

Service Innovation in the Retail Sector

How retailers make decisions in a turbulent retail landscape

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Abstract:

Fast and complex changes in the retail landscape cause retailers to struggle and some even to close their doors. To survive, brick-and-mortar retailers are innovating their services to create a memorable customer experience. Understanding the innovation decision process is complex since the service innovation options are plentiful and retailers are known to have an unstructured approach to innovation. Up to date, retail innovation literature is limited, fragmented and does not incorporate service innovation literature. This research uses prior conditions from Rogers' innovation-decision model to select factors previously identified in both retail and service innovation literature, thereby bridging the literature strands. Even though retailers often adopt technologies, they also innovate themselves. Therefore, this research uses the synthesis perspective on innovation and enriches Rogers' model meant for the adoption of technological innovations with factors from service innovation literature. Qualitative analysis of interviews with representatives from fashion retailers' headquarters in the Netherlands show that previous practice and felt needs or problems barely influence the decision process, retailers learn from their cycles of search and change, rely on knowledge from their own manufacturing operations and retailer conferences, imitate other retailers and ultimately base their decision on personal preferences and gut feeling. Using the interviews enabled the identification of thirteen common innovations that have been implemented in the last five years. This research used the service blueprinting technique to create a visual rendering of a generic service process and underlying organization structure of Dutch fashion stores. The service blueprint was used to analyse the effect of the innovations on the service. Results show that typical innovations are not complex and do not have a large impact on the service, are part of the omnichannel trend, and concern innovations in the collection. Finally, the interview data enabled Qualitative Comparative Analysis (QCA), an analysis which links causal combinations of factors to specific innovations - making this the first study to do so on a large-scale. Results from the QCA show that whereas experimentation is necessary for multiple innovations, an interaction between organisational learning without the capability to sense opportunities leads to the implementation of more practical yet simple innovations, and the distinction between large, innovative firms as opposed to small non-innovative firms causes retailers to implement either technological innovations or innovations that have been on the market for a while, respectively. The popularity of three industry trends outweighs the influence of factors on the decision.

Keywords: Innovation – decision-making - service innovation – service blueprint - retail – fashion – synthesis perspective – prior conditions

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1. Introduction

Retail has always been evolving, but even more so in today's landscape. Fierce competition and uncertainty brought about by trends like globalization and digitalization cause changes to happen at faster paces and are more complex (Olsson, Paredes, Johansson, Roese, & Ritzén, 2019). Worsening economic conditions in the first decade of the twenty-first century created an even more turbulent retail environment. Consumers became more value-conscious, buying less and buying differently (Berry et al., 2010). Today, customers hold the balance of power. If they become dissatisfied with the service they are receiving, they have many alternatives readily available (Valacich & Schneider, 2012). Consequently, many well-known stores are struggling (Mende & Noble, 2019). Moreover, customers increasingly embrace online shopping, which causes trouble for brick-and-mortar retailers in particular (CBN insights, 2019). Retailers like Abercrombie & Fitch and Foot Locker have closed their store sites, whereas others such as The Limited and Toys R Us have gone completely out of business (Mende & Noble, 2019).

According to Mende and Noble (2019), retailers that do not evolve become obsolete. The ability of an organization to adapt and develop to a changing environment is crucial for survival (Olsson et al., 2019). This has never been more relevant than in recent months, when the majority of retailers had to deal with unprecedented challenges as the outbreak of a Corona virus (COVID-19) caused more than half of the retailers in the Netherlands to miss out on 60-100% of their revenue (Bogosavac, 2020).

To cope with the challenges of fierce price-based competition and online shopping, brick-and-mortar retailers increasingly focus on improving their service (Roth, 2015). They expand their focus from selling products to creating a rewarding customer experience (Sorescu, Frambach, Singh, Ramaswamy, & Bridges, 2011). They increasingly realise that, through customer experience management, they should provide a unique and hedonistic experience that shoppers may not be able to obtain when shopping online (Evanschitzky, Iyer, Pillai, Kenning, & Schütte, 2015). Therefore, retailers feel a compelling need to innovate their services (Bitner, Ostrom, and Morgan, 2008).

Retailers' attempts to innovate their service can be seen in different ways. Continuous advancements in technology combined with consumers' expectation of new technologies prompts retailers to adopt new, attractive and exciting technologies to attract consumers (Pantano & Vannucci, 2019). Grocery stores are introducing self-service technologies, electronics stores are introducing interactive displays, clothes stores are introducing magic mirrors with virtual fashion consultants, and other stores are introducing digital signage and applications for mobile phones (Pantano, 2014; Liu, Jia, Fu, Ma, Huang & Tong, 2016). Retailers often adopt innovations produced by manufacturing companies, because retailers' R&D effort is mainly devoted to the development of new products rather than to the development of new tools for improving the delivered services. What is more, most retailers do not have any particular technological skills (Pantano, 2014; Tambo, 2014). However, innovation in the retail sector encompasses much more than merely adopting technologies. Retailers may also change elements in their business models, like making strategic decisions such as giving up margin to offer products for lower prices (Berry et al., 2010). They can also develop their own service concept (Skålnén et al. 2014), like offering subscription boxes (CBN insights, 2019).

Service innovation consists of physical innovation, innovation in how the employees serve the customer (both on the floor or backstage), innovation in support processes, or a combination of them all (Bitner et al., 2008). The options to innovate their service are overwhelming and retailers may innovate without a clear picture of how innovations fit their strategy or how shoppers will react (Inman & Nikolova, 2017).

Innovation efforts by retailers, then, as opposed to pure manufacturing innovation efforts, are typically carried out non-systematically (Thomke, 2003). Earlier research found a relatively unstructured approach to innovation (Tambo, 2014; Olsson et al., 2019, Pantano, 2014). This makes understanding different innovation patterns of retailers difficult. Yet, as innovation is crucial for

retailers to survive, understanding their innovation decision process is of increasing importance (Olsson et al., 2019).

To date, research about retail innovation is limited and fragmented (Olsson et al., 2019). Retail innovation studies have quantitatively tried to measure the innovativeness of companies, or measure what kind of innovations have been adopted (e.g. Pantano & Vannucci, 2019; Bhaskaran, 2006). Other studies have tried to pinpoint factors that influence innovation within an organisation, for example, several have tried to identify drivers of innovation (Pantano, 2014; Sorescu et al., 2011). These studies describe the general innovativeness, and they do not link drivers to a specific type of innovation. At the other end of the spectrum, studies have focused on drivers that lead to adoption of a singular innovation. For example, Zhu & Kraemer (2005) looked at antecedents of e-business use. Nevertheless, these studies failed to link the plurality of drivers to specific types of innovation adoptions, with the exception of Bhaskaran (2006), who has identified the relationship between enterprise characteristics and types of innovation adopted. Firm characteristics do not provide a full picture of all factors that lead to the adoption of innovations. So far, studies identifying factors that influence the retail innovation have led to inconsistent and inconclusive results (Fagerberg, 2005; van der Panne, van Beers & Kleinknecht, 2003; Baunsgaard & Clegg, 2015). According to Sorescu et al. (2011) and Wejnert (2002), interaction between innovation drivers is also present but still needs to be researched.

It is surprising that very few studies on retail have built on the rich literature on service innovation. With the increasing growth of services in today's organisations, the importance of understanding service innovation concepts and practices has grown, and service innovation has evolved into a vast field of study (Baunsgaard & Clegg, 2015). Service innovation literature includes sectors like hospitals and banking, but few have specified their focus on the retail sector. Literature on 'service innovation' and 'retail innovation' remain two separate literature strands; on the Web of Science, the terms combined only show 39 results, with the most highly cited paper only counting 208 citations ("Web of Science," n.d.). Moreover, these papers about service innovation in the retail sector have mainly focussed on specific service innovations in the retail sector like self-service technologies (Evanschitzky et al., 2015; Berry et al., 2010), implying that 'the bigger picture' is still missing.

This study aims to integrate the service innovation and retail innovation literatures with a focus on the innovation decision process by brick-and-mortar retailers. Their innovation decision process is a complex process for two main reasons. First, the service innovation options are plentiful. Second, the process is an unstructured process. This research gathers previously identified factors that influence innovation decisions from both strands and aims to understand how the previously identified factors influence the service innovation decision process, as well as to explore whether they can be linked to specific innovation decisions. Therefore, this research aims to answer the following research question and sub-questions:

In a rapidly evolving retail landscape, what factors explain different service innovation decisions?

1. *What kind of service innovation decisions do retailers make?*
2. *How do different factors influence the decision-making process?*
3. *What factors influence which decisions?*
4. *How do these factors interact?*

Since the retail industry itself is a heterogeneous industry with varying physical characteristics and business models affecting a firm's innovation orientation (Bhaskaran, 2006), this research focuses on one retail segment: the fashion sector. The fashion sector was chosen because in this sector, service-related assets are the driving forces of success (den Hertog, Bilderbeek & Maltha, 1997). To further control for contextual factors, this study is limited to the Dutch market. Homogeneity amongst the sample is important to reduce the number of contextual factors that otherwise need to be considered during analysis. Nevertheless, this homogeneity applies to contextual factors only; this sector shows significant inter-retailer differences in responses to the turbulent environment. For

example, Zara's 'fast fashion' approach (Sorescu et al., 2011) and H&M's collaboration with luxury designers (Ünay & Zehir, 2012) are examples of innovative success, while at the same time other well-known fashion retailers have gone out of business (Mende & Noble, 2019). Varying innovation decisions in this sector can offer interesting insights.

The focus lies on innovations that happen inside the physical stores, which struggle to compete with online shopping. Nowadays, most brick-and-mortar retailers also have an online channel (Baunsgaard & Clegg, 2015), which implies that online and offline channels are increasingly integrated (Lay, 2018). Therefore, we will also look at online innovations insofar these influence the service in the physical store. Online innovation as such is a research topic on its own and is outside the scope of this research.

To set the stage, this study first gives an overview of global service innovation trends for fashion retailers, which serves as a context to put the service innovation decisions of fashion retailers in the Netherlands into context. Next, it develops the *synthesis perspective*, a perspective that can be used to understand innovation in all types of offerings, on service innovation to describe innovations in the retail sector. In particular, the study makes use of service blueprinting, which is a technique that provides a visual rendering of the service process in a store. It thus supports the service innovation analysis by specifying in detail where innovation in the service occurs (Bitner et al, 2008; Wang, Lee & Trappey, 2017).

To investigate which factors affect service innovation decisions, this research draws on *innovation-decision* model from Rogers (1962). This model has been extensively used to investigate adoption decisions in organisations since its creation in 1962 (Pantano & Vannucci, 2019). Many factors can be clustered under *prior conditions* which, according to Rogers (2003), influence the process of decision-making. Rogers' model has been widely recognized for its utility (Pantano & Vannucci, 2019), which allows this model to serve as a selection tool as to which factors are likely to influence the innovation decision; factors that fit Rogers' prior conditions are selected. Rogers' model did not originally focus on the adoption of innovative strategies like service innovation (Pantano & Vannucci, 2019) hence, by enriching this model with factors from service innovation literature, this demonstrates the extendibility of the theory into service innovations and contributes to the synthesis perspective.

Empirically, three rounds of interviews have been carried out. In the first round, five interviews were held with floor managers to develop a service blueprint specific to this industry. In the second round, interviews are held with ten representatives from fashion retail headquarters, to gather information on what service innovation decisions they have made in the last five years, as well as gather information about the presence of selected factors. Next to qualitatively exploring patterns in these interviews, the data enabled Qualitative Comparative Analysis (QCA), an analysis which links causal combinations of factors to specific innovations, making this the first study to do so on a large-scale. The interviewees were contacted again for a third round of interviews during the peak of the Corona outbreak to ask follow-up question about how they dealt with the sudden disruption caused by the lockdown. Next to data gathered per retailer, four expert interviews were held to better understand the dynamics in the fashion retail sector and provide insights in the wider industry context and global trends and triangulate the findings on the ten retailers.

This study adds to academic research by:

- Bridging the two literature strands on 'retail innovation' and 'service innovation', and thereby adding to the limited body of research of 'service innovation in the retail sector'
- Extending and demonstrating the applicability of Rogers' model to service innovations, and thereby contributing to the synthesis perspective on service innovation

- Gathering the most recent and precise insight into service innovations in the Dutch fashion retail landscape by looking at innovations in the last five years, and using a service blueprint to visualise and analyse them
- Aiming to understand how the factors affect innovation decision-making
- Linking the factors to individual innovation decisions
- Checking for interaction between the factors

Understanding service innovation decisions in the retail sector has important societal relevance. The health of the retail sector is of great importance for economic and societal welfare. In the Netherlands, this sector contributes €93 billion to the economy per year (Rijksoverheid, 2015). The sector is a major source of employment; in 2017, the retail sector offered 883.000 jobs in the Netherlands (Kalkhoven, 2018). This includes jobs for young people who often get their first working experience in this sector (Rijksoverheid, 2015). The livelihood and attractiveness of city centres is also determined by this sector (Wagenaar, 2016; Rijksoverheid, 2015). Municipalities are doing everything they can to prevent vacancy of stores and to optimize their commercial urban planning (Detailhandels- en binnenstadsviesies, 2020). In 2015, the Dutch ministry of economic affairs & climate initiated 'Retail agenda', a program aimed to create a future-proof retail sector. Some progress was made, yet the government acknowledges that the challenges for retailers are still urgent and need to be improved (RetailAgenda, 2020). An understanding of what factors influence retailer's service innovation provides a theoretical basis for policy goals such as helping retailers survive disruptions, and more generally, stimulating innovation. Findings from this study are used to respond to the Retail agenda in chapter 8.4.

More broadly, services are increasingly interrelated and integrated within all economic activities, public institutions, civil society organizations and individuals' life. Developments are emerging that will drive and shape service innovation, and consequently also the future of service economy (Gallouj, Weber, Stare & Rubalcaba, 2015). Identifying recent developments can give insight in how this sector will shape and how a large part of society will be affected in the future. The main trends in the Dutch fashion retail landscape are outlined in chapter 8.5.

This research was conducted in the period that the COVID-19 outbreak caused great disturbances in the retail sector. This presented the unique chance to research what innovative decisions were made to deal with this outbreak. Therefore, chapter 6 is devoted to how the COVID-19 outbreak influenced the service innovation decisions.

2. Global trends in the fashion retail

To better understand decisions made by fashion retailers in the Netherlands, it is helpful to place them into the context of global fashion retail trends. Fashion retailers worldwide are trying to meet changing customer needs. Customers change along different dimensions, and the fashion industry is responding by innovating their services accordingly. In a review of trend reports and literature from 2016 up to and including 2020 (McKinsey, 2016-2019; Lay, 2018; CBN insights, 2019; Jin & Shin, 2020; Accenture, 2020; Standish, 2019; Baron, 2020), four key themes that have shaped the fashion industry of the last years were identified: digital customer contact, accelerated fashion cycles, new customer lifestyles, and experiential stores.

2.1 Digital customer contact

In the last years, the customer's use of digital technologies has exponentially grown; most customers use digital channels before, during or after making their purchases (Lay, 2018). They are increasingly getting used to e-commerce and brands engaging with them through virtual reality. Their obsession with mobile has grown as well. More and more, online platforms are their first point of search. Nowadays, customers expect fashion retailers to have an online presence, and they grow impatient when they cannot purchase products they discover immediately. Their values coalesce around authenticity and individuality, making online personalisation more important. Traditional models on established social media platforms are not enough to trigger the customers anymore (McKinsey, 2016-2019).

Fashion retailers are trying to innovate their services so they can keep up with the increasingly tech-savvy customers. They are involved in a race to be the platform of choice by adding profitable value-added services to their platform (McKinsey, 2016-2019). The retailers are using online customer contact to gather information about people's consumption habits, behaviours, trends, and decision drivers to deliver a personalised customer experience across multiple channels (Lay, 2018). For example, Tommy Hilfiger's Facebook page offers a chatbot designed to provide a personalized and interactive shopping experience. As subscribers interact with styles online, share information about their preferences, and give feedback on items they do or do not want to buy, the recommendation algorithms improve over time (CBN insights, 2019). Furthermore, a growing number of start-ups are now born digital, selling directly to consumers without intermediaries. This enables them to keep costs down and offer high-quality products at more affordable prices than traditional retailers. Examples of born-digital start-ups in the fashion industry include Bonobos, a men's clothing retailer which has now grown into one of the largest men's apparel brands in the U.S. Bonobos started online but later added offline stores which are in essence showrooms. There is no inventory in these stores, and when customers purchase an item, the order is placed online and the orders are delivered at home (Jin & shin, 2020). As retail spaces are closing, subscription outfit boxes are giving fashion brands a new avenue for distribution (CBN insights, 2019).

2.2 Accelerated fashion cycles

The consumer's fashion demand changes constantly, and moreover, they have a growing desire for instant gratification. Many traditional retailers employ a forecast-based, inventory-driven push-supply-chain system where they typically finish design and production far in advance of the season. This results in huge gaps between forecasted and actual consumer demand (Jin & shin, 2020). To solve this, retailers are trying to conduct demand forecasting closer to the time of selling (Jin & shin, 2020), shorten their design cycles (McKinsey, 2016-2019), and installing See-Now Buy-Now" tools on platforms like Instagram and Pinterest to allow shoppers to act on demand instantly (CBN insights, 2019).

Digitisation, Big Data, the Internet of Things (IoT) and Artificial Intelligence (AI) are increasingly being deployed to shorten the production cycle by making the supply chain more efficient, as well as to better understand their customers to predict what they will wear next (McKinsey, 2016-2019; Lay, 2018; CBN insights, 2019). An example of a company who uses AI in demand forecasting and product design is Amazon. It invested in procuring a patent in 2017 for an automated on-demand clothing factory designed to manufacture custom-made garments as soon as customers place orders. In addition, Amazon has been investing in machine-learning algorithms that can assess how fashionable an outfit is and create new designs based on current trends (Jin & shin, 2020). Brands like Zara, H&M, Top Shop, and Forever 21 have also deployed these technologies to rebuild their businesses on speed and agility, allowing them to spot trends and bring them to the market as quickly as possible (CBN insights, 2019). These hyper-rapid design and supply chain systems are causing traditional biannual seasonality to make place for as many as 52 weekly “micro-seasons” per year (CBN insights, 2019).

To streamline the fast supply chains, retailers are increasingly deploying a combination of sensors, scanners, and cloud-based software to monitor and maintain inventory. A popular approach is Radio Frequency Identification Technology (RFID): battery-free smart stickers that can be used for digital cataloguing. Unlike barcodes, the signals from RFID tags can be read from a distance, lessening the time it takes to manually log items. RFID tags have more potential than inventory checking. For example, Burberry uses RFID tags to make shopping in stores more experiential and engaging. The RFID tags can communicate with the Burberry app, which offers users suggestions for how to wear or use their products (CBN insights, 2019). Another way to use RFID tags is for informational purposes; the tags reveal which products or pairings most often reach the fitting room, and the customers find most appealing (Accenture, 2020).

2.3 New customer lifestyles

Next to the customers increased use of digital platforms and a growing desire for instant gratification, there has been a shift in their lifestyles that prompts retailers to respond. New customer lifestyles are driven by casualisation, inclusivity, and active lifestyles. Customers are putting increasing pressure on fashion companies to become proactive advocates of diversity and inclusion. The main lifestyle trend that impacts fashion retailers is sustainability, as the environmental impact of fashion waste is becoming more and more of an issue for consumers (McKinsey, 2016-2019).

Stores and brands are having to reorient existing business models around sustainability, responsible retail, and the circular economy (Standish, 2019). Principles like recyclability get embedded throughout the value chain. Furthermore, fashion brands are exploring alternatives to today’s standard materials. R&D increasingly focusses on materials science for new fibres, textiles, finishes and other material innovations to be used at scale (McKinsey, 2016-2019). H&M’s Conscious Collection features a leather jacket and cowboy boots made using Piñatex, a leather-like material made from pineapple leaves which are typically discarded in pineapple production. Adidas has made 11 million pairs of sneakers with recycled ocean plastic in 2019 (CBN insights, 2019).

The sustainability trend results in more consumers moving away from permanent ownership of clothing, which causes pre-owned, refurbished, repair and rental business models to evolve (McKinsey, 2016-2019) This new form of consumption, collaborative consumption, is characterized by sharing, lending, trading, renting and swapping via digital platforms. An example of a fashion retailer that uses the collaborative consumption business model is Rent the Runway, which is a subscription fashion service that powers women to rent clothes (Jin & Shin, 2020).

2.4 Experiential stores

The fact that customers increasingly embrace online shopping, causes trouble for many brick-and-mortar retailers. In 2018, more than 1875 fashion retailers closed their doors (CBN insights, 2019). Nevertheless, Bricks-and-mortar shopping remains a critical retail channel (Standish, 2019). Most

fashion revenues are still driven by offline, physical channels (Lay, 2018). Stores still play a key role, even though changing customer needs cause this role to change. Many retailers lean into the fact that the nature of the retail store is changing and fight back. For example, the store now increasingly serves as a pick-up point for expedited home delivery, for the carbon-conscious consumers (Standish, 2019).

For the remaining stores, there are two main service categories. The first category is the self-service model. An example is Adidas' London flagship store, who has created a geo-smart app to allow its customers to scan products to check stock, request sizes and buy without staff interfering. The second category is a full-service store with personalized services and experimental satisfaction (Baron, 2020). According to Standish (2019), the physical store can become a fulfilment hub, and a place to get a sense of the ethos and purpose of the brand. Technology in stores can be used to help build or strengthen a connection between the customer and the brand, by creating a sense of excitement.

Augmented reality and virtual reality tech are increasingly being deployed to create digital experiences in stores. Topshop has used in-store AR mirrors so customers do not need to get physically undressed to try on clothes, while Uniqlo's Magic Mirrors let customers see how apparel they try on in-store looks in different colour options. AI-based digital stylists, which can give feedback on outfit choices or suggest alternatives, are also taking off. Display screens broadcast multimedia content constantly. Performance professional apparel brand Ministry of Supply unveiled an in-store 3D printer that creates customized knitwear (and can produce a customized blazer in just 90 minutes). Printing the garments reduces fabric waste in production by about 35% (CBN insights, 2019). Legacy businesses with analogue systems and processes are judged by these new standards (Lay, 2018). A key enabler for success will be to ensure a consistent omni-channel consumer experience, that conveys the same message at the channel of the customer's choice (Lay, 2018).

3. Theoretical framework

3.1 A shift towards services

Given that customer needs are wide-ranging, and competitiveness is high, competing by providing superior value through core products is no longer enough. A salient trend points to a shift toward services (Sorescu et al., 2011). The shift to an increasing component of service can also be described as a transition from a Goods-Dominant (G-D) logic to a Service-Dominant (S-D) logic. In G-D logic, the focus lies on primarily tangible output. Value is added throughout the production process; the product itself and its competitive features are of interest. The customer is merely seen as a consumer of value, whereas value creation is limited to the firm. On the contrary, according to S-D logic, value is no longer merely part of a good, but collaboratively co-created with the customer (Vargo & Lusch 2004). For many firms, focusing on services is a method to cope with the challenges of price-based competition by adding more value to tangible goods that otherwise would be considered as mere commodities in the eyes of the customer (Roth, 2015). Most firms are expanding their focus from selling products to engaging with their customers, with the goal of creating long-term emotional bonds with their customers through the creation of memorable experiences (Sorescu, et al., 2011; Bitner et al., 2008).

Retailers too are expanding their focus from selling products to creating a rewarding customer experience. Retailers are increasingly developing new ways for interacting with customers: some retailers are using mass customization technologies to provide their customers with “made to order” products instantly (e.g., Build-a-Bear where customers can create custom teddy bears), whereas others have devised innovative customer interfaces (e.g., Shop24 uses automated kiosks to dispense grocery items 24/7) (Sorescu et al., 2011). Globally, fashion retailers are competing through delivering memorable customer experiences by meeting the customer on their channel of choice, delivering a more personalised service, and placing experiential technologies in their stores. Especially brick-and-mortar retailers are increasingly realizing that consumer experience management is important not only for enhancing satisfaction and performance (Puccinelli et al., 2009), but also for providing an unique experience that their online competitors cannot provide (Evanschitzky et al, 2015). By focussing on service, retailers with physical stores can take on competition with the rise in e-commerce.

Since traditional retail models that deliver value through their product are having a hard time dealing with competition, retailers feel a compelling need to innovate their services (Bitner et al., 2008). A *service experience* consists of all interactions between the customer and the service provider (Voorhees et al., 2017). *Service innovation* is about changes in the “how” “where” and “when” of those interactions (Reynolds, Howard, Cuthbertson & Hristov, 2007). Service innovations are transformations in aspects ranging from how the service is designed to how it is delivered and managed (Trott, 2012), and often entail new ways in which customers view and use the service (den Hertog, 2000).

Service innovation is getting more attention in academic research over the past two decades (Witell, Snyder, Gustafsson, Fombelle & Kristensson, 2016). Initially, innovation research was predominantly focused on science and technology. With the increasing growth of services in today’s organizations and economy, the importance of understanding service innovation concepts and practices has been on the rise (Baunsgaard & Clegg, 2015). Back in 1997, Gallouj and Weinstein already described the importance of service innovation and recognized that there are difficulties analysing innovation in service industries using frameworks intended for technological innovation. Service innovations are different from product innovations because services are characterized by intangibility, heterogeneity, perishability, increased customer interactivity, and simultaneity between production and consumption (Sampson and Spring 2012). The standard analysis of technological innovation tends to focus on the effects of innovation rather than on its actual content and characteristics. The specific properties of service activities, particularly the analytically ‘fuzzy’ nature of their output, make it

particularly difficult to measure them by the traditional economic methods (productivity) and to detect improvement or change (on the quantitative level) (Gallouj & Weinstein, 1997).

Some scholars stress the unique characteristics of services and subsequently argue for the need for concepts and models specifically designed for services (Coombs & Miles, 2000). Nevertheless, technology and service innovation cannot be dichotomized strongly, because even though a service is intangible, physical evidence can be lined up to influence quality perceptions of the service (Bitner et al., 2008). Other scholars argue for an enlarged view of innovation and have tried to develop a common conceptual framework that is applicable to any tangible or intangible product (Gallouj & Savona, 2008). According to Witell et al. (2016), there is a cluster of service innovation definitions that goes under the *synthesis view*: a perspective that can be used to understand innovation in all types of offerings. The main idea of this perspective is that theories on service innovation should be broad enough to encompass innovation in both services and manufacturing and should provide an integrative perspective that is not limited to technological innovations (Coombs & Miles, 2000). Examples of this perspective can be found in Gallouj & Weinstein (1997), Cho, Park, and Kim (2012), or Skålén, Gummerus, Koskull, & Magnusson (2014).

According to MacInnis (2011), it is of critical importance to use a well-developed definition to capture the use of a concept. This paper adopts the synthesis view on service innovation, because particularly in the (fashion) retail sector, innovations can take place in their core products (e.g. innovation in sustainable materials for clothes), as well as in their service (e.g. the use of AI-based stylists, the sending of subscription boxes). Following the synthesis perspective, Skålén et al., (2014), argued that new value propositions are created by developing existing or creating new practices and/or resources, or when practices and resources are integrated in new ways. This is consistent with the more well-known definition by Rogers (2003), who defined an innovation as an idea, practice, or object that is perceived as new by an individual or organisation. Note that this means that what is innovative, can differ per retailer. Therefore, this paper adheres to the following definition:

“Service innovation in the retail sector is the creation of new value propositions by means of developing existing or creating new practices and/or resources, or by means of integrating practices and resources in ways that are perceived as new by the retailer”.

3.2 Identifying service innovation through a service blueprint

Service innovation is multidimensional as it is an interplay of a new client interface/customer encounter; new service delivery system; new organizational architecture or marketing proposition; and/or improvements in productivity and performance through human resource management (Agarwal, Selen, Roos & Green 2011). This multidimensional nature makes it challenging to describe precisely what element of a service offering is innovative (Janssen, Castaldi, Alexiev & Den Hertog, 2015). Service innovation literature has divided service innovation into different dimensions (Randhawa & Scerri, 2015). Nevertheless, many dimensionalities are criticized for being too limited to capture distinctive features of new services (Janssen et al., 2015). A service depends on the steps the customer takes in its journey over time during the purchase cycle (Lemon & Verhoef, 2016) and the interaction the customer has with the service provider during those steps (Voorhees et al., 2017). For a more precise understanding of what distinctive features of an old vs. an innovated service are, the service offerings need to be compared at the level of their interactions.

Service blueprinting is an innovation technique for plotting the customer process against organizational structure, and it results in a visual rendering of the service process and underlying organizational structure. Since service blueprints are customer-focused, they allow firms to visualize the service processes, points of customer contact, and the physical evidence associated with their services from their customers' perspective. It shows where the service starts and stops from the

customer's point of view (Bitner et al., 2008). It conceptualizes the service in such a way that it enables the understanding of service activities that customers experience (Wang, et al., 2017). Blueprints also illuminate and connect the underlying support processes throughout the organization that drive and support customer- focused service execution (Bitner et al., 2008).

Service blueprinting has been incorporated as a highly effective and adaptable technique for service innovation, quality improvement, customer experience design, and strategic change focused around customers (Bitner et al., 2008; Wang, et al., 2017). In research, a service blueprint can support the service analysis by specifying how service is provided, and to help understand the service context. For example, in a case study of a self-service restaurant, Wang, et al. (2017), used the service blueprint method to depict the case company's current service and new service requirements, to achieve effective design, implementation and control of the new services. Many studies combine the service blueprint method with other tools such as the multilevel service design (Liang, Wang, Wu, 2013) (for an example, see Patricio, Fisk, Cunha & Constantine, 2011).

Using service blueprinting to describe innovation has several advantages over using dimensionalities previously used in literature. Service blueprints are relatively simple, and their graphical representations are easy to grasp for all stakeholders involved. They are also more precise than verbal definitions about how a service is (or should be) innovated (Bitner et al., 2008). According to Janssen et al (2015), service blueprinting allows for a detailed description and is therefore able to capture distinctive features of the innovated service offering. Furthermore, service blueprinting can facilitate the detailed refinement of a single step in the customer process as well as the creation of a comprehensive, visual overview of an entire service process (Bitner et al., 2008). A limitation of service blueprinting is its context-specific applications, which limits comparison of innovation in different types of services. Nevertheless, it is useful for indicating in which respect a new service differs from existing offerings (Janssen et al., 2015), and since this research only looks at one sector, it is suitable.

There are five components of a service blueprint:

- I. **Customer actions:** the most central component that includes all the steps that customers take as part of the service delivery process (in chronological order).
- II. **Onstage/visible employee actions:** include those actions of frontline contact employees that occur as part of a face-to-face encounter.
- III. **Backstage/invisible employee actions:** include all invisible actions both those that involve non-visible interaction with customers (e.g., telephone calls) as well as any other activities that contact employees do to prepare to serve customers or that are part of their role responsibilities.
- IV. **Support processes:** include all the activities carried out by individuals and units within the company who are not contact employees but that need to happen in order for the service to be delivered.
- V. **Physical evidence:** include all the tangibles that customers are exposed to that can influence their quality perceptions (Bitner et al., 2008).

Within each component, elements can be identified that make up that component of the service. For onstage/visible contact employee actions, elements can include the greeting of the customer or processing of payment. For physical evidence, elements can include parts of the interior of the store, or the products sold. One innovation can alter several elements, e.g. the installation of a self-checkout alters several physical elements like the register, or the receipt. An innovation can also affect multiple components, like how the installation of a self-checkout also alters elements in onstage/visible employee actions like completing payment, and support systems like the POS (Point Of Sale). The number of elements of the service concept that are altered following an innovation can be used as an

indicator of the impact of the innovation. Whereas some innovations have a high impact and alter many elements of the service concept like the self-checkout, other innovations such as a product innovation alter only one and have a low impact on the service blueprint. In a similar way, the number of components that are altered following an innovation can be used as an indicator of the complexity of an innovation; whereas more complex innovations alter several components of the blueprint, less complex innovations alter elements in few components.

Retailers might not have used the service blueprinting technique to innovate their service, but this technique can still be used to specify how service is provided by fashion retailers generally, which supports the analysis of innovations by mapping the innovations on the blueprint and identifying which elements have been altered. An example of a service blueprint of a shoe store can be seen in figure 1. How to create a blueprint can be found in appendix I.

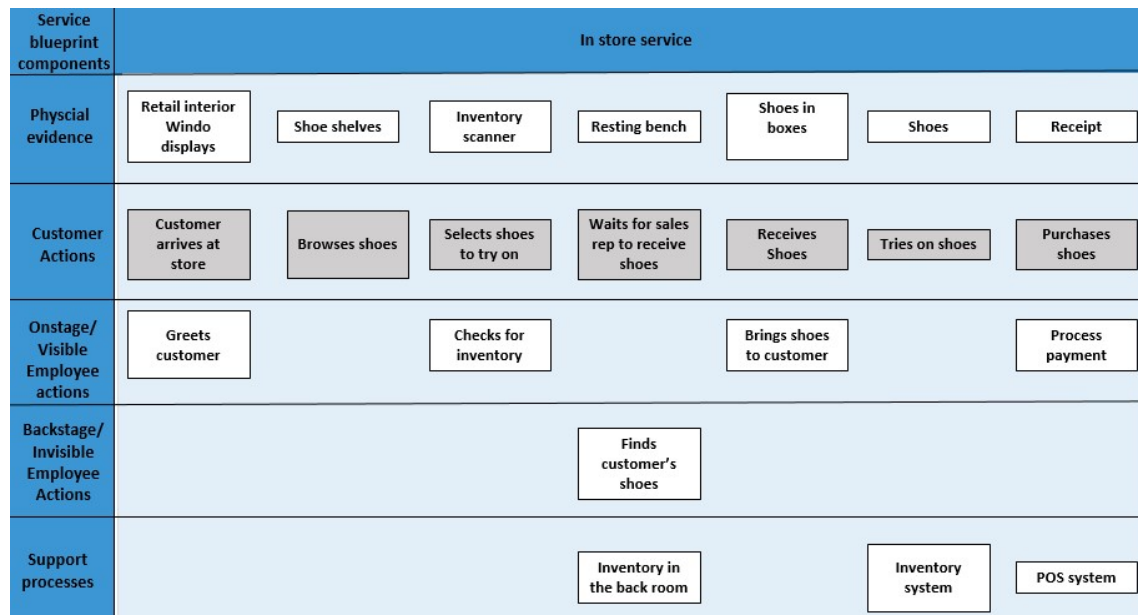


Figure 1. A service blueprint of a shoe store (as adapted from Cheng, 2013)

When making the blueprint, two things need to be considered. First, whereas traditionally retailers served customers via face-to-face transactions, nowadays most large retailers are multichannel firms, where the same customer may visit the same retailer via different channels (e.g., offline, online, or via the telephone) (Sorescu et al., 2011; Baunsgaard & Clegg, 2015). The focus of this research lies on service innovation in the store, but multichannel service innovations needs to be incorporated in the blueprint. Second, new forms of marketing intelligence such as customer loyalty programs give the retailer insights in the customer (Reinartz, Dellaert, Krafft, Kumar, & Varadarajan, 2011) and deserve special attention.

3.3 Service innovation decision-making

Retailers feel a compelling need to innovate their services (Bitner et al., 2008), but they are overwhelmed by the options (Inman & Nikolova, 2017). Service innovation can concern the development of new resources, like a new collection, or the introduction of new practices like training employees as stylists. Retailers can also integrate resources in ways that are new to them, e.g. the creation of a coffee corner in their store, or they can adopt a technology from a provider - which is common amongst retailers (Pantano, 2014; Tambo, 2014) - that they need to tailor to their own needs (Randhawa & Scerri, 2015). Innovation can happen in one component of the blueprint, or a combination of multiple components. The options are almost endless. Consequently, retailers'

selections of innovations are very different; service innovation is characterized by heterogeneity (Randhawa & Scerri, 2015).

The crucial role of innovation for survival makes understanding how different retailers decide what to innovate increasingly important (Olsson et al., 2019). Service innovation efforts, as opposed to pure manufacturing innovation efforts, are typically carried out non-systematically (Thomke, 2003). For the longest time, the commonly accepted view was that service innovations “happen” as a result of intuition, flair, and luck (Menor & Roth, 2007). Indeed, retailers are known for having a relatively unstructured approach to innovation (Tambo, 2014; Olsson et al., 2019, Pantano, 2014). To gain understanding of different innovation patterns of retailers, a number of studies have tried to pinpoint factors that influence innovation decisions of a retailer, but these studies are inconsistent, inconclusive (Fagerberg 2005; van der Panne et al., 2003), or contradictory (Baunsgaard & Clegg, 2015). Furthermore, in the body of literature on innovation in the retail sector, few have used a service perspective to look at service innovation. Likewise, literature on service innovation has little focus on the retail sector.

