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Measuring the role of digital innovations on customer experience in the transformation of the ‘future store’ in the retail industry

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Measuring the role of digital innovations on customer experience in the transformation of the 'future store' in the retail industry

A research proposal submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management in Strategic Marketing

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ABSTRACT

The retail industry is undergoing significant transformation driven by digital innovation, particularly in enhancing customer experiences. While prior studies have explored attributes of online shopping and traditional store environments, there is a notable gap in understanding how digital innovations impact the physical retail experience. This study seeks to bridge this gap by examining the role of digital innovation in shaping the future of brick-and-mortar stores amidst the growing influence of online shopping impacted by the pandemic. Through an extensive literature review and an online survey, the research reveals key relationships between customer expectations, in-store experiences, and the adoption of digital innovations such as artificial intelligence and machine learning. These technologies are vital in creating seamless, personalized, and immersive experiences that bridge the gap between physical and digital shopping environments.

The study highlights the importance of factors like quick service, effective store layouts, and digital tools for data collection. Despite the challenges and costs associated with digital transformation, the findings suggest that embracing innovation is essential for retailers seeking to maintain a competitive edge. The integration of omnichannel strategies is particularly significant in enhancing customer experiences and ensuring sustainable growth.

However, the study acknowledges limitations in data collection and calls for further research to gather insights directly from merchants. Future studies could also explore cross-country comparisons to better understand variations in digital adoption across different markets and regulatory environments.

Keywords: Retail; Digital innovation; Customer experience; COVID-19 pandemic Omnichannel integration

DECLARATION

I, Mpho Manyisa, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in Strategic Marketing at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Mpho Manyisa Signed at Johannesburg, South Africa

On 08 April 2024

DEDICATION

This master's degree is dedicated to my late father, Paul Manyisa, who sacrificed so much towards the woman I am today. May your soul rest in peace and may this be a testament of your continuous support and believing in me with everything that I have done. You are dearly missed, and I know you're looking down on me as I close this wonderful chapter and achieve a milestone I have always dreamt of.

I'd also like to dedicate this degree to my mother, Mmakobo Virginia Manyisa – a fearless, driven woman who has invested so much into my education and creating a better life for myself. My mother has supported all my educational journeys and has pushed me to defy the odds and get to where I am today. You are appreciated and loved, and this would have not been possible without you.

Thank you to both my parents who sacrificed so much of their lives and themselves to provide me with endless opportunities and unwavering support to achieve my dreams.

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I would like to acknowledge my husband, Sandile Buthelezi who has inspired and pushed me through the toughest times to see to the end of this course – your support is appreciated and has gotten me through the toughest of challenges during this degree. I'd like to also acknowledge our kids, Kuhle Buthelezi who was born in the middle of completing this degree, and our daughter, Akwande Buthelezi, who was born right after submitting – both our children have played a huge role in driving me to complete this degree and achieve a goal I have wanted to gain for many years. My kids have changed my life and couldn't have come at a better time.

In addition, an acknowledgement to my family and their continuous support – my aunt, cousins, brother and extended family members I have not mentioned. Thank you for believing in me and my ability to achieve this milestone.

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1 CHAPTER 1: INTRODUCTION

1.1 INTRODUCTION

Through extensive literature examination, there is a clear indication that there is little research conducted on in-store customer experience (ISCX) and the impact of technology specifically in a South African context. Technological innovations are developing, and service organisations are forced to adapt (Lemon, 2016; Van Doorn et al, 2017) however literature on the impact of technological enhancements on ISCX is still growing. There is a fourth revolution underway, the technological revolution, which is unparalleled in scale, speed, and complexity. Cognitive systems (AI) will transform the way we live and work in diverse ways and has impacted the global business landscape drastically. Many studies have highlighted the need for in-depth studies of customer experience (CX) in marketing, especially in the services industry, since 1982 when Holbrook and Hirschman first recognized the experiential dimension of this construct (Edvarsson *et al*, 2005; Jaakkola *et al*, 2015). Therefore, this study will provide insight into the shift in ISCX impacted by digital transformation and the enhancement of technological enhancements, that retailers can benefit from in developing innovative competitive physical stores.

The shift in an enhanced ISCX has impacted customers' needs and preferences and customers now seek to engage with service organisations that enable superior experiences (Lemon and Verhoef, 2016). Technology enhancements are shifting the abilities of service organisations and processes and is transforming the overall customer experience (Van Doorn et al, 2017). In the current retail service landscape, customer experience (CX) is seen as key driver in service organisations success and being a differentiator in the market (Bustamante and Rubio, 2016). Now more than ever, organisations are required to identify, accomplish and asses CX and in turn continuously improve customer interactions with their brand in the volatile business environment that service organisations operate in. For retailers to survive and compete effectively in a digital world, they must adopt a customer-centric approach (Gupta and Ramachandran, 2021).

Customer-centric approaches must be implemented across upstream and downstream activities in the retail value chain through the use of analytics and performance metrics.

The retail landscape saw immense change in the past few years due to the COVID-19 pandemic, however, prior to COVID-19 becoming a widespread threat, the industry was undergoing changes (Martin, 2021). The pandemic brought an accelerated shift in shopper expectations and behaviours and while these continue to drastically transform, brands and retailers needed to continuously keep up with trends that impact these evolving consumer behaviours (Burns: Harris, 2022). The impact of the pandemic has changed the way consumers purchase items and the channels they use to shop, and retailers need to consider that the 'customer of tomorrow' now derive value in-store from an experience that is convenient, seamless and simple (Burns, 2023). Although theses driving forces are not new to the global retail landscape, the pandemic has shifted the importance of ensuring that they're at the forefront of service excellence in retail stores. With the growth of e-Commerce, leading store-based retailers around the world are increasingly adopting omnichannel business models, however, despite these advancements, few brands and retailers have yet fully integrated their physical and digital operations (Breidis, Kronschnabl., et al, 2020). Therefore, the growing influence of technology has impacted the way retailers and brands meet demanding in-store shopper needs.

In the recent years there has been an emergence and fast-growing disruption of digital innovations which has shifted retail operations and has accelerated competition in the global market (Porter and Heppelmann, 2014). Although e-Commerce has disrupted the physical retail landscape, digital innovation has given traditional retailers and suppliers competitive advantage in providing consumers with convenience as well as service excellence through adapting to innovative enhancements in traditional stores (Hokkanen et al., 2020; Rachinger et al., 2019). According to Martins (2023) technological advancements continue to disrupt the retail environment and the growing evolution of innovation, artificial intelligence (AI) as well as machine learning has shifted retailers to differentiate themselves from the e-Commerce landscape and ensure technological integration across multiple channels as this has become more crucial to stay ahead of the curve.

This shift in digital transformation has impacted the retail and according to Evans (2021) the role of retail stores is changing as digital transformation pushes traditional brick-and-mortar outlets to adapt. With the shift toward online shopping, retailers are reimagining store functionality by integrating digital tools to keep physical locations relevant. The future store concept merges the convenience of e-commerce with the automated efficiency of modern warehousing, while emphasizing the human-centered shopping experiences customers still value (Han, W and Marciano, R, 2022)

Han (2022), further states that although physical retail will remain the dominant channel, how space is utilied is evolving. Many retailers are reducing their physical footprint or using stores to support online fulfilment and branded experiences. Tomorrow's stores will offer personalized, immersive, and collaborative environments. Shoppers may pre-purchase items, order essentials via smartphone upon arrival, and still have time to explore products that require hands-on discovery and sensory interaction (Grewal et al., 2020).

This flexible, customer-focused approach lies at the core of the Store of Tomorrow, balancing digital efficiency with the in-person experiences that make physical retail indispensable (Noble, S and Roggeveen, A, 2022). The concept underscores a future where digital and physical shopping seamlessly integrate, offering consumers both convenience and the sensory engagement they crave.

Therefore, retailers in the modern global landscape, need to radically accelerate in-store omnichannel integration. It has become standard for consumers to remain at home for weeks at a time and as a result have shifted to purchasing a variety of products online. As a result, retailers need to understand customers' preferences deeply and accurately, imagine their stores' new role in light of these preferences, and implement relevant changes to store formats and in-store customer experiences (Adhi and Davis, et al. 2020).

PROBLEM STATEMENT

According to the Fletcher (2022), 85% of South African shopper's state that retailers need to advance the in-store experience to ensure a quick, convenient and personalised experience, thus customers will expect more integrated digital experiences in the in-store space. In addition, although approx. 78% of South African personally foresee an accelerated use of digital shopping platforms, 74% of those same shoppers engage more with brands that provide both an integrated physical and digital experience. Bataiev (2017) suggests that online shopping will not disappear even though it seems counterintuitive. Shoppers are also looking for superior brick-and-mortar experiences in addition to spending more money on experiences than anything else. According to PwC (2021), customers are still seeking in-store experiences in the retail space, which is driving retailers to rethink the physical store and how to transform this space to meet customer needs in this 'new norm'.

Analysing the in-store customer experience (ISCX) as a construct in the retail landscape, looks at "a holistic construct that includes the customers internal responses to service stimuli: cognitive, affective, social and physical as well as customers social interaction with actors involved in the service encounter" (David et al, 2004). Literature focuses on the first three constructs of customer experience and there is minimal research on the physical impact of customer experience in traditional brick and mortar stores post the pandemic, particularly in the relation to the increasing impact of technological enhancements.

As a result of the recent COVID-19 pandemic, retail's digital transformation has accelerated. The impact of digital innovation on online shopping has been extensively studied, but little is known about how these innovations affect customer experiences (CX) in traditional brick-and-mortar stores following the pandemic.

Impact of Digital Innovations on Post-Pandemic In-Store Experiences: Due to the pandemic, point-of-sale systems, contactless payments, and virtual assistants have become more mainstream in physical and virtual stores (Deloitte, 2021). However, few studies have examined how these technologies impact customer engagement, loyalty, and

satisfaction in the post-pandemic retail environment. The pre-pandemic literature largely emphasizes in-store ambiance, employee interactions, and product displays as critical factors in customer experience (Verhoef et al., 2009). Post-pandemic, digital tools play a larger role, but their long-term effects on consumer behaviour in physical spaces remain underexplored (Hagberg et al., 2020).

Gaps in Understanding the "Future Store" Post-Pandemic: As brick-and-mortar stores evolve into spaces that integrate digital innovations to enhance customer experiences, the concept of the "future store" is gaining traction. However, the majority of current literature examines this in terms of pre-pandemic retail models (Pantano et al., 2020) and following the pandemic, physical stores are more often used to support omnichannel strategies that combine online and offline experiences. Even so, little empirical research has been conducted on how "future stores" are addressing post-pandemic customer expectations, such as convenience, safety, and personalized service. Although there is a growing need for frictionless, efficient in-store experiences, there is a lack of clarity about how digital innovation can facilitate this change (Retail Dive, 2022).

Limited Focus on Physical Store Evolution in the Digital Era: There has been a considerable amount of research on the digital transformation of retail, focusing primarily on e-commerce and omnichannel integration (Rigby, 2011; Brynjolfsson et al., 2013). and modern consumer research suggests that brick-and-mortar stores still provide tactile, sensory experiences consumers value, especially for apparel and luxury items (PwC, 2022). However, post-pandemic reality, particularly social distancing measures and heightened concerns about health and safety, demand that physical stores be reevaluated. Currently, there is insufficient research on how traditional stores can remain relevant by integrating digital innovations with the physical shopping experience (McKinsey, 2021).

Customer Behaviour and Digital Integration in Physical Retail Spaces: Customers are increasingly expecting seamless and personalised experiences, but there is little empirical evidence on how these expectations play out in brick-and-mortar settings post-pandemic (Forbes, 2022). A number of studies prior to the pandemic, including Lemon and Verhoef (2016), emphasize the importance of omnichannel integration, but recent findings

show consumers are increasingly seeking physical-digital experiences in stores that include personalized recommendations, AR experiences, and AI-driven customer service (Accenture, 2023). More empirical research is needed to understand how these technologies influence the loyalty and satisfaction of physical store customers.

1.2 Purpose of study

The purpose of the study is to explore the role of digital innovations on customer experience in the transformation of the 'future store' in the South African metropolitan retail industry, particularly in the fast-moving consumer goods (FMCG) space. The study explores the role of the COVID-19 pandemic and its impact on this sector and the shift towards meeting evolving in-store shopper expectations in this new post pandemic world. According to Macciola (2021), customers are seeking a seamless, high-quality experience at every brand touchpoint which has shifted brands from merely meeting customer expectations to ensuring a more differentiated experience when interacting with their brand. Diebner et al. (2020), suggests that there is a complex customer journey involving a wide array of channels and multiple events in the decision-making process, and brands need to find innovative and creative ways to engage with their customers in this new post-pandemic landscape.

According to Macciola, (2021), 56% of customer interactions with brands are through multichannel and multipoint purchases. In addition, consumer needs in modern volatile business environment are evolving at a rapid pace, and therefore brands only map out what they perceive as the customer journey, not necessarily what customers expect. According to Yoong (2021), it's more important than ever to achieve service excellence, which means meeting customer expectations consistently and occasionally exceeding them. Despite understanding this and the importance thereof, many organisations do not know how to improve the service they provide to meet consumers changing needs. The modern brand needs to realize the importance of shifting the way they do business - from focusing on the good and the bad experiences customers have, to creating service touchpoints that establish and maintain customer loyalty, guarantee customer satisfaction, and increase customer lifetime value (Macciola, 2021). This transformation in

organisations and the resulting industries needs to be achieved by brands, namely identifying customer gaps and striving to deliver on effective and exceptional service journeys, especially now that COVID-19 has changed the demands of customers.

