



CFR EARLY INSIGHT #34

Re-Imagining the Physical Store

Center for Retailing (CFR) at the Stockholm School of Economics has a mission to provide high-level academic education and to conduct world-class research on retailing in close collaboration with the Swedish retail industry. CFR Early Insights is a breakfast seminar series through which CFR faculty members share insights from ongoing research projects. The series provides a platform for employees at our partner companies to meet and discuss current challenges in retailing.

Nearly 5,000 UK chain stores closed last year at rate of 14 a day

Pharmacies, banks and pubs retreat from town and city centres knocked by failure of Wilko last year

Sarah Butler

Thu 14 Mar 2024 09:00 CET

Share



The cut-price chain Wilko closed all 400 of its stores after it fell into administration last August. Photograph: Yui Mok/PA

Almost 5,000 more chain stores were left empty last year - a rate of about 14 closures a day - as high streets were hurt by the failure of Wilko and the retreat of banks and pubs.

US retailers have announced the closure of almost 2,600 stores in 2024

5d



US retailers have announced the closure of almost 2,600 stores in 2024

©UCG/Universal Images Group via G

US retailers have announced the closure of almost 2,600 stores in 2024 - just four months into the year. Big names including Macy's, Walmart, Walgreens, Foot Locker and 7-Eleven have all said they are closing shops.

ST Sundsvalls Tidning

Butiksdöd i Birsta – men centrumchefen satsar – Sundsvalls Tidning

Först Rizzo. Direkt efter följde The body shop. På två dagar tvingades två butiker i Birsta city klappa igen.

1 month ago



A Arbetarbladet

Butiksdöd i Sandviken – så ser det ut i din kommun

Butiksdöd i Sandviken – så ser det ut i din kommun ... I Sandviken sker butiksdöden snabbare än i Sverige i stort. Sedan 2017 har var åttonde...

13 Feb 2024



M Market.se

Butiksdöd i Allum – ytterligare en aktör slår igen

Butiksdöd i Allum – ytterligare en aktör slår igen ... Skobutiken stänger och blir den femte aktören på ett år som lämnar Allum. Flera av...

14 Feb 2024

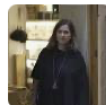


svt SVT Nyheter

Butiksdöden: Hyresbomb slår ut butiker

I år väntar en ny stor hyreshöjning för butikslokaler på 6,5 procent, att lägga till tidigare stora höjningar. Samtidigt är Sveriges ekonomi...

3 Jan 2024



Tidningen Näringslivet

Bakslag för butiksdöden – nu klarar sig allt fler i glesbygden

Bakslag för butiksdöden – nu klarar sig allt fler i glesbygden ... 30 procent av de svenska dagligvarubutikerna har försvunnit sedan 90-talet, och...

21 Dec 2023



Skånska Dagbladet

Butiksdöden slår hårdast i Lund – på fem år försvann sjuende butik

Antalet butiker i hela Sverige har minskat med 7 procent sedan 2017, men i Lund. Öppna bild i helskärmsläge. Antalet...

14 Feb 2024



APRIL 3 2024

Germany's largest sports retailer doubles down on physical stores

Intersport Deutschland wants to increase number of outlets by a quarter



The Heilbronn-based group wants to add 100 new own-branded stores across the country over the next six years, targeting medium-sized cities such as Trier, Wiesbaden and Hanau where it is not present. This would increase the number of shops it operates to 500, or close to a quarter.

Von Preen said that as many department stores as well as independent sports retailers had closed in recent years there was now “a vacuum” in physical store sports retailing. He added the expansion drive was the biggest the group had undertaken since it established itself in eastern Germany in the early 1990s.

Intersport Deutschland operates as a co-operative with independent members operating under its brand © Marijan Murat/picture alliance/dpa

Olaf Storbeck in Frankfurt 15 HOURS AGO



Shopping's magic moments

Creatives share how they conjure up luxury in-store experiences



Luxury retail is experiencing a turning point. After an e-commerce boom spurred by the pandemic, the global lifting of lockdowns has prompted a renaissance in physical retail — a surprising twist given the predictions that the shift to online would become permanent.



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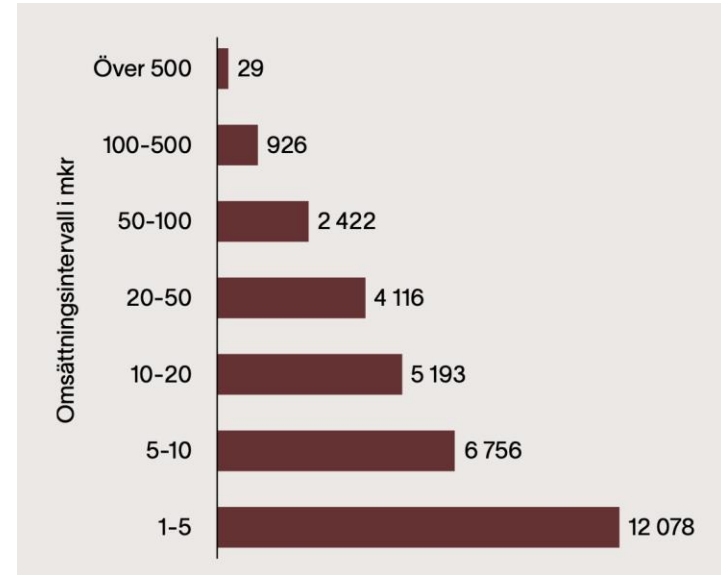
Gamla Enskede, Stora Gungans Väg.
"Rädda vårn Mataffär" år 1980.
Foto: Okänd / Flickr

WHERE WE ARE TODAY

- 31 630 stores in Sweden
 - 2017-2022: - 8-9%
 - Low price (+)
 - Apparel (-)
- 62% are part of a retail chain
 - 82% of revenues