This research draws on *innovation-decision* model from Rogers which, since its creation in 1962, has been largely employed to investigate adoption decisions in organisations, and is widely recognized for its utility (Pantano & Vannucci, 2019). The model consists of a series of stages in which decisions are made regarding an innovation over time: the *knowledge stage* (where an organisation receives initial knowledge about an innovation), the *persuasion stage* (where the organisation actively searches for information about the innovation and forms an opinion), the *decision stage* (where the organisation takes action to either reject or adopt an innovation), the *implementation stage* (where the innovation is put into practice), and the *confirmation stage* (where the adopter seeks reinforcement for the innovation) (Rogers, 2003). This theory concerns the adoption of one particular innovation, whereas this research aims to explain how retailers make decisions whereas numerous options are available. Additionally, the innovation decision processes of retailers are known to be unstructured and often viewed to happen as a result of intuition, making it hard to delineate their decision process. Nevertheless, Rogers’ model also assumes that each organisation starts with different *prior conditions* that influence the innovation decision process (Rogers, 2003). These prior conditions precede the decision process, but do influence how retailers choose to innovate, and can potentially be linked to innovation patterns. Moreover, many factors previously found in retail and service innovation studies can be clustered under prior conditions. Since Rogers’ model has been widely recognized for its utility, this allows it to serve as a selection tool as to which factors are likely to influence the innovation decision; factors that fit Rogers’ prior conditions are selected.

Rogers’ model focuses on the adoption of new technologies rather than innovative strategies, practices and other innovations not related to an artefact, obstructing its use for innovations encompassing strategies and practices, like service innovation (Pantano & Vannucci, 2019). Nevertheless, retailers often adopt technologies making Rogers’ model applicable to this part of service innovation. Yet, they also innovate themselves – hence the need to use of the synthesis perspective. To specify the model to the domain of service innovations in the retail sector, this research enriches the prior conditions with factors from service innovation literature. This demonstrates the extendibility of the theory into service innovations and contributes to the synthesis perspective.

Combining factors from both strands results in a plurality of factors to be analysed in this research. The aim of this study is not to do an in-depth analysis for individual factors, but to bridge a large body of previous research, and to gain a general overview of what influence these factors have on the innovation-decision process of retailers. This is the first study to link factors to innovations, and to explore patterns between these factors and multiple innovations.

Figure 2 below shows how the prior conditions from Rogers’ innovation-decision process are used to filter the most important factors from retail & service innovation literature.

Factors influencing the innovation-decision

Roger's Innovation-decision process:

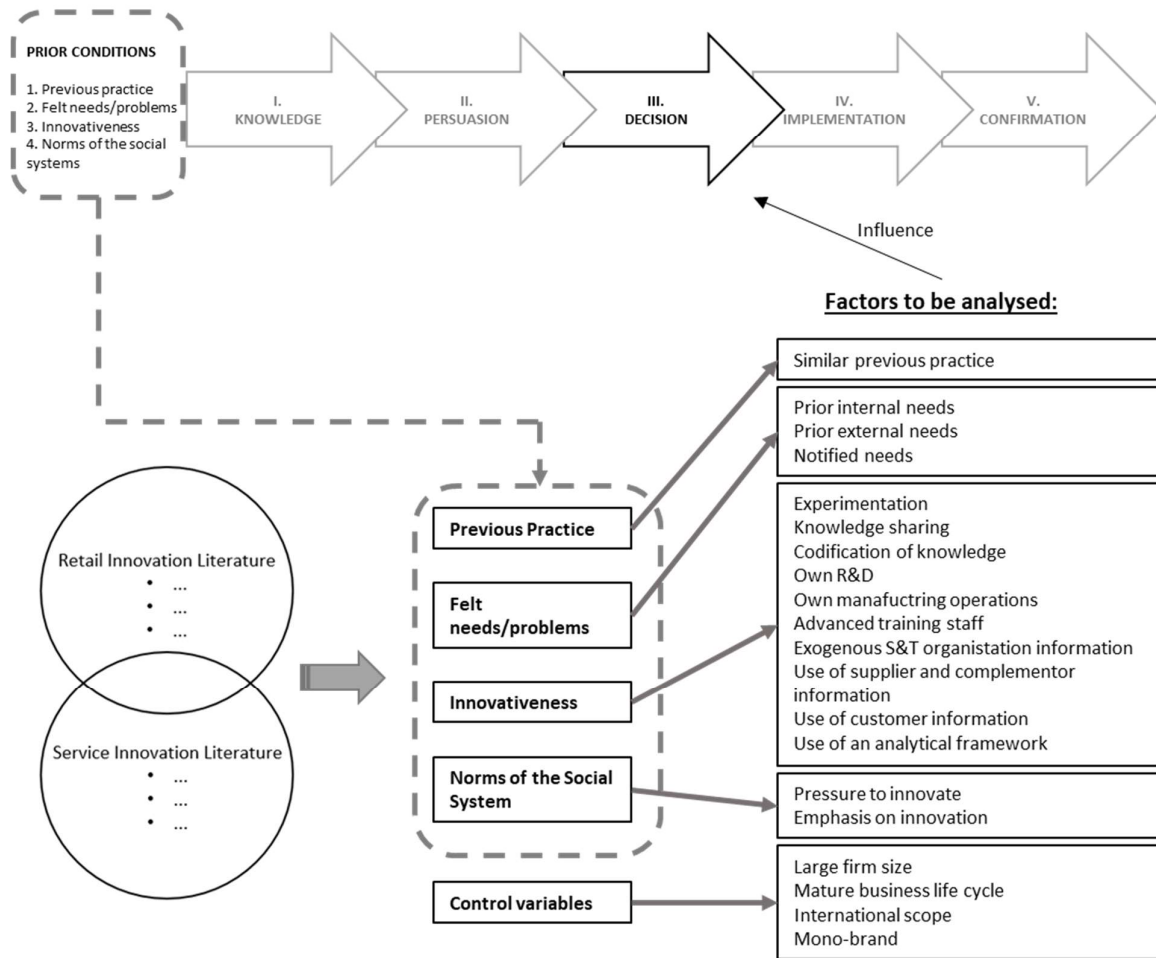


Figure 2. Factors influencing the innovation-decision. From Rogers' (2003) innovation-decision process (at the top), prior conditions are used as a selection tool to filter the most important factors from retail and service literature. The lower right-hand side shows which factors were selected for this research. Control variables include factors that do not fit the prior conditions, but due to their importance are added to the research.

In the following section, Rogers' (2003) prior conditions are briefly explained, as well as which factors from previous retail and service innovation literature fit the prior condition, and how. Under each prior condition, a table follows in which the factors from previous literature are grouped. Rogers' prior conditions largely capture the essence of the factors, but to strengthen the applicability of the model to service innovations in the retail sector, the prior conditions are divided into subcomponents that even better fit the found factors. To render the two literature strands more consistent, various examples of factors are aggregated under the subcomponents. In the tables, the subcomponents are boldly printed, followed by the examples in the left-hand column, and the source in the right-hand column. In this research, each subcomponent is considered a different factor that might influence the innovation decision and will be analysed subsequently.

A minority of factors consistently mentioned in the retail and service innovation literature do not fit the prior conditions. Nevertheless, since they came up frequently, they are likely to influence the innovation decision as well. To control for their influence, they need to be considered in this research. Some variables also came up in the research as being likely to influence the service innovation decision and were added to the analysis.

3.4 Prior conditions in the retail and service innovation literature

3.4.1 Previous practice

Rogers' (2003) previous practice concerns how an innovation relates to an organisation's previously adopted innovations. According to Carlson (2010), if a previous practice is dissimilar to the innovative practice, it is less likely to be adopted. Previous practices lead to the development of skills, and if those skills make the adoption of a certain innovation easier, it more likely to be adopted (Neo & Calvert, 2012; Greenhalgh, Robert, Macfarlane, Bate, & Kyriakidou, 2004). For example, technology competence is positively related to technology adoption (Zhu & Kraemer, 2005). These factors can all be aggregated under the factor of "Similar previous practice".

Table 1. Factors influencing the innovation decision process: Previous practice

Similar previous practice	
If a previous practice is dissimilar to the innovative practice, it is less likely to be adopted.	Carlson, 2010
Previous practice leads to the development of skills, and if those skills make the adoption of a certain innovation easier, it is more likely to be adopted.	Neo & Calvert, 2012 Greenhalgh et al., 2004
Technology competence is positively related to technology adoption.	Zhu & Kraemer, 2005

3.4.2 Felt needs/problems

Felt needs/problems refer to the extent to which an innovation meets the needs of those adopting it. Felt needs/problems may act as a stimulus to seek knowledge about an innovation or to change a behaviour (Rogers, 2003). Felt needs/problems can be internal and external to the organisation. If the staff are dissatisfied with an organisational situation, they create a tension for change (Greenhalgh et al., 2004). External factors, like changing customer values, competitive pressure and government dealings can also create a need and lead a retailer to innovate (Sorescu et al., 2011; Zhu & Kraemer, 2005). It is important to note that a need can also be created when a retailer learns about an innovation. Some change agents create needs among their clients through pointing out the existence of desirable new ideas (Rogers, 2003). Indeed, technological developments have also been linked to increasing innovations amongst retailers (Sorescu et al., 2011).

How needs and problems are perceived depends on the retailer. Signalling user needs and technological options is a skill (den Hertog, Van der Aa & De Jong, 2010). According to Bhaskaran (2006), the retailer's attitudes and beliefs, for example the beliefs towards issues such as management and organization of work, influence the innovation decision. Whereas one retailer might perceive long waiting times for customers as a problem, other retailers might have more trust in that their customers are loyal and will wait.

Table 2. Factors influencing the innovation decision process: Felt needs/problems

Prior internal needs	
If the staff are dissatisfied with an organisational situation, they create a tension for change.	Greenhalgh, et al., 2004
The retailer's attitudes and beliefs towards issues such as management and organization of work influence the innovation decision.	Bhaskaran, 2006
Prior external needs	
External factors, like changing customer values, competitive pressure and government dealings can also create a need and lead a retailer to innovate.	Sorescu et al., 2011 Zhu & Kraemer, 2005
Signalling user needs and technological options is a skill and influences how needs are perceived.	Den Hertog et al., 2010
Notified needs	
Technological developments have been linked to increasing innovations amongst retailers.	Sorescu et al., 2011

3.4.3 Innovativeness

Innovativeness is the retailer's eagerness to change or to adopt an innovation (Rogers, 2003). Innovativeness can be measured in different ways. Studies using Rogers' theory have often used surveys with questions about their eagerness to change, like Carlson (2010). Nevertheless, retail and service innovation literature often showed a more thorough approach regarding the innovativeness of an organisation and looked at the capabilities underlying innovativeness of an organisation. Therefore, this prior condition can be most enriched by retail and service innovation. There are three capabilities that the literature frequently names: organisational learning, absorptive capacity, and dynamic capabilities. These capabilities will be broken up into their basic components that can be incorporated in the analysis to determine their influence on the decision.

i) Organizational learning occurs when cycles of search and change lead to adaptation of goals, attention rules, and search rules through reinforcement of actions that organizational members interpret as having caused improvements (Gavetti, Greve, Levinthal, & Ocasio, 2012). There are different types of organisational learning. According to Randhawa & Scerri (2015), certain types of organizational learning have been shown to drive innovation: *experimentation* (the process of trying out the innovation), *knowledge sharing* (the process of exchanging information between people), and *codification of knowledge* (the process of converting tacit to explicit knowledge).

Table 3a. Factors influencing the innovation decision process: Innovativeness – Organisational learning

Experimentation	
Experimentation (the process of trying out the innovation) drives innovation.	Schrange, 2000 Thomke, 2003
Knowledge sharing	
Knowledge sharing (the process of exchanging information between people) drives innovation.	Lin & Wu, 2010 Otto, 2012
Codification of knowledge	
Codification of knowledge (the process of converting tacit to explicit knowledge) drives innovation.	Zollo & Winter, 2002

ii) *Absorptive capacity* is an organisation's capacity to incorporate external knowledge, i.e. the ability to interpret, apply, and build on external information (Cohen & Levinthal, 1990). It has been established that outside sources of knowledge are often critical to the innovation process, especially for retailers (Cohen & Levinthal, 1990; Anussornnitisarn et al., 2010). According to Cohen and Levinthal (1990), absorptive capacity is largely a function of the firm's level of prior related knowledge and can be created in different ways. There are different ways for an organisation to generate absorptive capacity. Research shows that firms that conduct their own R&D are better able to use externally available information. Other work suggests that absorptive capacity may also be developed as a by-product of a firm's manufacturing operations. Firms also invest in absorptive capacity directly, as when they send personnel for advanced training (Cohen & Levinthal, 1990).

Table 3b. Factors influencing the innovation decision process: Innovativeness – Absorptive capacity

Own R&D	
Research shows that firms that conduct their own R&D are better able to use externally available information.	Cohen & Levinthal, 1990
Own manufacturing operations	
Work suggests that absorptive capacity may be developed as a by-product of a firm's manufacturing operations.	Cohen & Levinthal, 1990
Advanced training staff	
Firms invest in absorptive capacity directly, as when they send personnel for advanced technical training.	Cohen & Levinthal, 1990

iii) *Dynamic capabilities* refer to an organisation's ability to sense, seize and shape opportunities (Teece 2007). For this research, only the sensing part of dynamic capabilities, where technologies and markets must be explored, is of interest. Teece (2007), has written a paper on the micro foundations behind the sensing capability, in which he identifies five elements to this capability. With respect to technologies, R&D activity can itself be thought of as a form of 'search' for new products and processes. Nevertheless, since a large percentage of new product introductions comes from external sources, search/exploration activity should also concern exogenous science and technology organisations (Teece, 2007). This counts especially for retailers, who are innovation adopters rather than developers (Pantano & Vannucci, 2019). The search must embrace potential innovations on the suppliers and complementors side, as well as changing customers' needs. Furthermore, sensing opportunities and

threats can also be facilitated if the enterprise and/or the entrepreneur explicitly or implicitly employ some kind of analytical framework (Teece, 2007; Roth, 2015).

Den Hertog et al. (2010) and Janssen, Castaldi and Alexiev (2016) have used the dynamic capabilities framework to develop a framework specifically identifying capabilities for service innovations: *dynamic services innovation capabilities* (DSIC). As recently confirmed by Wu and Nguyen (2019), in accordance with the dynamic capabilities framework from Teece (2007), sensing customer needs and sensing technological options are positively related to service innovation.

Table 3c. Factors influencing the innovation decision process: Innovativeness – Dynamic capabilities

Own R&D	
With respect to technologies, R&D activity can be thought of as a form of search for new products and processes.	Teece, 2007
Use of exogeneous S&T organisations information	
A large percentage of new product introductions comes from external sources; therefore, search/exploration activity should concern exogenous science and technology organisations.	Teece, 2007 Pantano & Vannucci, 2019 Wu & Nguyen, 2019
Use of suppliers and complementors information	
A large percentage of new product introductions comes from external sources, search/exploration activity should concern potential innovations on the suppliers and the complementors side.	Teece, 2007
Use of customers information	
A large percentage of new product introductions comes from external sources, search/exploration activity should concern changing customer needs.	Teece, 2007 Wu & Nguyen, 2019
Use of an analytical framework	
Sensing opportunities and threats can be facilitated if the enterprise and/or the entrepreneur explicitly or implicitly employ some kind of analytical framework.	Teece, 2007 Roth, 2015

3.4.4 Norms of the social system

Diffusion of innovations are influenced by the norms of the social system: a set of interrelated units that cooperate at least to the extent of seeking to solve a common problem. Norms are the established behaviour patterns for the members of a social system. They define a range of tolerable behaviour and serve as a guide or a standard for the members of a social system (Rogers, 2003). In some social systems, norms will influence the adoption of a similar technology. There might be a norm to stay current and engaged with new technologies (Neo & Calvert, 2012). If retailers see that other retailers are all following the latest trend, this can result in feeling a pressure to innovate.

In deciding whether to innovate something, we all depend mainly on the communicated experience of others much like ourselves who have already adopted (Rogers, 2003). Therefore, in a social system, at the heart of diffusion of innovation amongst them is imitation of near peers who have previously innovated something (Rogers, 2003). Especially for service innovation, the intangibility of

services makes it relatively more difficult to make inimitable through patent protection (Trott, 2012). Within a social system, individuals may be classified into adopter categories based on the degree to which an individual or other unit of adoption is relatively earlier in adopting new ideas than the other members of a system. There are two main groups: *earlier adopters* and *later adopters*. The early adopters in general have a more favorable attitude toward change, are more active information seekers, and can cope with higher levels of uncertainty about an innovation than later adopters (Rogers, 2003). If an organisation has an emphasis on innovation in general, it is more likely to innovate (Chesbrough, 2010). Negative beliefs and attitudes about new technologies would inhibit the adoption of innovation (Bhaskaran, 2006). This indicates that not all retailers adhere to the same norms. An innovation is more likely to be adopted if it fits with existing values, norms, strategies and goals (Greenhalgh et al., 2004).

Table 4. Factors influencing the innovation decision process: Norms of the social system

Pressure to innovate	
In some social systems, norms will influence the adoption of a similar technology. There might be a norm to stay current and engaged with new technologies.	Neo & Calvert, 2012
Emphasis on innovation	
An innovation is more likely to be adopted if it fits with existing values, norms, strategies, and goals.	Greenhalgh et al., 2004
If an organisation has an emphasis on innovation in general, it is more likely to innovate.	Chesbrough, 2010
Negative beliefs and attitudes about new technologies would inhibit the adoption of innovation.	Bhaskaran, 2006

3.4.5 Control variables

There are a minority of factors that are consistently mentioned as influential in the retail and service innovation but do not fit the prior conditions. Nevertheless, since they are frequently mentioned they are likely to influence the outcome, and therefore need to be considered. The fact that mono-brand stores operate differently to multi-brand stores (different cash-flows and stakeholders) came up in the pilot interviews are being likely to influence innovation as well and are therefore added.

Table 5. Factors influencing the innovation decision process: Control variables

Large firm size	
Large firm size is one of the most cited factors in the innovation literature.	Zhu & Kraemer, 2005 Bhaskaran, 2006 Greenhalgh et al, 2004
Other factors like slack resources and functional differentiation were also linked to innovation decisions, but size is almost certainly a proxy for these factors.	Greenhalgh et al., 2004
Business life cycle	
The lifecycle of the business (growth, maturity, or decline) influences the innovation orientation.	Tether, 2002 Auzair & Langfield-Smith, 2005
International scope	
Firms with activities dispersed geographically may benefit more from particular innovations.	Zhu & Kraemer, 2005
Mono-brand store	
Mono-brand stores have fewer challenges and more resources than multi-brand stores and therefore might have different (and more) innovations.	Pilot interviews

Industry sector is another commonly named factor likely to influence the innovation decision (Johannessen, Olsen & Lumpkin, 2001; Bhaskaran, 2006) because it is likely to influence a lot of other factors, like firm culture, or customer values. To pinpoint causalities for different innovation decisions, this research will be limited to the fashion retail industry.

3.4.6 Interaction between the factors

The plurality of factors that influence the innovation decision have been treated independently but, according to Wejnert (2002), in reality, factors exert their effects on the decision process interactively. The interaction between variables can be either reinforcing or diminishing, and the relative weight of each variable may change according to the circumstances characterizing the innovation and its context (Wejnert, 2002). In Wejnert's (2002) research, she gives an example of how socioeconomic variables interact with spatial effects in predicting diffusion of an innovation: when socioeconomic factors are considered, the predictive power of spatial effects on diffusion pattern is diminished. She also demonstrates how the characteristics of actors may substantially influence the perception of an innovation's advantages and disadvantages (Wejnert, 2002).

Sorescu et al. (2011) too thinks it is important to specify interdependencies between factors that influence value creation (such as service innovation). According to them, organisations are integrated systems with their own set of structures, activities and processes, that fundamentally have interdependencies between. The interdependencies between these elements are critical drivers of value creation. If the interdependencies have a high level of complementarity, then the business model is likely to be effective in achieving its purpose. Conversely, if the elements do not reinforce each other, synergies are less likely to emerge, and the risk of failure will increase. Conceptualizing an organisation as an interdependent system encourages systemic and holistic thinking (Sorescu et al., 2011), but more theoretical work is needed to specify these interdependencies and their effect on value creation.

Every retailer has their own prior conditions and here too interdependencies are likely to influence the service innovation decision. Interdependencies could take place between clusters of prior conditions, as well as within factors that make up one cluster. For example, the cluster of factors

under 'innovativeness' may influence the factors under norms of the social system or felt needs/problems. Wu and Nguyen (2019) found that organisations that have high levels of organisational learning may emphasise on efforts in their learning. Efforts in their learning may express themselves in a larger focus on advanced staff training (which in turn increases absorptive capacity), or a larger emphasis on innovation (making them an early adopter in the social system). Knowledge gathered via active knowledge sharing with other retailers or from information gathering of supplier and complementors, science and technology organisations or customers may influence whether retailers feel a pressure to innovate (because they learn others are doing so), or create a felt need/problem, by making them aware of new solutions. Reversely, the norms of the social system might influence their behaviour, e.g. by feeling pressure to innovate or wanting to be an innovative leader a company might invest in capabilities that increase their innovativeness. By a having a lack of pressure to innovate they might not experience needs/problems like others do. This works the other way around as well; if a retailer does not experience needs/problems, it will not feel the pressure to innovate. Previous practice can interact with innovativeness if a retailer has gained innovative capabilities because of the previous innovation.

The absence of a certain factor can also interact with other factors, e.g. when a retailer does feel the pressure to innovate but does not have certain innovative capabilities, it might choose other type of innovations than other retailers (e.g. an innovation that demands less resources and skills). The control variables can also interact with the prior conditions; large, international, multi-brand stores might experience different needs than small, local, mono-brand stores, have different financial resources and therefore different innovative capabilities, have a different position in the social system, and a different business cycle which has impacted the list of previous practices. By using QCA (see next chapter), interactions that have led to a service innovation decision can be identified.

4. Research Methods

4.1 Research design

To answer the research question the model in figure 2 was used. The independent variables are the factors retrieved from previous retail and service innovation literature (see chapter 3.4). The dependent variable is the service innovation decision, i.e. innovations that have been implemented by the fashion retailers in the last five years. A timeframe of five years was chosen because according to Bhaskaran (2006), when looking at the implementation of innovations, a five-year timeframe allows the drawing of conclusions about the innovative character of a firm. The dependent variable is graphically represented using the service blueprinting technique as outlined by Bitner et al. (2008) to show its effect on the service. This research aims to understand how the previously identified factors influence the service innovation decision process, and explore whether they can be linked to specific innovation decisions. The units of analysis for this research were ten fashion retailers in the Netherlands, of which representatives from the headquarters were interviewed to gather data.

The research consisted of five phases. In the first phase, before the actual data collection, five interviews with fashion store floor managers (not necessarily from the same stores as the ten retailers) were held to create service blueprints for their store. These individual blueprints were combined and used to draw up a generic service blueprint of a fashion retailer. At this stage of the research, the generic blueprint served as a guide to add questions to the interview guide that covered all innovation possibilities.

In the second phase, pilot interviews with fashion retailers were conducted. Pilots can be used to test a research instrument and indicate whether certain topics are more important and need elaboration (van Teijlingen & Hundley, 2001). The usability and generalisability of the pre-made blueprint (i.e. the questions that were derived from this) and the interview guide were tested. The wording and order of questions that were misunderstood were adjusted. The questions to check for innovations as based on service blueprint needed no adjustments, as it turned out that the blueprint was able to capture all the innovations. One control variable, whether the retailer was a multi-brand store, was added to the conceptual framework. In total, two interviews were needed to arrive at the final interview guide. These interviews were added to the total sample. This led to missing data for some questions for the first two interviews, but these data were nevertheless added to increase the sample size because, due to the Corona crisis, getting even more interviewees proved too hard (see 4.3.2). The improved interview guide was used for the third phase.

In the third phase, the rest of the interviews with fashion retailers were conducted. The interviews were semi-structured and led to the collection of both binary data on the presence of innovations and variables, as well as qualitative data elaborating on the context of the variables. Additionally, interviews with four subject experts were held to better understand the dynamics in the fashion retail sector, and to enrich the data from the retailers. All data was transcribed.

In the fourth phase, the data analysis phase, the service blueprint was used to map out the found service innovations and analyse their effect on the service elements and components. The qualitative answers to the questions were used to create an understanding of the influence of the factors on the retailers' innovation decision processes. Using QCA, the binary data on the presence of factors and innovations were linked; causal combinations of factors that led to different innovations were pointed out - simultaneously allowing for the analysis of interactions between the factors. These findings were subsequently strengthened by the qualitative insights.

Finally, in the fifth phase, interviewees were called back to ask how they responded to the corona crisis, which peaked during the period of this research. This led to an additional chapter on what innovations retailers made as prompted by the corona crisis. For an overview of the phases, see figure 3 below.

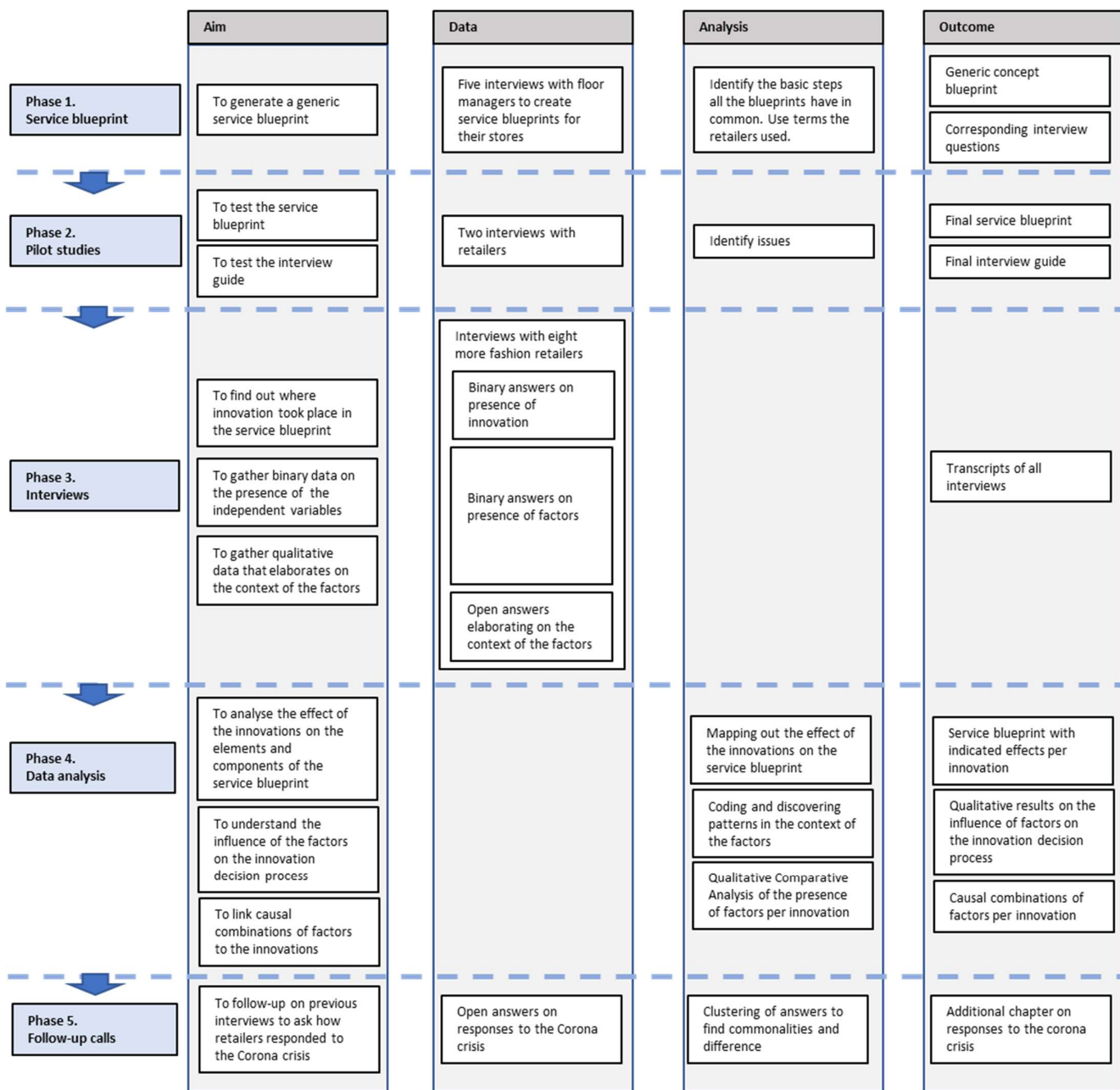


Figure 3. Overview of the research design with five phases with their aim, data, analysis, and outcome.

4.2 Sampling strategy and case selection

The interviews were limited to the fashion sector to factor out sector specific characteristics (Bhaskaran, 2006). According to Baron (2020), future service strategies will fall into two camps: self-service or full-service. This research focuses on full-service stores; self-service stores are not included in this research because the visible employee actions for these stores are limited, and therefore these stores offer less insight into innovations in employee actions. Fashion stores vary in their main products; they range from underwear to shoes, sport outfits to wedding dresses, and baby clothes to accessories. The level of service varies for these stores. To minimize variation, only stores who have everyday outdoorwear as their main product were selected. Furthermore, only *chains* (two or more similar stores with the same ownership and management) were selected to create more homogeneity

amongst the sample. This prevents the need to add varying characteristics from retailers to the QCA analysis, which would decrease the probability of a clear outcome (Herrmann & Cronqvist, 2006). Furthermore, when only looking at full-service fashion retail chains, the coverage of the population is higher, and the results more generalisable. Chains are assumed to have more resources than independent retailers and therefore have adopted more innovations (Greenhalgh et al., 2004), giving more results. The homogeneity amongst the sample applies to the contextual factors only; inter-retailer differences in innovation decisions offer interesting insights in the decision-making process.

For the first research phase, where the service blueprint was developed, floor managers of fashion stores were recruited. Floor managers were chosen because they are easily approachable and most knowledgeable about the service. Contact was made by visiting stores in Utrecht, where the floor managers were asked to participate in-person. The interviewees needed for the second and third phase of the research were harder to approach because they needed to work at the headquarters. The interviewees needed to have knowledge on the service innovations within the chain but their precise role within the company varied from owner, CEO, operations manager or managing director. It was the aim of this research to find interviewees with knowledge about the innovations in the last five years, but this did not work out for several reasons. Even though this limited part of the analysis, a solution was found. See 4.4.1.1 for an explanation.

Over 140 potential interviewees or links to potential interviewees like HR managers were contacted via LinkedIn, and 77 companies were contacted directly via email. Furthermore, the network of Avanade (place of internship), was used to get into touch with potential interviewees. Finally, interviewees were recruited via the snowballing technique, i.e. after every interview, interviewees were asked whether there were more potential interviewees in their network.

4.3 Data collection

4.3.1 Service blueprinting

The service blueprinting technique from Bitner et al. (2008) is an important part of this research. It is used to obtain a graphical representation of the fullest possible service of a fashion retailer in a simple and precise way. Subsequently, the dependent variable can be visually represented on this blueprint which allows for a deeper understanding how the innovation affects the service.

The first step in this research is to create a generic service blueprint that fits most fashion retailers. In cooperation with floor managers, blueprints were designed for their store. Details on how the service blueprinting technique was used in cooperation with the floor managers can be found in appendix I. Five interviews with floor managers were sufficient to reach saturation on elements of the service blueprint. Next, commonalities in these five blueprints were identified and a final, generic blueprint was created. It is important to note that this blueprint is a *concept blueprint* (i.e., it depicts only the basic steps in the process), and maps the service as it happens most of the time (Bitner et al., 2008).

After the service blueprint was finalized, it served as a guide to add questions to the interview guide to ask the retailers about what they had innovated in their service. Basing innovation questions on the blueprint minimized misunderstanding between the interviewee and the researcher about what possible innovations are. For example, the waiting area is a part of the blueprint, but interviewees might have not thought of this as an area of interest for the research. By going over the blueprint in the form of questions such as 'Have you changed anything in the waiting area (...in payment device, ...in the way you use online platforms, etc.)?' ensured that innovation options covered were the same for all retailers.

4.3.2 Interviews

Due to the complexity of the decision process, interviews are chosen instead of surveys. Interviews still allow for a systematic verification on the presence of variables by asking binary questions, while

simultaneously allowing for elaboration on answers. This led to a better understanding as to why certain patterns are happening. This enables data triangulation; in phase four the in-depth information will be used to support outcomes from the QCA.

The interview guide contains questions aimed to find out which subcomponents of prior conditions are present and in what context. The interview starts with questions about the characteristics of the retailer as described in the control variables, followed by general questions about the dynamics in the retail sector. The general questions allow for an understanding of the dynamics from the retailer's point of view, as well as gently introducing the topic of innovation. Questions regarding the factors under norms of the social system and innovativeness followed. In the last part of the interview the interviewees were asked what they have innovated as based on the service blueprint. Per innovation, questions about felt needs/problems and previous practice were repeated because these answers depend on the innovation and not on the company. To prevent rhetorical tautology (I have many innovations, therefore I must have innovative characteristics), the questions on company characteristics, norms of the social system and innovativeness were asked first, and the questions about innovations in the last part of the interview. The interview guide can be found in appendix II.

Ten interviews were conducted with retailers that varied in their control variables. The interviewees were with owners, CEO's, operations managers, and a managing director. The interviews lasted between 37 and 61 minutes. An overview of the interviews and retailers can be found in table 6. The target group of the retailer was added to the table to get a sense of the type of store. The interviews were conducted over the phone or skype. All interviews were anonymized, and permission to record the interviews to transcribe them was asked in advance. The names of the stores are pseudonyms.

The response rate of interviewees was low; only ten valid interviews were conducted, whereas 140+ individuals and 77 companies were contacted. The aim of this study was to talk to approximately thirty retailers to obtain more significant results from the QCA. Nevertheless, the majority of people did not respond at all, and few individuals explained that the Corona crisis (which had its peak during the data collection phase) was the reason they did not have time to talk because all their time was devoted to solve the problems this crisis caused for their company. The minimum number of cases required to perform QCA is ten (Legewie, 2013), making the number of cases in the research just enough to perform QCA.

As a supplement to the QCA, the qualitative analysis was exploited more. Interviewees were stimulated to elaborate more, and the answers were followed by an in-depth analysis. Furthermore, four expert interviews were held, see table 7. Another interview guide was created for the expert which was based on the interview guide for the retailer with questions reformulated to third-person format, to gather their views on relationships between the independent variables and innovations. The interview guide for experts can be found in appendix III. For anonymisation of the experts, their names are replaced by letters.

As the Corona crisis peaked during the data collection phase, questions were added to the questionnaire to ask what the responses of retailers were to the crisis. Six of the earliest interviewees were called back at the end of the data collection period to ask how they had responded to the crisis.

Table 6. An overview of interviewed retailers with their pseudonyms, target group, size, whether they have an international scope, life cycle, whether they are multi-brand, the function of the interviewee and the duration of the interview in minutes.

Store name	Target audience	Firm size	International scope	Life cycle	Mono-brand	Function interviewee	Duration interview in minutes
WhiteT	Men & women - Youth	Large	Yes	Maturity	No	CEO	50
GoJeans	Men & women all ages – focus on youth	Large	Yes	Maturity	Yes	Operations manager	56
JustForMen	Men from 16-35	Large	Yes	Maturity	Yes	Operations manager	61
FullCloset	Families	Large	Yes	Growth	Yes	Managing director	49
DressUp	Women between 22-50	Small-medium	Yes	Growth	Yes	Owner	59
YourStyle	Men 45+	Small-medium	Yes	Growth	Yes	Operations manager	56
RedShirt	Men between 25 - 55	Small-medium	Yes	Growth	Yes	CEO	37
FashionX	Women from 25+	Small-medium	No	Growth	Yes	Owner	43
SeasonReady	Men & women from 18+	Small-medium	No	Maturity	No	Owner	52
PolkaDots	Women all ages – focus on middle aged	Small-medium	No	Maturity	No	Operations manager	59

Table 7. An overview of interviewed experts with pseudonyms, a description of their function/expertise, and the duration of the interview in minutes.

Expert letter	Function/expertise	Duration interview in minutes
A	Implementation of ERP systems for fashion retailers	32
B	Optimizing fashion retail business processes	74
C	Digital transformation of American fashion retailers - Dutch nationality	42
D	E-commerce specialist of a big fashion company	Unrecorded. +- 30

4.4 Data analysis

4.4.1 Operationalization of variables

4.4.1.1 Dependent variable

A list of innovations per retailer was obtained by asking if they had innovated something in the last five years, while going over the steps in the service blueprint. Some interviewees worked at the company for less than five years, or when they were not entirely sure about all the innovations because their company has different departments responsible for different innovations (e.g. a department for styling, IT, the collection etc.). In this sense, the possibility that firms pursued more innovations than mentioned cannot be excluded. This limited the analysis to the level of innovations mentioned by the respondents only, i.e. analyses concerning the effect of the innovations and concerning the factors of the companies that did make a certain innovation. The case presented itself of companies having made the same innovation, but for one (or more) company the innovation took place longer than five years ago. These innovations were not analysed because this research focusses on the most recent dynamics in the landscape. Updates on old versions of software were not considered innovations. Innovations by two or more companies were analysed, innovations by single companies are only mentioned in the results because the companies cannot be compared.