In the current competitive environment, service innovation plays a key role in differentiation and growth (Witell et al. 2016), and the focus for businesses and retailers has changed towards a more value-centric way of meeting shopper needs. Innovation and technological enhancements are a key driver and service organisations and systems are changing as a result of these developments (Lemon, 2016; Van Doorn et al, 2017). Furthermore, Cohen (2014) states that it is predicted that societal developments globally will enhance population trends that'll affect the nature of service organisations as each shopper has their own individual way of creating and deriving value from brands and these needs continue to evolve overtime. It is therefore crucial for service organisations to integrate innovation, data analytics and digital capabilities to develop more valuable, personalised customer experiences and exceed shopper expectations in this new 'future store' retail environment.

i. Gaps in Understanding Digital Innovation and the Future of Retail

With advancements in digital technologies and evolving consumer expectations, the retail industry is undergoing a profound transformation. Although digital innovations are increasingly recognized as important, significant gaps remain in both academic and practical knowledge about how these technologies will change the future store and improve customer service. Research on customer experience is lacking in the integration of digital innovations, and the existing literature mainly focuses on traditional aspects such as customer service, store ambience, and staff interaction. However, digital technologies such as artificial intelligence (AI), machine learning (ML), augmented reality (AR), and data analytics play a specific role in improving in-store experiences as well (Pano et al., 2018). Despite their increasing use to create personalized and seamless shopping environments, few empirical studies examine their impact on the overall consumer journey in brick-and-mortar stores, and it is therefore imperative that we conduct more research into how digital

innovations can enhance customer engagement, loyalty, and satisfaction in physical stores (Hagberg, Sundstrom, & Egels-Zandén, 2016).

Literature on the future store is fragmented, with inconsistent definitions and varying interpretations and we need to note that some studies emphasise automation and technology integration, while others address omnichannel strategies (Verhoef et al., 2021). Consequently, there is confusion surrounding the concept of the "future store" and how its components, such as digital interfaces, automation, and human-centered design, contribute to operational efficiency: consequently, retailers are unable to fully exploit the potential of the future store, which makes developing comprehensive strategies in a competitive market challenging (Piotrowicz & Cuthbertson, 2014). As a result, there is a lack of understanding of the digital transformation of the retail industry, with significant variations across sectors and regions in how digital innovations are adopted. In research, digital tools are often overlooked in physical retail spaces, and the focus is often on short-term technology adoption rather than long-term strategic impacts on customer experience (Rigby, 2021). Additionally, a significant amount of studies rely on qualitative case studies rather than real-time interactions with consumers to describe how digital innovations are aligned with consumer expectations (Lemon & Verhoef, 2016), to develop future stores that exceed consumer expectations, robust, empirical studies are necessary.

By conducting a holistic analysis of the role of digital innovations in transforming the customer experience within future stores, this study seeks to overcome these limitations. An empirical survey, a literature review, and data analysis were used in this study.:

- Offers new insights into how technology enhances the in-store customer experience by integrating key digital innovations (e.g., AI, AR, data analytics).
- Provides an in-depth analysis of the digital transformation of physical retail spaces, accounting for regional differences and providing retailers of all sizes with strategic insights.

- Establishes the key elements that retailers should focus on in order to meet evolving consumer expectations (e.g., technology integration, omnichannel approaches, store design).
- Gathers empirical data on consumer expectations regarding digital tools in the shopping experience, so that retailers aiming to remain competitive in a digital world can see how their expectations align.

This research identifies and addresses these gaps in order to better understand how the retail environment and digital innovation interact, and how future stores can be more customer friendly, and meet evolving consumer needs.

1.3 Context of the study

The disruption of the COVID-19 pandemic has changed customers in-store expectation when shopping. Customers now want convenience, efficiency, and quick in-store experiences, now more than ever. Customers also rely on technology to simplify their lives – in turn simplify their experiences. According to the Global Economic Forum and the World Bank (2020), global economic output is slowly recovering from the collapse triggered by COVID-19 but will remain below pre pandemic trends for a prolonged time. The pandemic has exacerbated the risks associated with a decade-long wave of global debt accumulation. It is also likely to steepen the long-expected slowdown in potential growth over the next decade. The global economy is projected to grow at 4% after a 4.3% contraction in 2020. The strength of the recovery is projected to vary significantly across countries and regions, depending on access to medical interventions, vaccine rollouts, effectiveness of policy support, exposure to cross-country spill overs, and structural characteristics entering the crisis (Reinsdorf, 2020). According to O'Neil (2021) the retail industry has been impacted greatly and faced challenges and volatile times during the COVID-19 pandemic. With the rate of infections decreasing, vaccination roll-out improving in South Africa, the industry is preparing for this new 'shopper experience' and have shifted towards transforming the in-store experience, and digital plays a crucial role in meeting evolving customer needs, despite the massive impact of the pandemic. The concept of a "future store" in the retail space can be captured in two key words – integration and

innovation and Martin (2023) states that many physical stores will likely see increased growth over the years with the impact of tech and data.

PwC (2021) states that only 14% of South Africans shop online weekly and most consumers opt for in-store shopping rather than digital retail experiences, although according to Fletcher (2022) online shopping thrives globally and 57% of consumers shop online than in tradition stores. This has posed an opportunity for South African retailers to transform the in-store retail experience to meet evolving customer needs through adopting digital innovations into their strategies and ultimately enhancing the in-store customer experience. Customer expectations have shifted to differentiated experiences across multiple channels while low costs taking precedence and as a result of the COVID-19, economic uncertainty and volatility are only adding to this pressure. In addition, there are various socio-economic impacts such as job loss and declined customer confidence which has seen a drop in spending habits (Adhi and Davis, et al. 2020), however over the years post-pandemic, spending habits has increased in the South African FMCG space, particularly in the edible goods and grocery category. According to Lomberg (2023), the South African retail industry was one of the industries drastically impacted by the COVID-19 pandemic. There were various factors impacting the industry, such as lockdown restrictions, limited in person interactions and reduced trading hours which forced retailers to rethink the way they provide service delivery that meets customer needs and these new shopper behaviours. Due to these sudden changes, retailers had to transform not only their physical environments, but how they operate in the business environment and remain sustainable. Lomberg (2023) further states that even with the impact of the pandemic, the South African retail industry has transformed in ways better than pre-pandemic, even though the pandemic had a negative impact on operations and other areas of business. The largest driver of this transformation has been the adoption of innovative technological enhancements (Porter and Heppelmann, 2014).

1.4 Research question and aims of the study

According to Verwey (2016), the objectives of a research project describe concisely what it seeks to accomplish. Researchers use objectives to sum up the goals they wish to achieve and to steer their studies. Researchers need to set achievable research objectives, taking into account the time available, the structure necessary, and other resources. Furthermore, Verwey (2016) states that research objectives should be formed by reading all the developments in the field and finding any knowledge gaps and this will assist the researcher in setting out suitable objectives for the research project.

Below are research objectives for the topic **"measuring the role of digital innovation on customer experience in the evolution of the 'future store' in the retail industry".**

1. To investigate the relationship between customer expectations and the in-store customer experience.
2. To measure the relationship between the transformation of the future store and the in-store customer experience
3. To measure the relationship between the role of digital innovations and the in-store customer experience.
4. To measure the relationship between customer expectations and the emergence of the future store

Furthermore, the research problem will be investigated according to these questions:

1. What is the relationship between customer expectations and the in-store customer experience?
2. What is the relationship between the transformation of the future store and the in-store customer experience?
3. What is the relationship between the role of digital innovations and the in-store customer experience?
4. What is the relationship between customer expectations and the emergence of the future store?

HYPOTHESIS

H1: There is a direct relationship between customer expectations / preferences and the in-store customer experience.

H2: There is a direct relationship between the transformation of the future store and the in-store customer experience.

H3: There is a direct relationship between the role of digital innovations and the in-store customer experience.

H4: There is a direct relationship between customer expectations / preferences and the emergence of the future store.

1.5 Definition of terms

For this purpose of this study, there are five main terms that require definition:

Customer experience – for the purpose of this report, according to Gentile, C., Spiller, N., and Noci, G. (2007), customer experience (CX) can be defined as 'the experience during the entire purchase journey, customers' cognitive, emotional, behavioural, sensory and social responses to a company's offerings

In-store customer experience (ISCX) - In-store experiences are influenced by the consumer's feelings and perception which are impacted by the atmosphere of the store; the overall customer service and various product offerings (Maklan, S., and Klaus, P, 2011).

Digital transformation - According to Mahraz, Benabbou and Berrado (2019) digital transformation (DT) is defined as a way that organisations optimise their operations, drive sustainable growth and efficiency as well as gain a competitive advantage in a dynamic global landscape.

Digital innovations – Described by Cooper and Zmud (1990) as “including activities of initiating (triggers, opportunity identification, decision making), developing (designing, developing, adopting), implementing (installing, maintaining, training, incentives), and exploiting (maximizing returns, leveraging existing systems/data for new purposes)”.

The future store - Retailers increasingly leverage their physical real estate to not only optimise their omnichannel capabilities but create an ISCX that is memorable for customers and drives brand loyalty while exceeding ever-changing expectations (Everitt, 2021).

1.6 Contribution of the study

For the purpose of this research, it was important to first investigate whether such research had been conducted before, **“measuring the role of digital innovation on customer experience in the evolution of the ‘future store’ in the retail industry”**, and how this impacted consumers’ thinking and behaviours which has ultimately forced the retail industry brands to rethink the in-store customer experience and how the ‘future store’ can be enhanced through digital innovations. This will be done through evaluating consumer behaviour theories and the effect of those outputs on future in-store customer experiences.

The focus of this research is primarily on retailers understanding ever-changing consumer needs amid the pandemic and how this has impacted the future of in-store experiences for these evolving needs and expectations. According to Newton (2021), research in the retail industry in the context of COVID-19 has primarily focused on e-commerce, the rise of delivery intermediaries, emerging trends such as direct-to-consumer and purposeful brands, and not necessarily on the future of the physical store and how to adapt this space to ‘new’ customer needs and expectations amid the pandemic.

The study contributes to theory, management and practice as there is a gap in literature focusing primarily on the ISCX and how the pandemic has impacted customer expectations with digital at the forefront. Significant literature looks at the overall customer experience however, limited research covers ISCX and the impact of digital thereof.

1.7 Delimitations of study

Delimitations are boundaries that are set for the study to limit the scope of the research objectives (Theofanidis, and Fountouki, 2018). Delimitations for the research study titled **"measure the role of digital innovation on customer experience in the evolution of the 'future store' in the retail industry"** are provided below:

1. The study will be focused on the South African retail industry, specifically face-moving consumer goods (FMCG) category (in-store and digital retail) that is being researched upon. the South African FMCG market is one of the largest in the world with a total of R631-Billion in annual sales in the third quarter of 2023 and innovation is a key driver of this growth (Haeri, 2023).
2. Although the impact is global, the study will be limited to a South African audience and research will be based on all 9 provinces
3. The selection of the target population and sample limits the study as there will be 200 people aged 18 – 55, living in major cities in South Africa
4. The study will be limited to the customer needs and expectations specifically and not retailer capabilities to explore the impact of trends and insight-led solutions. The main focus of the study is on the shoppe

2 CHAPER 2: LITERATURE REVIEW

This section will unpack the essence of a literature review in the context of the in-store customer experience (ISCX) and analysis as well as theoretical and conceptual frameworks in relation to service innovation in the 21st Century. The study seeks to examine the role of digital innovation on the in-store customer experience in the retail industry. This section begins by providing context around the purpose of the literature review and the conceptual framework relating to the study. Thereafter, the chapter provides context on the impact of the COVID-19 pandemic on physical stores and the shift in customer expectation in relation to the ISCX, then looks at the role of digital innovation and transformation impacting the shift in shopper needs and expectations and lastly the impact of customer experience on service organisations. Then, the section explores key research findings in relation to archetypes of service innovation that impact the overall research study. Lastly, the chapter looks at the relationship presented in the conceptual framework and the hypothesis drawn from the research topic.

2.1 Introduction to literature review

The term literature is used to describe a collection of published information and materials regarding a specific area of research or a particular topic. These are in the form of published books and journal articles that hold academic value (Knopf, 2006). A literature review therefore serves the purpose of identifying and evaluating the relevant literature within a particular field of research that relates to the topic a researcher is covering. The literature review should cover the evolution of the research field and identify what has already been implemented such as proven literature, generally accepted principles in the field and new trends in terms of the topic (Kalus and Szymańska, 2020).

A literature review therefore has four main objectives, and should:

- Identify the current literature in the chosen research area.
- Summarise the available literature.
- Analyse the information in order to assist in identifying gaps in the research field or on a specific topic.
- Present the relevant literature in an organised manner for readers to understand the information.

A theoretical and conceptual framework explains the path of a research undertaken by the researcher and therefore grounds it in theoretical constructs. Collectively the two frameworks ensures that the research findings are more meaningful to the research being conducted (Adom, Hussein and Adu-Agyem, 2018). A theoretical framework is based on an existing theory in the specific research field being studied. According to Adom, Hussein and Adu-Agyem (2018), researchers may use it as a framework on which to build their own research and theories. It is therefore seen as a singular formal theory and a foundation for research construction. The blueprint is therefore like building a house, each house will be different as per the user's preferences but will still be built as per the blueprint i.e. having walls build after the foundation.