HUI Sveriges butiker 2022

stores / revenue mSEK, 2022

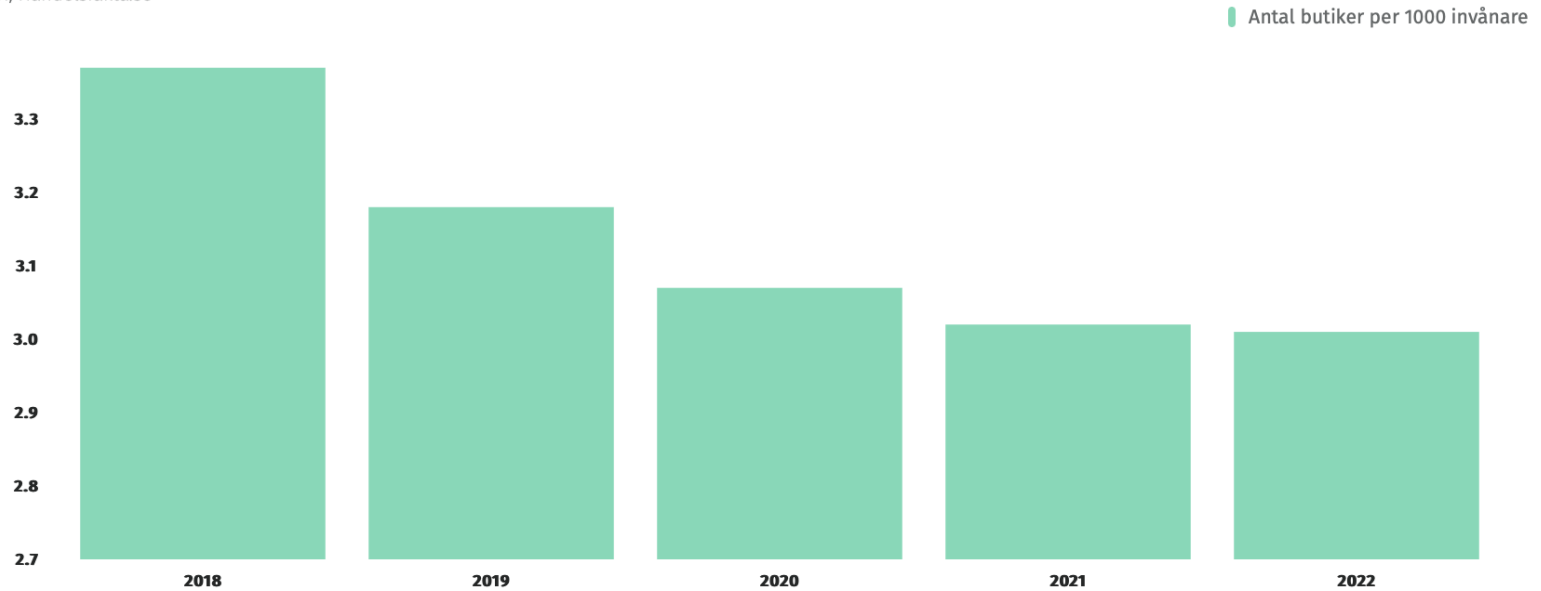


Svensk Handel, Läget i Handeln 2023

Number of stores per 1,000 inhabitants, 2018-2022

Antalet detaljhandelsbutiker per 1 000 invånare, 2018-2022

Källa: HUI, Handelsfakta.se





Journal of Retailing

Volume 99, Issue 4, December 2023, Pages 481-486



Re-imagining the physical store

Dhruv Grewal^{a b c} ✉, Els Breugelmans^d ✉, Dinesh Gauri^e ✉, Katrijn Gielens^f ✉

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Leveraging in-store technology and AI: Increasing customer and employee efficiency and enhancing their experiences

Dhruv Grewal, Sabine Benoit, Stephanie M. Noble, Abhijit Guha, Carl-Philip Ahlbom, and Jens Nordfält

Immersive retailing: The in-store experience

Henrik Hagtvædt and Sandeep R. Chandukala

More than machines: The role of the future retail salesperson in enhancing the customer experience

Alec Pappas, Elena Fumagalli, Maria Rouziou, and Willy Bolander

The Future of physical stores: Creating reasons for customers to visit

Els Breugelmans, Lina Altenburg, Felix Lehmkuhle, Manfred Krafft, Lien Lamey, and Anne L. Roggeveen

Innovations in retail delivery: Current trends and future directions

Brian Ratchford, Dinesh K. Gauri, Rupinder P. Jindal, and Aidin Namin

Reimagining personalization in the physical store

Thomas P. Scholdra, Julian R.K. Wichmann, and Werner J. Reinartz

Dynamic pricing: Definition, implications for managers, and future research directions

Praveen K. Kopalle, Koen Pauwels, Laxminarayana Yashaswy Akella, and Manish Gangwar

Retailing groundedness: How to improve customer experience, brand perceptions, and customer loyalty through feelings of groundedness

Gianna Bruckberger, Christoph Fuchs, Martin Schreier, and Stijn M.J. Van Osselaer

The store of the future: Engaging customers through sensory elements, personalized atmospherics, and interpersonal interaction

Authors: Courtney Szocs, Yeseul Kim, Mikyoung Lim, Christian Arroyo Mera, and Dipayan Biswas

Localized globalization through structures of common difference and the in-store curation of a glocal retailscape

Hope Jensen Schau, Melissa Archpru Akaka, Rodrigo Costa Segabinazzi



Customers
Employees
Technology

THE PHYSICAL STORE AS

a physical space that consumers enter and that facilitates, directly or indirectly, customers' progression along the shopping journey by providing them with benefits related to:

- Discovery
- Convenience
- Customization
- Community
- Shoppertainment

How Online Shopping Is Saving the Bricks-and-Mortar Store

Retailers are increasingly relying on their shops as fulfillment hubs

By [Kate King](#) [Follow](#)

May 6, 2024 at 5:30 am ET



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Resize



33



Listen (2 min)



THE WALL STREET JOURNAL.