The effect of the innovations was mapped out on the service blueprint as based on the explanation of the interviewees of what the innovation was and how it worked. The graphical representation of the innovation on the blueprint shows precisely how many elements of the service are affected. This represents the *impactfulness* of the innovation on the service blueprint. The number of components in the service blueprint that are altered because of the innovation represent the *complexity* of the innovation.

4.4.1.2 Independent variables

To check for presence of the factors, binary answers were needed for the interviewees. Since the interviews were semi-structured and gave freedom to the interviewees to answer the questions in an open manner, an operationalization table was necessary for the researcher to ensure valid binary outcomes. How these variables were operationalized can be found in table 8.

Independent variable	Questions	Binary questions to the researcher	Answer
Previous practice			
<i>Similar previous practice</i>	Has the retailer experimented with innovating X before? Has the retailer experimented with a technology similar to the one they are choosing before?	Is the innovation of X in line with something they were doing before?	Yes = 1 No = 0
Felt needs / problems			
<i>Prior internal needs</i>	Was there an internal felt need/problem related to X? (for example, dissatisfied staff)	Was there an internal felt need/problem related to X?	Yes = 1 No = 0
<i>Prior external needs</i>	Was there an external felt need/problem related to X? (for example, changing customer values, changing regulations, competitive pressure)	Was there an external felt need/problem related to X?	Yes = 1 No = 0
<i>Notified needs</i>	Was the retailer made aware of a desirable innovation? (by a peer, or by a change agent, or another information channel)	Was the retailer made aware of a desirable innovation?	Yes = 1 No = 0
Innovativeness			
<i>Experimentation</i>	If the retailer innovates, do he (ever) first try out the innovation on a small scale?	Does the retailer learn via experimentation?	Yes = 1 No = 0
<i>Knowledge sharing</i>	Does the retailer talk to and learn from other retailers about innovations?	Does the retailer learn via knowledge sharing?	Yes = 1 No = 0
<i>Codification of knowledge</i>	Do you use a written form of information about innovations? (for example, instructions on how it works, or ways to apply it)	Does the retailer learn via codification of knowledge?	Yes = 1 No = 0
<i>Own R&D</i>	Does the retailer conduct his own R&D?	Does the retailer conduct his own R&D?	Yes = 1 No = 0
<i>Own manufacturing operations</i>	Does the retailer have its own manufacturing operations?	Does the retailer have its own manufacturing operations?	Yes = 1 No = 0
<i>Advanced training staff</i>	Does the retailer send its staff to advanced trainings? Are these trainings external?	Does the retailer send its staff to external advanced trainings?	Yes = 1 No = 0

Table 8. Operationalisation of independent variables – Continues on next page*

Use of exogeneous S&T organisations information	Does the retailer seek information from exogeneous S&T organisations?	Does the retailer seek information from exogeneous S&T organisations?	Yes = 1 No = 0
Use of suppliers and complementors information	Does the retailer seek information from suppliers and complementors?	Does the retailer seek information from suppliers and complementors?	Yes = 1 No = 0
Use of customers information	Does the retailer seek information from customers? (e.g. by market research, customer feedback, customer relationship management system, other information than sales numbers)	Does the retailer seek information from customers?	Yes = 1 No = 0
Use of an analytical framework	Does the retailer make use of some kind of analytical framework to sense opportunities and threats?	Does the retailer make use of some kind of analytical framework to sense opportunities and threats?	Yes = 1 No = 0
Norms of the social system			
Pressure to innovate	Does the retailer feel pressure to innovate? (for example, if the retailer sees others innovating, or if he or she sees the landscape change)	Is any form of pressure to innovate felt?	Yes = 1 No = 0
Emphasis on innovation	Does the retailer see himself as innovative/ is 'being innovative' a part of the retailer's strategy? If the retailer implements something new, does he or she notice that other retailers implement something similar around the same time/ earlier/ later?	Is the retailer an early adopter/ innovative leader in general?	Yes = 1 No = 0
Control variables			
Large firm size	How many employees does the firm have?	Is the number of employees larger than 250?	Yes = 1 No = 0
Business life cycle - Growth	Does the retailer still open stores?	Does the retailer still open stores?	Yes = 1 No = 0
Business life cycle - Maturity	Does the retailer have a constant number of stores (a similar number of stores that open and close)	Is the number of stores constant?	Yes = 1 No = 0
Business life cycle - Decline	Is the retailer losing more stores than opening new stores?	Is the retailer losing more stores than opening new stores?	Yes = 1 No = 0
International scope	Does the firm operate internationally?	Does the firm operate internationally?	Yes = 1 No = 0

*part 2 table 8. Operationalisation of independent variables.

4.4.2 Qualitative Analysis: Coding and Qualitative Comparative Analysis

For the qualitative analysis of the interviews, coding of data was inspired by the theoretical framework. Codes were created for the factors, and those factors were subdivided in concepts that appeared more often. For example, the factor of the use of exogeneous S&T organisations information was subdivided into 'conferences' and 'written forms of communications' like magazines.

The method chosen to link the independent variables to the dependent variables, i.e. the factors to the innovations, is Qualitative Comparative Analysis (QCA). QCA bridges qualitative and quantitative methods; qualitative answers on the presence and absence of factors and the presence and absence of innovations are transformed into binary answers. This provides a relatively easy way of testing all possible causal combinations of a plurality of factors and eliminate irrelevant factors (Chan, 2003). QCA is well-suited to small to medium sized samples, where explanations are likely to be complex and multidimensional, but where statistical analysis is impossible because of data limitations (Hancké, 2009). The aim of a QCA is to study cases with the same outcome to identify their causal commonalities leading to the outcome (Ragin, 1987), in this case leading to the same innovation. QCA takes into account that an outcome rarely has a single cause, and that causes rarely operate in isolation from one another. When two or more variables lead to an outcome it is assumed that interaction takes place (Ragin, 2008).

By using QCA, the retailers are treated as cases, and variable scores for these cases are dichotomized based on their presence or absence. A *truth table* was then built that summarizes the scores for the cases (see appendix IV). All combinations leading to the same outcome can be written down as Boolean equations and reduced to their logical minimum (Hancké, 2009). This means that every retailer has its own combination of variables which are written down as a Boolean equation. When comparing Boolean equations that have led to the same innovation, variables that are not the same in both equations are deemed irrelevant for the outcome and can be eliminated. After combining all Boolean equations, an overall solution reveals all combinations of factors that resulted in an innovation (Ragin, 2008). The software Tosmana was used to perform the analysis. A separate analysis was run for every innovation. (for the solutions per innovation, see appendix V). These causal combinations can be interpreted regarding their necessity (must be present) and/or sufficiency (only responsible for) for the outcome (Ragin, 2008). This gives insight into the importance of the variables. The Boolean approach also addresses the idea that there can be multiple causal mechanisms producing the same outcome (Chan, 2003).

QCA can be used to study cases with the same outcome, which means that it could have also been used to look for solutions that resulted in not innovating something. Nevertheless, since the list of innovations has the risk of not being complete, analysis can only be performed on presence of innovations. Contradictory observations, i.e. two or more of the same causal combinations leading to different outcomes are problematic for a QCA. However, this did not happen in this research.

4.5 Research quality indicators

Two of the most prominent indicators for research quality are reliability and validity (Bryman, 2016). Analysing interviews is subjective. To ensure reliability (i.e. repeatability of a study (Bryman, 2016)), the interviewees had to decide whether the answer to the binary questions is yes or no, not the researcher. If an answer was unclear, a final answer was asked. If the interviewee could not decide on a yes or a no, the data was recorded as missing. Furthermore, to allow for repeatability, the operationalisation table of the independent variables, the technique for acquiring the blueprint, the interview guides and case selection technique are all documented.

Validity refers to the issue of whether a set of indicators that is devised to measure a concept really measures that concept (Bryman, 2016). In this research, triangulation between the outcome of the QCA, qualitative elaborate answers of the interviewees were used to ensure that the independent variables are at least in part responsible for the variation in the dependent variable. Furthermore, the interviews were held in the language of the interviewees to minimize miscommunication.

Generalisability is of importance too (Bryman, 2016). Since an industry sector influences innovation orientation, this research can only be generalised within the fashion sector. Nevertheless, since the focus in this research lies on the individual steps in the service blueprint, lessons can still be learned for sectors with a similar blueprint, even though they would need to be verified in other studies.

5. Results

5.1 Service in the fashion industry

There exists a large variety of fashion retail stores; they differ in size and scope (from big international chains to small local store owners), in price segments (from discounters to luxury fashion houses), and different target audiences (from babies to elderly and from urban to active). The service these stores provide are similar in their core. In this sample, there was no service that differed significantly from the others. The service blueprint based on the data from five floor managers can be seen in figure 4. Most stores are multichannel (Baunsgaard & Clegg, 2015), and therefore the service blueprint consists of both in service in the store and service at home. In the store, the service is depicted in chronological order as dependent on the customer actions. The customer actions are central to the blueprint and are indicated in grey. In the service blueprint, all the steps are optional: the customer can skip steps, iterate between steps, or break off the journey. For every action the customer takes, the employees serve the customer as appropriate for that action. As the customer continues its journey, he or she will come into more contact with physical evidence from the store. Both the backstage employee actions as well as the support systems are invisible to the customer, but are essential for the customer to experience the service the way it is. It is important to note that this is the fullest possible customer journey the customer can take in a full-service store. Not all stores offer the same service elements – particularly the self-service stores offer fewer.

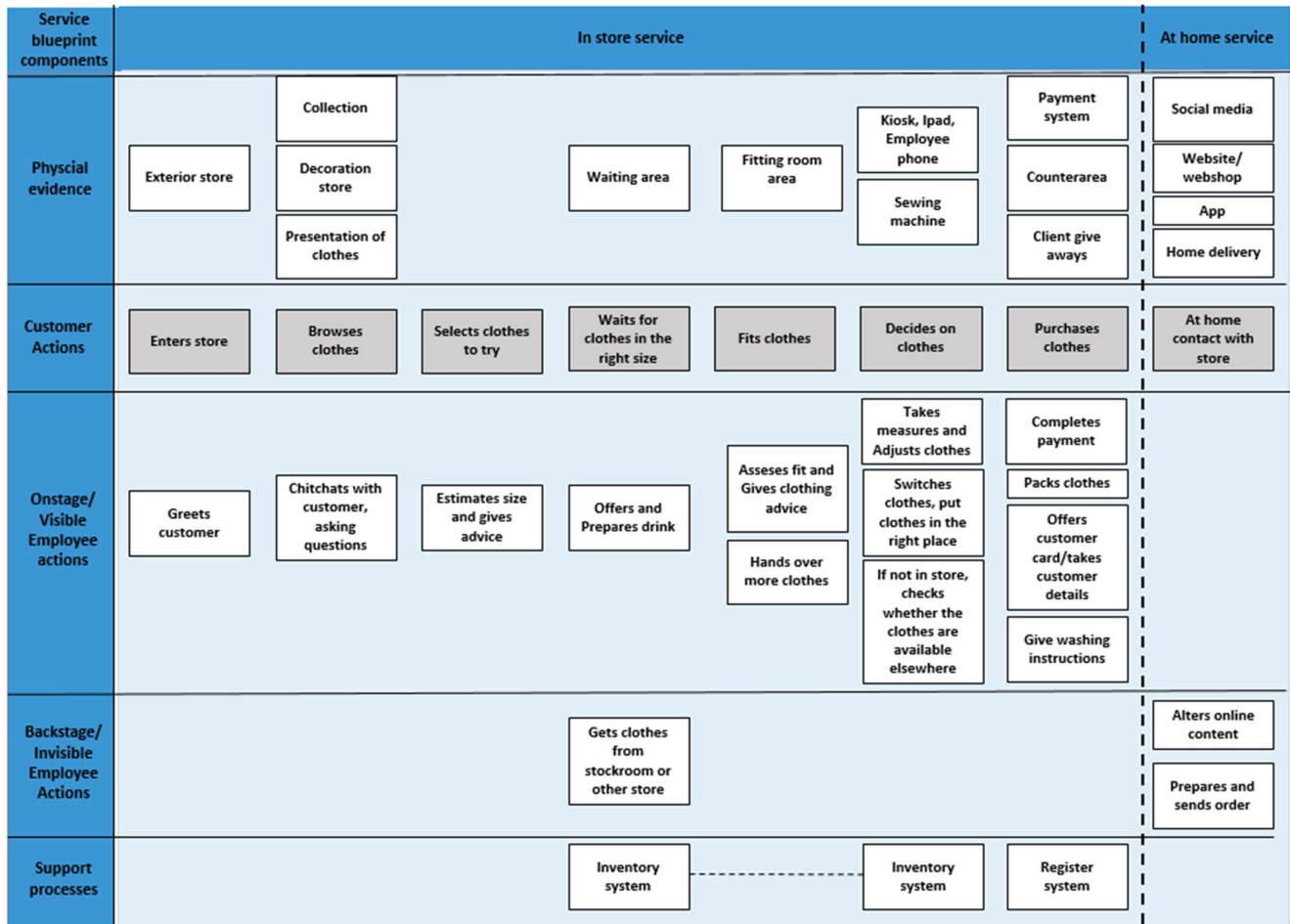


Figure 4. Concept service blueprint for the fashion industry made from the data about the service in five full-service stores. The five components of the service blueprint are indicated on the left. The middle part shows the service as it occurs in the physical store. The right part shows service through contact with the customer at home. The customer actions are coloured grey and presented in chronological order from left to right.

When a customer enters the store, he or she gets a first impression of the employees who work there as well as an impression of the way the store looks from the outside and the inside. As the customer start browsing the clothes and has more interaction with the employee, the ideas about the service experience continue to form. If the customer decides to try something on the evaluation also includes the physical evidence from the fitting room and waiting area, and he or she can judge the quality of service from the employee’s advice and help. When the customer decides on what clothes he or she wants (the size, colour, or other variation) it varies per store how the customer’s needs are satisfied. This depends on where inventory is located. If the inventory is located in a stockroom in the store or in another store of the chain close by the customer can be served instantly. If the stock is in another city (either in another store or in a warehouse) this requires extra steps like ordering it. It also varies per retailer whether a customer can get the product delivered at home, or whether he or she should collect it from the store. Finally, how the purchase is completed also depends on the retailer and what means of payment they accept. Several interviewees indicated that the service around ‘closing the sale’ is as important as the service in previous stages of the customer journey because this is where they can leave a last impression on the customer. By giving washing instructions or offering a loyalty program, they can form a bond with the customer. In the fashion industry, the invisible employee actions are limited because most of the service occurs on the shop floor. There are two support

systems that are crucial to any fashion store: the inventory system in which all information about the stock is stored and managed, and the register system which is used to process payments and potentially keep data on customers. At home, the client comes into contact with the store via multiple other channels chosen by the retailer like social media, a website with a potential web shop, an app, or via packages that are delivered at home. The depiction of the fullest possible customer journey and its corresponding service elements allows for a specific identification of how innovation decisions affect the service.

5.2 Service innovation decisions amongst fashion retailers in the Netherlands

In total, thirteen separate innovations were identified that were implemented by two or more retailers in the last five years. These innovations can be described under seven main categories: fundamental innovations in the collection, the implementation of an in-store web-shop, usage of RFID tags, innovation in online marketing strategy, change in styling of the store, implementation of Customer Relationship Management systems, and innovations in (in)visible employee actions (see chapter 5.2.1 till 5.2.7). The innovations per store and the chapter that discusses them can be seen in table 9 below. Unique innovations are discussed in chapter 5.2.8.

Table 9. Innovations per retailer in the last five years.

	Chapter	WhiteT	GoJeans	JustForMen	FullCloset	DressUp	YourStyle	RedShirt	FashionX	SeasonReady	PolkaDots
Sustainable collection	5.2.1.1	Yes	Yes	-	-	-	-	Yes	Yes	-	-
Own collection	5.2.1.2	-	-	-	-	-	-	-	-	Yes	Yes
Long tailing strategy	5.2.1.3	-	-	Yes	-	-	-	-	-	Yes	-
In-store web-shop	5.2.2	Yes	Yes	Yes	-	-	Yes	Yes	Yes	-	-
RFID	5.2.3	Yes	Yes	-	-	-	-	-	-	-	-
Expansion online marketing	5.2.4.1	-	-	-	-	-	-	-	Yes	Yes	-
Change social media strategy	5.2.4.1	-	Yes	-	Yes	Yes	-	-	Yes	Yes	Yes
Narrow broadcasting screens	5.2.5.1	Yes	-	-	-	Yes	-	-	-	-	-
Coffee corner	5.2.5.2	Yes	-	-	-	-	-	-	-	-	Yes
Presentation clothes	5.2.5.3	Yes	-	-	-	Yes	-	Yes	-	-	-
CRM	5.2.6	Yes	Yes	-	Yes	Yes	Yes	Yes	Yes	Yes	-
Improvement service concept	5.2.7.1	Yes	-	Yes	Yes	-	-	-	-	-	Yes
Outfit box	5.2.7.2	-	-	-	-	-	-	Yes	-	Yes	-

All innovations alter the service blueprint in their own way. This differs in the number of elements altered, as well as how many components of the service blueprint are affected. An overview of the total impact of the innovations and the impact on the individual components is given in figure 5.

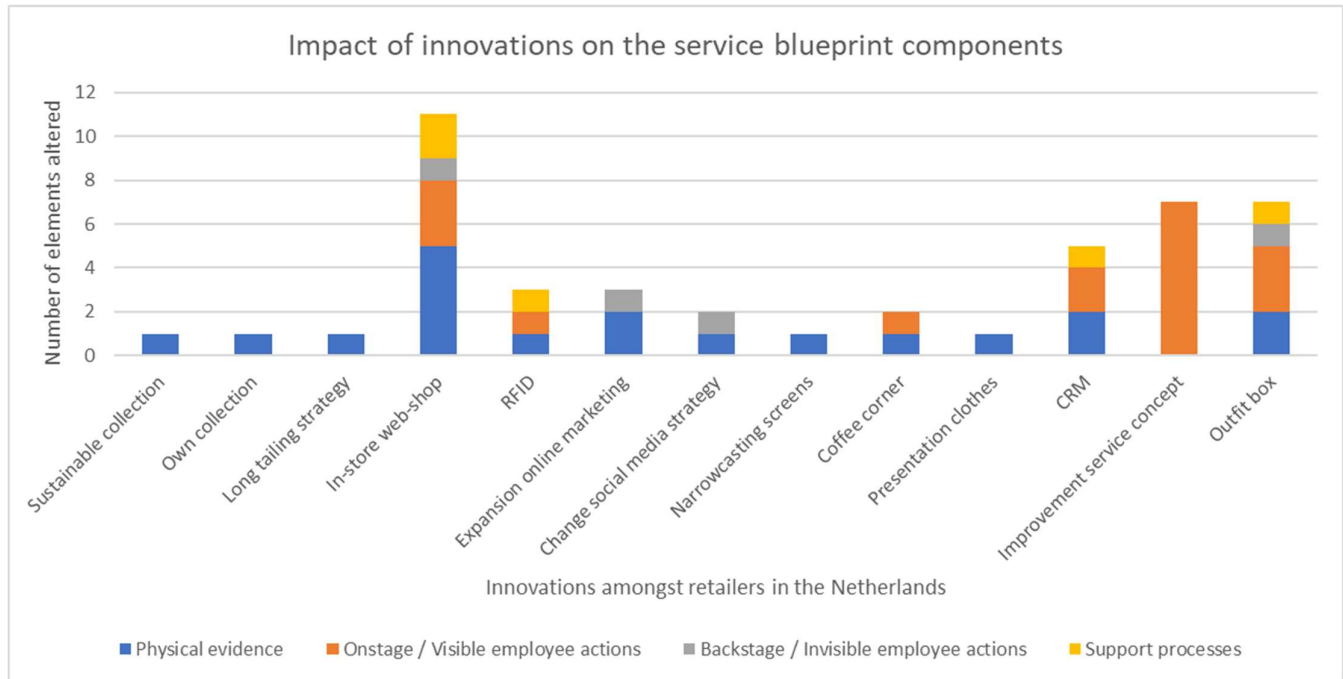


Figure 5. A bar chart showing how many elements of the service blueprint are affected by the innovation in total, as well as how many elements are affected in each component (physical evidence, onstage/visible employee actions, backstage/invisible employee actions and support processes).

Five out of thirteen innovations only affected physical evidence: sustainable collection, own collection, long tailing strategy, narrowcasting screens, and presentation of clothes. These were all innovations in either the collection or styling of the store. Another innovation that only affected one component is the improvement of the service concept, yet this effect was only seen in the onstage/visible employee actions. The other seven innovations affected multiple components of the blueprint: in-store web-shop, RFID, expansion online marketing, change social media strategy, coffee corner, CRM, and outfit box. All innovations but the improvement of the service concept affected at least physical evidence. Both innovations in backstage/invisible employee actions and in support processes were only affected by four innovations. The only two innovations which affected all four components were the in-store web-shop and the outfit box, which are innovations that affect both the in-store and the at home service (see chapter 5.2.2 and 5.2.7.1, respectively). In chapters 5.2.1 till 5.2.7, the innovations are outlined in more detail. Their exact effect on the service blueprint is shown (including which customer actions they affect) and their main characteristics are described. In the service blueprint, a distinction is made between the main innovation and the elements affected because of the innovation. The main innovation was often named first by the interviewees, after which an explanation followed about how it altered the service. Furthermore, it is explained in what context the retailers have implemented them which is enriched by insights from the experts about the innovations.

5.2.1 Collection

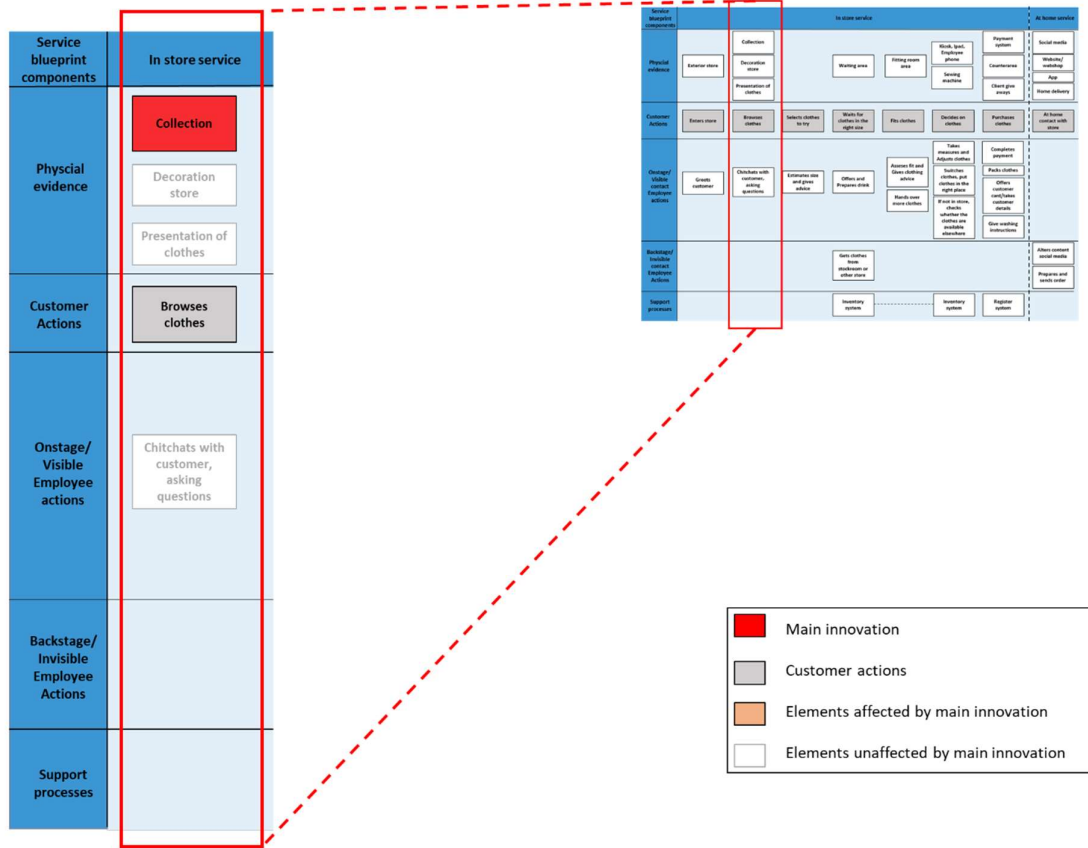


Figure 6. The effect of an innovation in the collection on the service blueprint. One element and one component have been affected.

Eight out of ten fashion retailers have changed something fundamental in their collection other than seasonal changeovers. These changes can be divided into three separate innovations: the creation of a sustainable collection, the start of an own collection, or the usage of a long tailing strategy where products can be in stock for a longer time. The effect on the service blueprint is the same for all three innovations, see figure 6. Only one element is altered in physical evidence component. This is influencing the experience the customer has when browsing the clothes. Employees could have been re-educated about the collection change and alter their service accordingly, but this was not the case in this sample.

5.2.1.1 Sustainable collection

Sustainability is a global concern, and retailers in the Netherlands too notice that sustainability is becoming more of an issue for consumers. According to retailer RedShirt, consumers are starting to realise they do not need more clothes and are moving towards buying sustainable clothes that last longer. There are different ways in which retailers guarantee that their collections are sustainable. Retailer RedShirt admits that it is hard to produce a collection that is completely 'green'. According to the retailer, the customers still do not want to pay too much for a product. That is why they have chosen for a strategy in which their sustainable collection will become greener in steps. For example, they start by using sustainable fabric in their collection and the next step will be to use sustainable yarn. For their collection, they promise that wherever they can, they will make the 'best' choice to minimize the environmental footprint. FashionX guarantees sustainability in a different way; they have a collection that is completely socially responsible. FashionX has signed the 'Covenant Duurzame

Kleding en Textiel': a contract that indicates that a retailer does everything in its power to prevent exploitation in the factories where its clothes are produced, prevent animal suffering, and minimize their environmental footprint (IMVO Convenanten, 2020). WhiteT and GoJeans went one step further to assure the sustainability of their collection as they both use waste material in their collection. They recycle waste to produce usable materials like yarn or fabric and produce clothes with these recycled materials. For all sustainable collections, it is clearly communicated to the consumer that they are sustainable so the consumer can better make a choice. This ranges from an awareness label to a more elaborate explanation to how waste material was used for a product.

5.2.1.2 Own collection

Two multi-brand retailers, SeasonReady and PolkaDots, have started their own collection in the last five years for two reasons. First, the margin on selling their own collection is higher than selling another brand. A lot of retailers are struggling financially and retailer PolkaDots indicates that this was the main reason to start their own collection. Second, retailer SeasonReady adds that having an own brand is a chance to distinguish yourself from other fashion retailers because this brand will be sold exclusively in their own stores. According to expert B and expert C, many multi-brand retailers have started their own brand as a way to save them from going bankrupt. According to expert B, the growth of mono-brand stores is a trend which is making survival for the multi-brand stores even harder. As a multi-brand store, the mono-brand store that sells the brand that you have in your collection is fierce competition. Expert B has several examples of stores that changed from multi-brand without their own collection, to multi-brand with their own collection, to mono-brand. Next to higher margins, being a mono-brand has the advantage of spreading financial risk by selling your brand to other retailers. Furthermore, mono-brand stores are better capable of building lasting relationships with customers. Both retailers SeasonReady and PolkaDots did not mention their desire to become mono-brand, but they did start their own collection for similar reasons.

5.2.1.3 Long tailing strategy

Matching supply to demand is hard. Fashion seasons are changing rapidly, and customers constantly want to see new products. According to expert A it would be a 'blessing' if supply and demand were better aligned. Clothes that are being sold now were designed three quarters of a year ago. This is a long cycle in which the design, production capacity, etc. needs to be determined in advance. Retailer FullCloset explains that often retailers buy too much and too little gets sold. All that is left is sold during the sale for a much lower margin. There are different solutions to this problem. For example, retailer WhiteT has decided to reduce their stock and make faster changes in their collection. This way, they hope to keep their customer interested and sell more products at the normal margin. PolkaDots has started sending stock between stores of the chain to meet local demand.

JustForMen and SeasonReady are solving this in a different way: they ensure their stock available for longer, but online. Over time, items that do not get sold pile up and result in many separate products with only one or two sizes available. They make use of a long tailing strategy, a strategy in which this large number of products with small quantities is still sold. Their approaches are slightly different. SeasonReady has come to an agreement with their suppliers, where they link the supplier's stock to SeasonReady's website and divide the profit. Retailer SeasonReady explains that this is a way to divide the risk between their own store and the suppliers. JustForMen, on the other hand, first tries to sell their stock in their own stores. Everything that is not sold is later offered via online marketplace Zalando. This way, both retailers ensure that their stock is available longer and they can continue to profit. According to expert A, the trend of sharing of risk by sharing supplies is starting to emerge, but he sees that retailers are struggling to implement this. According to him, it takes a lot of effort to link processes in which several stakeholders are involved. Retailer DressUp explains why they do not want to make use of a strategy like this. According to the retailer, online

marketplaces like Zalando and Wehkamp give discount on their products they cannot control. If they do, they form competition to their wholesale customers, and this is something he wants to avoid.

In comparison to global trends, retailers in the Netherlands are following the trend of sustainable clothes. Only retailer RedShirt indicated to follow the trend of introducing more casual clothes. The collaborative consumption model was not mentioned in this sample.

5.2.2 In-store web-shop

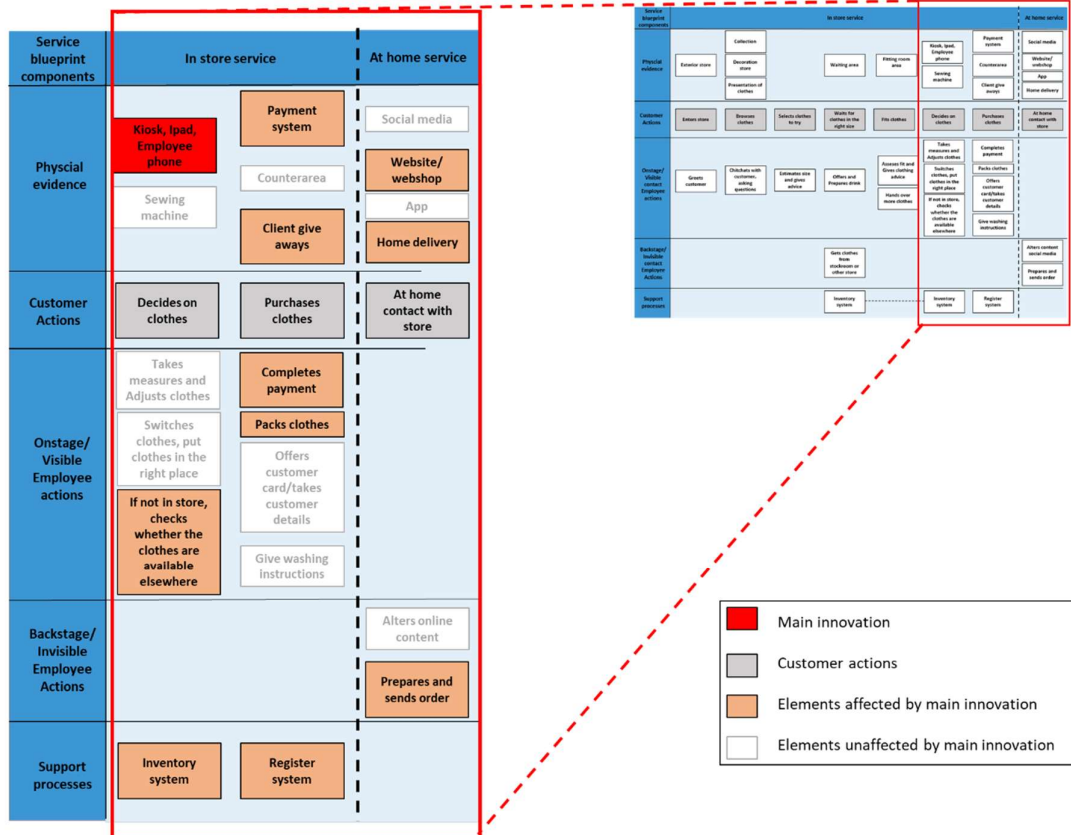


Figure 7. The effect of an in-store web-shop on the service blueprint. Eleven elements and four components have been affected.

Six out of ten stores have implemented either a Kiosk or iPad in their stores with access to their web-shop. This allows employees to help the customers access online stock from within the store. The products get send to the customer’s home or they can pick it up in the store later. According to retailer FashionX, this is an extra service for the customer as it makes it easier to buy something. Retailer JustForMen explains that this helps to prevent sending the customer home with a ‘no’.

Web-shops have been in use for around ten years. Yet, the cooperation between the web-shop and the physical stores has not been easy. According to retailer PolkaDots, in the beginning the web-shop turned into competition for the store. Customer would now order online instead of visiting the stores. Moreover, the stores had to share their stock with the web-shop causing the stores to lose opportunities to sell their own stock. PolkaDots was forced to improve their service and noticed that this helped to lure people back into the stores. Now, their customers used to web-shop to ‘pre-shop’ and then visit the store to purchase the products they saw online. Both retailers JustForMen and GoJeans pointed out another problem with the arrival of the web-shop: the increase in customer returning products to the store which they bought online. Customers buy products online with great

ease and sometimes even order four or five sizes of the same product. The possibility of returning these items to the store cause great losses of profit to the store. Finally, retailer WhiteT also indicated that the arrival of the web-shop caused people to visit the stores, try clothes on, and then walk away to order online.

The last five years fashion chain owners have found new ways to not only have the physical and online store cooperate, but to strengthen each other. They do so by focusing on creating a seamless order fulfillment where the web-shop can be accessed both from home and from in the store, and the customer can choose where the package is delivered; either at home or at a store. This is part of the omnichannel trend, where the customer is provided with a fully integrated shopping experience by uniting user experiences from brick-and-mortar to mobile-browsing and everything in between (Orendorf, 2018). Retailer JustForMen explains that the arrival of an in-store web-shop ensures that the profit of the purchases goes to the store. According to the retailer, “De komst van online is heel pijnlijk. Maar door de samenwerking door online en offline is het nog een beetje draagbaar” [The arrival of online is painful. But the cooperation between online and offline makes it more bearable]. Expert C mentions that to create a true omnichannel organisation, the KPIs (Key Performance Indicator) need to be adjusted so that the physical stores do not suffer under the online store. Omnichannel is one of the main trends of this moment; six out of ten retailers implemented in-store web-shop.

Not all stores feel the pressure to follow this trend; two stores purposefully chose to not implement this. International retailer FullCloset does not even own a web-shop in the Netherlands. The retailer agrees that omnichannel is a way to stay relevant for the customer, but they believe that sticking with their strategy will distinguish them from other retailers. They are a discounter and their competitive strengths are their low prices and strategic locations in small villages. They do not need a web-shop, because their customers are families who will combine a visit to their store with a visit to the butcher and the grocery store. Moreover, the margins on their clothes are so low that covering the costs of sending packages is economically unviable. SeasonReady does own a web-shop but they do not want to place any screens in their store because they believe that gives too much of a ‘big chain’ feel. They prefer to stay small and reflect that in the atmosphere of their store.

Compared to global trends, the omnichannel trend is seen in physical stores worldwide and ties into the trend of digital customer contact. Instead of fighting the increase in customers who shop online, the retailers are grateful for the customers are still visiting the shops and realize they must make shopping as pleasant as possible for the customer. The customer demands convenience and offering the customer to get a shirt in another color or another size delivered at home is made possible by the instore web-shop.

The placement of an in-store web-shop is an innovation that has a large impact on the service; many elements of the blueprint have been altered. See figure 7. The impact stretches over all components as well, making this a complex innovation. This innovation is important for the last stages of the customer journey, where the customer is deciding on clothes and purchases them. The main innovation is the placement of a screen in the store where customers can access the web-shop. The employees can now check inventory on the kiosk or iPad, while simultaneously showing it to the customer. This means the inventory system must be adapted to allow for this action. Next, employees can now complete the payment for the online order in the store, which requires adjustments in the payment system and register system. This ensures that profits are for the store and not for the web-shop. By linking the web-shop to the store, the employees have additional tasks to pack clothes from their own store that have been ordered online, or prepare packages that have arrived from warehouses or other stores so that the customer can pick them up in the store. The web-shop might have already existed outside of the store but needs to be altered to work for the store, or let the

customers choose to pick something up in the store. The home delivery can now be arranged from the store as well.

