**Gordon Institute
of Business Science**
University of Pretoria

Understanding the potential of digital technologies in enhancing retail business models: an exploratory study

Cameron Hogg

16392524

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

6 November 2017

Abstract

Retail business models on a global scale are undergoing seismic shifts. The advancement brought about by technologies are blurring the boundaries between physical and virtual stores. In the context of South Africa, this could not be more evident in the retail sector. Retailers are ramping up operations in an effort to start servicing and interacting with customers across the omni-channel. This study seeks to gain a deeper understanding of how digital technologies are enhancing the retail business model and examine what challenges have been encountered through the integration process.

An exploratory, qualitative research approach was used to investigate and acquire rich insights from the experiences of senior executives of listed entities in the retail sector. A total of eleven semi-structured in-depth interviews were conducted. Data was analysed on the basis of building on key constructs identified from the literature, in an effort to understand what role digital technologies are having in enhancing retail business models.

This research study confirmed that digital technologies are prevalent and are having an active role in advancing retailer business models. Principal findings indicated that people, system infrastructure, and communication are all key components which have been enhanced in the business model through digital technology adoption.

Keywords

Retail, Business Models, Technology and Omni-channel,

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Cameron Hogg

6 November 2017

Abbreviations

ICT: Information Communication Technology

JSE: Johannesburg Stock Exchange

BMT: Business Model Theory

RBV: Resources Based View

BMI: Business Model Innovation

SKU: Stock Keeping Units

TAM: Technology Acceptance Model

OCE: Online Consumer Experience

CLV: Customer Lifetime Value

CEO: Chief Executive Officer

CMO: Chief Marketing Officer

COO: Chief Operational Officer

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Chapter 1: Introduction to the Research Problem

1.1   Defining the Research Problem

Globally, traditional retail business models are not only under pressure but are in a state of transition (Sopadjieva, Dholakia, & Benjamin, 2017). Transition is occurring due to the rapid rate at which technologies are advancing the ability for retailers and consumers to engage with each other through digital channels. Traditional retail format stores are needing to evolve, as retail boundaries gradually merge between the pre-existing brick and mortar store base and that of the internet store (Rigby, 2011; Brynjolfsson, Hu, & Rahman, 2013). Consumers however now have multiple touch points and means to interact with retailers (Yrjölä, 2014). At the same time, technology is enabling retailer capabilities at a scale which has not been experienced. Globally, investment in retail Information Technology (I.T) in 2015, was anticipated to be in excess of $190 billion (Inmana & Nikolovab, 2017).

With the increase in technology and in integrating these advancements into the business model, the retail objective remains consistent; focus in continuing to add value to the products and services offered, to meet the needs of the customer. Empowered through technology, retailers are experiencing new abilities to understand purchase behaviour (Grewal, Roggeveen, & Nordfält, 2017). This ability is being driven by two factors. Firstly, digital touch points that exist as a result of technology enabling mutliple virtual channels. Secondly, with customers interacting through these mutliple retail digital touch points. As a result, retailers are now able to acquire advanced consumer data. This data offers the ability to obtain deep insights into behaviour patterns and choice. Ultimately enabling retailers to develop intimacy in relationships, which leads to creating a new paradigm in customer engagement (Brynjolfsson, Hu, & Rahman, 2013; Grewal, Roggeveen, & Nordfält, 2017).

This expansion of new channels into the digital environment is what academia initially identified as multi-channel retailing. This is where the internet has enabled the virtual store front, complementary to that of the physical store (Piotrowicz & Cuthbertson, 2014). However, through the advancement of digital technologies, this has given rise to additional channels being innovated into retail business models. These channels are in the form of social media platforms, digital in store technologies and mobile sites. Multi-channel has therefore evolved into what is now known as omni-channel retailing. The

primary distinction is that for omni-channel to be truly effective, there has to be a seamless integration between physical and virtual stores for customers (Rigby, 2011).

A driving force to this new form of retailing, has been brought about through the age of mobility. This has enabled customers to have access at any given time to engage with a retailer. This in turn raises key questions supported by academic research, as to how retailers and business leaders, adapt their business models. As a result of operating an omni-channels model, retailers have started migrating their operations from focusing on merely selling products to building rich engagements which empower their customers. These engagements in their products are uniquely designed to ultimately create a rewarding customer experience (Sorescu, Frambach, Singh, Rangaswamy, & Bridges, 2011).

Through these innovations introduced through digital technologies, the retail landscape is shifting (Grewal, Roggeveen, & Nordfält, 2017). As a result, business models are being required to evolve, in an effort to continue to remain competitive. Digital technologies adoption into the retailer business model present potential benefits to both the retailer and the customer. However, it is the process of how these technologies are integrated seamlessly into the business model, in order to make customers more engaged is what remains a focus of both academia and business (Verhoef, Kannan, & Inman, 2015; Grewal, Roggeveen, & Nordfält, 2017).

1.2   Relevance of the research problem in South Africa

Having considered the research problem of this study from a broad global perspective, how does this relate to the context of South African retailers, where this research study will take place.

Statistics South Africa (Stats SA) released updated economic detail advising that the size of the Information and Communication Technology (ICT) sector, as at 2014, had officially surpassed that of the agriculture sector. South African's are increasing adopting and shifting household consumption towards ICT products. R105.7 billion was spent on ICT in 2014 (Statistics South Africa, 2017). This increase in spending on digital technologies is in keeping with the rise in ICT adoption across the globe. Digital technologies specifically examine the ability for customers to access products and or services in digital formats, which advancement in technologies has enabled (Lee, Lim, & Song, 2005). A far greater proportion of household consumption in South Africa is

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therefore shifting towards telecommunication equipment and services (Statistics South Africa, 2017). This is therefore resulting in the overall adoption of digital technologies by South African customers.

Through this broad based adoption of digital technologies, South African customers are becoming more connected than ever before. Per the latest statistics collated by Statistics South Africa (2016) in the 2016 Community Survey and equally, by We Are Social (2017), the South African population is estimated at just over 55 million people. Of the population, it is estimated that there are approximately 28 million customers have access to the internet. Of this base, 13 million are active social media users on mobile. What this serves to illustrate is firstly, the size of the connected base of customers in South Africa and secondly, the potential base of connected customers for South African retailers to access.

The spatial boundary for customers and products is now being reduced, due to operating in this connected world. As South African customers are changing their behaviour, this brings about a need for change within the retail sector. What does this therefore mean for South Africa retailers and how are they integrating digital technologies into their business models for this group of highly-connected customers?

To illustrate how the spatial boundaries are being reduced as a result of the digital revolution being encountered, PWC (2017) carried out a research report to examine global retail trends. A total of 23,000 online shoppers formed part of the study, of which 1,000 were from South Africa. The findings serve to illustrate how the South African customer is advancing and adopting digital technologies. Overall, online shopping in 2015 increased to a total of 4% of total shopping in South Africa. 43% of South African shoppers specified that mobile devices were on the way to becoming the primary tool of choice in online shopping. 33% of customers' access loyalty and or reward programs through their mobile devices. Finally, a staggering 88% of the respondents forming part of the South African sample, advised that they were in some way, influenced by social media (PWC, 2017). It could be argued that the sample size is not reflective of the broader population. However, what the study serves to illustrate is that digital technologies are well entrenched amongst customers in South Africa. As adoption levels continue to rise, how will South African business models be enhanced through digital technologies in order to meet the needs of these highly-connected customers?

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As retailer business models transition towards operating an omni-channel business model, the primary challenge is in integrating the business model between the physical and virtual store environments. Strategically, knowing what insights inform a business model for digital adoption and equally in exploring what are the recognised challenges in implementing a omni-channel business model remain a key areas of focus (Hansen and Sia 2015; Bharadwaj, Sawy, Pavlou, & Venkatraman 2013). This research study therefore aims to understand how South African retailer business models are potentially being enhanced through the adoption of digital technologies.

1.3 Defining the Research Purpose

1.3.1 The Theoretical need for the study

In the context of South Africa, this study will add to the research that is focused on changes to retail business models, brought about by digital technologies specific to the South African retail sector. The study will augment the academic material that to date has been focused on digital technologies, specifically focused on mobile and social media in the banking sector (Brown and Molla, 2005; Chikandiwa, Contogiannis and Jembere 2013). The study will therefore contribute to the understanding of business model theory, relevant to the South African retail sector.

In addition to the above, the research problem recognised an opportunity for increased understanding in academia of how integration is to be facilitated between physical and virtual store environments (Verhoef, Kannan, & Inman, 2015; Grewal, Roggeveen, & Nordfält, 2017). The study from a South African context, aims to contribute to the literature existing on integration, which is specific to business models and omni-channel retailing.

Finally, digital technologies are facilitating new abilities to engage and interact with consumers. The study therefore aims to contribute towards the findings specific to customer data and customer engagement, specific to South African retailers.

1.3.2 The Business need for the study

Retailers operating not only globally but within the South African context are encountering a seismic shift in the retail business models, as illustrated in the research problem as a result of the increased prevalence of digital technologies. This is being

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driven by the advancement in technologies and equally, the broad based adoption of technology, especially in mobile formats amongst customers. As a result of the shift which digital is bringing to both business and customers a new era of retailing is being experienced. Insights into business model evolution is therefore a critical component to remaining competitive in this highly connected digital retail environment today.

To offer an illustration of the business need for the study, and in drawing from an international retail example of how a business is adapting the traditional business model through digital technologies, the case of Amazon and the launch of the Amazon Go concept store in 2016 shall be considered (Amazon, 2016). The primary concept behind the store, is what is referred to as scan-and-go technologies. This future concept store enables consumers, as they walk into the store, to scan their mobile device, continue shopping and then freely walk out of the store without any form of queuing or resultant payment delay. Payments are processed directly to the consumers Amazon online account. Through the adoption of digital technologies Amazon has been successful in being able to offer their shoppers a seamless and cashless retail experience. This experience both differentiates and promotes the Amazon competitive advantage over traditional stores that are using traditional business models (Grewal, Roggeveen, & Nordfält, 2017).

The above example of Amazon serves to illustrate how globally business models are adopting through the use of digital technologies. On this basis, the emphasis is in how to continue servicing the needs of the customer through adding value into the overall retail experience. This furthermore examines the potential for where South African retails can envision the future of retailing in South Africa.

In concluding the research problem, it is evident that technology advancement is playing a fundamental role in shaping how retailer business models for the future are being redesigned. With this as the context, the study will therefore aim to uncover specifically how South African retail business models are being enhanced as a result of the increase in use of technology, in an effort to continue meeting the evolving needs of South African customers.

1.4   Research Scope

The research is conducted and limited to retailers operating within, but not restricted to South Africa. The retailers are all public listed companies that are traded on the

Johannesburg Stock Exchange (JSE). Alternatively, the participating retailer may be a wholly or partially owned subsidiary of a publically traded multinational retailer that is internationally listed on a foreign stock exchange and operates within South Africa. Considering the topic, the nature of the research is exploratory. Data is used and gathered through interviews with retail executives or those considered relevant in addressing the topic. Their expertise offers a robustness and depth of insight into the data that has been gathered for analysis.

1.5   Research Objectives

Retailers are in a phase of transition due to the developments brought about by digital technologies. The retail sector within the South African economy remains an integral component, considering the contribution towards overall consumer consumption levels (South African Reserve Bank, 2017). Having distilled the research problem, the following research objectives are imperative to supporting the research study.

Firstly, acquiring an understanding of how the existing retail business model has evolved, due to the development of digital technologies. The essence will be in the understanding of what elements of the retail business models have evolved or possibly been advanced as a result of the increase in the use of technology.

Secondly, understanding how retailers have managed the integration and implementation of operating an omni-channel business model with their existing business. Omni-channel offers retails the ability to operate an always open retail environment. South African retailers however are for the most part well established institutions, with legacy operating methodology. It is therefore anticipated that there will be both examples of innovation, as well as potential challenges in managing the integration process.

Thirdly, the proliferation of internet enabled mobile cellular devices within South Africa is extraordinarily high, as discussed within the research problem (Statistics South Africa, 2017). Understanding the role of digital mobile solution within the respective retailers will offer a broader insight into how South African retailer have integrated this offering into the business model.

Finally, examining how the role of the customer has evolved through the potential change in the retail business model will be important. Omni-channel offers a

customisable interaction between the retailer and customer. Acquiring a greater understanding of how digital technologies are potentially able to enhance the retail business model will be examined and discussed through this exploratory study.

Chapter 2: Literature Review

2.1 Introduction

This chapter will identify and summarise the existing academic material as well as any gaps and unanswered questions in pursuit of answering the research question. As discussed in Chapter 1, digital technologies are advancing the development of retail business models. The shift is enabling a transition from pre-existing business models, reliant on bricks and mortar, to an environment that is virtual, no longer physical and is always on. With the advent of the digital marketplace the retail store is now available to the customer at any point that *they* choose to be served.

Chapter 2, is focussed on acquiring a foundational understanding of the academic material that exists pertaining to business model theory (BMT). This is essential to informing what comprises a business model and how these have evolved as a result of digital technologies. Potentially, the research will be able to offer an insight into how a business strategy will continue to evolve as digital technologies evolve. Secondly, digital technologies have introduced scholars and practitioners to the concept of omni-channel theory. Understanding the omni-channel theory and more importantly, how it differs to multi-channel theory and the advantages and challenges of operating a omni-channel model. Thirdly, the connectedness of the global digital community is being propelled forward by internet-enabled mobile technology. Mobile commerce will offer insight into the mobile platform and how this potentially integrates with the business model that is focused on being omni-channel relevant. Finally, the fourth component focuses on the consumer. With the advent of digital technologies, the consumer is no longer an exterior component to the business. The consumer is far more central to the business, due to their ability to engage digitally at any time, wherever they are. The final section will, therefore, focus on reviewing the online customer experience and evolution of customer engagement due to integrating digital technologies into the retail business model.

2.2 Business Model Theory

2.2.1 *Resources, Capabilities and Competitive Advantage*

To understand BMT, it is pertinent to understand why a company exists. A company must compete continuously and most importantly, profitably. Why is this important? A company exists and aims to compete, this ultimately helps define and shape the

business model for the company. This, in turn, provides the blueprint for the company to identify the resources and capabilities required for the business model to operate effectively and efficiently.

To compete and continuously achieve profitability, the objective is to create sustainable competitive advantage, through the effective use of these recourses and capabilities (Barney, 1991; Barney, 2001). Resources can be regarded as the components that enable the development of the corporate strategy. The components could be viewed as the people, their knowledge, the necessary skill sets, the respective assets and the fundamentals attributes that the company uniquely is representative of (Barney, 1991). Alternatively, resources can equally be regarded as the technology utilised by the business to produce its respective products, for the various channels for the set of targeted customers (Johnson, Christensen, & Kagermann, 2008).

Capabilities, however, cannot always be replicated or acquired. It is therefore critical for the company to identify the capabilities that they require in order to be competitive today and competitive into a desired future position. An example of an intangible capability is how a company responds to social discord or complexities (Barney, 2001). These are often unplanned and demonstrate ability in the business model to be adaptive too environmental and market changes.

By adapting to these changes, a company can be recognised as having a propensity to achieving a sustainable competitive advantage. However, creating sustainable competitive advantage does not simply mean being able to adapt. It specifically focuses on the value which is offered by the company through the strategy, which cannot be replicated by a competitor (Barney, 1991). This offers a company a point of differentiation in how they compete in the product or service offered to the market. This in turn, defines how the business model will operate.

A view from academia in classifying the approach of how companies sustain competitive advantage is known as the Resource-Based View (RBV) (Barney, 1991; Peteraf, 1993; Barney 2001). The RBV explores the notion that all companies are heterogeneous in nature and how they effectively utilise their respective resources and capabilities to create a differentiated offering. This point of differentiation contributes to a company acquiring a sustained competitive advantage. Digital technologies are representative of a form of differentiation that companies can adopt. However, while

accessible to all, it is how they are positioned within the business model that ultimately will lead to them creating a differentiated offering to the market.

The RBV assists in offering a foundation to addressing the research problem discussed in Chapter 1. Digital technologies are representative of new capabilities that a company has to adopt within the business model, in order to remain competitive. The competitive environment today has dictated that adopting digital technologies is not only required, it's a necessity to remaining relevant and competitive. More so, consumers are the driving forces behind adopting these trends. To remain relevant retailers are required to update, redesign and adopt the mobile digital business model in order to stay competitive in the globally connected operating environment in which they exist.

An alternative to the traditional RBV is the neo-classical economic RBV which specifically focuses on how a company develops new capabilities (Barney, 2001). Introducing digital technologies into the company, from a consumer, vendor, and manufacturing perspective is evidence of how a company potentially develops new capabilities. The RBV offers perspective on the base level requirements within the retailer to create a sustainable competitive advantage within the business model.

2.2.2   Value Creation

In BMT the concept of "value" has been identified as the central component. It focuses on how a retailer aims to create value for both the consumer and the manner in which it responds to the respective market conditions (Sorescu et al., 2011). This notion of value is extended further, encompassing all stakeholders recognising value creation from the customer, company and stakeholder perspective (Yrjölä, 2014). With reference to the research question, building value is a central theme to the business model. By adopting digital technologies into the business model, the retailer has to be conscious of the value creation not only externally for the consumer but equally internally for the various stakeholders. Without value at the core, the business model lacks the go to market strategy to thrive amongst its competitors.

Although BMT has been extensively studied and commented on, it is a challenge identifying a common consensus on specifically what the business model is (Amit & Zott, 2001; Alt & Zimmerman, 2001; Al-Debei, Haddadeh & Avison, 2008).

Despite the lack of consensus on a definition of BMT, key concepts of BMT are that the customer is ultimately an integral component to how the business model is formed. The customer needs to be placed at the centre of the business model. The business needs to focus on how to win customers through creating value. Value is a cornerstone to driving how the business makes decisions in order to secure and ultimately retain customers. In order for a business to make informed decisions another key concept of BMT, is that of strategic choices (Shafer, Smith & Linder, 2005; Teece, 2010). The integration of digital technologies into the retailer business model is evidence of a set of strategic choices required on the part of the retailer. The challenge that exists is how to derive the value for the various stakeholders through the adoption of digital technologies into the retail business model.

Shafer, Smith, and Linder (2005) stress that while a business model is representative of the set of choices a company makes to achieve its strategy, it is not the strategy itself. This is an important distinction to understand, as the business model serves to inform how decisions are made, with the focus on creating value. A business model has three critical components. They are made up of the customer, value creation and strategic choices that ultimately inform decision making on the part of the business. Additional elements of the business model would include components such as the value chain structure in which a business focuses to optimise the flow of products in and out of the organisation and at what point, the company can truly affect value creation. Similarly, in the revenue model, one questions how the business actually generates revenue effectively and efficiently (Yrjölä, 2014).

Amit and Zott (2001) on value, draw inspiration from the initial definition of Porter (1985 p.38) where the value is defined as: "the amount buyers are willing to pay for what a company provides them." Porter (1985) in their examination of value chain analysis. They claim that value can only be achieved if there is an impact on a set of core activities. The emphasis is that these activities could focus on a variety of operational areas within a business, such as product, marketing, sales, logistics, and operations. It can, therefore, be inferred that a business has the ability to generate value, by focusing on how gradual improvements are made to these activities, thus resulting in either reducing end-user cost or improving the perception of the functional value of the product (Amit & Zott, 2001). The notion of gradual improvements reinforces the concepts discussed by Barney (2001) concerning the evolutionary RBV theory. This view takes into account how new capabilities are developed systematically by the company.

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Although the advancements in technology at times have appeared radical, they have only been achieved through the constant development and strategic foresight. Adopting digital technologies into the business model gradually assists in managing the company and process towards change. Radical intervention possibly would be required in an instance where the company aims to leapfrog the market and or, competition. This, however, will have to be accompanied by a set of strategic choices which all stakeholders buy into in order to enable the retailers' business model. As a radical intervention within the business model would present a higher level of risk for the potential reward.

2.2.3 Format, Activities and Governance

To this point, value has been a central theme. This is supported by the emphasis on the customer and equally, the strategic decision making of the company. A contrarian view, in examining the business model, is presented below on the basis of three pillars; the retailer's format, its activities and governance structures (Sorescu et al., 2011).

Retail formats examine the nature of the retailer's processes in they which create the desired customer experience. Format incorporates components of the retail mix, such as location, product assortment, and pricing. The location has therefore expanded exponentially through the rise of the internet and accessibility of the global marketplace through the use of digital technologies. Retailers now have the ability to build their business models across multiple formats and channels. Now customer experience lives online, in the format of click and collect. The retail format offers an expanded view of the operating environment in which digital technologies are 'adding to' the existing business model.

Retail activities link closely to the initial discussion by Barney (2001) on capabilities. Activities focus on how the operations of the retailer all come together. This could be focused on the how inventory is procured and managed, how products and or services, are displayed and sold in the retail environment, logistics and data mining. Through the integration of digital technologies into the business model, retail activities will have to take on new functions. It is interesting to note that in the digital age the concepts of retail activities and formats are no longer independent variables. They act in conjunction with one another, being entirely dependent on one another. Without the format, the sequence of events carried out through the activities cannot exist in the retailer. This will be important in examining how the retail format and activities within

the respective retail business models have been effected through the incorporation of digital technologies.

The concept of corporate governance, is familiar and without the correct governance the structure is compromised within a company. This is true for any company, but in the context of this study, the retailer has to be intentional about the operational factors responsible for creating the customer experience. Operational factors refer to both the personnel as well as the ability to produce these mechanisms. The supplier can, therefore, be regarded as a potential mechanism to produce the end product for the consumer. How and who in the company engages with the respective suppliers plays a key role in what will ultimately build or diminish customer experience for the retailer. This is where incentives or rebates play a critical role in the retail strategy. Incentives form an integral role not only to affect change but also in steering consumer behaviour. Incentives schemes could potentially play a vital role for retailers as they on board and integrate digital technology enhancements into their respective business models.

Format, activities, and governance collectively offer a structural perspective on the creation of the retail business model. The key lesson is the interdependencies of these components. The introduction of digital technology into the business model could potentially disrupt the existing governance structure. For the business model to be redesigned effectively to accommodate these change, linkages would have to be redefined within the format and activities of the retail business model (Sorescu et al., 2011). This links back and is ancillary to the set of strategic choices that the company will have to make in the review of its business model when introducing and or, integrating digital technologies.

2.2.4   Innovating business models

The literature thus far has examined factors such as resources and capabilities, which ultimately translate into creating a sustainable competitive advantage. Emphasis is placed on value creation and that this is the cornerstone of any retail business model. To support this statement, however, a retailer has to assess its respective formats, activities, and governance. Coordination of these elements will create the desired customer experience in order to differentiate it from its competition. Taking these foundational components of the business model into account, how does a retailer make innovations to their business model in response to market or environmental disruptions?

Business model innovation (BMI) focuses on the potential disruptive factors which could have a fundamental shift on the traditional business logic or means in which the company has typically operated (Sorescu et al., 2011; Vorbach, Wipfler & Schimpf, 2017). Technology is an example of a disruptive factor that retailers have to contend with in reviewing and potentially redesigning of their business model. BMI can truly only be effected in the event where there has been a fundamental overhaul of the process in which value is created within the company. This could be in the form of how value is delivered, created or appropriated and how BMI is experienced in the overall value proposition of the company (Sorescu, 2017).