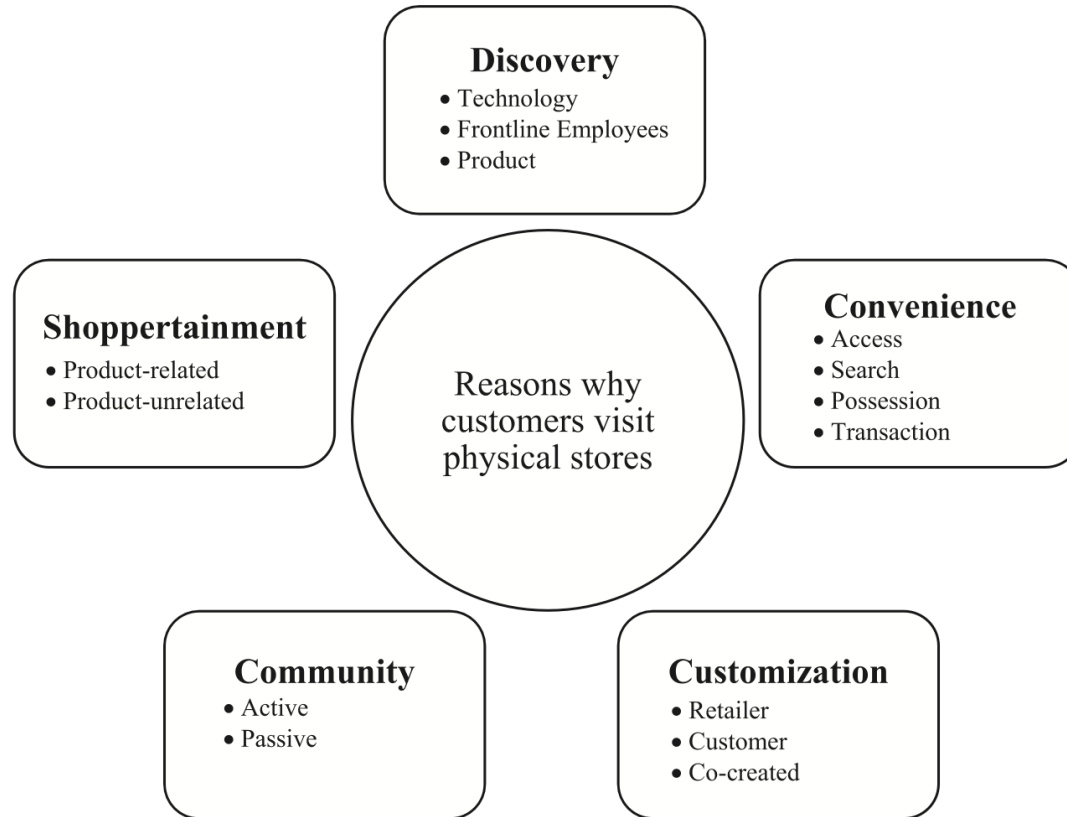


Fig. 1. Customer Benefits of a Physical Store.

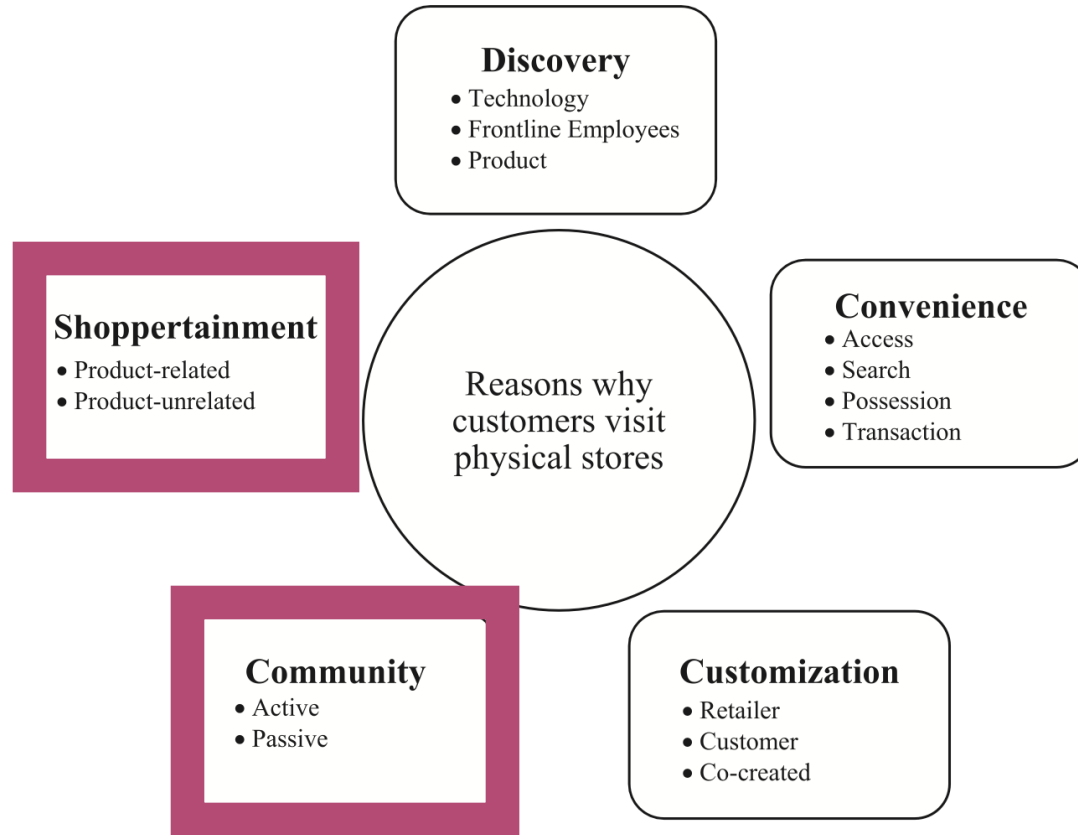


Fig. 1. Customer Benefits of a Physical Store.