5.2.3 RFID

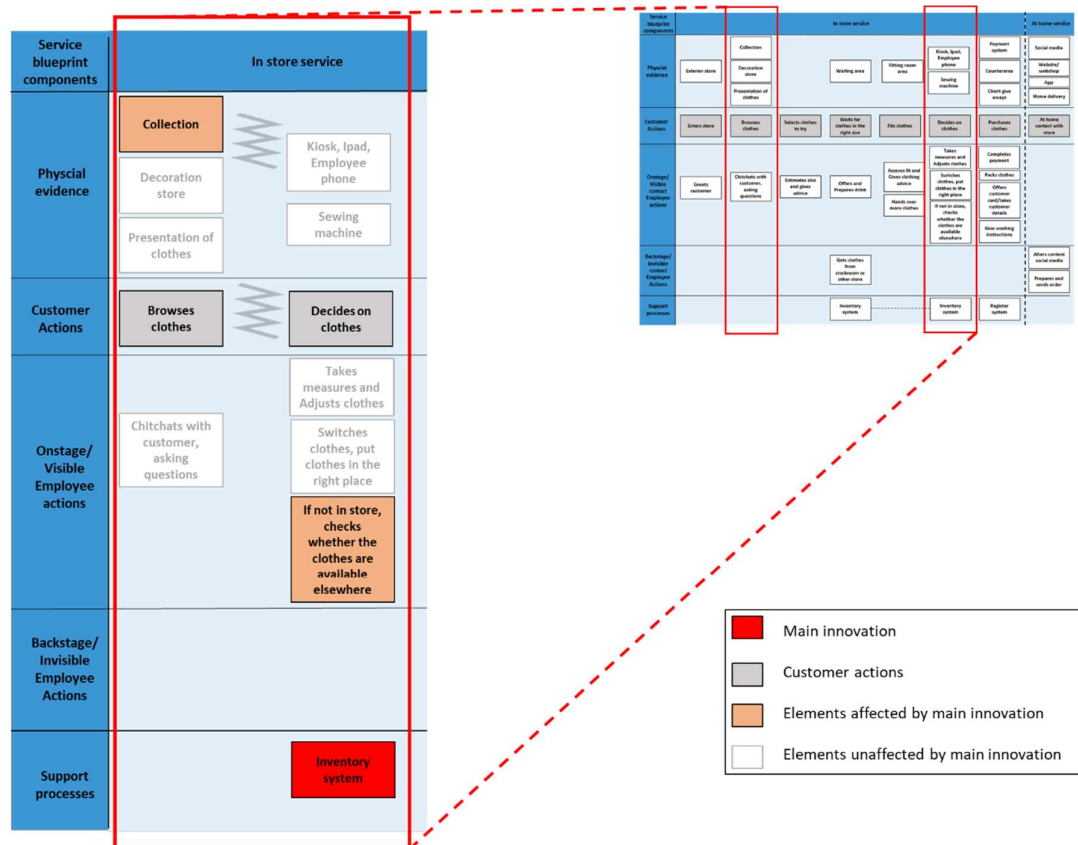


Figure 8. The effect of RFID tags on the service blueprint. Three elements and three components have been affected.

In an omnichannel situation where stores and web-shops share stocks, it is important for retailers to have accurate information on their stock. The communication about stock whereabouts online and offline must be seamless. If the web-shop shows an untrue inventory because it has not registered that the last piece of clothes was just sold in the store, customers can get frustrated. This was the main reason to implement RFID for two stores in this sample: retailer GoJeans and retailer WhiteT. Retailer GoJeans realizes that even though in the present RFID is only used as a means for stock accuracy, it can do so much more: measure where an article is sold, how often an article moves from location A to location B, how often it gets purchased etc. These are steps they want to take in follow-up phase of this innovation.

RFID is a very recent innovation - both stores have implemented it last year. Expert B explains further possibilities of RFID: RFID also contains information about the colour or size of the product. If a customer enters a fitting room with the product, smart technology can recommend what other products go well with the product the customer brought with him. RFID can also be used to replace a security tag. Yet, according to expert B, the Netherlands is behind when it comes to this technology. RFID was expensive but has become cheaper over the years. As retailers were struggling financially, only now financial means are available to invest in this technology. According to him, if retailers start

to realize that RFID can also replace security tags, they might be more willing to invest because security tags carry the risk of damaging clothes. He thinks this trend will expand soon.

Since the RFID tags are momentarily only used as stock tracking technology, it only affects three elements of the service blueprint, see figure 8. A tag needs to be placed in the clothes, but the customer might not even notice this. The effect can mainly be seen when the employee tracks stock to check a customer's request. Finally, the inventory system needs to be adjusted. The elements do spread across three components. There are more effects of RFID on an organizational level (logistics, speed), but these effects cannot be seen in the service blueprint and are therefore left out of this analysis.

5.2.4 Online marketing

Fashion retailers are noticing a shift in their customers' information channel usage. They know that an increasing number of customers looks online first. Retailer FashionX explains that most customers are looking at Instagram or Facebook in the evening to get inspiration on what clothes to buy – prompting retailers to shift their attention to online marketing. There are two trends concerning online marketing: a general expansion of the use of online marketing and change in social media strategy.

5.2.4.1 Expansion online marketing

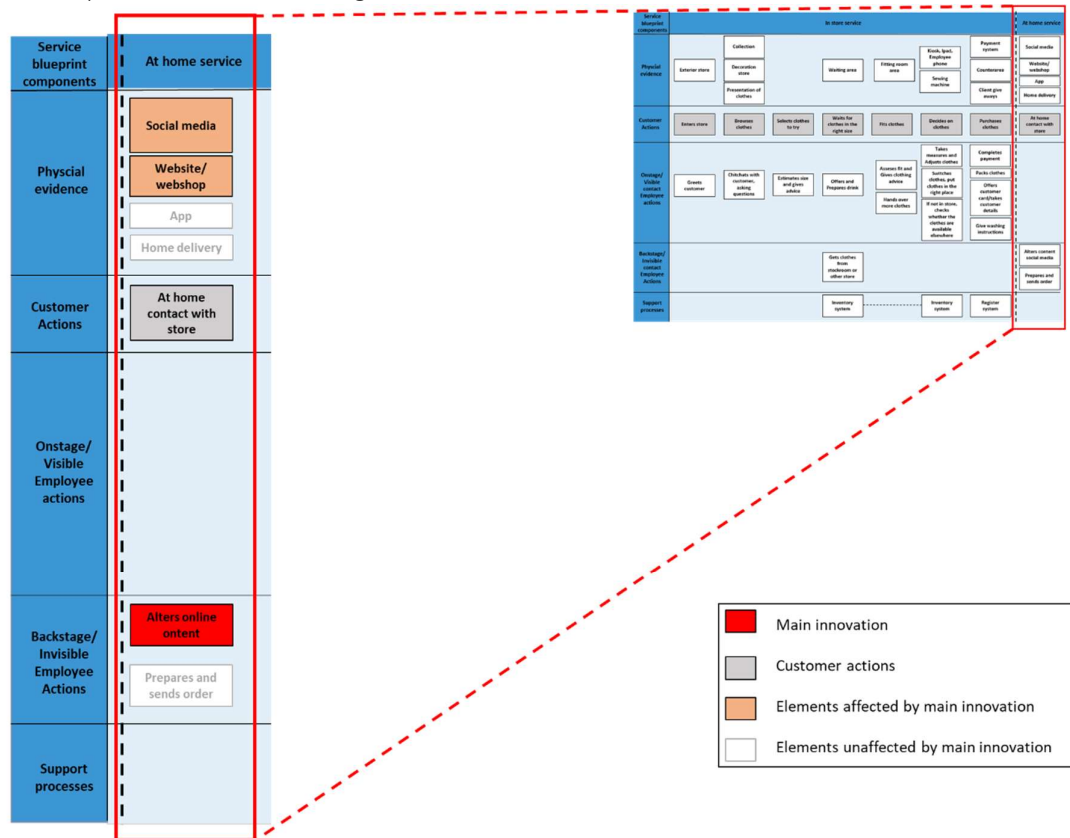


Figure 9. The effect of an expansion in online marketing on the service blueprint. Three elements and two components have been affected.

According to retailer FashionX, advertisements in magazines are still important but are becoming less so. According to the retailer, more customers can be reached with the right advertisements online than any advertisement in a magazine. FashionX's goals is to be 80% digital by 2021. SeasonReady is

focusing on online findability via Google marketing. They want to come up first in the search results if customers are looking for them or one of the brands that they sell.

In the service blueprint, the service experience for the customer is only altered at home. See figure 9. Expansion of online marketing can include altering elements such as the website as well as social media. Backstage, an employee needs to take care of this. Not many elements are altered, and only two components are affected.

5.2.4.2 Change social media strategy

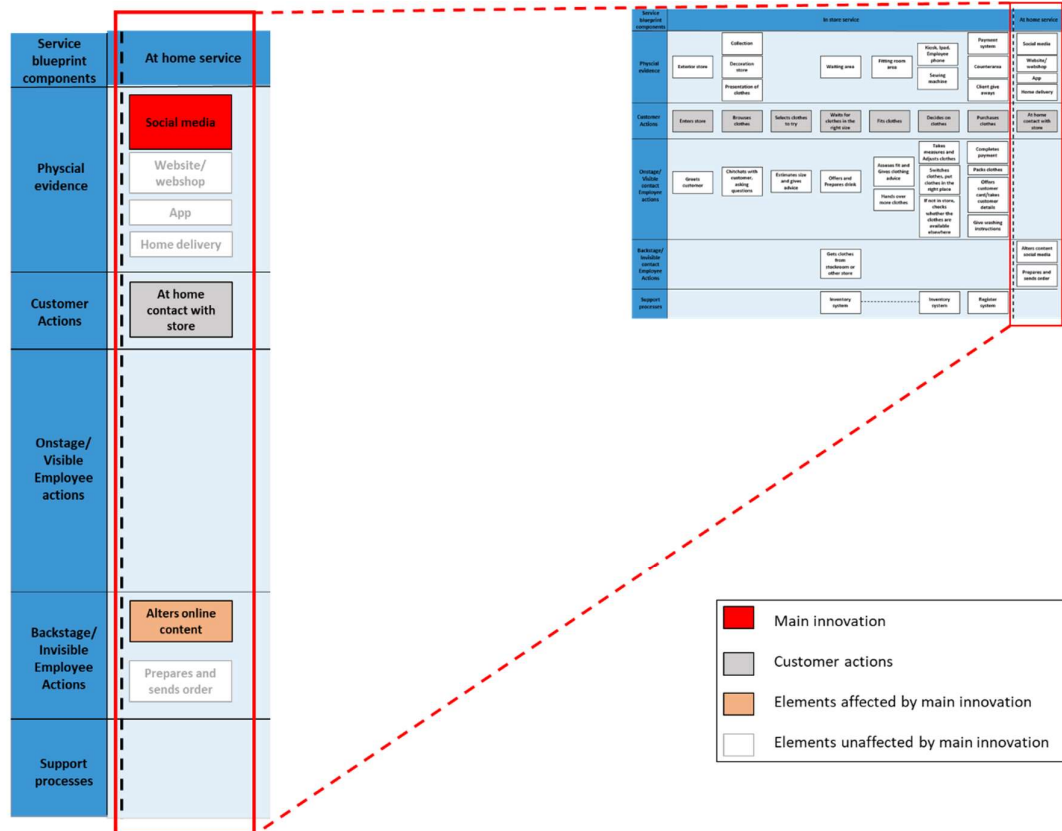


Figure 10. The effect of a change in social media strategy on the service blueprint. Two elements and two components have been affected.

Social media was introduced longer than five years ago, but retailers indicate that the last five years the focus on and strategy around social media have changed. As the practice of using social media is maturing, retailers get more experienced and become more organized. They are now forming strategies about the use of them. Retailer JustForMen indicates that in the past, local store managers were responsible for their own social media content: “Dan stuurden we wat jongens de stad in om wat foto’s te maken” [Then we would send some boys into the city to make some pictures]. A few years ago, the board of directors decided to manage the social media content on a national level. Now, local stores are posting messages prepared for them at the headquarters. International retailer FullCloset has moved from one international Instagram and Facebook page to national pages. They have also changed the content of their ads from showcasing products to proving a content that represents an ‘experience’. SeasonReady is increasing the amount of posts. Another example of how the use of social media is more organized can be seen in the fact that PolkaDots is now actively hiring interns to send surveys to the customers inquiring what they want to see on social media. According

to retailer PolkaDots, reciprocation with customers is important. That is why online actions where customers can win something are now also used more frequently. The online advertisements have also been changed to reflect more 'ordinary' people. FashionX is increasingly working with influencers, vloggers, and bloggers. Retailers SeasonReady, DressUp and FashionX explained that the main goal of using social media is to generate more traffic in the stores.

The use of online advertisement and social media ties in with the global trend of digital customer contact. Globally, fashion retailers notice that the traditional engagement model on social media is not enough anymore to grab the customer's attention. That is why fashion retailers in the Netherlands are also trying out new strategies.

Innovation in social media strategy alters the employee action of altering online content and the social media pages, similar to the general online expansion of online advertisement. See figure 10. Nevertheless, this is targeted at social media only so the website is not changed.

5.2.5 Styling of the store

Styling of the store is most frequent and most continuous process of all innovations. Nine out of ten stores changed something in the decor of their store, often in an incremental way. According to retailers DressUp and PolkaDots, a store decor only lasts ten years. Retailer DressUp indicates that it is important to constantly update a store's interior, or the consumer might think the store stands still. According to retailer PolkaDots, if you have old-fashioned styling, only your old loyal customers will continue to shop in your store - new customers will not walk inside. The retailer changes the store incrementally by replacing little things like moving a mannequin, adding a few plants, or changing the shop window. Retailer FashionX too constantly changes small things, because according to them, a store decor only lasts seven years. SeasonReady aims to change something at least every year to make sure the store stays up to date: the colour of a wall, wainscoting the register block, or changing the fitting room curtains. FullCloset used to not care about styling much because their main strategy was to focus on low prices. Yet, they now too believe that the styling of a store adds to the experience of the customer, so they too have started changing little things to make the experience more pleasant. Stores consider styling to be extremely important to the stores also becomes apparent in the example of JustForMen, who now have a national strategy on how to decorate stores. Their regional managers now come in regularly to check if the styling of the store is in line with what was determined at their headquarters. The styling of a store is so important that, according to retailer YourStyle: "We doen niet veel aan marketing, we geloven dat de uitstraling van de winkels marketing is" [We do not do a lot of marketing, we believe the appearance of the stores is marketing]. How decisions on styling are made largely depends on the size of the stores. Whereas large retailers like GoJeans and JustForMen have teams who focus purely on styling, owners from smaller stores like FashionX, DressUp and SeasonReady just keep an eye out for trends.

In the service blueprint, every physical element other than the collection, or technology the employee uses to complete the purchase, can be styled according to the retailer's wishes. This includes the exterior of the store, the presentation of the clothes, the decorations in the store such as wallpaper, floors, pictures, or mirrors, the waiting area and fitting rooms, and the counter area. This means the decor affects the entire customer journey.

Since almost all stores changed something in their styling which were oftentimes small, it is hard to categorize these changes. Nevertheless, there were three main things that could be clearly categorized as individual innovations: the presentation of the clothes, the placement of narrow broadcasting screens and the addition of a coffee corner.

5.2.5.1 Narrowcasting screens

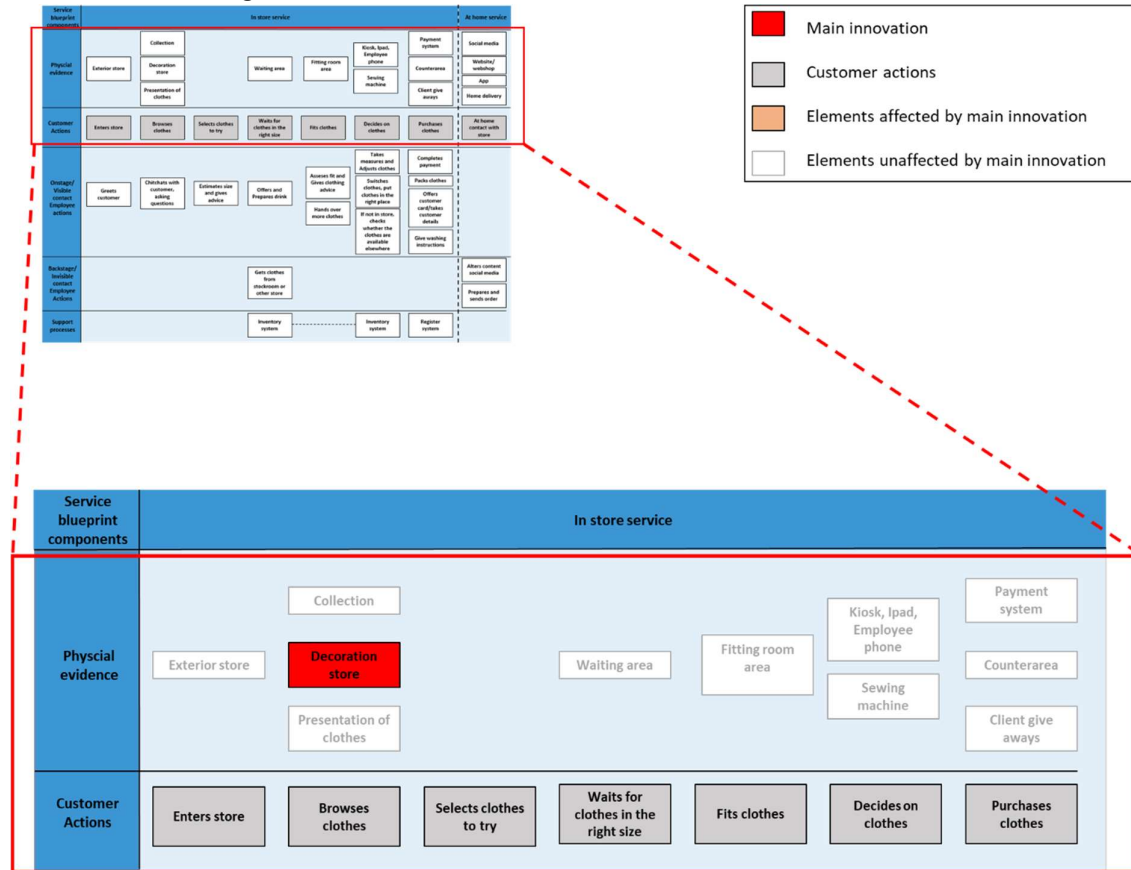


Figure 11. The effect of using narrowcasting screens on the service blueprint. One element and one component have been affected.

The first innovation in the store decoration is narrowcasting via screens placed in the stores. This means that the retailer's commercials are constantly played on the screen. According to retailer FashionX, moving images are important to capture attention. DressUp and WhiteT are also following this trend. Only one element in physical evidence is altered, see figure 11.

5.2.5.2 Coffee corner

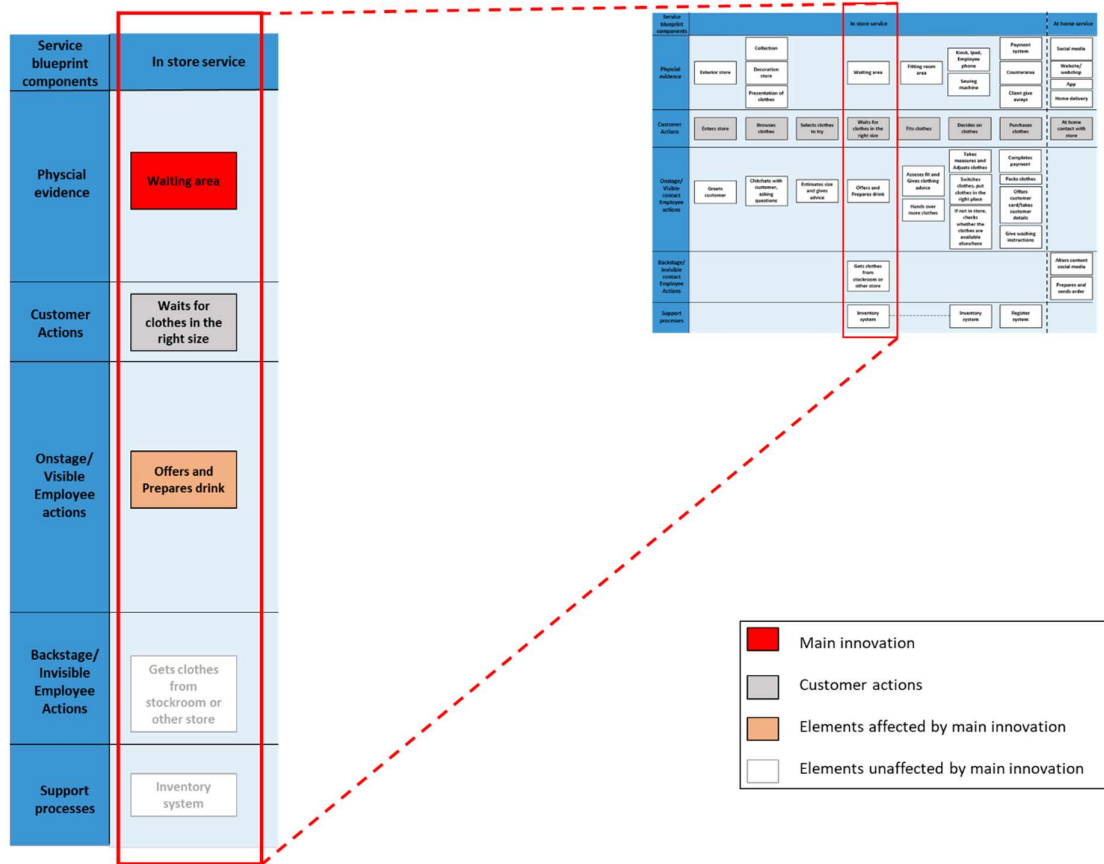


Figure 12. The effect of a coffee corner on the service blueprint. Two elements and two components have been affected.

Two retailers have created coffee corners in their stores: WhiteT and PolkaDots. Retailer PolkaDots explains that coffee corners invite people to stay longer in their stores. Furthermore, oftentimes people do not shop alone and coffee corners are a more comfortable way for people to wait for each other while trying on clothes. Adding a coffee corner to the store is part of the ‘concept store’ trend. In concept stores, the retailer goes beyond simply selling products and experiential elements are of key importance. Next to selling clothes a store can reveal a lifestyle. By adding decor elements like plants, photo frames (PolkaDots), or sofas (DressUp), fashion retailers engage in selling an experience. This innovation alters two elements that spread across two components; with the creation of a coffee corner in the physical elements, employee actions also need to change as now they need to offer and prepare drinks. See figure 12.

5.2.5.3 Presentation clothes

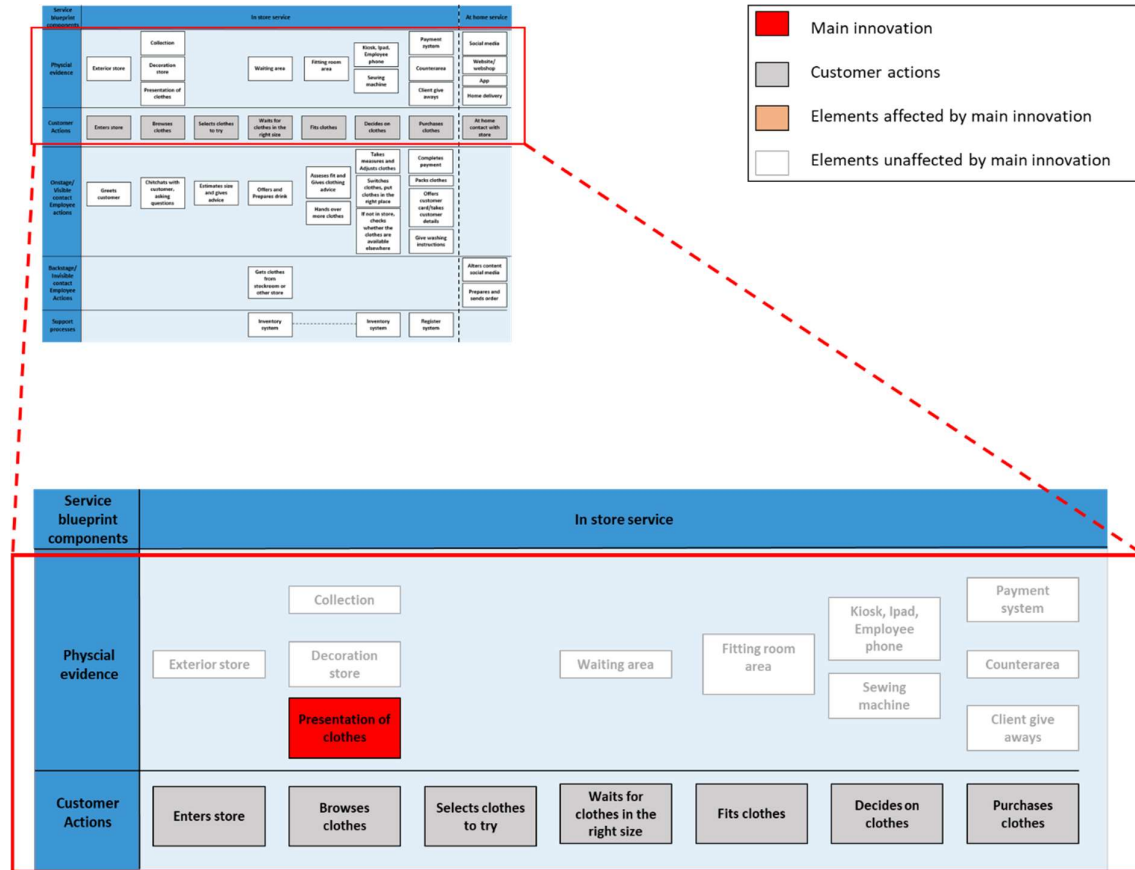


Figure 13. The effect of changing the presentation of clothes on the service blueprint. One element and one component have been affected.

Three stores have fundamentally changed something in the way they present their clothes. DressUp has decided to reduce the number of pieces of the same article presented in the store to make the presentation more tempting. They also started checking that the stores who sell their brand present the clothes in the same way. WhiteT has also been experimenting with the way clothes are presented and focused on where women and men’s clothes must be in the stores. Retailer RedShirt decided to change their clothes presentation from ordered by category (e.g. sweaters next to sweaters), to presenting examples of how clothes can be worn together. This is part of their marketing shift to ‘shop the look’. They want to help the customer by presenting how clothes can be combined instead of the customer having to think for him or herself. This innovation only affects one element in physical element, see figure 13.

Compared to global trends, retailers in the Netherlands are using styling of the store to create a memorable and pleasant shopping experience. Nevertheless, not many experiential technologies have been placed in these stores other than narrow broadcasting screens.

5.2.6 Customer Relationship Management

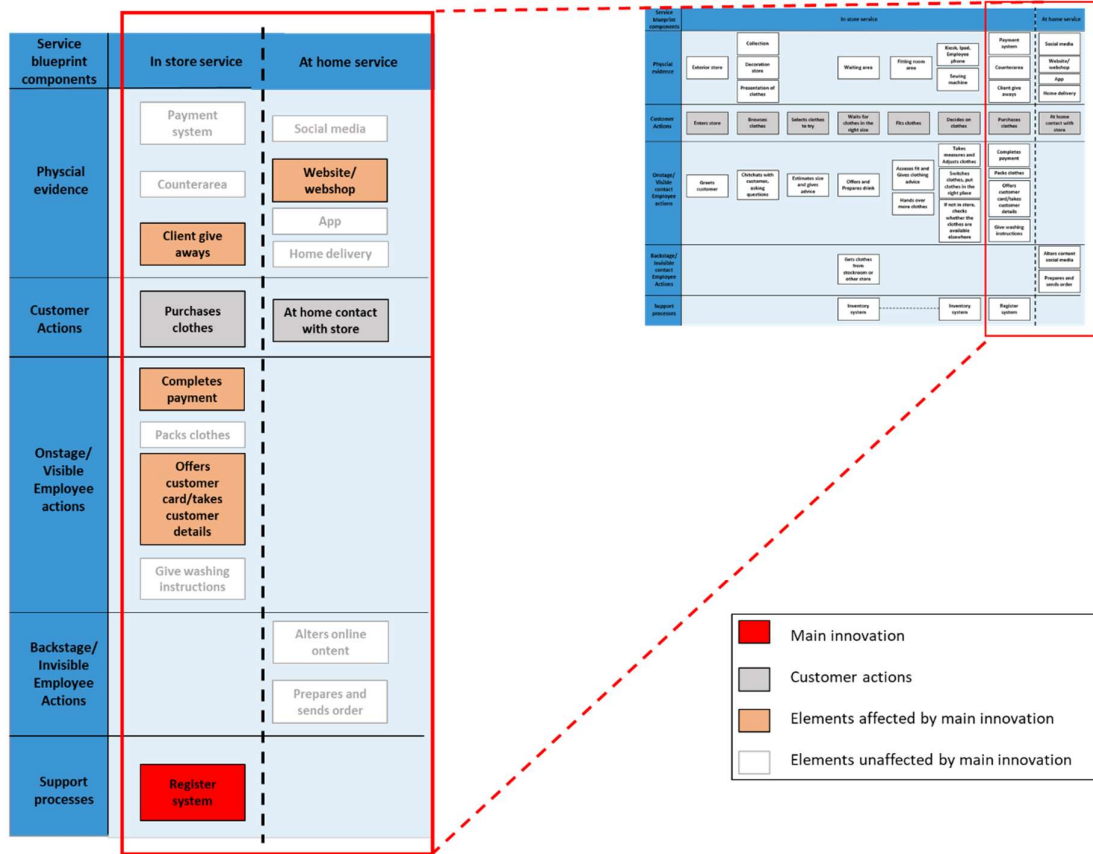


Figure 14. The effect of a Customer Relationship system on the service blueprint. Five elements and three components have been affected.

The implementation of Customer Relationship Management (CRM) system is the most popular current trend. Eight out of ten store have either just implemented a system or are currently implementing one. CRM systems gather various types of data with a focus on customer data, enabling customer profiling. This data can be used in different ways which is reflected by the different ways the retailers use it in this sample. Many retailers use CRM to create a loyalty system: a system to reward loyal customers for their purchases by offering discounts. This is true for GoJeans, WhiteT, FullCloset, YourStyle and FashionX. Next to loyalty systems, the customer information can also be used to send specific marketing to targeted customers. Retailers YourStyle, SeasonReady and FashionX believe they can generate more traffic in their stores by doing so. In addition, RedShirt want to use the purchase history of a client to recommend them to buy certain products. Retailer RedShirt says: “We willen dichterbij de klanten zijn. Als wij de klant kunnen benaderen van goh heb je dit niet nodig. Want ze willen zelf niet nadenken.” [We want to be closer to the customers. If we can approach the customer and be like maybe you need this. Because they do not want to think for themselves]. By using a CRM system, FashionX also lets customers create their own online account where they can see their purchase history and where loyalty points can be saved. DressUp’s main reason to implement the CRM system was not necessarily to gather customer data but to keep track of their wholesale activities. They had another system to keep track of this data which proved to be insufficient and decided to implement CRM instead. The gathering of customer data was an incidental result: “En dan denk ik waarom gaan we dan ook niet al onze consumer data er ook in knallen, en dan kunnen we er fancy dingen mee gaan doen” [And then I think why not throw in our customer data, and then we can use it to do fancy things].

Expert A also names the implementation of CRM systems as a current trend. According to him, it makes sense that retailers are willing to invest in these systems because this directly influences the profits. He says that compared to other enterprise support systems like Enterprise Resource Planning (ERP), CRM system are easier to implement and understand for retailers. According to expert B, much data is captured in the CRM systems, but the data is not used enough. He sees that loyalty systems are becoming more popular, but more stores need to implement this, according to him. He wants to promote the use of CRM data to individualise marketing to the purchase history of a customer. Also, the data must be analysed more to find out what kind of clothes are more popular than others and use that data to predict future trends. Expert C stresses the value of the use of customer data for targeted marketing by explaining it like this: “Vroeger werd er altijd een beetje met hagel geschoten, in de hoop dat je iemand raakt. Tegenwoordig met de data sources die je hebt kun je steeds meer met een sniper geweer schieten “ [In the past they would shoot with buckshot hoping to hit someone. Nowadays, with the data sources available, you can increasingly use a sniper to shoot].

Expert D adds that using customer profiling can improve the service in a store, but retailers must be careful not to breach rules of the General Data Protection Regulation. If a retailer wants to scan a person who walks into your store so that employee know the customer profile, this would be a breach.

Globally, data is used to predict trends. Even though retailers in the Netherlands are picking up on the trend to gather data, the exploitation of data is still limited.

The service blueprint shows that in the store, the CRM system influences last customer action when clothes are purchased, as well as the at home service. See figure 14. An employee can either give customers a brochure or card and ask them to register themselves at home, or the employee takes their contact details to register in the store. If the customer is registered, the data of the new purchase is added to the customer’s profile. If the retailer has a loyalty system, when the customer has saved enough points, he or she may purchase the items at a discount, which alters the completion of the payment. During at home contact of the store, targeted marketing might come in via social media or the website, or the account can be accessed via the website. This innovation crosses three components, altering five elements.

5.2.7(In)visible employee actions

Globally, fashion retailers are trying to improve the quality of their service to deliver memorable experiences to customers. Retailers in the Netherlands do not incorporate many experiential technologies in their stores, and many believe that the service their employees provide is enough to bond with the customers. Even though the growing importance of the service was mentioned frequently in the interviews, not all stores changed something in their service. Some of them have developed a service concept in the past and have not changed it over the last five years. In the last five years, there are two types of innovation in the employee actions: an overall improvement of the service concept with a larger focus on personal contact and the movement of part of the service online by sending outfit boxes to the customer.

5.2.7.1 Improvement service concept

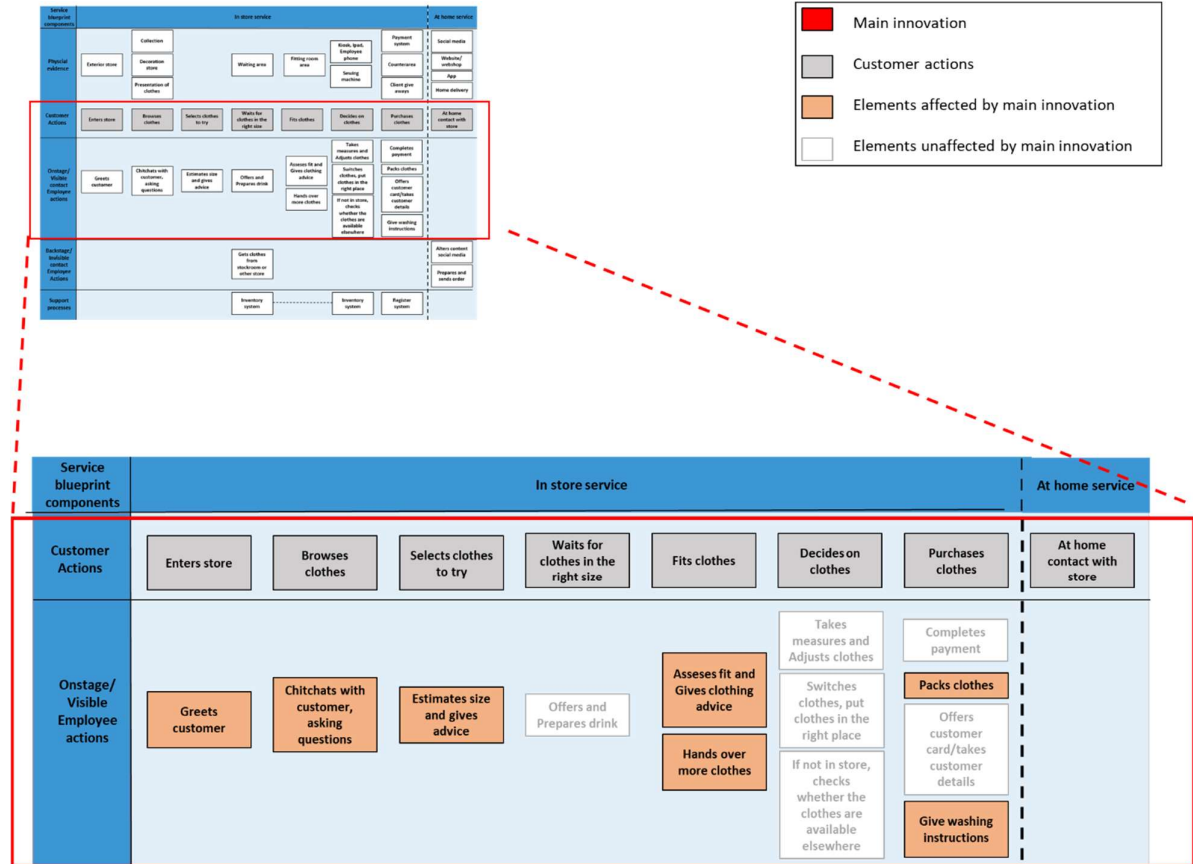


Figure 15. The effect of improving a service concept on the service blueprint. Seven elements and one component have been affected.

Good service is of key importance according to retailer JustForMen, because products are similar in many stores. The most important thing is to have the right sales employees in the stores. According to retailer JustForMen: “Je merkt gewoon als bepaalde mensen in je winkel staan dan draai je wel. En als die mensen afwezig zijn dan draai je niet” [You just notice that if certain people are in the store you do well. And if those people are not present you do not do well]. Both JustForMen and WhiteT changed their service concept; the way they address people. PolkaDots and FullCloset too did improved their service. According to retailer PolkaDots, before the financial crisis of 2008, it was not even necessary to be nice to the customers because they would buy clothes anyway. After the crisis they realised they had to improve their service to make sure that the customer enters the store and stays. They hired an external coach to help them improve the service of their employees. Discounter FullCloset initially only hired employees to quickly process shipments in a store. Now, they have changed their mindset from “taakgericht naar klantgericht” [from task-focused to customer-focused]. They have moved from hiring employees who are god at performing tasks like unpacking shipments to employees with a capability of delivering a personal service. They have switched their service concept from ‘leave the customer alone’ to ‘help the customer’.

