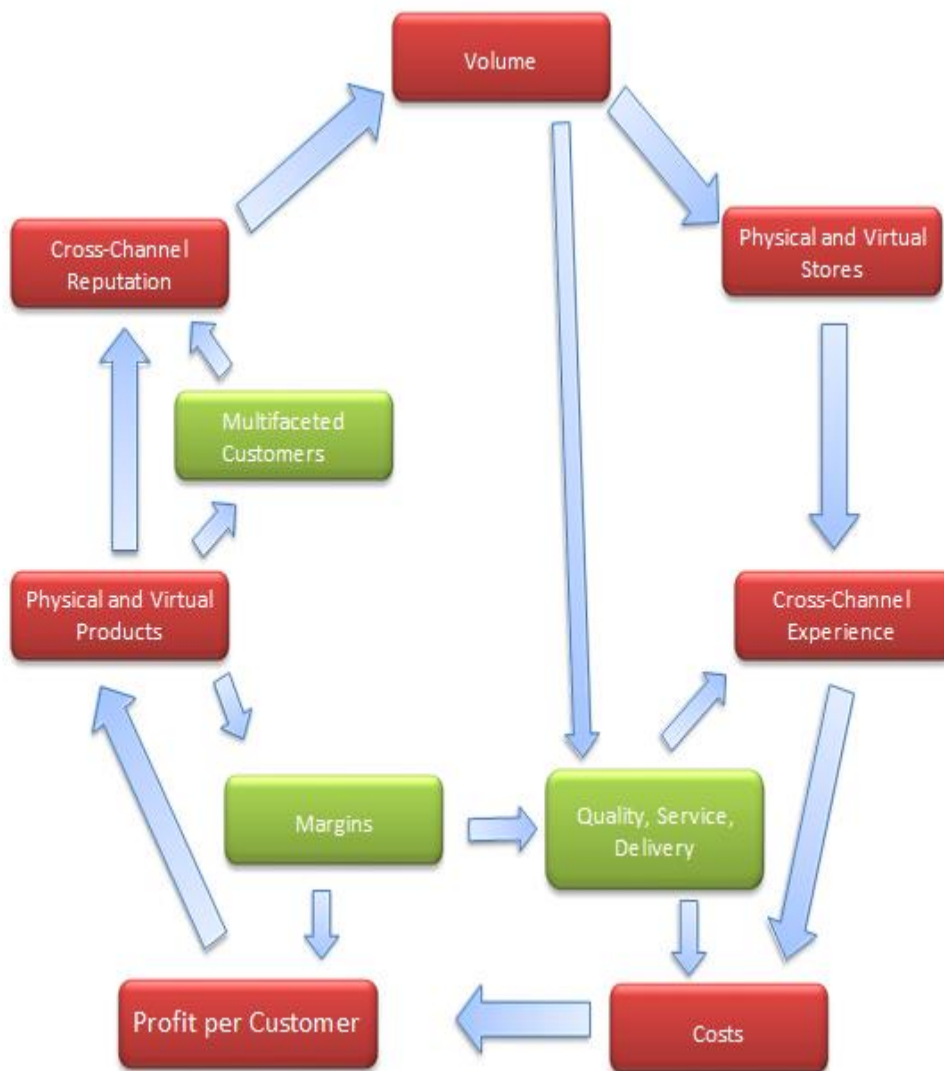




Figure 6: Mobile digital technologies and internet impact on retail shopping.
Source: own figure.

The various dimensional shopping experiences are expanding when physical and virtual products are getting combined with technology. This feature is enabling customers to enjoy shopping on different channels and shop without boundaries. In the figure 7 it has been shown how traditional retailer's business model is constantly changing due to latest technology and other factors which are affecting customer shopping habits are shown in table 3.

Figure 7: Changed business model – multi-channel retailer. Source: own figure.



Aspects of a multi-channel retailer's business model

| Aspects for consideration | |
|-------------------------------|---|
| Physical and virtual products | <p>Virtual products offer services through internet and they are form of applications. Products like Windows Operating System, Microsoft office, accounting softwares, Google Play's applications on android platforms are considered virtual products. These virtual products help create services for the consumers and source of revenues for companies who crates them.</p> |
| Customers | <p>A customer could have different expectation, wishes and needs which can differ if the customer is shopping at on-line store or brick and mortar store;</p> <p>A customer could have completely different perspective towards a product from the fellow customer;</p> <p>Retailers research on customer's profile and constantly developing customers data;</p> <p>Based on customer profile sales scenarios are being developed.</p> |
| Reputation | <p>Due to blessing of technology, internet and smart-phones including many products, brand and store reputation travel wildly and reach customers;</p> |

| | |
|-----------------|--|
| Volume & stores | <p>Nowadays retailer enables customers to join in discussions and reviews and both customer and retailer get benefitted at the same time;</p> <p>The product selection is exactly similar in-store and online.</p> <p>However retailer holds more products in stock for online rather than in-store; there are products too big for the stores, retailers can also keep tailored, complementary or mass volume of products on-line to keep in-store inventory minimal;</p> <p>The brick and mortar store considered as a “Showroom”- which carries only the exquisite, core and best products;</p> <p>Retailers equip their shops with best possible interior design to offer customer memorable experience while their shopping. Moreover, retailers also use technology to entertain customers and their kids to spend more time in the shop and repeat the visit.</p> |
| | <p>Retailer’s sales traffic is divided in to two categories, store traffic and web-traffic. If more customers are purchasing online consequently web traffics will be significantly higher and if customers prefer to purchase at store thus store will gain higher traffic.</p> |

Cross-channel

Experience

Customers could get their desired shopping experience or brand experience in different channels but both are seamless;

A channel with a certain value point could be regarded as more preferable than the other one or two channels could be integrated in one cohesive structure;

Retailer's provide necessary training to store personnel's to fulfil customers demand and wishes while they stay at the floor and they are well trained to use mobile technology;

Quality, service,
delivery

When a product is sold online whether it has the satisfactory quality cannot be verified hence customer reviews, brand reputation and recommendations are important for customers to make purchases.

If a customer feels hesitance towards a product whether to buy it or not they can feel ease with a variety of after purchase options such as low price guarantee, options to return the product in case of unsatisfactory by post, in stores or pick-up locations.

Customers buying products online can have their products delivered to the customers address, to the nearest shopping outlet or from click and collect locations.

Retailers also advancing to make customer service as smooth as possible, therefore currently' customer services are available through phone call, on retailer's website, on social media platforms. Through these options customers can ask questions and regarding products and services.

| | |
|----------------------------|---|
| <p>Operation costs</p> | <p>Customers can purchase a product with different payment options such as 6, 12 or 24 months installments (Ingene et al., 2019). Moreover retailers also offer cash back facilities and credit facilities to make purchases affordable.</p> <p>Maintaining business through different channels and services increase cost of operations;</p> <p>Training new staffs, employing specialists, negotiating with more value chain partners add up more costs;</p> <p>Other company expenditure includes web and mobile applications, IT infrastructure, inventory software, fulfillment software and install of new technology in the work place.</p> <p>Augment costs of customer data analytics.</p> |
| <p>Margin models</p> | <p>Retailers follow different price strategies and margin models to meet the needs of the consumers and be flexible at the same time.</p> <p>Various price comparison websites and competition between retailers impact the product prices both in-store and online.</p> |
| <p>Profit per customer</p> | <p>The profit margin earned by retailers from online store and in-store differs from one another;</p> <p>Retailers collect data on customers behaviors both in-store and on line and set prices on that basis and thus</p> |

profit margin differs.

Table 2: Aspects of a multi-channel retailer's business model. Source: own table.

The above studies confirm, it cannot be denied that the positive potential of business model innovation. Retailers' retail format get shaped by customers and the drive in sales move forward to multi-channel retailing where different formats combine with each other and forms a cohesive business model. This establishes the fact that multi-channel retailing will survive in the future and even for the luxury fashion brands.

Certain brands have their own ideologies and they intend to link retail activities with their ideologies. However bring these ideologies to retail customers who are online and smartphone users requires vital changes in retailer's business model. These changes will benefit in the future and maybe cannot be realized in a short span of time (Ingene et al., 2019). Business model elements have certain interconnections and having advantage of the usage of those leverage gives better opportunity to the retailer and it becomes hard for the opponent to replicate the business model. Application of modern technologies in the business model can reach far more and the outcome is vital too. Retailer's usage of such application strengthens the established linkages and creates the new ones. Moreover these linkages creates powerful long term source of competitive advantage in the retail industry for the retailer (Villing, 2017).

Whenever a new business starts its operation it follows certain basics to maintain its operations to produce the product and ultimately that product reaches customers. Now during the course of running this business operation business owner follows a business model and this model is divided into different stages starting from collecting the raw materials, processing it, and sending the finished good to the clients with unique packaging. Nevertheless retailers sometimes experiment with their existing business model to provide something different or to stand out in the competition (Ingene et al., 2019). These kinds of experiments motivate employees and let the company to discover viable new business model innovations and at the same time keep the existing one intact.

Every business's current state or passing state is regarded for short time period. The advantage of having a business model is that it either creates new market or forms a position in the market for the company to pursue new business opportunities in the existing markets. In addition, businesses that operate with business model innovation reach a higher position than industry average companies. Subsequently, companies those embraced innovative business model have more value creation and appropriation level and even during the time of credit crunch when resources are scarce and managers go through cost-cutting agendas the innovative business model come in handy (Ingene et al., 2019).

A company cannot create a successful business model in overnight. It goes through lots of phases and revised several times before it finds the right order between all the business model elements. Omissions and mistakes can happen at initial phases. However they should not divert the company from its usual course while it takes corrective actions on the way. In this regard a business model is not only learning journey for the company but also a method towards increase profitability and competitive advantage with sustainable solutions (Digital Commerce 360, 2019). A successful innovative business model requires hardworking, purposeful, reliable, company managers who can work to deliver the proper service and use the modern technology to meet the customers demand and offer them appropriate values. Value chain partners also play a greater role in the business model. Due to the fact that they source the product and supply to the company and company always tries to find the best value chain partners who will offer lowest rate possible in the market and supply the best products (Bland & Osterwalder, 2019).

Lastly, this is the age of digital revolution. The revolution of social media and digital technology opened up new possibilities and opportunities both in brick and mortar and online world. This revolution came as a blessing for retailers and therefore a retailer should use it thoroughly. The technology also plays vital role for the businesses to grow and to survive (Trotter, 2019). Hence retailers should adapt with this new world of unrestricted access of information and match the consumers demand and expectation to provide them best possible products and services with appropriate values. Moreover

blessing of technology changed both retailers' ways of doing business and customers' ways of buying a product. Retailers can offer a product or services on different platforms and at the same time customers can buy a product in different channels. Hence a customer can now research and discover more about a product than before and enjoy their purchases (Camman et al., 2017).

Figure 10 and 11 portrays some key factors in retailer marketing and the difference between Multichannel and Omni channel. Afterwards, customers purchase journey keep on moving forward while interacting with other customers, the product which was intended to be bought, and the retailer at several points through the digital media. After sales of the product and when customer's expectation has been met, a relationship between retailer and customer forms. Later on, this relationship turns into repetitive purchase either online or offline.

2.7 Multi-channel Retailing and Omni-channel Retailing:

Multi-channel retailing is a sales practice that involves selling goods or services on more than one sales channel. It's all about going beyond typical brick and mortar store or website and exploring channels such as social media, regional campaign and so on (Big commerce, 2019).

Multi-channel customer management is the process of evaluation, coordination, deployment and design of channels through a way where customers and firms interact with each other and with aim to achieve higher customer value. This process also helps to develop, retention and effective customer acquisition (Jabłoński & Jabłoński, 2019).

Omni means all, omni channel means all channel; in terms of definition it means a fully integrated approach to business that offers customers and consumers an unique shopping experience across online and offline (Liu et al., 2018).

The true omni-channel shopping experience doesn't just stay inside of brick and mortar store; it goes beyond, for example social media, onsite storefront, e-commerce market place, mobile browsing, retargeting and everything in between (Shopifyplus, 2019).