To offer a practical example of a retailer who embraced BMI, Zara, the fashion retailer, illustrates BMI perfectly. Zara, now considered a global leader in fashion retail wasn't always in this position. The initial business model followed traditional operating procedures and considered 'best practices' for an industry that has typically relied on trading on extremely thin retail margins. However, the BMI came into effect when store managers identified a mechanism for creating a sustainable competitive advantage. A revised business model was implemented that shrunk the range that was being represented and focussed on uplifting the trading density on stock keeping units (SKU). The sales strategy focussed on rotation and how quickly Zara stores could sell out of core moving SKUs. This enabled Zara to shift consumer perceptions in the market about scarcity, as ranges were limited and changed frequently. It, in turn, improved operating margin opportunity, as there was no longer a requirement to have excessive markdown sales to reduce old-fashioned inventory levels (Sorescu et at., 2011).

In the Zara case study, the BMI results in operational efficiency to the business model. By shifting perspective on the business model, Zara innovated a traditional business model into a faster, more affordable and simplified model.

In applying the above example to the South African retail context, as discussed in Chapter 1, the South African retail sector is comprised of many well-established businesses and it could be assumed, is entrenched in legacy models of operating. BMI could be perceived as a challenge for a business or industry that is in a reactive or inactive state.

For retailers to effectively redesign their business models through innovation, the initial step is to identify where change is specifically required. The question at present is how

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digital technology is being integrated into their business models? Having identified the change that digital technology can affect, it is important for the company to overcome a state of inactivity and focus on embracing innovation by assigning adequate resources to assist in rebuilding or augmenting the business model of the company. However, while BMI may appear the right strategic decision for a retailer, due to the state of inaction and reactiveness, initiating change is unlikely to be successful unless there is a compelling enough incentive to shift behaviour (Vorbach, Wipfler, & Schimpf, 2017).

2.2.5   E-based business models

As a result of the possibilities of re-creating business models that operate successfully on the internet, Trimmers (1998) initially identified eleven different e-business models ranging from an e-shop to that of e-procurement. The Internet has brought about the ability for a company to operate what is known as an e-based business models (Alt & Zimmerman, 2001). E-based business models can simply be defined as how a business operates within the Internet or an interconnected online environment (Dubosson, Osterwalder, & Pigneur, 2002).

Within e-based business models, retailers and suppliers would be able to interact and transact in electronic format. Due to the transition in traditional business models that required the exchange of physical cash or a payment confirmation in exchange for physical goods or services, the requirement for retail business to be agile in adapting to multiple formats of electronic transaction is essential to informing how the business will continue to compete in the future (Moore, 1998).

Due to the rapid advancement of the retail environment in which retailers operate today, technology is an evident transformational factor for any future business model. Amit and Zott (2001) discuss that from the 90's, when the internet was introduced, technology has started to shift how tradition business models were initially positioned. The ability for business and consumers to access information through the internet brought about through the rise of personal computing has created a seismic shift in the traditional business model (Sorescu et al., 2011).

The advent of the internet is evidence of how retailers have had to stay abreast of technologies in order to remain relevant. Retailers, therefore, have to inform themselves of developing trends in technology, to not only compete but also continue to remain relevant for their desired set of consumers (Sorescu et al., 2011). This

requires flexibility by retailers, to remain agile in the face of diversity within the market as well as the environment that they compete within. Fundamentally, operating an e-based business model requires a significant level of customer centricity. The customer becomes the centre of all operations. There are now multiple formats that give the customer access to the company that technology has enabled. Social media, online platforms, and live chat allow the retailer to listen and create an exchange with consumers that can inform the innovation of the business model (Sorescu et al., 2011).

2.2.5   Business Model Theory Conclusion

Business models are representative of the coming together of multiple moving parts in the company. These moving parts all contribute to how the company plans to compete and ultimately create a sustainable competitive advantage. While all companies could be considered homogeneous in nature if this were the case competition and innovation would not be prevalent amongst retailers. It is through the ability of retailers to extract meaningful, unique value through the resources and capabilities developed or acquired, that companies are heterogeneous in their nature. This, in turn, is what develops differentiation in retailer business models.

Resources are multi-faceted, comprising of people, technology, assets, channels, etc. However, it is the coordinated coming together of the activities within the various retail formats, which exist today as a result of the advancements in technology, that companies are able to distinguish value from that of their competitors. Ultimately the manner in which these formats and activities are governed is what creates continued value creation. Value creation is not only important to for the consumer, but for all stakeholders that the company is responsible to.

However, operating a retail company in an era that will be defined by the fourth industrial revolution, retailers cannot afford to be complacent or maintain their pre-existing business models. Technology dictates that retailers are required to stay abreast of the advancements and innovations that technology is extending. This, in turn, enables new platforms for retailers to engage and transact with their consumers.

Fundamentally, business models are complex and unique. There are challenges in overcoming the existing manner in which organisations have operated. Incentives, therefore, have to be considered and deployed as business models are to be augmented through technological innovation.

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Having acquired an understanding of business model theory, the second section of the literature review will focus on the concept of omni-channel retailing. The concept was briefly introduced through the examination of the business model theory, focusing on how technology extends channels of operation for retailers. Omni-channel examines the migration of a business that has transitioned from operating in a traditional brick and mortar retail format to that of both physical and virtual retail outlets (Lazaris & Vrechopoulos, 2014).

2.3 Omni-channel

2.3.1 Omni-channel Definition

Omni, from the Latin word, translates in English to mean *"everything"* (Collins English Dictionary, 2017). The word *channel* refers to any form of contact point where the company and the consumer have the ability to engage with one another (Neslin, Grewal, Leghorn, Shankar, Teerling, Thomas & Verhoef, 2006). It is therefore assumed that in combining these two definitions, omni-channel retail focuses on the company's ability to interact and transact with consumers, through multiple points of contact, via multiple channels.

Rigby (2011) was the first to write about the concept of omni-channel retailing but the term was initially described by the IDC's Global Retail Insights in 2009. The key distinction of this theory is that the consumer within the multi-channel realm will utilise multiple channels, occasionally in conjunction with one another. In the omni-channel theory, the consumer interacts and engages with all channels in unison with one another. There is a seamless integration, removing boundaries and ultimately enhancing the customer experience (Lazaris & Vrechopoulos, 2014).

The primary description of omni-channel retailing focuses on, "the integrated sales experience that melds the advantages of physical stores with the information-rich experience of online shopping" (Rigby, 2011). Omni-channel focuses on the ability of consumers to seamlessly move and transact between these channels. This free movement between channels, being online, in-store or from a mobile device can be facilitated through a single transaction. This could include searching, researching and finally buying between the multiple platforms (Verhoef, Kannan, & Inman, 2015; Piotrowicz & Cuthbertson, 2014).

An insight to be noted from the definition by Rigby (2011), is that the fundamentals of retailing are the ability to supply the targeted consumer with the goods or services that they require. These need to be provided on a basis that is satisfactory to the consumer, ultimately ensuring repeat transactions into the future. Returning consumers, have a direct impact on sales performance and ultimately company profits. On this basis, an omni-channel business model appears to present an opportunity to encourage repeat consumer purchase behaviour for retailers. This is due to the flexibility offered by multiple platforms to engage the consumer in order to transact with them in the manner that is most convenient to their buying behaviour.

2.3.2   Multi-channel to Omni-channel

Omni-channel retail has been derived from the concept of multi-channel retail (Verhoef, Kannan, & Inman, 2015). With the birth of the internet and the shift in traditional retailer business models from brick and mortar physical store bases, the internet has enabled a virtual environment for retailers and consumers to interact within. This initial shift from physical stores too virtual, online stores is what was initially identified as the birth of multi-channel retailing (Piotrowicz & Cuthbertson, 2014).

Montoya-Weiss, Voss and Grewal (2003) identify multi-channel retail as the ability for a retailer to communicate and reach consumers through a variety of channels, with the objective of satisfying the customer and achieving profits. Neslin et al., (2006) refers to multi-channel retail and how the management of the consumer is coordinated across varying channels with an emphasis being placed on interacting and engaging. The authors identify that interaction has typically taken the form of a one-dimensional computer generated form on the part of the retailer. This can also be considered from the perspective that customers have very little control in a multi-channel retail environment to enable channel interaction (Beck & Rygl, 2015). For example, in advertising mediums such as television, radio, and newspaper the interaction is one way only. These formats enable the retailer to push communication, with little to no response from consumers. This specifically is where omni-channel retail differs to that of multi-channel retailing. Existing multi-channel communication barriers are removed, with consumers and retailers having the ability to have two-way communication.

This notion of one-way and two-way communication can be explored from the perspective of offline and online channels (Verhoef, Kannan, & Inman, 2015). As described by the authors, offline channels can be linked to traditional brick and mortar

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stores, which typically have not existed in a digital environment. Online channels, therefore, offer insight into the company through their websites and platforms that consumers can consistently access and engage with. The introduction of online retailing has meant that a retailer has fundamentally shifted from confined trading periods and moved into a world that is always on(line) and available, twenty-four hours a day, seven days a week.

By always being online and available, multi-channel retailers have had to revisit and innovate their existing business models. A critical focus in initially distinguishing multi-channel retail was defining their ability to maximise efficiencies. Multi-channel business models offer retailers significant improvements to their overall cost management. This broadens the retailer's ability to serve the desired consumer audience at a far lower expense (Yrjölä, 2014). This is possible as the core components, such as retail floor space, inventory management; warehousing and logistics are all fundamentally adjusted in the multi-channel business model.

The channel or channels, dependent on the business model, will always be regarded as the hallmarks of how the retailer promises to uphold its delivery as well as its integrity to its desired consumer base. However what role does the brand of the retailer have to play in this mix? And ultimately does brand and channel choice have a link to consumer decision making? A key distinguisher between multi and omni-channel retail strategy is where multi-channel focuses strictly on the type of channels, omni-channel begins to examine the relationship between the channel, as well as the retail brand (Verhoef, Kannan, & Inman, 2015).

With the explosion of retail brands that have entered the global market place over the last decade, there has been a commensurate expansion of retails channels. Due to the time constraint, perceived or actual on consumers, channels play an integral role in retail strategy. Consumers therefore begin to develop preferences towards retail brands and channel types that remove the constraints of time, price and where information on price and product comparison can be easily acquired (Neslin, Jerath, Bodapati, Bradlow, Deighton, Gensler, Lee, Montaguti, Telang, Venkatesan, Verhoef & Zhang, 2014). Omni-channel retail strategy therefore represents a key distinction in potentially overcoming these consumer constraints, which multi-channel was not as successful at removing. Brand therefore plays an important role and the interaction, is not merely informed by the channel, but by the brand and retail experience that is

ultimately provided to the consumer (Piotrowicz & Cuthbertson, 2014; Verhoef, Kannan, & Inman, 2015).

These initial undertakings in distinguishing between multi-channel and omni-channel retail strategy offer perspective on the evolution of the retail channels and environment. This evolution has been propelled by the rapid advancement in technology. As stated at the beginning of this section, the internet has paved the way for the virtual and physical environments to co-exist. Two-way communication in this new era of retailing is what is enabling differentiation. Retailers who have the ability too on-board the potential gains of operating in an omni-channel environment may have the ability to create a sustainable competitive advantage. This, in turn, enables retailers to receive and process consumer data. The ability to acquire such rich insight into consumer behaviour is crucial to any retailer. It can be noted that communication forms an integral part of a retailer business model operating in an omni-channel retail environment.

It is important to know where omni-channel retail strategy was derived from and how it is differentiated from multi-channel retailing in order to gain an understanding of the seamless integration between the physical and virtual retail channels. This is a key distinguisher in defining if a retailer is truly omni-channel or merely multi-channel in their operating business model.

It is pertinent to explore and understand what the potential advantages and challenges are of operating and competing with an omni-channel business model. Technology is advancing the retailer's ability to compete, however understanding the potential limitations is critical in order to continuously improve and advance the retail business model.

2.3.3   Advantages and challenges of Omni-Channel Retail

Grewal, Roggeveen and Nordfält (2017) identify that an initial advantage of omni-channel retail is the ability to create a meaningful enagagement with consumers due to the data that is collected. This notion of data is explored further by the authors, emphasising that retailers are now more equipped to understand and interpret how consumers behave. This is achieved through the rapid advancement in technology and channel contact points that consumers engage with. These contact points could be in the form of a retailers mobile phone application, mobile-payment solution, digital

marketing solution or perhaps location based services (Piotrowicz & Cuthbertson, 2014). All of these contact points are representative of a retailers ability to collect and analyse unique customer data.

A challenge exists, prior to interpreting this data, pertaining to the technology enabling infrastructure. System infrastructure and broad based internet penetration are required for a retailer to successfully collect and analyse data. Internet access is a necessity for this to be achieved (Zhang, Farris, Irvin, Kushwaha, Steenburgh & Weitz, 2010). In reviewing the data which exists in South Africa, there are currently in excess of 28 million customers who have access to the internet. This is indicative that more than half of the population of the country are connected to the internet, either through a mobile device, a computer or a tablet (We Are Social, 2017). On this basis, there is more than enough opportunity for retailers to connect and acquire information about customers in the South African market.

Rigby (2011) reinforces that there is a very real challenge that retailers face in an effort to interpret data that has been collected. Typically retailers have lacked the necessary technological skills to embrace emergent technologies and trends. The challenge that this lack of technological know-how presents is how and who retailers recruit in order to reap the benefits that exist from interpreting the data that an omni-channel retail environment can offer. Human capital and resource management represent a potential shortfall that retailers need to address, if they aim to utilise the data to its full potential, for competitive gain.

Data collection provides an insight into the potential advantages and challenges of operating an omni-channel business model. The next area requiring analysis is the theory of integration and specifically channel integration of the physical and virtual retail environment. Integration plays one of the most fundamental roles and equally, one of the preeminent challenges in managing an omni-channel business model (Neslin et al., 2006; Piotrowicz & Cuthbertson, 2014; Yrjölä, 2014; Hansen & Sia, 2015; Verhoef, Kannan, & Inman, 2015). As a departure point, integration is linked to the setup and implementation of the business model. For seamless integration to be successful between channels, synergies have to exist between the channels that reinforce one another. There has to be a related interplay of the elements in the business model, to determine the true success of the integration between channels (Sorescu, et al., 2011).

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In examining the consumer integration, the primary challenge that is faced by the retailer is in the change of the customer behaviour. As technology improves and a more robust channel offering is presented to the customer, this presents a challenge to the retailer on how best to forge integration between the channels (Piotrowicz & Cuthbertson, 2014; Yrjölä, 2014). A potential solution would be for retailers to build flexibility as a form of contingency into the business model. However too much flexibility, in adapting to shifting with consumer trends, could equally lead to a frustrated consumer base. This in turn negatively effects channel performance as customers switch between channels in search of the best potential product offering or price (Yrjölä, 2014).

Data integration is a core requirement for successfully managing customers (Neslin et al., 2006). For a company to have a complete perspective of the customer experience, this would require that the data points across all of the respective channels are integrated to provide the retailer with a holistic view. This in turn enables the retailer to intimately understand the consumer preferences, how and where they shop and ultimately what pushes them to committ to making a purchase. Enabling real-time customer data across channels should, therefore, be a priority for any retailer operating an omni-channel business model. This, however, requires an integration of the retailer's respective information systems (Yrjölä, 2014). This presents a financial challenge as system integration is capital intensive.

Due to the intimacy with customers that can be developed by retailers across the respective channels, customer relationships are forged. Forging these deep relationships with customers can have a significant impact on and increase the total amount that the customer spends with that retailer. Retailers can, therefore, grow their share of the customers spend in favour of their respective products across the various channels (Zhang et al., 2010). Omni-channel retail offers significant advantages in shifting spending patterns, in the event that strong relationships have been cultivated successfully by retailers.

Coordinating channel strategy can be advantageous for a company, however, it is reliant on successful integration. Through this coordination a retailer can reap the benefits of the economies of scale by having the ability to supply the market through multiple channel opportunities, as a result of operating an omni-channel business model (Neslin et al., 2006). This market coordination offers benefits to the retailer in the form of channel differentiation. By virtue of operating multiple channels, a retailer can

take strategic decisions in product assortment and pricing strategies across channels. Retailers have the ability to interpret shopping trends by customer, by channel type and therefore customise their product offering and message in order to take advantage of improved purchasing behaviour (Zettelmeyer, 2000).

By successfully integrating channels, a retailer has the potential to drive up the level of competition in the market. Integration therefore, increases the barrier to entry for any new retailer who would be required to at least meet the channel offering of the competing retailers. Should a retailer wish to enter this market and decide not to pursue a coordinated channel integration model, there would have to be a compelling enough reason to distinguish its ability to compete in that market (Neslin et al., 2006). This point of differentiation could perhaps be presented in the form of the value-added service offered by the retailer such as an in-house extended service and warranty solution for its customers.

Integration plays a role in understanding the advantages and challenges that exist in examining omni-channel retailing. In shifting focus from integration, Verhoef, Kannan and Inman (2015) pay attention to the retail mix. The retail mix is an integral component to operating in an omni-channel environment. Studies by Bloemer and Ruyter (1998) discuss that the retail mix comprises of the following elements, "location, merchandise, store atmosphere, customer service, price, advertising, personal selling and sales incentive programs." Retailers, therefore, have the ability to leverage and integrate elements of the retail mix across both online and offline environments.

A notable challenge in operating an omni-channel business model are settling the operating efficiencies within the retail mix. Achieving synergy across various business unit functions can be difficult. An example would be in the area of distribution centers and how inventory is supplied and stocked relative to the channel that it supplies. Bulk supply into mass merchants would significantly differ to suppling for orders placed online, those being single customer transactions (Zhang et al., 2010).

While an omni-channel business model may present significant advantages that the retail mix may be able to benefit from researchers in this field recognise that this remains an area that requires more extensive research in order to understand how the retail mix has evolved and possibly benefited from adopting an omni-channel retail model (Verhoef, Kannan, & Inman, 2015).

Another challenge that retailers must overcome is their organisational structure (Zhang et al., 2010). This is a relevant challenge in multi-channel retail and remains relevant, if not more complex when reviewing the omni-channel retail strategy. As the business begins to add new channels and new responsibilities, the question is where do the lines of accountability for the relevant channel or customer interaction begin or end with the various teams within the company. Retailers favour decentralised structures, offering autonomy to respective departments. With multiple functions being required across numerous channels, it is critical that the retailer identifies the structure and personnel best required to best meet the needs of the organisation (Zhang et al., 2010).

The notion of channel switching is a contested topic in omni-channel retailing. The challenge presented is that customers to some extent, become ambivalent to a particular channel. The customer preference for where they potentially transact versus where they research and acquire information can be across multiple platforms. This is due to the customer believing that they are seeking the best possible deal (Lazaris & Vrechopoulos, 2014).

A further challenge that is encountered within the omni-channel environment is its purpose. As defined by Neslin and Shankar (2009), where three areas are identified as what the purpose of omni-channel retailing can offer to the retailer. These are efficiency, consumer segmentation and customer satisfaction. Stone, Hobbs and Khaleeli (2002) equally define two key intentions of multi-channel retailing, being utilising technology to increase speed and reliability and secondly to assist in meeting the needs of customers and their expectations. It can be inferred that omni-channel retailing thereby offers the retailer a way to identify and serve efficiently, multiple customers with differing needs and requirements.

Finally, in examining the advantages and challenges of omni-channel retailing the concept of customer loyalty is to be considered. Dick and Basu (1994) discuss customer loyalty from the perspective of attitude and how this builds an affinity to repeat a purchase. Wright and Sparks (1999); Zhang et al., (2010) propose that in building customer loyalty, this can lead to retention that in turn has been found to have strong association toward increased profit for the retailer.

As retail channels have evolved Neslin et. al., (2006) discuss that having numerous channels can potentially diminish customer loyalty. The reason for this is that

customers have the ability to choose amongst various channels. Wallace, Giese and Johnson (2004) challenge this notion on the basis that where multi-channel exists, customers have a greater choice that in turn leads to improved customer satisfaction and ultimately increased loyalty.

2.3.4 Omni-Channel Theory Conclusion

In concluding the discussion on omni-channel retailing, the initial insight is that in order to work there must be a seamless integration between channels. This relies on the retailer to develop the business model that encourages an interplay between the channels, thereby bolstering the value that is added to the customer. The exponential expansion of channels and brands has also proved that retailers have to prepare and revisit the business model in order to compete in this new environment.

There are significant gains to be achieved by competing successfully in an omni-channel environment. Economies of scale, product and price differentiation, customer data and two-way communication are all respresentative of these gains. However notable challenges equally exist such as attracting the right level of talent to the company, from a human capital resource perspective. Coordination of activities across the channels, if not successfully integrated, can be catastrophic to the perception of a retailers brand. Finally, loyalty can equally be compromised, as shoppers shift behaviour based on their shopping preference per channel.

The next section of this literature review will focus on mobile commerce. Mobile commerce can be seen as a segue into the area of technology and what has been made possible through its advancements.

2.4 Mobile Commerce

2.4.1 Introductory Overview

Together with the development and promulgation of the internet what has propelled retailers and consumers forward together has been the advancement of the mobile phone. More specifically the internet enabled smartphone that has launched an entire online universe of possibilities for retailers and consumers to interact and engage with one another. In South Africa mobile penetration is extensive. There are just under 28 million active mobile subscriptions, with just over 27 million being active mobile internet

users (We Are Social, 2017). It would be fair to say that mobile commerce has the ability to play a significant role in enhancing retail business models.

2.4.2 Mobile Commerce Literature Base

In an article by Evans and Wurster (1997) the authors discuss how consumers are shifting to communicating in a world that is electronic and that information and connectivity would bring about fundamental shifts in retail business models. In support, Clark III (2001) examines how information is at the forefront of change and that the next shift will be from e-commerce to mobile commerce. Clark III (2001) goes on to define mobile commerce, as m-commerce. Customers, through wireless technology, are empowered to purchase products wherever and whenever they want. M-commerce implicitly refers to a transactional monetary exchange over a mobile platform.

Mobile platforms have empowered retailers and consumers to have direct access to one another, at any given time. An inference can be drawn that using the information that the authors refer to can lead to more informed decision making by the company. This in turn creates a potential competitive advantage in how this information is utilised to retain customers and encourage repeat purchases.

According to Ngai and Gunasekaran (2005), there are two important components to defining m-commerce, these being "mobility" and "broad reach". The authors define mobility from the perspective of devices, such as portable telecommunication devices. Broad reach supports the notion that retail can be accessed anytime, in any place. Wu and Wang (2005) discuss that in addition to the rise of mobile wireless devices, which have been adopted to communicate, the internet has supported the global rise of the m-commerce environment for both retailers and customers. In additional to reach and mobility, Sheng, Nah and Siau (2005) discuss that efficiency and customer service equally can be identified as two characteristics as to why a business, such as a retailer would adopt mobile technologies as drivers of their m-commerce business model. The above chartertistics offer an insight into the potential functions and capabilities of a retailer operating in a m-commerce driven environment.