The theoretical framework will guide the researcher and ensure that the researcher sticks to the accepted theories and frameworks. It is mainly advised that even though theoretical frameworks tend towards use in quantitative research, it can also be applied to conduct qualitative research. A conceptual framework on the other hand will consult one or more formal theories and will include other concepts and empirical findings from the current literature available. A conceptual framework is used to show relationships amongst ideas in the research field or the topic and how they relate to the research study at hand (McGaghie, Bordage, and Shea, 2001). It is generally advisable to make use of conceptual frameworks in qualitative research as qualitative research often cannot be addressed or explained using a singular theory.

A significant disruption of the retail industry occurred as a result of the pandemic, accelerating the adoption of digital innovations and altering consumer behaviour in unprecedented ways (Pantano et al., 2020). A wide range of lockdowns, social isolation measures, and safety concerns forced stores to close or limit capacity, drastically reducing foot traffic. Consequently, physical retailers experienced severe financial pressure and sharp sales declines. In order to stay afloat, retailers needed to adjust quickly, and those who weren't able to switch to digital solutions were particularly vulnerable (Donthu & Gustafsson, 2020).

As a result of the pandemic, consumer behaviour also changed significantly. Customer priorities have shifted, with safety, convenience, and personalized experiences becoming increasingly important (Hagberg et al., 2020). The trend toward contactless interaction became the norm, and consumers sought out retailers that provided seamless, technology-enhanced shopping experiences and this forced retailer had to rethink their physical spaces as a result of this change in behaviour (Seth, 2022). As store layouts were redesigned to make navigation safer, the physical store's role evolved from one of transaction to one of providing immersive, experience-driven shopping.

As discussed previously, the COVID-19 pandemic impacted the retail industry significantly and the industry has undergone rapid digital transformation. In addition to disrupting traditional business models, it forced retailers to invest in modern technologies, enhance their digital capabilities, and reimagine the customer experience (Verhoef et al., 2021). Despite its challenges, this disruption also created opportunities for innovation and paved the way for consumer-centric experiences and digital integration in the future of retail (Verhoef et al., 2021).

With regards to this research, consumer behaviour constructs will be explored. Vainikka (2015) describes the study of consumer behaviour as consisting of various factors as it largely focuses on the utilization process in its entirety and includes issues that influence the consumer at various stages of purchasing (before, during and post-purchase). Several behaviours that consumers engage in are aligned to consumption, whether it is lifestyle choices, media consumption, or shopping, people are in some way interacting in consumer

behaviour. In the above-mentioned section, various consumer behaviour models and framework were unpacked in relation to the research questions specifically focusing on consumer perceptions, evolving customer needs, consumer expectations during the decision-making process as well as emerging trends influencing marketing in the retail industry.

In addition, the archetypes of service innovations framework will be explored and can be described as a shift in value co-creation that organisations have made in the service industry which primarily focus on 4 phenomenon that has driven the way service organisations meet customer needs. Traditionally innovation has focused on the organisation's outputs and processes, and these have fundamentally driven how businesses have developed offering that met customer needs (Vargo and Lusch, 2004). However, this has evolved with time and Rubalcaba et al (2012) states that "innovation is not just a new offering but rather improved customer value cocreation" and such research developments accelerated the focus on an experiential and systematic approach to service innovation.

Furthermore, in relation to consumer behaviour and service innovation theoretical frameworks, the customer gap model framework will also be explored in this study which is described as "identify the gaps between customer expectation and the actual services provided at different stages of service delivery and close the gap and improve the customer service", (Coster, 2021).

Therefore, consumer behaviour as a construct post-pandemic in the retail space will be explored in relation to how service organisations have evolved with an accelerated focus on digital innovation being at the centre of the future store.

2.2 Theory section

2.2.1 Consumer behaviour theory

Consumer behaviour theory according to Hawkins and Mothersbaugh (2016) involves examining how individuals, groups, or businesses choose, consider, utilize, and dispose

of specific products and services in order to satisfy a certain need, and looking at the effects of these processes on society as a whole.

According to Ajzen (2012), the theory of reasoned action takes into account consumers pre-existing attitudes when making purchasing decisions and suggests that people make decisions based on a desired outcome. This theory suggests that consumers think logically and make decisions that are in their best interests. The moment consumers show interest to the point they act on their decision, they hardly change their mind and decide on a different course of action (Ajzen: 2021). According to Maslow hierarchy of needs, people behave to satisfy a group of needs and have prioritised these needs to include physiological (survival), safety, love, esteem, and self-actualization. The theory suggests that satisfaction of a needs is not an “all-or-none” phenomenon and that needs are more important than others. Maslow also advises that human behaviour is motivated by various influential factors and is “simultaneously determined by more than one basic need”.

In relation to the consumer behaviour theory that’ll be applied to this research, the service gap model will be adopted too, and aid in developing a theoretical framework that is applicable to the research. According to Coster (2021), customers have become increasingly demanding, and their needs have changed. Not only do customers now expect high-quality products, but now expect high-quality services from organisations, and brands are required to adapt to this shift. Customers now see service delivery as part of the ‘product’. This has forced brands to understand the customer gap, which is described as, the difference between customer expectation and perception, where customer expectations are what the customer thinks the brand will offer or provide to them whereas perceptions are what the brand thinks the customer wants from them.

Moreover, consumer behaviour theory provides a framework to better understand the factors that influence individuals' purchasing decisions, such as psychological, social, and cultural factors (Kotler & Keller, 2016). There are several stages involved in the consumer decision-making process, including the recognition of problems, the search for information, the evaluation of alternatives, the purchase decision, and the post-purchase behaviour (Ajzen, 1991). Consumer behaviour has been explained from several theoretical

perspectives, including economic theory that states that people act rationally, maximizing utility. Psychological theories, such as Maslow's Hierarchy of Needs and Freudian Theory, argue that conscious and unconscious motivations are combined to drive purchases (Solomon, 2018). In addition to social influences, cultural theories and social learning theories explain how reference groups, social classes, and cultural norms influence consumer behaviour. In addition, cognitive dissonance theory and the theory of planned behaviour provide insight into how attitudes, beliefs, and perceptions of control affect purchasing decisions (Hoyer, MacInnis, & Pieters, 2018).

Consumer behaviour is also influenced by external factors such as the store environment, time constraints, and social settings and ss technology reshapes customer experiences, these theories provide an explanation. With the use of modern technologies such as artificial intelligence (AI) and virtual try-ons, consumers are becoming more engaged, comfortable, and satisfied, especially in post-pandemic retail environments where omnichannel strategies are becoming more crucial (Pantano et al., 2018).

2.2.2 Archetypes of service innovation

The value-centric model of service innovation is applicable to this research and identifies four archetypes in creating value for consumers: output-based archetype, process-based archetype, experiential based archetype and the systematic archetype (Helkkula, Kowalkowski et al, 2017). Service innovation, as mentioned is sees as the main driver of differentiation and growth for businesses and these archetypes help drive that.

Traditionally, service organisations mastered their processes and output – what they provide customers and how that is done, however, the business landscape has transformed, and customer needs in the service structure are ever-changing with trends and impacts from their environments. According to Vargo and Wieland (2015), service innovation archetypes have been immersed in experiential and systematic framework as a result of the accelerated interest in consumer experiences, service ecosystems, and integrated resources.

The output-based archetype looks at key performance indicators (KPI's) of service excellence across various constructs that are multivariate: these include sales margins, profitability, measure of success rate, etc (Storey and Kelly, 2001). According to Edvardsson (2005), the process-based archetype views service as a linear and consequent process, that tends to transform or evolve only when largely impacted by external factors, however, technology does play a role in driving efficiently in service organisations. The newly emerged experiential and systematic archetypes of service innovation focus primarily on the holistic understanding of customer experiences and the impacts thereof being subjective and individual as well as integrated service ecosystems for value creation. In the current business landscape, there is a need for an integrated approach when applying service innovation archetypes and managers can no longer work in silos.

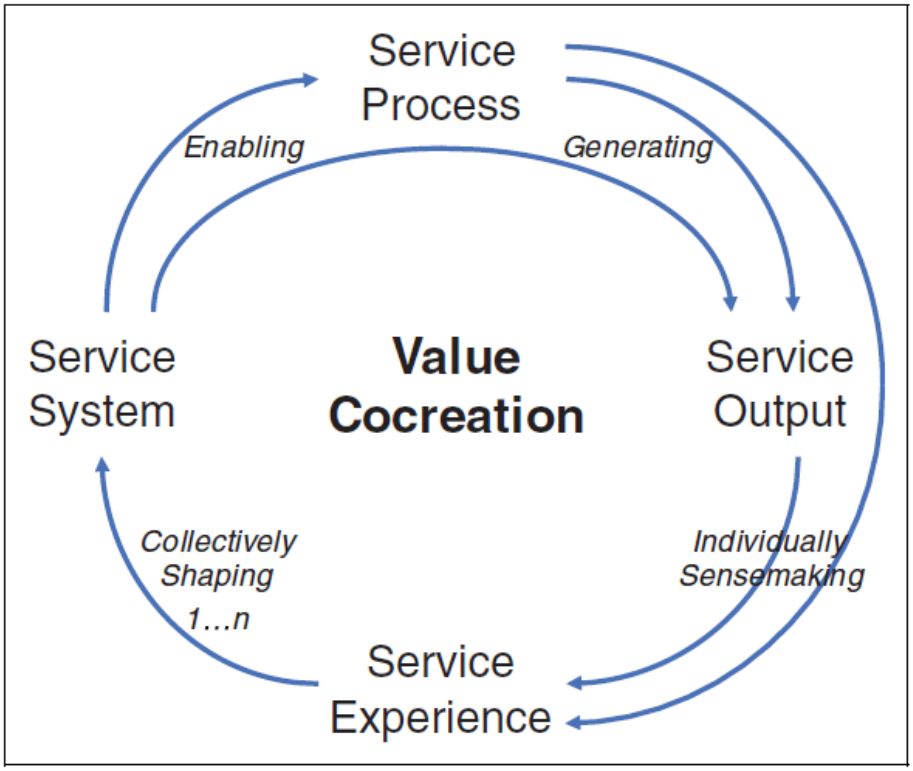


Figure 1.5.2: The narrative of value-centric service innovation

2.2.3 The ‘next normal’ in retail

While trends affect the retail industry, as mentioned above, to get ahead, brands need to build capabilities in a range of areas, from technological capabilities, service innovation to data analytics. These capabilities are relevant across different retail channels, formats and product categories, a degree of prioritisation against the most important actions, and their relevant supporting capabilities, will be required by brands.

The transformation towards the Store of the Future will present suppliers and brands with challenges and opportunities including:

- Re-allocation of traditional shelf space
- Integration of online content and touchpoints into the store journey
- Increased automation, reducing traditional impulse opportunities
- Growing requirement for innovative assortments
- New supply chain requirements for last mile.

Therefore, the research problem will explore the transformation of the retail stores in South Africa and the readiness of brands to meet customer needs post-pandemic. There is an opportunity for retailers to transform the in-store experience however, brands need to understand customer expectations, shift in consumer behaviour as well as the role of digital enhancements to meet these needs. Research states that the future of retail is changing and understanding how digital innovations can enhance customer experience is an integral role for this volatile, ever-changing landscape. The ‘future store’ is a concept that has emerged in the third quarter of 2021 as a trend that retailers need to embrace and this research will take a deep dive into how innovative solutions can enhance ever-changing customer experiences with brands and the role of theories such as consumer behaviour, service innovation as well as the service gap in the services strategy model will be of importance.

2.3 Discussion of topics

2.3.1 The impact of the COVID-19 pandemic on future in-store customer experience (ISCX)

One thing is clear, consumer shopping habits have changed over the last few years, accelerated by the pandemic. According to Jebb and Chaura (2021), the retail industry has grown tremendously over the past few years. Multi-channel customer experiences are becoming increasingly important to retailers. More resources and effort are being invested into this goal. This has resulted in a significant change in customer behavior. Therefore, in terms of buying activities and choices of products, retailers and customers experienced different changes and developments over this COVID-19 period. A major shift in consumer buying behaviour took place and for retailers to better understand these changes, the consumer behaviour theory as stated above helps brands understand the manner in which customers or shoppers choose, consider, utilize and dispose of specific products and services that satisfies a specific need. It is the consumer's behaviour that determines how retail will evolve in the future (DeAngelis, 2020), and the consumer behavioural model will inform how brands should adapt to consumer needs and behavioural changes.

There are various traditional frameworks that have been adopted in understanding customers decision making in the context of consumer behaviour which are rooted from various attributes of psychology. Researchers have identified four (4) classifications from which this theory has emerged (Blackwell, Miniard et al. 2001). From this, four (4) main approaches to decision making have emerged:

- The ‘economic man’ approach suggests that human beings make decisions rationally and based on individual interest, whilst allowing for the “ability to maximise value while consuming the minimum effort”. This approach states that individuals act rationally in economical decision making and are aware of the options available, able to evaluate alternative options and make concise decisions based on their experiences. However, as consumers evolved, this approach doesn’t seem to be a viable evaluation of consumer decision making as various factors such as time,

motivation and obtainable information are rarely available to consumers and decisions are now based on other variables such as social factors, influences and the external environment.