The definition of multichannel is many and omni means 'every or all'. A retailer who is performing business in a multichannel traditional way may just have a physical store and a website. These two channels are regarded as siloed operational systems which are very isolated from each other. In regard to multichannel, when a customer buy from the store the customer will need to return the product in case of dissatisfaction. Store maintains its own stock. Consequently, website replenishes its own stock. Customer cannot return the product to the physical store after buying it from website, because they won't accept it. Therefore, customer's store order and online order are completely separate (Villing, 2017). Moreover, a website representative's interaction and details with a customer cannot be shared with store in multichannel transaction. Moreover, if a customer decides to buy an online product in this channel he/she needs to provide bank account details with automated secure system or voice recognition system. However if the customer decides to cancel the transaction and buy the product from the store instead he/she needs to give the details again (Gallino & Moreno, 2019).

Currently consumers don't prefer their brands to operate in silos. Customers prefer multiple channels or touchpoints when they are transacting with a retailer. Their expectation is that their dealings will be seamless between each touchpoint. Moreover, consumers also want to interact with the brand through social media, on mobile and in store. Through omnichannel customers could experience their journey unified and consistent (Palmatier, Sivadas, Stern, & El-Ansary, 2019).

2.8 Multi-channel Transforms into Omni-Channel

The demands of the customers are sharply going high which pursuing the retailers and businesses to stay alongside and offer their clients reliable, engaging,

seamless and trustworthy service and shopping experiences. These shopping experiences could be at different shopping channels and points at each customer's base point. Whether or not businesses combining different sales channels and do business through these channels are not questions any more. It's all about being active on these various channels and this requirement is a total inevitability in order to attract new customers, satisfy existing customers and achieving a competitive lasting advantage (Trotter, 2019). The retail marketplace is quite complex. Because of its complexity it forces business owners to adapt with a channel which has multi options and it helps the retailers to advance on the services and products they offer to their clients. Whether a customer shopping in a brick-and-mortar store or by telephone, or from a desktop or mobile device Omni channel also known as multi-channel are equipped with the duty to provide customers hassle-free shopping experience. It integrates between communication, promotion and distribution channels on the customer's end (Maškarić, 2019).

For instance, when a customer contact customer service representative in the store or through webchat or telephone, customer can mention the previous purchase reference number and it assists customer service representative to track back the previous purchase and learn customer's preferences. Moreover, through the business webpage a consumer can visit the desired product and learn whether or not it is in the stock, if it's out of stock when it will be available and other customers' feedback on the same products. Furthermore, if the product is available customer can buy the product on the mobile or on the tablet while he/she is outside and later pick it up from chosen location (Maškarić, 2019).

2.9 Are All the Businesses Following Omnichannel

While many businesses or retailers possess the necessary fundamentals of omnichannel only few fully implemented or embraced in their day to day operations and throughout the business. Some retailers like Oasis and Office Shoes allow their clients to buy shoes online which are available in store. Furthermore, for instance GAP and NEXT allow customers to purchase from websites even if they don't have the similar item at in-

store stock. British brand Argos is the leader in initiatives like Click and Collect. It allows customer to buy their preferred items and collect it from nearest located outlet. But it is difficult to pinpoint a retailer who initiated omnichannel throughout the entire business (Mason & Knights, 2019).



Figure 8: Multichannel marketing by retailers (Multi channel retailing, 2018).

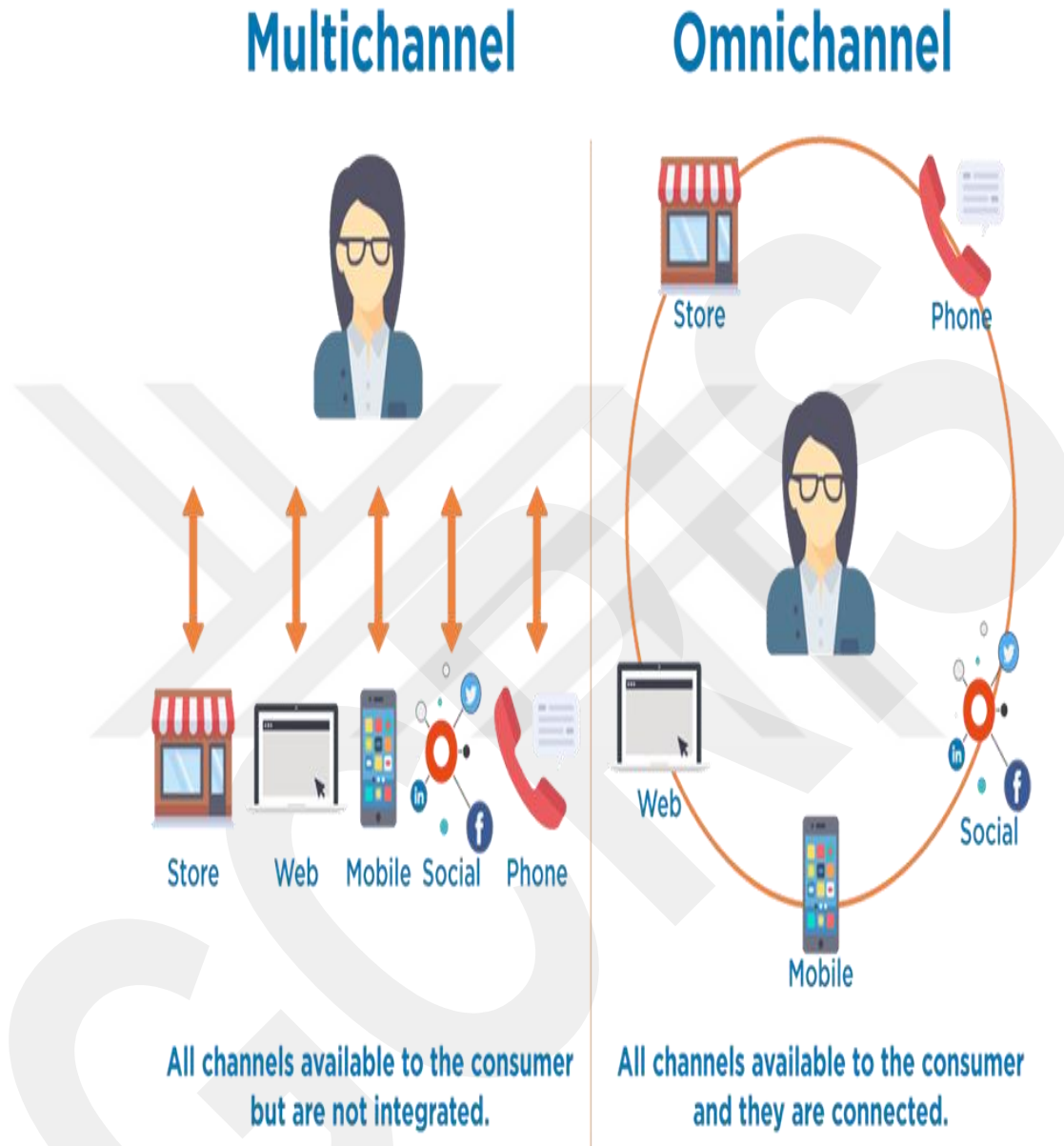


Figure 9: Multi-channel and omni-channel difference (Catch PR, 2019).

2.10 Innovation of Technology and its Application in the Retail Industry

The application of technology and its innovation revolutionized the retail industry. It has transformed the retail industry beyond recognition. Currently almost all the customers are considered as online customers. As the customers demand is keep on rising retailers facing challenges to innovate and adopt new technologies to race with the fellow competitors. And this strategy is giving them competitive advantage while serving customers (Vasilchenko, 2019). Customers are now more inclined to do online research about a product and compare it with other products before purchasing it. In this section it will be discussed how latest technologies adopted by retailers make customers life easier, seamless and smooth (Vasilchenko, 2019).

2.11 Augmented Shopping

Augmented reality utilizes the surrounding and the world around customer. It's a 3d technology that can put products on customer's body or place furniture in home. AR technology enables customers to try the products virtually or to play with them to see how they would look with certain cloths on or if a table will fit in a house (Vasilchenko, 2019). A leading research and advisory company Gartner states that 100 million consumers are expected to enjoy the shopping experience which employs augmented reality. It's been a awhile that AR was around but with the time this technology has been more matured and its been used on mobile platforms as well. Since it was available on mobile platforms retail companies and consumers welcomed this approach of shopping and right now AR is being used by everyday customers (Drake, 2019). More and more retailers are accepting this trend and customers are beginning to trust this way of shopping abundantly. American Apparel Lacoste and Japanese fashion brand Uniqlo recently have decided to open virtual fitting rooms and showrooms to let customers try products in virtual spaces (Forsey, 2018).



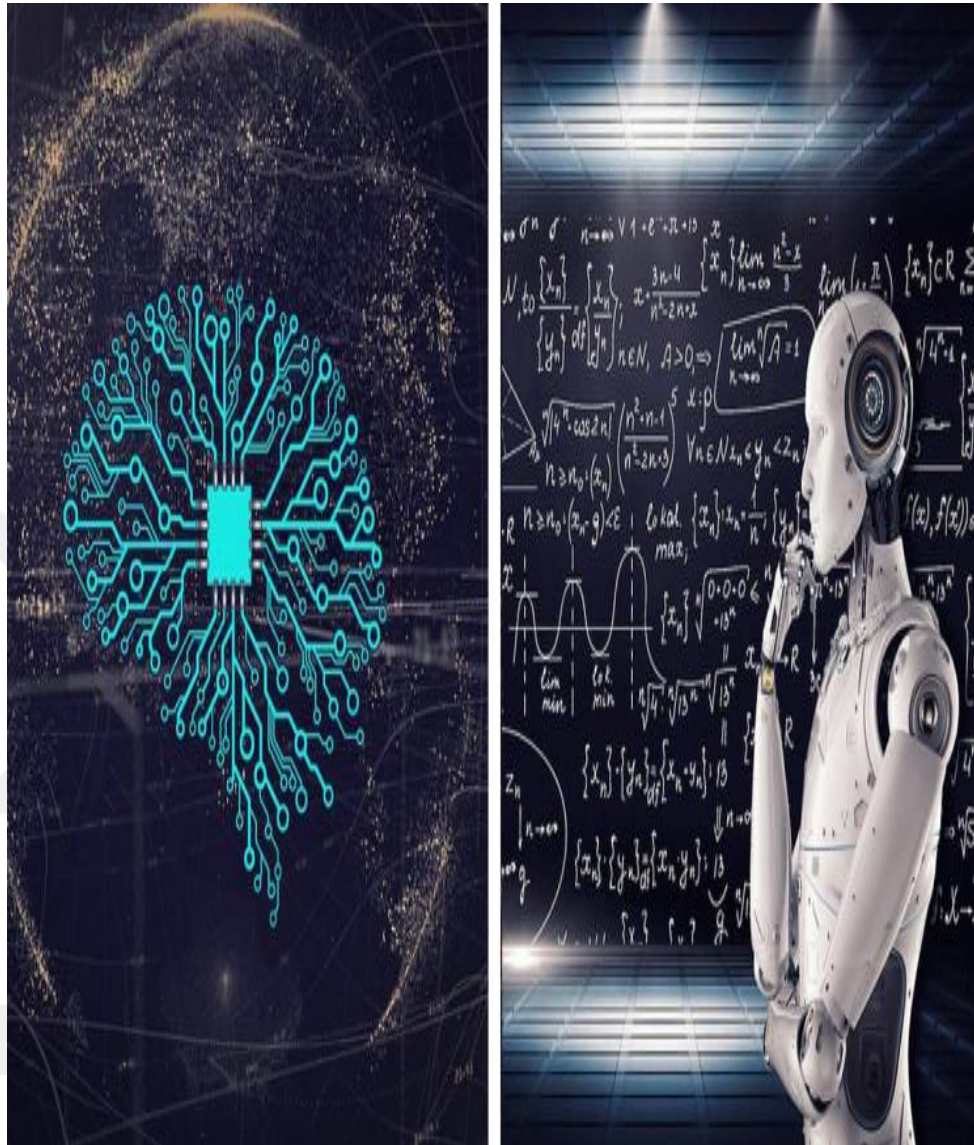
Smart mirrors deployed by Zara can read RFID tags on cloths that been taken out by customers and the mirror shows virtually how the customer would look like if the dress has been put on. Moreover the mirror suggests what will be the matching pair with a certain cloths. Jewellery companies also stepped forward to adopt this technology, so the customers can try on jewelleries virtually and the retailer doesn't even need to take them out of the shelf. Hence there is no risk of getting the really expensive necklace or ring stolen (Forsey, 2018). The AR technology offers safety to the retailers and online customers can try out the products without even stepping into the store. Dutch furniture company IKEA launched an ARKit-based app which visualizes how new furniture would look like in a customer's room while moving their phone camera in real time. This helps the customer to decide whether the furniture would match with the house setting or colour setting. With this initiative IKEA helps customers to get rid of unnecessary hassles of returning the products if not liked (Fourtané, 2019).