In evaluating m-commerce the issues of user acceptance was identified as a potential prohibition to customer adoption (Wu & Wang, 2005). In understanding user acceptance, the authors propose that it is essential that customer perceptions are considered in an effort to drive broader adoption. The authors raise a pertinent point in

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the area of user acceptance. In order to encourage broad-based adoption of a particular retailers m-commerce business model, ease of use is a key component in an effort to drive broad-based adoption across the intended customer audience.

Considering the findings of acceptance and user experience, Wang, Malthouse and Krishnamurthi (2015) discuss how m-commerce platforms, offer retailers the ability to form relationships with customers, as a result of their behaviour. This notion of relationship eco's the discussion concerning omni-channel retailing where retailers, through access to consumer data, are able to develop deep and insightful relationships with their customers. Building customer relationships is a critical aspect of any retail business. However respecting customer privacy and building trust is a crucial aspect to reinforcing the m-commerce interaction with the customer (Shankar, Venkatesh, Hofacker, & Naik, 2010). The authors go on to define the personal nature of a mobile device. While this wireless communication device offers the ability to transact, it equally forms part of the identity and culture of the customer and this, therefore, has to be acknowledged prior to any form of engagement. There are three aspects to driving the adoption of m-commerce. Building relationships, managing trust and respecting privacy. It can be inferred that in the event that these aspects of m-commerce are upheld on the part of the retailer, a relationship can be formed with the customer.

In the review of academic material concerning loyalty and technology, numerous studies refer to the Technology Acceptance Model (TAM). As per Davis (1985), the objective of TAM was designed with the intention of being able to acquire insight into understanding how customers respond to a new information system. Once having been able to acquire an understanding of how the system operate it is presumed that the technology is likely to increase customer usage. The access to trusted information forms the architecture of any technological advancement and it is essential from a retailer perspective, that the notion of user acceptance and ease of use is factored into the m-commerce business model.

User acceptance and ease of use as identified within TAM are essential to driving adoption of m-commerce and by having these elements in place, customer loyalty is increased. In addition, Cyr, Head and Ivanov (2006) highlight the importance of the "look and feel". Typically when a product is appealing, customers are more receptive to engaging with it. Taking this into consideration, the authors validate that the aesthetics reinforce the customer's perception of the ease of use. Through this reinforcement,

customers believe that value is being acquired and this contributes positively to their loyalty.

Having been successful in integrating mobile technologies into the business model, a crucial component to m-commerce is mobile marketing. M-commerce from 2015 - 2016 was anticipated to grow at levels between 21% to 29% globally. This demonstrates how buying and shopping from a mobile device have gained significant traction on a global basis (Wang, Malthouse, & Krishnamurthi, 2015). Traditional advertising methods offer a retailer very little ability to interact with their customers. Mobile has changed this dynamic entirely. Retailers have the ability to interact with customers continuously through various communication channels. However, this also opens a door for broad-based mass communication that could be disregarded by customers as spam (Bauer, Barnes, Reichardt, & Neumann, 2005). Winning the trust of the customer is essential for any retailer, before leveraging the benefits of mobile marketing.

Mobile marketing has the ability to serve different purposes. Advertising, as an example, is reliant on the type of mobile device where customers can either receive rich image advertising or purely text. Retailers could offer coupons, thus driving value and multi purchase incentive schemes. The key improvement is the ability to continually service the customer in their environment, anytime, anyplace. Mobile has the ability to improve the retailers customer service ability. In addition to this, retailers have the ability to provide personalised information to the customer. However, providing information that is relavant to the consumer, is crucial in developing credibility (Tsalgatidou & Pitoura, 2001). Finally mobile marketing also offers retailers an ability to interact, engage and acquire data through various social media platforms (Shankar, Venkatesh, Hofacker, & Naik, 2010).

Propelled by the development of m-commerce, social media is having a fundamental impact on the retailer's ability to engage in an ever on, omni-channel environment. Through the technological advancement in mobile devices and the development of social media platforms, the customer is able to have the retail store in their pocket (Piotrowicz & Cuthbertson, 2014). Social media has accelerated the requirement for retailers to provide information in real time and more so, for customers to be able to engage in real time with that retail brand. One of the pitfalls to retailers engaging with social media and on mobile devices is their inability to have any of control over the information that customers share on various social media platforms (Piotrowicz &

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Cuthbertson, 2014). In the world in which retailers operate, a customer can walk into a store, have a poor experience and before leaving that store post a negative comment directly to the retailer's very public social media account. Retailers, therefore, have to put in place the necessary procedures and resources to manage social media activity and consumer experience in real time, not only in-store but online as well.

As discussed there are specific considerations that are required for a business model in order to successfully adopt m-commerce. Firstly, development of technological core competencies is required in personnel, infrastructure and procedures that will facilitate m-commerce being successfully integrated into the business. Secondly understanding the context and situation in which the customer would prefer to shift their purchase to mobile versus the physical store. This would require an analysis and understanding of the collected customer data. Finally, understanding the potential restraints that exist in the market concerning the use of mobile devices in making purchases (Tsalgatidou & Pitoura, 2001). For example, mobile data rates that are extremely high, as within South Africa, could potentially be prohibitive for customers in adopting the m-commerce retail model.

2.4.3   Mobile Commerce Conclusion

The review demonstrates how technology has successfully developed an entirely new channel, manner of interacting and transacting with a retailer. The critical components to encouraging broad-based adoption of m-commerce are the retailer's ability to develop, among others, ease of use into the model. By focusing on ease of use, retailers will ultimately work towards developing trust that in turn allows for the successful development of deepening relationships with its customers.

Ultimately m-commerce increases the retailer's flexibility in how they communicate with their customers. It furthermore focuses on driving collaboration levels through the increased levels of information sharing between retailers and customers (Sheng, Nah, & Siau, 2005). Sharing is further enhanced through the rapid rise and development of social media platforms, enabling a new level of two-way interaction. In adopting m-commerce into the retail business model, careful consideration is to be given to integration and supporting resources to manage the platform. M-commerce demonstrates the potential enhancement of the retail business model, through the adoption of digital technologies.

The final section of the literature review will focus on the consumer experience, with specific emphasis on the online experience. The sections to this point have set the foundation for understanding how digital technologies are advancing the retail business model. The emphasis now will be on understanding the role of the consumer in this evolution of the retail business model.

2.5   Online Consumer Experience

2.5.1   Online Consumer Experience Literature Base

Digital technologies are having an impact throughout the retail business model. There has been an explosion of channels that have been progressed by the increase in digital technologies and further accelerated through the proliferation of internet-enabled mobile devices. As a result, consumers for the first time have multiple means of engagement and interaction with a retailer. It is therefore prudent to examine how the consumer experience has evolved into the online environment.

As a departure point, delivering on and consistently improving the experience of a consumer is an all-encompassing activity for any retailer. From searching for a product to the ease of its purchase and experience of the product itself. Finally, there is the interaction with the retailer post-purchase, where the retailer has the ability to enrich the experience, irrespective of the channel, for the consumer (Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros and Schlesinger 2009). This interaction has broadened beyond the scope of brick and mortar stores and customer experience has to be managed across multiple channels.

Due to the rapid improvement in technology, the internet and retail formats, the experience that a retailer is able to offer a consumer has entirely evolved. This is primarily as a result of the multi-channel environment that the retail business models now operate across. Now more than ever, there is a requirement by the retailer to intimately understand how the consumer transacts across the various formats of their physical and online stores. Physical versus virtual consumption behaviour can differ significantly (Bronwe, Durrett, & Wetherbe, 2004). Retailers therefore have to identify mechanisms within the business model to empower rapid decision making across the various formats. This is where acquiring consumer data is an absolute requirement to informing decision making in order to enhance customer experience across channels.

A key challenge for retailers is the location of the online consumer experience (OCE). Consumers have the ability, through online and mobile platforms, to purchase anywhere, at any time due to the removal of the spacial barriers and time dimension of selling. The challenge for the retailer is the potential loss of the power and control of the purchasing experience (Verhoef et al., 2009). Unlike in-store, where store personnel can assist directly in addressing customer queries, OCE removes the personal connection. Retailers must focus on mitigating the risk of a depersonalised consumers experience as a result of operating online.

Flexibility exists with operating in the online environment due to the ability to freely browse without the in-store inconveniences, and it is possible for retailers to establish a personal connection with online consumers. Frequently visiting a retailer website enhances the customer's memory of a particular retailer based on the product offering and provides the ability to create repeat purchases based on the consumers level of experience (Rose, Clark, Samouel, & Hair, 2012). Empirically tested, Khalifa and Liu (2007), validated the above in testing the relationship between habit and experience and what this meant for consumer retention. The findings identified that habit and experience contribute significantly to OCE. On this basis, retailers need to strive to create an experience within the online environment that ultimately reinforces habitual behaviour on the part of the consumer.

Another potential limitation of operating online is what is referred is as "technique lagging technology" (Bronwe, Durrett, & Wetherbe, 2004). This means that technology typically advances at a faster rate than that of user adoption. Technologies are often advancing exponentially, and retailers therefore have the ability to be at the cutting edge of technological advancement. However, consumers are at times cautious with adopting new technology. A level of trust and comfort has to be established before broad-based adoption is achieved. Retailers, therefore, have to be aware of adopting technology into the business model, that consumers feel comfortable with using. This supports the assumptions in the review of m-commerce whereby the ease of use is a key determinant to broad-based adoption. OCE will only be successful in the event that consumers feel comfortable with the technology that they are interacting with.

A retailer gets the opportunity to interact with customers by developing an omni-channel business model. With the expansion of channels, research has proved how this contributes to the retailer's ability to develop a higher customer lifetime value (CLV) (Zhang et al., 2010; Wang, Malthouse, & Krishnamurthi, 2015). CLV examines how a

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retailer may develop a longstanding relationship with a customer, versus a once off transaction. To develop CLV, retailers need to invest in making a customer feel unique and appreciated by the company. Developing CLV contributes to a retailers ability to ultimately enhance the overall customer experience (Berger & Nasr, 1998). With expanding into multiple channels, customer experience extends across the respective platforms. As a result there is a positive indication on retailer revenue due to the increased availability of contact points for the consumer to experience the retailer offering (Wang, Malthouse, & Krishnamurthi, 2015). With CLV retailers have to invest in order to nurture positive returns, in the form of revenues and profits for the company. It is only through this investment that customer experience is enhanced. This is not a once-off investment and becomes a continuous function of the business model as supporting resources and capabilities are required to successfully manage the overall customer experience.

In examining the scope of literature relevant to OCE, an area that is extensively discussed is pricing. By introducing new channels to the business model, through omni-channel retailing, retailers are introducing new means to interact with consumers. Online consumption begins to introduce changes to how consumers behave. The primary factor for shifting behaviour into a new format is on the basis that consumers trust and believe in the channel. This in turn shifts the experience from traditional retail formats into virtual, online store formats. As a result there can be a shift in the existing experience, however, this will only materialise in the event that there has been an impact on the consumer's lifestyle (Wang, Malthouse, & Krishnamurthi, 2015).

Pricing also comes under review in the manner in which retailers utilise the online channel to augment the customer experience. Earlier studies classified this as "format blurring" whereby differing channels stock and price are differentiated in categories online versus in-store (Grewal, Levy, & Kumar, 2009). Consumers gradually begin to build an understanding of where and how the retailer promotes the desired products and then this begins to influence the experience of the consumer. Pricing and channels therefore play a role in how the business model aims to manage the overall customer experience.

A topic gaining attention when examining OCE is generational differences amongst consumers. Digital technologies are advancing the experience for consumers, however retailers have to be aware of their requirements by generational segment. For example, Baby Boomers, considered to be born between 1946 and 1964, have predominantly

experienced the traditional retail format. As a result, they favour an in-store rather than online experience. Generation Y, or more commonly known as 'Millenials' are born between 1984 and 2004. This group of consumers has grown up with technological advancement and in particuler online and interconnected social media communities and as a result, are sophisticated in adapting to new technological trends. This group of consumers welcomes the introduction of new technologies. The decision-making process in this generation is concerned with how and what the experience will impact their lifestyle (Parment, 2013). Due to the growing number of consumers within this generation, retailers need to be aware of the shift in consumer segments. Generation Y consumers are more adoptive of online retail offerings and therefore it is expected of the retailer to be present in an online format.

2.5.2   Online Consumer Experience Conclusion

Having reviewed the OCE, it is apparent that digital technologies are offering retailers the ability to change their business models while similarly, the customer experience is evolving. Much like traditional brick and mortar retailing, optimising customer experience is critical to long-term sustainability. The online environment creates a new dimension when developing and nurturing the customer experience. With the digital format and data collection, the experience can be enhanced through the analysis of the data that is acquired by the retailer. This enables a retailer to systematically build and nuture a relationship with the customer, ultimately building on and extending the CLV.

Furthermore, online by virtue of its name is always on-line. This constant always on, always available nature of online commerce, enabled through omni-channel retailing, demonstrates how retail business models have to be reviewed to monitor the OCE. Retailers have a difficult task, in addressing the needs and experiences of various groups of consumers. The challenge that exists is managing the existing customer base but also adopting new technologies to remain relevant to the future customer base who have an expectation of online consumption that meets the lifestyle experience that they desire. The business model, therefore, has to adopt in order to meet these growing needs of future consumers. Technology enables a closer connection and deeper understanding to retailers of how the overall experience can be enhanced through multiple format offerings.

2.6   Literature Review Conclusion

The emphasis of this investigation into the pre-existing academic literature is focused on understanding how digital technologies are potentially enhancing retail business models. As recognised by Grewal, Roggeveen, & Nordfält (2017) innovation is being brought about by digital technologies are driving a requirement for existing brick and mortar business models to be revisited in order to remain relevant.

Due to the heterogeneous nature of retailers, while there may be similar characteristics of the business model, unique indicators will differ due to the diversity that exists amongst varying retailers. It can be agreed that similar characteristics such as creating a sustainable competitive advantage through the use of multiple resources are what provides a retailer with the ability to compete. The differentiator is how retailers aim to create value and develop the relationship with consumers through the multiple channels that they operate within. As digital technologies have advanced, this has enabled retailers to adjust the business model and create new sources of value for customers. Identifying how retailers have adopted the business model through digital technological advancement, through the use of various resources, is what this investigation aims to discover.

By implementing digital technologies, this has expanded the channel opportunity of retailers to engage and interact with customers. However what was evident is that integration and implementation of an omni-channel business model remains a challenge. It can be noted that significant cost benefits can be achieved through the adoption of digital technologies, however, increased spending on technological knowledge, process or infrustructure, is a core requirement to achieve any form of cost-benefit. Examining the challenges of omni-channel integration in the context of the South African retail sector is an area that requires a further and extensive contribution from an academic research perspective.

As retail has evolved, the retail mix, a core component of retail operational activities has similarly evolved. It is widely recognised that operational efficiencies can be achieved, however, it is also noted that further academic research is required in examining how the retail mix has evolved in operating across a physical and online environment.

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With digital expansion and adoption, the customer experience has gradually evolved along with the respective channels. These channels have opened up an entirely new way for retailers to engage and interact, enabling two way, instant communication. As a result of this increase in dialogue, retailers have the ability to collect and source significant amounts of customer data. This data, if interpreted correctly offers the potential to enhance the overall customer experience irrespective of the channel. However, a further dynamic that exists for retailers operating today is the technological generational gaps in the consumer base. These gaps define how consumers search, transact and ultimately if they remain loyal to any particular retailer, channel or brand.

A review of available academic material has provided a robust view of the potential insight into understanding whether a business model is capable of being enhanced through digital technologies. Coordinating activities throughout the business model, extending beyond the internal context to the external environment will determine the successful integration of channels and customer experience. Shifting behaviour, internally and externally, requires an intimacy with reviewing and interpreting data that ultimately enables the retailer to achieve a competitive advantage today and into the future.

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Chapter 3: Research Questions

3.1 Overarching Research Question

As established in the research problem, digital technologies are developing and changing the retail environment. Five research questions have therefore been established on the basis of the research objectives identified in Chapter 1 and through the rigorous review of the supporting academic literature in Chapter 2. The intention is to offer the user an insight into:

- Acquiring a deeper understanding of how the retail business model has evolved through the adoption of digital technologies.
- How to successfully integrate an omni-channel business model with an existing retail business model.
- What the challenges are in overcoming the integration and implementation of an omni-channel business model, brought about through digital technologies.
- How the role of engaging with the consumer has evolved through the experience that digital technologies have introduced through omni-channel retail.
- Identifying which areas of the business model are required to be changed when adopting digital technologies in order to operate an omni-channel business model.

With the above as the context, and through the insights offered through the literature the researcher therefore aims to answer the overarching research question:

How are South African retail business models changing as a result of digitisation?

Digital technologies have the ability, to not only introduce new methodologies into the retail business model but at the same time, has the ability to produce and convert customer information into endless amounts of usable market related data. An analysis of digitisation therefore determines where South African retailers are in the process of adapting their business models to leverage the potential improvements that technology can offer.

In addressing this overarching research question a set of five secondary research questions have been identified by the researcher.

3.1.1 Research Question 1

What role have digital technologies played in the development of the business model for (X retailer)?

3.1.2 Research Question 2

What have been the challenges experienced in integrating and implementing an omni-channel business model for (X retailer)?

3.1.3 Research Question 3

How has operating an omni-channel business model impacted upon consumer engagement?

3.1.4 Research Question 4

How has the retail mix had to evolve as a result of operating across physical and online retail environments?

3.1.5 Research Question 5

Which specific areas of the business model have been most significantly enhanced through digital technology adoption?

The five supporting research questions will form the basis of guiding the study in answering the overarching research question. Equally these sets of research questions will inform the following section of this study that will provide a thorough overview of the research methodology and research design.

Chapter 4: Research Methodology

4.1   Introduction

The objective of this chapter is to provide an overview of the research methodology that has been utilised in this study and the reasons for defending the methodology that was adopted in conducting this study. The methodology adopted by the researcher was utilised to gain an understanding how digital technologies are enhancing retail business models. This chapter will focus on the choice of the methodology selected, the population and unit of analysis, the sampling method and sampling size. Following this the research instrument is discussed, followed by the process of collecting data, as well as the process for conducting the analysis. Finally, the chapter ends off with a review of the potential research limitations that may have had an impact on this study.

4.2   Choice of Methodology

This study was exploratory and qualitative in nature. Exploratory research is linked to research within social science. The emphasis in exploratory research is being placed in an environment where deep learning and discovery can be achieved through lengthy time spent within conducting field work (Stebbins, 2001). Exploratory studies typically are adopted by researchers when the topic is not explicitly understood and the researcher is focused on discovering new information (Saunders & Lewis, 2012). Given that the over-arching research question is about acquiring a deeper understanding of how digital technologies are enhancing retailer business models, an exploratory study was selected as being best suited for the study to acquire rich and meaningful insights.

Acquiring and developing insights is an extremely important aspect of qualitative research, focusing in on the learnings from people who can offer richness and in-depth understanding of the topic through the basis of explanations, is imperative to exploratory research (Nicholls, 2017). Another characteristic of exploratory research, which is evident to note is the importance of understanding language and focusing in on the context in which it is communicated (Hsieh & Shannon, 2005). Exploratory qualitative research allows for the researcher to identify exact moments which have led to specific behaviours being carried out. This, therefore, allows for robust and fruitful explanations in a review of the data (Miles & Huberman, 1994). As discussed by the author's qualitative data allows for the researcher to often extend beyond the initial scope of the inquiry, thus allowing for a revised and rich development in the inquiry.

This, in turn, strengthens the data inquiry and ability to extract richness through revised inquiry. This further reinforces the reason for why a qualitative study was selected to addressing the research problem.

Saunders and Lewis (2012) provide an overview of the three common means in which exploratory research is typically conducted. Firstly, a review was prepared of the existing literature making use of peer-reviewed academic journals, sourced through EbscoHost and equally Google Scholar. From here the most pertinent key themes were identified in the literature section reviewed in Chapter 2. Secondly, conducting interviews with candidates from the retail sector who have an expertise in the subject matter of business models design and equally omni-channel retailing. Interviewing the subject matter experts will seek to provide the richness and insight to inform the overall findings. Finally, in conducting a qualitative study, interviews are regarded as essential in aiming to explore a detailed review of the lived experience (Nicholls, 2017). The objective in use of qualitative interviews is not to necessarily acquire specific answer, but more it is more about understanding the meaning of the lived experience which the interview candidate has lived through. Extracting these experiences is what has given meaning to the interview process (Seidman, 2013). Interviews, therefore, formed the basis of how data was collected for this exploratory research study.

It is relevant to note, that due to the time parameters in which this study was conducted, the emphasis will be that of a cross-sectional qualitative study, drawing on the findings at a specific period of time in which the interviews took place (Saunders & Lewis, 2012).

4.3   Population and unit of analysis

The entire population of retailers in South Africa will be considered as forming the basis of the sampling frame of this study (Saunders & Lewis, 2012). Having determined the population and as defined by Verhoef, Kannan & Inman (2015) an omni-channel retailer exits in both the physical and online environment. This will, therefore, serve as a secondary characteristic to determining the population. Retailers who meet this description of omni-channel, operating in both a physical and online store environment form the basis of the population under study. Due to the vast and a varying number of retailers, the population criteria will once again be further refined to retailers forming part of listed companies upon the Johannesburg Stock Exchange (JSE).

Having identified the population, the unit of analysis will focus on in-depth interviews, which will serve to extract rich meaningful insight in addressed the research problem of how digital technologies are enhancing retailer business models. This interview will, therefore, form the unit of analysis. The section to follow will focus on specifying how the sampling method shall be determined.

4.4   Sampling method and size

4.4.1   Firm sample and size

Due to the cross-sectional nature of the study, being at a specific point in time, a non-probability, purposive sample was relevant for selecting the retailers from the population to form part of the study. In selecting the sample from the population, Saunders and Lewis (2012) offer two techniques in which samples can be selected, probability and non-probability sampling.

As defined by the authors, probability sampling is most appropriate where the entire population can form part of the study. In non-probability sampling, a representation sample of the population would be selected using a non-probability sampling technique, due to not having access to the entire population. Furthermore, in qualitative exploratory studies, non-probability sampling techniques are considered most appropriate (Saunders & Lewis, 2012).

Examining the types of non-probability sampling techniques which shall be most relevant to informing the research problem, a combination of purposive and snowball are deemed most appropriate. Purposive non-probability sampling specifically focuses at when the researcher uses their own judgment in order to select the sample (Saunders & Lewis, 2012). Reason for validating this technique, judgment was therefore used in selecting retailers who meet the population criteria identified. This therefore reduced any form of subject selection bias, which would be unrepresentative of the population of the study (Saunders & Lewis, 2012).

A secondary technique of snowball sampling was utilised, in the event that purposive sampling fell short of meeting the sample size. Saunders and Lewis (2012) refer to employing a snowball technique in the event whereby challenges are met in identifying candidates. Snowball sampling relied on referrals from candidates who were secured through the purposive technique to refer additional candidates who reach the sampling criteria. Due to the intimacy of the retail industry, snowball technique was identified as

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a suitable solution for securing interview candidates which met the sampling criteria specified.