Världens första fabship store!



*Mmm... det doftar fab.
Det var visst du!*

*Mmm... det doftar fab.
Det var visst du!*

*Säg det med en doft.
Eller två.
Eller tre!*

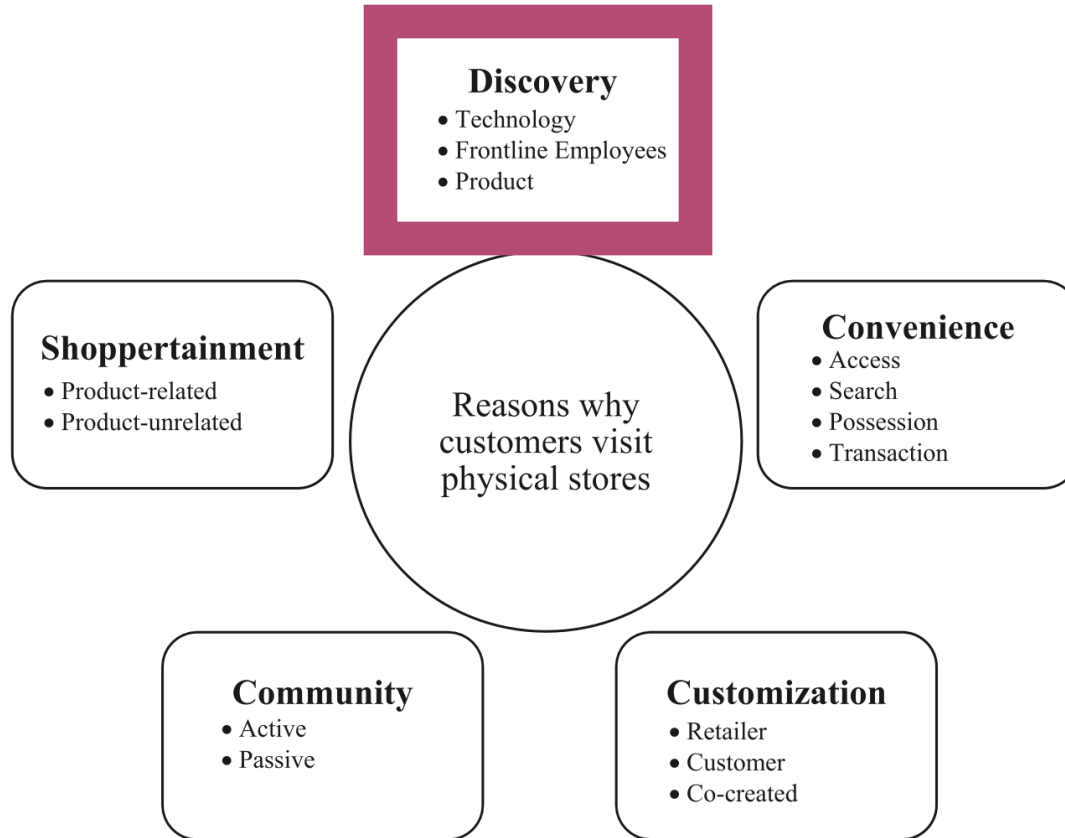


Fig. 1. Customer Benefits of a Physical Store.



STYLE

MEET WITH
SHEIN

FASHION

MEET WITH
SHEIN

SHEIN

SHEIN

DISCOVERY IN PHYSICAL VS. DIGITAL STORES

Non-Grocery

- The physical store is better at attracting new customers and building awareness
- The online store is better at keeping old customers and reinforce loyalty

Chang & Zhang, 2016; Wang and Goldfarb 2017

Grocery

Huyghe et al 2017, Pozzi 2012, Wang et al 2017

- The physical store is better at stimulating new product, impulse and sensory purchases
- The online store is better at stimulating habitual purchases and private labels

Dawes and Nenycz-Thiel 2014, Kolesov et al 2018

ADDING BRICKS TO CLICKS

- The new offline channel attracts new customers, meaning that there is little cannibalization on the existing online channel
- The overall effect is positive in terms of total sales and profits
- Trade areas with characteristics amenable to digital retailing (e.g., younger population, more household income) profit less
- Customers with high pre-additional channel sales showed a smaller increase than those with low pre-additional channel sales