According to the Retail Perceptions a survey conducted by them on shoppers' state that 71% shopper would shop at a retailer's shop more often if they offered augmented reality (Retail Perceptions, 2019). It means customers would like to see virtually on those cloths themselves before purchasing them. And it is really necessary for online shopping where the seller doesn't have any actual store and customer is purchasing the item without even trying it on. With the help of Augmented Reality customers can see if the colour looks good on them or if it fits. In addition sellers with a brick and mortar store can attract more customers by arranging this virtual reality experience (Fourtané, 2019).

Technologies are shifting at the speed of light and marketers who are flexible enough to adopt these technologies are likely to achieve business development and better market share and revenues. Although augmented reality is fairly new in the market but it is predicted that by 2022 there will be 3.5 billion augmented reality user and these users will contribute more and more in the growing retail market (XCART, 2019).

2.12 Machine Learning- A Powerful Customer Engagement Tool

Retailers' right now uses various machines equipped with algorithms to make decisions based on data patterns. This is a powerful tool for retailers and retailers use this tool for customer engagement. Popular brands follow strategies like historical data analysis; for instance a customer's previous purchase history and retailers also monitors customers shopping preferences and based on this observation they make future choices for customers (Cox, 2019). In order to have better understanding of customers experience, retailers use cameras in the stores that are embedded with machine learning software that can detect the gaze of the customer and pick up how they walk. AWS DeepLens and Aurora are cameras with computers that help to target individuals with personalised offers or change the way products are displayed certain times of the day (Cox, 2019).



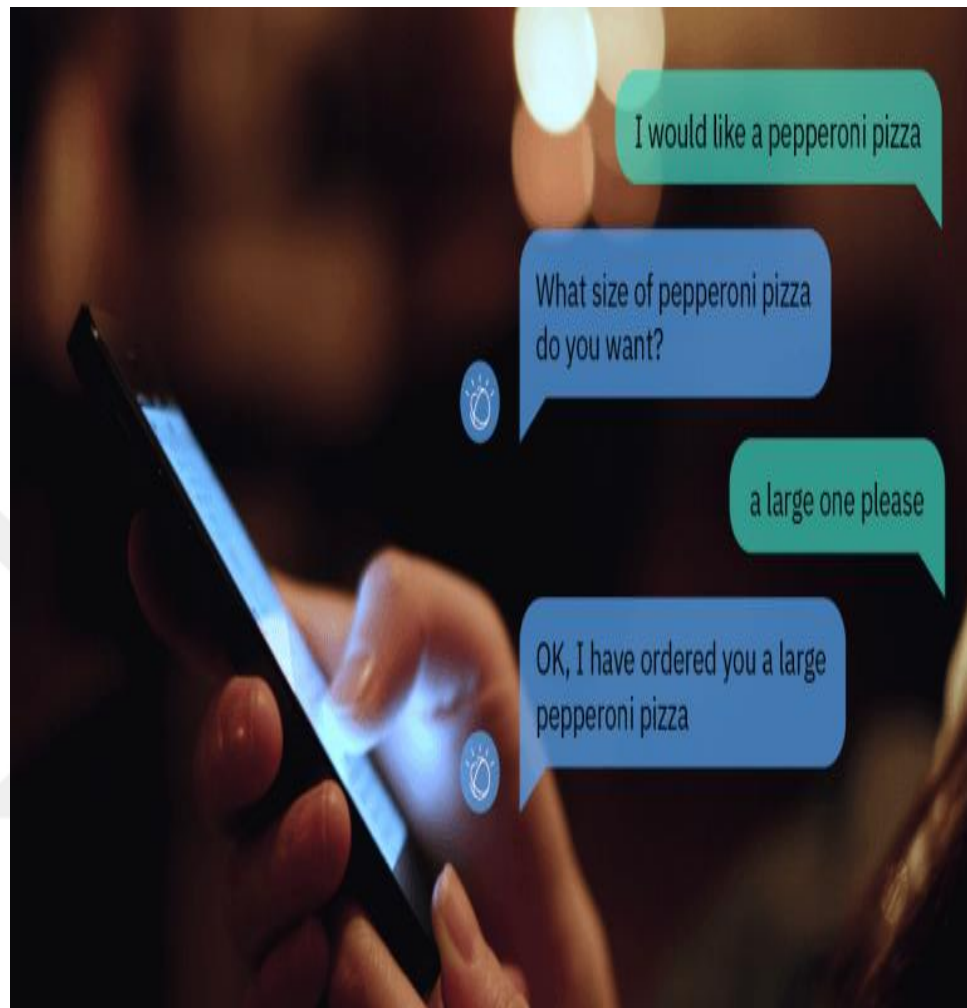
Machine learning capabilities bring the consumers closer not only to explore the curiosity but also offer great service in retail with full satisfaction. This tool could be great use in inventory management and could revolutionize the entire process (Tryolabs , 2019). Apart from that this tool can be beneficial to predict demand by using purchase data so the retailers can avoid scramble to restock and therefore sales can be maximised. AI cameras equipped with machine vision could be utilized to identify whether a product is available or not and to determine when they will need to be restocked. Technology

always influence on new methods and behaviours which helps retailers to overcome the difficulties of traditional way of doing things (Tryolabs , 2019).

2.13 Usage of Chatbots in Retail

Communication with the consumers is most essential element in the business. At present' companies do business in global scale. But their customers are all over the world. Different countries have different time zones as a result when its day in USA it might be middle of the night in Asia. However different customers have different questions and concerns (Ufford, 2019). And if a customer cannot get the answer of a question it is more likely that he/she will avoid buying the product. That is the reason retailers need an application which can answer any probable question the customer might ask (Ufford, 2019).

Chatbots are the latest invention invented by scientist that does the job of answering questions or make a suggestion regarding a product option. Chatbots are the combination of artificial intelligence and runs on algorithm. It is always online, always accessible and always replies. Therefore it breaks the barrier of time zone and retailers don't lose their customers (Prokopiško, 2019). The more retailers speak with its customer the better they understand customers' needs and concern. In addition, Chatbots also assist with marketing campaigns. While they speak with the customers they learn their preferences and suggest products that might be relevant to the customers (Prokopiško, 2019). Chatbots are generally cost effective because they store their data in the cloud and compared to sales employee retailer doesn't need to pay it any salary or it doesn't need any rest; this makes it very efficient to use for the retailers. Big retailers like eBay, Burberry and whole Foods already developed their own chatbots and successfully using them to offer better service to the customers (Botcore, 2019).



If retailers want they can buy ready-made chatbots rather than developing it. A retailer must be sincere while operating chatbots, customers might be frustrated if they mistakenly think they are talking with an actual customer service representative but gets the same reply again and again. If there is a case that customer representatives are not available in such cases chatbots must inform when customer could talk to actual person and or when the representative will be available (Botcore, 2019).

2.14 Checkout Free Stores and Cashless Shopping in Retail:

Gradually society is heading towards a cashless society and technology is the reason behind this transformation. Retailers at present are more inclined with the idea of checkout free stores. US retailers first opted for this idea to go cashless in four mega cities; these are New York City, San Francisco, Chicago and Seattle. Retail giant Amazon launched its Amazon Go supermarkets using their 'Just Walk Out' technology (Nichols, 2019). This technology depends on sensors and cameras to track what shoppers are taking out from the selves and which products they put them back on the shelves. In order to shop from Amazon Go shoppers need to download an app by Amazon. And when customers walk in to the Amazon Go store they scan the code of an item with their phone, pick it up and go out of the store. With the help of cameras, sensors, computer vision and deep learning the item customer picks up gets tracked and automatically bills the shopper (Nichols, 2019). Since its launch Amazon Go stores have become doubled in numbers. Amazon stated that it will launch Amazon Go store in London as well. Other digitally powered supermarkets like 7Fresh, FreshHippo and unmanned convenience stores are popping up in China to make customers experience seamless. It is reported that in the European Union cashless transaction value has increased by 250% in last decade (Kleckler, 2019). Most of the customers hate to wait in the line and sometimes it takes hours and hours. In a report it is stated that average Americans wait in the queues 118 hours in a year (Kleckler, 2019).

There are many advantages of being cashless and retailers prefer to be a cashless retailer. Everybody knows that at present using lots of cash is very risky and it's an operational headache. In addition, it takes plenty of time to cash up, to run to the banks for taking out money, and to ensure cashier tills have enough money to perform transactions in the retail stores (GDR CREATIVE INTELLIGENCE, 2019). On top of that, handling chunk of cash and traveling with it is very risky. When retailer keeps large amount of cash there is a possibility of theft (both from employee and thieves), risk of violent robberies, counterfeit notes and so on. Furthermore, there is a direct cost of

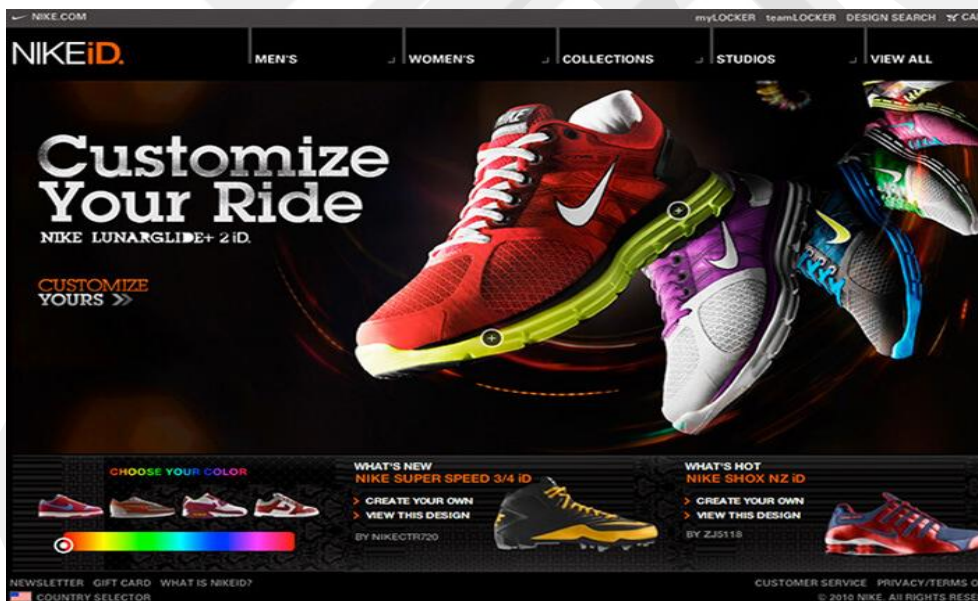
security involved to monitor the cash register 24/7. Having a cashless operation removes majority of these risks at a stroke (GDR CREATIVE INTELLIGENCE, 2019).



Another benefit of cashless operation is that the process of transaction is much faster. It's a major technological innovation for the retailers to enable cashless operation. It can be observed from a psychological perspective that, customers spend twice the amount when they carry their debit cards or credit cards (GDR CREATIVE INTELLIGENCE, 2019). At present most of the customers use contactless debit or credit card; hence there is no obstacle of entering the pin code every single time while purchasing something. Moreover, if customers carrying cash there is a spending limitation, customers can only spend the amount they have in their wallet or purse. Philosophical perspective and financial perspective demonstrates that the benefit of going cashless is much higher and more valuable for both the retailers and the customers as well (LeSavage, 2019).