In a review of the sample size, and drawing from the population criteria of retailers operating within an omni-channel environment and equally forming part of a JSE listed company, the following retailers met the specified non-probability sampling criteria:

- Dion Wired (Part of Massmart Holdings Ltd.)
- Makro (Part of Massmart Holdings Ltd.)
- Game (Part of Massmart Holdings Ltd.)
- Mr. Price (Part of Mr. Price Group Ltd.)
- Incredible Connection (Part of Steinhoff Investment Holdings)
- HiFi Corporation (Part of Steinhoff Investment Holdings)
- Pick n Pay (Part of Pick n Pay Stores Ltd.)
- JD Group (Part of Steinhoff Investment Holdings)

The above eight retailers formed part of the research study conducted. The intention of the study was to acquire a total of ten participating retailers, which was selected on the basis of a quota sampling technique (Saunders & Lewis, 2012). In excess of ten qualifying retailers were contacted through a combination of emails, telephone calls and numerous follow-ups. However, despite these efforts to reach these retailer partners, a total of five retailers declined to participate in the study. The primary reason for not participating in the study was as a result of confidentiality and a concern that the study would expose sensitive nature about the respective retailer. Retailers were assured of the confidential nature of the study, however despite this declined to participate.

4.4.2   Interviewee sample and size

In a review of the research problem detailed in Chapter 1, the emphasis of the study is about understanding if digital technologies are potentially enhancing retailer business models. It was decided that in order to address the nature of the research problem, that a broad selection of retailers and very senior representatives who are diverse in nature were considered for to contribute to the study.

First and foremost, where possible, requests were made to interview the Chief Operating Officer (CEO). The CEO was able to provide rich insights into the overall

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nature of the potential evolution of the respective retailer business model. Where the CEO was not available the Chief Marketing Operator (CMO) was then selected. The CMO is typically intimately involved in determining go-to-market strategies. Therefore, was considered as appropriate to forming part of the interviewee sample that could offer insights into how digital technologies have contributed to enhancing the existing retailer business model. In support of the CMO, the Chief Operating Officer (COO) was considered. The COO was able to provide insights into the implementation of adopting digital technologies in enhancing the business model.

Finally, Miles & Huberman, (1994) propose that the researcher revisits the sampling frame in order to assess relevancy. This was conducted during the research in order to assess if there was consistency in the sampling frame versus that of the initially proposed research questions. In conducting the interviews, it was reaslied that in certain retailers potentially other candidates, with relevant insight and experience into the topic could assist in the research. It was for this reason that where possible Directors and or Commercial Executives overseeing functions such as marketing, e-commerce, and omni-channel were considered as key contributors to the study. In certain instances, it was discovered that retailers are starting to specifically appoint Omni-channel Executives, which were regarded as suitable contributors to the study.

Considering the diversity in the expertise of these professionals, the objective will be to attain a minimum of two interviews per each of the identified retailers, thus achieving a total of twenty interviews for the study.

4.5   Research Instrument

4.5.1   Semi-Structured In-depth Interviews

Semi-structured, in-depth interviews were considered as the key research instrument adopted in collecting information relevant to addressing the set of research questions outlined in Chapter 3. A total of eleven interviews were conducted in this study.

Semi-structured in-depth interviews were considered appropriate due to the format in which they assist in extensively probing, so as to gradually move the interview candidate toward feeling comfortable to discuss openly and freely their beliefs and ultimately, views on the topic being questioned (Stokes & Bergin, 2006; Silverman, 2011). In agreeing with the authors who go on to advise that through the use of semi-structured in-depth interviews, the interviewer was able to build trust and establish a

level of rapport with the respective interviewees. This was evident through the interviews conducted. Candidates started to become comfortable in the interview after a level of rapport was able to be established.

The objective in conducting semi-structured interviews the focus was on extracting the richness in the experience of each individual. This was only possible in the event that the interviewee candidates again felt comfortable and trusting of the researcher. Building rapport was critical to each engagement. While qualitative data is focused on extracting the insights from the interviewee, it should be noted this doesn't mean that the interviewer should not be heard at all throughout the interview. Active listening, questioning and probing were required, otherwise, the data acquired would have been lacking in substance without an active interviewer (Silverman, 2011).

The structure of the questioning was focused on building upon a series of open-ended questions with each candidate. This was planned in order to systematically uncover the insights and richness in the discussion. Through the process of semi-structured in-depth interviews, it was imperative to build on and explore the responses of the interviewees (Seidman, 2013). This technique was adopted and proved to be valuable in developing and enhancing understanding of responses. Furthermore, this allowed the interviewees to openly and freely discuss their experiences, relative to the research study. This technique also allowed for the researcher to reaffirm their understanding of what was being discussed, to ensure accuracy in the interpretation of the response, in an attempt to address the respective research questions from Chapter 3.

To demonstrate credibility and reliability of the data gathered through the semi-structured in-depth interviews, Doody and Moore (2013) discuss a combination of advantages and disadvantages which were essential for the researcher to be aware of prior conducting the interviews. Interviews certainly offer the ability to acquire in-depth understanding and context, and equally, assist the interviewer in determining what is important. A noticeable upfront disadvantage, however, is that interviews can be consuming and considering as an invasion of privacy from some participants. This insight further reinforced the necessity for the researcher to build trust and rapport from the onset.

4.6   Data Collection Process

In conducting the interviews, a series of three specific phases were utilised to guide and facilitate the data collection process through each interview (Seidman, 2013). First and foremost, building rapport with the interview candidate was essential as already discussed. This was initially achieved with each candidate in asking them to provide a brief background of themselves. The researcher was able to acquire a slightly more intimate understanding of the participating interviewee. As an example, many of the interview candidates briefly spoke about their early beginnings in retail. In one instant, one of the interviewees, now in a C-Suite position spoke to the fact that they started out in warehousing and packing shelves. This insight offered a deep sense of commitment and perseverance, which was reflective in the persona of the candidate. Majority of the candidates shared experiences around life experiences and career progress.

Secondly, once a level of familiarity was established, the next phase in shifting the focus of the interviewee was shifted to delving deeper into understanding the interviewee's experience on the research study being conducted. These candidates formed part of the proposed sample on the basis of their expertise and therefore their shared experiences and insights were best suited to address the study. The set of five research questions outlined in Chapter 3, formed the basis for guiding and extracting the necessary insight from the interviewees. Finally, and in closing out each interview, the ability for reflection was essential. This enabled focused thinking to be applied in rounding out the discussion, so as to precisely provide relevant and very focused insight to the final research question. In following these three phases throughout each interview, not only did this allow for the uncovering of answers but more importantly, the process allowed for deep and meaningful insight into the experiences. More importantly, feelings of the respective interviewee candidates were shared. These insights brought a level of authenticity to each engagement which was meaningful and unique its contribution.

In further strengthening rapport with the interviewee, further actions were taken on the part of the researcher to build trust and reinforce integrity. In making contact and arranging interviews, contact was made through referral, direct email or direct message on the LinkedIn platform. Referrals obviously generated far quicker positive responses, however it must be noted that two referrals resulted in declined participation. As previously this was due to confidentiality concerns.

In speaking to confidentiality, to assist in establishing trust, an introductory email was provided offering insight into the nature of the research, why the retailer was selected and the institution the research was being conducted under. In all cases, candidates were assured of the confidentiality of the research being conducted and advised that their comments would be presented anonymously in the research report. Considering the seniority of the interviewees, the researcher aimed to go to all measures to assure confidentiality. As a final assurance, if interviewees had any concerns, they were assured that there was no obligation to participate and at any point were welcome to no longer participate. Contact details were also provided of the researcher supervisor if follow up or further inquiry was required.

Once interviewees agreed to participate, a couple of date and time options were offered to demonstrate flexibility. Prior to every interview, interviewees were sent a Consent Letter (Appendix 1), which they were requested to sign to confirm their willingness to participate in the research study.

In accommodating the interviewees, the researcher conducted interviews at locations specified by each interviewee. Of the eleven interviews conducted in total, nine were done in person and two took place telephonically. One took place at the home of a retailer, one took place at a hotel conference room and the balance was done at the retailers' offices. The researcher did travel to Durban to interview three of the interviewees. The median duration of each interview was 45 minutes, with the longest interview lasting 68 minutes. All interviews were recorded in an effort to revisit the data and reaffirm any form of insight that had been formed. It offered the researcher the ability to review the questions being asked and assess if needed to be modified in order to extract far richer insights (Silverman, 2011). Extensive note taking was adopted during interview and contrast with the recordings in review.

Finally, it must be noted that a pilot study was conducted prior to the interviews being carried out. The purpose of the pilot study was to test not only the questions and quality of data coming back, but also offered the researcher an ability to assess their own style. This in turn enlightened the researcher into how they articulated certain questions, and also made the researcher aware of getting involved in lengthy explanations about each question (Silverman, 2011; Seidman, 2013). This ultimately assisted in improving structure and focus of the questions. The pilot was conducted with both an expert in the area of the retail sector as well as a test with a candidate

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working for a retailer. The final questionnaire utilised to conduct the interviews can be reviewed under the appendices as Appendix 2.

4.7   Data Analysis

The primary objective of the process in analysing the data which was followed by the researcher was ensuring and clear connections were able to be established between the data and the theory explored in Chapter 2. By established this connection, the researcher was able to move to a position of addressing the overall need for the study in understanding the potential of digital technologies in enhancing retailer business models.

As interviews were completed, the researcher had the recordings transcribed in an effort to develop a more intimate understanding of the data from each interview. In an effort to manage the integrity of the recorded data once transcribed, no editing was applied to the written text (Silverman, 2011). The only minor effort conducted in upholding the commitment to integrity to the respective interviewees. To achieve this, where names were mentioned in interviews by the interviewees, these were edited and replaced with alias names.

Once all interviews were completed by the researcher and all recordings transcribed, the researcher was now in a position to start the data analysis approach. The process of reviewing the volume of words per transcript is the process of qualitative data analysis. The objective is in reducing data inductively. The importance of reducing data inductively versus deductively is if a deductive approach is applied, the researcher has a pre-framed context of what they wish to match to the data. Through inductively approaching the data analysis, the researcher was able to review the data with an open mind, therefore aiming to identify key themes which naturally emerge through the analysis (Seidman, 2013).

In analysing the data Atlas.ti, which is a qualitative analysis software package, specifically utilised for analysis of large bodies of text, was used to facilitate the data analysis and coding of the eleven transcripts (Atlas.ti, 2017). A code can be regarded as either a word, a phrase or even a full paragraph. The objective of coding on the part of the researcher was to assign context to the respective words, phrase or paragraphs from the interviewees (Saldaña, 2011). This was done on the basis to either draw parallels or identify contrasts between the interviewee's insights and the knowledge

base informed through the literature in Chapter 2. By way of an example, it was discussed in Chapter 2 within the Business Model Theory section, that value was a key construct. On this basis the researcher would attribute a code entitled, 'Value Creation' by way of example, to all supporting pieces of the transcripts where a value was discussed.

A total of 166 codes were initially identified in the first round of coding by the researcher. Following this, the researcher had now acquired a fair understanding of the respective contexts and was therefore in a position to start with the second round of coding. In this process, code groups were established. Code groups can also be considered as code categories, whereby initial codes are clustered or grouped to fall within a specific category. The researcher found it useful to create the initial code category on the basis of each research question. From here, sub-categories and grouping of the codes took place, offering the researcher ease of assistance in reviewing the data of the five research questions identified in Chapter 3.

4.7.1   Ensuring Credibility in analysis

Establishing credibility in the qualitative research conducted by the researcher was of an utmost priority. The primary emphasis in establishing credibility was in ensuring that the researcher demonstrated plausibility in conducting the research (Silverman, 2011). As an initial undertaking on the part of the researcher, this is why tape recordings were conducted across all eleven interviews.

As a secondary measure to uphold credibility in the study, the researcher applied the methodology of saturation in conducting the qualitative interviews. Saturation is the process at which the researcher does not identify any new information within the data (Guest, Bunce, & Johnson, 2006). As discussed within the sampling frame it was specified that the research followed a purposive sampling technique, which further reinforces specifically where the principal of saturation is to be applied (Guest, Bunce, & Johnson, 2006).

Data saturation by the researcher when no further new codes were uncovered through the process of coding and review of transcripts. To demonstrate saturation, refer to Figure 1 below which is a frequency graph of new codes identified per interview.

Figure 1: Data Analysis and Code Creation per Interviewee
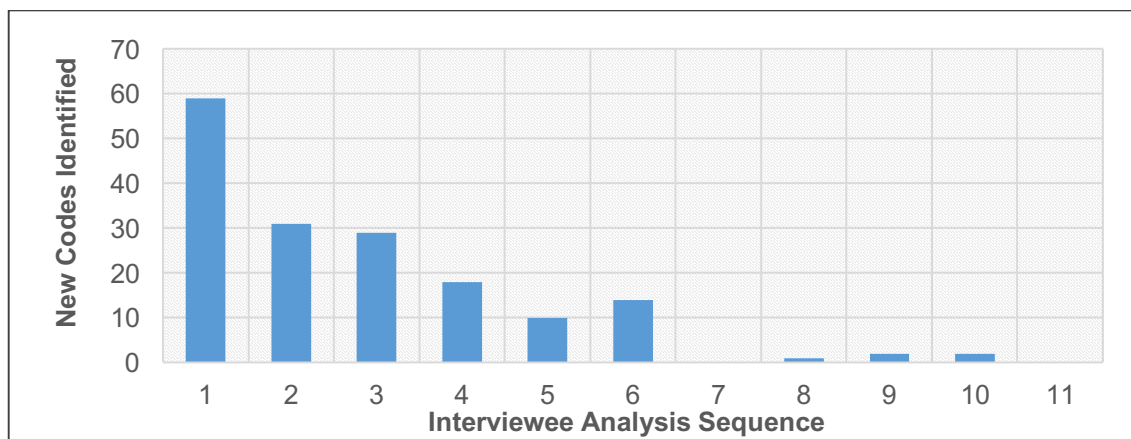
The researcher furthermore aimed to reduce their own respective bias during the data analysis process. Through the process of qualitative semi-structured in-depth interviews, the opportunity for the researcher to form their own respective views and opinions is a potential risk and therefore it's essential that the researcher is independent in their views throughout the process. Data checks were made where there was risk of bias, that the researcher focused on drawing connections between that of the literature in Chapter 2 and the data identified, as an attempt to remove bias and ensure reliability in the research study (Miles & Huberman, 1994).

4.8   Assumptions and Limitations

Key limitations of the research study are detailed as follows:

- As identified by Silverman, (2011) the potential limitation which exists in the use of qualitative research is drawn in contrast to the strength in being able to acquire rich insights. The limitation which exists is the anecdotal nature in the quality of the data. In elaborating further, there is a potential tendency to choose data which ideally fits a preconceived view of the problem being researched.

- A further limitation as identified by McCracken, (1988) is the concern in the relationship between the data and that of the researcher. The primary challenge identified is that every interview has the ability to generate endless amounts of new data, therefore how does the researcher demonstrate control over the data without influencing their own persona upon the data.

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- Commonly identified with the technique of semi-structured in-depth interviews is the notion of observer error and observer bias. Observer error examines the limitation of how different researchers may ask the same questions, thus acquiring varying results. Due to the nature of collecting data acquired through interviews, observer bias examines how differing researching go about interrupting data in varying ways and thus resulting in differing outcomes (Saunders & Lewis, 2012).

- A noticeable challenge in conducting semi-structure in-depth interviews is in areas of sensitive matters, the interviewer should take recognition of delicate topics. In addition, there is a risk that interviewees may want to impress, or create a good impression, therefore skewing the nature of the data acquired (Doody & Noonan, 2013). These therefore are all aspects of the interview process to consider.

- A potential limitation exists in the form of the interviewee sample. In addressing the research problem, perspective is only acquired from that of key decision makers, these being executives in the respective retailers forming part of the sample. In an effort to offer a for more robust perspective, the study could be extended to additional employees in the firm for offering a supporting of contrasting view to that of the decision makers. An alternative sample could also be considered from the perspective of the customer. This would be enable a rich insight to be acquired in addressing the research problem.

- Finally, due to the study being qualitative in nature, with data acquired through semi-structured in-depth interviews, the researcher recognises the potential limitation of needing to deal with ambiguity through the coding process of the interviews (Saldaña, 2011). This is due to the process of coding not following an exact science and if reliant on the researcher to use discretion in identifying key constructs, informed through the literature.

Chapter 5: Results

5.1   Introduction

The objective of this chapter is to present the results of the study, with the aim of addressing the overarching research question, 'how are South African retailer business models changing as a result of digitisation'. The results shall be presented in accordance with the five research questions which were identified and outlined in Chapter 3.

As discussed in Chapter 4, the results were derived from conducting semi-structured in-depth interviews. A total of eleven interviews were conducted with industry experts within the retail sector, forming the research sample. All candidates formed part of organisations which are recognised as listed entities on the Johannesburg Stock Exchange (JSE). Seniority of the candidates was important in order to acquire the necessary rich insights to assist in informing the study. On this basis a combination of C-Suite executives formed part of the interviewee sample. Including but not limited to CEOs where possible, CMO, COO and in certain instances Omni-Channel and or E-Commerce Directors.

To uphold confidentiality of the interviewees, no personal or company names will be attributed to the candidates during this chapter. The below table offers an overview of the respective interviewees and their positions within the retailer they represent:

Table 1: Interviewee list

Candidate	Title
Interviewee 1	CEO
Interviewee 2	Marketing Director
Interviewee 3	Operations Director
Interviewee 4	Omni-Channel Director
Interviewee 5	Operations Directors
Interviewee 6	Marketing Director
Interviewee 7	Chief Marketing Officer
Interviewee 8	Marketing Executive
Interviewee 9	E-Commerce Executive
Interviewee 10	Merchandise & Marketing Executive
Interviewee 11	Commercial Development Director

For the purpose of presenting data, each candidate has been labelled in accordance in with transcripts which were analysed. For the purpose of referencing the candidates during the results, each interviewee shall be identified as interviewee 1, **(I1)** to interviewee 11 **(I11)**. To reinforce and uphold confidentiality of the participating candidates, in the event where a company name is referenced or mentioned within the coded quote, this has been replaced by included (Firm X). Referencing of interviewee quotations have been italicised and shall be referenced in chronological order as **#quote number**. The objective of labelling of the respective candidates quotes, is to assist with ease of referencing in Chapter 6.

5.2   Context of the study

Retailer business models are at an intersection of change as previously alluded to. This change is being driven through the rapid rate at which digital technologies are advancing globally and locally. The objective of this study serves to explore within the context of South Africa, how retailers are potentially enhancing their business models amongst this wave of digitisation.

The key driver *digitistaion*, is brought about through the connectedness of individuals and companies today. Connectedness is being advanced through the broad based adoption of the internet and mobile devices, being propelled forward by the advancements in technology. As previously alluded to, South Africa adoption of mobile devices is rapidly rising. Not only is this bringing about a shift in how retailers have typically traded and interacted with consumers, but more significantly is bringing about a shift in the functions represented within the business model.

Digitisation has the opportunity to touch every aspect of the business model, from strategy, to marketing, to operations, to finance, to customer interactions, service etc. The results which follow in addressing the research questions, begin to offer a sense of where these changes in the business model are specifically advancing.

5.3   Results from Research Question One

Research Question (RQ) 1: What role have digital technologies played in the development of business models for (X retailer)?

RQ 1 aimed to gain an introductory understanding of the role that digital technologies are having in the development of retailer business models.

As an introductory question, it was essential to unpack with each interviewee how digital technologies were impacting the business model. This offered an initial robust insight into each business and as to where along the digitisation journey the retailer is at. Through this, key themes started to emerge, allowing for a detailed journey of the role which digital technologies are having in the development of the retailer business model.

5.3.1 Business Model Value Components

5.3.1.1 Costs & Efficiencies

Costs and efficiencies represent a major challenge to any retailer. In an effort to maximise profits, retailers are constantly resorting to new methods of reviewing which part of the business model can reduce costs and improve efficiencies. The retailers interviewed highlighted that through digital technologies, digitisation plays a critical role in changing the cost structure and advancing the efficiencies throughout the business.

"Digitization is not just about your customer, it is about your business model, it is about reducing the cost of your model." (I1, #62)

"If you don't start doing that piece and start investing in digital, you starting to create a massive expense base and you build a business model that is not sustainable." (I1, #64)

"What digitization will do, is to bring a second wave of cost reduction." (I1, #68)

"So, we really made our model a lot cheaper. And all of that investment, was because we have to now invested in digitization." (I1, #94)

"I think it is important that as a retailer you need to be much more efficient when it comes to, how you manage your business from a cost point of view and that you still deliver the best possible price to your customer." (I3, #7)

"Cost efficiencies have become more and more of a demand." (I3, #6)

"In an online experience, you obviously have the ability to react much faster, you have the ability to take cost out of your model because you don't have to physically carry all the stock in your inventory." (I3, #42)

"Innovation always brings back cost reduction; not only for retailers, but also for our consumers." (I3, #60)

"So, if you say how that goes back to the business model, the more educated and skilled the faster the systems are; the easier you can put the product out for the customer the easier they can pay for it and be on their way. The more knowledgeable the staff or the salesman is in terms of answering the questions, all of that that shortens the amount of time the person spends at your stores." (I3, #63)

"That's where mobile points of sale come in, because then we are able to make sure that every associate in the entire store can become a mobile checkout station." (I4, #29)

"It makes them more productive because if you take a look at the decades old store operating model; the store manager comes, opens the door, assigns two people to the point of sale station and they would typically wait for an hour or so before the first customer walks in, or at least comes to make the sale. What we can do now is send those two people with the mobile sale device to merchandise near the cash point areas and when the customer comes in to pay they are ready to help the customer check out." (I4, #30)

"I think things that we're working on at the moment is getting your regular shopping list automated. So for a business to business customer, you can replicate your invoice from last week you don't have to go and re-click everything. Those are the things that our customers love." (I6, #37)

"People are interested and curious about new technologies and they absolutely welcome things that make their lives easier." (I7, #3)

"That's the miracle of technology that if we use technology well we can become better and cheaper." (I7, #18)

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"That's what we are trying to do and in every aspect of our model we are trying to say how can we be better for customers and cheaper." (I7, #19)

"So along with that comes a lot of reporting and efficiencies and you can really start improving and standardizing efficiencies." (I9, #2)

"Now management dashboards in store where the guys have the ability to walk around with a tablet and have a good idea of their shrinkage, their sales for the day, what category is down." (I9, #5)

5.3.1.2 Supply Chain & Logistics

Digital technologies bring about a wave of change to cost and efficiencies within the business model. In speaking further to developments, digital technologies specifically play a role in the business model of how consumers receive their goods and services. This introduces a discussion around the entire supply chain and logistics network within the retailer.