When a service concept is improved in general, it mainly alters the elements which can be done with more care or precision. See figure 15. This includes the greeting, chitchatting, giving advice to a customer and aiding the customer in the fitting process. The clothes can be packed with more care and washing instruction can be given to give a last impression to the customer. The standard elements like completing the payment and checking the whereabouts of collection cannot be altered much by

improving the service concept alone. Offering drinks or adjusting the clothes neither because these are innovations on their own. Multiple elements are altered in the onstage/visible employee actions alone.

5.2.7.1 Outfit box

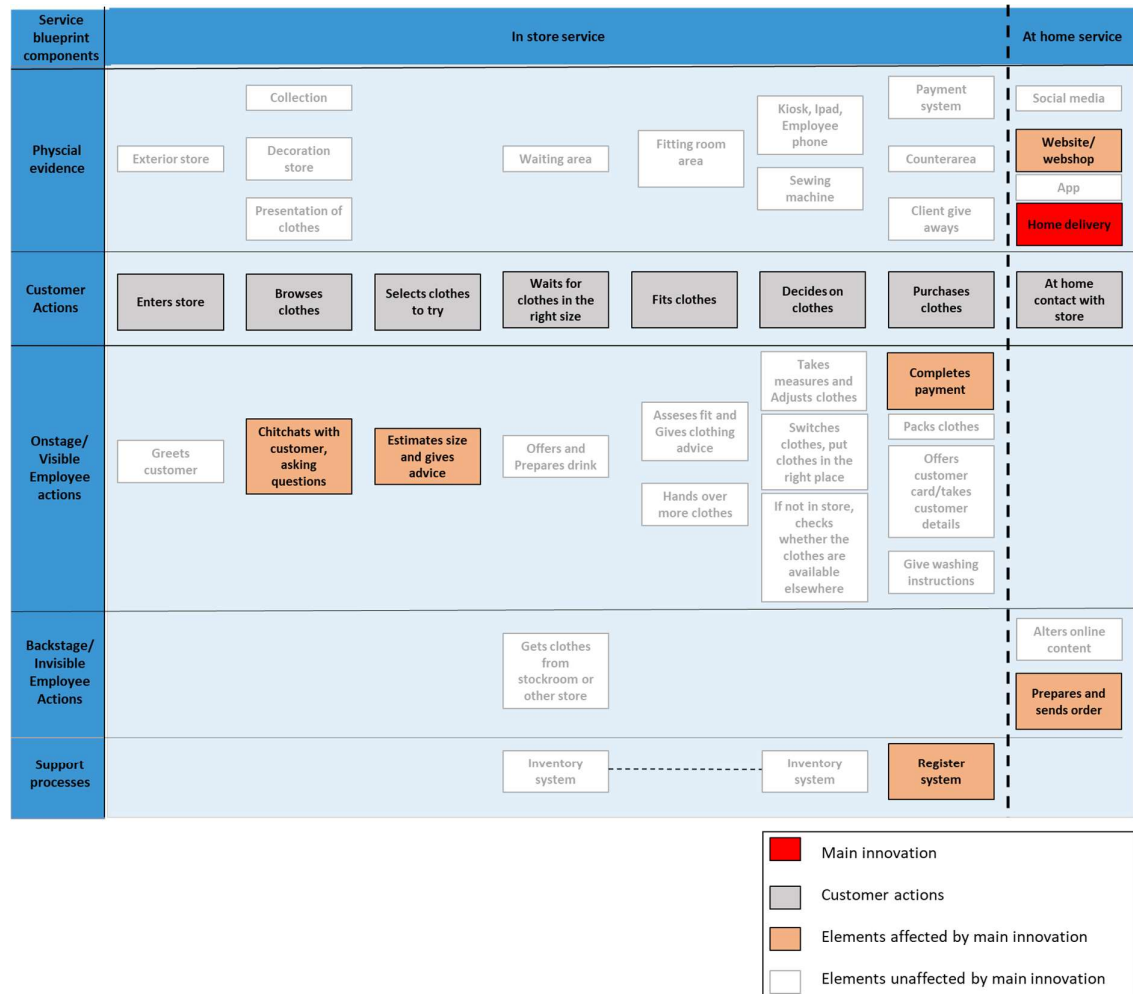


Figure 16. The effect of an outfit box on the service blueprint. Seven elements and four components have been affected.

The importance of service and personal advice in combination with the increased demand for convenience become apparent in the following trend: the sending home of outfit boxes. Retailer SeasonReady explains that customers can get in to touch with a personal shopper either in the store or online. They will need to answer some questions about what kind of clothes they are looking for and their preferences. Next, an outfit box gets prepared by employees and sent to the customer’s home. The people can try out clothes at home, send back whatever they do not like, and pay afterwards. According to retailer SeasonReady, the idea is that the more often customers order a box, the more data they gather on the customer’s preferences, and the higher scoring percentage the box gets. RedShirt has added the same service. Retailer RedShirt explains that the idea of the boxes is in line of our total shift towards ‘shop the look’. This is reflected in the way they present outfits in the store, how they sent emails to customers targeted to complete outfits based on their purchase history, and now send boxes in which looks that the designer created are sold to the customer.

Outfit boxes are a trend that is taken on globally. It makes use of digital customer contact and includes the personal aspect. This innovation has interesting effects on the blueprint as it is composed of the employee actions of talking to find out what a customer wants and giving advice, but instead of having them in the store, they are done outside of the customer's vision. See figure 16. The result gets delivered to them at home. The website needs to be altered if customers are to apply for a box there. The payment of this box requires changes in the register system. This innovation crosses all components of the blueprint and alters seven elements.

5.2.8 Unique innovations

The innovations named above were implemented by two or more retailers. A few retailers had some unique innovations: GoJeans who started to offer customers digital receipts, DressUp, who added a home line (furniture) to their collection, and who was the only store that started a web-shop in the last five years whereas the other stores already did that before (except for FullCloset, who is consciously choosing not to take a web-shop), PolkaDots who started putting colouring pages for children in the stores to keep them entertained while their mother is in the fitting room and started sending stock in between their stores to keep the stock healthy, FashionX who is organising special events with music, drinks, and personal stylists where customers can come in after opening hours, and finally RedShirt who introduced more casual wear and adopted a new ERP system to start with data driven decision-making.

Even though retailers follow the same trends in general, according to retailer SeasonReady: "Omdat wij het in een andere setting presenteren, ook de combinatie met andere merken, heeft dat een andere uitstraling. Hoe wij presenteren is uniek en dat is ook moeilijk te kopiëren" [because we present in a different setting, also the combination with different brands, we have a different appearance. How we present is unique and hard to copy]. This heterogeneity is a main characteristic of service innovation.

5.2.9 Innovative nature of fashion retailers in the Netherlands

The innovative nature of fashion retailers in the Netherlands can be evaluated on i) the level of the innovation, ii) the level of all innovations combined, and iii) the level of the fashion retailers in the Netherlands as a group.

i) Innovative nature of the innovation

The effect of the innovations on the service blueprint can be seen on two dimensions: on the number of elements that are altered (=impactfulness) as well as the number of components that are affected (=complexity). Looking at these dimensions in combination results in a two-by-two framework consisting of four distinct innovation types. Each type is represented in a different quadrant: 1) uncomplex unimpactful innovations, 2) uncomplex impactful innovations, 3) complex unimpactful innovations, and 4) complex impactful innovations. See figure 17 below.

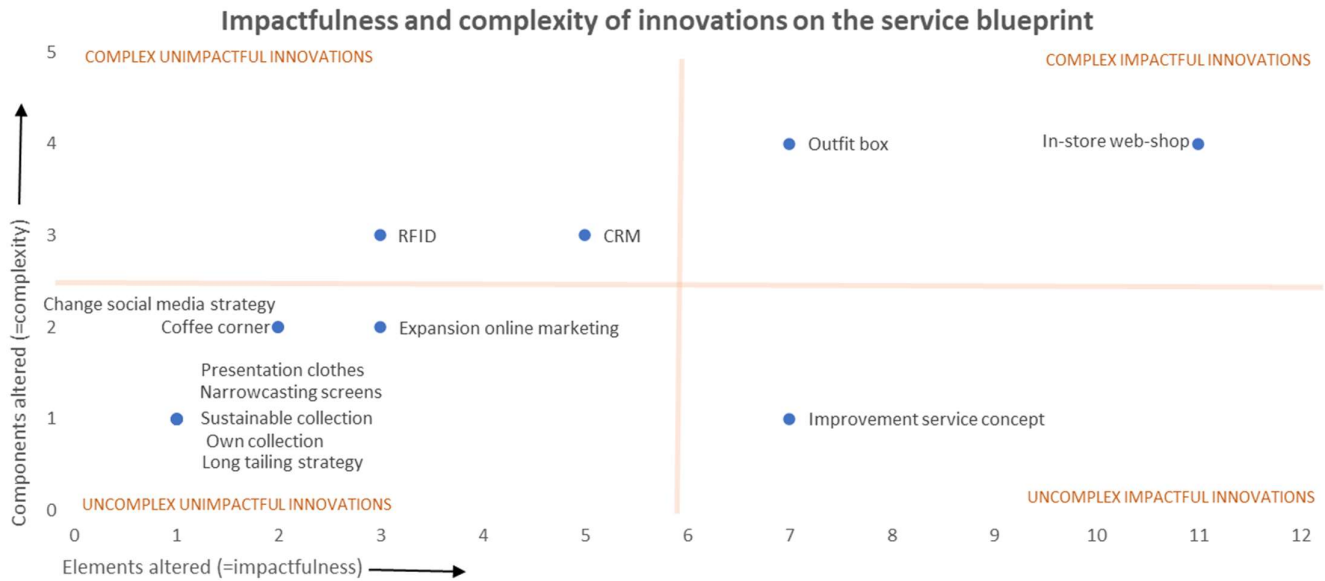


Figure 17. Two-dimensional framework (elements altered (=impactfulness) vs. components altered (=complexity)) with four types of innovations: uncomplex unimpactful innovations, uncomplex impactful innovations, complex unimpactful innovations, and complex impactful innovations.

The majority of the innovations resides in the first quadrant and are uncomplex unimpactful innovations. These are all the innovations in the collection, as well as all the innovations in the styling of the store and the online marketing innovations. These innovations alter a maximum of three elements in the blueprint and alter a maximum of two components. The low complexity and impactfulness might explain why most innovations reside in this quadrant as they might require fewer resources to implement. The improvement of the service concept is the only innovation in the second quadrant and is an uncomplex impactful innovations. This innovation only alters one component, the onstage / visible employee actions, but within this component alters many elements. The most complex and impactful innovations reside in the third quadrant: the outfit box and the in-store web-shop. Both of the innovations alter elements both in the store as well as at home, and rely on the combination of online platforms as well as personal service. Finally, the fourth quadrant represents innovations that are complex but less impactful: RFID and CRM. Both innovations affect three components, yet only alter a maximum of five elements in the service blueprint. Both innovations are technologies that process data therefore one might suspect that these innovations would affect more elements. The complexity and impactfulness represented in this two-by-two framework refer to the service blueprint only – these innovations are likely to affect more elements at the headquarters and further down the supply chain.

ii) *Innovative nature of all innovations combined*

To create an overview of what elements of a service are most likely to be altered by current innovation trends, a heatmap is created for the service blueprint in figure 18. Some elements are modified in several innovations such as the register system (for the CRM, and for the in-store web-shop) or the website (for the in-store web-shop, online marketing, outfit box etc), and therefore have a higher chance to be altered. These are coloured darker respective to elements that are less likely to be altered. Both the individual innovations and the general styling of the store are left out of the heatmap, as it is not exactly clear what elements of the physical elements have been altered or not.

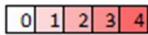
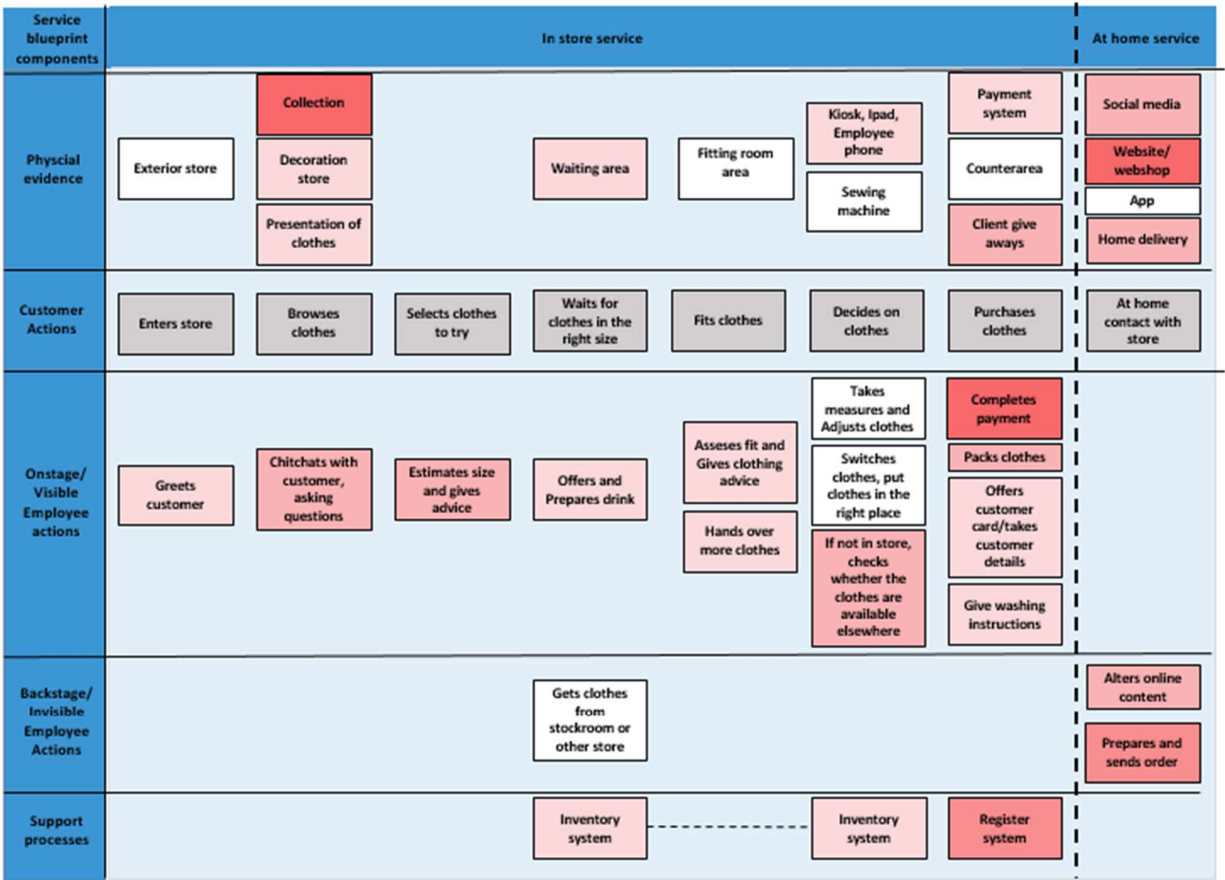


Figure 18. The service blueprint with a heatmap to indicate how likely elements are to be innovated in the sample. The number of times changed range from 0 (not modified) to 4.

The heatmaps shows that the elements that are most likely to be altered are in the at home service. The website has the potential to be altered most often because this is necessary for in-store web-shop, outfit box and online marketing strategy and CRM. This goes hand in hand with the actions of the employee handling the online content. The omnichannel trend also makes the preparing and sending of orders as well as the home delivery popular alterations. Another step that has a high chance of being altered is the collection. Fashion retailers have added collections, changed collections, and altered their collection’s availability. It makes sense that this an element that is often innovated, since this is why customer visit them in the first place. The client give-aways also have been altered often, as these include the clothes that are now packed by the employee so the client can pick them up in the store, or to give away (brochures about) loyalty cards. Whereas the more standard employee actions such as greeting, chitchatting and giving advice have only been altered at a medium level, the actions of getting the customer the clothes they want and the completement of the purchase process towards the end of the customer journey (when the customer decides on the clothes and purchases them) has been altered more. Technologies such as RFID and CRM and the in-store web-shop are the reasons for this as they target these last steps of the journey.

The thirteen innovations seen among fashion retailers in the Netherlands can be placed under the main global trends. Whereas the in-store web-shop, online marketing strategies and implementation of CRM are part of the digital customer contact and the omnichannel trend, the use

of RFID tags are part of the accelerated fashion cycles. The new customer lifestyles such as casualisation and sustainability can be seen in the shifts in collection. Styling as well as the service concept are altered to fit in the trend of experiential stores.

Elements that were not altered by any of these innovations were standard actions such as getting clothes from a stockroom, switching clothes around and putting them in the right place, or standard physical elements such as the exterior of a store and counter area. A few elements had a high potential for innovation when looking at global trends such as the app, fitting rooms, or adjusting clothes (with a sewing machine). Nevertheless, these trends are not picked up in the Netherlands yet. Other global trends are also not present in this sample, such as shorter seasonality of the collections, the use of virtual or augmented reality, or general usage of experiential technology in the stores. According to expert D, this is because innovations like a body scan are too expensive. H&M tried, but the AR mirror does not properly function yet. That is why investing in these systems are not worth it. He adds: "En we zijn nog steeds in Nederland, niet in Tokyo ofzo" [And we are still in the Netherlands, not in Tokyo or wherever].

iii) Innovative nature of fashion retailers in the Netherlands

The fashion retailers and experts had different perspectives on the innovative nature of the sector. Whether the retailers thought of the fashion sector as innovative depended greatly on how they understood innovation. They see that a lot of retailers are innovating, but not in technological ways. According to retailer RedShirt, innovation in this sector is characterised by changing from merely buying clothes to buying an experience. Retailer WhiteT says that most innovations in this sector are concerned with trying to find new ways to reach the customer. They see many fashion retailers changing because they have to. According to him, the sector is difficult. "Je kunt niet stilstaan want dan weet je zeker dat je het niet overleeft" [You cannot stand still because then you know for sure you will not survive]. Yet, the sector is not innovative in terms of implementing technological innovations. According to retailer DressUp, innovation in the fashion industry is limited. Retailer DressUp says that the bigger, more professional retailers are quite innovative, but most retailers are too small for big innovations. Many innovations require special skills and knowledge and you need to hire more people to maintain these innovations. According to him, many of his wholesale customers do not even have a digital register. Expert CM does not think the sector is innovative on a technological aspect, nor on business model innovation. He is amazed by how traditional the clothes sector is, especially in their control of supply and demand e.g. how they have to order clothes almost three quarters of a year in advance. Expert D too thinks the fashion industry is not innovative. According to him, you buy clothes to look good, not because you love gadgets. A customer will not buy clothes of a certain brand to show other people how innovative you are. This sector remains traditional.

5.3 Factors influencing the service innovation decisions

How the factors from previous retail and service innovation literature play a role in the innovation decision process are discussed qualitatively.

5.3.1 Previous practice

A skillset that was developed with the previous adopted innovation makes the adoption of an innovation that requires a similar skillset easier and therefore more likely (Carslon, 2010; Neo & Calver, 2012). For each innovation decision, the retailers were asked whether they had adopted something similar before. This turned out to be a question that was hard to operationalize because either the store did not exist longer than five years, the interviewee did not work there long enough to know the answer, or the answer to the question was ambiguous. For example, changes in the collection happen frequently, but they are hard to be compared. Retailer RedShirt gave an example of having improved

waterproof materials in their collection before having created a sustainable collection. Even though both changes concern improving the quality of the collection, the practices and the main goals are not the same. Since too many answers were ambiguous and a dichotomous answer is required for the QCA, this variable was removed from the QCA.

Patterns that can be recognized for previous practice is that more expensive and often more labour-intensive technological innovations did not have anything similar to them in the past. For example, RFID is a revolutionary technology that is replacing old labels in clothes. Nothing that requires similar skills has been done before in the fashion industry. Non-technological and less costly innovations were done on a more continuous basis. According to retailer GoJeans, improving the decor of the store is something that never stops. Furniture can easily be changed. Retailer SeasonReady also says that they always implement gradual changes to the decor to ensure the store stays up to date. Nevertheless, the fact that changes in the decor follow each other up might not have to do with the development of a skillset but more with the fact that these are easy innovations that do not cost much and are not risky. One example of the acquisition of a skillset that might ease the adoption of similar changes is given by retailer RedShirt. The retailer explains how their creation of a sustainable collection is a gradual and continuous process as well. It is of great importance that a sustainable collection is not too expensive and is still stylish. A jacket consists of many parts, and their plan is to first to go for sustainable wool, and next time for sustainable yarn, etc. If they gradually make changes to their collection, they can ensure that it stays both stylish and not too expensive.

5.3.2 Felt needs/problems

If a fashion retailer experiences a need or a problem, either coming from within or outside of the organisation, they are more likely to adopt an innovation (Roger, 2003). Per innovation, the retailers were asked why they had implemented it to discover whether it was an internal or external reason. Some answers could be linked to internal or external problems. For example, the internal reason for GoJeans to implement RFID is that they needed to have accurate insight into their stock to streamline their offline and online purchases. DressUp's internal reasons to implement an CRM system was to have better insight in their wholesale activities. Most external reasons involved the customer under sayings such as 'that is nicer for the customer'. Controversially, as mentioned before, data on the customer's opinion is barely gathered, so the customer's need is deducted from external sources such as magazines or conferences. According to Rogers (2003), a need can also be created by a change agent.

Nevertheless, for many answers it was difficult to determine whether an internal or external need was present yes or no. For example, according to retailer FashionX, they changed the styling of the store because they thought it was outdated. When specifically asked how the need of the customer was involved, they answered that they did not change this because of the customer, but they themselves thought it was not trendy anymore. In examples like this, no other problem occurred than a 'feeling' that they should change. This is reflected in the following quote from retailer PolkaDots: "Het is ook veel dingen op gevoel. Aanvoelen en meebewegen, dat is het" [A lot of things are based on feelings. Feeling it and move with it, that is it]. Oftentimes, the interviewees had no clear answer as to why they had innovated something. Many fashion retailers look at what other fashion retailers are doing and when they see something they like and they have a budget for it, they will implement it. This loose way of decision-making is reflective in the following quote from DressUp where the retailer responds to the question of why they had implemented a certain innovation: "Dan vinden we zelf leuker. Je moeten gewoon dingen blijven doen. Ik weet niet hoe we dat beslissen, dat gaat gewoon. Er wordt gewoon flink in de rondte geshopt en over tijd. En soms denk je jeetje dat is fucking blitz en dan ga je het gewoon doen" [We prefer it ourselves. You just need to keep doing things. I don't know how we decide that, we just do. We shop around a lot. And sometimes you think that is really awesome

and then you just go for it]. This decision was based on something they thought was ‘fun’ and was not necessarily linked to an internal or external need. This way of talking about the reason of innovation is not unique to DressUp; many other retailers gave answers such as we did this ‘just because it suits us’, ‘because it is the trend’, or ‘we thought it would be a good idea’. The aim was to find binary yes or no answers and to discover patterns in these needs in the QCA. Nevertheless, the answers were less black and white than anticipated. Due to missing data and ambiguous answers, these variables were not used in the QCA.

5.3.3 Innovativeness

5.3.3.1 Organisational learning

Organizational learning, with cycles of search and change in the form of experimentation, knowledge sharing and codification of knowledge, has been shown to drive innovation (Gavetti et al., 2012).

Eight out of ten stores experiment with an innovation before they roll it out. They first test something in one or two stores and after they see the innovation is successful, they implement it in the other stores. What stores they choose to test the innovation in differs slightly. Whereas retailer JustForMen indicates they first test something in the most profitable stores, PolkaDots first tests something in their concept store. YourStyle and SeasonReady roll out their innovations in one go. Retailer SeasonReady says: “Als we ergens in geloven durven we het ook wel door te voeren” [If we believe in something, we dare to roll it out].

Six out of ten stores actively share knowledge about innovations or trends with other fashion retailers. PolkaDots and YourStyle mainly share knowledge with their personal networks such as friends or former colleagues. RedShirt and FullCloset are members of trade unions. Most retailers go to retail conferences which is where a lot of networking takes place, according to retailers RedShirt and WhiteT. This data is missing for three interviews, yet only retailer SeasonReady says they do not meet other retailers to talk about innovations in the market. According to them, they follow the trends in different ways, for example by reading retail magazines.

Eight out of ten retailers codify their knowledge about innovations by sending a written form of information such as a protocol or manual to employees in their company. Forms of communication that came up in the interviews were the sending of emails or uploading on an employee app. FashionX and PolkaDots do not work with manuals as for them someone always visits the store in person to explain an innovation. Retailers SeasonReady, WhiteT, GoJeans, and DressUp indicate that next to a written form of communication, they also have colleagues visiting to store to explain innovations in person. Retailer GoJeans explains that this only happens when the innovation is more drastic.

Most retailers engaged in the three different types of organisational learning and actively experiment with innovations, share knowledge about innovations, and codify the knowledge they have.

5.3.3.2 Absorptive capacity

Prior knowledge created by a firm’s own R&D, own manufacturing, or advanced staff training, generates absorptive capacity: the organisation’s capacity to incorporate external knowledge (Cohen & Leventhal, 1990).

Three out of ten retailers have their own R&D: FashionX, GoJeans, and FullCloset. GoJeans’s R&D includes research into how fabric can be dyed in new ways or experimentation with 3D pattern cutting, amongst others. For two stores the information was missing, and five stores indicate they do not have their own R&D. Many retailers are adopters of innovations rather than innovate themselves.

All retailers have their own manufacturing operations and produce their own collections. Seven retailers are mono-brand and only have their own collection. The three other stores are multi-brand but also all have their own collection. Whereas WhiteT has had its own collection for a long time, PolkaDots and SeasonReady have only started producing their own collection in the last five years.

Since this variable was the same for all stores it does not influence different innovation decisions and was removed from the QCA.

Three out of ten stores send their staff on advanced trainings. GoJeans and WhiteT offer different trainings to different employees, depending on what skills their function requires. Retailer FashionX give examples about how they train their employees in computer skills or educate them about production processes. Even though several stores train their staff internally, e.g. sales training, these were not counted as advanced training, as these trainings do not cause new knowledge to flow into the company.

Prior knowledge for absorptive capacity mainly comes from the fashion retailers' own manufacturing. Own R&D and advanced staff trainings are not common.

5.3.3.3 Dynamic capabilities

Conducting R&D activities, using supplier and customer information, using information from exogeneous science and technology organisation information, as well as using an analytical framework to sense opportunities reflect the dynamic capabilities of an organisation, i.e. the ability to explore technologies and markets to sense opportunities (Teece, 2007). Retailers with their own R&D (three out of ten) were already discussed in absorptive capacity.

All retailers indicated they visit retail conferences where external technology organisations, suppliers and complementors gather to present their information about the latest innovations relevant for the fashion industry. This is the main source of information about trends for the retailers. Other sources that interviewees named include websites, blogs, magazines, meetings organised by trade unions, or information exchange in personal networks. Since all retailers use suppliers and complementors information and information from exogeneous science and technology organisations by visiting retail conferences, these factors were omitted from the QCA.

The use of customer information turned out to be an innovation rather than a standard activity. Retailers indicated that they have always followed fashion trends by looking at trends abroad, or by gathering information in the ways mentioned above. PolkaDots and FashionX send surveys to the customers about their satisfaction with the purchase (after an online purchase), but no data is gathered on what else customers need. Retailer GoJeans says: "Je merkt vaak dat grote bedrijven ook vaak wel arrogant zijn dat ze denken van ja dit doen we al zo lang, we weten wel hoe het werkt. (..) En er wordt natuurlijk vaak gesproken over dingen als de klant is koning. Je ziet gewoon heel vaak dat niet per se het geval is" [You often notice that big companies are often arrogant and that they think we have been doing this for so long, we know how it works. (..) And often people talk about how the customer is king. You simple see often that this is not the case]. Directly gathering information from the customer has been absent until recent; implemented CRM systems are gathering data now. The data gathered by the CRM systems is mainly used for loyalty systems. Currently, YourStyle is the only store that extensively makes use of data to make decisions about trends. "Vroeger was het vaak een onderbuik gevoel van onze directeurs waar we heel wilden met onze collectie. (...) Nu krijgen we precies door wat de verkopen zijn per dag, en dan maken we analyses met een slim algortme" [In the past it was often a gut feeling from our directors about where we wanted to go with our collection. (..) Now we receive the exact amount of sales per day, and then we do analyses with a smart algorithm]. According to B expert, much data is captured in the CRM systems, but the data is not used enough. He sees that loyalty systems are becoming more popular, but more stores need to implement this, according to him. He wants to promote the use of CRM data to customize marketing to the purchase history of a customer. Also, the data must be analysed more to find out what kind of clothes are more popular than others and use that data to predict future trends.

Only one out of ten retailers used an analytical framework to aid the innovation decision process. Three interviewees were not sure about the use of a framework, and six explained decisions were more made based on gut feeling. Retailer PolkaDots said the following about whether there is

some structure in their decision-making process: “Dat is net wat bij hem (de directeur) opkwam. Ondernemen is ook vaak een gevoel. Dan werd er koffie gedronken en dan werd er wat voorgesteld en dan schreeuwden mensen van van ‘ja dan kunnen we dit doen’. Nee daar zit geen richtlijn in” [That is just what came to his (the director) mind]. Doing business is often a feeling. We would drink coffee and then something got proposed and then people would yell like ‘Yes this is something we could do’. No, we do not have a directive]. Retailers DressUp and FashionX explain it is based on experience and gut feeling. According to retailer DressUp, if their team believes in something, they are willing to take a risk. According to retailer WhiteT, they make their decisions based on what they see is happening and it is not a characteristic of their store to be structured in this process. Retailers YourStyle and SeasonReady did say that the budget needs to be available, but if it is, the decisions is still made without structure. The only fashion retailer that clearly uses an analytical framework is FullCloset. According to FullCloset, this is because they have a German origin. He says that the advantage of using an analytical framework is that everything is thought through carefully, but the downside is that the process is rather slow. In the fashion industry speed is of great importance.

Expert B has never seen a company who uses an analytical framework for decision-making: “Dat is gewoon de waan van de dag. Het is vaak een combinatie van emotie en ook wel ratio. Maar met name emotie” [That is the delusion of the day. It is often a combination of emotion and rationality too. But especially emotion]. Expert B says: “kijk je aan de buitenkant en dan denk je dat is een heel professioneel bedrijf, maar als je dan in het hoofdkantoor komt en je in de keuken mag kijken dan valt het tegen” [Sometimes you look at the outside and you think it is a very professional company, but if you then visit the headquarters and you can have a look at internal processes it is disappointing]. He explains that the store is what the people see and base their opinion on, so that has to be taken care of. According to expert A, there is a difference between big and small companies. The bigger ones are more rational; they use budgeting as a tool, and they have trajectories they follow when making a decision. For the smaller companies, it is often the owner who makes the decision.

5.3.4 Norms of the social system

The ideas and attitudes towards innovation within the social system of fashion retailers influence the ideas and attitudes towards innovation of individual fashion retailers. If there is a norm to stay current and engaged with new technologies, retailers may experience pressure to innovate themselves (Neo & Calver, 2012). Furthermore, in a social system a distinction can be made between earlier and later adopters, who are respectively earlier (and more positive about) or later with adopting new ideas than other members of the social system (Rogers, 2003).

5.3.4.1 Pressure to innovate

The turbulence of the retailer landscape did not go unnoticed by the fashion retailers. Retailers WhiteT and FashionX see that a lot of stores around them are innovating and they are trying to innovate themselves. Retailers FullCloset, PolkaDots, RedShirt and SeasonReady notice that the customer is changing: there are fewer visits to the stores because of the shift to online shopping, if they visit the store the employees need to work harder to make them buy things, they spend less, and they also spend it on different items such as casual wear instead of formal wear, according to retailer RedShirt. Nevertheless, only two out of ten stores said they feel pressure to innovate. Retailer PolkaDots explains they feel pressure because the customer expects you to innovate therefore you have to, and JustForMen feels the pressure because they want to be a part of the ‘big players’ but it is a difficult time.

Expert B thinks fashion retailers are feeling pressure because they are having a hard time. A lot of retailers disappear because they need to be innovative to survive and to lure customers into your stores. If they do not, they will not exist anymore in a few years: “Het moet een feestje zijn naar de winkel te gaan. Dan moet je wel vernieuwend zijn om dat voor elkaar te krijgen, anders besteld de

consument gewoon online” [It needs to be a treat to go to the store. You need to be innovative to make that happen, otherwise the customer just orders online].

Two answers are missing and six out of ten retailers indicated that they do not feel pressure to innovate. For these retailers, either they have an emphasis on innovation and do not feel pressure to go because it is a fundamental part of their strategy to be an innovative leader (like GoJeans and YourStyle), or they do not feel pressure because they do not have an emphasis on innovation and believe their strategy is good enough (see 5.3.4.2).

5.3.4.2 Emphasis on innovation

Two out of ten retailers can be categorized as earlier adopters: GoJeans and YourStyle. Both stores indicate they do not want to wait to implement innovations and it is their purpose to have a leading role. One answer is missing, and the seven other retailers indicate that they are not leaders in innovation. Retailer WhiteT says they do not lead but they do not lag behind much. Others explain not to want to put emphasis on innovation for several reasons. For PolkaDots, they have always wanted to be innovative, but they did not have the financial resources. Retailer RedShirt says that trends change so quickly that they rather wait until a trend has taken its definitive shape before they risk their investment. SeasonReady is a later adopter on purpose because according to them, innovations have to fit their brand’s DNA. Innovations such as big screens in the store for instore access to the web-shop makes their stores feel too much like big chain stores, whereas they prefer to create an atmosphere of a small store. FullCloset is a discounter, and their strategy is focused on selling cheap products in large quantities rather than offering a superior service through innovation. Expert B thinks that money plays a role in what stores are early adopters. According to him, the little stores want to be innovative, but it is too costly to invest. They prefer to wait and see others innovate first, and they will imitate if they see an innovation is successful.

At the heart of diffusion of innovation in a social system is imitation of near peers who have previously innovated something (Rogers, 2003). Seven out of ten fashion retailers explained how common it is for retailers to engage in a so called “competitie rondje” [walk to visit competitors], where retailers purposefully visit other retailers to see how they provide service. Retailer FullCloset explains: “Een concurrentie rondje. Doe ik zelf regelmatig om gewoon te weten wat er bij de concurrentie gaande is. Aan de ene kant van wat kun je er van leren, anderzijds waarin kun je je onderscheiden. Iedereen doet het” [A walk to visit competitors. I do that myself frequently just to know what is happening with competitors. On the one hand to see what you can learn, on the other hand to see where you can distinguish yourself. Everybody does it]. This is not linked to whether a store is an early or later adopter or whether they feel a pressure to innovate. This is a common thing fashion retailers do and they are all aware that others do it too.

5.3.5 Control variables

Firm size, business life cycle and international scope were added to the analysis because they were frequently pointed out in literature to influence innovation. Whether the retailer is mono-brand or multi-brand was added because it came up in the pilot interviews as likely to have an influence as well.

5.3.5.1 Large firm size

GoJeans, JustForMen, WhiteT and FullCloset all have a large firm size with more than 250 employees. In the interviews with these large firms the topic of their size having an influence on their innovations did not come up. Nevertheless, the small and medium-sized enterprises did refer to large firms as having a different way of innovating. Retailer DressUp links firm size to human resources. According to them, many innovations are too complicated for small chains to implement because employees with the right knowledge are needed to maintain the innovations. Retailer YourStyle believes that the larger

retailers have a better chance of surviving than small ones. Retailer SeasonReady links technological innovations to large firms, like the instore web-shops. Furthermore, financial resources were often named to have an influence on innovations. According to Greenhalgh et al. (2004), firm size is a proxy for slack resources, therefore when interviewees talked about large financial resources of other firms, they may have indirectly referred to large firms.

Expert B directly links firm size to financial resources. According to him, the little chains want to innovate but it is often too expensive. They prefer to wait with innovation and see what innovations work well so they can safely invest afterwards. Expert A links a large firm size to a larger internal knowledge base because more professionals are working for the company. In general, large firms create an impression of having more financial and human resources to deal with more, and more complex, technological innovations.

5.3.5.2 Business life cycle

According to Auzair and Langfield-Smith (2005), the life cycle of the business influences the innovation orientation. According to expert B, fashion retailers who are in decline might try new concepts out of desperation. Nevertheless, often they already lack the resources to change something drastically. Young companies have more innovations because there are often younger people who have new ideas as opposed to companies who have existed for a longer time. “Je ziet vaak dat mensen er lang werken, vastgeroest zitten, en niet meer op het idee komen om de winkelformule te verfrissen” [You often see that people have worked there for a long time, they are stuck, and they do not think to freshen up the store formula]. According to him, this is especially true for technological innovations. Expert A has an opposing opinion. According to him, young companies mainly want to invest in the opening of new locations. According to him, firms in a mature stage who have more store coverage are starting to innovate their existing stores. This did not come up in interviews with fashion retailers. No retailers in this sample were in decline, therefore only a distinction was made between a mature firm or a firm still in its growth.