2.15 Product Customization in Retail Industry

Digital and technological advances have brought manufacturing industries quite far. The touch of digital magic made the manufacturing industries well advanced and now these industries are letting customers to customize their products online or in-store and delivering them to their homes (Vrountas, 2019). The advantage of product customization is that it strengthens user experience for the customers while manufacturer lets customers to be a part of the product creation process. When a customer receives better user experience from a product it is more likely that the customer would purchase the product over and over again (Vrountas, 2019).



In the retail sector sports footwear brand Nike is leading the race of product customization and personalization. The brand always experiments with different technologies and ideas and combine them to create seamless experience for customers. In retail sector, the foundation for product personalization has been laid by Nike and at the moment it is actively selling customized products to its customers both online and

offline (Scaretta & Hudson, 2019). Another example of customization is Tesla cars. It is undoubtedly proven that Tesla cars are finest invention and they are considered environment friendly. Tesla lets its customers to customize their cars on the Tesla website and it manufactures a car in 5 days. According to customer preferences and choices customers can add or remove car parts on the website. The price afterwards automatically updates with each new modification (Scaretta & Hudson, 2019).

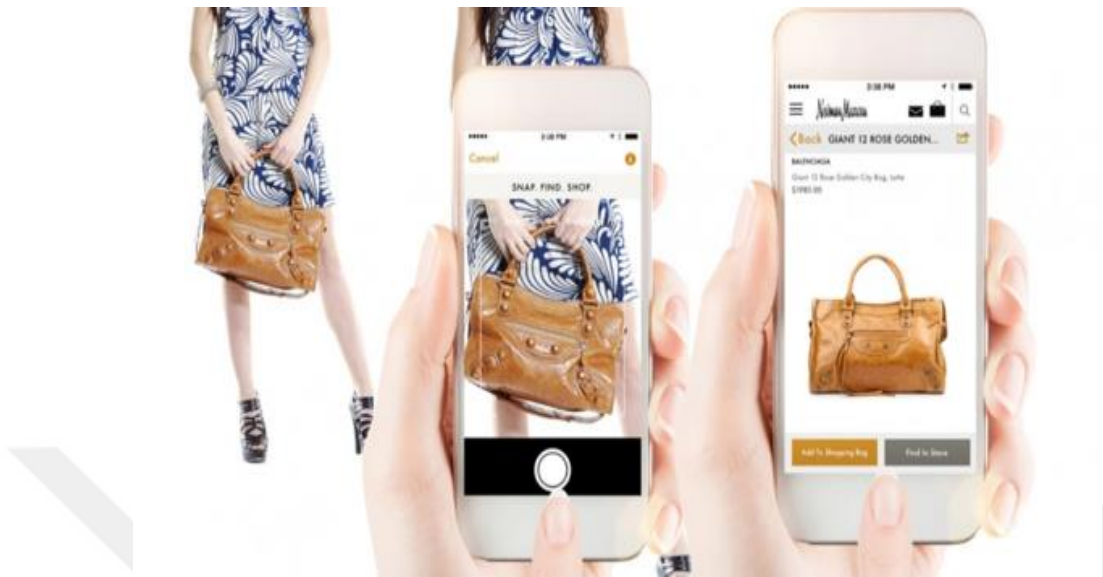


The main benefit of product customization is that only few companies in the retail sector are prepared to invest in technology to change its production line and that is the reason only few companies are domination the market (Goldhair & KBMax, 2019). A customer would rather buy own personalized products rather than owning an item just like the rest of the customers. Therefore companies that are adopting these new trends are facing very little competition in the market. Moreover these companies will build better and rich customer database and gain better customer feedback. And it will help them to secure future business investments (Goldhair & KBMax, 2019).

2.16 The Impact of Visual Search in the Retail industry

Visual search is considered the next battlefield of the retail industry. As time goes on more and more retailers are adopting this AI powered visual search trend. These retailers are helping customers to find the product they are looking for. Retailers that have adopted this tool are getting more customer conversion rates than the ones didn't adopt (Abbamonte, 2019). Farfetch is one of those modern companies in retail fashion sector which is full of tough competition. Farfetch is a luxury menswear and womenswear brand and to set it apart from its rivals it offers its customers a brand new technology called visual search. It works this way, customers take a snapshot or screenshot of a clothing item afterwards they upload the screenshot with Farfetch app (Lavi, 2019). The snapshot could be a friend wearing a nice t-shirt or a celebrity fashion item they have seen on Instagram. Farfetch's app is equipped with an AI engine which decodes the snapshot, identify the fabric, style and colour of the item and finally Farfetch makes an absolute copycat item for the customer to see and customer buys the item (Lavi, 2019).

Retailers have far reaching benefits when they use visual search. Sometimes its very hard to describe what exactly consumers are looking for or what are the details but if they



just snap the photo of desired product and show it to retailer there will be no room for confusion. Visual search also aid retailers to solve many problems. If someone searches for a jewellery and cannot find the exact similar look of it, in such cases the customer might be upset but if customer could just take photo of that jewellery somehow it makes the retailer's job easier (Lavi, 2019) (Muses, 2019). In addition, if retailer has visual search facility on their website more users will visit their site from Instagram and input the photos they will like and purchase it. Digital search also has another usefulness which is when customer sees designer clothes they might be very expensive however due to the blessing of technology the exact copycat will be far cheaper than the expensive ones. In this method companies like Farfetch takes advantage on the trend and maximize their revenues (Muses, 2019).

2.17 Voice Shopping: Revolution in Retail Industry

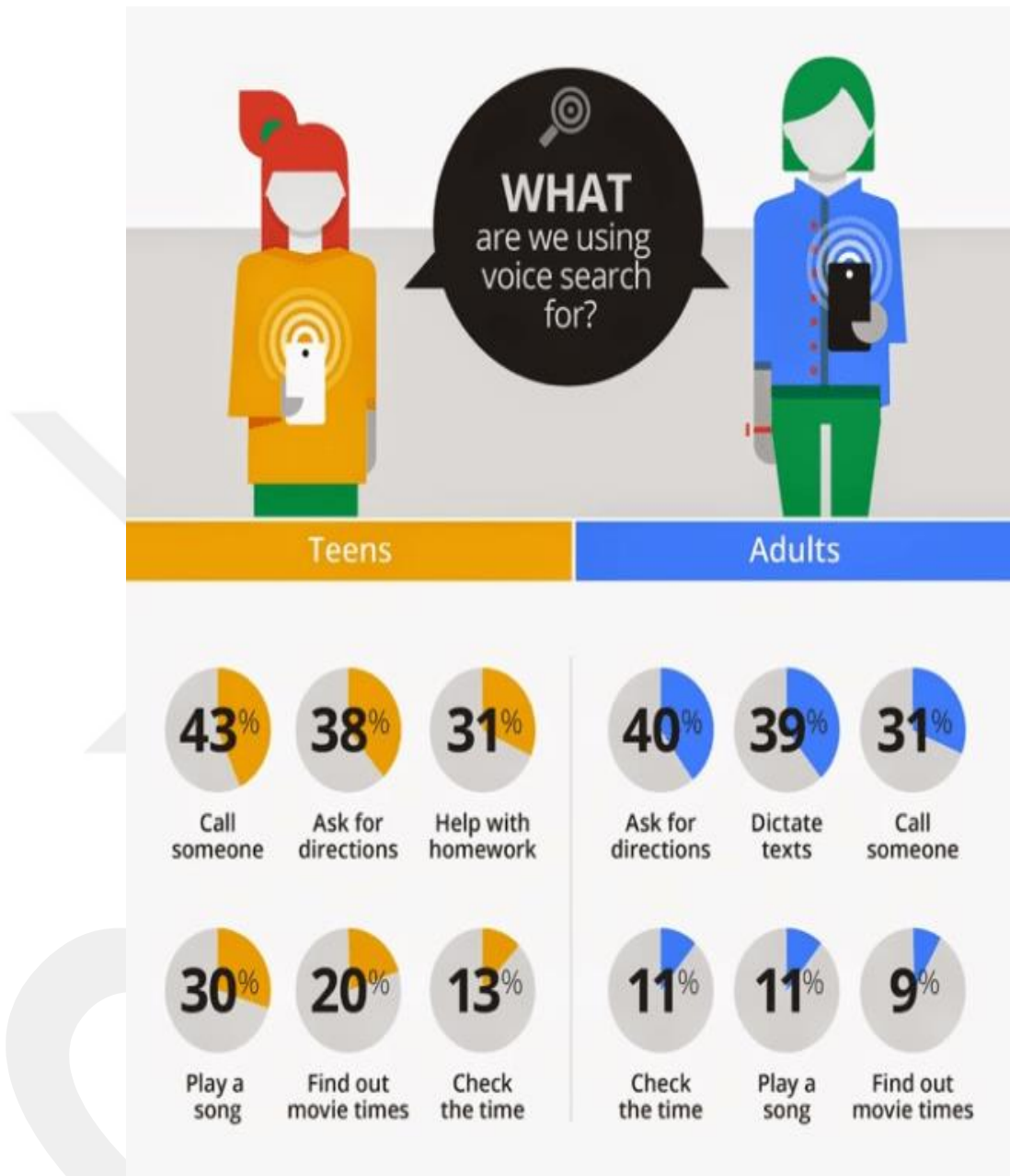
Throughout the decade the retail industry has changed a lot. Due to the fact that the popularity of internet and emerging technologies have risen and it affects the way customers shop. According to Statista, by 2021 the total accumulated retail ecommerce sales will reach \$4.8 trillion throughout the world (Karolina, 2019). Every year retail marketers embrace new trends that revolutionize ecommerce and challenge the retail

industry (Karolina, 2019). At present nearly all the technological devices come with digital assistant, and digital devices are enabled with voice search technology (Martinez, 2019). With a voice search tool on Smartphone or laptop users can verbally ask a question to digital assistant which is powered by artificial intelligence. Instead of typing the question user can use this tool to make a call, send a text, find out the weather outside, pick a song to play and many more stuffs they can do with the help of voice assistant (Martinez, 2019).

The leading voice search tools powered by AI that are dominating the market at present are;

- Google Home
- Amazon Alexa
- Google Assistant
- Siri
- Microsoft Cortana

Customers are now opting for voice search engine rather than typing the query out. Based on the research of voice shopping statistics by 2022 voice commerce sales are predicted to reach \$40 billion (Andersen, 2019). Many retailers see this breakthrough in technology as a big advantage for them. Dominos added voice search feature on its app and now customer can just tell the app his/her pizza preference and the pizza will be delivered to the doorstep and no typing involved (Winimy, 2019).



Other brands like Whirlpool and Ocado launched voice search on their appliances for making the customers live more efficient and easier (Djukanovic, 2019). With Whirlpool appliances customer can give voice command through Alexa, and if a customer says do my laundry, washing machine will start and no manual instruction involved. Ocado, the British online supermarket let the customers add their groceries in

their online basket while they are cooking just by using voice search (Djukanovic, 2019).

2.18 Drone Delivery: The Future of Ecommerce

Global economy is expanding in a rapid scale. People are working really fast and time is very precious. People don't want to wait for a product to arrive at their home for 5 days. Therefore in order to save time and be more efficient retailers are using drone delivery to deliver goods to their customers. Traditional delivery methods are expensive as fuel cost is keep on increasing and vast distances take more time by delivery truck (Berthiaume, 2019). The idea is to deliver everything from toothpaste to pizza within minutes of receiving an order in a cheap manner. Many restaurant chains, delivery companies, retailers, tech companies are using this drone delivery service not simply because of cool factors or improved convenience. They want this service due to the fact that it can save a lot of money (Walker, 2019).