- The ‘psychodynamic’ approach suggests that humans make decisions or behaviours based on biological influences such as instincts and drivers that are presented separate from conscious thinking. These drivers include the Id, the Ego and the Superego (Freud: 1932) and suggests that these personality’s “work together to develop complex human behaviours”. Cherry (2020) suggests that these three drivers are dynamic and continuously engaging to influence human behaviours however they are driven by biological forces rather than cognitive or environmental influences.
- The ‘behaviourist’ approach suggests that behaviour is driven by environmental influences and all things that human beings do, such as thoughts, actions and feelings is considered behavioural activity. Behavioural research still continues to evolve, (Stewart, 1994) states that ‘behaviourism’ is limiting as it does not effectively justify the “large diversity of response developed by a population open to similar or even duplicate stimuli”
- The ‘cognitive’ approach, contrast to the ‘behavioural’ approach, views human beings as information processors and the influence of environmental and social factors are attributed to individual decision making and these factors aid the outcome of their decisions. This approach emerged in the 21st Century and suggests that the ‘behavioural’ approach is limited in understating why consumers make decisions

  and the shift towards cognitive research has “dominated paradigmatic approach” to understating human behaviour.

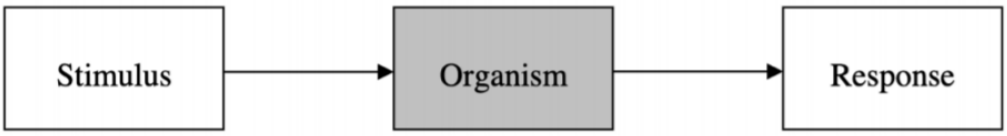


Figure 2.2.1: Stimulus-Organism-Response Model of Decision making

With the above mentioned, the topic of research suggests an interlinked approach to the study's theoretical framework with the cognitive approach and economic man approach being applied to the framework in relation to the in-store customer experience (ISCX) framework that will be adopted in the research and unpacked later in the paper.

Therefore, the assertion that there is a direct relationship between customer preferences and the in-store customer experience encapsulates how pivotal it is for retailers to align their in-store offerings with the evolving expectations of their customers. Customer preferences, shaped by factors such as personal tastes, cultural influences, and technological trends, dictate the criteria consumers use to evaluate their shopping experiences. In a retail context, customers might prioritise diverse elements such as the efficiency of service, the ambiance of the store, the variety of products, or the level of personalized service. Retailers that recognize and cater to these preferences are likely to enhance the customer's in-store experience and this brings us to ***H1: There is a direct relationship between customer preferences and the in-store customer experience.***

2.3.2 Transformation of the 'future store'

With customer needs and behaviour changing, retailers have had to adapt to this 'new norm" and the evolution of the shopper experience. According to Martin (2023), e-Commerce has become a disruptor in the retail space, traditional retail stores remain the

most common way of shopping globally in the years to come. Martin (2013) further suggests that “those retailers able to quickly embrace new consumer and workforce trends will almost certainly have a competitive advantage in this age of accelerated disruption”. To remain relevant and stay ahead, retailers today need to ensure the following:

- Optimize footprint by use of rich data-analysis.
- Redefine the role of physical stores and consider the impacts on store models in the current landscape
- Create the store of the future by integrating digital innovations that transform the customer experience.

2.3.3 Double down on digital

According to Bridis (2022), digital channels have suddenly and dramatically shifted more customer traffic during COVID-19. A two-week period in March 2020, led by grocery purchases, saw an increase of 25 percent in online sales over the past four years at a compound annual growth rate (CAGR) of 14 percent globally, however this is different for South Africa. The COVID-19 pandemic and the impact thereof has accelerated the need for brands to expand their online digital presence, and Brideis, Kronschnabl, Rodriguez, et al (2020) suggest that brands that want to succeed in these ever-changing times need to do the following:

- Dial up the acquisition engine and drive traffic to digital assets
- Extend digital-channel presence and engagement.
- Ensure that the digital experience is truly ‘zero friction.’

The digital space has grown over the recent years, and although Even though South African consumers may have experienced extreme difficulties and disorder during the COVID pandemic, recent data suggests that spending on groceries, services, travel, and fashion has returned to pre-COVID levels. Grocery spending has improved by 47% since 2019, and this is as a result of food inflation, which is the largest category consumers

spend on. Therefore, there is still a large South African market that prefers in-store buying, specifically for groceries.

2.3.4 Inject innovation into omni-channel

In order to meet new and evolving customer needs and behavioural changes, retailers and brands will need to adjust their existing omni-channel touchpoints and explore innovative opportunities that connect more with consumers. In order create a consistent customer experience, any enhancements should be well cohesive with their existing touchpoints and emerging consumer preferences and expectations (Briedis, Kronschnabl and Rodriquez et al, 2020). “Bringing an in-store feel to the digital experience.” is one the areas brands have shifted and to bring the in-store experience online with use of digital enhancements and technological capabilities. Artificial Intelligence (AI) and Virtual Reality (VR) have played a major role in creating a personalised and an immersive environment where customers can experience the physical store (to a certain extent), online. Another shift has seen retailers developing platforms that help de-risk the purchasing decision, for example in the fashion and apparel space, customers would show buyer intent, but wouldn’t purchase the item simply because they cannot see how the item fits, feel the fabric, etc. With the use of AI and VR, digital capabilities have allowed for platforms to develop technical capabilities that allows for customers to “try on” items before purchase which ultimately enhanced the customer experience. Therefore, retailers and brands faced limitations on physical in-store engagements which accelerated the need to innovate and “bring the instore experience into the online environment”. Below is a diagram that illustrates the shift in creating this innovative omni-channel space. Although brands innovated on the online landscape, customers still want human activity and to be in the physical purchasing environment. According to Assous (2022), “enabling human interaction in stages of the journey” improves the customer experience by providing them with a personalised and empathetic discovery experience, speaking their language, removing complexity, and finding what they're looking for quickly. Therefore, there is a

slight gap in the digital environment as digital innovations can't meet the needs and preferences that consumers seek from human behaviour and interaction.

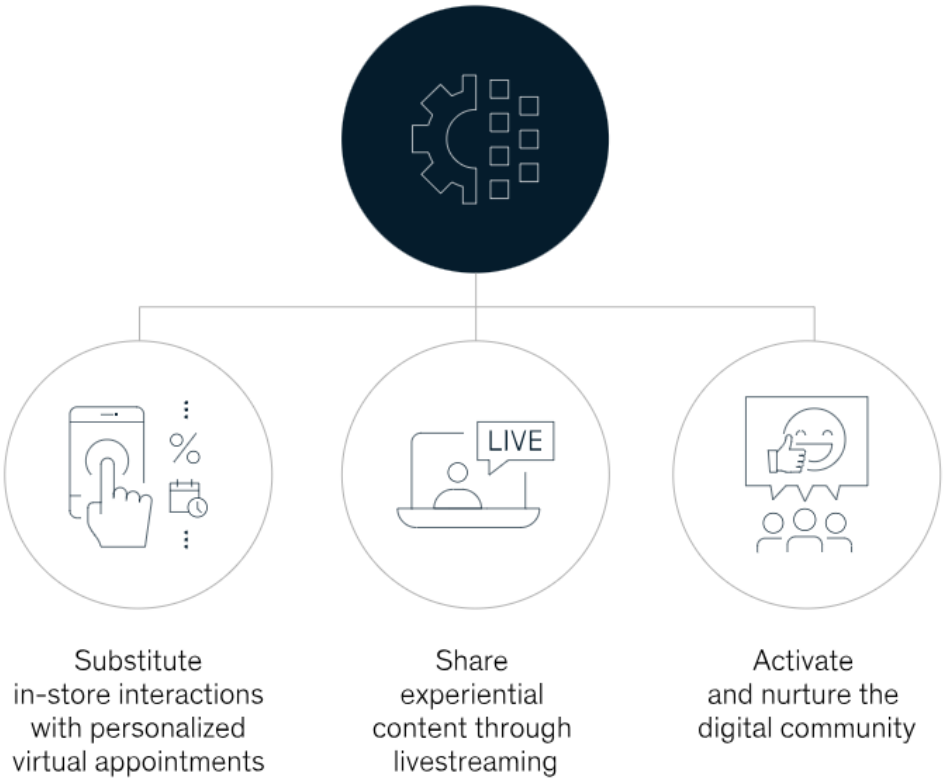


Figure 2.2.4: Bringing the in-store experience online, McKinsey

2.3.5 Transform store operations and win on 'SafeX'

As mentioned, the COVID-19 pandemic has altered the way customers expect their in-store experiences to be like post-pandemic. This 'new norm' has seen a rise in the need for continuous social distancing as well as self-service capabilities in physical retail stores. The need for safer experiences (SafeX), has forced retailers to rethink their physical store models to meet evolving customer needs and behaviours such as anxiety of being in store

for long, using digital to create a convenient experience and simplify the in-store experience as much as possible. Concepts such as 'buy online pick-up in store' (BOPIS) and self-checkout touchpoints have helped created a convenient way for customers to shop in-store while ensuring SafeX. These shifts emerged with the enhancements of digital innovations being adapted into the retail store models and ultimately enhanced the customer experience. Below is a diagram that displays the how "safe modes are increasingly important to customers – winning on SafeX is important in an omni-channel retail space".

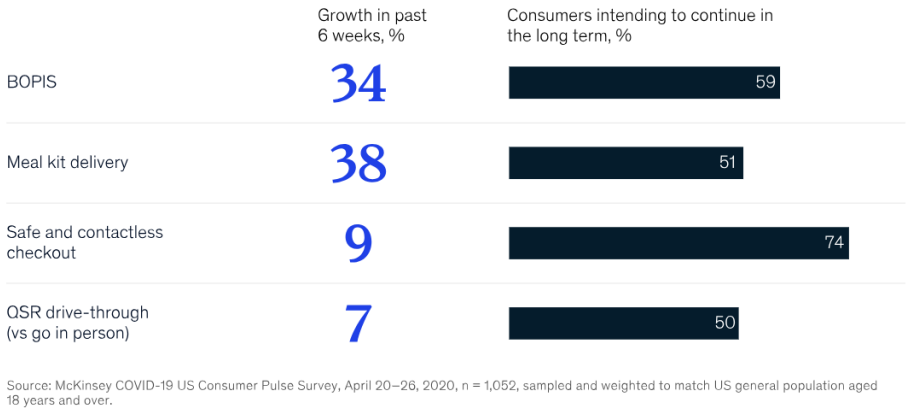


Figure 2.2.5: McKinsey COVID-19 Consumer Pulse Survey, April 2020

2.3.6 Reimagining the physical network (in-store landscape)

Today, with retail stores slowly recovery from the pandemic, in-store experiences are enticing customers back into stores, and as a result, global stores have seen a spike in in-store customer visits. According to Briedis and Kronschnabl (2020), to engage consumers in the channel of their choice, savvy retailers have spent years creating omnichannel strategies that integrate physical and online channels. The pandemics impact on consumer behaviour "has reshuffled the deck". Early indications suggest that much of this

shift may remain in place for quite some time, even as in-person interactions have been dramatically altered or replaced by digital engagement (Briedis, Kronschnabl and Rodriquez et al, 2020). The increasing volume of e-commerce transactions will force retailers to reevaluate their brick-and-mortar store networks and the best ways to support the customer experience in physical locations, however, physical stores play and integral role in the overall customer experience. Leaders in the e-Commerce space are adapting to new customer experiences by considering the 5 factors in figure 3 developed by McKinsey and Co and discussed previously, however the concept of 'reimaging the physical network' is considered to be the most pertinent for this research topic.

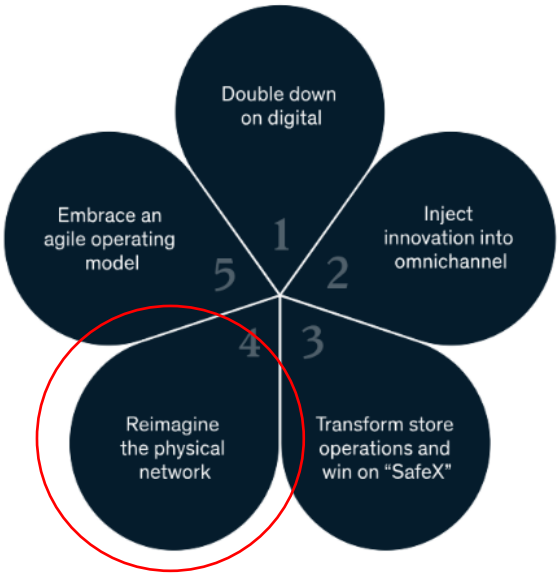


Figure 2.2.6: Adapting to the next normal in retail: The customer experience imperative (Source: McKinsey, 2020)

2.3.7 The concept of the 'future store'

According to Everrit (2021), changing consumer expectations, competitive pressures, and new technologies have all made it imperative for stores to transform. The majority of retailers were embracing change and creating seamless, convenient shopping experiences, and with the advent of the global COVID-19 pandemic, the narrative for store-based retail abruptly changed. The retail landscape has evolved as consumer mindset s change and shopper behaviour adapts, and the new reality requires stores to transform to keep up with evolving customer needs and to remain profitable in relation to in-store buying behaviour (Everitt, 2021). This a brought the emergence of the concept of the 'future store' which is described as "Optimise the value shoppers derive from physical stores by being experiential, social, curated and frictionless". The future store looks at four main constructs in achieving a positive in-store customer experience.