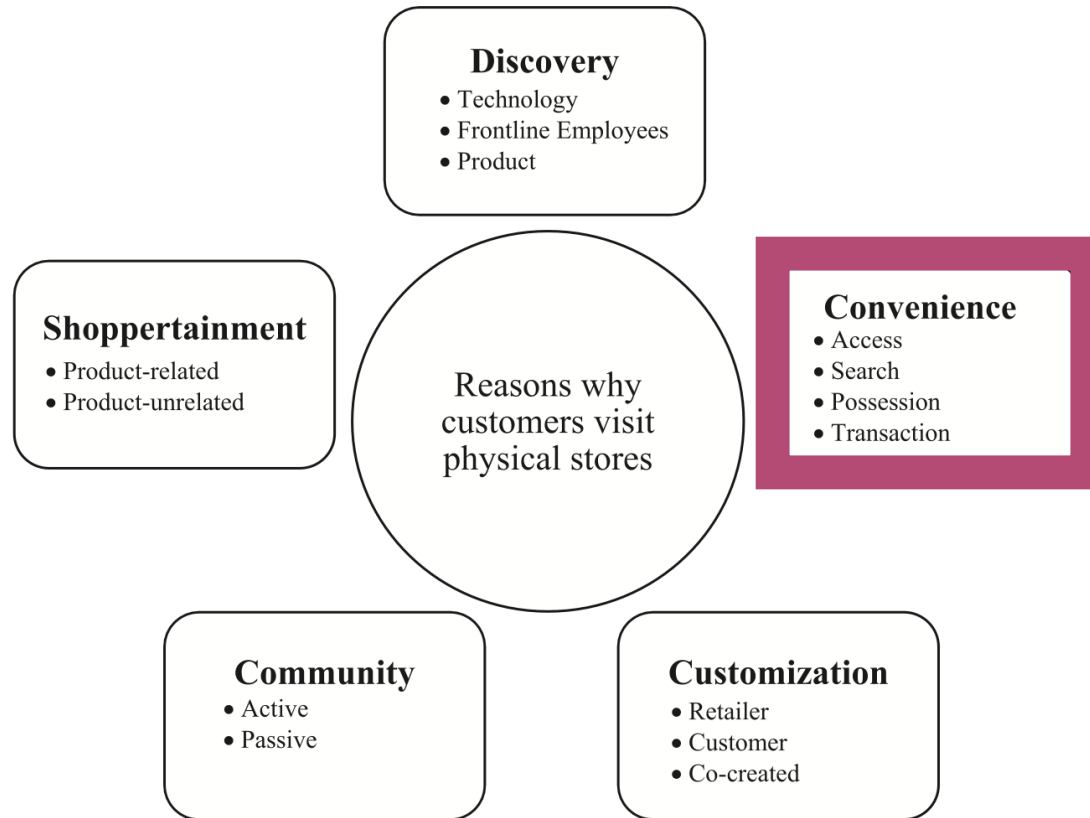


Fig. 1. Customer Benefits of a Physical Store.



But also:

Walmart closed all 102 small-format Express stores in 2016

Amazon closes several of its Go convenience stores in 2023

Since 2023 UK based Iceland no longer open convenience or “Swift Stores”

- Supply side factors
 - Initial share has a strong negative effect on offline performance – larger baskets in hyperstores seems to be traded for smaller baskets in proximity stores
 - Can be counteracted by simultaneous investing in hypermarkets
 - Drive solutions moderate the effect on online performance – pickup points for online orders work synergistically with the small-format in building online share yet retract from the offline position.
- Demand side factors
 - Trade areas with characteristics amenable to digital retailing (e.g., more time-pressure, commuting, female workers) reduce overall offline performance

“A first managerial takeaway is therefore to not uniformly roll out the proximity format across all geographic markets

... a holistic approach to assess the chain’s channel operations is called for, not only between the off and online, but also within the various offline formats”

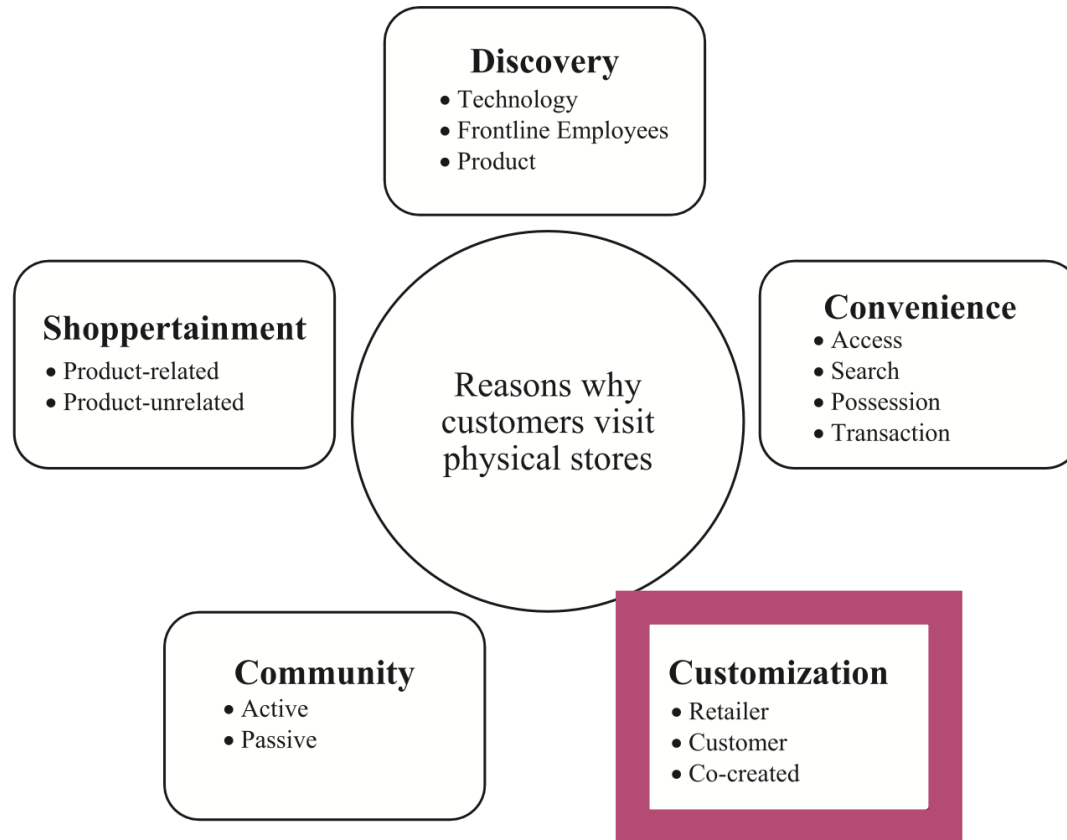


Fig. 1. Customer Benefits of a Physical Store.