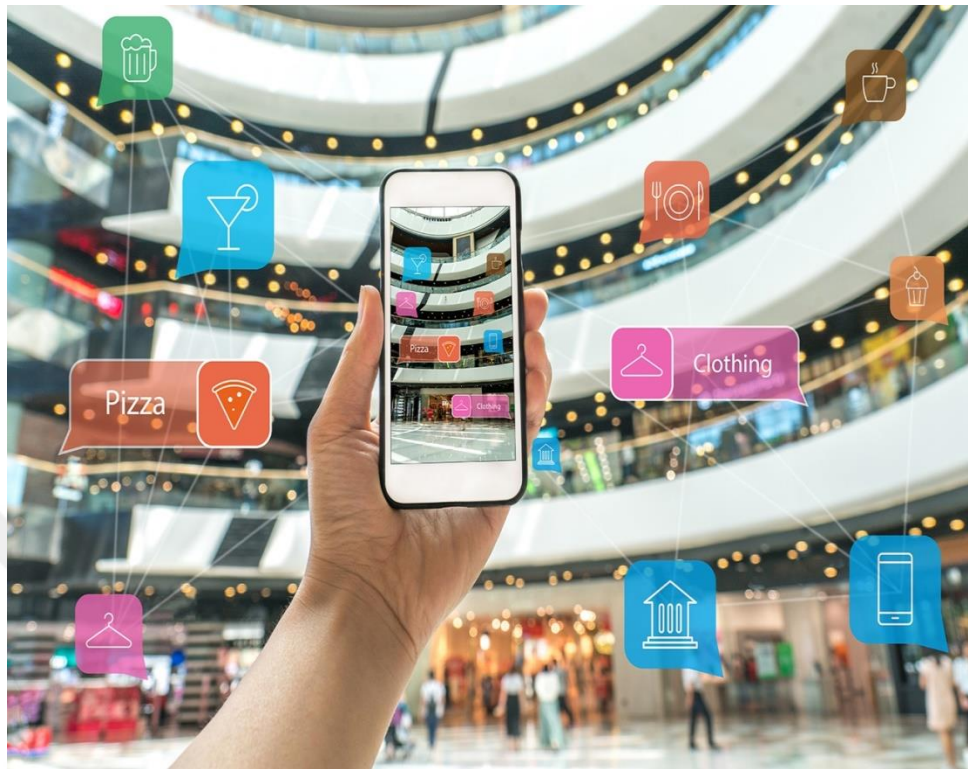
According to ARK Invest, Amazon Prime Air will start to use its fully autonomous without being controlled by human drone service within few months and once fully developed it could deliver 5 pounds package within half an hour. And the cost will be \$0.88 cents per delivery (JLL, 2019). Amazon founder and CEO Jeff Bezos stated that, 86 percent of items ordered on Amazon weigh under 5 pounds or less (Think Currituck, 2019). Currently at Amazon, it costs \$6.45 for a small flat-rate box to send via commercial priority mail and it takes a day to arrive. The comparison between traditional human deliveries vs. drone delivery illustrates that traditional delivery cost higher. For instance, UberEats drivers in London charges minimum £5.33 (\$6.95) per delivery and Grubhub drivers receive \$7.85 per trip (Drone life, 2019).



And there are other charges involved which drivers charge to the companies. In contrast drone deliveries will be faster and it will cost a fraction compared to what it is given to normal human drivers. And when delivery will be faster and delivery cost will be considerably lower more consumers will be willing to purchase products from online (Drone life, 2019). However the biggest challenge in the drone delivery is safety. If hundreds of companies are doing deliveries with their own drones in such case there must be an air traffic control system. Otherwise there might collisions in the air and it could damage human or property. To get things moving NASA, FAA (Federal Aviation Administration) and other industry partners are already working on drone air traffic control system. The time is not very far when everybody will see all the retailers are delivering the goods with drone service (ARAG, 2019).

2.19 Importance of Digital Advertising in Retail Sector

Retail sector is modifying constantly. At present it is not enough to just open a shop and wait for customer. Unfortunately it doesn't work like that. To survive amongst the competitors retailers need to advertising online and offline and reach larger customer scale (Pike, 2019). At present, most of the people use social media. Everybody has accounts in Facebook, Instagram or Twitter. Hence to reach customers not only just locally but also globally it is very important to do digital advertisement (Darstaru, 2019). Digital advertisement works this way; retailers post their content on Google, Instagram, Twitter and Facebook. Retailer selects what will be the radius of the advertisement. It means the advertisement will be showed either within 10, 20, 30.....100 miles or even more (Darstaru, 2019). In this selected location the ad will be showed to as many customers as possible. Another digital advertising method is using Google's Ad sense. Currently Google's Ad sense dominating the retail sector and more and more customers are getting attracted by this advertising method. Research shows that, 76.4% US retailers are spending on Google's Ad sense (MacLaggan, 2019). Let's say a customer is searching for French takeout restaurant in a particular city, Google's Ad sense will detect that automatically and display the most favourable results.



Apart from Google's Ad sense retailers are investing their money on Instagram ad feed, twitter and TikTok. YouTube is also using this strategy vigorously. However retailers need to be professional when it comes to advertising content. They should get help from advertising agency who does this work professionally (MacLaggan, 2019). Moreover the photo or video quality must be high quality. Advertisers should also be unique, not too much information, and make it simple rather than making the content flashy. The ad must be relevant and right to the point. And retailer should also use the word "Free". People love free stuffs (Hagelberg, 2019). When they see that something is free it catches their attention. One example is that, some retailers say delivery is completely free. Other says that just pay for the shipping, product is free. Obviously they keep their profit margin but it appears as they are just charging delivery fee. Nevertheless customers get excited and purchase the item. It's a selling tactic that drives the revenue up (Hagelberg, 2019).

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CHAPTER 3

METHODOLOGY AND SELECTED CASES

In this section of the study it aims to explain clearly and precisely the methodological approach of the research topic and the impact of using technology in business and retail industry.

3.1 Research Problem Statement

Technology innovations and advancements depict an ever changing impact on business and retail industries which changes customer behaviours. Consumers are quickly adopting digital technology and through this way they have access to internet 24/7. Through smartphones digital technology brought retail shops to consumers to their homes. Customers at present don't need to go outside to order a product rather they can do it from the comfort of their homes (Konior, 2019).

Regardless of financial downtimes customers demand was always stable. Flexibility and convenience when searching for a product, avoidance of queues and crowds, time efficiency are the top priorities customers always seek for. They also want a product which will satisfy their wish and needs and offer a good value for money. Avoidance of disappointments like empty shelves or rude customer service assistants is also in consumers bucket list. It's a new movement and era of consumerism whereas customer will have advantage of getting the product knowledge over internet regarding service and product related information and they can also compare the prices between retailers (Scott, 2017). As it can be observed, according to fierceretail.com 80% customers compare prices about the products they are going to buy. Hence it can be said that, customers are quite diligent when it comes to research about the price with the access of internet (Renfrow, 2017). As of April 2019, 3.2 billion people have internet connection and people are using this internet connection to research about the product quality, price and overall having internet connection on their palm of hands shifted the power of balance on customers side. Hence it opened treasure for them, where they have ultimate choices (statista, 2019).

However, having the shopping done from store is still considered to play an important role in consumer's way of shopping preference. Many consumers want to see the product before they purchase it. Some customers want to try the sizes of clothes whether it will fit them or not. Moreover, customers would like to speak with the retail assistant and touch the product beforehand (Stamenova, 2018). In addition, shopping experience in shopping malls play a crucial part in relaxation, social interaction and entertainment. Not all the customers think about saving time and on-line shopping (Gielens, 2018).

The bigger picture for the businesses and retailers are that they need to focus into customer satisfaction, meeting their demands and maximize their share of wallet. This study will do in depth discussion on retail business model and whether innovation can lead this business model into sustainable advantage. Moreover, this discussion will also include would the technology change the business format and would the innovation change the view of the customers? The research questions of this study have been described below.

3.2 Research Questions:

- This study will focus on following research questions.
- Can retail business model achieve a sustainable competitive advantage by adapting innovations?
- Does new technology impact retail businesses to start a completely new format of business?
- Will technology and trend change the way customers shop in retails in future?

3.3 Thesis Contribution:

This study will contribute to the retail business model by studying behaviours of customers through digital innovations. Current and future trends that are affecting retail industry will be taken into consideration while performing this study. Our study will shade lights on these different trends to understand them how they work and the implications related to retail industry. This study will carry on extensive analysis using

extant literature, both private sector and academic research and best example brands in the retail sector.

In addition this study will get into the impact of adaptation of digital technology and internet by both retailers and consumers. As it can be observed most of the retailers are going with the flow to embrace multi-channel platform to serve their customers while other retailers are being loyal to classical brick and mortar concept.

3.4 The Literature Sources Used on this Research Topic

The chosen topic is constantly changing due to technological innovation. Global customer market is getting impacted by this innovation and new invention of new techs. The product few years ago was on the top of the list of sales are losing its appeal. A product which coming out as a trendy next year its classified as outdated. As all the companies are in race to upgrade their products and add new feature for customer attraction its becoming revolution in the tech industry. For instance, iPad and iPod when first came out was very popular amongst the customers. However other companies joined the race to produce similar products and now they are giving tech giant Apple a run for its money (Kahney, 2019).

This study does close research on various case studies published on online journals and discussed by experts. Other significant sources are used in this study are market research reports by global market leading companies which are available on internet. In additions, worldwide news articles published by news agencies, bloggers, online newspapers, contributors, research companies various articles are used to study the company case studies to write this research. These different sources contributed enormously on this study and enriched its quality.

Moreover, with combining all the data sources and in future how the consumer market will take shape reflected on this study. In addition global consultancy firm's research on future digitalization on businesses retails and customer and which direction

it will take also illustrated on this paper. All the sources are referenced in text and bibliography section.

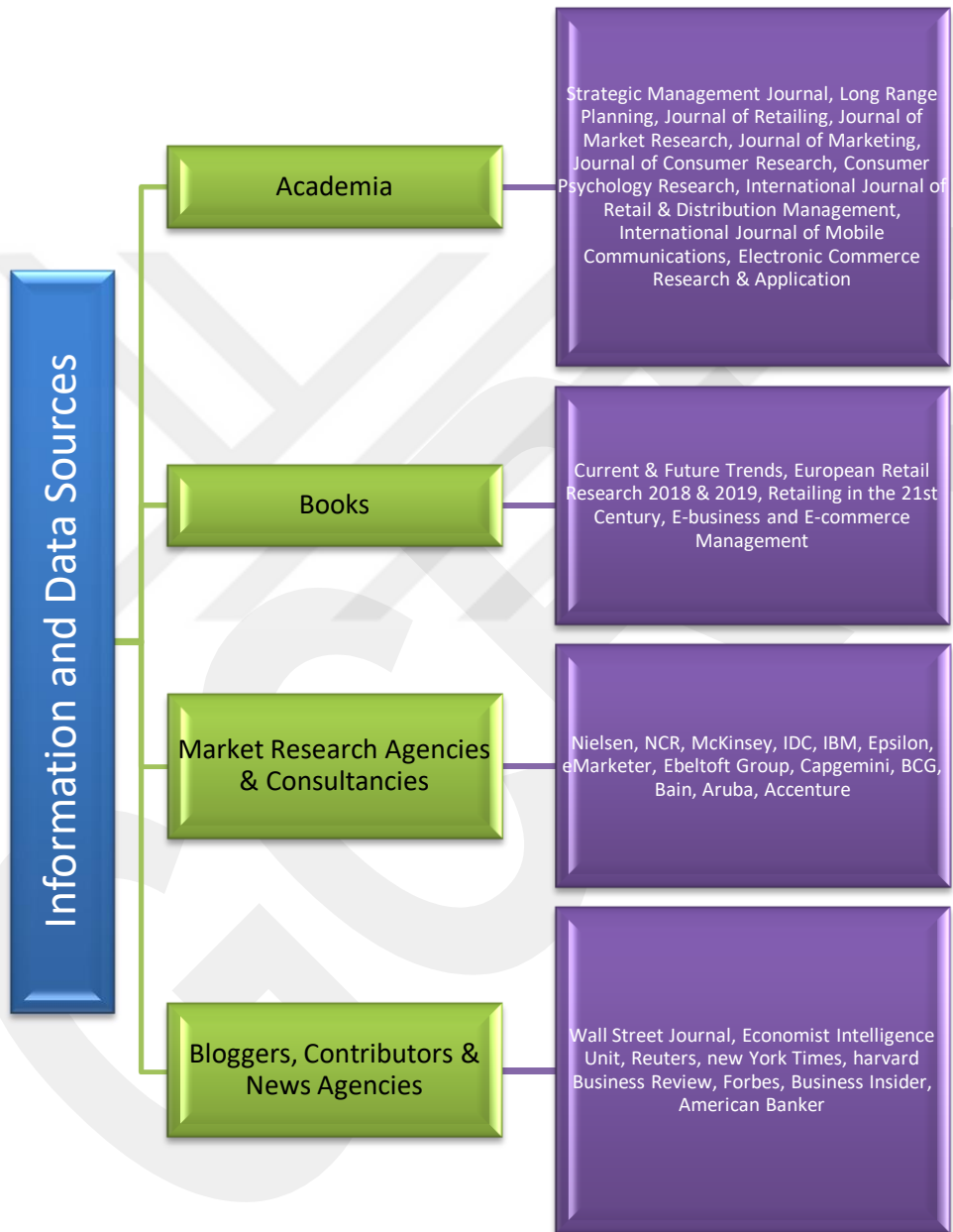


Figure 2: Information and data sources used in this paper. Source: own figure.