- **Experiential:** Helping shoppers connect with a retailer or brand through an engaging and differentiating experience
- **Social:** Creating unique spaces and opportunities for shoppers to connect with each other
- **Frictionless:** Aiding the shopper experience through convenient online to offline integration
- **Curated:** Building a differentiated assortment and fostering product discovery

The future store looks at the integration of operational efficiencies and last mile fulfilment. Everitt (2021) further states that they aim to drive operational efficiency through margin control and management of operating costs including labour and property and rethink the store as a fulfilment solution by adding speed, convenience, and capacity to the last mile (point of purchase of pick-up of goods). As retailers increasingly leverage their physical real estate to not only optimise their omnichannel capabilities but create an ISCX that is memorable for customers and drives brand loyalty while exceeding ever-changing expectations. Therefore, although retailers often strive to drive store-based sales, the true value of stores are now translated into how brands build customer relationships and create great brand experiences.

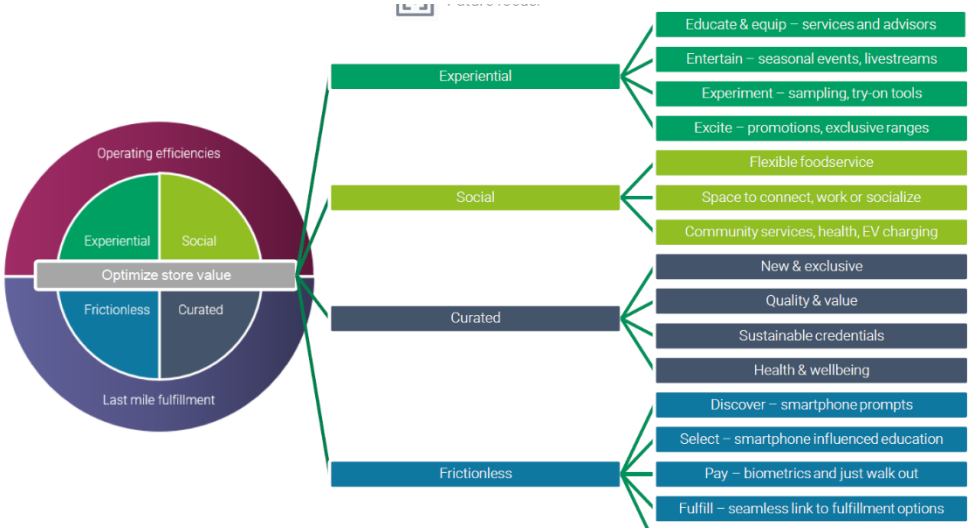


Figure 2.2.7: Store of The Future framework (Source: Edge by Ascential Retail Insights)

In summary, the shift towards the 'future store' looks at various variables that are evolving the traditional brick and mortar stores. The impact of the pandemic has accelerated this shift and at the centre of it, we see the rise of digital innovation and transformation. Literature suggests that customer experience has evolved over the years however, there is insufficient research done on the impact of technological enhancements on customer experience in physical stores. The store of the future framework suggests that creating an exceptional in-store experience is where retailers should be focusing and take into account evolving customer needs, impacted by various factors such as behavioural changes post-pandemic as well as digital enhancements.

2.3.8 Evolving consumer needs and expectations.

According to Day and Montgomery (1999), customers today are seeking a more personalised service experience – no more a “one-size-fits-all’ approach from brands. Customers are spoilt for choice and no have more power with a highly competitive business landscape, volatile economy and the rapid increase of digital capability – customers now expect more from service providers. Thus, simply having the availability of products or services is no longer enough, customers expect a tailored experience when engaging with various touchpoints. However, service organisations see personalisation as opposing efficiency and low-cost strategies, nevertheless research shows that utilizing customer data and integrating trends that create a customised experience and “including this into the production of service” yields value for customers and creates lifetime customer value (Day and Montgomery 1999).

Therefore, the transformation of the future store and the in-store customer experience are directly interconnected. As retail environments evolve, driven by technological advancements and changing consumer preferences, the way customers interact with and perceive their in-store experiences also transforms, which alludes to ***H2: There is a direct relationship between the transformation of the future store and the in-store customer experience.***

a. *Customer satisfaction*

According to Zhu and Tsai (2010), customer satisfaction drives business success and organisations need to ensure that they continuously disrupt the market and have a competitive advantage that sets them apart. Service organisations that embrace change and have a competitive edge do this by understanding and endorsing value to their customers. Customers' satisfaction has been studied in different sectors and the retail sector using various research approaches (Ažman and Gomišček, 2012; Eric, John, and Nicolas, 2016). Despite this, very few retail stores have used multiple approaches simultaneously to determine such characteristics. In modern marketing literature and

practices, customer satisfaction is one of the most important concepts. The ability to satisfy customers will also lead to customer loyalty, generating a competitive advantage for companies (Ažman and Gomišček, 2012; Eric, John, and Nicolas, 2016).

“Customer satisfaction is the consequence of a product’s quality and viability” (Mkpojiogu and Hashim, 2016). Knowing what customers expect from a product or service based on their views of quality attributes is crucial (Issac, Rajendran, and Anantharaman, 2006) and identifying product / service quality features can lead to improved quality and product / service development (Zhu and Tsai, 2010). One of the most popular ways to measure customer satisfaction is the Kano model. Gustafsson et al., (2005) suggested that Kano model helps inform customer satisfaction and in order to ensure customer satisfaction, it is important to understand the wants and needs of the customer, and the features they require to satisfy those needs. Furthermore, prior to 1984, when Professor Noriako Kano developed the Kano model, it was difficult for retailers to assess the attributes that contribute to customer satisfaction. By utilising a questionnaire survey, Kano depicts customer satisfaction and dissatisfaction graphically by connecting customer satisfaction with product quality and function.

The Kano model, established by Kano, Seraku, Takahashi, and Tsuhi (1984), and was developed as a method that recognises the different types of customer preferences and opportunities. Furthermore, this model was encouraged by motivator-hygiene theory anticipated by Herzberg, Mausner, and Snyderman (1959) and stated at the time that influences which led to either satisfaction or dissatisfaction within an employee and work context, “act independently of each other”. To gain a better understanding of customer satisfaction, Kano used this theory to categorize customer preferences for fulfilling requirement into several dissimilar categories. Moreover, the model provides five types of product attributes that relate to customer satisfaction and defines the relationship between them: (1) Must-be, (2) One-dimensional, (3) Attractive, (4) Indifferent, and (5) Reverse, as diagrammatically illustrated in the Figure 2.2.2 below.

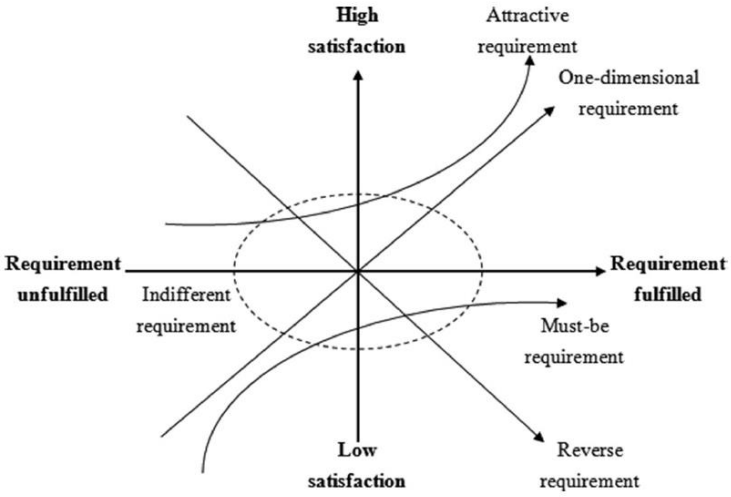


Figure 2.2.8: Kano model of customer satisfaction

2.4 The role of digital innovations

In the digital age, companies are under greater pressure to innovate. Despite current focus on technological and management aspects of digital transformation, organizational culture plays a lesser role in digital transformation. (Kiefer, Dinther, Spitzmuller, 2021) Innovation has been seen a key driver of corporate success and a way to meet customer needs. According to Grisold, T, et al (2021), there has been a great need to integrate innovation into business strategy as the business landscape has become more volatile, product life cycles have shortened, and consumer needs are evolving at a rapid rate. Solving for innovation in the ever-changing digital era has posed a major challenge for businesses, particularly in the service industry (reference 6) However, another challenge for organisation to integration innovation into their models is beyond their digital strategy and integration of technology but also a change in their organisational culture to ensure digital transformation is manages effectively. Organisational culture in relation to driving digital transformation looks at transforming the way people think, collaborate, behave and take initiative in their decision making. Therefore, organisations need to adopt this ‘culture of innovation thinking’ from the inside-out as well as the outside-in in order to thrive in this new digital age.



Figure 2.3: Overall context of digital innovation culture

According to Lund (2021), companies are changing their business models in response to the digital transformation and having to adapt. For brands to stay ahead of this type of "always-connected" customer, they need to adopt technology to offer an unmatched customer experience and when in-store, brands can influence customers purchasing decisions by understanding consumer behaviour and transforming this future to meet their needs.

2.4.1 Digital innovation in the 21st Century

Organisations have increasing pressure to innovate and apply enhanced digital technology to transform their business models and in turn meet customer needs as described previously. An examination of some of the key studies over the decades reveals the depth, breadth, and richness of the digital innovation literature. Although we know what research streams exist in general, how they fit together, and where new knowledge may lie, we do not know what we know in totality (Yoo et al., 2010). Therefore, for the purpose of digital innovation in relation to this research paper, we look at digital innovate as described by Cooper and Zmud (1990) as “including activities of initiating (triggers, opportunity identification, decision making), developing (designing, developing, adopting), implementing (installing, maintaining, training, incentives), and exploiting (maximizing

returns, leveraging existing systems/data for new purposes)". However, these four (4) activities don't need to be present all at once in digital innovation efforts and don't need to appear in any consecutive order. (Cooper and Zmud, 1990).

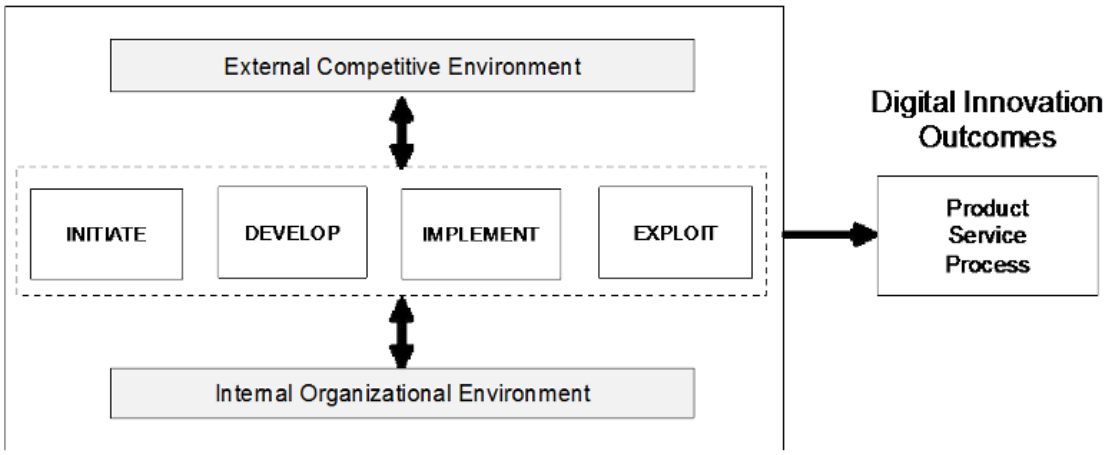


Figure 2.3.1: Digital innovation actions (Source: digital innovation: a review and synthesis, 2020)

Digital innovation does not work in silos in an organisation, and in most cases is highly influenced by changes in the external environment (Fichman et al., 2014). internal organisation changes are critical in driving this notional of digital transformation, and organisation culture, thinking, way of doing things and overall business strategy play a key role in ensuring and driving digital innovation as mentioned previously. Therefore, in figure 6, there is a major impact from the internal organisation (innovative culture, the way people think, business strategies) as well as external environment (evolving customer needs, transformed business landscape, etc) which influence the outcomes of how a business performs in this new digital era that is informed by innovation and digital transformation. Moreover, enabling new business models through digital innovation may change the organisation as a whole (Fichman et al., 2014), thus, embracing this new change is key.

Table 1: Digital innovation constructs

CONSTRUCT	DESCRIPTION
INITIATE	Apply digital innovation to problems and opportunities from within and outside the organization to identify, assimilate, and apply valuable knowledge
DEVELOP	The design and development of a new information system, the customization of an existing solution, or adopting a solution that is already in place.
IMPLEMENT	Implement new governance systems, training, processes, etc., as well as maintain current information systems from a technical and organizational standpoint.
EXPLOIT	Leverage existing information systems for maximal value. Reuse existing systems and data for new purposes.
INTERNAL ORGANISATION	The organizational backdrop, including business strategies, cultures, knowledge management, and ways of doing.
EXTERNAL ENVIRONMENT	The competitive marketplace within which firm is embedded, including fads, fashions, consumer segments, etc.
OUTCOMES	Either projected or actual new business processes, products, and services as a result of digital innovation.

2.4.2 Digital Transformation

According to Mahraz, Benabbou and Berrado (2019), in the modern business landscape, organisations are adapting to new ways of operating with the rise of new information and communication technologies, however Mahraz, Benabbou and Berrado (2019), further state that “only a few of these organisations understand how to repeat the benefits of this phenomenon”. Digital transformation (DT) allows organisations to optimize their operations, drive sustainable growth and efficiency as well as gain a competitive advantage in a dynamic global landscape. DT is increasingly becoming a key factor in business and a strategic focus for management as it offers organisations a platform to drive growth while remaining relevant in an evolving business environment. Add reference The advanced of technologies and enhancements thereof has driven the need for DT, and this includes the integration of technologies such as “Big Data, Artificial Intelligence, and the Internet of Things (IoT). These technologies drive innovative thinking and execution on evolving customer needs and behaviours that impact the customer experience and “yield the capability to generate new methods for value creation”.