Piccadeli®

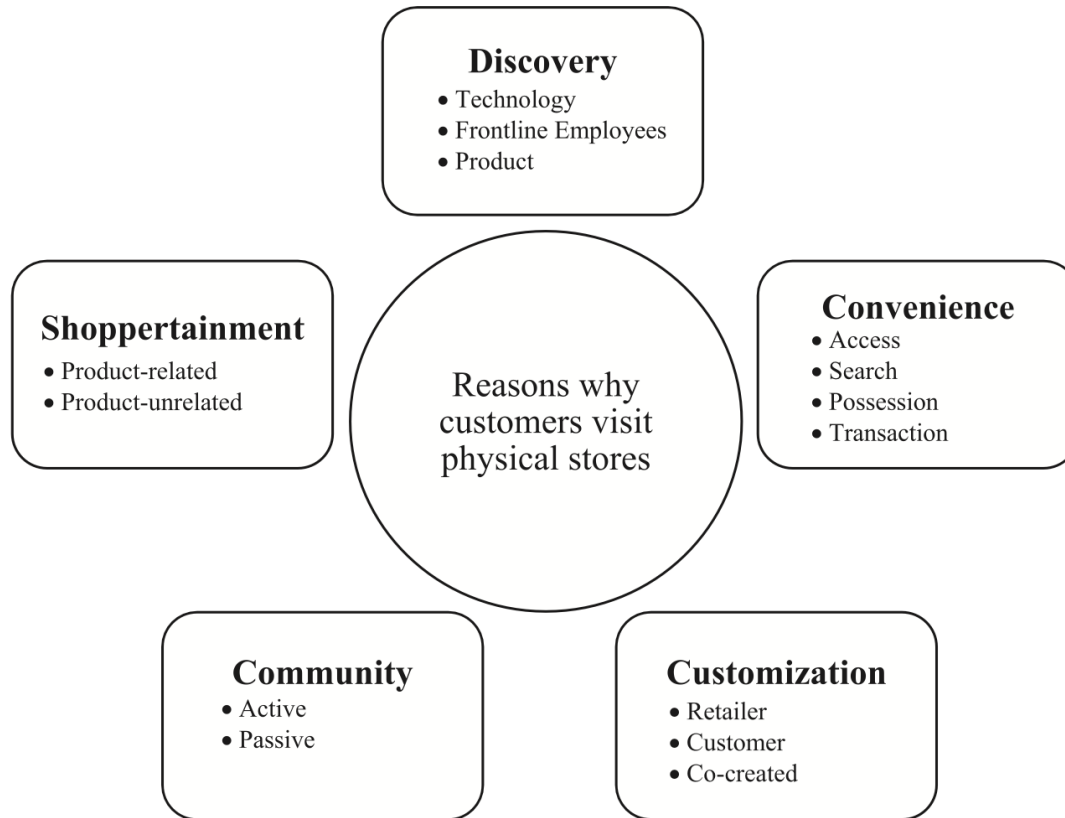


Fig. 1. Customer Benefits of a Physical Store.

LEADERSHIP · VIEW FROM THE C-SUITE

Barnes & Noble CEO says retailer is expanding again thanks to Taylor Swift, Legos, and a return to bookselling roots

BY PHIL WAHBA

March 11, 2024 at 3:22 PM GMT-1



Barnes & Noble CEO James Daunt
BARNES & NOBLE

Daunt's approach to fixing Barnes & Noble rests on running the 614-store chain more like a series of regional bookstores than a single national behemoth with centralized decision-making, with each store responsive to what local readers want. Store managers have the discretion to determine what titles to carry, how to present them in stores, and how to motivate staff.