3.5 Inspection of Case Studies through Research Method:

This study was based on research method that adopted different-cases where institution (businesses and retail companies), different groups (consumers, customers, shoppers, technology users) and customer behaviour (shopping trends) are the focus of the study. Prevalence study method in the form of qualitative and quantitative data, for instance reports which are published in various journals, interviews and news have utilized to write this research (heilmann & Gilham, 2018).

The complexity of the issue reflected through sheerness of information used and numerous cases presented and it gives us the implication which affects beyond. Moreover, to judge the whole case study precisely and clearly more than one source has been utilized.

Consequently, this research also depicts past work experiences of the author. Observation from retail industries and businesses how their business models works and their existing and present usage of different business platforms and technological innovation also contributed in this study. This whole study is driven by practical by its nature and discovery driven. As the technology is keep on changing, business owners and retailers are putting these latest innovations in practice to make the customer service process easier. Therefore this study focused on market observation, customer trend, new technological discovery and theory.

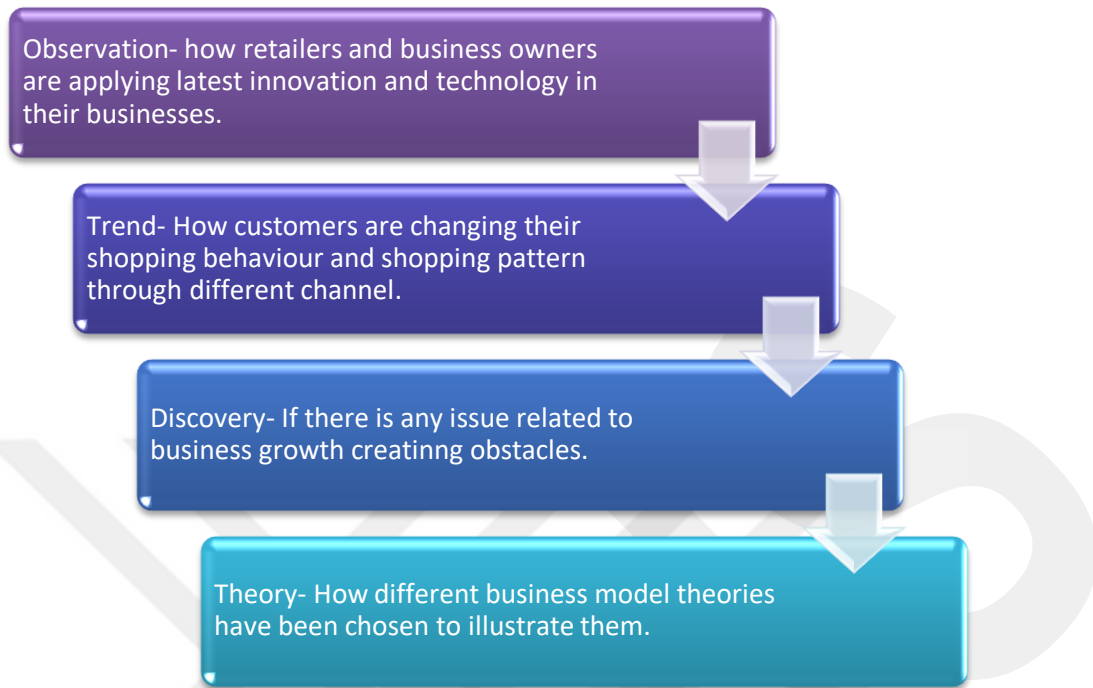


Figure 3: Inductive and emergent approach in this study. Source: own figure.

3.6 SELECTED CASES

The following selected cases are utilized to discuss and verify business model innovation through the ways and means, directly or indirectly usage and implementation of modern technology. In this study the biggest retailers have been selected due to their popularity and uniqueness in the market for a long time. Besides, retailers like Tesco, Burberry, and Safeway are the market leader in retail and set a best example on ways to lead retail operation with maximum revenues. Additionally, this study focused on retailer's particular features and innovation to lock customers' attention which led these retailers to find market success.

3.7 Having Advantage of Customer Loyalty Data- Cases of Tesco and Safeway

Retailers main target is to generate values for their customers and they will have to understand how to do it fundamentally which satisfies shopper needs and according to that need retailers can deliver it. The world has transformed but the challenge remains old. For instance, retailers can use loyalty program data with loyalty based online promotion through the usage of technology to attract more customers and by this system the purchase process will be improved as well (Trotter, 2019).

In the retail sector it is quite vital to lock-in customers. Here lock-in means the customer will return to the store for more purchases and one time customer becomes a regular customer. This lock-in system creates high incentive for the retailers and customers subscribes to memberships or subscription services. In this respect, personal shopping assistants, mobile applications and kiosks are available to technologies that could be utilized (Pachory, 2019). When a retailer uses personal shopping assistant for consumers it can access customer's purchase history and it can recommend customer shopping lists which can be favoured by customers and additionally products on promotions and discounted products can be delivered to specific customers (Mason & Knights, 2019).

Loyalty program consists of usage of online analytic tools and data mining abilities which brings a new perspective for the retailers. For instance, the world's third largest retailer after Walmart and Carrefour, supermarket chain Tesco is prominent for its loyalty program and "Tesco Clubcard" (Pachory, 2019). The way it works is that Tesco send out loyalty program members and Clubcard holders weekly flyers which are untargeted promotions; and also offers targeted promotions based on customer's previous purchase history. Tesco divides its customers into different categories and based on these segments it designs its targeted promotion for each section. Consequently the next initiative it takes is that to distribute information about product promotion via emails which have been registered in the Tesco's system and also sponsor ads through Facebook, YouTube, Instagram and various other social platforms. Tesco also utilizes

previous purchase history of the customers who are more likely to switch to a different products or services and send personalized special offers and discount to them. Apart from that Tesco also gives out coupon and voucher promotions which enable customers to earn clubcard points and extra discounts on products. Moreover these initiatives keep customers loyal to Tesco and on the other hand Tesco maximizes its revenues and profits from each customer (Fleming, 2019) (Mason & Knights, 2019).

Loyalty data of customers can be used in a smart way. Retailers could use customer's data to offer them tailored coupons and voucher promotions and also tailored pricing for individual customers. The U.S. based retailer Safeway adopted this strategy and offer customized pricing and discounts to individual shoppers based on their previous purchase history and customer profile. Safeway developed an application called "Just For U" which integrates customer's purchase history with Safeway and Safeway provides Clubcard scheme to its customers. Both Clubcard and application combined together and launched as a mobile phone app. Customer can easily download this app from Playstore or Appstore either from Android or Apple user platform. By using this app customer receives a list of products that are on promotion and also they get personalized discounted offer based on their purchase history. According to the retailer by this app customer can save up to 10 to 20 percent on each product. Apart from the pricing features and product list Safeway also enabled its customers to search for ongoing coupons from the app. If customers chose to use those coupons, they get automatically added to the Clubcard and customers can redeem them in the store. Since Safeway launched Just For U Clubcard 6 million people have signed up for it, which represents 55 percent of Safeway's sales portion (Mason & Knights, 2019). Moreover, Safeway also provides digital customization of coupons on certain events and in certain cities of the USA. There was a case when power disruption paralyzed the Washington City and Safeway quickly offered coupons to residents to purchase freezer items which helped them to cook and survive (Fraser, Simkins, & Narvaez, 2018).

Safeway integrated application of its own on smartphone platforms and delivery of digital coupons to its customers together which allows customers to store these coupons on their phone and redeem them in the store before the expiry date, this idea

provides functionality and specific features to target customers and in return customers stay loyal to the retailer's brand. When a retailer offers unique value-enhancing services to maximize customers shopping experience to a higher value, customers will show loyalty to that particular retailer and repeat the purchases (Fraser et al., 2018). However multi-channel retailers must be aware of implementing such technology with their business model which comes with benefits and costs. Some customers might also perceive these targeted promotion and communication methods intrusive of their privacy. However retailers should stay positive and engage with customers as much as possible for maximizing their revenue and send positive message to the customers that they are improving customers' life and making it easy by offering a better service (Mason & Knights, 2019).

| Business model elements | Evaluation |
|----------------------------|---|
| Customer value proposition | <p>Both cases show us that when retailers implement digital technology for the customers usage the value proposition changes;</p> <p>Retailers use promotional personalized messages, pricing and vouchers based on the data they collect and analyze them from customers previous shopping, hence customers value are created and distributed to them;</p> |
| Profit formula | <p>Retailers launch new discounting options and customers get attracted by these discounts, purchase the products and retailers revenue increases;</p> <p>When retailers introduce targeted offerings more customers get drawn-by in-store and it results in higher resource velocity;</p> |
| Key resources | <p>Retailers use hardware and software, IT solutions, and new technologies are leased or purchased;</p> |

| | |
|---------------|---|
| Key processes | <p>The next phase is to train the staffs, hiring new employees with specific skills and giving particular job to a contracted provider;</p> |
| | <p>The brand keep its presence across different channels and special employees should be hired to maintain the workflow;</p> |
| | <p>The steps are retailer offers customer service, collects customers data, customers choose to sign up for clubcard, sign privacy policy and afterwards they receive offers;</p> <p>According to past purchase history offers get distributed amongst customers, customers use vouchers and redeem them, on-line and in-store purchase behavior are also monitored;</p> <p>To deliver the value to customers skills development and constant training become a company norm;</p> |
| | <p>These two company examples are proof of business model innovation</p> |
| Conclusion | |

Table 3: Tesco and Safeway. Evaluation of business model innovation. Source: own table.

3.8 Customers as Value Co-creators- Cases of Mix My Granola, Chocri and My M&Ms

Customers can create their own value with the help of smartphones and internet. A customer is not always fond of the product that company designs. Rather than that they want to have their products custom made. This technique of letting customers design their own products has been identifies as a useful technique. By letting them design their products a company strengthens the brand associations and customer's loyalty towards a brand increases significantly (Schreiter & "Big AI" Schreiter, 2019). Moreover this policy helps to leverage the endowment effect and create a psychological

ownership. When customers design a product and enjoy its service they develop an emotional involvement and attachment with the brand and product; this also helps in elevating shopping experience through product co-creation and therefore plays a crucial role in customer engagement (Lincoln & Thomassen, 2019).

Customer always preferred having their own version of the product; retailers used this opportunity and gave the customers necessary tools and option to create a product they desire. M&Ms chocolate and granola fans can now create their own personalized version of cereal and granola in a few mins and have them delivered at their home and to their friends' houses as well as a gift or surprise. Having witnessed this initiative many more retailers came forward and started letting customers to design their personalized products. The business model in this regards work as that the company is not just selling the products anymore, rather than that they are offering the customers emotional and immersive shopping experiences which includes co-creation, socialization and embedding the retailer's brand in personal memories (Lincoln & Thomassen, 2019). The idea is to create and design a shopping experience which is unique and let the customer to be in the process of product making which will last longer, customer will have pleasant memory creating it and ultimately the customer will become loyal to the brand to make repetitive purchases both in-store and on-line. Automobile giant Elon Musk's Tesla let the customers customize their cars according to their needs. In this way customers can add and remove features on their car and price get adjusted with the customization (McNulty, 2018).