"Typically, retailers struggle with the out of stock situation. You got a whole lot of stores and as much as you plan it, you might get it wrong but now we should never be in that situation." (I2, #52)

"In an online experience, you obviously have the ability to react much faster, you have the ability to take cost out of your model because you don't have to physically carry all the stock in your inventory." (I3, #42)

"The entire logistics system, your entire logistics network had to change." (I6, #22)

"Logistics capability was a major thing on the digitisation journey." (I6, #24)

"We changed the entire model of picking in the stores, now when they do telesales they use a picking and packing system where they use a scanner that gives them, these are the product you can pick and if you pick the wrong products it won't allow you to close the order. Every order is done that way now." (I9, #20)

"It has impacted customers in terms of I think most probably the immediacy of stuff, the always-on nature and the absolute transparency, complete transparency in this supply chain." (I10, #3)

5.3.1.3 Staff

A crucial component of the business model to servicing customers well, is ensuring that you have the right staff in the organisation. Staff are all encompassing and are the support structure to ensuring that the business model delivers on its planned objectives. This could be from the support teams in customer care, to head office teams in multiple departments, to ultimately the teams on the ground, interacting and engaging with customers on a day to day basis.

Retail business models have been built on traditional infrastructure and systems. Teams potentially have become accustomed to working in these traditional environments, digital technologies completed changes all of that. To this point, as discussed by the candidates, digital technologies has played a significant role upon the teams, from the type of people required, to the skills they have, to the functions now required of them. Staff ultimately uphold the operating activities of the business model.

"Future generation of staff members would be a young, text savvy, team member." (I3, #18)

"We have had massive structural changes jobs that went around a while ago are no longer around and we had to re-shift people and kind of upskill people." (I4, #19)

"So this is another digital kind of impact on a business, where instead of having cashiers waiting to take cash, you could literally have your sales person busting a queue with a device in his hand and ringing up the item as he sells it and then just taking a payment at the end and with that device." (I5, #59)

"You absolutely have to have a sales force, that was properly set up digitally, to go pick; pick quickly, find the stuff in the store." (I6, #6)

"Our analytics team in marketing has literally quadrupled." (I6, #20)

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"We are now, for instance empowering our floor staff with a data. So click sends will be on their iPads, they'll be able to pull their real-time numbers." (I6, #36)

"It's a different set of people, so structures have changed significantly based on competence." (I10, #8)

"Updating you're on-the-ground team with the highly fluid actions that you are taking on social media is also key." (I11, #25)

5.3.1.4 Infrastructure

Through the discussions, infrastructure emerged as a key role of how digital technologies are developing the business model. Digital technologies open up the ability for a retailer to be hyper connected to their respective stores, staff and customers.

"That means firstly getting fibre into all your stores, so you can have the baseline to communicate." (I1, #29)

"Two things we doing, SAP as a new system and on top of that we now re-doing our e-commerce from a transaction point of view and now we looking at a high risk marketing module. Link the two so we can start talking to the customer." (I2, #4)

"Our point of sale system, which is such a basic component of our business really plays a big role." (I3, #11)

"Firstly you have to invest in the best systems, it's no use in trying to look into the future if you still have systems that live in the past." (I3, #14)
"Scan the barcode on the item and it automatically geo locates you and references your closest store or offers you to purchase it online and get it delivered to the store for free. So, that is functionality that exists today." (I4, #10)

"What we had to do was set up the ecosystem for that, we have got fibre into all of the stores." (I4, #23)

"We don't always have the overall enabling infrastructures but in general every South African has a cell phone." (I7, #21)

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"Putting structure behind digital, that was obviously the biggest change." (I9, #6)

5.3.2 Customer Emphasis

For any retailer the customer is central to the business model. The entire business is built on servicing the customer well and encouraging repeat purchases. Digital technologies are playing more and more of a significant role of how the retailer interacts and communicates with the customer.

"Digitization is about how do you create a connection with your customer through a digital channel." (I1, #24)

"We then are able to continuously communicate with that customer and that is why I say digitization for me is about customer centricity." (I1, #31)

"Digitization is about consuming and using the digital platform to communicate with the customers." (I1, #32)

"Customers still want to experience the hands on experience, but they are also very inquisitive and intrigued about what online has got to offer." (I3, #9)

"Customers are coming in with smart devices into your business so they are coming in with new technology and if you don't have new technology to adapt to the needs of the customers, well you are going to be left in the dark." (I3, #10)

"I think from the connectivity that contact ability in real time, there is no hiding from the customer nowadays." (I4, #41)

"There is other functionality like the ability for us to do surveys. So, we have got proper CRM surveys built in to ensure that if the buyer is trying to make a decision if it is the polka dot or the stripes to sell, quite feasibly in 4 or 5 hours, I could have 5000 customer responses that overwhelmingly vote for the polka dot." (I4, #26)

"So everything that we do now is how do we improve services and how do we improve kind of, the ease of the customer's interaction with the business." (I5, #31)

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"The answer for retailers going forward in terms of the journey for a customer, is to make that online and offline experience so absolutely seamless." (I6, #14)

"We can do targeted vouchering, we can do targeted communications through the app, we can give you the money it's a no-nonsense, no-fuss type of approach and I think that's what customers are looking for." (I6, #33)

"One thing that digitisation has done is it's enhanced our ability to service customers in a much wider spectrum." (I6, #72)

"Customers can completely transact when they're not in the store." (I9, #3)

"Outwardly how it has impacted customers in terms of I think most probably the immediacy of stuff, the always-on nature and the absolute transparency, complete transparency in this supply chain." (I10, #3)

"Our relationships with customers evolved, today we've gotten to learn our customers better to communicate more intimately with them. That's one of the biggest…and digital allows you to do that." (I10, #48)

5.3.3 Strategic Emphasis in the Business Model

5.3.3.1 Leadership

An initial and certainly evident theme discussed was that of *leadership*. In order to recognise the role which digital technologies has played in an organisation, candidates recognised that before anything, leadership was required. More specifically, the role which leadership typically represented in the organisation has had to fundamentally shift, as a result of digital technologies. Digital technologies has therefore had an impact to the role leadership played in formulation of the business model.

With leadership as the context, the following quotes are attributed to offering insight into the role digital technologies has had on leadership in developing the business model:

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"Changing the format of our business, in terms, of preparing for the future, forward looking and being visionary has been a massive aspect of getting the leadership right because it is about looking ahead." (I1, #92)

"We should always try to be one step ahead of them if you can call it that, because that will determine where they are going to spend their money, which retailer they prefer or choose." (I3, #23)

"Remember one thing when you have to embark on change and you go and take on new things and new systems, what it does is, it makes you fit, it starts getting you to think differently, it starts to get you to think out of the box, so you start to look for other opportunities." (I3, #59)

"We are very fortunate in that our CEO and board are really involved with this kind of progress and development otherwise they wouldn't have bought in and allowed us to invest to the extent that we have but they have got the vision for what we are trying to achieve." (I4, #51)

"You have to be quick and agile to be able to do these things." (I5, #28)

"If you don't have a CEO that understands digitisation, your dead." (I6, #61)

"We were very fortunate at a point in time we had a CEO, you might remember from (Firm X) and eventually at (Firm X) and he saw that we have to actually get our e-commerce platform up and going." (I8, #24)

"The other thing that is worth mentioning is that we have now got European leadership as our CEO, and hiring at a board level, European expertise that have been there, done this, cuts a lot of dead end that you could have experienced before because they have already walked this journey." (I11, #41)

As an early understanding in embracing digital technologies is the requirement of leadership that is aware and both adaptive to the change. Although RQ1 did not specifically call out for any form of leadership traits, through discussion this was recognised as a key theme.

Leadership fosters and supports a potential need for change within any business. However, leadership requires a plan to effect change. Through discussion, it evidently emerged that retailers are entirely reviewing their strategy of how digital technologies will develop their business models. On this basis a secondary theme emerged, being that of *strategy*.

5.3.3.2 Strategy

Understanding that digital technologies are required to be adopted for any business, strategy represents the bedrock of how these shall be implemented and effected within the business. Digitising the business model takes on a completely new strategy, to which was discussed and recognised by numerous candidates.

"The first phase of our business model kind was fixup the strategy." (I1, #21)

"If I go back and look at our entire strategy, our first phase was to reduce the cost space of our model." (I1, #55)

"The next step was to fix this business model. It was really a complete full business turn around. And for us we predicated our strategy in three simple pillars. First thing we need to do, was to improve the income stream, the revenue stream of the business model. The second thing we needed to do was reduce the cost of the model. Third thing and most important thing was to inculcate the beliefs, the cultures, the values that we build inside of our purpose into a comprehensive re-invigorative brand experience for our customer." (I1, #93)

"If you chase after all the disruption you are going to be chasing your tail and that will be detriment. So, when you decide on a digital strategy, make sure that you are backing the right disruptors." (I4, #55)

"It boils down to why are you digitising I think if companies ask themselves the question in their strat-documents, and we've been very clear about why are you on the digitisation journey? If you're doing it because the rest of the crowd are doing it, you will not get it right. If you don't have the 'why'; you'll fall short. And to us the why is, you want to enhance the customers experience." (I6, #60)

"We've been very focused on making sure that ecommerce is a subsection or a supporting strategy to the overall business strategy, we've been very focused on keeping everything aligned." (I9, #30)

"I have been exposed to these digital adoptions over the years in retail and I think that they did a very disciplinary clever thing here which is serve them in good stead, it was a good future thinking strategy." (I10, #69)

"What is frightening is that everybody is talking about digital as this new frontier. It shouldn't be, it should be bred into every strategy, from a merchant all the way across to finance. And the companies that can get there quicker, will see the end game faster." (I11, #35)

"It has to do with strategy, it has to be having those external insights being brought into your boardroom to challenge your strategy and your status quote." (I11, #38)

Strategy is representative of the playbook for any organisation. It determines the rules of engagement. It focused on the how and aims to address the way for orchestrating some form of change which will propel the organisation into a more competitive position that it was before. Strategy takes recognition of where the organisation is at, within the environment with which it competes in and thus is aware of the trends surrounding it. However, effecting strategy brings about change. For many organisations change represents a shift in thinking, in order to adapt to the new desired state.

5.3.3.3 Adaptability

Digital technologies are affecting change significantly on a global scale. Often at extreme pace, consumers and business alike have to adopt quickly. It's through this change that digital technologies are forcing leaders in their strategies about their business models to be constantly adopted and developed. It is with this in mind, that a third theme which strongly emerged through discussion, was that of *adaptability*.

"Things are changing all the time and with digital here it's almost weekly." (I2, #5)

The retail candidates interviewed discussed the above themes of leadership, strategy and adaptability as central components to understanding the role digital technologies are having on their respective business models. This demonstrates that a shift in thinking on before of the business leaders.

With these elements as the foundation to answering RQ1, the following tangible roles emerged of how digital technologies are developing the business model.

5.4   Results from Research Question Two

RQ 2: What have been the challenges experienced in integrating and implementing an omni-channel business model for (X retailer)?

RQ 2 objective as to gain a deep appreciation for the challenges experienced, on behalf of the retailer when integrating and implementing an omni-channel business model.

In embarking of the discussion of challenges, this was evidently a pertinent point for many of the interviewees. It was evident that either through trial and error in experience of integration or being in the process of integration, there were numerous challenges in integrating and implementing a omni-channel business model.

5.4.1 Systems & Investment

Seamless integration between the physical and virtual retail environment requires robust systems to be in place. From all the challenges discussed in integration, the systems dominated the discussion with the interviewees.

However, to build and deploy intuitive systems into any organisation, it was discussed that investment is required to support the initiative. System infrastructure for any business is a closely exercise and often is poorly administered, therefore where and what to invest in by the retailer to ensure that the business model is fully omni-channel ready represented itself as a key challenge.

"The systems did not talk to each other. Stock files were not live. So, if we did something online you would only know it a day later. That is not omni-channel." (I1, #19)

"So, part of that meant we had to dismantle all of it. And we had to invest into technology. We had to put new systems in place. So, we rebuilt our entire structure." (I1, #34)

"In this environment because it is forever changing you are going to always continue to investing and make sure that you are keeping up with the trends." (I3, #34)

"To invest will always be challenge because it all comes down to money and how much you are prepared to invest and also what you invest, how does it relate to your customer?" (I3, #38)

"But I think it's important that you have to invest as you have to make sure to keep ahead of the trend otherwise, your competitors are going to do it." (I3, #39)

"It goes without saying that systems and technology are an important part of that process." (I4, #56)

"We have also recently launched SAP, which has been challenging itself." (I5, #15)

"Sometimes you will get a glitch going through the system when you have a R2000 phone selling for R199 all of a sudden." (I5, #17)

"What we never realised was that if you don't digitise your backend to cater for the sexy front-end…it literally took us three years to fix that." (I6, #3)

"The key issue that retailers have at the moment is we cannot afford development resource the way the peer players can and our service provider is falling down they just cannot handle the volume that goes to that site." (I6, #56)

"If you're in an ecommerce business, we had to go and delay the whole project, we had to go develop and implement these systems from scratch." (I9, #40)

"So they didn't rush into; let's get something up quickly and let's just start trading. They invested deeply for 3 years in building very robust, fully integrated back end." (I10, #24)

"We also made sure in the same period that we converted all chains off their legacy systems." (I10, #25)

"We also started changing a point system in the store from a legacy system to a more modern point of sale system, because integration to existing systems is most probably the biggest hurdle to execution in an online business." (I10, #26)

"It is a significant barrier for all Omni channel players because you've got your legacy system which is running your store, which is doing 98% of your turn over and everything that you do has to integrate backwards into that." (I10, #27)

"System ability…it's the biggest challenge for Omni channel players, is the challenge to do the things they know they have to do fast enough. It's not a willingness, it's an infrastructure issue, the infrastructure challenge." (I10, #29)

"Our aspirations are high, as a group, we don't have the right people, we don't have the right systems, we don't have the right collaboration to really leverage digital." (I11, #15)

"Systems integration is biggest challenge for all of us." (I11, #18)

5.4.2 Structure, Staff and behaviour

Investing in the right systems was evidently identified as a challenge to integrating an omni-channel business model. Following this, the interviewees discussed that the structure and staff to support the system for integration was the next hurdle which each of them have had to encounter.

As mentioned in Chapter 2 digital technologies introduces new processes into the business, which therefore require new skills. Acquiring these new skills and reviewing the structure to support the omni-channel business model were discussed as key challenges amongst the respective retail candidates.

"We have had to get the right breed of team to serve these customers, and understand them better." (I1, #91)

"We had 50% of the people at the back doing administration, doing goods receiving, doing a whole bunch of stuff. Now you don't need that, we are a customer centric business. We have changed that, we put 80% of our team in every single spot of the store. There is only 20% of the people at the back." (I1, #58)

"The space has changing so quickly that the guys were not keeping up. So I then restructured." (I2, #39)

"Systems are very important, I think the skillset and the training and the people that are going to be using those systems are even more important." (I3, #16)

"We are going to have to train and upskill our team and the problem is like I've said before is that we don't have so much younger generation staff but we have younger generation customers." (I3, #31)

"A lot of training will have to take place and it's also about us exposing our team to that more often and getting them used to the fact that, that is going to be the way that we do business going forward." (I3, #32)

"It should be something that everyone is focusing on, you can't have people working in their own silos and wanting to do their own things because at the end of the day what you do in ops, in marketing and in finance and IT, they all are interlinked and they all have to deliver one thing which is customer experience." (I3, #35)

"We have had massive structural changes jobs that were around a while ago are no longer around and we had to re-shift people and kind of upskill people." (I4, #19)

"The challenge is taking kind of 70 plus stores and making them all online ready is a challenge in itself because even the staff in store are used to serving customers who walk in." (I5, #11)

"Don't let the normal store staff manage your online section." (I6, #45)

"Should we not just bite the bullet and invest in a proper development team." (I6, #55)

"From a marketing perspective, where you get far more bang for your buck in digital, we've had to staff up significantly, and that's been a particular challenge." (I9, #7)

"Having to diversify your investments and of course the investment leads ultimately to structure." (I10, #5)

"We've been quite careful about how we structure to make sure that there is sort of blending into the business and that there is accountability in the right place, accountability is one of the big things." (I10, #14)

"Traditionally, retailers have outsourced all digital elements to an agency, who works with briefs from a traditional print market here within the retailer. Thus, now changing to have roles such as digital marketing exec. as a senior role within the retailer who then drives the digital strategic objective of each of the digital platforms." (I11, #6)

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"There is a natural feeling of threat from the man on the floor and salesperson that online has started to tract from the commission that they can potentially earn in store." *(I11, #21)*

"We need to arm the sales staff with tablets or phones that allow them to access that nice enriched content to help conclude the sale in the store or they do handover the sale onto the online platform." *(I11, #23)*

Digital technologies have introduced a change to the existing business model. As discussed with the candidates, changing behaviour and mindsets has been a challenge in implementing a omni-channel business model.

"The easiest part is introducing the technology, it's driving the behaviour that's tough." *(I4, #7)*

"Look it's a long, hard battle that we fight, because to change 35 years of behaviour is…the easiest part is introducing the technology, it's driving the behaviour that's tough" *(I4, #8)*

"The use of technology and how we are using that over the past 24 to 36 months is completely changed three decades of retailing." *(I4, #20)*

"Technology is there but changing the behaviour really entrenching in their mind-sets that its top of mind, that this is the new way of operating, that is the single biggest challenge we have across the business." *(I4, #36)*

"The whole culture of the buying side of the business has to change from buying, into selling out." *(I5, #51)*
"It's something you have to teach people and we also had to change the normal operators' point of view." *(I6, #26)*

"In the beginning, especially the store staff, they just didn't get it. Hey just could not understand that an online sale is as valuable." *(I6, #38)*

"I think the challenge of new ways of doing things is always an adoption curve. I don't think it's so much resistance as it is to change the inertia of the business that's always done thing one way." *(I7, #4)*

"There's a lot of influencing that happens to get people to buy into what digital is." (I9, #10)

"It was a huge change management process we had to go through." (I9, #21)

"There is a massive cultural clash if you want between the 25 years' service patron who says; I know how retail works and I know how to do things and the 25-year-old digital ambassador who says; you don't have a clue what's going on in the real world today." (I10, #12)

"Part of the changed management, and it's been done effectively globally is to reposition that to say online is a tool that can… you can leverage on the floor to help drive the sales." (I11, #22)

5.4.3 Marketing

In communicating with customers in an omni-channel retail environment, interviewees discussed that this has brought about a new set of complexities. More so, it was discussed that retail not only in South Africa but globally have been routed in traditional means of marketing and engaging with consumers. On this basis the interviewees acknowledged that digital technologies have brought about an entire challenge to the existing communication model.

"We have had to get digital marketing teams on board." (I1, #40)

"The challenge with the traditional marketing tools is that they are called blunt instruments." (I2, #24)

"There is actually so much clutter and if we though there was clutter in TV, radio and print; that was nothing compared to the clutter there is now." (I2, #47)

"How do we market it, how do we tell our consumers that this is the way we would like to engage with them and the way we would like to transact? So I think that is also important. Marketing plays a big role." (I3, #33)

"The real challenge is around marketing spend and where does that go." (I5, #55)

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"Bad service then can explode that much quickly because of the digital world." (I7, #9)

"Historically relied on the community papers as our main form of communication." (I8, #1)

"From a marketing perspective, where you get far more bang for your buck in digital, we've had to staff up significantly, and that's been a particular challenge." (I9, #7)

"I think the biggest thing is to divert money away from the traditional activities to build digital competence for very little return in the short term." (I10, #11)

"Traditional media is still consumed by many parts of the populations in way so that's still is a very important part of big communications." (I10, #50)

"My prediction is that the digital guys will accelerate retailers, withdraw from traditional media too digital because the value and the measurability is simply not there in traditional media." (I10, #51)

"The challenge that we as retailers are facing is that absolute price transparency." (I10, #58)

"What is a challenge is communication. So, we may hypothetically drop a Facebook advert for a specific product as a kneejerk reaction to a competitor. Unfortunately, unless your sales staff are sitting on the same Facebook channel all day, they are unaware of the latest advert." (I11, #24)

5.4.4 Customer Journey and Data

The retail interviewees indicated that an evident challenge in integrating and implementing digital technologies into the retail business model, has been in managing the customer, their journey and the amount of information and data which is now generated. Having access to all this customer information was recognised as exceptionally valuable, however the retailers discussed the challenge of how to dissect and utilised this information to inform decision making.

"We did not know how the customers were interacting with it are they able to do so as a social platform can we advertise on it." (I2, #8)

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"Customers are coming way more knowledgeable than before." (I2, #17)

"What digital has not helped is so much information." (I2, #23)

"If we are going to do that digital space let's really understand the journeys better." (I2, #42)

"There cannot be a misalignment between the online experience versus the in-store experience." (I3, #30)

"What digital has not helped is so much information." (I4, #45)

"Our biggest challenge is making customers and staff aware of this and comfortable with it, but technology works beautifully." (I4, #11)

"The answer for retailers going forward in terms of the journey for a customer, is to make that online and offline experience so absolutely seamless." (I6, #14)

"Your master data if that is not clean, it is an absolute nightmare so you got to have clean data." (I8, #14)

"We've had challenges in the past where we charge a client R55 to deliver a double door fridge, because the dimensions were 1cm x 1cm x 1cm. we charged incorrectly, we sent the wrong truck to the store to come pick up the product. So master data is your first port." (I9, #17)

"Our conversations with customers have changed, but no doubt customers have become more demanding in the space as well." (I10, #49)

"The answer for retailers going forward in terms of the journey for a customer, is to make that online and offline experience so absolutely seamless." (I11, #17)

"You need to get the systems talking to each other and then on top of that, overlaying that is data – so, both product and customer data to enable your digital environment needs to be really nice, enriched data." (I11, #19)

5.5 Results from Research Question Three

RQ 3: How has operating an omni-channel business model impacted upon consumer engagement?

RQ 3 purpose was to offer a detailed understanding of how operating in an omni-channel business model has impacted upon consumer engagement.

5.5.1 Experience

As initially defined in Chapter 1, a driver of digital technology is that consumers are becoming more connected. Mobile technologies can be attributed to the hyper connectedness of consumers in today's extremely fast paced, retail environment.

In discussion with the retail interviewee RQ3 therefore offered each candidates to deep dive and identify how consumer engagement has evolved. Operating an omni-channel business model has enabled a new means of engaging and in turn this has created a new experience between retailers and consumers.

"It is actually about an immersive consumer experience." (I1, #49)

"I think it that customers are really demanding value nowadays, they have so much to choose from, so much to offer out there and I really think it comes back to overall experience or how good of an experience that you can create for your consumer, at the best possible value." (I3, #5)

"There cannot be a misalignment between the online experience versus the in-store experience." (I3, #30)

"Uptake is growing quickly and I think once a person's good experience they will continue to shop online." (I5, #5)

"If you do digitisation for digitisation's sake, you're on the wrong journey, I think if you do it because you want to enhance the customer's experience in your store." (I6, #34)

"We say, 'does this enhance the customers experience in our store, yes or no' if it's just a sexy thing, leave it, if it really enhances and it makes you come back." (I6, #35)

"Work out how you can make their lives easier and use your technology platforms to improve the value they're getting, by saving them time, by saving them money by making it easier to shop." (I7, #17)

"Year 1 you had the product and the price and the rest was academic, now it is there sufficient data around the product, how many images can I see about the product, can I see the back and the front of the TV. It's that sort of thing that we've had to evolve to make it richer experience for customers." (I9, #25)

"Our relationships with customers evolved, today we've gotten to learn our customers better to communicate more intimately with them. That's one of the biggest…and digital allows you to do that." (I10, #48)

5.5.2   Services & Intimacy

Through the discussion the interviewees discussed how the number of services have evolved, which have been enabled through digital technologies. As elaborated by the candidates, services relate to what changes have been made to the instore environment as a result of adopting digital technologies into the business model.