Customers
Employees
Technology

OBSERVATION #1



Customers
Employees
Technology



Decisions to be made



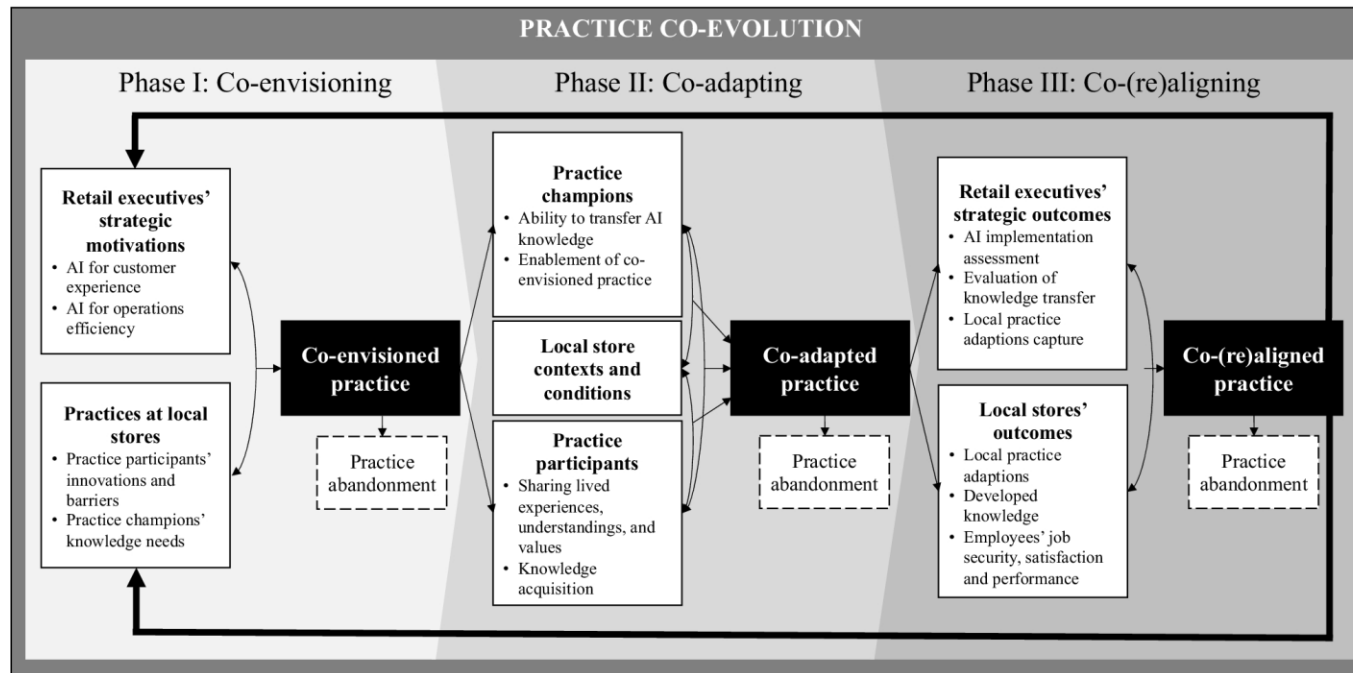
INVESTMENTS IN INNOVATIONS

- On average the innovations attain low scores on the likelihood-to-use scales
- Most respondents are largely indifferent or unlikely to use innovations
- Averages, however, mask significant differences between consumers in their reactions

- Be strategic about which customer segments to target when propagating innovations.
- In the short term, likely a niche strategy is most suitable, with the passage of time it may evolve into mass market

“Overall, retailers need not copy each innovation their competitors offer; rather, they need to be customer oriented and clearly lay out the value of each innovation as they start offering them.”

ENABLE EMPLOYEES THROUGH TECHNOLOGY FIRST?!



Note: Practice participants are those who perform a practice (e.g., store employees), whereas practice champions are those who intentionally disseminate a practice (e.g., senior executives, local retail managers, and trainers) (Dilling et al. 2013). Discursive channels are indicated by the double-headed arrows and observed causal paths are indicated by single-headed arrows.

OBSERVATION #2



Customers
Employees
Technology



Collaboration/Partnerships

Re-imagining retail with Co-X



Scandinavian MIND

Can co-retail for commerce become what co-working has been for companies?



Breakit

Giving up-and-coming retailers a shortcut to the shop floor.



Market

Launching a permanent co-retail store.

COLLABORATION/PARTNERSHIP OPPORTUNITIES

For whom is this physical space also of interest?

- Store in store
- Pop up store
- Store as a service
- Store as a medium

RETAIL MEDIA



 Search for reports, forecasts, charts, trends, and more

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Retail media just got even bigger. We recently updated our [US retail media ad spend forecast](#) to show higher growth than previously estimated, culminating in \$109.40 billion in spend in 2027.

- Retail media is going to be the fastest growing ad channel across media through 2027, growing by more than 20% each year, according to our forecast.
- By 2027, retail media will nearly tie with social media as No. 2 ad spend channel, second only to search.
- Retail media will be bigger than connected TV, digital audio, traditional television advertising combined in 2027.

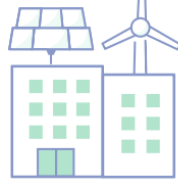
OBSERVATION #3



Customers
Employees
Technology



Sustainability



How will the EU reduce its
greenhouse gas emissions by
at least

55%

by 2030?

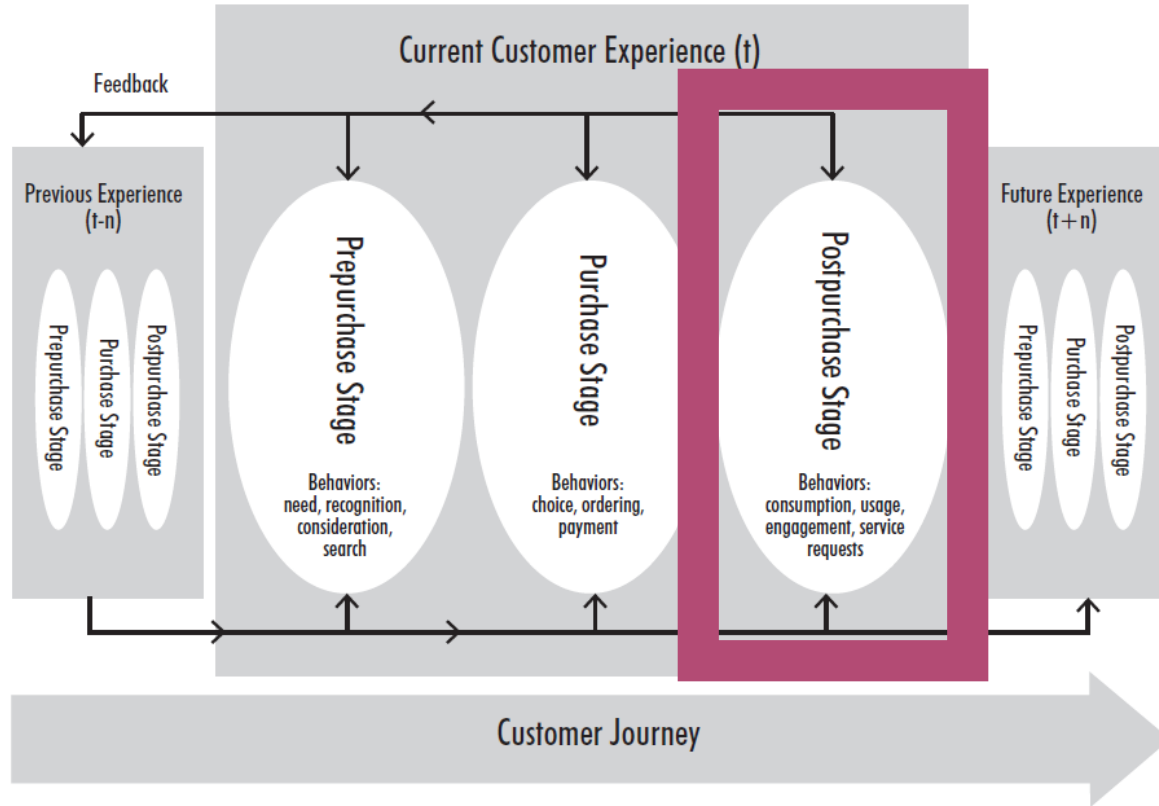


Figure 4.1. Process model for customer journeys (adapted from Lemon and Verhoef, 2016)