5.3.5.3 International scope

Firms with geographically dispersed activities may benefit more from a certain group of innovations (Zhu & Kraemer, 2005). Expert A thinks that the need for certain innovations like ERP systems or RFID tags might be higher for organisations that need to handle stock exchanges internationally. Nevertheless, this is also true for large organisations within the Netherlands, as DressUp also implemented an ERP system to keep track of stock for all their wholesale activities. FullCloset was an example of how an international chain does not necessarily have to have the same innovations per country. Whereas they do have a web-shop for Germany, they do not have it in the Netherlands.

5.3.5.4 Mono-brand

In the pilot interviews it came up that multi-brand and mono-brand retailers operate in different ways and therefore might have different innovations. Retailers FashionX and YourStyle agree that multi-brands are having a harder time than mono-brand retailers and that they are disappearing. According to retailer YourStyle, mono-brand stores are stronger because of the brand image they can create in their store. According to him, a jacket is a jacket. If you put jackets from different brands next to each other, they are all beautiful jackets. Yet it is the brand image that customers form bonds with. This is what happens in a mono-brand store. YourStyle does not even do a lot of marketing, because they believe their mono-brand stores are their marketing. Retailer SeasonReady adds to this by saying that for mono-brand stores it is allowed to make a loss because the stores function as marketing tool. Retailer PolkaDots explains that the main difference between multi-brand stores and mono-stores is that mono-brand are just selling their own collection on which the margins are much higher. PolkaDots is multi-brand themselves and they started their own collection to receive those higher margins. Only selling other brands did not generate enough profits. According to retailer FashionX, a multi-brand business model is not viable because of high rents and low profits. SeasonReady is a multi-brand store,

and they too see the challenges of this model. Yet they still believe that if a store has a driven team, a unique selection of brands and a unique way of presenting it is still possible to connect to the customer.

B expert also names the financial risk of being a multi-brand store. On top of the advantage of having higher margins, mono-brand retailers often spread financial risks by selling their clothes to multi-brand stores. According to expert A, as a mono-brand retailer it is easier to navigate innovation than a multi-brand store, because multi-brand stores need to deal with a lot of stakeholders. Expert C sees that multi-brand stores, in particular warehouses where multiple categories of products are sold, are becoming decreasingly relevant because people are bonding more with mono-brand stores. Mainly people who need something instantly, like travellers who have forgotten something, will go to big multi-brand stores.

5.4 Qualitative Comparative Analysis of Service Innovations

To perform QCA, a truth table was made for the variables for the norms of the social system, innovativeness, and the control variables. Per innovation, the variables for the retailers who have implemented that innovation are shown. The truth table can be found in appendix IV. All the outcomes for the retailers are compared with each other, leading to solutions that show the common variables per two retailers. The number of solutions depends on the number of retailers that implemented the same innovation. Solutions can be combined into one overall solution per innovation. If the case, the overall solution shows variables that were common for all separate solutions outside of brackets, and inside the brackets the rest of the solutions are shown. If only two retailers implemented the same innovation there is only one solution because the outcomes are only compared to each other. Each innovation shows how many solutions there were, and the overall solution. The individual solutions can be found in appendix IV. Solutions use capital letters for variables that were present, and small letter for variables that were absent. The different categories of variables (norms of the social system, innovativeness, and control variables) were colour coded to make analysis easier.

5.4.1 Sustainable collection

Table 10. Outcomes of variables per retailer who implemented a sustainable collection and overall solution resulting from QCA, colour coded according to prior condition.

Sustainable collection:				
Cases	WhiteT	RedShirt	GoJeans	FashionX
Pressure to innovate	1	0	0	-
Emphasis on innovation	0	0	1	-
Experimentation	1	1	1	1
Knowledge sharing	1	-	1	1
Codification of knowledge	1	1	1	0
Own R&D	0	0	1	1
Advanced training staff	1	0	1	1
Analytical framework	0	0	-	0
International scope	1	1	1	0
Large firm size	1	0	1	0
Mono-brand	0	1	1	1
Maturity	1	0	1	0

Variable1 = Norms of the social system
 Variable2 = Innovativeness
 Variable3 = Control variables
 (... + ...) = Different solutions

Number of solutions: 6

Overall solution:

EXPERIMENTATION (emphasis on innovation * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * own R&D * analytical framework * INTERNATIONAL SCOPE + KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * ADVANCED TRAINING STAFF * INTERNATIONAL SCOPE * LARGE FIRM SIZE * MATURITY + KNOWLEDGE SHARING * ADVANCED TRAINING STAFF * analytical framework + pressure to innovate * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * MONO-BRAND + analytical framework * large firm * MONO-BRAND * maturity + KNOWLEDGE SHARING * OWN R&D * ADVANCED TRAINING STAFF * MONO-BRAND)

Four retailers added a sustainable collection which led to six solutions. This suggests that the creations of a sustainable collection can be decided upon by alternative conjunctures of factors. In the overall solution, it can be seen that the presence of experimentation is necessary for a sustainable collection to happen. Interviewees indicate that often collections are tested in a few stores first only, to see if the items are sold. According to retailer RedShirt, it is a challenging task to make a collection as sustainable as possible, without raising the price too much or losing stylishness of the product. It is also hard to understand what customers will want to buy. They may say they want to have sustainable products but once in the store, they often still go for the stylish and cheap clothes. Therefore, for this innovation, experimentation to make successful collections must be required.

The other variables differ largely between the solutions. When looking at the control variables, for the first solution it only matters that the firms are international. These international firms do not consider themselves to be innovative leaders, even though the presence of two organizational learning capabilities (knowledge sharing and codification of knowledge) mattered. The firms do have a lack of

dynamic capabilities. In other words, for these retailers to create a sustainable collection, they must have capabilities in changing organizational routines, but they lack capabilities in sensing external opportunities. To create a sustainable collection, a lot of procedures need to be put in place to verify whether all the choices in their supply chain were the best choice. This requires the organization to learn how to implement all these control steps into their existing steps.

For the international, large, mature firms, the same organizational learning variables knowledge sharing, and codification of knowledge are present as in the first solution. For these firms, advanced staff training is important too, whereas other innovativeness variables did not matter.

For the third solution, the control variables and norms of the social system did not matter, and all that was required was a combination of a few skills on two innovativeness capabilities: organizational learning (knowledge sharing) and absorptive capacity (advanced training staff). The use of an analytical framework is absent. This means that these companies use a mix of a small amount of external knowledge, with a medium level of change capabilities, and they still manage to implement a sustainable collection.

The fourth solution also concerns international retailers, who only have their own brand. These retailers do not feel pressure to innovate and the only innovativeness variable other than experimentation that matters is the presence of codification of knowledge. Codification of knowledge is present for all international retailers (in solution 1, 2 and 3).

Small, mono-brand retailers who are in their growth phase need the absence of an analytical framework, and the other variables do not matter. Oftentimes, firms that are still growing are younger, and are experimenting with their collection to suit their brand's DNA.

Finally, mono-brand retailers who have a plurality of organizational learning and absorptive capacity variables (experimentation together with knowledge sharing, own R&D, and staff training). These retailers already know how to make their own collection, so with many innovative capabilities it seems an easy step to try and make a part of your collection sustainable.

5.4.2 Own collection

Table 11. Outcomes of variables per retailer who implemented own collection and overall solution resulting from QCA, colour coded according to prior condition.

Start own collection:		
Cases	SeasonReady:	PolkaDots:
Pressure to innovate	0	1
Emphasis on innovation	0	0
Experimentation	0	1
Knowledge sharing	0	1
Codification of knowledge	1	0
Own R&D	0	0
Advanced training staff	0	0
Use of an analytical framework	0	0
International scope	0	0
Large firm size	0	0
Mono-brand	0	0
Maturity	1	1

Variable1 = Norms of the social system
 Variable2 = Innovativeness
 Variable3 = Control variables
 (... + ...) = Different solutions

Number of solutions: 1

Overall solution:

emphasis on innovation * own r&d * advanced training staff * use of an analytical framework * international scope * large firm* mono-brand * MATURITY

There is only one solution for the two firms who have started their own collection. Both firms are small, mature, multi-brand retailers who only sell in the Netherlands. They do not consider themselves to be early adopters and they have an absence of three out of six innovative variables: own R&D, advanced training staff and the use of an analytical framework. The fact that they are a multi-brand store is a necessary condition to start their own collection since as mono-brand retailers only have their own brand. Both retailers are mature which might mean that they have acquired enough knowledge about the market, that they already have the network to make starting their own collection easier. They are small, national retailers, and starting their own collection might be an easy sidestep to increasing profits nationally. When having the right network built up, innovative capabilities are less necessary for this innovation. Adding more clothes might not be seen as a drastic innovation, which is in accordance with the retailers not considering themselves innovative.

5.4.3 Long tailing strategy

Table 12. Outcomes of variables per retailer who implemented a long tailing strategy and overall solution resulting from QCA, colour coded according to prior condition.

Long tailing strategy		
Cases	JustForMen	SeasonReady
Pressure to innovate	1	0
Emphasis on innovation	0	0
Experimentation	1	0
Knowledge sharing	-	0
Codification of knowledge	1	1
Own R&D	-	0
Advanced training staff	0	0
Use of an analytical framework	-	0
International scope	1	0
Large firm size	1	0
Mono-brand	1	0
Maturity	1	1

<p>Solutions: 1</p> <p>Overall solution:</p> <p>emphasis on innovation * CODIFICATION OF KNOWLEDGE * advanced training staff * MATURITY</p>	<p>Variable1 = Norms of the social system Variable2 = Innovativeness Variable3 = Control variables (... + ...) = Different solutions</p>
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Two retailers who started using long tailing, leading to one solution. For long tailing, you closely work together with either your suppliers or online platforms. With both retailers being in their maturity, they might have developed the network and knowledge on how to cooperate most effectively. Codification of knowledge can be important because clear communication is necessary in this cooperation. Both retailers do not consider themselves innovative, yet they are the only retailers who brought up that they have started implementing long tailing. Nevertheless, sharing stock is hard according to expert A, and it is an emerging phenomenon. Why these retailers consider themselves to not be innovative remains unclear. It also remains unclear why the absence of staff training plays a role.

5.4.4 In-store web-shop

Table 13. Outcomes of variables per retailer who implemented an in-store web-shop and overall solution resulting from QCA, colour coded according to prior condition.

In-store web-shop						
Cases	WhiteT	GoJeans	JustForMen	YourStyle	RedShirt	FashionX
Pressure to innovate	1	0	1	0	0	-
Emphasis on innovation	0	1	0	1	0	-
Experimentation	1	1	1	0	1	1
Knowledge sharing	1	1	-	1	-	1
Codification of knowledge	1	1	1	1	1	0
Own R&D	0	1	-	-	0	1
Staff training	1	1	0	0	0	1
Use of an analytical framework	0	-	-	-	0	0
International scope	1	1	1	1	1	0
Large firm size	1	1	1	0	0	0
Mono-brand	0	1	1	1	1	1
Maturity	1	1	1	0	0	0

Solutions: 15

For solutions see appendix IIII.

Six out of ten fashion retailers have implemented a device such as a kiosk or a tablet in their store to allow customers access to the web-shop. This has led to fifteen possible solutions. Amongst these solutions, there were no variables in common for all of them. For the control variables, norms of the social system variables and innovativeness variables, no clear patterns can be found. Variables outside of this analysis might explain the difference in adoption choices. For example, retailer SeasonReady felt like the big screens did 'not suit' there store, which needs a more in-depth analysis of reasoning.

5.4.5 RFID

Table 14. Outcomes of variables per retailer who implemented RFID and overall solution resulting from QCA, colour coded according to prior condition.

RFID:		
Cases	WhiteT	GoJeans
Pressure to innovate	1	0
Emphasis on innovation	0	1
Experimentation	1	1
Knowledge sharing	1	1
Codification of knowledge	1	1
Own R&D	0	1
Advanced training staff	1	1
Use of an analytical framework	0	-
International scope	1	1
Large firm size	1	1
Mono-brand	0	1
Maturity	1	1

<p>Solutions: 1</p> <p>Overall solution:</p> <p>EXPERIMENTATION *KNOWLEDGE SHARING *CODIFICATION OF KNOWLEDGE * ADVANCED TRAINING *INTERNATIONAL SCOPE *LARGE FIRM SIZE *MATURITY</p>	<p>Variable1 = Norms of the social system Variable2 = Innovativeness Variable3 = Control variables (... + ...) = Different solutions</p>
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For the two retailers who implemented RFID, the solution shows that norms of the social system did not matter for the result. Innovativeness, on the other hand, seems important as four of the six innovativeness variables matter and are present: experimentation, knowledge sharing, codification of knowledge and advanced training staff. All variables of organizational learning were present, indicating that for implementing RFID, organizations must be skilled in changing their organizational routines accordingly. RFID requires many organizational changes as when staff functions and platforms need to be changed to work with this new technology. The presence of advanced staff training shows skills of incorporating external knowledge. RFID is mainly used as a stock tracking technology. Stock tracking might be more challenging for large firms who operate internationally, which explains their decision to implement a technology to help them with this. Both retailers are mature and since they only recently implemented RFID, must have dealt with the challenges of traditional stock tracking for a longer period. This might have increased the felt need.

5.4.7 Expansion online marketing

Table 15. Outcomes of variables per retailer who expanded online marketing and overall solution resulting from QCA, colour coded according to prior condition.

Expansion online marketing		
Cases	FashionX	SeasonReady
Pressure to innovate	-	0
Emphasis on innovation	-	0
Experimentation	1	0
Knowledge sharing	1	0
Codification of knowledge	0	1
Own R&D	1	0
Advanced training staff	1	0
Use of an analytical framework	0	0
International scope	0	0
Large firm size	0	0
Mono-brand	1	0
Maturity	0	1

<p>Solutions: 1</p> <p>Overall solution:</p> <p>Use of an analytical framework * international scope * large firm size</p>	<p>Variable1 = Norms of the social system Variable2 = Innovativeness Variable3 = Control variables (... + ...) = Different solutions</p>
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Two retailers have expanded their online marketing with one solution as result. These retailers have few variables in common. Their norms of the social system did not matter and how innovative they are barely mattering either. The only commonality they have there is that they both do not use an analytical framework. They are both small national firms, other control variables did not matter. Since they are small and national firms, they might have been capable to create bonds with their customers in more traditional ways for a longer time. With the rise of the e-commerce, they might have only now started to realize they should make this switch. Online marketing is not an innovation in the social system, so it might be that other retailers already increased their online presence longer than five years ago. The lack of use of an analytical framework can explain why these companies did not identify the potential of this innovation earlier.

5.4.6 Change social media strategy

Table 16. Outcomes of variables per retailer who changed their social media strategy and overall solution resulting from QCA, colour coded according to prior condition.

Change social media strategy						
Cases	WhiteT	JustForMen	FullCloset	FashionX	SeasonReady	PolkaDots
Pressure to innovate	1	1	0	-	0	1
Emphasis on innovations	0	0	0	-	0	0
Experimentation	1	1	1	1	0	1
Knowledge sharing	1	-	1	1	0	1
Codification of knowledge	1	1	1	0	1	0
Own R&D	0	-	1	1	0	0
Advanced training staff	1	0	0	1	0	0
Use of an analytical framework	0	-	1	0	0	0
International scope	1	1	1	0	0	0
Large firm size	1	1	1	0	0	0
Mono-brand	0	1	1	1	0	0
Maturity	1	1	0	0	1	1
Solutions: 15						
For solutions see appendix IV						

Six out of ten fashion retailers have innovated their social media strategy. This has led to fifteen possible solutions. Amongst these solutions, there were no variables in common for all of them. No clear patterns can be found. This is a popular innovation that companies with different decision styles and characteristics are adopting. Therefore, this innovation can be considered an industry trend. Since the infrastructure for social media has already been there for years, changing the strategy is an easy step.

5.4.8 Narrowcasting screens

Table 17. Outcomes of variables per retailer who implemented narrowcasting screens and overall solution resulting from QCA, colour coded according to prior condition.

Narrowcasting screens		
Cases	DressUp	WhiteT
Pressure to innovate	0	1
Emphasis on innovation	0	0
Experimentation	1	1
Knowledge sharing	-	1
Codification of knowledge	1	1
Own R&D	0	0
Advanced training staff	0	1
Use of an analytical framework	0	0
International scope	1	1
Large firm size	0	1
Mono-brand	1	0
Maturity	0	1

<p>Solutions: 1</p> <p>Overall solution:</p> <p>emphasis on innovation * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * own r&d * use of an analytical framework * INTERNATIONAL SCOPE</p>	<p>Variable1 = Norms of the social system Variable2 = Innovativeness Variable3 = Control variables (... + ...) = Different solutions</p>
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For the implementation of narrowcasting screens, the firms differed largely on their control variables except for that they both have an international scope. They do not consider themselves leading innovators, and four of six innovativeness variables play a role. Two organizational learning variables are present: experimentation and codification of knowledge. The dynamic capabilities of own R&D and the use of an analytical framework are absent. The installation of screens in all the stores requires changes in the stores but does not require the capability to scan the market for new technologies. Narrowcasting seems to be an innovation that is within the comfort zone of these firms. International retailers might have a larger focus on developing high quality commercials since they have to adjust it for different countries. Having already invested in high quality commercials, a natural follow-up is to broadcast them in all stores. The firms do not consider themselves innovative leaders, even though they are they only retailers who have implemented these innovations. This might suggest they did not consider this implementation very innovative.

5.4.9 Coffee corner

Table 18. Outcomes of variables per retailer who implemented a coffee corner and overall solution resulting from QCA, colour coded according to prior condition.

Coffee corner		
Cases	WhiteT	PolkaDots
Pressure to innovate	1	1
Emphasis on innovation	0	0
Experimentation	1	1
Knowledge sharing	1	1
Codification of knowledge	1	0
Own R&D	0	0
Advanced training staff	1	0
Use of an analytical framework	0	0
International scope	1	0
Large firm size	1	0
Mono-brand	0	0
Maturity	1	1

<p>Solutions: 1</p> <p>Overall solution:</p> <p>PRESSURE TO INNOVATE * emphasis on innovation *</p> <p>EXPERIMENTATION * KNOWLEDGE SHARING * own r&d * use of an analytical framework *</p> <p>mono-brand * MATURITY</p>	<p>Variable1 = Norms of the social system</p> <p>Variable2 = Innovativeness</p> <p>Variable3 = Control variables</p> <p>(... + ...) = Different solutions</p>
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Two retailers have created a coffee corner in their stores. Both retailers do not consider themselves leading innovators, but they do feel the pressure to innovate. Two organizational learning variables matter and are present, so the ability to change organizational processes is important for the decision to create a coffee corner. Both retailers lack in dynamic capabilities to sense opportunities. They are both multi-brand, mature retailers. Multi-brand retailers are known to have challenges other retailers have not. Creating a coffee corner is a relatively easy innovation to quickly create an improved experience into the store. The retailers have seen that providing a memorable customer experience is of great importance, but they lack to capabilities to sense new opportunities. Since they do feel the pressure to innovate and have the capabilities to change the store lay-outs to create a coffee corner, this might have been a relatively easy option for them.

5.4.10 Presentation clothes

Table 19. Outcomes of variables per retailer who changed the presentation of their clothes and overall solution resulting from QCA, colour coded according to prior condition.

Presentation clothes			
Cases	DressUp	WhiteT	RedShirt
Pressure to innovate	0	1	0
Emphasis on innovation	0	0	0
Experimentation	1	1	1
Knowledge sharing	-	1	-
Codification of knowledge	1	1	1
Own R&D	0	0	0
Advanced training staff	0	1	0
Use of an analytical framework	0	0	0
International scope	1	1	1
Large firm size	0	1	0
Mono-brand	1	0	1
Maturity	0	1	0

<p>Solutions: 3</p> <p>Overall solution:</p> <p>Emphasis on innovation * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * own r&d * use of an analytical framework * INTERNATIONAL SCOPE (KNOWLEDGE SHARING + pressure to innovate * advanced training staff * large firm * MONO-BRAND * maturity)</p>	<p>Variable1 = Norms of the social system Variable2 = Innovativeness Variable3 = Control variables (... + ...) = Different solutions</p>
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For the three retailers that changed the way they present clothes, there are three solutions. The variables outside the brackets show the variables all solutions had in common, and the combination of these variables was necessary for the presentation of clothes to be changed.

All retailers did not consider themselves a leading innovator. This might be explained by the high frequency of change of collections, which implies that stores always need to consider where new clothes are to be placed in stores. Even though these retailers were they only ones who indicated something more drastically changed in their presentation, they might not consider this particularity innovative compared to other members of the social system. Two variables of organizational learning, experimentation, and codification of knowledge, were present, whereas the variables of dynamic capabilities were absent. Changing presentation and communicating to employees how these changes will take place benefit from organizational learning capabilities, whereas the innovation does not require innovations that are new to the market. Finally, all retailers had an international scope. International firms need to coordinate their brand images among all countries, which might result in a larger focus on things like presentation of clothes.

Not only is the first combination of variables necessary, it is also sufficient for the change of presentation; these variables alone can lead to an innovation in change of clothes (see appendix IV for the single solutions). There are two other combinations of variables that firms had in common. The second solution is a combination of the sufficient and necessary variables plus the presence of knowledge sharing. This adds another organizational learning capability, thereby stressing its

importance. For this solution, it did not matter whether retailers felt pressure to innovate, and the control variables still did not matter.

The third solution has the absence of advanced staff training as part of the combination. This lack of absorptive capacity can reveal further how lacking capabilities to spot other opportunities causes the firms to innovate internally, even though the role of R&D did not matter. The lack of advanced staff training was only true for the small mono-brand retailers, who are still growing. These retailers also did not feel pressure to innovate, and feel free to experiment within their own stores.

5.4.11 Customer Relationship Management (CRM)

Table 20. Outcomes of variables per retailer who implemented CRM and overall solution resulting from QCA, colour coded according to prior condition.

CRM								
Cases	WhiteT	GoJeans	FullCloset	DressUp	YourStyle	RedShirt	FashionX	Season-Ready
Pressure to innovate	1	0	0	0	0	0	-	0
Emphasis on innovation	0	1	0	0	1	0	-	0
Experimentation	1	1	1	1	0	1	1	0
Knowledge sharing	1	1	1	-	1	-	1	0
Codification of knowledge	1	1	1	1	1	1	0	1
Own R&D	0	1	1	0	-	0	1	0
Advanced training staff	1	1	0	0	0	0	1	0
Use of an analytical framework	0	-	1	0	-	0	0	0
International scope	1	1	1	1	1	1	0	0
Large firm size	1	1	1	0	0	0	0	0
Mono-brand	0	1	1	1	1	1	1	0
Maturity	1	1	0	0	0	0	0	1

Solutions: 28

Overall solution: see appendix IV.

Eight out of ten fashion retailers have implemented a CRM system. This is a large majority, and therefore the popularity of this innovation is more important than decision style. Seeing so many other retailers take the same innovation might increase their pressure to do the same, even though some do it later than others. Since most retailers implemented these innovations, there were too many causal combinations that led to the innovations, and no patterns in the factors could be found. The popularity of these innovations outweighs the influence of factors on the decision

5.4.12 Improvement service concept

Table 21. Outcomes of variables per retailer who improved their service concept and overall solution resulting from QCA, colour coded according to prior condition.

Improvement service concept				
Cases	WhiteT	JustForMen	FullCloset	PolkaDots
Pressure to innovate	1	1	0	1
Emphasis on innovation	0	0	0	0
Experimentation	1	1	1	1
Knowledge sharing	1	-	1	1
Codification of knowledge	1	1	1	0
Own R&D	0	-	1	0
Advanced training staff	1	0	0	0
Use of an analytical framework	0	-	1	0
International scope	1	1	1	0
Large firm size	1	1	1	0
Mono-brand	0	1	1	0
Maturity	1	1	0	1

Solutions: 6

Overall solution:

Emphasis on innovation * EXPERIMENTATION
(PRESSURE TO INNOVATE * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * LARGE FIRM * MATURITY +
KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * LARGE FIRM
+
PRESSURE TO INNOVATE * KNOWLEDGE SHARING * own r&d * use of an analytical framework *
mono-brand * MATURITY +
CODIFICATION OF KNOWLEDGE * advanced training staff* INTERNATIONAL SCOPE * LARGE FIRM
* MONO-BRAND+
PRESSURE TO INNOVATE * advanced training staff * MATURITY +
KNOWLEDGE SHARING * advanced training staff)

Variable1 = Norms of the social system
Variable2 = Innovativeness
Variable3 = Control variables
(... + ...) = Different solutions

Four fashion retailers have improved their service concept. There are six solutions for this innovation, suggesting that the improvement of a service can be decided upon by alternative conjunctures of factors.

As the overall solution shows, there are two variables that have common presence amongst all the fashion retailers: the absence of an emphasis on innovation and the presence of experimentation. This means that in a social system, these retailers imitate what they see in other stores and they are less likely to take a risk. Combining this with their experimentation style shows that these retailers are more careful when it comes to innovating.

There are three solutions that cover large international firms. In the first solution, large international and mature firms feel a pressure to innovate and codify their knowledge. There are also large international firms in the second solution, but other control variables do not matter. Here, codification of knowledge is important too, as well as knowledge sharing. The fourth solution also describes large international firms with one brand, for whom it is also important to codify knowledge,

and do not train their staff. All the international, large firms codify their knowledge, and whereas for the mature firm the pressure to innovate is more important, for the mono-brand firm the staff training has to be absent, and for the firm where other control variables do not matter, knowledge sharing is important. The interchangeability of variables between large, international firms remains unclear.

The third solution covers mature firms that are multi-brand, who lack their own R&D and analytical framework, yet do share knowledge and feel the pressure to innovate. In this case, the lack of dynamic capabilities and presence of knowledge sharing means their main resource of information is from networking. Since these firms do feel the pressure to innovate, improving their service might be the solution they think of in this conjuncture of factors.

The fifth solution suggests that for mature firms who do not train their staff, have no emphasis on innovation and an absence of experimentation, feeling the pressure to innovate is sufficient to innovate your service concept. Finally, the last suggestion shows that knowledge sharing together with an absence of staff training are also sufficient to make firms innovate their service.

5.4.13 Outfit box

Table 22. Outcomes of variables per retailer who implemented an outfit box and overall solution resulting from QCA, colour coded according to prior condition.

Outfit box		
Cases	RedShirt	SeasonReady
Pressure to innovate	0	0
Emphasis on innovation	0	0
Experimentation	1	0
Knowledge sharing	-	0
Codification of knowledge	1	1
Own R&D	0	0
Advanced training staff	0	0
Use of an analytical framework	0	0
International scope	1	0
Large firm size	0	0
Mono-brand	1	0
Maturity	0	1

Solutions: 1

Overall solution:

pressure to innovate * emphasis on innovation * CODIFICATION OF KNOWLEDGE * own r&d * advanced training staff * use of an analytical framework * large firm

Variable1 = Norms of the social system
 Variable2 = Innovativeness
 Variable3 = Control variables
 (... + ...) = Different solutions

There are only two firms who decided to send outfit boxes to their customers, and therefore there is only one solution. The firms are small, do not emphasize innovation, nor do they feel any pressure to innovate. This means that, in the social system of fashion retailers, they are generally later with adopting innovations. Of the six innovativeness variables that were included in the QCA, they have an absence of their own R&D, advanced staff training, and the usage of an analytical framework to make decisions. They do not possess many innovative capabilities. There is the paradox of these small non-innovative firms who do not feel pressure to innovate still are the only retailers with this innovation.

Even though explained that innovation could also be something small and non-technological, the concept was often associated with big technological innovation. Therefore, even though they do not feel the pressure to innovate and do not consider themselves innovative, they might not have considered this more personal innovation as innovative. Furthermore, retailer SeasonReady explained how important it is that an innovation fits the image and strategy of the store. As a small firm, they strongly rely on strong bonds with the customers. This is an innovation that leads to a high quality, personal service and mainly falls back on the quality of the staff.

6. Corona Crisis: a push for innovation?

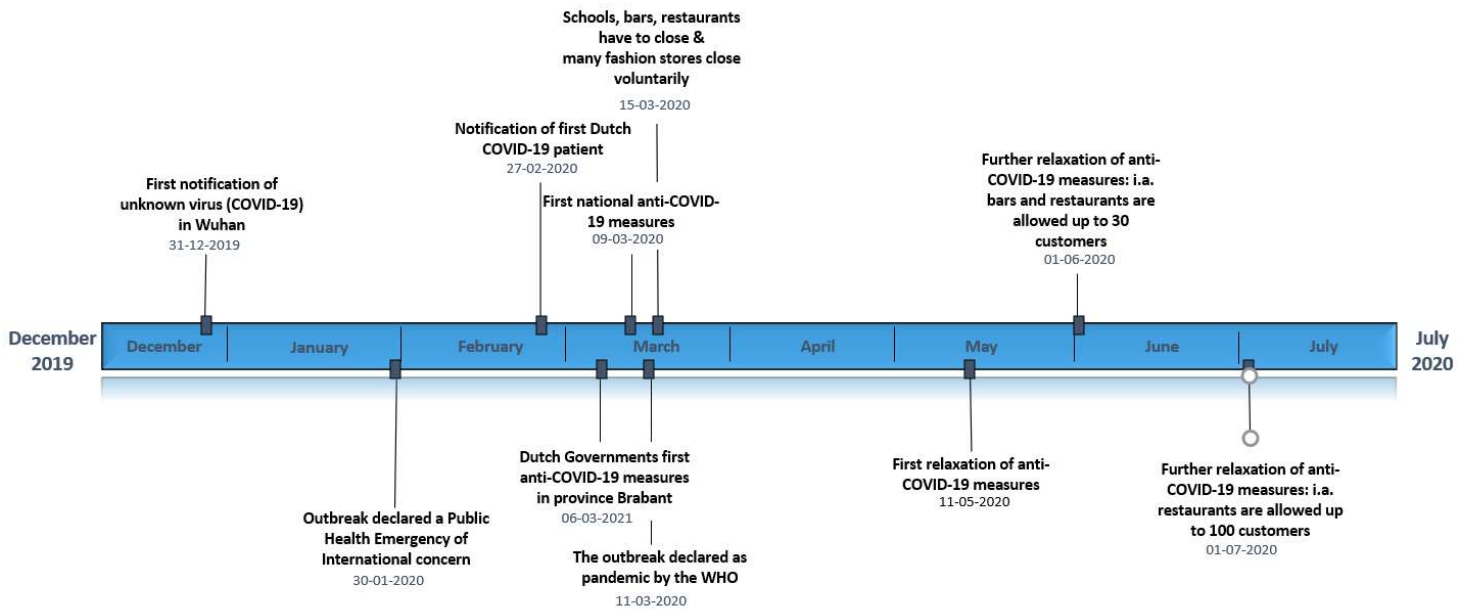


Figure 19. Timeline with the most important COVID-19 crisis events affecting the retail industry (NOS NIEUWS, 2020; NRC, 2020, Bogosavac, 2020)

On the 31st of December 2019, China notified the world about an unknown virus: COVID-19 (or Corona virus). On the 30th of January 2020, the World Health Organisation declared the outbreak of the virus a Public Health Emergency of international concern. The notification of the first COVID-19 patient in the Netherlands was on the 27th of February and from the 6th of March onwards, regulations imposed by the Dutch government followed each other up (NOS NIEUWS, 2020). For the retail sector, the most crucial regulation came on the 15th of March, when schools, bars and restaurants had to close. Even though stores in the Netherlands could officially stay open, many retailers closed their stores voluntarily for a few weeks - including fashion retailers (Bogosavac, 2020). Even though anti-COVID-19 measures started to relax from the 11th of May onwards (NRC, 2020), the closure of stores and emptying city centres still caused more than half of the retailers in the Netherlands to miss out on 60-100% of their revenue (Bogosavac, 2020). For a more detailed timeline concerning events of importance for retailers in particular during the Corona crisis see figure 19. Retailers' responses to manage the crisis can be clustered in i) short-term and ii) long-term responses. Whereas short-term responses are directed at solving immediate cash flow problems, dealing with an unsold summer collection, adhering to regulations and still attracting customers, long-term responses include the solving of procedural problems that were revealed because of the crisis, as well as speeding up the shift to online shopping.

- i) *Short-term responses*
 - a. *Cashflow management*

As a short-term response to the sudden drop in revenue, the main priority of the fashion retailers was to manage their cash flow. To cut costs, retailers WhiteT, FullCloset and SeasonReady indicated they immediately started negotiations about one of the biggest expenses: rent. Cost cutting was also done on the employee side. In the international company JustForMen, in countries where possible, many people were fired or not scheduled to work anymore (dependent on national regulations). Furthermore, the retailers also hold back on giving employees financial bonuses this year. Retailer SeasonReady also indicated that for them, contracts that employees with contracts that expired in the

last months were not extended. Without specifying how, retailer FullCloset too mentioned that costs would be cut on the salary side. Other ways in which moved was saved by the retailers was by cancelling business trips and meet virtually instead (FullCloset), putting a halt to the planned opening of new stores (Yourstyle and Redshirt), or pushing back payments (WhiteT). Retailer WhiteT explained that they negatively made the news by pushing back payments, but they did not see another way as they were missing out on 80% of their revenues. Next to payment delay, they also asked their stakeholders and banks for more money.

In the process of buying and supplying collections (multi-brand vs. mono-brand retailers, respectively), practices like pushing back payments and negotiating were also common. Mono-brand retailers FashionX and YourStyle had problems selling their collections to their multi-brand customers because due to financial problems, their customers could not or did not want to buy the collections they had previously ordered. Both retailers allowed their customers to pay later. YourStyle also agreed to deliver orders later than planned. FashionX gave a discount on their collections of April and May, as well as raised the margins which is beneficial for both themselves and their customers. As a multi-brand store buying collections from other retailers, retailer SeasonReady too mentioned how important it was for them to negotiate.

b. Dealing with the unsold summer collection

Even though negotiations solved a part of the problem, perhaps the biggest puzzle that the corona crisis brought about was the question of what to do with the incoming ordered summer collection that remained unsold. Interviews showed that this was solved in three ways.

First, to deal with having too many unsold clothes in the stores, not presenting (part of) a collection would solve this. Cancelling a collection is an option, yet since collections are ordered so far in advance, only later collections can be cancelled. YourStyle cancelled the collection of November and FashionX is cancelling the collection of October. Retailer FashionX explains how they are moving orders from July to August, August to September, and September to October. Retailer JustForMen decided to not present part of the collection that did not reach the stores yet and save it for next year. The situation is different for multi-brand stores like YourStyle, FashionX and JustForMen; they are obliged by contract to present the clothes that they ordered from other retailers. FullCloset had to present the clothes from other brands but they decided to take out and save their own collection and for next year.

Second, everything that is already presented in the store needs to leave the store with discounts, according to retailer FullCloset. Retailer WhiteT explained that it was necessary to give away parts of their margins because they needed cash. Retailer PolkaDots said that many retailers started sales for their spring collection early, themselves included. According to Retailer JustForMen, discounts in their store have never been higher; whereas 50% discount is normally the standard, discounts now were as high as 80%. Discounts rose highest just after stores started reopening. According to retailer JustForMen, these extreme sales only lasted for a few weeks and decreased when more people started shopping again.

Finally, YourStyle, WhiteT and FashionX connected to new online marketplaces to offer their stock online. According to retailer YourStyle, during the crisis these marketplaces were still willing to buy stock. Retailer WhiteT was amazed by the ease by which connections can be made right now; normally it takes a lot of time, but now everything is sped up because it was necessary.

c. Making the stores compliant to government regulations

Next to cashflow and stock management, retailers also needed to make their stores compliant to the new governmental measures concerning social distancing and hygiene. Retailer GoJeans explains how they wanted to create a safe environment by giving the employees gloves and mouth masks. They placed disinfectant gel at the entrance of the store requesting everyone who comes in to use it, as well

as cloths with disinfectant everywhere in the store for the employees to use on a regular basis. They indicated on the floors how people should walk to prevent people from standing too close to each other. Finally, someone was positioned at the entrance of the store to ensure not too many people entered. RedShirt also placed Plexiglas screens in their stores. Retailer JustForMen told a similar story and added that these preparations came with some challenges. For example, the first gloves they gave the employees left marks behind on their collection. Two measures they had taken turned out to be unpractical. First, when customers tried on clothes, the clothes needed to be left alone for a few hours before they could be steamed and put back in the store. Second, in the beginning the retailer refused cash payments. When customers started to complain about wanting to pay with cash, they allowed it after all. Amongst the interviewed retailers, FullCloset, WhiteT, YourStyle, JustForMen, GoJeans, RedShirt indicated that they had closed their stores for a while.

d. Still attract customers

Under these exceptional circumstances, retailers had to find new ways to still make profit and continue working. Retailers FashionX, GoJeans PolkaDots and JustForMen all indicated that they allowed customers to plan private shopping sessions during or after working hours. In these sessions, the customer could be alone in the store with one employee while the door was closed for others. According to retailer JustForMen, people barely made use of this option in their store.