Digital transformation has received considerable scholarly attention in areas of management, business, information systems, information technology and marketing. According to Pyka (2017), studies in business, management, information technology and marketing has seen increased consideration towards the theme of digital transformation, which has rapidly impacted the retail industry. Accelerated placement of and the drive of innovative technological services, rapid growth of transformation and digital innovations have reformed conventional retail experiences (Patel and McCarthy, 2000). However, digital transformation is regularly misunderstood in research and practice as the integration of information communication technologies (ICT), however digital transformation is the combination of integrating enhanced technological capabilities and systems within business and strategies, changing organisational culture as well as taking into account regulatory issues that impact the deployment thereof (Patel and McCarthy, 2000).

Hagberg et al. (2016) states that the integration of DT has transformed the retail industry as enhanced of systems, players in the feel as well as new ways of developing and

enhancing services have begun to develop with the use of tech and data. However, Kraus and Jones (2021), argue that DT has impacted the retail industry and isn't a new concept, however in the modern world, DT is now centred around customer needs, expectations and preferences. Hagberg et al. (2016) argues that DT has transformed the exchange between customers and service organisations and now more than ever, creating a positive memorable customer experience is of importance, and achievable through the integration of digital capabilities. These features of interactions include various communication touchpoints such as digital platforms (website: social media), evolution of transactions (digital payment methods), and new ways of delivery (for example QR codes). Kraus, Jones et al (2021), state that "the digitalization of actors consists of an intermixing of humans and digital technologies, with increasingly blurred boundaries leading to new actors, roles, and relationships", meaning that there's a shift in tradition retailing to a more digitised retail ecosystems that involved internal organisational changes and adapting of innovative technology enhancements that goes beyond providing a service, but ensuring that customer needs and ever-changing expectations are now catered for. Berman (2012) suggests that to succeed in delivery, organisations should continuously and simultaneously transform the customer value proposition and drive operational efficiencies in DT. In order to keep up with customer preferences, there is a requirement to realign the operating model by integrating all business activities and optimising data management as a means to achieve digital transformation. Therefore, we can allude to ***H3: There is a direct relationship between the role of digital innovations and the in-store customer experience.***

2.4.3 Service innovation and value cocreation

The past few years have seen service organisation under threat as drivers such as technological enhancements, changes in customer behaviour, and the impact of data to drive innovative ways to meet needs in the service ecosystem (D'Emidio, Dorton, Duncan: 2015). Unlike products, organisations rarely devote as much sustained effort and management attention to transforming services, however the need to drive service

excellence is required now more than ever to meet demanding customer needs and evolved behaviours. Innovative service offerings challenge current markets and business models, and a significant amount of attention has been paid to innovation in service research over the last decade, and a strong theoretical basis should have been created by now. (Guastafsson, Snyder, Witell: 2020). In order to move service innovation research forward, we need to revisit the concept of an innovation in order to develop a coherent theoretical framework that captures all the aspects of service innovation. Guastafsson, Snyder and Witell (2020) further state that factors that have contributed to achievement innovation in the service industry were mainly customer experience, an organisations business model and how they create efficiency, however, ", much less is known about their relative importance". Moreover, Researchers have largely ignored innovations that do not have a monetary value (e.g., social innovations, or well-being) and how they succeed. However, in the case of the research topic, service innovations will be unpacked through a value-centric model of the theory.

In order to understand customer experience in relation to the research topic, the paper will expand on the archetypes of service innovation and how this relationship is integrated with evolving consumer behaviours in the service industry, in this case, the South African retail landscape. As mentioned above, the value-centric model of service innovation applicable to this research unpacks the four archetypes in creating value for consumers: output-based archetype, process-based archetype, experiential based archetype and the systematic archetype which are seen as the main driver of differentiation and growth for service organisations. Research suggests that organisations that integrate these archetypes on various levels will drive value creation for individual shoppers. McInns (2011) suggests that an integration of all four archetypes that accepts each archetypes strengths and defeats their constraints will deliver on this notion of a "value-centric" model. Traditionally, research looked at each archetype in silos and excluded relevant evolutions and changes in the environment, whereas today we look at service innovations as a holistic approach and integrate various phenomenon, and Witell et al (2016) suggests that "sharing an overall view of service innovation enables theory building and research to better operationalize service innovation in further empirical studies". This combined value-creation framework allows for organisations to improve co-created value for consumer with

evolving expectations, environmental impact and individual consumer behaviours. The shift to integrating the experiential and systematic approach to service innovation views value of co-creation as various factors in consumers' social environment that impact their decisions and isn't as linear or sequential (Edvardsson and Tronvoll, 2013).

Guastafsson, Snyder and Witell (2020) state that service innovation typology has been developed based on four existing theoretical archetypes focused on the deriving of value and cocreation thereof. These archetypes include output based, process based, experiential, and systemic. Using the archetype distinction to demonstrate how they differ, we also demonstrate how it can contribute to more accurate reasoning about service innovation as a whole. In appendix A, service innovation is differentiated into four archetypes based on three characteristics: key references, value cocreation contributions, and role of actors. The term typology is described as a concept that consists of a series of ideal types that are conceptually related. Withing practice, each archetype represents a unique combination of "first-order" constructs, particularly its characteristics, foci, contributions to cocreating value, and the actors' roles within it. The table illustrates how service innovation approaches differ in terms of how they define innovation, conceptualise value, and engage different actors. A product-based and process-based approach emphasizes tangible products and services, while an experiential and systemic model emphasizes customer experiences and ecosystem integration.

When looking at figure 2.2.3, value cocreation emerges when all four archetypes are integrated into business models and as Witell et al. (2016), explained, managers are to drive the integration of these archetypes in their organisations to continuously improve the cocreation of value with their customers. When taking this model into account in relation to the research topic, the out-based archetype in the retail industry looks at a retailers profitability and sales growth (how many buying customers walk through the doors and how much do they spend), the process-based archetype looks at the overall systems and processes in the store that customers require in order to purchase goods effectively and this archetype is heavily reliant on the enhancement of technologies to drive operational efficiencies throughout the store. As service providers have had to adapt to changes and consumer behaviour, the emergence of the experiential and systematic archetype drove

organisations to better understand consumer expectations, trends and integrate digital innovation to develop and provide a differentiated and more personalised experience in store, while from a systematic approach, organisations now integrate various factors that impact the holistic service ecosystem. Below Figure 5 looks at the shift in the service environment and how organisations need to adapt innovation to keep up with consumer expectations that impact how an organisation delivers on the customer experience through providing delivery excellence.

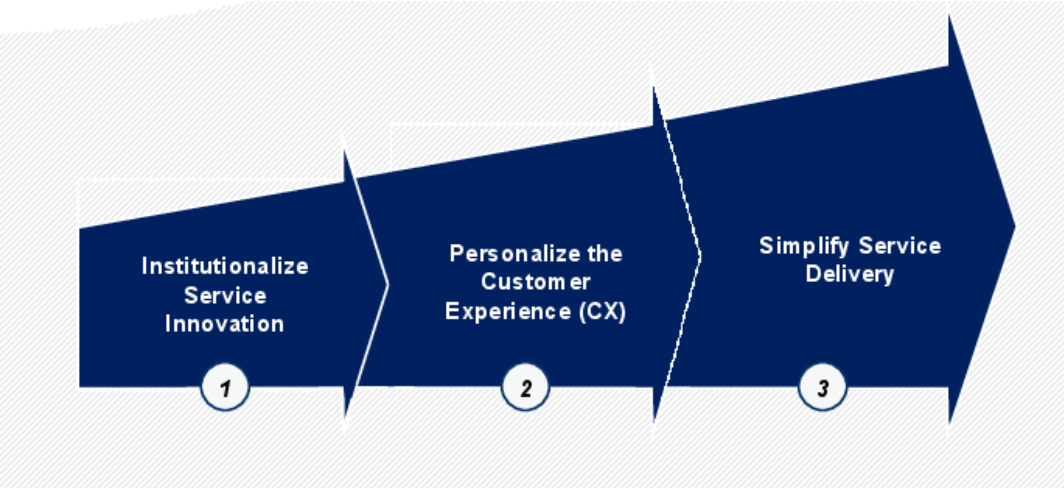


Figure 2.3.3: Service 4.0 transformation

2.5 Impact of Customer experience (CX) in the service landscape

Customer Experience (CX) can be described as a sequence of interactions between consumers and a brand (Gentile et al. 2007) and an organisation's interaction with its customers involves a variety of internal and subjective responses that define the customer's perception of their experience (Meyer and Schwager, 2007; Schmitt et al, 2015). Creating an exceptional customer experience is synonymous with driving service excellence across brand touchpoints. According to Yoong (2021), service excellence is now more important than ever, and describes it as “consistently meet and occasionally even exceed customers’ expectations”. Although many organisations understand this and the importance thereof, they may not understand how to improve their customers’ service to meet their evolving needs. Brands in the modern world need to therefore shift the way

they do business – by focusing on good and bad customer experiences to creating service touchpoints of excellence that create and maintain loyalty, ensure customer satisfaction and increase customer lifetime value with the brand (Macciola, 2021).

2.5.1 Measures of in-store customer experience (ISCX)

According to Bustamante and Rubio (2016), organisations now operate in “a world where customer empowerment is continuously increasing and changing the service landscape, retailers must provide memorable shopping experiences to retail and attract new customer”. Customer expectations continuously change, and they no want to enjoy their in-store shopping experiences which according to Bustamante and Rubio (2016), are made up of cognitive, affective, social and physical impacts induced by in-store touchpoints. Across various research papers, marketing academics state that a positive CX as competitive advantage and sustainable growth for organisation in the long run. Research also states that CX is “a complex, multi-layered concept” (Berry, et al., 2002). CX is described as understating the impact of social exchanges as well as individual methods as part of the experience and the customer is described as an active contributor in their own social reality by going beyond observing, to interpreting service touchpoints. Research also looks at other theoretical concepts that focus on service exchange which implies that CX is co-created through multiple engagements with various respondents within a range of CX ecosystems and systems.

Bustamante and Rubio (2016), state that academics argue that there is a gap in academic research in various disciplines in emerging wide-ranging information around the concept of CX, particularly in its construction, usefulness, and execution (Lemon and Verhoef, 2016) Bustamante and Rubio (2016), argue that customers have more power in the current retail service environment and organisations can differentiate themselves by creating a positive customer experience by understating, accomplishing and continuously measuring CX. For the purpose of this research study, Helkkula et al., 2012 and Heinonen et al., 2013, state that “CX is only partly internal, however, since service contexts have a social dimension determined by the customer while engaging with other players in the service ecosystem” and further states that thus, in-store customer experience (ISCX) is

the consequence of “individual internal processes experienced with others”. This study aims to measure and deeper understand ISCX in the retail service space particularly in four areas: cognitive, affective, social and physical. Schmitt (1994) describe experiences as not affective but “arise when individuals engage with stimuli”, however there has been research that implies an emergence of CX which is described by Kale (2004) as a relationship between a customer and a service organization, and naturally a co-creation process between the two. Therefore, in the context of the physical store, CX can be described as a “multidimensional construct focusing on customer cognitive, emotional, behavioural, sensorial and social responses to an organisation offering during the customers purchasing journey”. In addition, Pine and Gilmore (1998) describe ISCX as a service organisations way of connecting with and immersing a customer in the physical store in a unique and personalised way. The current business landscape accelerated the emergence of the ‘experience economy’ which is described as customers demand for more than quality goods but a shift towards service excellence in-store that exceed expectations and changing behaviours (Bustamante and Rubio: 2016). Therefore, CX influences a customer’s shopping process from the moment they have a perceived expectation through to the post-purchase analysis of their experience with a brand. Therefore ISCX, for the purpose of this research study, can be described as designed from individual cognitions, feelings, and social and physical responses to a service provided by an organisation in-store that impact a customer’s shopping experience.

As mentioned previously, analysing ISCX as a construct in the retail landscape, looks at “a holistic construct that includes the customers internal responses to service stimuli: cognitive, affective, social and physical as well as customers social interaction with actors involved in the service encounter”. Cognitive experience is described as the faculty consumers use to process data that is received from their “perceptions, knowledge acquired and subjective characteristics” (David et al, 2004) and in addition looks at how perception, knowledge and subjectivity as being the basis in which consumers process information and apply it to how they experience stimuli in the physical environment. The affective experience similar to the cognitive are both constructs based in early scholarly

research. The affective experience is explained by Cohen and Areni (1991) as emotions playing a crucial role in this construct as they are “most reliable predictors of consumer behaviours and play a constructive role in human experience”. With the evolution of customer experiences and the ‘experience’ as a whole being affected by various factors, two new constructs emerged, the social and physical experience. The social experience is defined as co-created experiences with other people and social contexts and involves relationships with the customers ideal self as well as with other people which creates this social environment (Vargo and Lusch, 2004, 2008). In the retail environment, social experience is explained as the engagement a potential consumer has with the physical store as a ‘social system’ by experiences the various components in the stores system: employees and other customers. The physical experience is therefore explained as a space guided by the customer's own physiological response to the shop's immediate environment. This construct considers comfort or discomfort of the physical store and the impact on the customer’s journey while in store.