In turn this the retailers acknowledged that in operating an omni-channel business model, they needed to develop a deep sense of intimacy with consumers based on engagement which they are now able to have with them.

"Once you know the customer, you can serve the customer, you can give them instant gratification, you can fulfil their needs and that's what consumers want." (I1, #52)

"I think is going to bring in efficiency and over above that it's going to bring in a much more enhanced level of service offering." (I1, #70)

"Well the back of house can be leaner, but customer facing should have enough people in the right areas." (I3, #64)

"We are able to stay in contact with this customer a lot closer than we were in the past and on the counter side the customer is able to contact us much quicker than in the past." (I4, #40)

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"If you are not heavily invested in services, and making sure that you can offer all sorts of periphery services like downloads and content, and ways to connect then, the days of just moving boxes and making profit is finished." (I5, #36)

"We can call you by your name and know what you bought because we will like to offer you something in the future. That could be an upgrade; it could be an accessory for what you have bought, so it has to be very specific now." (I5, #40)

"How do we focus less on the actual hardware and focus more on the solution that the customer is going to walk out with, and how do we serve him with that solution." (I5, #49)

"The next big thing of course is value-added services for (Firm X). Which is extremely exciting because now that you've got your app and you've got online, now you can sell plane tickets and you can sell financial product." (I6, #59)

"We try to pick up bigger issues very quickly and deal with them, answer customers' questions quickly." (I7, #6)

"From a transactional environment every step of the way you now communicate with customers. You know, we're in the process of picking, it's in the process of being dispatched, you'll have it tomorrow, you got it, here is you invoice." (I9, #26)

"It's changed in terms of how we have to deal with customers, but it's also give us opportunity to be a lot more personalised with our customer and to be a lot more intimate with the customers." (I10, #43)

"We know that you bought a printer from us 180 days ago and the average consumption rate for ink cartridges about 200 days and we will be sending you are mailer, saying hey Cameron how are those ink levels going, do you need some ink? Which then makes you feel we know about you, we know who you are and we care about you." (I10, #46)

"You can have a more digital engagement with a customer instead of a good old fashioned "phone, wait for store manager to answer"." (I11, #8)

"Tailor your messaging for who I am and what my needs are so that I'm relevant in your space." (I11, #28)

5.5.3 Customer Data

Retailers today have the ability to interact with consumers on multiple digital platforms. Building on from the previous section on intimacy, the interviewees discussed how intimacy is achieved in being able to collect rich data about their customers. As the candidates described, that with data, a new level of customer engagement is realised.

"There is an enormous amount of information about everybody that exist on their behaviour patterns, shopping patterns etc." (I1, #51)

"It's all about price, but know were realise that unless we collect data of the journey and what is working for this customers, we will be way behind the curve." (I2, #26)

"You need to have rich data on who they are otherwise you can't talk to them in future." (I5, #38)

"We can call you by your name and know what you bought because we will like to offer you something in the future. That could be an upgrade; it could be an accessory for what you have bought, so it has to be very specific now." (I5, #40)

"A few years ago it was big data and now it's small data and the trend is how do you take big data and make it small data?" (I10, #45)

5.5.4 New Markets

As area which was not extensively discussed but is relevant to unpacking RQ3, is the concept of new markets. The candidates identified that with operating an omni-channel business model, this has now enabled them to engage with consumers in new markets. Consumers that typically they were not targeting and not engaging with.

"I mean if you look at the example; a person who is staying in a place like Giyani, in Limpopo, will have the opportunity to go on their Smartphone's and be exposed to everything out there that they would be exposed, they have the possibility to go on a platform and transact and have the item delivered to their doorstep." (I3, #47)

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"Digitisation meant I all of a sudden had the opportunity to speak to people that would never otherwise have come." (I6, #52)

"One thing that digitisation has done is it's enhanced our ability to service customers in a much wider spectrum." (I6, #72)

"This enables us to reach new markets with our e-commerce platform without the cost of brick and mortar, staff and the whole setup." (I8, #3)

"You're now reaching a brand new customer." (I9, #23)

"Social media then has given us the far more economical and retail reach to push our general retail products and services to the customers." (I11, #3)

5.6   Results from Research Question Four

RQ 4: How has the retail mix had to evolve as a result of operating across physical and online retail environments?

The objective of RQ 4 is to understand how the retail mix has had to evolve as a result of operating across physical and online retail environments.

The retail mix from both an academic and practitioners point of view has focused on the fundamentals of how the business operates to get products and or services, into the hands of the consumer. As described in chapter 2, elements of the retail mix could include location, merchandise, store atmosphere, customer service, price, advertising, incentives etc.

In discussing how the retail mix has evolved as operating in both a physical and online environment, candidates provided a varying view of perspectives.

5.6.1   Changes in the retail mix

"I think all of that is one big – it is almost not segmental thinking in that way anymore. It is an interactive, integrated thinking. So, there is now an interdependence in all those things." (I1, #80)

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"You almost now have to consecutively think about your entire product offering. And is more around the customer and is more around how quick you get information to the customer about all those things, because right now you could be sitting on top of the Drakensburg mountain and consume a product. You just go online, buy the product and we can deliver it to you. So, place is an omnipresence." (I1, #82)

"It actually takes the place away; so place is just one place now." (I2, #38)

"The right campaign with right content through digital can get a really different stickiness." (I2, #41)

"We still needed to go and find that customer. So just because things are in that digital space doesn't mean that it's hitting the market." (I2, #43)

"From an online point of view is 2 things; how far can you take your range, how extended it will be, because I think that will really have the deciding factor between us all transacting online." (I3, #57)

"And it's all about the type of content that goes out there is the most important. So like you launching the new gaming notebooks you going to have cool videos and then kind of very experiential type stuff." (I5, #43)

"Every part of the retail mix is likely to change." (I7, #8)

"We want customer to go wherever they want to go. We've had to be very conscious of that retail mix extending across Omni channels, but being consistent across Omni channels." (I9, #31)

"Now part of the discussion is the Omni channel, are we doing an email, are we going on social media." (I9, #33)

"The bricks and mortar model and the bulk of what's on the website is still…our IP buyers source product, they go and get the best product at the best price and bring it in. we display on our website and in stores. Now you have the opportunity to test something, where before you could never test." (I9, #34)

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"The scale of doors and accessibility is neutralised through online and it's a big thing." (I10, #59)

"It has to become about service and services and accessibility otherwise there will purely be a race to the bottom in terms of price." (I10, #60)

"The convenience of shopping online is meaning that you can start to have a look at your physical store, the range that is being offered in that store and in fact the different store format." (I11, #30)

5.6.2   Pivotal Retail Mix Component

It was evident in the discussion, that based on the journey into being a fully integrated omni channel environment, interview candidates varied in responses as to what they believed to be the critical component of the retail mix. Some of the retailers are fully integrated versus others that are at the beginning of embarking on the journey.

"Historically, when you thought about a product mix, I am talking about this still in its theoretical format, the whole product stuff, everything about the product – packaging variety, etcetera. There is a whole silo thinking around the product only. And then there is a whole silo thinking around price, price elasticity and price this, promotion, and there a whole thinking around promotion and media and all of that. But they are not integrated or interrelated in anyway. So, you had a lot of these independent streams. Having said that, the past decade or so, is showing the interdependence of that and that they are not independent streams anymore. You almost have to move away from that level of thinking and be more holistic in your approach. You almost now have to consecutively think about your entire product offering." (I1, #95)

"Who can deliver it first and at what cost. So supply chain plays a massive role in how cost effective things are delivered." (I3, #71)

"Vision in buying from the top executives at a board or CEO level, because without that you are going to be swimming against the current. Because when you are trying to shift resources, structures, money or whatever, some things take trial and error, some things have a longer tail in terms of testing and getting results, you can't do that without your executive buy in." (I4, #44)

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"Look for us, we're focusing heavily on services." (I5, #47)

"I think it's an absolute, I don't even think there is an either-or anymore. I think the more access points you make available for your customer to interact with you, the better. I think having a brick and mortar is a win for us." (I6, #75)

"It's all going to be about following customers trying to offer them value and seeing where they find the benefit and then trying to deliver more of that." (I7, #12)

"It is a very difficult question. 99% of our business it is still coming through our stores. I cannot take my eyes off that ball and say I am going to get dragged into the excitement of this digital world and I am going to do crazy things and great things on the digital platform. So you have to keep a balance, you have to keep a very sensible balance." (I8, #25)

"The overarching theme for us is always trust, whatever we do has to cultivate trust for the customer. That touched a lot of the different elements, I wouldn't really say that one is more important than the other." (I9, #41)

"I think most probably the distribution. I think the multiple stocking points, the immediacy of stock. I think distribution in our engagement with pure play players that's one of the things that always comes up." (I10, #62)

"What online and digital does, is it allows you to have a far better range and mixed optimization." (I11, #31)

5.7 Results from Research Question Five

RQ 5: Which specific areas of the business model has been most significantly enhanced through digital technology adoption?

The objective of RQ 5 was to discuss with the retailers, what would they identify as a specific area of the business model which has been enhanced through digital technology adoption.

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Through the interaction with the respective retail experts, each of the interview candidates identified a minimum of 2 specific areas in which digital technologies was enhancing the business model. The results offer an overall and holistic perspective of the views of the respective retailers within the South African context:

5.7.1 People & Culture

A fair representation of the candidates interviewed discussed the digital technologies had significantly enhanced the people and thus, impacted upon the culture of the retail organisation.

"I think it is, well firstly, your people are important, culture is important. Making sure that you have got sort of the right cultural fit." (I1, #87)

"So, we have had to adopt the right cultural fit for our team because they are now serving a new millennial generation." (I1, #88)

"I would say resources, the people that they are employing in the businesses they are definitely looking for digital minded people." (I8, #23)

"Reduce the age of staff running your digital team. So, you need new-age plugged-in digital mind-set to drive your digital." (I11, #33)

"Digital must be seen as a way of work across the organisation, as a channel like any other channel. So, it's seen as a store, it's seen as advertising medium, it's integrated into your business." (I11, #34)

5.7.2 Systems

As evidently discussed in previous RQ, systems are integral to the adoption of digital technologies into the business model. On this basis, systems was recognised as an area of the business model which had been enhanced through the adoption of digital technologies.

"So I think it's all about investment, understanding your consumer, understanding marketing, investing in the best systems." (I3, #61)

"I think firstly IT definitely. I mean we have got a top class team, youngsters downstairs that are top-notch. These guys…engineers that they have employed to make sure we are world class. So from an IT perspective I would say that's number one." (I8, #22)

"The ability to track and assure accuracy across stores right down to where the customer gets delivery of the product has been massive." (I9, #35)

"It's also accelerated system development of all our systems, it's accelerated payment gateways, it's accelerated distribution systems, it's accelerated customer data CRM data projects." (I10, #67)

"First of all is foundation system, you can't build leading edge digital customer service on a sketchy backbone assistance." (I11, #32)

5.7.3 Marketing & Customer Journey

Marketing and the customer journey have been extensively discussed from the perspective of how digital technologies have developed the business model, to equally the challenges encountered. The interview candidates, again dependent on their journey, recognised that these are areas of the business model which has been enhanced through the adopting digital technologies.

"Marketing, store operations and the customer journey. Those are definitely them." (I4, #48)

"The real challenge is around marketing spend and where does that go. And is it the end of the print era and the radio and the TV era, because people are PVR-ing through adverts anyway. So from a marketing mix perspective, there is a big opportunity." (I5, #56)

"Measurability and targeting. The ability to measure what we've done and the ability to pin point our efforts…or to really target what we are doing. Targeted specific, to reduce waste in marketing- that's most probably the most fundamental shift out of everything in the digital space." (I10, #65)

5.8   Results Conclusion

In referring back to the introduction of Chapter 5, the objective of this chapter was to present the results of the study in accordance with the respective five research questions identified in Chapter 3. In supporting the research questions, significant data was able to be acquired across business models, omni-channel, the customer and engagement, the retail mix and finally specific attention to areas of the business model which was enhanced through the adoption of digital technologies.

Having acquired all the supporting data, the proceeding chapter will now focus on articulating a discussion of the results. This discussion will be facilitated through a review of the data collected for each research question, and interrupted respective to the supporting literature informing the study detailed in Chapter 2.

Chapter 6: Discussion of Results

6.1   Introduction

The objective of this chapter is to present an analysis of the results that were detailed in Chapter 5. To achieve this, reference will be made to the academic material that is identified in Chapter 2, forming the basis for the discussion and interpretation, in conjunction with a review of the interview results. In following this process to its logical conclusion this study will answer the research objectives as well as research questions that have been specified within Chapter 3.

6.2   Research Question One Results Discussion

RQ 1: What role have digital technologies played in the development of business models for (X retailer)?

RQ 1 aimed to establish an introductory understanding of the impact of digital technologies on the development of retail business models.

As stated within the introductory chapter of this research study, retail business models are in a phase of transition that has been brought about through the advancement in digital technologies. In adopting the technologies, retailers are aiming to leapfrog each other and acquire a competitive advantage within the market that they operate in. Relevant to this study it must be understood how this transition is impacting South African retail business models? The change, precipitated by technology, of the traditional business model is not only applicable in the international arena but has been discussed and is evident amongst the participating retailers in South Africa (Sorescu et al., 2011).

In the analysis of the interviewee transcripts in addressing RQ 1, it was found that the business model, through the adoption of digital technology creates value in specific pockets of the business. These areas of value creation were identified in the costs and efficiencies, supply chain and logistics capabilities, staff and finally in the infrastructure. These were recognised by the interviewees as the areas in the business model where value was being added through the adoption of digital technology. The aspects that were identified demonstrated links to the existing academic literature, specific to

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business resources and capabilities and this will be expanded on in further detail through the discussion that follows (Barney, 1991; Barney, 2001).

It was found that while value creation should be focused on the customer, being the external stakeholder, internal value creation is equally as important. The analysis of the interview data demonstrated links to, as well as and advantages from achieving internal value creation, that places emphasis on the internal resources and capabilities of the retailer (Yrjölä, 2014). By way of illustration, retailers are focused on generating value for shareholders that result in the business producing profits and achieving cost reduction through its operational efficiencies. The interviewees recognised that by adopting digital technologies into their business models, a value was achieved through their businesses ability to reduce costs (I1, #68; I3, #7; I7, #18). Cost reduction is achieved by being able to digitise functions within the business model, leading to the improvement in operational efficiencies. The ability for a retailer to reduce its cost base can be advantageous in meeting shareholder expectations. This initial lesson demonstrated that if there is an investment in digital technology, this technology has the ability to reduce the cost base and fundamentally improve the overall cost efficiencies within the business model (I1, #62).

Improved efficiencies form an integral part of the overall internal and external value creation, according to the analysis of the discussions with the retailer interviewees. Through the adoption and effective use of new and improved technologies, retailers optimised their ability to coordinate their operations in a more effective and efficient manner. This ultimately led to the ability for these businesses to meet both the needs of the internal as well as external stakeholders (I1, #94; I3, #42; I4, #30; I6, #37; I7, #18; I9, #2). The Resource-Based View (RBV) theory, points out that integrating new capabilities into the business ultimately improves not only the ability of the business to compete more effectively but ensures that the retailer is relevant to the intended targeted customer (Barney, 1991; Peteraf, 1993; Barney 2001). In applying the principals of the RBV, adopting digital technologies aligns with the theory of integrating new capabilities into the business. The ultimate intention is to improve the overall business models effectiveness.

There was some evidence of a contrast between the discussion with the retailers and the supporting academic literature relative to cost reduction versus competitive advantage. This could potentially be as a result of the limitations of the research study. This could also be interpreted on the basis of a review of the of BMT in examining how

value, as a core theme, focuses on creating a competitive advantage versus that of cost reduction (Sorescu, Frambach, Singh, Rangaswamy, & Bridges, 2011). Cost reduction is an important indicator of the business, in adopting digital technologies but might not be the primary reason for its implementation. A potential inference that can be drawn, based on this observation, is that in the current South African economic trading conditions emphasis was evidently on cost reduction and improving internal efficiencies rather than the adoption of digital technologies to create a sustainable competitive advantage, as presented in the theory. Current retailer trading conditions in South Africa potentially offered a differing perspective to the theory as a result.

Having practically, through the interview process explored cost and efficiencies, supply chain and logistics, staff and infrastructure it was found that these items were an integral part of the discussion on the impact of digital technologies in developing the retail business model. The areas of the business model highlighted by the interviewees complement the theory by Sorescu et al. (2011) that focused specifically on the criteria of formats, activities and governance. In examining these formats and activities together in the interviews, the emphasis was placed on where the retailer was located and how the operations of the retailer, across services and products, aim to meet the needs of the customer. To this point, retailers discussed that through the adoption of digital technologies the format in which they previously delivered products to their customers had to change. The updated business model needs to focus on faster supply capabilities, integrated logistics systems, fluid inventory positions and entirely reframing the picking and packing process in order to deliver these goods (I2, #52; I3, #42; I6, #22; I6, #24; I9, #20; I10, #3). The lesson that retailers have learned is that there is a fundamental shift in the supply chain and logistics areas of their business models that has to be addressed and redesigned when adopting digital technologies. This reaffirms the findings from the literature that disruptive factors could have a fundamental shift on the traditional business logic or means in which the company has typically operated (Sorescu et al., 2011; Vorbach, Wipfler & Schimpf, 2017).

Governance, as alluded to above by Sorescu et al. (2011), placed an emphasis on the business structure. When examining structure in any company, human capital forms an integral part of how that company is structured. The employees within this structure, require a clear system, that is provided by the technological infrastructure that is needed to deliver the overall objectives of the business model. The retail interviewees discussed several instances where multiple teams and personnel in the business were both positively and negatively affected by the adoption of digital technologies into the

retail business model. The impacted teams were referenced as being in marketing, warehousing, picking and packing, cashiers, sales personnel on the floor, all the way to the store management staff (I4, #19; I5, #59; I6, #6; I11, #25). This demonstrates the broad impact of adopting digital technologies on employees within the retail businesses. The interviewees did place more emphasis than was apparent in the academic literature on the ability to get on-the-ground teams up skilled, in an effort to create employee buy into the technological advancement. An opportunity can be identified in the application of the academic research when analysing the interview data. This specifically is in referencing suggestions made in Sorescu et al. (2011), on the introduction of incentives to assist in the integrating of digital technologies into the retail business model. Incentives did not typically dominate the discussion with the retail interviewees as a mechanism of driving the adoption of digital technologies by their personnel. This, therefore, presents an opportunity for retailers on how best to integrate digital technologies into the retail business model across all employee teams.

Through a review of the interview data pertaining to the retail infrastructure, the insight gained is that this infrastructure has to support the retail business models plan for the adoption of digital technology. As an example, retail outlets require supporting fibre optic cable connections and hi-speed internet capabilities, point of sale systems and storewide technology systems upgrades (I1, #29; I2, #4; I3, #14; I4, #23). This is consistent with Zhang et al. (2010) in that the supporting infrastructure is a requirement for the business model that plans to integrate digital technologies into the model. Without the infrastructure, the retailer lacks the ability to successfully collect and analyse data. The objective is to create an ecosystem that supports digital technology integration into the retail business model. South African retailers have the geographic consideration that in order for their nationwide operations to adopt broad-based, high-quality technology-driven service offerings they face major challenges in rural and outlying areas.

The academic research and the retail interview data find a nexus in the area of the customer. Creating value through the adoption of technology within of the retail business model is integral to winning new customers (Shafer, Smith and Linder 2005; Teece, 2010). The most interesting observation that was discussed by the retail interviewees was the notion of the customer being more advanced, more connected and always being online, as a result of the proliferation of mobile and digital technologies (I1, #24; I3, #10; I4, #41; I6, #72, I9, #3; I10, #3). Customer relationships

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have therefore evolved, and it is imperative for retailers to technologically innovate at the same pace as their desired customer base in order to remain relevant.

In final review three additional themes emerge during the analysis of the interview data namely leadership, strategy and adaptability. The analysis of these themes did not contradict the research by Shafer, Smith and Linder (2005), who made specific reference to the fact that a business model is representative of the set of choices that a company makes in order to achieve its strategy but that this is not the strategy in of itself.

It could be argued that, where leadership is concerned, the strategy is informed by the decisions taken and implemented by the leadership of the respective retail businesses. The retail interviewees recognised the role that leadership has to play in setting the direction for the business model as imperative (I1, #92; I3, #59; I4, #51; I6, #61; I8, #24; I11, #41). It was noted that the revisiting of the strategy in the context of technology in setting the businesses direction was imperative in the evaluation of the effectiveness of the business model. In redesigning the business model, the academic research examines how new business models are adapting and evolving. The e-based business model is an example of this, where the internet has completely changed the convention of how business has traditionally been done (Zott, Amit & Massa, 2011). Retailers are therefore required to be adaptive and flexible when reviewing their business models and considering the implications of decisions around the adoption of digital technologies. This was supported by the interview data that reiterated how being adaptive is fundamental to the retail business model. That ultimately this requires the retail leaders to implement digital technology into the strategy and direction of the retail business (I2, #5; I3, #10; I4, #20; I5, #24; I9, #9; I10, #20).

In concluding the discussion of the interview results of RQ 1, it was evident that the academic research and findings in the interview data in most instances were supportive of one another. The themes of value were practically discussed and exemplified by the respective retailers in examples of the creation of both internal and external value in the adoption of digital technologies to the retail business models. Practically, the adoption of digital technology is gaining momentum as a result of the reduction in costs and improvement in efficiencies. It was identified and discussed that to achieve these goals through the adoption of digital technology the business requires support, in the form of human capital, technological know-how in the respective teams, and for this to be in conjunction with the supporting technological infrastructure. This all

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requires a greater level of investment, and in the case of human capital incentive, to hasten the adoption. Finally, the businesses leadership has to be willing to adapt and set the direction of the retail business model into a position that the business can adopt and learn quickly through the implementation of digital technologies.

6.3   Research Question Two Results Discussion

RQ 2: What are the challenges that have been experienced in integrating and implementing an omni-channel business model for (X retailer)?

RQ 2 objective was to gain tangible insight into the challenges that were experienced by the retailer in integrating and implementing an omni-channel business model.

The academic research set out that in order for an omni-channel business model to exist, seamless integration of the respective channels has to take place (Rigby, 2011; Lazaris & Vrechopoulos, 2014). This concept was supported in discussion of one of the retail interviewees who stated that: "*The answer for retailers going forward in terms of the journey for a customer, is to make that online and offline experience (so) absolutely seamless*" (I6, #14).