Other initiatives to stay in touch with customers were made online or via the phone. RedShirt would call their customers to ask how they were doing and whether they needed something: a private shopping session, something sent to their homes, etc. Retailer RedShirt explained they were happy they just launched the outfit box, as this was proved a good way to still make sales during the crisis. This was mentioned by retailer SeasonReady too. WhiteT took the initiative to aid their customers with personal shopping online. This was either via the chat or via videocalls. According to retailer WhiteT, the employees were not doing anything anyway and could easily take up this task. Retailer GoJeans also tried to make the most of their employees and sent one or two employees to their stores while they were closed to send clothes to customers from within the store.

When the stores that had closed reopened, still many customers stayed away. Nevertheless, according to retailer WhiteT, this did allow for a much more personal service for the customer who did enter. Retailer GoJeans explained that there are no incidental shoppers, but the customers who did enter the store, often needed something. He said the amount of purchases per customer increased drastically compared to normal. Retailer FullCloset said that they had a decrease of 60% of the visitors, but only a 20% decrease of sales because the people who did come bought much more.

Next to work in the stores, the work at the headquarters had to be adapted too. Retailer PolkaDots mentioned how all their meeting where now online instead of in the office. FashionX created a digital showroom; they created a lot of imagery of the new collection and allowed their wholesale customers to order the new collection from a distance.

Finally, GoJeans was the only store that started producing mouth masks. According to this retailer, the large size and production capabilities of the company allowed them to quickly rearrange things and start producing high quality masks - which were sold out in no time.

ii) Long-term responses

a. Improving processes and decreasing dependencies

The Corona crisis also caused retailers to realise what inefficiencies or dependencies they have, which forced them to rethink the way they do business. Retailer WhiteT realises that it will take more than a few months to go back to normal - that is why they must rethink business for the long term too. They want to think about how they can improve processes and how to better integrate technologies. Since the working from home seemed to work, they wonder if a big headquarter is still needed. Yet,

according to him, they are still in the middle of decision-making process of what exactly they are going to do. Retailer GoJeans too says that the crisis reveals what processes need to be improved. They mainly discovered how dependent they are on delivery services, but at the moment they do not know how to change that. According to retailer DressUp, they were already planning on improving their purchasing routine. Normally they get sent samples of clothes from factories abroad to decide what to purchase, but are planning to move to digital purchases. The crisis caused the samples to be delayed, which made them make the transition to digital purchasing sooner. Another realisation brought about by the Corona crisis is the disadvantages of having collections produced, far away. Both WhiteT and FullCloset produce in the far East because of cheap production cost. Nevertheless, according to retailer FullCloset, this makes it necessary to order something ten months in advance, making the process inflexible. Retailer WhiteT adds that your money is stuck in a stock that is on the road for a long time. WhiteT is planning to put less stock in their stores and more quickly switch their collection. That is why they are moving a large part of their production to Turkey instead of the far East.

b. Speeding up the shift online

According to retailers SeasonReady and FashionX, shopping has already been shifting to online in the last years, but the corona crisis has sped this process up. Retailer WhiteT mentions this process is sped up because the customer is now even more used to shopping online than before. That is why these retailers are putting more focus on the online part of their retail business. This can be done via partnering up with other online marketplaces, or in investing in their own online shop. FashionX is investing in high quality photography of their collection which they also spread to their wholesale customers. FullCloset, who does not have a web-shop in the Netherlands, said they are forced to reassess their strategy and maybe consider going online here too.

Since the interviews were performed at the end of the research period, no QCAs were performed on different innovation decisions made during the crisis. Nevertheless, the influence of factors in this research can be seen in examples from the interviews. Similar previous practice played a role in that if retailers were already moving towards an innovation such as online purchasing like DressUp, this was sped up. WhiteT had already been partnering up with online marketplaces in the past and this process was sped up as well. It is clear that the Corona crisis created a lot of internal and external felt needs / problems, mainly financial and procedural problems. The higher the felt financial need, the more drastic cashflow management was performed, e.g. the pushing forward of payments as much as possible by WhiteT, who lost 80% of their revenues. For innovativeness factors, retailer GoJeans indicated that it was due to their production capabilities that they were able to produce the mouth masks, as well as due to their size (control variable). For norms of the social system, every retailer must have felt the pressure to innovate because a crisis like this is unprecedented and influenced everyone. The fact whether a store was mono-brand or multi-brand influenced the possibilities of what to do with the summer collection and coming collections; whereas mono-brand had more freedom to move around collections, multi-brand had less possibilities and were more reliant on sales.

Now that the peak of the crisis is in the past, the interviewees expressed to be more positive than in the first few weeks. Retailer JustForMen says, that everything is starting to back to “kind of” normal. Retailer SeasonReady adds that people are less scared and now that they can more freely go to places again, there are reasons to buy new clothes. Retailer FashionX is sure that they will make it out of this crisis stronger than before. Both expert A and expert B predict that the consumer will spend less the coming months and are still waiting for fashion retailers to fall. Expert A says the fashion retailers with enough reserves will survive, but there will be that will not, despite the support from the government. Expert B adds that the ones who will fall are the ones that were already having a hard time before the crisis. Of the fashion retailers that continue to exist, many will reassess where they want to go and wonder what they should change to prevent being the ones to fall in the next crisis –

which will inevitably come, according to both experts. According to expert A, this crisis could be a game changer in improving processes and reconsidering the early purchasing of collections. Sometimes, big bangs are needed to change something. The fact is, retailers and producers should make themselves less vulnerable for something like this, because another crisis could happen more often in the future. Expert B mentions he has seen several crises, and with every crisis there was wave of professionalization in the industry. According to Expert B, many processes will be improved, where can we cut costs. He adds that is likely that fashion retailers will start producing their products closer to home. And that they will realise even more so how important online channels are. He too says that customers are now getting used to it.

7. Conclusion

Fast and complex changes in the retail landscape cause retailers to struggle and some even to close their doors. An increase in online shopping causes trouble for brick-and-mortar retailers in particular. To survive, retailers are innovating their services to create a memorable customer experience. By adopting the synthesis perspective, this research treats service innovations as an interplay of new practices and/or resources. This research focusses on the fashion retailers to control for industry sectoral differences. To understand the type of service innovations in this industry, this research made use of a service blueprint: a visual rendering of the service process and the underlying organizational structure. This service blueprint shows the different elements of a service as structured over different service components: the actions customers take as they proceed their customer journey, the physical evidence they encounter, how employees interaction with them onstage, and how backstage / invisible employee actions and support systems help deliver the service the way it is. Interviews with ten fashion retailers in the Netherlands were conducted to create a list of the most common service innovations in the last five years, which were mapped out on the service blueprint to analyse their effect. Using prior conditions from the widely recognized innovation-decision model from Rogers, previously identified factors from retail and service innovation literature were selected. The role of these factors in the service innovation decision-making process analysed to understand different service innovation patterns of retailers. Using the service blueprint and the previously identified factors, this research was able to answer the following research question and sub-questions:

In a rapidly evolving retail landscape, what factors explain different service innovation decisions?

- 1. What kind of service innovation decisions do retailers make?*
- 2. How do different factors influence the decision-making process?*
- 3. What factors influence which decisions?*
- 4. How do these factors interact?*

Using the service blueprint to answer the first sub-question of what kind of service innovation decisions were made led to the retrieval of thirteen innovations that have been implemented by two or more retailers. The innovations ranged from fundamental changes in the collection (other than seasonal changeovers), innovation in online marketing strategies, innovations in styling of the store, and innovations in both visible and invisible employee actions. The reasons for implementing these innovations and the implementation itself differed slightly between retailers. Interviews revealed that some innovations were not used to their fullest potential, e.g. how RFID tags were only used as stock accuracy tool instead of using them as alarm tags or using the data they provide for smart solutions as well. Whereas most innovations were implemented by two or three retailers, there were three innovations that were implemented by the majority of fashion retailers: the implementation of a kiosk or iPad to create an in-store web-shop, the usage of a Customer Relationship Management system, and a change in social media strategy. Since most fashion retailers have implemented these innovations, they can be classified as an industry trend.

An analysis of the effect of the innovations on the service blueprint showed that the majority of the innovations was not complex (i.e. they did not affect many components) and not impactful (they did not affect many elements). The most complex and impactful innovations altered service elements both in the store and at home.

Analysing the effect of all innovations shows that elements in the service blueprint that are most likely to be affected are elements in the at home service (as part of the omnichannel trend), the client give-aways (also part of the omnichannel trend), the collection (as this is still the core reason why the customer visits the retailer), and employee actions towards the end of the customer journey where the customer decides on clothes as well as purchases them (due to technologies such as RFID, CRM and the in-store web-shop).

Retailers in the Netherlands are committed to following the digital customer contact trend (except for the usage of mobile apps), have started to increase the efficiency of the fashion cycle (even though a true acceleration is not present yet), and are getting more committed to the sustainability trend. Even though many retailers are changing something in the decor of the store, compared to global trends they are lagging on the experiential technologies to make the store a true fulfilment hub. Retailers in the Netherlands are innovating, but minimally in technological ways.

Hence, typical innovation decisions amongst retailers are the decisions to implement innovations that are uncomplex and unimpactful, innovations that are a part of the omnichannel trend, innovations that improve later stages of the customer journey, innovations in the collection, and finally decisions to follow the industry trends of an in-store web-hop, CRM, and change in social media strategy.

The second sub-question concerns the factors influencing the decision process. This research found that previous practice barely influences the service innovation decision, either because for some technological innovations there was no previous practice (such as implementation of RFID tags or the use of a CRM system), or for innovations that have similar previous practices were continuous processes anyways and might not have to do with the development of a skillset (such as changes in in the decor of stores).

Felt needs or problems were hard to analyse. Rather than pointing to a felt need or problem, retailers often indicated that personal preferences were the main reason for an innovation decision. One clear external reason to innovate was the thought of improving something for the customer, which was based on external sources about customer needs rather than direct information from the customers.

In general, the fashion retailers are mostly relying on organisational learning when innovating. They actively experiment, codify their knowledge, and share knowledge with other retailers. This means they have strong cycles of search and change. Their innovation decisions are mainly influenced by prior knowledge coming from their own manufacturing processes, which they all have. Their capability of absorbing external knowledge (in the form of absorptive capacity) does not come from their own R&D or advanced staff training, which few retailers have. Their dynamic capability to explore technologies and markets to sense opportunities many relies on information gathered retail conferences, where external technology organisations, suppliers and complementors inform them about the latest innovations in the industry. They might start to rely more on customer data in the future because of the data gathered by recently implemented CRM systems, if they start analysing the data properly. They generally do not use their own R&D to explore technologies and markets, nor do they use an analytical framework to aid the decision process. On the contrary, decision-making amongst fashion retailers remains unstructured and is mainly based on their gut feeling.

Imitation is common amongst fashion retailers. Most of the fashion retailers are later adopters. This is reflected in the sectoral habit of 'a walk to visit competitors'. Even though fashion retailers have all noticed the recent turbulence in the retail landscape, few feel pressurised to innovate either because it is a fundamental part of their strategy to innovate (early adopters), or they have enough confidence in their strategy as it is (later adopters).

Both the retailers and the experts linked a large influence of the control variables on innovation decisions. A large firm size can implement more complex innovations due to the possession of more resources, an international scope implements different innovations due to the need to manage the organisation differently, and multi-brand store have different innovations because they have challenges that mono-brand stores do not have. There was no consensus on the influence of business life cycle.

Thus, whereas previous practice and felt needs or problems barely influence the decision process, retailers learn from their cycles of search and change, rely on knowledge from their own

manufacturing operations and retailer conferences, look at what other retailers do and ultimately base their decision on personal preferences and gut feeling. Firm size, international scope, and being either a multi-brand or mono-brand store determine what type of innovations retailers implement.

The third and fourth sub-question concern factors influence different decisions, and how they interact. When analysing the effect of factors on innovation decisions, the decisions to implement industry trends (in-store web-shop, CRM and change in social media strategy), need to be separated from the other innovations. Since most retailers implemented these innovations, there were many causal combinations that led to the innovations, and no patterns in the factors could be found. The popularity of these innovations outweighs the influence of factors on the decision.

For the other innovations, several patterns were identified. First, for some innovations, the factor of main importance was that a store experimented; other factors could come in several combinations. Second, for multiple innovations there was a lack of dynamic capabilities in combination with the presence of several organizational learning variables. This often came with firms who feel pressure, but do not consider themselves innovative. These concerned innovations for which practical organisational changes needed to be brought about but did not require particular technical skills. This ties into the third finding: the presence of organisational learning and lack of absorptive capacity are particularly present for international firms innovating part of their marketing. International retailers might have a more thorough marketing strategy as they are applying it in several countries. A fourth finding is that for technological innovations that did require skills, it was necessary that the firms were large, international, mature and were in possession of many innovativeness factors. Finally, the fifth finding concerns innovations that many retailers had implemented years ago, and are now implemented by small retailers with a lack of innovativeness capabilities. Since many other retailers already implemented these innovations years ago, the infrastructure and knowledge are easily accessible and therefore few resources and skills are needed.

Hence, whereas experimentation alone is necessary for multiple innovations, an interaction between presence of organizational learning variables and the absence of dynamic capabilities leads to the implementation of more practical yet simple innovations, and the distinction between large, international, mature firms as opposed to small firms with a lack of innovativeness capabilities can be linked to either technological innovations or innovations that have been on the market for a while, respectively. For industry trends however, the popularity of these innovations outweighs the influence of factors on the decision.

As an answer to the research question, service innovation decisions can be explained by how retailers learn from their cycles of search and change, the information retailers gather from their manufacturing operations or at retail conferences, their personal preferences, and by imitation processes in their social system. Firm size, international scope, and being either a multi-brand or mono-brand store also explain what type of innovation decision retailers make. Particularly experimentation, an interaction between cycles of search and change without the capability to sense external innovation opportunities, and the distinction between large, innovative firms as opposed to small non-innovative firms can explain particular innovation decisions. The popularity of industry trends outweighs other explanations for their uptake.

8. Discussion

8.1 Theoretical implications

This research extends current theoretical insights and adds to literature in several ways. First, this research gives precise and recent insights into the dynamics in the retail landscape; it gives an overview of the most recent innovations and maps them out on a service blueprint, as well as current factors that influence these innovations. Service blueprinting has mainly been incorporated as technique for service innovation or quality improvement. Nevertheless, this study shows that the technique is highly effective to depict a general service and map out different innovations to see how they affect different components of the blueprint. The making of the generic service blueprint proved useful for the researcher to truly understand a general service in the fashion retail sector and proved to be a useful guide to ask more targeted questions to the interviewees about their innovations. The making of the service blueprint with floor managers was rather easy; all interviewees immediately understood what was asked from them. The blueprint showed that some innovations have both overlap and differences in what elements they affect.

Second, this study extends on the increasingly important topic of service innovation and applies current theoretical insights on service innovation to the retail sector. There is an increasing growth of service in today's organisations and this is true for retailers too. Service innovation is of great importance to the retail sector because it can help struggling retailers overcome challenges of price-based competition, as well as competition with the rising of e-commerce. Given the importance of service innovation in the retail sector, it is problematic that this topic has been given little attention in academia. This research bridges two separate literature strands 'retail innovation' and 'service innovation' by gathering factors that influence the innovation decision from both strands to build a conceptual model.

Next, this research has added to the development of a synthesis perspective on service innovation. Whereas traditionally service innovation and technological innovation are two separate research strands, advocates of the synthesis perspective have tried to develop a common conceptual framework that is applicable to any tangible or intangible product. This study supports this view because particularity in the retail sector, service and technological innovations often come together. The visualisations of where innovation took place in the service blueprint made this very clear; seven out of thirteen innovations affected both employee actions and physical evidence. Future trends also point to an increasing deployment of technology to aid employees provide an improved service. Therefore, for this sector, the use of a perspective to understand innovation in all types of offerings is particularly important. To contribute to this view, this research has used the widely recognized innovation-decision model from Rogers to look at service innovations. Originally, Rogers' model focuses on the adoption of new technologies rather than innovative strategies, practices and other innovation not related to an artefact, which has always obstructed its use for innovations encompassing strategies and practices. This research specified this model to the domain of service innovations by enriching the model with factors from service innovation literature.

The fourth contribution of this research concerned a systematic investigation of the effect of factors found in a large body of inconsistent, inconclusive, and contradictory research on innovations in the retail sector. By leaning on the widely recognized utility from Rogers' model, this research has selected the most important factors that influence the decision process and analysed their effect. The qualitative part of this paper explains how the factors play a role in the decision process in general, whereas the QCA systematically verified their effect on specific innovations. In previous studies, the factors were often just linked to one innovation or innovativeness. These studies lack the bigger picture of how retailers make a choice out of an overwhelming number of options to innovate. This study is the first study to link factors to multiple innovations, which is enabled by using QCA. Finally, by using

QCA, this study checks for interactions between the factors, which is present but needs to be researched.

The QCA showed that for some innovations there were no analysable patterns in the factors and the innovation, leading to the conclusion that for industry trends, the combination of factors barely matters. Still, for some innovations there were clear patterns, even though there were so many variables. It was harder to draw conclusions on the individual factors, but more on the level of prior conditions. For example, the interaction between organisational learning and dynamic capabilities showed clear results. The QCA also revealed that the control variables are important and cannot be left out of analysis.

8.2 Limitations

This research has a few limitations with regards to the use of the service blueprint, the use of Rogers innovation-decision model, and the use of QCA.

Even though the use of the service blueprint to understand the retail fashion service concepts and to analyse innovations proved easy and useful, there were a few limitations attached to its use. How the effect of innovations on the service blueprint was mapped out was based on the explanation of the innovation of interviewees. The research does not pretend to have an in-depth understanding of the innovation. Innovations might have effect on more elements than depicted which were outside of the awareness of the researcher and did not come up in interviews. This was partly solved by using a concept blueprint which depicts all the basic steps in the process, limiting the omission of elements affected. Still, the depiction of the effect of innovations might not be flawless. Nevertheless, the aim of this research is to give a large-scale overview of service innovations and dynamics in the retail sector, and this purpose is still served. Another limitation of the use of the service blueprint is that it only depicts elements of the service of where it starts and stops from the customer's point of view. When analysing the innovations in terms of complexity and impactfulness, the conclusions can only be limited as to how they manifest themselves inside a store. All backstage processes, e.g. how RFID changes processes in the supply chain are not considered. Conclusions about why certain factors are linked to innovations might depend on characteristics of the innovations that are not presented in this research, which limits the scope of the conclusions. This limitation was taken into consideration when designing the research and it was a deliberate choice to limit the in-depth analysis of innovations, but to consider more innovations instead.

The use of Rogers' innovation-decision model was limited to the use of prior conditions only since the model itself is specified for the decision to adopt one innovation rather than multiple innovations. Within the innovation-decision model, Rogers describes how the prior conditions tie into every step of the decision process in a different way. Therefore, the question of how the factors influence the decision process is limited to a description of how the factors manifest themselves in the fashion retail sector, an analysis of whether or not they influenced the decision to implement a certain innovation, but not to how they influence the decision process exactly. Nevertheless, the prior conditions were suitable to select the most important factors from previous research, as many factors fitted the prior conditions naturally. Even though the prior conditions only give insight into the type of company, this still helps to predict what kind of companies will implement what kind of innovations, even without understanding the details of their decision process.

The need to link a plurality of independent variables to a plurality of innovations and the need to research interaction between the independent variables made the use of QCA an appropriate method for this research, also with a small sample size of ten cases. Nevertheless, this methodology came with a few limitations. First, before conducting the interviews it was determined that the dichotomization of qualitative answers to yes/no should be left in the hands of the researcher. Nevertheless, this was not easy for all questions. Particularly questions on 'previous practice' and 'felt needs / problems' could not be categorized in yes/no. Therefore, these prior conditions had to be excluded from the QCA. Next, the use of ten cases was the bare minimum of cases needed to perform a QCA, especially with many

independent variables. Therefore, to make up for minimal cases in the QCA, a larger focus was placed on the qualitative analysis of how the factors manifest themselves amongst the retailers. The outcomes of the QCA were strengthened by the findings from the qualitative analysis. The QCA showed that control variables have a dominant role in influencing innovation decision. Since the sample consists of retailers with very different characteristics, these had to be taken up in the QCA, rather than be controlled for. Furthermore, QCA can be used to study cases with the same outcome, which means that it could have also been used to look for solutions that resulted in not innovating something. It would have been useful to compare the solutions for the presence vs. the absence of an innovation. Nevertheless, since the list of innovations was not exhaustive, analysis can only be performed on presence of innovations. Another limitation of the QCA was that innovations that had been implemented by more than five retailers led to as many as 28 solutions. This large number of solutions combined with a large number of independent variables made it hard to analyse patterns in the solutions. On the other hand, these findings did lead to the conclusion that for these innovations the popularity of them outweighs the influence of factors which resulted in the classification of these innovations as industry trends. Therefore, these innovations were classified as industry trends. Finally, even though QCA did analyse interaction between the independent variables, it did not give any insight into what kind of interaction i.e. how much the influence of factors weighed compared to each other, or whether moderation took place.

This research is limited in terms of generalisability; the results are only generalisable in the Dutch fashion retail sector. Nevertheless, since the focus in this research lies on the individual steps in the service blueprint, lessons can still be learned for sectors with a similar (parts of a) blueprint, even though they would need to be verified in other studies.

8.3 Further research

This report points at several avenues for further research. This research has limited its scope to the fashion retail sector in the Netherlands. Further research can extend this scope in several ways. This research has created a service blueprint specifically for the fashion retail sector. It gives a precise overview of what a current service in this sector entails. Future service blueprints, in five or ten years from now, could be compared to this blueprint to see how service has changed, e.g. whether certain employee actions have been replaced completely by technology. Further research can also test whether findings about causal combinations of innovations that affect a certain part of the blueprint can also be extended to innovations in other service sectors that affect similar (parts of the) service blueprint.

Furthermore, data collection during the peak of the Corona crisis allowed for a very accurate insight into short-term responses of fashion retailers, while simultaneously getting insight into the decision process about long-term responses. Future research can compare the data gathered on speculations of retailers of how they will respond in the long-term, to what they will eventually do.

When comparing innovations in the Dutch fashion retail landscape to global trends it turns out that the Netherlands is lagging on some trends, particularly on experiential technologies. Further research can try to find out why this is the case.

The findings of the QCA were on an abstract level and further research can do an in-depth analysis of promising patterns. There seems to be a relationship between the causal combination of the absence and/or presence of organisational learning and dynamic capabilities and certain innovations that require fewer skills but do require practical organisational changes. Since the data on innovations was limited to their effect in the store, it is hard to draw precise conclusions about this relationship. Further research can include more information about what skills and efforts are required to implement an innovation and link them to the innovativeness factors and other prior conditions in this research to get a more accurate understanding of the dynamics. Furthermore, more quantitative

measures can analyse the weights of the factors in causal combinations found in this research, to find out whether effects like moderation took place.

Since the list of innovations amongst fashion retailers in the Netherlands was not exhaustive, analysis could only be performed on factors that led to the innovation, not to factors that withhold retailers from implementing an innovation. Further research can ensure that they have exhaustive data on what retailers did and did not implement an innovation to analyse what factors might inhibit the uptake of an innovation by certain retailers.

Furthermore, QCA can be used to study cases with the same outcome, which means that it could have also been used to look for solutions that resulted in not innovating something. It would have been very useful to compare the solutions for the presence vs. the absence of an innovation. Nevertheless, since the list of innovations was not exhaustive, analysis can only be performed on presence of innovations.

Finally, control variables turned out to play a significant role in determining what kind of innovations retailers implement. To get a larger dataset for the QCA, retailers need to be selected on their control variables, so that the QCA can focus on the prior conditions.

8.4 Policy implications: promoting innovation amongst retailers

The fast and complex changes of globalization, digitalisation, rapidly changing customer trends as well as crises like the financial crisis of 2008 or the recent COVID-19 crisis cause retailers to struggle. The societal and economic importance of the retail sector makes it important to help retailers survive disruption and become future proof. That is why, in 2015, the Dutch ministry of economic affairs & climate initiated 'Retail agenda'. The Retail agenda is a program in which the government works together with representatives from retail, real estate, municipalities, and provinces to create a future-proof retail sector (Retail insiders, 2020). The involved parties came up with 21 action points to improve the health of the retail sector. The actions points have been specified over the years using five themes over the last years (Retailagenda, 2020). For an overview of the 21 action points and the five themes, see appendix VI.

Initially, the Retail Agenda intended to run for two years only. In 2017 however, the parties saw that even though some progress was made, the challenges were still urgent. Therefore, they decided to continue the Retail Agenda for another two years. Yet again, in 2019, the urgency was still there and momentarily the program is planned to run until at least 2024. Finding from this research show that there is indeed still room for improvement within the retail sector. This research shows that retailers have room to strengthen their innovative capabilities, they do not always get the most value from their innovations, and they are not all equally likely to adopt certain innovations. Even though progress has been made, this study wants to respond to the Retail Agenda by indicating what action points or themes need to be strengthened or are missing.

i) There must be more investment in the innovation capabilities of retailers

Retailers lack capabilities to explore technologies and markets for opportunities. They still very much rely on external sources with information about customer needs to base their innovation decisions on. Many retailers have started gathering customer data via CRM systems but are not analysing and exploiting it to its fullest potential. To improve their capability to identify opportunities, they should be stimulated to analyse their own customer data. They should be made aware of the value of the customer data they already possess and provided with information about what extra resources are needed to perform analyses.

Retailers also need to improve their capability to incorporate external knowledge. Few retailers have their own R&D or send their staff on advanced training. Their absorptive capacity can be strengthened by stimulating them to do so. If they do not have enough resources, initiatives can be

taken to let retailers perform R&D cooperatively, or be given a budget to send their staff on external trainings.

Finally, the decision-making process of retailers is unstructured and based on gut feeling, making it harder for them to identify opportunities and threats. They should be educated in how to use an analytical framework to better be able to do so.

The 21 action points in the Retail agenda include the training of personnel to prepare them for what a 'new' retail landscape will demand from them (action point 9). This point was reinforced by the fourth theme of 'the human capital agenda', which concerns investing in personnel to require capabilities to be able to handle the transition period the sector is in. The fifth theme also concerns the creation of knowledge. Whereas this will improve their capability to incorporate external knowledge, this is still not enough; retailers still do not have the tools to transform this external knowledge into the identification of opportunities or threats. That is why organisations need to be stimulated to improve some internal processes by initiating their own analysis of data and by formalising their decision-making process.

ii) It must be ensured that retailers innovate to their fullest potential

Some innovations are not used to their fullest potential. This makes sense because retailers are more often adopters of technology than the producers, do not have any particular technical skills, and lack capabilities to absorb external knowledge. To ensure the retailers are using the technology to their fullest potential, more support during the implementation and proper after-sales care are needed. Using the service blueprinting technique can help map out the exact service of a retailer and bring the exact opportunities to light of what service elements an innovation can target.

The Retail agenda fails to focus on the details of the implementation of technologies. Promoting innovation or innovation capabilities alone increases the overall innovativeness level of retailers, but it leaves a lot of untapped potential to get more value from the innovations. It is easier to increase value by promoting further usage of an innovation retailers are already familiar with than trying to create more value by stimulating them to adopt something new and still need to learn how to use.

iii) Innovation promotion techniques should be targeted to the retailers or to the innovation

Not all retailers are equally likely to uptake certain innovations. To increase the general number of innovations amongst retailers, there are two ways to do so. Both ways are built on the premise that imitation plays a large role in the innovation decision process of retailers. First, to efficiently promote innovations, it is best to promote the innovations with retailers who have a higher chance to implement them. Other retailers will follow more easily if they see the success of that innovation. Industry trends will spread naturally, independent of the characteristics of the retailers. Other innovations however, are more dependent on different combinations of factors and need a more tailored approach to spread. This depends on a combination of firm characteristics such as the size, international scope, life cycle and whether it is a mono-brand or multi-brand retailer, as well as how the firm is influenced by the norms of the social system and which innovative capabilities the firm possesses. The first two cannot be changed therefore the promotion approach needs to be tailored to these characteristics. The latter can be altered, see the first recommendation.

Next to looking at what retailers are most likely to implement an innovation, a second strategy can be to look at what innovations are most easy to promote. Findings in this research show that the most easy innovations to promote are the industry trends (as mentioned in the previous paragraph), are not complex and do not have a large impact on the total service (e.g. innovations in the collection or in marketing strategy). Other popular innovations include innovations targeting the at home service or the end of the customer journey. Finally, retailers in the Netherlands are most committed to following digital customer contact, omnichannel and sustainability trends; therefore, these innovations are promoted more easily too.

An additional note on the promotion of innovations is that the Corona crisis presents an opportunity to help retailers reflect on their processes. They are looking to improve their processes and minimize dependencies, so innovations that help them in that are now easily promoted and can help retailers become more resilient to potential future crises.

The Retail agenda fails to consider the characteristics of retailers when promoting innovations. They should gather and exploit data on firm characteristics and use the findings in this study to target the promotion of particular innovations to the firms who are most likely to implement them. For example, technological innovations are more easily promoted with large firms who possess many innovativeness capabilities than small firms who are not innovative. Nevertheless, the Retail agenda has some smartly designed action points which focus on the promotion of trends such as omnichannel and digital customer contact (action point 10 and 14), thereby leveraging their popularity. They are also focussing on promoting concept stores; stores with experiential elements (action point 15). This study shows that retailers in the Netherlands are not very committed to following this trend yet, other than placing a coffee corner or changing other things in the styling of the store. Therefore, this innovation might take more effort to be promoted and the Retail agenda should focus on the promotion of less complex and impactful innovations first.

8.5 Managerial implications: future challenges

Findings in this study showed that retailers do not feel a lot of pressure to innovate. Yet, to become future-proof, retail managers need to be aware of trends that will shape their sector. The data on recent service innovation decisions gives an insight into how the retail sector will develop. This research points to three main trends that will shape the future of the Dutch (fashion) retail landscape:

i) Frictionless omnichannel experience

The shift to online continues and the Corona crisis causes the pace of this shift to increase. Even though there is a shift to online, the omnichannel trend (i.e. retailers being able to serve their customers in the channel of their choice – including stores) makes it the case that stores will still play an important role. This is confirmed by interviewees. Even though some stores will close, stores will not disappear from city centres. Whereas retailers should follow the shift to online, they should keep investing in their store to keep it up to date as it will remain a critical sales channel.

The store of the future will have a better integration between online and offline. This is reflected in the fact that most innovations take place towards the end of the customer journey, where technologies such as RFID, CRM and in-store web-shops are deployed to aid the customer decide on clothes as well as purchase them. These technologies will be used to streamline services such as pick-up from store, as indicated by interviewees. Right now, technologies like RFID, CRM, and the in-store web-shop are all connected to the web-shop but there is a lot of untapped potential. Retailers have indicated that they are planning on letting the technologies communicate with each other in the future. This is part of a trend where everything will be frictionless. Thus, retailers should think of what technologies they already have, what technologies they should add to streamline their service, and how they will let those technologies communicate with each other so that there is no friction in the customer journey.

Innovations like the outfit box show that technologies can also cause steps in the service blueprint to be omitted/ moved online in the future. In the outfit box, many employee actions concerning styling and advice are now replaced by technologies. The customer receives a box with outfits at home that are pre-selected without the need to visit the store and talk to the employees in person. Interviewees indicate that the most likely step to disappear is the traditional payment at the counter area which will be replaced using apps on mobile applications. Retailers should consider that their current in-store service might need to change over the next years. They need to consider what parts of their service can be moved online.

In an omnichannel experience, the channel of a customer's choice includes the availability of brands on online marketplaces, with whom retailers are increasingly cooperating for a long tailing strategy or to spread the risk of selling products. This turned out to be particularly important during the Corona crisis. Online marketplaces are becoming more powerful yet there are certain downsides to connecting with these platforms. For example, retailers have little control over the discount the platforms give on their collections and might therefore turn into competition. Since platforms are becoming more powerful, retailers should consider whether they want to connect to a platform and under what terms, or whether they could consider cooperating with other retailers to create their own independent platform.

ii) Sense of identity, personalisation, and experience

For retailers to compete, their identity must stand out. Whereas multi-brand retailers might have more challenges to accomplish this, mono-brand retailers can focus on using their stores as a marketing tool. Customers do not need to visit the store anymore to get their products as they can now get them online. Therefore, the retailers need to add experiential elements to their stores to encourage customers to still visit them. To express their identity and provide a unique experience, retailers are placing large focus on the styling on the store. Customers can now have drinks in the stores, clothes are presented differently, and the decor should be up to date. Employees in the stores themselves increasingly refer customers to the web-shop. This enables retailers to decrease their in-store stock and place a larger focus on the experiential elements, as indicated by interviewees. Retailer must reconsider the function of their stores and must focus on offering service elements that cannot be obtained online.

A sense of identity is important for the customer too; the customer needs to feel valued. They must be served to the fullest extent. This can either be done by offering them a frictionless experience on the channel or their choice (see the previous recommendation), or by personalizing the service they receive. Retailers are already sending personalised advertisement to customers and using data on their preferences to send them outfit boxes. Experts predict that concept of personalisation will gain momentum in the future; customers will increasingly be able to customize their service as well as the products. Retailers will need to build a strategy around how to make their customers feel valued. Retailers should analyse their own customer data to truly get to know their customers and tailor their strategy to their customers' needs.

Tying into the previous paragraph, analysis and exploitation of data has more potential than personalisation of the service. Retailers can also use data can for decision-making (which is already being done by one retailer), and to predict future trends to better match their collection. Experts are already seeing a slight increase in the request for data analysts in the fashion sector. Yet, there is a lot of untapped potential in the usage of data as well as the technologies that gather it. For example, some retailers are only using CRM to create a loyalty system or for targeted marketing rather than a combination of all options CRM offers. Another example is the potential of RFID tags, which are currently only used as stock accuracy tool. Data gathered from the tags can also help predict trends and give recommendations to customers. Retailers need to explore all possibilities their data offers them to get most value out of it.

iii) Sustainability

In this research, the sustainability trend was only visible in the presentation of a sustainable collection in the store. Nevertheless, interviewees frequently mentioned the large number of innovations in the supply chain to make their production and shipping processes more sustainable. Interviewees and experts predict that sustainability will become even more important in the future and that customers will judge stores who do not have sustainable or ethical practices. Sustainable practices come hand in hand with transparency about practices. Customers want to be able to compare practices of retailers

and make a conscious choice. Labelling of the sustainable collection is already one trend that retailers are taking up now. Retailers should continue on the journey to sustainability while remaining transparent to their customers about their practices.

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Appendix

Appendix I: Service Blueprinting technique

A guide on how to draw a service blueprint, as based on Bitner et al. (2008).

1. Explain blueprinting and its importance

Describe how blueprinting helps create a visual depiction of the service process that highlights the steps in the process, the points of contact that take place, and the physical evidence that exists, all from a customer's point of view.

2. Walk through a generic blueprint

Show participants a generic blueprint and describe each of the components. See figure 2. The five components of a blueprint need to be described:

- **Customer actions:** the most central step that include all of the steps that customers take as part of the service delivery process (in chronological order).
- **Onstage/visible contact employee actions:** include those actions of frontline contact employees that occur as part of a face-to-face encounter.
- **Backstage/invisible contact employee actions:** include all invisible actions both those that involve non-visible interaction with customers (e.g., telephone calls) as well as any other activities that contact employees do to prepare to serve customers or that are part of their role responsibilities.
- **Support processes:** include all of the activities carried out by individuals and units within the company who are not contact employees but that need to happen in order for the service to be delivered
- **Physical evidence:** include all the tangibles that customers are exposed to that can influence their quality perceptions (Bitner et al., 2008).

It is also helpful to show participants a sample blueprint of a service. See figure 3 for an example of a service blueprint of a hotel. Lastly, a service blueprint of a service more closely related to the fashion industry will be shown: a service blueprint of a shoe shop. See figure 4. An interviewee can only look at this shortly to prevent him or her leaning too much on this print.

3. Articulate the service process to be blueprinted: focus on service in the store

Companies often modify service processes to fit the needs and wants of different target customers. Map the Service as It Happens Most of the Time. Map a concept blueprint (i.e., it depicts only the basic steps in the process). This means no subprocesses. It is important that the customer stays top of mind as the blueprint is being developed (it is common for participants to get engrossed with the steps in the process that happen within the organization and to lose sight of the customer)

4. Delineate the actions of customers first.

This component serves as the foundation for all other elements of the blueprint.

5. Next, the contact employee actions, both onstage and backstage, can be delineated.
6. This can be followed by support processes. At this point, links can be added that connect the customer to contact employee activities and to needed support functions.
7. Physical evidence is typically the last component added to the blueprint.