Customers also play a vital role to spread their co-creation among the other users. Social media platform is used for this work. It's a human nature to show off after designing or making something. People show their own personalized products to their friends, families, relatives and colleagues (McNulty, 2018). Therefore, the news gets viral and spread very quickly. Hence more and more customers want their personalized products and that's how a brand gets popularity. Popularity and goodwill is very important for the retailer. When customers like the way how a product is made, they participate more as it shows creativity and eagerness to try something completely different yet unique (Birkin et al., 2018).

| Business model elements | Evaluation |
|----------------------------|--|
| Customer value proposition | <p>Customers make their own products either by participating or designing in production process by using digital technology;</p> <p>The difference is that the end product which is customized by customers is more expensive than the regular one which is sold in a store.;</p> <p>Delivery option is flexible and depends on customers choice;</p> <p>The value proposition is further elevated by sharing the product which has been customized on social media platforms;</p> |
| Profit formula | <p>Customized products comes with higher cost which results in extra profit for retailers;</p> |
| Key resources | <p>Brand plays a significant role because it makes the potential customer believe that the end product will be satisfactory;</p> <p>Being active on different channels and being nourished;</p> <p>Technology plays a significant role and company requires investments;</p> <p>M&M trains the in-store staffs with specific skillsets to serve customers and M&M's online store also has another set of</p> |

| | |
|---------------|---|
| Key processes | <p>employees who are experienced to carry on the product delivery tasks;</p> <p>In all three cases repetitive steps being followed when it comes to hire employees or train them and to have contracted providers to do specialized job;</p> |
| | <p>This phase is about making necessary preparation to handle customers questions and possible complaints;</p> <p>Recharging the stocks and meet the demands from customers;</p> <p>Being flexible with the suppliers;</p> <p>Evaluate customers previous purchases and build customer data metrics</p> <p>These three cases portrays business model innovations;</p> |

Table 4: Mix my granola, chocri, my m&ms. Evaluation of business model innovation. Source: own table.

3.9 Innovation in Fashion- Case of Target

Most of the fashion retailers follow traditional approach in their business model to sell clothes. However U.S. based retailer Target avoided traditional approach rather they chose to deliver their goods to customers in unique way. This company's clothes assortment is inimitable, unique and delivers value proposition to the customers which is clear and straight forward. Target has exclusive contract with fashion designers such as Jean Paul Gaultier, Alexander McQueen, Isaac Mizrahi, Michael Graves and others, through these renowned and popular fashion designers association Target has crafted stylish and modern brand image (Target, 2019).

Target offers designers clothes in reasonable price. Its motto is premium quality for less. People from different class buy from this retailer and its popularity is keep on rising higher and higher. The idea of Target is to make clothes affordable and keep them

fashionable at the same time. In order to be competitive Target partners with different brands and it launches exclusive deals which is available only for few weeks (Target, 2019). It always goes for those customers who wear affordable fashions. Since its launch in 1962 it came a long way and it has strengthened its position in retail industry. In 2019 Target had total revenue of 77 billion U.S. dollars in the U.S (Target, 2019). Target always focused on offering discounted clothes where other competitors such as K-mart and Walmart failed to capitalize on this innovative approach. Similar like Target, Zara also focuses on exclusive yet reasonably priced fashion products sourced from its value chain partners. These examples bring our attention to significant elements of business model which is product assortment and governance mechanism of a company (Target, 2019).

| Evaluation | |
|----------------------------|---|
| Business model elements | |
| Customer value proposition | Retailer selling designer clothes at lower price ; In this type of business model retailer creates a sense of urgency, exclusive but limited selection, and product availability is for a limited period of time; |
| Profit formula | If the product quality is high, higher prices are charged and company earns higher margins; Retailer put on certain budget to form contracts with designers and these designers are obligated to the retailer to provide exclusive clothes which is not available anywhere else; |
| Key resources | The more connection retailer has the more it will succeed. Retailer also negotiates contract conditions with |

| | |
|---------------|---|
| | <p>designers.</p> <p>Retailer perceive designers as asset and designers protect the reputation of the brand;</p> <p>Presentation is the key to success, lighting, decoration, interior designs can attract more customers;</p> <p>Sometimes a product is not available in-store, can be bought from online, technology plays an essential role in this case to inform customers about the limitation of product stocks;</p> |
| Key processes | <p>Retailer trains the employees to serve the customers in appropriate manner, customer satisfaction is the key;</p> <p>In this type of business model sales are for limited time, for example winters collection or summer's fashion, new designs take place when old one ;</p> |
| Conclusion | <p>This example is not a business model innovation, it's more like creating a trend and following that trend, because business model forms with a specific product line not just assortment of different products, however Target's unique way of doing business set it apart from its competitors.</p> |

Table 5: Target. Evaluation of business model innovation. Source: own table.

3.10 In-Store Technology Usage by Luxury Fashion Brand – Case of Burberry

At present fashion retailers combining fashion and technology more and more. Fashion is not just merely pieces of clothing but it also displays emotional feelings of customers. Burberry is an old established British luxury brand. It uses luxury fabrics and high-end designs. It focuses on tradition. History, celebrity choices and craftsmanship

and therefore people are willing to pay high prices for its clothes (Giuseppe, et al., 2019). Burberry connects with its customers by socialization, modishness and by embedding the brand into personal memories. Burberry has a brand ideology and that is to become a part of customer's daily lives. And it has thrivingly enshrined its ideology by providing customers unique shopping experience in-store and now also on-line (Giuseppe, et al., 2019).

Burberry has developed an app called "Burberry's Way" to reach customers more efficiently. Having a customer engagement is Burberry's first priority and it's more than just customer satisfaction. It established an active presence in the store, on the social media platforms, with the brand itself and with the product as well (Giuseppe, et al., 2019). What made Burberry different from other fashion house is that its consistent efforts to reach customers via digital platforms and maintaining a posh outlook regarding its materials or fashion designing. These steps made Burberry the global fashion icon and it also built large followers on Facebook and Instagram. It has also founded a Tumblr site called Art of the Trench where customers can post their photos wearing iconic trench coat through Instagram (Giuseppe, et al., 2019).

Having the right vendors and resources are quite essential to a global fashion leader like Burberry. It also signed exclusive contract with designers and it enabled customers to buy fashion items directly from the catwalk with the Burberry application (Moore et al., 2019). This approach is unique in many ways; for instance it takes weeks for most of the retailers to make the clothes available for the new seasons, but in case of Burberry it takes only few days to deliver the clothes directly to customers. Moreover model wears exclusive designer clothes on catwalk which is not available in normal fashion shops; however Burberry offers exact piece of fashion items to its customers and due to blessings of technology and with access of smartphones and tablets now anybody can enjoy the exclusivity of Burberry's fashion items (Moore et al., 2019).

Burberry wants to offer customers a unique store experience and in order to fulfil its mission it has opened a futuristic flagship store in Regent Street, London. The store considered as future of brick and mortar store where all the walls of the store have

display and equipped with radio frequency identification technology (Moore et al., 2019). Apart from that all those interior digital walls of the store are enabled with innovative touchscreen and audio system. The aim is to create memorable and seamless shopping experience which replicates online world but with all the advantages of traditional brick and mortar store where customer can see the products and try them on (Moore et al., 2019).

Burberry has successfully capitalized the opportunities of business model innovation through new delivery methods, weaving physical and digital channels, and by making brand new catwalk clothes available online and offline. The process and shopping made by the retailer easy to reach to customers and the experience is unforgettable (Moore et al., 2019).

At present luxury items are becoming affordable due to economic shift and global trend. More and more people are now enjoying luxurious items due to having better job opportunities and business opportunities. According to Bain & Company in 2018 a total amount of €1.2 trillion has been spent on luxury items globally (BAIN & COMPANY, 2019). Therefore Burberry's move to sell its fashion clothing in different countries especially in China goes a long way. Moreover Burberry maintained its strong presence on different channels and elevated customers brand experience (Moore et al., 2019).

| Business model elements | Evaluation |
|----------------------------|---|
| Customer value proposition | The main value proposition here is that Burberry is connecting with customer on different platforms, either it is brick and Mortar store or on social media platforms. The sort of platforms customers are familiar with and Burberry has also created follower base on Facebook and Instagram where millions of customers are following the brand; |

With this approach customers are interacting with the brand way more through different shopping channels and with the help of the app “Burberry ways” customers are buying the clothes and sharing their photos wearing them. Therefore customers are sharing their collection of stories with other people and more and more people are being motivated to buy Burberry’s products.

Burberry offers its luxurious cloths to its customers exclusively when they see them on models catwalking on the runway;

Profit formula

Burberry uses finest materials for their clothes, interior designs in their stores, material sourcing cost, contract with designers all adds up and finally due to goodwill and luxury Burberry’s clothes cost higher. Moreover clothes worn by models during fashion shows are exclusive cause they didn’t hit the store shelf yet hence if customers want them they have to pay extra prices to get them;

At present of social media words spread quicker, people share their stories on social media and more and more people see them and it creates a desirability;

Burberry is not any typical brand rather than that they are unique and treasure the history, tradition and craftsmanship. Therefore it choses articulate ways to decorate and design its store and at the same time implement technology, so all these costs reflects on products cost and they become expensive.

| | |
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| Key resources | <p>Over the years the main product of Burberry has changed a lot. Now its more stylish and modern. The company itself also has spread on different shopping channels and customers can order their favorite piece of item just by a fingertip on their phones;</p> <p>The brand, goodwill, history, tradition, craftsmanship are the driving force behind value delivery;</p> <p>To create a seamless and memorable shopping experience Burberry implemented technology in their central London outlet and other stores also went through refurbishment and beautiful designs;</p> |
|----------------------|--|

Table 6: Burberry. Evaluation of business model innovation. Source: own table.

3.11 Online Channel Extension of Luxury Fashion- Case of Gilt Groupe

Gilt Groupe was founded in 2007 and it's a shining example of digital pure plays which sells designer cloths on-line. It has established itself in a limited span of time and developed its business model by performing "private sells" or members only in which registered members have accesses to designer clothing in discounted price (Castaldo et al., 2019). During the economic recession retailers with physical stores ended up with surplus clothing and they didn't know how to deal with them and at the same time people became stingy with money and became watchful of unnecessary spending. Gilt took advantage of this situation and started selling designer item with less price. And all of a sudden it became very popular.

Gilt's business model is based on social media platform and internet. It has presence on Facebook, Twitter, Instagram and YouTube. It performs business through its website and without a physical store. Any visitor visit its website is expected to

become a member and without having a membership, customers cannot purchase products. After having Gilt membership, customer can purchase designer clothes, accessories, jewellery and these items cannot be found or sold anywhere else (Castaldo et al., 2019). But unlike Burberry it offers its goods in slashed price. There are fashion items available only for limited time and products are sold on a daily deal basis. Gilt's innovative business model brought trouble for leading brands that relied on their own flagship stores and didn't have any presence on social media platforms. Traditional fashion brands only depended on their retailers to distribute their products, even Burberry didn't fully embrace digital channels up until 2010 and other luxury brands were lagging behind when it came to sell products online (Castaldo et al., 2019). Social media platforms like Facebook and Instagram contributed in great deal to make Gilt successful in retail fashion. At present almost everybody uses Facebook and Instagram and when someone buys a fashion item they like to share among others. Speedy sharing reach mass population and they possess the desire to buy a fashion item loved by others. As a result, in 2015 Gilt's member's number reached around 9 million and in the beginning of its journey it only had 5000 members (Moore et al., 2019).

Gilt didn't want to offer memorable experience or brand experience rather it built a business model where luxury hungry customers want to buy products in slashed price. And it was only for people who were willing to pay for membership and seize the designer products which were available for a limited time (Castaldo et al., 2019).