This means that spatial boundaries are removed between retailers and customers, as a result of technology enabling an always-on, virtual trading environment (Verhoef, Kannan, & Inman, 2015). Always being online, requires the necessary supporting technological infrastructure. Investment in the data system can be regarded as a core component of the omni-channel business model (Zhang et al., 2010). In analysing the interview data, systems and investment in technology dominated the discussion in the responses to RQ 2. It was evident that retailers recognised that without an investment in system infrastructure, achieving a fluid omni-channel business model would not be possible (I1, #19; I1, #34; I4, #56; I5, $15; I6, #3; I9, #40; I10, #25). The emphasis placed on investing in systems technology reflects what is required to shift the traditional business model into a fully functional omni-channel business model. There was an alignment between the academic research and the interviewee's responses concerning the challenges of technological integration.

It could also be inferred that South African retailers are in a state of transition. These businesses have operated extremely efficiently for decades in evolving their business models. Investment is an important component of this transition and considering the

scale of the undertaking it can be assumed that priorities have had to be determined by the executives in determining what the best investment for each business is. The retail interviewees were all drawn from a pool of businesses that are publically traded entities. These retailers are therefore large and often complex businesses and an entire system overhaul might be considered necessary but in cases, it might be a prohibitively costly exercise. The other challenge to highlight is that the decision on whether to adopt digital technologies into retail business strategy may, depending on the business, be an absolute requirement for that business in order to remain relevant and in order for it to serve and meet the needs of its customer and the market.

Having discussed the theme of system integration, the retail interviewees usually shifted focus to the structure and staff, and how ultimately how these two components integrate with one another to best meet the needs of the omni-channel business model.

As the retailer begins to advance its business model into a position where it starts to become fully omni-channel integrated, the complexity that the academic research highlights concerns aspects of the businesses structure and relationship management accountability. As new channels are integrated into the business model the retailer must make sure that it has the right skills or understands that it requires new skills to manage these emerging channels (Zhang et al., 2010). The data collected from the retail interviewees supports these notions of structure and accountability. The interview data validated the academic research on various aspects, such as ensuring that the businesses require the right mix of staff to best meet the needs of the customer in the omni-channel business model. In certain instances the retail interviewees discussed how they had to restructure their businesses in order to ensure that new skills were adopted into the business. Training and upskilling also was recognised as an important requirement with specific reference to the quality and skill required of the staff that manages the requirements of the omni-channel business model. New types of teams must be brought in, particularly in the fields of I.T. system development and integration (I1, #91; I2, #39; I3, #16; I3, #31; I4, #19; I6, #45; I10, #5; I10, #14).

There was some inconsistency between the retail interviewees on who they believe should be involved in the integration of the online business from the traditional, physical business. Some of the retail interviewees mentioned that integrating and empowering in-store teams with digital devices facilitates the integration process. This ultimately would lead to the overcoming of integration challenges in an omni-channel business model (I3, #32; I11, #23). This view was challenged in specific instances

where the retail interviewee believed that rather than devices the business needed completely new teams to manage the virtual space. It was pointed out that new technologically savvy teams were favorable rather than facilitating an integration process between the physical and online teams (I6, #45). The academic research on omni-channel strategy did not explicitly focus on team integration, a parallel can be drawn with the research on incentives by Sorescu et al. (2011) where within the BMT these were recognised as a potential facilitator for a behaviour change within employees and teams.

The omni-channel business model has uncovered an entirely new means of marketing and communication with customers. The notion of two-way communication between retailers and customers has been supported by the variety of channels used to meet the needs of the customer (Montoya-Weiss, Voss & Grewal, 2003; Beck & Rygl, 2015; Verhoef, Kannan & Inman, 2015). The retail interviewees, while in support of the ability to have two-way communication, recognised that an overhaul of marketing was essential when moving away from the traditional business model. Existing forms of marketing were no longer considered to be as effective. As one of the retail interviewees described it the following way; "*the challenge with the traditional marketing tools is that they are (now) called blunt instruments*" (I2, #24). This insight typifies how most businesses are communicating with customers today; they lack the potency and strategy to engage with these customers effectively.

The academic research, specific to m-commerce, supported the interview data in that through new communication channels and with the proliferation of mobile devices, mobile marketing offers retailers the ability to interact and engage with through various platforms (Shankar, Venkatesh, Hofacker, & Naik, 2010). These platforms include social media pages, retailer online websites, as well as digital in-store technologies.

In spite of the advancements in digital technologies in aiding marketing for the omni-channel retailer, a retail interviewee raised an interesting exception. There are significant advantages in the use of digital technologies in interacting and customer marketing and communication. Even with the proliferation of mobile devices as well as the impressive penetration of mobile network infrustructure a large proportion of rural South Africans remain reliant on existing forms of media (I10, #50). Therefore, identifying a balance in the marketing formats as well as the communication strategy is essential. This is furthermore informed through the demographic mix, both race and age, of the target market that was discussed from the perspective of Generation X and

Y customers, within the research on the Online Consumer Experience (Parment, 2013). Retailers, therefore, have to give careful consideration as to how the split of marketing investment is to be considered and this aspect was not extensively discussed within the omni-channel research evaluation section within Chapter 2 (I3, #33; I5, #55; I8, #1; I9).

One of the retail interviewees had a pertinent observation that is substantiated by the academic research. This was concerning the transparency of pricing, as a result of operating an omni-channel business model and it was reinforced in the interview data (I10, #58). It was acknowledged that customers may potentially switch channels in search of the best pricing between channels (Lazaris & Vrechopoulos, 2014; Yrjölä, 2014). Therefore a secondary challenge that this channel switching represents is that, where a marketing division may communicate a product offering and price on a digital platform. Linking this communication back to the in-store teams and the commensurate transparency in the price becomes an extremely difficult activity to manage, as identified through the analysis of the interview data (I11, #24). An insight drawn from this analysis is that retailers are required to build capabilities into the retail business model that encourages transparency in all of their teams when implementing and integrating digital technologies.

An area that was extensively covered by both academia and through the review of the interview data concerned the customer journey and the customer data. Rigby (2011) refers to a noticeable challenge in omni-channel integration pertaining to the management of customer data and the ability for the retailer to interpret the customer data that it collects. Omni-channel offers the retailer the ability to collect enormous amounts of customer data. In turn, this can assist retailers in developing extremely unique and highly customised retail offerings, leveraging the relationships with these customers using this data (Wang, Malthouse, & Krishnamurthi, 2015). The analysis of the retail interviews supports the academic research that points out the importance of effective data management in overcoming key customer challenges. This echo's the discussion on having robust and effective information systems, and the importance of having this in place in order to manage the volumes of customer data that is generated (I2, #23; I8, #14; I9, #17; I11, #19).

As a final consideration as to the challenges in integrating and implementing omni-channel marketing strategy discussed in Chapter 2, two areas that were mentioned as important in the academic research but were not as thoroughly explored in the analysis

of the interview data was brand and customer loyalty. Neslin et al. (2014) examined how customers are developing stronger preferences towards brands today as a result of the expansion of channels. The accepted thinking is that by developing stronger brands, these, in turn, assist in developing a stronger customer affinity with retail brands and thereby creates a far more loyal customer (Dick and Basu, 1994).

Considering the size and strength of the companies selected to provide the retail interviewees and therefore the data analysis forming part of this study, it is apparent that the retail brands are well established. An assumption can be made that the brands are well developed and entrenched in the South African market. This is formed on the basis of how entrenched the sample of retail companies are represented in South Africa. South African retailers also have various customer loyalty programs and systems in place that have integrated into their omni-channel operations. As a result of the pre-existence of the loyalty programs the other aspects, such as systems, teams and infrastructure investments are more relevant as challenges in comparison to those posed by the loyalty to these brands. Exploring the presence and emphasis of brands in operating on omni-channel business model could be proposed as a future area for research in the South African retail context.

In concluding the discussion of results of RQ 2, it was evident that there were noticeable linkages in the challenges that were detailed by academic research and in those analysed in the data from the retail interviewees within South Africa. System integration and investment in information systems present an enormous opportunity for seamless business integration to take place., The challenge of implementing these systems is the business impact of a system-wide deployment of new technology as well as the capital costs associated with a change from the existing business model. In support of the business model theory and in conjunction with it, the business structure plays an important role in integrating an omni-channel business model.

Retailers have to reconsider the aspects of accountability, the type of personnel and skill sets of the members of the teams that are required to meet the needs of the customers. Communication and marketing also present unique challenges. Emphasis is placed on communicating and acquiring a more intimate understanding of the platforms and mediums that customers are using to receive the retailers' message. Equally, customer data and how to effectively use this information to create a competitive advantage is an opportunity and a challenge for any retailer to embrace and utilise.

6.4 Research Question Three Results Discussion

RQ 3: How has operating an omni-channel business model impacted upon customer engagement?

The objective of RQ 3 was to acquire a detailed understanding of how operating in an omni-channel business model had impacted upon customer engagement.

Digital technologies have brought about new opportunities for retailers to engage with their customers. What this has ultimately created an entirely new ability to change the customer experience. Verhoef et al. (2009) elaborated on this opportunity detailing that the manner in which the customer experience has changed and formed a continuous chain that could start with searching on a mobile platform, to then transacting on a second or third platform and then finally interacting with the customer post-purchase. This ability to have consistent two-way interaction with the customer, reflected and confirmed in the analysis of the data from the retail interviewee's highlights how digital technologies have enabled the creation of new customer experiences for the retailers. These experiences ultimately lead to an improvement in the overall product offering, efficiency in supply and finally the manner in which value is created for the customer (I1, #49; I3, #5; I6, #35; I7, #17; I10, #48). As empirically tested by Khalifa and Liu (2007), it was affirmed that through constant engagement, in the form of habit and experience, the retailers' ability to continue to add value is enhanced and ultimately they are able to retain customers.

Creating value was considered as one of the cornerstones in the establishment of the business model. In the analysis of the data from the retail interviewees, it was apparent that digital technologies are enabling retailers to get to know their customers more intimately. This in turn assists in developing a deep understanding of how to the business model can continue to add value.

This level of intimacy as evidenced in the data demonstrates how retailers are considering new ways to service the needs of their current or future customers. It was reiterated in the data analysis of the retail interviewees that only providing stock or a service does not meet the needs of the customer today. Retailers are required to create a value-added service for their customers. In drawing a parallel to the academic research on this subject, and while the concept of value-added services was not mentioned, it could be argued that the theory of developing customer lifetime value

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(CLV) speaks to this point. Through the expansion of new channels that digital has enabled there is a developing CLV that the retailers can offer to their customers (Zhang, et al., 2010; Wang, Malthouse, & Krishnamurthi, 2015).

In developing value-added services, retailers aim to create differentiation in their offering, in an effort to achieve a sustained competitive advantage. In achieving this, it can be assumed that provided the needs of the customer are consistently being met, this in turns starts to generate a level of loyalty to that retailer resulting in returning customers. On the basis that customers are returning, retailers are therefore building CLV. In developing CLV, it affirms that retailers are able to continue in enhancing the overall experience that is offered to the customer (Berger & Nasr, 1998). Therefore the discussion that focused on creating value-added services, affirms the academic research in that digital technologies facilitates the advancement of the overall customer experience. The analysis of the data from the retail interviews demonstrates support for the academic research on BMT, noting that it is imperative to achieve value in the business model.

The capture and use of customer data, as explored in the previous research question, demonstrates a change in the customer relationship, empowered by digital technologies within the business model. The majority of the interviewees recognsied that acquiring the data assists the business in attaining the ability to develop deeper relationships with the customer. Data, for example, now offers retailers the ability to know customers by name. what their preferences are as well as their purchase history (I1, #51; I5, #40).

Customer data collection allows the retailer the ability to access and communicate to new markets. Digital technologies, in empowering omni-channel business models can create new platforms and thereby enables access to new markets through extending the physical store into the online environment (Piotrowicz & Cuthbertson, 2014). In extending into new markets, the retail interviewees discussed how the change of environment enabled new interactions with a variety of consumers. The academic research elucidated this view differently, from the perspective of customer groups that are divided by age grouping into defined generations. The digital technologies have specific advantages to the retailers, for example in engendering themselves to Generation Y consumers, who are more accustomed to adopting digital technologies. By contrast the interaction with Generation X customers, who are slightly older and more accustomed to the physical shopping experience, would have to be tailored

specifically to meet their needs. Although digital technologies enable new the expanded markets, the academic research speaks to customer decision-making and how this differs across the generation customer groups (Parment, 2013). The data analysis of the retail interviews suggests that the retailer is most sensitive to generational considerations from a staff and not necessarily customer perspective. Retailers, in adopting digital technologies into their business models, need the support of staff who understand the technology and are comfortable in addressing customers who understand the technology (I3, #18).

The academic research on this topic also yields a concept that was not touched on in the retail interview process, that of "technique lagging technology" (Bronwe, Durrett, & Wetherbe, 2004). This concept refers to the ability of technology to outpace the user technique, meaning that by the time the retailer has potentially adopted a specific technology, the risk is that the technology has advanced beyond the means of its adoption. A reason for why this concept was not featured in the interview as there were other concepts in the process is the relative immaturity of the implementation of the technology and various different stages of progress that each retailer finds itself in integrating digital technologies into the retail business plan. In the discussion during the retail interviews it was evident that there was little consistency as to each retailer. Similar divergence could be seen in assessing the migration of some of the retail businesses from multi-channel to omni-channel strategies. The interviews did serve to reveal that certain retailers are more advanced in their support of the technology systems and infrastructure in order to support their evolving retail business model.

In an overall analysis of RQ three, it was evident that customer engagement was moving away from purely providing goods over the counter to forming relationships through engagement between the customer and retailer. This engagement is focused on developing a deep relationship that is augmented through the ongoing collection and efficient utilisation of customer data. In collecting this customer data retailers have the ability and opportunity to build intimacy into their offering that results in an enhanced customer experience being achieved. These elements were recognised by the retail interviewees and ties into the concept referenced in the academic research pertaining to the development of the CLV. Through the development of CLV, South African retailers are able to operate a retail business model that puts the customer first, through constantly creating value, being the key to any retailer business model.

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6.5   Research Question Four Results Discussion

RQ 4: How has the retail mix had to evolve as a result of operating across physical and online retail environments?

The objective of RQ 4 was to interpret how the retail mix has had to evolve as a result of the retailers operating across physical and online retail environments.

Bloemer and Ruyter (1998) discuss how there are a number of components that form part of the retail mix. Ultimately it is the coming together of the various activities, such as location, merchandise, pricing, customer service, advertising, sales incentive programs, that all form part of the operational activities of the retail business model. This is important from an academic perspective to understand how the retail mix has evolved, in that research highlights two obstacles, specific to the retail mix.

Firstly, operating an omni-channel business model, through the adoption of digital technologies, presents a challenge from the perspective of maximising operational efficiencies in the retail mix (Zhang et al., 2010). As discussed by one of the interviewees, by way of example, the discussion detailed the changes in the product range and assortment. The interviewee expressed that there were limitations to what could be transacted online versus what was available in store (I3, #57). Zhang et al. (2010) write about these complexities and operational challenges. There was no consensus in the retail interview data on this specific point. Some interviewees pointed out that the retail mix has the ability to extend the presence of the retailer, referring to *"the scale of doors and accessibility is neutralised through online"* (I10, #59). Therefore one might argue that, on the whole, the virtual environment might give retailers the opportunity to add more locations and thereby extending the retail mix to customers.

In drawing an inference specific to the existing research on the retail mix, it appears that there are silos in this perspective. The retail interviewees made specific mention that in operating an omni-channel business model, a key consideration is how the retail mix components come together. An example, "*I think all of that is one big – it is almost not segmental thinking in that way anymore. It is an interactive, integrated thinking. So, there is now an interdependence in all those things" (I1, #80).* While Zhang et al. (2010) discuss that achieving synergy across the components of the retail mix may be a challenge to operating in an omni-channel environment, the retail interviewees placed some emphasis on breaking down the silos and viewing the retail mix as all-

encompassing so that this can enhance the retail business model. This insight drawn from the interview data may be as a result that those being interviewed as part of this study are in leadership positions. There may be a management objective to steer the retail businesses that they lead toward a position where the retail mix and the functions of serving the customer find harmony with one another.

The second area where academic research has identified a potential obstacle pertaining to the retail mix is in that it acknowledged that further and more extensive research is required in order to broaden the understanding of how the retail mix has evolved and can benefit from and in adopting an omni-channel business model (Verhoef, Kannan, & Inman, 2015). For this reason, and in an attempt to contribute to the research through the interview discussion guide, this researcher inquired as to what aspect of the retail mix the interviewees believed was the most important.

Of particular interest was that one of the retail interview candidates didn't regard any of the retail mix components as important but in its place noted that the concept of trust was. Consistently delivering in a trustworthy manner was what this candidate considered was the most important aspect of delivering to the customer across all aspects of the retail business model (I9, #41). Trust had not, until this point, emerged as a theme in the discussion with the any of the retail interviewees. It was however covered, in the literature review in Chapter 2, by Shankar et al. (2010) as being a critical component for retailers to respect when aiming to build relationships with customers through multiple platforms such as m-commerce. It can therefore be suggested that retailers operating an omni-channel business model, should focus at coordinating their efforts on the retail mix, in an effort to consistently meet the needs of the customer. In doing so, the data analysed from the retail interviews would suggest that the importance of establishing trust with the customer is as an important an aspects in meeting their needs through the other identified aspects of the retail mix.

The theme of leadership and strategy discussed in Research Question 1 was again prevalent in the analysis of this research question. An interviewee referred to the concept of both vision and buy-in from top executives (I4, #44). The research on BMT indicates that emphasis is placed on the role of strategy in devlevopment of the retail business model, specifically the set of choices that are made by the company (Shafer, Smith and Linder, 2005). The decisions concerning all of the aspects of the retail mix are indicative of the strategic choices adopted by the companies leadership within a retailer. The additional need for shareholder support also demonstrates a link to the

academic research suggesting that there is importance in developing value for internal and external stakeholders (Yrjölä, 2014). This is illustrated through idea that all of the components of the retail mix need to function in harmony and with purpose, but it is the company leadership that sets the tone for how this is practically achieved.

The retail mix has had to evolve to support an omni-channel business model. The lesson from the analysis of the interview data is that there is not necessarily a single component of the retail mix that is more or less important. The focus in an omni-channel business model, reinforced by Zhang et al. (2010) is the synergy of the components that is essential. This synergy can only be achieved through the direction and vision set out by the company leadership, that must amend and refine the business model as this is required. Additional academic research should be conducted, specifically interrogating the impact of the retail mix of operating an omni-channel business model.

6.6   Research Question Five Results Discussion

RQ 5: Which specific areas of the business model have been most significantly enhanced through the adoption of digital technology?

The objective of RQ 5 is to identify a specific area or areas of the business model that have been enhanced through the adoption of digital technology.

The focus of this exploratory study was to understand the potential of digital technologies in enhancing retail business models. As mentioned in the research objectives, the objective was to ultimately identify which areas of the business model are required to be changed when adopting digital technologies in order to operate in an omni-channel business model. RQ 5, therefore offers the opportunity for reflection on the overall study, which was discussed in Chapter 4. The analysis of the interview data was undertaken with the intent of allowing specific time for reflection and feedback by each of the interviewees. It must be noted that there are correlations, in answering the research question, that echo those discussed earlier on in this chapter.

In the analysis of the data from the interviews, people and the culture of the business was recognised as one of the key areas within the business model. The interviewees discussed the need to get people aligned with the business model, but equally also the need to acquire the right level of skills and human capital within the business. As in the

early part of this chapter, the staff is recognised as a key component in the implementation of a retail business model that is evolving because of the integration of digital technologies. They require development as a result of the decision to adopt digital technologies into the business model. The academic research reinforces this data and points specifically to the people that must be won over or trained as well as the institutional knowledge within the organisation (Barney, 1991). The management of the companies' human capital, therefore, forms an integral aspect when determining the capabilities of the retail business model to adopt digital technologies. It would be useful, in a further and in-depth study, to consider a detailed exploration into the mechanisms, such as incentives, that could be used to motivate teams and personnel within the business (Sorescu et al., 2011). It must be noted, that although people management and the staff was discussed extensively with the retail interviewees as was it mentioned in the academic research, little reference can be found to the exposition of the culture of the business. This aspect presents a potential area for future research.

Information systems were discussed and recognsied as being significantly enhanced through the of adoption of digital technology. This reinforced the need for the business to integrate digital technologies into their business model. Without the system integration to support the data, the amount of data that is generated would mean that the business model would have structural limitations. The academic research recognises that there is a nexus between the omni-channel business model and the investment in the information system that was discussed from the perspective of the RBV theory. Identifying the fact that integrating new technical capabilities into the business will ultimately improve not only the ability for the business to compete more effectively, but ensure that the retailer remains relevant to their intended customer (Barney, 1991; Peteraf, 1993; Barney 2001). Systems in this regard empower the retailer with the improved ability to meet the needs of the consumer and therefore this will enable them to create a sustainable competitive advantage.

In the final analysis of the data from the retail interviews, the areas of marketing and the customer journey were investigated and it was recognised that these aspects benefit from and are enhanced through the adoption of digital technologies into the retail business model. The enabling of two-way communication between customers and retailer that enhances the depth of the relationship as well as the ability for the retailer to collaborate with its customer (Sheng, Nah, & Siau, 2005). The retail experience has metamorphasised with the increased demands of the customer and as

a result of omni-channel strategy resulting in the retailer always being online and available. Communication between retailer and customer is an area that is greatly improved by the advent of digital technology and as the data from the retail interviews suggests the customer has the ability to have more control in measurability and targeting in its relationship with the retailer (I10, #65). This is supported in the research material and while giving more power to the customer the benefit to the retailer is the enhanced ability to acquire deeper insights into the customer behaviour through the collection of data as well as interacting with them across multiple channels and platforms (Shankar et al., 2010).

The discussion in RQ 5 ensured that the researcher was able to focus on the areas of the retail business model that had been enhanced through the adoption of digital technologies. These areas have, through the analysis of the data from the retail interviews and specifically concerning staff, systems and marketing reaffirmed the supporting academic research. The analysis of the interview data has also highlighted opportunities for potential and future areas of research concerning corporate culture within the company as well as the customer journey.

6.7   Discussion of Results Conclusion

The objective of this study was to provide a robust discussion of the results presented in Chapter 5. Through a review of each of the five research questions, key affirmations and findings were discussed. Linking these findings to the overall nature of the research study is essential. This will be discussed in Chapter 7 that will focus on integrating the findings and putting forward an overall summary of this study.

Chapter 7: Conclusion

7.1 Introduction

As proposed in Chapter 1, globally, retailer business models are in a state of transition (Sopadjieva, Dholakia, & Benjamin, 2017). The transition is occurring due to the rapid rate at which technologies are advancing the ability for retailers and consumers to engage with each other through digital channels. The pre-existing brick and mortar store base is gradually being merged with the virtual online store (Rigby, 2011; Brynjolfsson, Hu, & Rahman, 2013). These advancements are furthermore being propelled by a customer base that is highly-connected.