Therefore, in the modern retail environment heavily impacted by MACRO implications as well as evolving customer needs and preferences, there are several implications for managers and retailers to take into account to improve the ISCX. Bustamante and Rubio (2016) argue that “cognitions, feelings as well as social and physical responses that form ISCX are evoked by in-store stimuli and the ISCX is influenced by how retailers manage and evolve the physical shopping environment”. This brings us to the development of the last hypothesis, ***H4: There is a direct relationship between customer expectations / preferences and the emergence of the future store.***

2.6 Summary of chapter

In light of the impact of the COVID-19 pandemic on customer preferences, there is significant research suggesting that the pandemic has shifted customer expectation on a cognitive, affective, social and physical level (Alnawas and Hemsley-Brown, 2018). A rising number of studies have started to assess the impact of the post-pandemic customer experience as a whole and the in-store customer experience. The chapter unpacked the impact of digital innovation on organisation processes, people and systems (Kiefer, Dinther, Spitzmuller, 2021), value co-creation within the service organisation landscape – looking at shared value amongst customers and brand (Guastafsson, Snyder and Witell, 2020), as well as the shift in this 'new' in-store experience driven by this digital transformation (Mahraz, Benabbou and Berrado, 2019), This study aims to further measure the impact of digital enhancements in-store to enhance the ISCX, looking at the evolution of the physical store.

2.7 Hypothesis

Therefore, the following hypotheses are proposed for "the impact of the COVID-19 pandemic, shifted customer preferences and expectations and transformation of digital innovations have a direct impact on creating a positive in-store customer experience (ISCX)".

Hypotheses

H1: There is a direct relationship between customer preferences and the in-store customer experience.

H2: There is a direct relationship between the transformation of the future store and the in-store customer experience.

H3: There is a direct relationship between the role of digital innovations and the in-store customer experience.

H4: There is a direct relationship between customer expectations / preferences and the emergence of the future store.

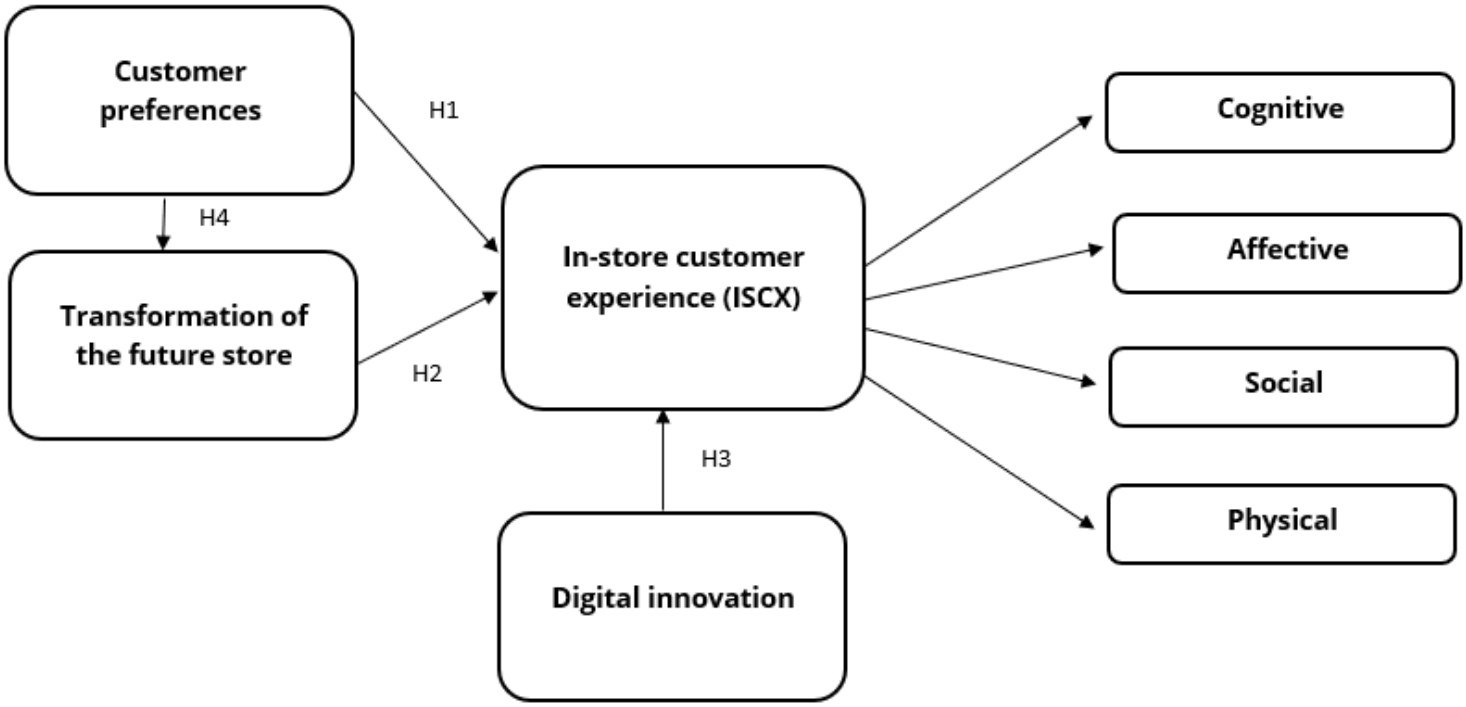


Figure 2.6: Study conceptual model

3 CHAPTER 3: RESEARCH METHODOLOGY

According to Keyton (2010:25) the initial stage in the research process starts with distinguishing the research problem and understanding the problems facing the researcher and which may provide the researcher with the initial phases in observing a suitable research problem to explore. In this chapter, the methodology of the study is discovered and defined in great detail. Specific objectives are discussed in this section, including the research paradigm, the design, the sample population, and the method of analysis. In this section, the method of collecting data, analysing the data, and interpreting the results are discussed. The research procedure and methods are evaluated for reliability and validity, as well as for limitations.

Using a quantitative approach, this study examines how digital innovation will transform the future store based on positivist research philosophy. Using positivism, we are able to measure and conceptualize reality through empirical observation and quantifiable data (Saunders et al., 2019). Thus, digital innovations can be measured for customer experience and store transformations. By collecting quantitative data, this research aims to identify patterns, correlations, and causal relationships (Creswell & Creswell, 2017). By employing structured surveys and statistical analysis, this study examines how digital technologies such as artificial intelligence, augmented reality, and automation affect key variables in retail environments that affect customer experience and operational efficiency (Brynjolfsson & McAfee, 2014). In quantitative research, findings from a sample of retail customers and businesses can be generalized to the larger population, making conclusions reliable and replicable and it is possible to identify significant relationships between customer expectations, digital innovations, and the evolution of physical retail spaces by applying statistical methods. Positive paradigms ensure that this study makes links between digital innovation and future store transformations, helping to understand how technology is reshaping retail in an objective and measurable way (Neuman, 2014).

3.1 Research design

The research design that will be used for the purpose of this study will be open-ended questionnaires supported by telephonic interviews. Open-ended surveys stated by Fauvelle (2019) can be described as a question that allows the respondent to express himself or herself freely on a given subject and are beneficial as they provide exploratory approach which improves the researchers understanding of the topic. Furthermore, Allen (2017) states that the use of open-ended questions in qualitative research allows researchers to look at a topic from different perspectives, since open-ended responses allow respondents to express their views more freely than is feasible with closed-question or forced-choice survey measures.

For this study, an online self-administered questionnaire was used in a cross-sectional design. Most research design involves this type of survey, which examines a specific phenomenon at a specific moment and allows the researcher to infer about a population (Creswell, 2014). For brands in the private healthcare space, entering this 'new' consumer that is largely serviced by the public sector, it is important for brands to understand their market's interests, key drivers and segment those groups accordingly. In instances where this is missed, it may have long-term consequences in connecting with consumers. Therefore, online surveys are ideal for the purpose of this study as it allows researchers to reach groups and individuals, they may otherwise not have access to through other means (Wright, 2017)

3.2 Data collection

In order to gather research relating to the research problem **"measuring the role of digital innovation on customer experience in the evolution of the 'future store' in the retail** industry" both questionnaires and telephonic or physical interviews will be conducted. According to Liamputtong (2011), questionnaires contain a list of questions, specifically addressed to a large number of subjects, and serve as a means to collect data for a survey and the information gathered can be statistical, or it can be about people's opinions. Furthermore, a questionnaire is a list of questions that a number of people are

required to fill out as part of a survey. For the purpose of this study, online questionnaires will be developed, consisting of open-ended questions and distributed to the sample digitally, and this will allow for a quick turnaround time and for the researcher to track response rates.

An interview on the other hand is described as forum that is managed by an interviewee and the speaker discusses their past or future experiences, feelings, and thoughts in the hope of creating retrospective and prospective accounts or versions around the topic of discussion, and for the purpose of this research, telephonic interviews will be conducted. For interviews, a discussion guide will be utilised by the facilitator and there will be a range of open-ended questions as well as stimulus activities that is described by Liamputtong (2011) as “elicitation techniques to allow respondents to express their opinions and feelings in a projective manner”, which for this study will aid in understanding and outlining deeper insights into the research question proposed upfront. The discussion guide is an important aspect of collecting data as they evaluate the “ability of the questions to answer the research problem and research questions or verify hypothesis of the research study”. For this research study, questionnaires will be utilised for the quantitative research methodology approach required.

3.2.1 Respondent identification

An initial contact was made with the persons selected for sampling and the sampling process was followed carefully. Respondents were identified through the researchers’ personal networks as the sample was general. Respondents were identified from the researchers current University, Wits Business School, her former University, University of Johannesburg and GIBS Business School as well as her current and former employer, Discovery and Sanlam. The respondents were contacted through various digital channels, namely: email, social media and internal work channels. Respondents were aged 18 – 60, shopped in-store at least once a week and were either employed, studying or retired.

Table 4: Summary of criteria for survey respondents'

Demographic information	Geographical location	Occupation	Shopper behaviour
Age: 18 – 60 Race: All	Metropolitan City in South Africa	Full-time employed, or self-employed	Shops mainly at a retail store and occasionally purchases edible goods and pharmaceuticals

Table 5: Breakdown of respondents according to sample size

Description of respondents	Number to be sampled
Occupation: all levels Areas: Metropolitan areas and outlying areas Age: 35 - 50	32%
Occupation: all levels Areas: Metropolitan areas Age: 18 - 30	16%

Occupation: all levels Areas: Gauteng, KZN and Western Cape Age: 25 - 45	51%

3.2.2 Briefing of respondents

A thorough understanding of the study's purpose was crucial to the success of the research. In order to brief possible respondents on the study criteria, an electronic covering letter was included at the beginning of the research questionnaire – this is available as Appendix A. Respondents were required to know the directive upon receiving the questionnaire and completing it since it was a self-administered questionnaire.

3.2.3 Actual data collection

The online questionnaire was distributed to potential respondents on various digital channels such as LinkedIn, email, WhatsApp, Microsoft Teams, etc. The questionnaire was shared with potential respondents over the age of 18 and who regularly visited retail stores. Data was collected digitally, and no human intervention was required as questionnaire was sent over digital platforms and completed online onto a surveying platform which stored results for the researcher to download and analyse at a later stage.

3.2.4 Reminders and follow-ups

Four reminders were sent to potential respondents through communication channels, and these were sent on a Sunday evening. The reminders were sent to individuals who had not completed the survey. No incentive was provided to respondents.

3.3 Population and sampling

Sampling requires a sampling strategy for the study. The strategy guides the researcher's plans of identifying the sample, accessing the sample, collecting data, determining the coding plan and analysing the evidence (Vogt, 2008). Deciding on the target population and the adequate sample size is essential to ensure the study obtains credible and reliable insights. Based on the research problem *"measuring the role of digital innovation on customer experience in the evolution of the 'future store' in the retail industry".*

3.3.1 Research population

The population of this study is thus the South African retail shopper that is between 18 and 46 years old, across diverse race groups and individuals that live in the main metropolitan areas of South Africa. The direct opportunity for brands lies in the segment that are either full-time or part-time working individuals. Research inquests have a focus and target, also referred to as the subset of populations from which they are derived (Saunders et al., 2016).

The targeted population of this study comprised of professional individuals as well as students who frequently shop at retailers within South Africa. These were individuals who work across various industries and levels as well as students in a variety of study fields. The population focused on people who shopped at least once a week to get an accurate measure of in-store buying behaviour and factors impacting that ISCX.

The focused population for the study was defined as follows.

- **Age:** Adults - 18 years and older
- **Employment status:** Either employed, entrepreneur or a student
- **Geographic area:** Respondents were living in South Africa at the time of the study
- **Behavioural attributes:** Respondents shopped at least once a week at a retailer within South Africa.

3.3.2 Sampling

According to Stangor (2011), sampling can be described as choosing specific individuals to be part of a research project with an aim of using their insights to reflect the thinking of larger group of people. However, for the research in this specific study, non-probability sampling will be used to conduct the research. Weathington et al. (2010) describes this type of sampling as judgemental sampling and "can be used when research against a particular communication phenomenon (Keyton, 2010:130). Furthermore, the study tends to involve people who are available and eager to participate. According to Trochim (2020) researchers generally prefer probabilistic or random sampling methods over non-probabilistic ones, as they are more rigorous and precise. However, random sampling may not always be feasible, practical or theoretically feasible in applied social research.