As time went on, Gilt started to face lot of competitions from other groups doing same business such as Rue La La, Hautelook, Vente-Privee, Net-A-Porter Group and ideeli. Moreover investors were questioning sustainability of it business model when Gilt's Park and Bond a luxury men's apparel business venture turned out to be a flop (Castaldo et al., 2019). Gilt's business model worked during recession time and when there was less competitors in the market. In that time customers were seeking discounts and brand retailers were facing difficulties to maintain excessive inventories (Moore et al., 2019). It's not that customers wouldn't seek discounts today, but today market has stable inventory, more competitors and currently customers already expect to purchase

designers clothes at discounted price so they don't find these items at less price not exciting anymore as they did 10 years ago. This points out that Gilt's business model already passed the expiry date. Due to the fact that market has more competitors currently and customers' expectations have changed and therefore Gilt's revenue went down (Castaldo et al., 2019).

| Business model elements | Evaluation |
|----------------------------|---|
| Customer value proposition | <p>The main value proposition is that selling discounted designers clothes to the people who want luxurious fashion items and accessories but have limited budget;</p> <p>Retailer main business model is flash-sales, which motivates the customers to own the luxury items before time runs out;</p> <p>Retailer is creating a sense of uniqueness and privilege by allowing members only on the site and more and more user is joining the club;</p> |
| Profit formula | <p>Retailer maintains favorable contracts with manufacturers and suppliers to maximize the profit;</p> <p>Luxury products with lower prices bring more attention to the customers and they make purchase, more customers means more profit;</p> <p>Sales automation and no running cost of physical location mean less costs involved;</p> |
| Key resources | <p>Gilt does products presentation on its website, also does digital promotion based on customer's previous purchase history and preferences. It also solely based on technology because it doesn't have any physical store;</p> |

| | |
|---------------|--|
| Key processes | <p>Gilt relies on customer analytics and data to create customer profiles and digital promotion ;</p> <p>Reputation and goodwill is very important in this line of business. This removes hesitance from the customers mind. Most of the time they read reviews online and want to know what other people think regarding the products quality, originality and trustworthiness;</p> |
| | <p>Having repeated negotiations between designers, material suppliers and manufacturers;</p> <p>Protecting goodwill and reputation both online and offline;</p> |
| Conclusion | <p>Analyzing customer’s data constantly and collecting leads.</p> <p>Developing new customers data metrics based on purchases and developing customers profiles;</p> <p>Building a product delivery solution that customer can trust and return options;</p> |
| | <p>This case study is an example of business model innovation however as time goes on retailer lost its originality. Moreover customer’s excitement and wow effect faded away with the time and competitors are able to copy the business model with success.</p> |

Table 7: Gilt. Evaluation of business model innovation. Source: own table.

CHAPTER 4

CONCLUSION AND DISCUSSIONS

4.1 Limitations of Sources and Scope of Further Research

Thorough inspection has been carried out in terms of taking relevant sources for this study. For each and every source author, accuracy, date of publication, objectivity, coverage, and purpose have been taken into consideration. However there are several limitations which can be overcome if further researches will take place. First off, technology is constantly changing, which means when the new technology comes out, businesses and retailers are adopting them (BAIN & COMPANY, 2019). How these adoptions are taking place and what is the long term implication only would be understood by carrying out future research. For example POS machines that are used to accept card payment from the customers was equipped with chip and pin technology. Later on touch screen technology was added with these POS terminals. And now customers don't have to enter their pin code for buying something. Therefore it saves a lot of time for the retailers and customers. Retailers can serve other customers because serving time of each customer reduced significantly (Bland & Osterwalder, 2019). On the customers side they don't need to wait in the line for hours to purchase an item. Hence, it will be useful to research further how these changes affecting the retail market.

4.2 Implications for Retailers to Overcome Obstacles:

The impact of technology in retail sector is far reaching. Technology impacts the way supply chain, business operation and customer behaviour works. This study will now discuss the implications for manufacturers, brand and retailer in the fast moving retail sector (Chaffey & Smith, 2017). In the upcoming days there will be more challenges for retailers and business owners need to make tough

decisions in terms of choosing investment areas. Technological development and advances in data harnessing combination will lay the path for highly competitive retail landscapes. Additionally this environment will be difficult for retailers who will fail to meet customers' needs. In order to be successful in this tough environment following suggestions can be adapted. In the previous chapters many different business models have been discussed. Not all business models are successful (Cox, 2019). In order to get back investment return with profit a retailer should be very careful when it comes to investment. It is crucial to analyse market categories before making up the mind. A retailer should analyse customers' data to determine which products customers use regularly, how much capital is needed to produce the product, whether end product is within competitive price compared to rivals and whether it is affordable for customer to purchase it. In addition to this, a retailer's product selection should be unique and different from other market players (Denning, 2018). For many retailers main obstacle in the business are organizational and operating barriers such as cutting costs while sourcing raw materials, having many communication channels, shift managers' insufficient information regarding products and improving poor performance of employees. Removing these business barriers is crucial for retailers and in order to have better execution in the business a retailer can pursue following strategies (Denning, 2018):

1. *Having multiple vendors:*

Retailers needs to source raw materials from different vendors rather than relying on single vendor. This strategy helps to keep balance and a retailer can get the best possible price for the raw materials. Additionally, if there is any raw material scarce, having multiple suppliers solve the issue (ATOBI, 2019).

2. *Maintaining single communication channel:*

In retail stores it's very common to see that staffs are busy checking their Facebook, Instagram, email etc. Not only this is harmful for business environment but also business can lose potential customers while employees are busy within themselves (ATOBI, 2019). In order to prevent this chaos a retailer can establish

private network connection and one communication channel where using social media, internet and email will be blocked. This method will ensure staffs to concentrate on their work and create a seamless experience for the customers (ATOBI, 2019).

3. Managers need to be updated with the most current information:

If a customer ask a question regarding a product to manager and manager doesn't know that answer at that time the manager falls into an embarrassing situation. These kind of unwanted situations need to be avoided and managers are expected to update themselves with the vast amount of latest information regarding the list of products it is selling, which product is suitable for which customers, whether the product is in stock or not and finally they need to prioritize most important information to them exactly when they need it (Pagano & Liotine, 2019).

4. Assigning field/district manager to priority tasks:

Retailer is required to assign task to field/district managers. These managers should focus on action oriented tasks. Instead of going over 100 pages of information they can chunk it into smaller bites that are easy to digest. Same should apply for sales, marketing after service activities (Pagano & Liotine, 2019). These tasks should be separated and turned into small daily activities. Consequently, field and district managers should monitor daily progress on the above mentioned activities. For retailers it is also crucial to monitor store managers performance on critical tasks and action plans and retailer should give them feedback regarding improvement and progress (Pagano & Liotine, 2019).

5. Sales training and product training to the managers and staffs:

A retailer's product collection could be excellent and top notch. However if the managers and staffs don't have enough information regarding the products at that moment everything goes to vain (Hauman, 2019). Retailer must make sure integrated product training and sales training should be provided to managers and staffs. In addition to that retailers aim will be to put customer engagement and motivation in the front seat. If the managers and employees are motivated they will engage with the

customers more and thus retailer will be able to maximize sales and revenues (Hauman, 2019).

Over the few decades retail sector has been gone through tremendous transformation. With the blessing of technology this transformation has been possible. 50 years ago if someone asks us about retail sector everybody would have imagined about a brick and mortar store (Experion, 2019). But those days are over. Now retail means having presence at the fingertips of customers both online and offline. Entrepreneurs developed new business models to make customer journey, seamless, joyful and full of satisfaction (Experion, 2019). Currently due to omni-channel shopping facility customers are all linked up and shop easily from any desired shopping channel they want. As retail sector is keep on evolving retailers need to adopt trend and technology that meets customers' needs and demand. Understanding their needs and taking measurable initiatives will help retailers grow further. It is also quite pivotal to have a watchful eye towards market competitors and their tactics (Digitalist;, 2019).

The cases that have been discussed in previous sections illustrate that technology is a driving force of a change and provide very important lessons in regards of business model innovation to achieve a sustainable competitive advantage in retail market. Predominantly these models highlight that the vital role technology plays for businesses those want to serve customers according to their needs (Linz, Müller-Stewens, & Zimmermann, 2020). The business model of Burberry demonstrates that, customers treasure the combination of history, culture, luxury and brand heritage. Since starting its journey in 1956 Burberry established itself as a household name with their fashion legacy and quality products (Linz et al., 2020). However, as time goes by Burberry adapted itself with the race of technology utilization both instore and offline. Few decades ago it was quite unthinkable to sell luxury fashion items online, but at present it's a reality. Fashion brands like Burberry embraced internet as a new sales channel. Currently it is leading the luxury market and transformed digitally the old method of selling luxury good items at brick and mortar store to online. Due to technology it has

become possible (Amit & Zott, 2020). Now customer can order items without getting off the bed by just using smartphone or tablet. At the same time Burberry didn't change its motto which is offering customers core value propositions and best quality products (Amit & Zott, 2020). Due to its flexible business model innovation it has advantage of being fast mover in the retail sector and it has stretched its retail operation to several channels and made its position in the luxury fashion market more resilient (Amit & Zott, 2020).

Cases of Safeway, Tesco and Walmart support the fact that, sustainable competitive advantage can be achieved by innovating in retail business models. For decades these retailers were present in the retail sector and still their positions are quite strong even though they face growing competition from local and international competitors (Shoniwa, 2020). Case studies of My M&Ms, Chocri and Mix My Granola emphasize the fact that when it comes to co-create or customize a product customers play significant roles. From these studies it is apparent that on-line experience and store experience is vital as well. M&M's brand has stores all over the world and customers can enjoy a true brand experience in-store (Shoniwa, 2020). Not only customers buy colourful candies in these stores but also they enjoy beautiful decorative atmosphere which is very essential. Nevertheless the combination of mobile devices like smartphones and tablets and high speed internet like 4g and 5g have opened new door for retailers (Krishnan, 2019). The limitation of selling product is not in store anymore and the product is not chained any more rather than the product is connected with multi-channel and omni-channel. This new advancement has changed the whole retail format for each and every retailer. Big names in retail leaders like Tesco, Walmart and Safeway have embraced the opportunities given by technologies and changed their retail formats too. For instance Walmart came a long way since its opening in 1962, it's not the same store which only had few hundreds stores across the USA. At present Walmart have 11,200 stores throughout the world with 2.2 million employees (Walmart, 2020). Moreover, currently Walmart is also dominating in across different channels and attracting more customers. Similarly, Tesco also expanded its horizon from discounted

stores to premium stores with basic value products available at the same time. Tesco has increased its online operation with diverse product line and to create value proposition for its customers it collects data of thousand loyal customers, create profiles in its database and release targeted promotional campaigns (heilmann & Gilham, 2018). Case of Gilt Groupe points out that, just selling luxury goods at online website is not enough, even though if those are designer items. But Its important to understand what do customers want and what is their fashion taste. In addition, not everybody wants to purchase membership just to buy a handbag or shirt and not all customer class can afford a hefty membership price (Cuofano, 2019). Moreover, Gilt failed to realize that there are lower class and middle class people who couldn't afford their luxurious items, so it didn't have any option for those basic customers. It is important to keep a balance when a retailer is selling its products. Without any physical store, before purchasing any goods required high membership fee and not many variant items made the business operation limited and difficult for Gilt Groupe. And it failed miserably (heilmann & Gilham, 2018). With the case of My M&Ms, it has changed its way of business with the trends. Not only it has physical stores but also online presence combining with letting the customers customize the products and brand experience made its retail business more successful than ever. These cases are good example that it is very significant to put the modern technology into good use and thus business can thrive (Amit & Zott, 2020).

As the technology changes customer behaviour changes too. If the retailers don't keep the pace with this new behaviour, they will not succeed. At the same time they have to make sure to cut the cost, running an efficient management and inventory system and to provide satisfactory working environment to its workers (JOHNSON, 2019).

It is crystal clear that everyone wants technology to bring a game-changing role. The retail sector has reached at a crucial point of evolution. Application of artificial intelligence in the ever changing business models is one of the ripest arenas in retail sector. Augmented reality shopping, voice search, cashless and counter less shopping, product personalization and customization and drone delivery made the customer

experience seamless, unique and efficient. Customer is the life source of retail. So retailers should satisfy customer with greater customer service. And most importantly when a customer would see that the retailer cares about the customer service genuinely, the customer would become loyal to the retailer and will return for further purchases and it will make the retailers business revenue reach much higher.

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Kapat

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