In the context of South Africa, where this exploratory and qualitative research study took place, there are twenty-eight million customers with access to the internet. This demonstrates the extent to which digital technologies are entrenched in the South African market (Statistics South Africa, 2016; We Are Social 2017). However, how are South African retailers responding to this shift? This research study set out to explore how South African retail business models are potentially being enhanced in the adoption of digital technologies. The major research findings acquired from conducting interviews with eleven retail industry executives are summarised in this chapter. Thereafter, implications for management and limitations of the research shall be discussed. Finally, suggestions for future research will conclude the chapter.

7.2 Principal Findings

Through observation and interpretation of the research results presented in Chapter 5 and discussed in Chapter 6, it is evident that South African retailer business models are in a state of transition. Digital technologies are evidently having an impact on the merger which is gradually taking place between the physical and virtual store (Rigby, 2011; Brynjolfsson, Hu, & Rahman, 2013). Although not all retailers who formed part of the research sample are at the identical phase of transition in the business model, the research study offered insight that transition is taking place across the respective business models.

As discussed in Chapter 2, creating value is a central component of any business model. In creating value through the use of firm resources and capabilities, a business is able to continue to meet and serve the needs of the customer (Barney, 1991;

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Barney, 2001; Yrjölä 2014). In a review of the retail interviews, the emphasis was placed on retailers meeting value from the internal perspective, being that of the various stakeholders which each of the retailers are responsible towards.

In a review of the value created internally, interviewees recognised the potential for digital technologies to assist in reducing the overall cost base of the business model. Cost reduction was achieved by retailers in being able to digitise specific functions within the business model, leading to the improvement in operational efficiencies. Areas of evident operational efficiencies were across areas of supply chain and logistics capabilities specifically. This was possible through digital technologies being able to coordinate numerous operational activities across the business model. This ability to integrate new capabilities into the business model, which digital technologies demonstrates and continue in adding value, is consistent with the literature specific to that of the RBV (Barney, 1991; Peteraf, 1993; Barney 2001).

Digital technologies, therefore, have the ability to assist retailers in reducing the cost base of the business model and secondly, fundamentally shift the operational effectiveness of how products and services are supplied to customers. Logistical capabilities therefore have to be aligned with the business model, in order to acquire the benefits of digital technologies.

In order to achieve the above, however, it was recognised through the discussion that supporting infrastructure is required on the part of the retailer to truly ensure that the business model is enhanced through the adoption of digital technologies. As identified by Sorescu et al. (2011), placing emphasis on business structure is imperative. Retailers recognised key areas within the structure which require being reviewed. Firstly, this is in the form of human capital. Integration can only be effective if people are training and provided with the vision to support the adoption of digital technologies into the business model. In instances where expertise is required, retailers spoke strongly to recruiting key people into the business to assist in leveraging the benefits which digital technologies can have on the business model.

A key finding in regard to teams and human capital in the business model is that there needs to be a conscious effort in coordinating training across all teams in the retailer. The interviewees identified that digital technologies have the ability to cross over all functions of the business. It is therefore imperative that all teams are exposed and trained in understanding how digital integration is ultimately advancing the business

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model, which in turn assists in continued value creation for all stakeholders. However, a major learning drawn from the research is in the area of incentives as discussed by Sorescu et al. (2011). By adopting incentives, retail executives utilise these to assist in steering change and behaviour towards embracing digital technologies. As discussed in Chapter 1, the retailers forming part of this study are well established and renowned retailers in South Africa. It was also assumed that as a result of this legacy shifting legacy operating methodology could be a noticeable challenge in an attempt to on integrate digital technologies into the business model. On this basis, the use of incentives, especially for shifting behaviour within on-the-ground teams is a key insight for retailers to consider when aiming to increase broad-based adoption of digital technology capabilities into the business model.

The second area of the structure requiring review is in the retailer's capabilities to collect and interpret customer data. As a result of operating an omni-channel business model, Grewal, Roggeveen and Nordfält (2017) recognise the ability to create meaningful engagement through the collection of customer data. However as receognised by Rigby (2011) the evident challenge is in interpreting data. The principal learning acquired through the discussion was that retailers recognise the ability for digital technologies to offer deep insights into customer behaviour and shopping patterns. This can significant enhance the retailers ability to compete, however interviewees recognised the importance of supporting systems, to collect data, and personal, to interpret data, which informs retailer decision making as imperative in the business model. In linking back to Chapter 1, specific data ultimately enables retailers to develop intimacy in relationships, which leads to creating a new paradigm in customer engagement (Brynjolfsson, Hu, & Rahman, 2013; Grewal, Roggeveen, & Nordfält, 2017).

In support of the above, the retail interviews revealed the very real challenge of system-wide investment in data systems, as being imperative to successfully compete and managing an omni-channel business model. This once again affirmed the academic literature finding by Zhang et al. (2010), who identified that supporting technological infrastructure is necessary to the omni-channel business model. Without this investment, seamless integration which is a requirement for a fluid implementation of an omni-channel as discussed by Rigby, (2011) and Lazaris & Vrechopoulos, (2014) cannot be achieved. Considering the economic context of South Africa, broad-based investment could therefore act as a potential obstacle to complete adoption of digital technology into the business model. The very real challenge which retailers have to

therefore be aware of in ensuring that their operational techniques do not lag beyond the advancements of technology being adopted by customers, as identified by Bronwe, Durrett & Wetherbe, (2004).

An area where digital technologies present extremely exciting opportunities for addressing the needs of external stakeholders, in the form of customers, is how marketing and communication are coordinated across channels by retailers. Neslin et al. (2006) place emphasis on the interaction and engagement with customers which can now exist as a result of operating across numerous channels. The retailers, therefore, identified the imperativeness of overhauling marketing and communication capabilities. Furthermore, integrating mobile solutions to facilitate new forms of digital marketing solutions is imperative to building into the business model. This is in consideration of the extent of mobile penetration levels in the South African market as discussed in Chapter 1.

In communicating to customers, a finding recognised in both the literature and informed in discussion with select interviewees, is that careful consideration needs to be given to how communication and marketing is considered across different generations of customers (Parment, 2013). As recognised by the interviewees, being aware and being able to service different generations of customers, also has a direct impact on the type of staff recruited into the retailer. The retailers discussed the importance of having technologicaly informed staff members who can meet the needs of similar technologicaly informed customers.

In operating a omni-channel business model, transparency is fundamental across many facets of the retailer. Lazaris & Vrechopoulos, (2014) and Yrjölä, (2014) discuss the notion of channel swtiching which can take place due to the transparency in price and product offerings which customers now have access to in the form of digital channels. To eliminate this potential risk of operating within an omni-channel, specific reference discussed was that there has to be transparency in communication aross the business. Marketing teams can quickly affect online price changes without informing customer-facing teams. The principal finding here is retailers need to build in capabilities to facilitate transparent communication across all teams in within the business model.

As already discussed, digital technologies enable the retailer to collect rich customer data. However, it's through this collection of data, that omni-channel retailing is

fundamentally shifting the customer experience in conjunction with the retail business model. The retailers recognised that digital technologies have enabled the ability to create value beyond the needs of pure products. Valued added services enables differentiation, which is empowered by digital technologies as critically recognised within the discussion. Through value-added services, retailers are ultimately able to shift the focus to building and retaining customers, which academia refers to as creating customer lifetime value (CLV) (Zhang et al., 2010; Wang, Malthouse, & Krishnamurthi, 2015).

In an examination of the retail mix, the researcher drew from the findings that it's imperative that emphasis is placed on breaking down silo's in the organisation and that the overall retail mix is viewed as all the all-encompassing ability to meet the needs of the customer through the business model. As identified by research, while this contributes towards an initial understanding, further research is still required in this space (Verhoef, Kannan, & Inman, 2015).

In drawing the principal findings to a close of the research study, there were specific areas as concluded by the interviewees which were recognised as imperative aspects of the business models which can be enhanced and or, are vital in the adoption of digital technologies. Considering these findings, it would be appropriate to review these within the section that follows as implications for management.

7.3   Implications for Management

Through the discussion of the results and review of the principal findings, it's evident once again that South African retailers are in a state of transition. It is furthermore evident that there are specific areas of the business model which are being enhanced through the adoption of digital technologies. The following section therefore focuses specifically on critical implications for management to consider when adopting digital technologies into the business model.

A critical pillar for retailers to review and consider is the team and culture in place to support the adoption. It's imperative that collective buy-in is presented by leadership and articulated across all teams. Only through the coordination of all teams in integrating the capabilities of digital technologies is a retailer positioned to enhance the business model. Consideration of key personal resources is essential. Training and

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upskilling of teams and finally as eluded to by Sorescu et al, (2011) the use incentives to shift behaviour to support adoption.

A secondary implication for management to consider is in the investment of system-wide infrastructure. This is important for management operating an omni-channel business model, as this will serve to improve operational efficiencies and ultimately, facilitate the collection of customer data. An omni-channel business model enables the ability to form deep relationships with customers, but once again systems are required to acquire this information and specific individuals required to interrupt the data, which ultimately informs direction in decision making.

Thirdly, marketing as explicitly alluded to requires the need to be overhauled. South African customers are highly-connected, predominantly through the broad-based adoption of mobile devices. Retailers therefore have to be reflective of this through their communication and marketing strategies. Communications furthermore need to be focused on building intimacy and relationship. The ultimate objective should be in focusing to build the strength of the retailer brand and ultimately creating CLV (Zhang et al., 2010; Wang, Malthouse, & Krishnamurthi, 2015).

Finally, retailers operating a business model which is adopting digital technologies and omni-channel present have to pay careful consideration to the implications of transparency. This extends beyond across both internal and external stakeholders. There needs to be a consistency in messaging throughout the group, especially for customer-facing teams. In the event that these teams are not informed, credibility is diminished in the face of the customer and utliamtely for the retailer brand.

7.4   Limitations of the Research

Key limitations of the research study are detailed as follows:

- As identified by Silverman, (2011) the potential limitation which exists in the use of qualitative research is drawn in contrast to the strength in being able to acquire rich insights. The limitation which exists is the anecdotal nature in the quality of the data. In elaborating further, there is a potential tendency to choose data which ideally fits a preconceived view of the problem being researched.

- A further limitation as identified by McCracken, (1988) is the concern in the relationship between the data and that of the researcher. The primary challenge identified is that every interview has the ability to generate endless amounts of new data, therefore how does the researcher demonstrate control over the data without influencing their own persona upon the data.

- Commonly identified with the technique of semi-structured in-depth interviews is the notion of observer error and observer bias. Observer error examines the limitation of how different researchers may ask the same questions, thus acquiring varying results. Due to the nature of collecting data acquired through interviews, observer bias examines how differing researching go about interrupting data in varying ways and thus resulting in differing outcomes (Saunders & Lewis, 2012).

- A noticeable challenge in conducting semi-structure in-depth interviews is in areas of sensitive matters, the interviewer should take recognition of delicate topics. In addition, there is a risk that interviewees may want to impress, or create a good impression, therefore skewing the nature of the data acquired (Doody & Noonan, 2013). These therefore are all aspects of the interview process to consider.

- A potential limitation exists in the form of the interviewee sample. In addressing the research problem, perspective is only acquired from that of key decision makers, these being executives in the respective retailers forming part of the sample. In an effort to offer a for more robust perspective, the study could be extended to additional employees in the firm for offering a supporting of contrasting view to that of the decision makers. An alternative sample could also be considered from the perspective of the customer. This would be enable a rich insight to be acquired in addressing the research problem.

- Finally, due to the study being qualitative in nature, with data acquired through semi-structured in-depth interviews, the researcher recognises the potential limitation of needing to deal with ambiguity through the coding process of the interviews (Saldaña, 2011). This is due to the process of coding not following an exact science and if reliant on the researcher to use discretion in identifying key constructs, informed through the literature.

7.5   Suggestions for Future Research

In the process of conducting this research, it was evident that from an international perspective, significant research has been conducting in the areas of omni-channel business models, as well as the future of retail (Grewal, Roggeveen & Nordfält, 2017). Where further research could be explored is in building on from this exploratory study on retail in the context of South Africa. A potential area for consideration could be extending this research to a broader sample and in collecting data from respondents across various managerial levels within the organisation. A key emphasis of this study was focused on the people and the teams required to adopt in support of integrating digital technologies into the business model. By exploring these insights, a contrasting view could contribute to both academia and business.

In support of the above-proposed area for future research which was briefly explored in the discussion with the retailers is in the area of culture. As the respective retail business models evolve in adopting digital technologies, it can be assumed that culture will potentially have to undergo some level of review to best meet the future desired state of the business model. Developing a deeper inquiry into the requirements of the culture and how to achieve this for retailers in South Africa would further build upon the understanding of this research in how business models are developing through the adoption of digital technologies.

A final suggested area for future research which was not extensively interrogated through this research is in the area of retail brands. As discussed in Chapter 2 the accepted thinking is that by developing stronger brands, these in turn assist in developing a stronger customer affinity with retail brands and thereby creates a far more loyal customer (Dick and Basu, 1994). Exploring the presence and emphasis of brands in operating on omni-channel business model could be proposed as a future area for research in the South African retail context. This, in turn, could yield deep insights into the extent that loyalty established with South African consumer and how digital technologies are playing a role in creating this.

7.6   Conclusion

This study identified that South African retail business models, much like that of international retail business models are experiencing fundamental shifts from the existing brick and mortar store to becoming an omni-channel retail environment. This

shift is being brought about through the rapid advancement and integration of digital technologies into the business model. The boundaries between physical and virtual stores are merging, and this is bringing about new benefits but at the same time, new complexities for retailers to manage. Striving for seamless integration between physical and virtual is what South African retailers need to be aspiring towards and through the discussion with the retailers forming part of this study, it was evident that this is taking place in certain retail groups. Integration will ultimately ensure that the retailer continues adding value through the business model to both internal and external stakeholders. The research identified that there are significant cost and operational efficiencies that can be achieved when integrating digital technologies into the business model successfully. However, retailers are required to invest in people, infrastructure and coordinate a fundamental shift in marketing and communication techniques, ensuring enhancements in the business model are achievement through the adoption of digital technologies.

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Appendices

- Appendix 1 – Consent Letter
- Appendix 2 – Interview Questionnaire Guide
- Appendix 3 – Ethical Clearance Letter
- Appendix 4 – Turnitin Report

Appendices

Consent Letter:

Dear Participant,

Firstly, thank you for affording me this opportunity. I am conducting research in understanding the potential of how digital technologies are enhancing retailer business models in South Africa.

Our interview is expected to last about one hour, and will help us understand how South African retailers are adopting these digital technologies. Please note that your participation is voluntary and you can withdraw at any time without penalty. Of course, all data will be reported as confidential.

Thank you for your time and contribution to this research study. If you have any concerns, please contact my supervisor or me. Our details are provided below:

Cameron Hogg   **Dunja Kartte**

(Researcher)   **(Research Supervisor)**

16392524@mygibs.co.za   Dunja.kartte@gmail.com

+2776 13000 85   +2782 06728 53

Researcher Signature   Participant Signature

_____   _____

Appendix 2 – Interview Questionnaire Guide

The proceeding questionnaire was put together to guide the semi-structured and in-depth interviews. Per Saunders and Lewis (2012) in order to ascertain responses which are relevant to the data collection for the purpose of this study, probing question were utilised to address each of the research questions.

Section 1: Introduction and briefly explaining purpose of the study

Section 2: Introductory Questions on the participant and organisation

- Briefly introduce yourself and provide a brief background
- Briefly describe the organisation you work for
- What is the primary purpose of the organisation?
- Describe your position and role within the organisation

The next sections will focus at developing a set of questions which focus on acquiring data to answer the set of five research questions identified.

Section 3: Specific questions focused at answering the research questions

Research Question 1: What role have digital technologies played in the development of business models for (X retailer)?

- Participant Interview question 1: How have digital technologies impacted on the business model at X?
  - **Probing questions:**
    - What role do digital technologies have in (X retailer)?
    - How has this changed the traditional business model?
    - What have been the internal structural changes?
    - Has this impacted on culture?
    - How has this improved efficiencies?

Research Question 2: What have been the challenges experienced in integrating and implementing an omni-channel business model for (X retailer)?

- Participant Interview question 2: How did (X retailer) initially implement a multi-channel approach and what were the challenges?

- o **Probing questions:**
    - What resources were required for implementation?
    - What were the driving forces to change to multi-channel?
    - What has been the challenge of shifting from physical to online?
    - What has the impact on staff been?

Research Question 3: How has operating an omni-channel business model impacted upon consumer engagement?

- Participant Interview question 3: What changes have been brought about to customer engagement through adopting digital technologies?
    - o **Probing questions:**
        - How has customer engagement changed at (X retailer)?
        - What have been the enablers to driving customer engagement?

Research Question 4: How has the retail mix had to evolve as a result of operating across physical and online retail environments?

- Participant Interview question 4: What have been the changes to taking a product to market as a result of operating in a physical and digital environment?
    - o **Probing questions:**
        - How has advertising changed?
        - How have supplier relations evolved?
        - How have promotions developed?

Research Question 5: Which specific areas of the business model has been most significantly enhanced through digital technology adoption?

- Participant Interview question 5: What would you identify as the top 3 characteristics of the business model which has been enhanced through digital technologies?
    - o **Probing questions:**
        - Which area of the business has mostly benefited and why?
        - Provide a qualitative and quantitative example of how the enhancement was measured
        - What were the key learnings in adoption?

Appendix 3 – Ethical Clearance Letter

Gordon Institute of Business Science

University of Pretoria

03 August 2017

Cameron Hogg

Dear Cameron,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards

GIBS MBA Research Ethical Clearance Committee

Appendix 4 – List of Codes Used for Data Analysis

ORQ: T1: Passion	RQ1: T19: Solutions
ORQ: T2: Resilience	RQ1: T20: Training
ORQ: T3: Agile leadership	RQ1: T21: Staff
ORQ: T4: Brand	RQ1: T22: Supply Chain
ORQ: T5: Customer	RQ1: T23: Product Categories
ORQ: T6: Vision	RQ1: T24: Back vs. Front of house
ORQ: T7: Strategy	RQ1: T25: Marketing
ORQ: T8: Store Layout	RQ1: T26: Mobile First Approach
ORQ: T9: Store in store	RQ1: T27: Incentives
ORQ: T10: Culture	RQ1: T28: Transparency
ORQ: T11: Data Oriented	RQ1: T29: Competitors
ORQ: T12: Convenience	RQ1: T30: Customer Data
ORQ: T13: Innovation	RQ1: T31: Optimisation
	RQ1: T32: Measurement Metrics
RQ1: T1: Omni-channel	RQ1: T33: Research
RQ1: T2: BM	RQ1: T34: Ecosystem
RQ1: T3: Online Store	RQ1: T35: Productivity
RQ1: T4: Services	RQ1: T36: Margin
RQ1: T5: Strategy	RQ1: T37: Pick & Pack
RQ1: T6: Digitization	RQ1: T38: Processes
RQ1: T7: Customer	RQ1: T39: Capabilities
RQ1: T8: Innovation	RQ1: T40: Endless Aisle
RQ1: T9: Relationship	RQ1: T41: Extended Range
RQ1: T10: Infrastructure	RQ1: T42: System
RQ1: T11: Communication	RQ1: T43: Analytics
RQ1: T12: Costs	RQ1: T44: App
RQ1: T13: Efficiencies	RQ1: T45: One Day Sale
RQ1: T14: Accessibility	RQ1: T46: Master Data
RQ1: T15: Social Media	RQ1: T47: Click & Collect
RQ1: T16: Ecommerce	RQ1: T48: Test Product
RQ1: T17: Adaptability	
RQ1: T18: Stock Management	RQ2: T1: Integration

RQ2: T2: Challenges	RQ2: T36: Human Error
RQ2: T3: Systems	RQ2: T37: Logistics
RQ2: T4: Investment	RQ2: T38: Payment Methods
RQ2: T5: Technology	RQ2: T39: Product Data
RQ2: T6: POS	RQ2: T40: Accountability
RQ2: T7: Resources	
RQ2: T8: Skills	RQ3: T1: Experience
RQ2: T9: Structure	RQ3: T2: Behaviour
RQ2: T10: Strategy	RQ3: T3: Immersive
RQ2: T11: Engagement	RQ3: T4: Customer Data
RQ2: T12: Customers	RQ3: T5: Intimacy
RQ2: T13: Social Platforms	RQ3: T6: Customer Needs
RQ2: T14: Advertising	RQ3: T7: Purpose
RQ2: T15: Loyalty	RQ3: T8: Technology
RQ2: T16: Website	RQ3: T9: Customer Service
RQ2: T17: Convenience	RQ3: T10: Store Layout
RQ2: T18: Information	RQ3: T11: Efficiencies
RQ2: T19: Customer Journey	RQ3: T12: Influencer Marketing
RQ2: T20: Staff	RQ3: T13: Communication
RQ2: T21: Trust	RQ3: T14: Price
RQ2: T22: Credibility	RQ3: T15: Digital
RQ2: T23: Traditional Marketing	RQ3: T16: Systems
RQ2: T24: Alignment	RQ3: T17: Value
RQ2: T25: Generational Gap	RQ3: T18: Customers Time
RQ2: T26: Exposure	RQ3: T19: Increased Exposure
RQ2: T27: Marketing	RQ3: T20: New Markets
RQ2: T28: Teams/ Departments	RQ3: T21: Solutions
RQ2: T29: Training	RQ3: T22: Conversion
RQ2: T30: Change Management	RQ3: T23: Spamming
RQ2: T31: Competition	RQ3: T24: E-Wallet/ Voucher
RQ2: T32: South Africa	
RQ2: T33: Government	RQ4: T1: Speed/ Efficiency
RQ2: T34: Legacy Behaviour	RQ4: T2: Instant Communication
RQ2: T35: Culture	RQ4: T3: Interaction

RQ4: T4: Customer engagement	RQ5: T10: Operations
RQ4: T5: Social Platforms	RQ5: T11: Cost Structure
RQ4: T6: Attitude/ Approach	RQ5: T11: Customer Journey
RQ4: T7: Integrated thinking	RQ5: T12: Service Customers
RQ4: T8: Differentiation	RQ5: T13: Extended Range
RQ4: T9: Convenience	
RQ4: T10: Versatile	
RQ4: T11: Simplicity	
RQ4: T12: Information	
RQ4: T13: Customer Reviews	
RQ4: T14: Content	
RQ4: T15: Clutter	
RQ4: T16: Trust	
RQ4: T17: Consistency	
RQ4: T19: Extended Range	
RQ4: T20: Dark Store/ Online Store	
RQ4: T21: Decision Making	
RQ4: T22: QC	
RQ4: T23: Pivotal Retail Mix	
RQ4: T24: Market Segment	
RQ4: T25: Suppliers	
RQ4: T26: Strategic Partnerships	
RQ4: T27: Fulfilment	
RQ4: T28: Services	
RQ5: T1: People	
RQ5: T2: Culture	
RQ5: T3: Buying Teams	
RQ5: T4: Communication	
RQ5: T5: Data	
RQ5: T6: Cost Reduction	
RQ5: T7: Systems	
RQ5: T8: Time/ Efficiencies	
RQ5: T9: Marketing	