8. Add a box for potential multichannel
9. Add a box for data gathering which might alter the service.

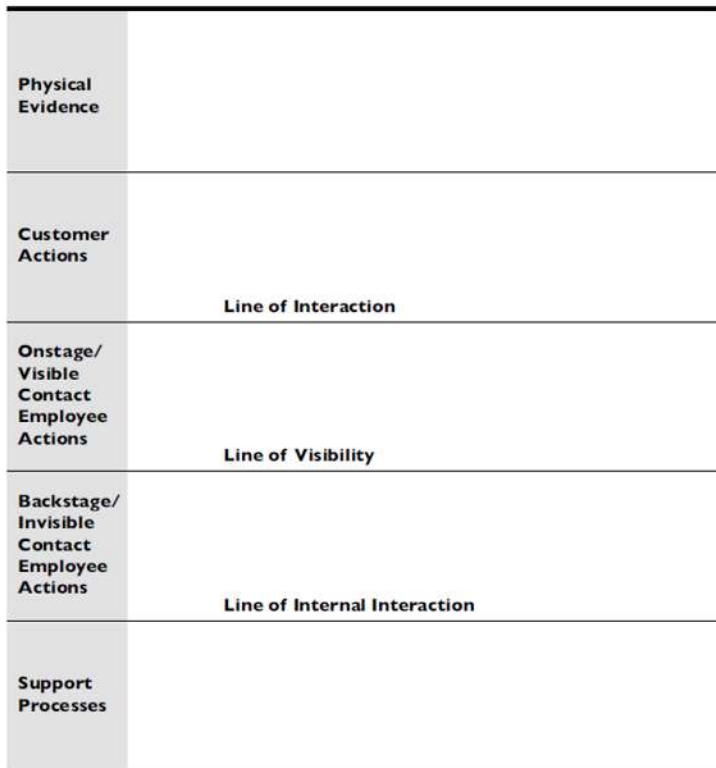


Figure 20: the basic components of a blueprint. (Bitner et al., 2008)

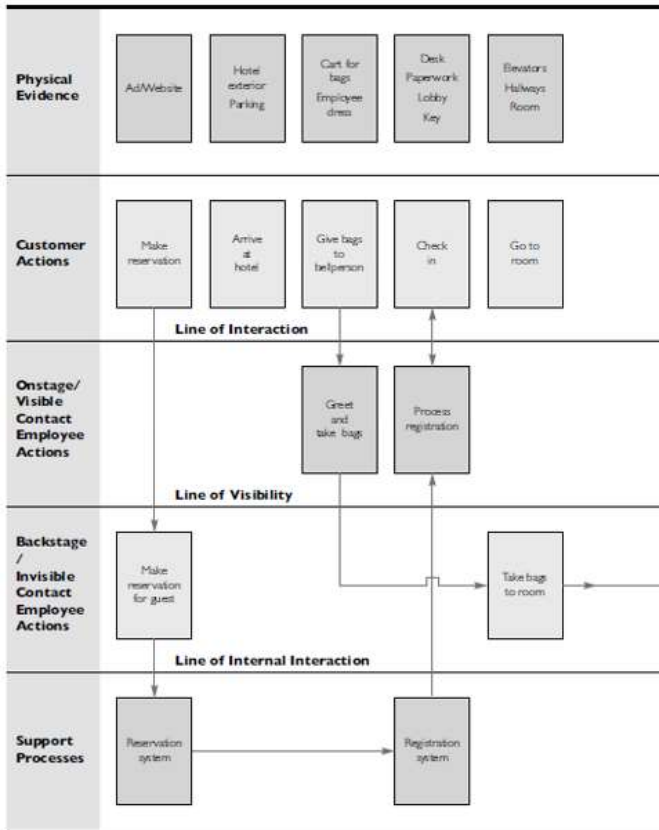


Figure 21. an example blueprint of a hotel service. (Bitner et al., 2008)

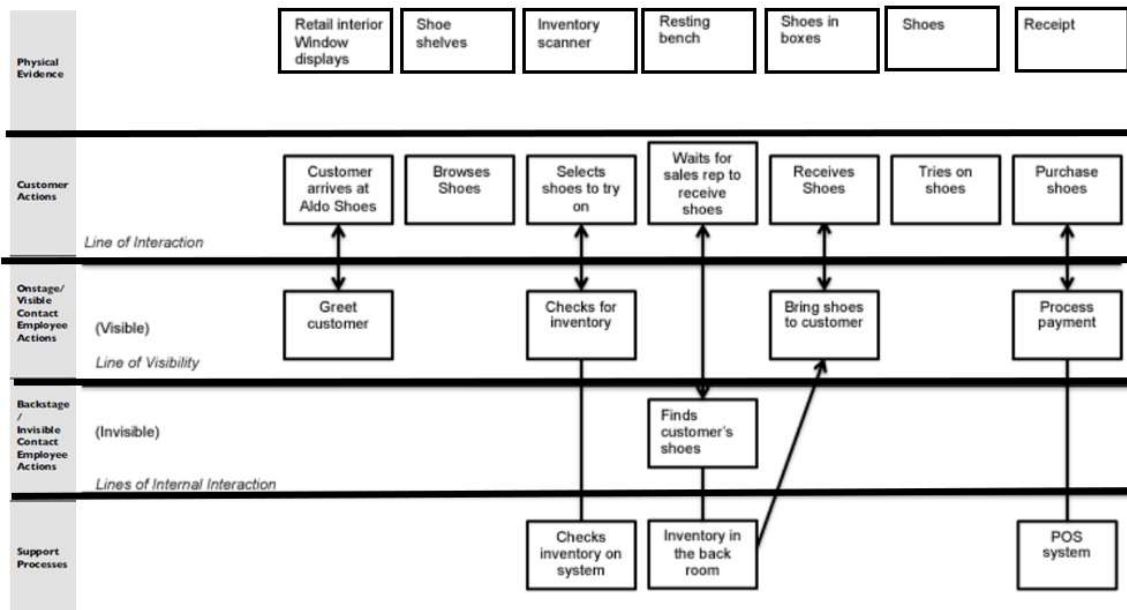


Figure 22. A service blueprint from a shoestore, as adapted from Cheng, 2013

Appendix II: Interview guide retailers' headquarters

Interview guide hoofdkantoor:

Zoals u weet gaat mijn onderzoek over innovatie in de retail sector, en dan specifiek over innovatie in de kledingwinkels. Het retaillandschap is erg veranderlijk, maar zeker de afgelopen jaren. De financiële crisis van 2008 is alweer even geleden maar heeft toch zijn impact achter gelaten. De digitale trends hebben veel teweeg gebracht, en de klanten hebben steeds meer macht gekregen. De klanten zijn ook anders gaan kopen, ze hebben meer informatie en zijn bewuster, en bestellen steeds vaker online. De laatste jaren hebben veel winkels hun deuren moeten sluiten. Er wordt wel gezegd dat de winkels moeten innoveren om niet hun deuren te sluiten.

Ik ben dus benieuwd naar of en hoe winkels innoveren. Ik wil kijken welke verbanden er bestaan tussen bedrijfskarakteristieken en hoeveel en welke innovaties zijn doorgevoerd. Daarom wil ik u nu eerst wat algemene vragen over stellen over karakteristieken van uw bedrijf, welke visie het bedrijf heeft ten opzichte van innovatie hoe uw bedrijf informatie vergaart over innovaties die van belang voor u zouden kunnen zijn.

Voor de duidelijkheid, innovatie is alles wat nieuw is in de winkels, het hoeft niet per se digitaal te zijn.

Algemene vragen:

Karakteristieken:

- Wat is jullie doelgroep?
- Heeft uw bedrijf winkels in het buitenland?
- Hoeveel werknemers heeft jullie bedrijf? In Nederland? En totaal?
- Produceert u zelf producten?
- Voeren jullie eigen R&D uit? Bijvoorbeeld onderzoek naar het bewerkingsproces van stoffen?
- Hebben jullie meerdere merken in de winkel?
- Stuurt u uw personeel vaak op trainingen?
 - Wat voor soort? Sales? Technische? Iedereen?

Innovatie in de kledingsector:

- Hebben jullie iets gemerkt van deze dynamieken in jullie winkels? = *gespreksopener*
- Hoe reageren jullie hierop? = *gespreksopener*
- Heeft u in de laatste 5 jaar nog fysieke winkels geopend? Heeft u er moeten sluiten? Bent u van plan nog te openen?

Normen van het sociale systeem (kledingsector):

Pressure to innovate:

- Zien jullie dat kledingwinkels zich aan het innoveren zijn?
- Wat denkt u dat de normen zijn betreffende innovatie in het algemeen in de kledingsector in Nederland? Hoe denkt u dat er over het algemeen gedacht wordt over innovatie?
 - Zijn de winkel bereid om te innoveren? Willen ze dat graag? Zijn ze positief over innovaties of zien ze het juist als vervelend?
- Voelt u druk om te innoveren omdat andere kledingzaken innoveren?

Emphasis on innovation:

- Wat is jullie houding tegenover innovatie in de winkels? Zien jullie jezelf als innovatief/ Hebben jullie een focus op innovatie? Hebben jullie een innovatiestrategie? (emphasis on innovation, welke categorie rogers?)
- Als u iets nieuws implementeert, merkt u dat u dat doet rond dezelfde tijd dat andere dat doen, ben u gemiddeld net wat sneller, of wacht u eerst tot andere datdoen?
 - Als u wat eerder bent, merkt u dat andere kledingzaken naar u komen om advies of om te kijken hoe het bij u werkt?

- Als u wat later bent, wacht u dan eerst tot het grootste gedeelte van de kledingzaken iets heeft geïmplementeerd? om te zien of het bij hun succesvol is?

Innovatie beslissing process:

Ik ben heel erg geïnteresseerd in hoe jullie beslissen wat jullie gaan innoveren.

- Verzamelen jullie informatie van klanten? Hoe beïnvloedt dit jullie innovaties?
 - Klantgegevens over voorkeuren? Marktonderzoek? Actief feedback vragen over de winkel/webshop? Mystery guest.... (telt niet)
- Verzamelen jullie informatie van leveranciers of andere bedrijven die producten of diensten verkopen die een aanvulling vormen voor jullie gemeenschappelijke klanten?
- Verzamelen jullie informatie van externe wetenschappelijke of technologische organisaties?
- Kijken jullie wel eens hoe het bij andere gaat? = imitatie!
- Praten jullie wel eens met andere kledingzaken over innovaties of proberen jullie van anderen te leren? Komen jullie dan samen om erover te praten? = knowledge sharing
- àHoe gebruiken jullie deze data om beslissingen over innovaties in de winkels te maken?
- Maken jullie gebruik van een analytisch kader om jullie bewust te worden van mogelijkheden en dreigementen in de markt?
 - Hoe beslissen jullie hoeveel er geïnnoveerd wordt? Zit dat vast aan een budget dat behaald moet worden of zijn jullie daar flexibeler in?
- Als jullie innoveren, proberen jullie de innovatie dan eerst uit op een kleine schaal, bijvoorbeeld in maar 1 of 2 winkels?
 - Hebben jullie dat wel eens gedaan?
- Als jullie innoveren, gebruiken jullie dan een geschreven protocol over hoe de innovatie gebruikt moet worden?

Innovaties in de laatste 5 jaar:

Dan wil ik u vragen over innovaties die u heeft doorgevoerd, en de redenen waarom u bepaalde innovaties heeft doorgevoerd.

Voordat ik u ga vragen welke innovaties heeft uitgevoerd de laatste 5 jaar wil ik u vertellen dat mijn onderzoek zich focust op innovaties in de winkel die de service beïnvloeden. & Innovaties zijn innovaties voor u, dus wat u nieuw heeft geïmplementeerd. Het maakt dus niet uit dat andere winkels eventueel hetzelfde hebben gedaan.

Innovaties kunnen digitaal zijn zoals het plaatsen van een kiosk in de winkel, maar ze kunnen ook vernieuwing in de service zijn zoals dat het personeel een training heeft gekregen zodat ze een goede koffie kunnen zetten, of beter advies geven. Daarnaast ben ik ook benieuwd naar vernieuwing in het decor van de winkel, of zoiets kleins als dat jullie naar papieren tasjes zijn geswitcht. Het kan ook zo zijn dat jullie iets in de logistiek hebben veranderd waardoor een klant zijn bestellingen sneller binnenkrijgt.

- Welke innovaties heeft u de afgelopen 5 jaar doorgevoerd?

Vragen per innovatie (herhalen per innovatie):

Ervaren behoeftes/problemen:

- Waarom heeft u X geïnnoveerd?
- Wat was de behoefte om X te innoveren?
 - Heeft u X geïnnoveerd vanwege een intern probleem, bijvoorbeeld ontevreden personeel?
 - Heeft u X geïnnoveerd vanwege veranderde klantwaardes?
 - Heeft u X geïnnoveerd vanwege veranderde regulaties?
 - Heeft u X geïnnoveerd vanwege druk vanuit de competitie?

- Bent u op de hoogte gebracht van het bestaan en de voordelen van X door iemand anders, bijvoorbeeld een andere retail eigenaar, een consultancy bedrijf or een ander kanaal?

-

Vorige praktijk:

- Heeft u X al eens eerder geïnnoveerd?
- Heeft u een technologie die lijkt op die van X wel eens eerder geadopteerd?

Nog meer innovaties?

Lijst om te controleren (gebaseerd op de service blauwdruk):

- Hebben jullie iets aan het decor van de winkel veranderd? Eventueel iets aan de buitenkant, of aan de binnenkant?
 - Bijvoorbeeld in de etalage, de wachtruimtes, of de toonbank.
- Hebben jullie iets veranderd aan de manier waarop jullie je kleding presenteren? Bijvoorbeeld strategische plekken waar kleding hangt, of de ophangsystemen?
- Jullie krijgen natuurlijk elk seizoen een nieuwe collectie, maar hebben jullie iets fundamenteels aan jullie collectie vernaderd de laatste 5 jaar? Dingen toegevoegd?
- Hebben jullie iets veranderd aan hoe er word gekeken of de kleding nog beschikbaar is in de juiste maat of dat het vanuit de winkel besteld kan worden? Bijvoorbeeld via de kassa, een ipad of een kiosk?
- Is er nog iets veranderd in de manier waarop de service wordt aangeboden? Heeft u personeel bijvoorbeeld een nieuwe manier van aanspreken, van advies geven, van drinken aanbieden, van kleding verstellen etc? Zijn er nieuwe services bijgekomen? Is de laatste 5 jaar het personeel iets anders gaan doen? Hebben ze nieuwe instructies gekregen? Hebben ze iets nieuws geleerd?
- Is er iets veranderd aan wat de klant meekrijgt naar huis? Bijvoorbeeld een tasje, flyer, inpakmateriaal.
- Hebben jullie een klantensysteem? Clubkaart? Hoe lang hebben jullie dat al? Is daar iets aan veranderd de afgelopen 5 jaar?
- Is er de afgelopen 5 jaar iets veranderd in de manier waarop u online met uw klanten contact heeft? Nieuw gebruikt van social media, een nieuwe website?
- Is er iets veranderd in de manier waarop julie data verzamelen en vervolgens gebruiken?
 - Hoe worden klantgegevens gebruikt om te innoveren?

Laatste vragen:

- Heeft u alle innovaties tegelijk veranderd of een voor een?
- Hebben jullie nog toekomst plannen om te innoveren?
- Wat denkt u dat op dit moment de belangrijkste innovaties zijn in de kledingsector?
- Hoe denkt u dat de toekomst van de kledingwinkels eruit ziet?
- Ik wil met zoveel mogelijk winkelketens spreken. Kent u misschien nog iemand die met mij zou willen praten?
- Toegevoegd: Wat is uw reactie op de corona crisis?
 - Welke acties heeft u genomen om met de situatie om te gaan?

Appendix III: Interview guide experts

Het retaillandschap is erg veranderlijk, zeker de afgelopen jaren. De financiële crisis van 2008 is alweer even geleden maar heeft toch zijn impact achter gelaten. De digitale trends hebben veel teweeg gebracht, en de klanten hebben steeds meer macht gekregen. De klanten zijn ook anders gaan kopen, ze hebben meer informatie en zijn bewuster, en bestellen steeds vaker online. De laatste jaren hebben veel winkels hun deuren moeten sluiten. Er wordt wel gezegd dat de winkels moeten innoveren om niet hun deuren te sluiten.

Zoals u weet gaat mijn onderzoek over innovatie in de retail sector, en dan specifiek over innovatie in de kledingwinkels. Ik wil kijken welke verbanden er bestaan tussen bedrijfskarakteristieken en hoeveel en welke innovaties zijn doorgevoerd. Daarvoor wil ik natuurlijk eerst weten wat de trends zijn, de redenen om te innoveren zijn, en vervolgens wil ik kijken of er patronen zijn in wat voor soort winkels wat voor soort innovaties uitvoeren. Als u een vraag niet weet is dat geen probleem, door meerdere gesprekken te voeren probeer ik gewoon de puzzelstukjes bij elkaar te zoeken.

Ik wil even uitleggen op wat voor soort innovaties mijn onderzoek zich richt. Mijn onderzoek zich focust op innovaties in de winkel die de service beïnvloeden. Die kunnen ook heel klein zijn. Innovaties kunnen digitaal zijn zoals het plaatsen van een kiosk in de winkel, maar ze kunnen ook vernieuwing in de service zijn zoals dat het personeel een training heeft gekregen zodat ze een goede koffie kunnen zetten, of beter advies geven. Of trends in het veranderen van het decor.

Trends:

- Wat denkt u dat de normen zijn betreffende innovatie in het algemeen in de kledingsector in Nederland? Hoe denkt u dat er over het algemeen gedacht wordt over innovatie?
 - Zijn de winkels bereid om te innoveren? Willen ze dat graag? Zijn ze positief over innovaties of zien ze het juist als vervelend?
- Welke innovaties zijn de afgelopen 5 jaar juist doorgevoerd?
 - Technologische
 - Betaalsystemen, kassasystemen, voorraad systemen.
 - Data verzameling?
 - klantenkaart
 - Service – extra services?
 - Collecties – iets fundamenteels veranderd in de soort kleding? (anders dan mode)
 - Interieur winkel
- Welke innovaties zijn de toekomst denkt u?

Redenen op te innoveren:

- Wat zijn volgens u de hoofdredenen dat winkels zich innoveren?
 - Wat is de rol van interne problemen met bijvoorbeeld personeel dat ontevreden is over hoe iets loopt.
 - Veranderde klantwaardes
 - Veranderde regulaties
 - Druk vanuit de competitie.
- Denkt u dat zaken innoveren omdat anderen innoveren?
- Ziet u dat bepaalde winkels innovatiever zijn dan anderen?
 - Denkt u dat sommige winkels makkelijke innoveren omdat ze al eerder geïnnoveerd hebben?
- Denkt u dat winkels vaak worden benaderd door partijen om ze op de hoogte te brengen van een nieuwe technologie? Bijvoorbeeld consultants, of de producenten van nieuwe technologieën?

Patronen innovaties en bedrijfskarakteristieken:

- Zijn er factoren die invloed hebben op de hoeveelheid innovaties of de type innovaties? Zien jullie verschillen in innovaties tussen:
 - Self-service zoals H&M of full-service zoals een GoJeans?
 - Verschillende doelgroepen
 - Eigen R&D of niet
 - Eigen productie of niet
 - Of een bedrijf focust legt op het trainen van personeel of niet.
 - Hoe beïnvloedt het gebruik van data het innovatie proces?
 - Waar ze hun informatie vandaan halen:
 - Klanten
 - Leveranciers of andere bedrijven die producten of diensten verkopen die een aanvulling vormen voor jullie gemeenschappelijke klanten
 - Externe wetenschappelijke of technologische organisaties
 - Andere kledingzaken, proberen ze er bewust van te leren?
 - Zien jullie een verschil tussen bedrijven die een analytisch kader gebruiken om bewust te worden van de markt?
 - Bedrijven die eerst innovaties op een kleine schaal uitproberen of meteen de innovatie in al hun winkels doorvoeren?
 - Hoe groot het bedrijf is.
 - In welke levenscyclus het bedrijf is: groei, volwassenheid, verval.
 - Ziet u veel imitatie tussen de bedrijven?

Hoe denkt u dat corona innovaties beïnvloedt? Processen overwegen.

Heeft u nog contacten voor mij?

Appendix IV: Truth table

	WhiteT	GoJeans	JustForMen	FullCloset	DressUp	YourStyle	RedShirt	FashionX	SeasonReady	PolkaDots
Pressure to innovate	1	0	1	0	0	0	0	-	0	1
Emphasis on innovation	0	1	0	0	0	1	0	-	0	0
Experimentation	1	1	1	1	1	0	1	1	0	1
Knowledge sharing	1	1	-	1	-	1	-	1	0	1
Codification of knowledge	1	1	1	1	1	1	1	0	1	0
Own R&D	0	1	-	1	0	-	0	1	0	0
Advanced training staff	1	1	0	0	0	0	0	1	0	0
Use of an analytical framework	0	-	-	1	0	-	0	0	0	0
International scope	1	1	1	1	1	1	1	0	0	0
Large Firm size	1	1	1	1	0	0	0	0	0	0
Mono-brand	1	0	0	0	0	0	0	0	1	1
Maturity	1	1	1	0	0	0	0	0	1	1

Appendix V: Total solutions per innovation

Sustainable collection:

Solutions:

emphasis on innovation * EXPERIMENTATION * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * own R&D * use of an analytical framework * INTERNATIONAL SCOPE

EXPERIMENTATION * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * OWN MANUFACTURING * ADVANCED TRAINING STAFF * INTERNATIONAL SCOPE * LARGE FIRM SIZE * MATURITY

EXPERIMENTATION * KNOWLEDGE SHARING * ADVANCED TRAINING STAFF * use of an analytical framework

pressure to innovate * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * MONOBRAND

EXPERIMENTATION * use of an analytical framework * large firm size * MONOBRAND * maturity

EXPERIMENTATION * KNOWLEDGE SHARING * OWN R&D * ADVANCED TRAINING STAFF * MONOBRAND

Start own collection:

Solution:

emphasis on innovation * own r&d * advanced training staff * use of an analytical framework * international scope * large firm size * monobrand * MATURITY

Long tailing strategy

Solution:

emphasis on innovation * CODIFICATION OF KNOWLEDGE * advanced training staff training * MATURITY

Coffee corner

Solution:

PRESSURE TO INNOVATE * emphasis on innovation * EXPERIMENTATION * KNOWLEDGE SHARING * own r&d * use of an analytical framework * monobrand * MATURITY

Narrowcasting:

Solution:

emphasis on innovation * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * own r&d * use of an analytical framework * INTERNATIONAL SCOPE

Presentation clothes:

Solutions:

Emphasis on innovation * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * own r&d * use of an analytical framework * INTERNATIONAL SCOPE

emphasis on innovation * EXPERIMENTATION * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * own R&D * analytical framework * INTERNATIONAL SCOPE

pressure to innovate * emphasis on innovation * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * own r&d * advanced training staff * use an an analytical framework * INTERNATIONAL SCOPE * large firm size * MONOBRAND * maturity

Expansion online marketing

Solution:

Use of an analytical framework * international scope * small firm

Change in social media strategy

Solutions:

PRESSURE TO INNOVATE * emphasis on innovation * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * LARGE FIRM SIZE * MATURITY

emphasis on innovation * EXPERIMENTATION * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * LARGE FIRM SIZE

EXPERIMENTATION * KNOWLEDGE SHARING * ADVANCED TRAINING STAFF * use of an analytical framework

emphasis on innovation * CODIFICATION OF KNOWLEDGE * own r&d * use of an analytical framework * monobrand * MATURITY

PRESSURE TO INNOVATE * emphasis on innovation * EXPERIMENTATION * KNOWLEDGE SHARING * own r&d * use of an analytical framework * monobrand * MATURITY

emphasis on innovation * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * advanced training staff * INTERNATIONAL SCOPE * LARGE FIRM * MONOBRAND

EXPERIMENTATION * MONOBRAND

emphasis on innovation * CODIFICATION OF KNOWLEDGE * advanced training staff * MATURITY

PRESSURE TO INNOVATE * emphasis on innovation * EXPERIMENTATION * advanced training staff * MATURITY

EXPERIMENTATION * KNOWLEDGE SHARING * OWN R&D * MONOBRAND * maturity

pressure to innovate * emphasis on innovation * CODIFICATION OF KNOWLEDGE * advanced training staff

emphasis on innovation * EXPERIMENTATION * KNOWLEDGE SHARING * advanced training staff

use of an analytical framework * international scope * small firm

emphasis on innovation * own r&d * advanced training staff * use of an analytical framework * international scope * large firm size * monobrand * MATURITY

PRESSURE TO INNOVATE * emphasis on innovation * EXPERIMENTATION * KNOWLEDGE SHARING * own r&d * use of an analytical framework * monobrand * MATURITY

RFID

Solution:

EXPERIMENTATION *KNOWLEDGE SHARING *CODIFICATION OF KNOWLEDGE * OWN MANUFACTURING* ADVANCED TRAINING STAFF *INTERNATIONAL SCOPE *LARGE FIRM SIZE *MATURITY

Improvement service concept**Solutions:**

PRESSURE TO INNOVATE * emphasis on innovation *EXPERIMENTATION *CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * LARGE FIRM SIZE * MATURITY

emphasis on innovation * EXPERIMENTATION * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE *LARGE FIRM SIZE

PRESSURE TO INNOVATE * emphasis on innovation * EXPERIMENTATION * KNOWLEDGE SHARING * own r&d * use of an analytical framework * monobrand * MATURITY

emphasis on innovation * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * advanced training staff * INTERNATIONAL SCOPE * LARGE FIRM SIZE * MONOBRAND

PRESSURE TO INNOVATE * emphasis on innovation * EXPERIMENTATION * advanced training staff * MATURITY

Emphasis on innovation * EXPERIMENTATION * KNOWLEDGE SHARING * advanced training staff

Outfit box**Solution:**

pressure to innovate * emphasis on innovation * CODIFICATION OF KNOWLEDGE * own r&d * advanced training staff * use of an analytical framework * large firm size

In-store web-shop**solutions:**

EXPERIMENTATION *KNOWLEDGE SHARING *CODIFICATION OF KNOWLEDGE * OWN MANUFACTURING* ADVANCED TRAINING STAFF *INTERNATIONAL SCOPE *LARGE FIRM SIZE *MATURITY

PRESSURE TO INNOVATE * emphasis on innovation *EXPERIMENTATION *CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * LARGE FIRM SIZE * MATURITY

KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE

emphasis on innovation * EXPERIMENTATION * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE *own R&D * use of an analytical framework * INTERNATIONAL SCOPE

EXPERIMENTATION* KNOWLEDGE SHARING * ADVANCED TRAINING STAFF * use of an analytical framework

EXPERIMENTATION *CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * LARGE FIRM SIZE * MONOBRAND * MATURITY

pressure to innovate * EMPHASIS ON INNOVATION * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * MONOBRAND

pressure to innovate * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * MONOBRAND

EXPERIMENTATION * KNOWLEDGE SHARING * OWN R&D * ADVANCED TRAINING STAFF * MONOBRAND

CODIFICATION OF KNOWLEDGE * advanced training staff * INTERNATIONAL SCOPE * MONOBRAND

emphasis on innovation * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * own r&d * INTERNATIONAL SCOPE * MONOBRAND

EXPERIMENTATION * MONOBRAND

pressure to innovate * CODIFICATION OF KNOWLEDGE * advanced training staff * INTERNATIONAL SCOPE * large firm size * MONOBRAND * maturity

KNOWLEDGE SHARING * large firm size * MONOBRAND * maturity

EXPERIMENTATION * use of an analytical framework * large firm size * MONOBRAND * maturity

CRM

Solutions:

EXPERIMENTATION * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * OWN MANUFACTURING * ADVANCED TRAINING STAFF * INTERNATIONAL SCOPE * LARGE FIRM SIZE * MATURITY

emphasis on innovation * EXPERIMENTATION * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * LARGE FIRM SIZE

emphasis on innovation * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * own r&d * use of an analytical framework * INTERNATIONAL SCOPE

KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE

emphasis on innovation * EXPERIMENTATION * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * own R&D * use of an analytical framework * INTERNATIONAL SCOPE

EXPERIMENTATION * KNOWLEDGE SHARING * ADVANCED TRAINING STAFF * use of an analytical framework

emphasis on innovation * CODIFICATION OF KNOWLEDGE * own r&d * use of an analytical framework * monobrand * MATURITY

EXPERIMENTATION * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * OWN R&D * INTERNATIONAL SCOPE * LARGE FIRM SIZE * MONOBRAND

pressure to innovate * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * MONOBRAND

pressure to innovate * EMPHASIS ON INNOVATION * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * MONOBRAND

pressure to innovate * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * INTERNATIONAL SCOPE * MONOBRAND

EXPERIMENTATION * KNOWLEDGE SHARING * OWN R&D * ADVANCED TRAINING STAFF * multibrand

pressure to innovate * codification of knowledge * MATURITY

pressure to innovate * emphasis on innovation * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * advanced training staff * INTERNATIONAL SCOPE * MONOBRAND * maturity

pressure to innovate * KNOWLEDGE SHARING * CODIFICATION OF KNOWLEDGE * own r&d * INTERNATIONAL SCOPE * MONOBRAND * maturity

pressure to innovate * emphasis on innovation * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * advanced training staff * INTERNATIONAL SCOPE * MONOBRAND * maturity

EXPERIMENTATION * KNOWLEDGE SHARING * OWN R&D * MONOBRAND * maturity

pressure to innovate * emphasis on innovation * CODIFICATION OF KNOWLEDGE * advanced training staff

pressure to innovate * CODIFICATION OF KNOWLEDGE

pressure to innovate * emphasis on innovation * EXPERIMENTATION * CODIFICATION OF KNOWLEDGE * own r&d * advanced training staff * use of an analytical framework * INTERNATIONAL SCOPE * large firm size * MONOBRAND * maturity

EXPERIMENTATION * use of an analytical framework * large firm size * MONOBRAND * maturity

pressure to innovate * emphasis on innovation * CODIFICATION OF KNOWLEDGE * own r&d * advanced staff training * use of an analytical framework * large firm size

pressure to innovate * CODIFICATION OF KNOWLEDGE * advanced staff training * INTERNATIONAL SCOPE * large firm size * MONOBRAND * maturity

KNOWLEDGE SHARING * large firm size * MONOBRAND * maturity

pressure to innovate * experimentation * CODIFICATION OF KNOWLEDGE * advanced training staff * large firm size

EXPERIMENTATION * use of an analytical framework * large firm size * MONOBRAND * maturity

pressure to innovate * emphasis on innovation * CODIFICATION OF KNOWLEDGE * own r&d * advanced staff training * use of an analytical framework * large firm size

use of an analytical framework * international scope * large firm size

Appendix VI: Retail agenda – 21 action points and five themes:

1. Gemeentelijke aanpak met de RetailDeal

Een RetailDeal houdt in dat gemeenten het initiatief nemen om belangrijke stakeholders bij elkaar te brengen en samen tot een toekomstgericht beleid voor de detailhandel te komen.

2. Gemeentelijke ondersteuning met de RetailDeal-toolkit

Om de RetailDeal uit te kunnen voeren, kunnen gemeenten gebruikmaken van een toolkit. Hierin zit informatie en ondersteuning om de RetailDeal tot een succes te maken.

3. Stimuleren lokale samenwerking voor toekomstgerichte winkelstraten

Om winkelgebieden weer te levendig te maken, is het wenselijk dat alle betrokken partijen zoals gemeenten, ondernemers, centrummanagers en vastgoed samenwerken.

4. Regierol van provincies bij toekomstbestendige winkelgebieden

Provincies voeren de regie over het ruimtelijk-economisch detailhandelsbeleid en adviseren gemeenten over ontwikkelingen in de regio.

5. Proeftuinen compacte en vitale winkelgebieden

Met de proeftuinen wil de Retailagenda in kaart brengen welke middelen benut kunnen worden om de vitaliteit van winkelgebieden te versterken en krimp te organiseren.

6. Meer flexibiliteit in de vastgoedmarkt

De veranderingen in de retail en huurmarkt vereisen flexibiliteit van huurders en verhuurders. Detailhandel Nederland en vastgoedpartijen maken daarom afspraken ter verbetering van de werking van de markt op korte termijn.

7. Efficiënte logistiek

Onderzocht wordt hoe op regionaal niveau optimalisatie kan worden bereikt bij de logistieke bevoorrading van winkels als het gaat om venstertijden en milieuzones.

8. Investeren in mensen

Werkgevers- en werknemersorganisaties werken samen aan een Human Capital Agenda Retail om zo te voorzien in de benodigde competenties in de veranderde retail.

9. Mensen meenemen

Een sectorplan moet er toe leiden dat personeel dusdanig wordt opgeleid dat het voldoende gekwalificeerd is voor de nieuwe eisen die aan de retail worden gesteld.

10. Bevorderen van vaardigheden voor omnichannel

De Retailagenda helpt (zelfstandige) retailers hun kennis en kunde te vergroten, zodat zij succesvol omnichannel kunnen ondernemen.

11. Europese kansen voor de retail pakken

Het ministerie van Economische zaken en de Nederlandse detailhandel zetten zich in voor betere Europese regelgeving, die de lastendruk voor de detailhandel vermindert en grensoverschrijdende activiteiten in de retail stimuleert.

12. Bevorderen export door informatie en inspiratie

Informatie over online export moet worden verbeterd, zodat retailers geïnspireerd raken om (meer) te exporteren en daarbij ook praktische hulp bij krijgen.

13. Nederland als aantrekkelijke internationale winkelbestemming

Partners hebben de Holland Shopping Alliantie gevormd om Nederland te presenteren als aantrekkelijk land om te winkelen. Het doel: de bestedingen in Nederlandse winkels vergroten.

14. Veiliger en slimmer (online) kopen

De Retailagenda wil draagvlak onder consumenten en retailers voor eID creëren en de toepasbaarheid bevorderen om veiliger en slimmer (online) aankopen te kunnen doen.

15. Nieuwe concepten in de binnenstad bevorderen

De partners van de Retailagenda willen ruimte scheppen voor nieuwe winkelconcepten binnen de bestaande wettelijke kaders. Door vermenging van cultuur, dienstverlening, horeca en retail ('blurring') toe te staan, ontstaat er meer diversiteit en innovatie.

16. Pilot Verlichte regels winkelgebieden

12 Nederlandse binnensteden hebben meegedaan aan een pilot om te onderzoeken of ondernemers innovatiever worden als de regeldruk vanuit de gemeente vermindert.

17. Regeldruk verminderen in de retail

Overheden en brancheorganisaties werken samen aan vermindering van de regeldruk voor het winkelambacht en voor de gastvrijheidseconomie.

18. Financiering voor het mkb

De bij de Retailagenda betrokken partijen zullen stimuleren dat op ieders kennis- en expertisedomein goede informatie over de (financiering van de) retailsector wordt gerealiseerd.

19. Gezamenlijke kennis als voorwaarde voor besluitvorming

De betrokken partijen brengen alle beschikbare kennis en data over de ontwikkelingen in de retailbranche en over winkelstraten en -gebieden op een eenduidige manier bijeen.

20. Private en publieke partijen bundelen krachten voor implementatie

De Regiegroep Retailagenda ondersteunt en monitort de implementatie van de eenentwintig afspraken. De leden van deze regiegroep volgen de implementatie actief.

21. Retailinnovatie-agenda

Met de Retailinnovatie-agenda gaan de partners gezamenlijk oplossingen ontwikkelen en implementeren voor de retailvraagstukken van nu en de toekomst.

Themes:

1. REGIONALE AFSTEMMING

De zoektocht naar vernieuwing en innovatie, maar ook de leegstandsopgave in de detailhandel manifesteert zich veelal op lokaal niveau: in binnensteden, in kernen en in de periferie. De sleutel om hier gericht aan te werken ligt echter vaak op regionaal niveau.

2. LOKALE TRANSFORMATIE VAN (WINKEL)GEBIEDEN

Binnensteden en winkelgebieden veranderen in hoog tempo. Winkelgebieden verkleuren steeds meer van 'place to buy' naar 'place to meet'. Van transactie naar attractie en interactie.

3. HUURMARKT

Om winkelgebieden aantrekkelijk te maken en te houden zijn investeringen noodzakelijk. Kansrijke winkelgebieden moeten succesvol blijven, in minder kansrijke winkelgebieden is transformatie noodzakelijk. Om dit te bereiken is een gedeelde visie en een goede samenwerking tussen de retailers, de vastgoedeigenaren en de overheden een voorwaarde.

4. HUMAN CAPITAL AGENDA

De Human Capital Agenda (HCA) gaat over de investeringen van ondernemers, werkgevers, werknemers, onderwijs- en kennisinstellingen en overheden, die noodzakelijk zijn om de competenties van iedereen die werkzaam is in de (food en non-food) retailsector aan te laten sluiten bij de noodzakelijke transitie van de sector.

5. KENNISCREATIE & INNOVATIE

Kenniscreatie & innovatie vormen de basis voor een sector die toekomstbestendig en aantrekkelijk is en blijft. Op allerlei plaatsen (op straatniveau in winkelgebieden, bij retailers en bij lokale overheden) en met inzet van uiteenlopende nieuwe methoden vindt (digitale) innovatie in de retail plaats.