Marketing in the Sharing Economy

Giana M. Eckhardt, Mark B. Houston, Baojun Jiang, Cait Lambertson,
Aric Rindfleisch, and Georgios Zervas

- A technologically enabled socioeconomic system with five key characteristics
 - Temporary Access
 - Transfer of Economic Value
 - Platform mediation
 - Expanded Consumer Role
 - Crowdsourced Supply

- (System for assessing quality)
- (Users and owners equal)

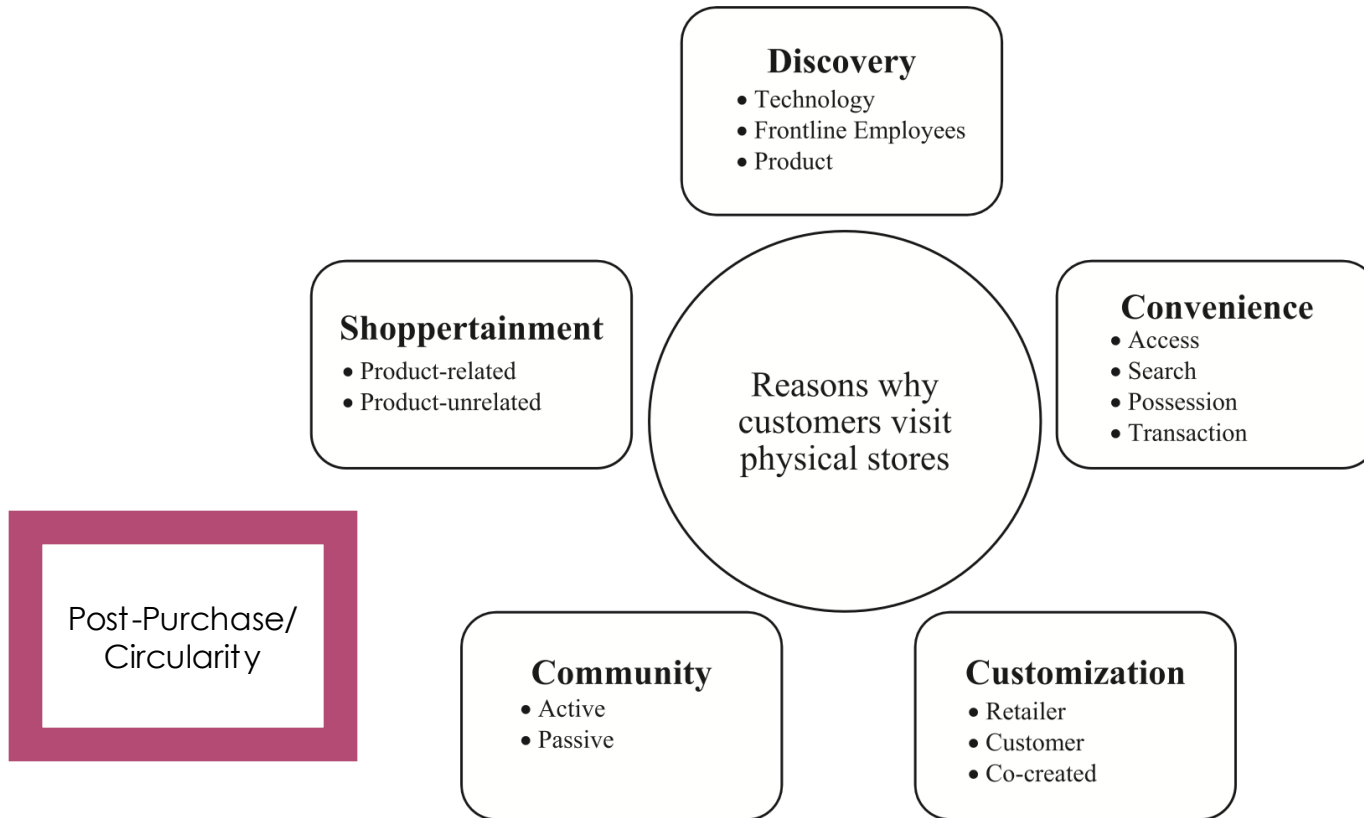


Fig. 1. Customer Benefits of a Physical Store.

CONCLUSIONS

- Physical stores will remain important in retail, but their functions will continue to change. Technology does not cause these changes, retailer and consumer decisions and actions related to technology do.
- When reimagining the physical store, thinking about different consumer benefits and how they best fit with a specific location is key – one size does not necessarily fit all.
- The infrastructure offered by physical stores is a key resource in the future, consider how it could be leveraged for collaborations as well as transformation towards more sustainable consumption.

NEXT CFR EARLY INSIGHTS

Thoughts, comments, ideas:
karl.strelis@hhs.se

September 25

“Service Robots and their Effects on Customers” with Magnus Söderlund

November 13,

“Making Retail Circular: The Role of Consumers” with Aylin Cakanlar



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September 14, 2023
PERSONALIZED BEHAVIORAL RECAPS: AN OVERVIEW
Why you should use behavioral data to create amazing year-in-review campaigns for your customers.