In addition, convivence sampling was used for this study, which suggests that the respondents were accessible and able to respond to the survey and isn't mainly based on appropriateness of the respondent, however, respondents fit the criteria of the targeted population and hence suggested that sampling by this method is the most convenient (Wagner et al., 2012). For this particular study, the researcher had access to range of respondents from University (Wits Business School), professional work (Sanlam and Discovery) as well as other various communities (running club, non-profit organisation network) and hence convenience sampling was utilized. Lastly, initial qualifying questions were used to ensure that the acceptable individuals participated in the study.

3.4 Measuring instruments

This section describes the measuring instrument used in the study based on the way in which constructs were operationalised. This research study will make use of descriptive statistics data analysis as well implementing a structural equation model technique.

According to Sreekumar (2023), observing events that affect a specific group of individuals, the sample population, is carried out using quantitative research methods. Various numerical data are collected, analysed, or compared in this type of research through a variety of methods and then aggregated, compared, or correlated. As stated above, quantitative research strategy was used for this research study, and quantitative research approaches generally include questionnaires, experiments, and structured observations.

This study used an online self-administrated questionnaire for data collection. The questionnaire took approximately 10 – 15 minutes to complete and comprised of various sections relating to the hypotheses mentioned in Chapter 2. The questionnaire used for this research study is available in Appendix B.

Section A was used to ensure all respondents consented to taking the questionnaire, and all respondents had to agree to this before proceeding with the questionnaire. This is included in Appendix A.

Section B was used to gather demographic information about the respondents to understand the audience better in relation to the research topic. This information included age, race, geographical location and educational level.

Section C were questions relating to customer expectations and their in-store experience. This provided the researcher with insight into the shift in ISCX.

Section D related to the shift in the transformation of physical stores and what this means for customers ISCX.

Section E were questions relating to the impact of digital innovation and enhancements (if any) on customers ISCX.

Section F related to questions around how customer expectations have shifted the evolution of this ‘new’ future store concept.

All scale elements that were used in this study are incorporated as part of the research instrument in Appendix B.

According to De Vault (2019) there are various measures against which information to gain insights can be evaluated to establish its reliability and these include: confirmability, dependability, credibility and transferability. Morse (2002) states that for validity and reliability to be achieved, there needs to strategies that ensuring structure is considered into the quantitative research process and not only at the end of the study. Gunter (2012) further states that measures of validity are aimed to explore whether the “research measure used is able to adequately portray the meaning of the concept measured, thereby assessing whether the research measure measures what it purports to measure”. Therefore, it is essential to ensure that measuring instruments mentioned above are ensuring that the data collected is valid and reliable for the intended outcome of the research study.

3.5 Data analysis

Data collected in this study was analysed using descriptive statistics to provide an overview and summarise the key characteristics of the dataset. Using descriptive statistics simplifies large amounts of data and makes information more accessible by presenting it in a meaningful way. It is particularly useful in quantitative research as it allows a foundational understanding of the variables under study before moving on to more complex inferential analyses. The results are then presented in the form of tables, graphs, and charts and provide a clear and concise understanding of the data and help to identify any patterns, trends, or outliers as well as provide a summary and comparison of the data across different groups or categories of respondents.

Based on the descriptive statistics, we were able to gain insight into the general characteristics of the respondents and their attitudes toward the use of digital innovations in retail environments. In future store settings, for example, contactless payments, AI-based shopping assistance, and augmented reality features will be highly preferred by customers. In addition, we examined the variability of customer satisfaction and the frequency of engagement with in-store technologies to determine whether these innovations improved the shopping experience in general. Using descriptive statistics, this study was able to provide a comprehensive analysis of the role of digital innovation in the transformation of future stores, laying the foundation for further analysis and discussion of the implications for retailers and consumers.

3.6 Reliability and validity

A variety of statistical techniques will be used to assess the reliability of the constructs in this study, including Construct Reliability (CR), Structural Equation Modelling (SEM), Cronbach's Alpha, and Composite Reliability (CR). In order to determine whether the items used in the questionnaire measure the underlying latent variables consistently, construct reliability will be assessed. Furthermore, each construct will be evaluated using Cronbach's Alpha, with values above 0.7 indicating acceptable internal consistency. As a further measure of reliability, Composite Reliability (CR) will be calculated through Structural Equation Modelling (SEM) to consider the different loadings of each item on the latent variable. An acceptable composite reliability value is higher than 0.7, ensuring that the model can be relied upon for research purposes. In using these methods, I will ensure that the data collected is reliable and suitable for further analysis, and that the constructs measured in the study are accurate and consistent.

This study will utilise both convergent and discriminant validity to measure the validity of the constructs in order to ensure that the data accurately reflect the intended theoretical concepts. Convergent validity is assessed by examining the relationship between multiple indicators of the same construct. This will be done by using factor loadings in Structural Equation Modelling (SEM), where factor loadings over 0.7 are considered acceptable. A valid convergent validity indicator is the Average Variance Extracted (AVE), a value above

0.5 indicating that the items within each construct measure the same concept. Alternatively, discriminant validity can be assessed by determining whether the constructs really differ from one another. To accomplish this, we will use the Fornell-Larcker criterion, in which the square root of the AVE for each construct should be higher than the correlations with other constructs. As a result, each construct measures a unique aspect of the data and does not overlap. In conjunction, these approaches will provide a comprehensive evaluation of the constructs to ensure that the model accurately depicts the relationships between variables.

3.7 Ethical considerations

The research report based on the topic **"measuring the role of digital innovation on customer experience in the evolution of the 'future store' in the retail industry",** adhered to mandatory ethical regulations stipulated by Wits Business School and relevant body corporations.

The research aims are ethically sound and followed strict WBS guidelines such as:

- Obtaining ethical clearance for the RP before it was submitted.
- Provided a WBS covering letter to the potential respondent motivating them to participate.
- Provided a commitment to avoid plagiarism by acknowledging all sources used and have signed the declaration on the title page of this RP

Other considerations ensuring that the dissertation is ethically sound include:

- Recruit respondents provided information about the research and details about how their personal information will be protected.
- Briefed respondents and obtained informed and written consent from all respondents.

- Protected the respondents' privacy, confidentiality, and safety, as well as the quality of research.
- Voluntary Participation and Consent: All respondents were on voluntary basis and within their consent.
- Confidentiality: Information has been handled as confidential and with high respect. The researcher acknowledged work done by others that was refraining from the act of plagiarism
- Adhered to POPIA regulations and ensured that any participant information shared with the researcher was not shared.

3.8 Summary of chapter

This chapter functioned to illustrate the research design and the methodology utilised to deliver on the research objective. Research ethics were followed for this research paper.

4 CHAPTER 4: PRESENTATION OF THE RESULTS

4.1 Introduction

This chapter presents the findings of this study. The data was gathered, cleaned, and analysed using SPSS version 29, following the methodology indicated in Chapter 3. Firstly, the researcher provides a profile of those who completed the survey. This profile contains information on their age, gender, qualifications, and location. Next, the descriptive statistics are presented, which include both the mean and the standard deviation. Last, the structural equation modelling is used, which include construct reliability, construct validity, overall validity, and construct score.

4.2 Demographic characteristics of the respondents

This study followed a quantitative approach, whereby data used was collected utilising an online questionnaire. Non-probability sampling was used to collect data from 214 study respondents, whereby, a survey link was generated in Qualtrics and shared on social media platforms (i.e. Facebook, Twitter, and LinkedIn). Prior to responding to the questions, respondents were notified that their participation was voluntary and remained anonymous. There were 300 respondents in total; however, during data cleaning, some respondents were removed because of incomplete responses and 214 remained. The initial target was approximately 214 respondents.

It is good to grasp to understand the demographic characteristics of those who participated in the study. For example, using demographic information can help the researcher to better understand an audience's background characteristics such as age, race, ethnicity, and geography. Using demographic questions in surveys, the researcher can collect demographic information about existing and prospective clients on a broad scale. This information can then be utilised to help researchers build a market segmentation strategy that will permit the researcher to approach the right customers.

The demographic profile of the respondents is given in Table 6 below.

Table 6: Demographic profile of respondents

Demographic Variables		n	%	P-value
Age	18 - 24	36	17%	
	25 - 34	109	51%	
	35 - 44	46	21%	
	45 - 55	23	11%	0,000
Gender	Male	75	35%	
	Female	123	58%	
	Non-binary / third gender	10	5%	
	Prefer not to say	4	2%	0,000
Highest level of education	Senior certificate (matric)	45	21%	
	National diploma	37	17%	
	Bachelor's degree	54	25%	
	Honours degree	51	24%	
	Master's or above	26	12%	0,000

	Other (please specify)	1	0%	
Province the respondents reside in	Gauteng	135	63%	
	Kwa-Zulu Natal	39	18%	
	Western Cape	18	8%	
	Eastern Cape	6	3%	
	Limpopo	3	1%	
	Mpumalanga	6	3%	
	Northern Cape	0	0%	
	Free State	2	1%	
	North West	6	3%	0,000
Total		215	100%	

4.2.1 Study respondent's age

Figure 4.1 shows the respondents' age. Key findings of the study show that the approximately half of the respondents were between 25-34 years (51%). On the other hand, other respondent's age was ranging between 34-44 years (21%), 45-55 years (11%), and 18-24 years (17%). There was no implication of age, as he targeted population were adults (i.e. over 18 years old), and frequent shoppers.

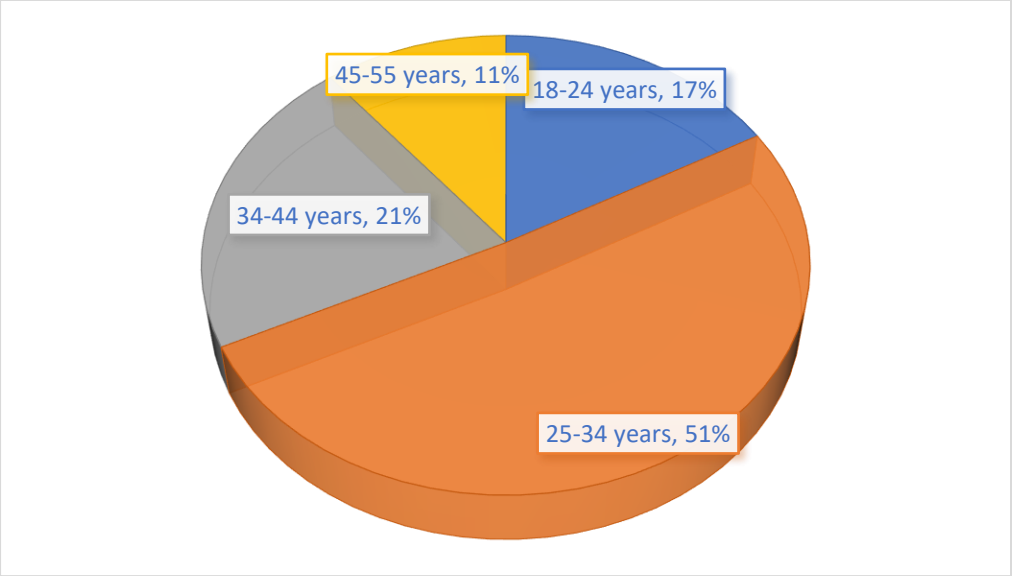


Figure 4.2.1: The age of the study respondents (n=214)

4.2.2 Gender of study's respondents

Figure 4.2 shows that around 58% of the study respondents were female, while 35% were male. It is interesting to note that just 2% of respondents chose not to comment on their gender, while 5% classified as non-binary or third gender.

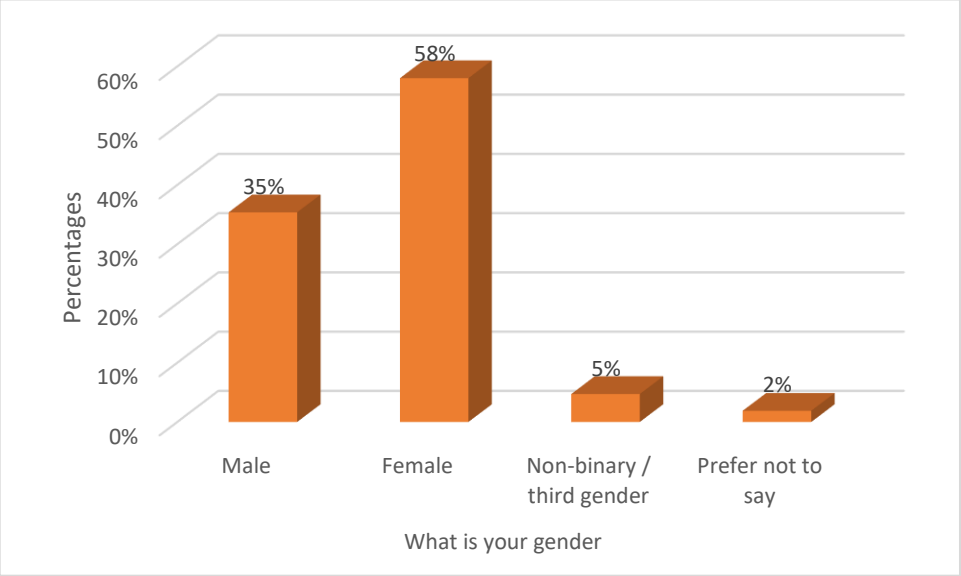


Figure 4.2.2: The gender of the study respondents (n=212, three missing)

4.2.3 Highest qualification

All of the respondents in the study had different degrees of education, ranging from a senior certificate or matriculation to a master's degree. According to the statistics in Figure 4.3, the majority of respondents had a bachelor's degree (25%) or an honours degree (24%). Twenty-one percent of the respondents had at least a senior certificate, but only 12% had a master's degree.

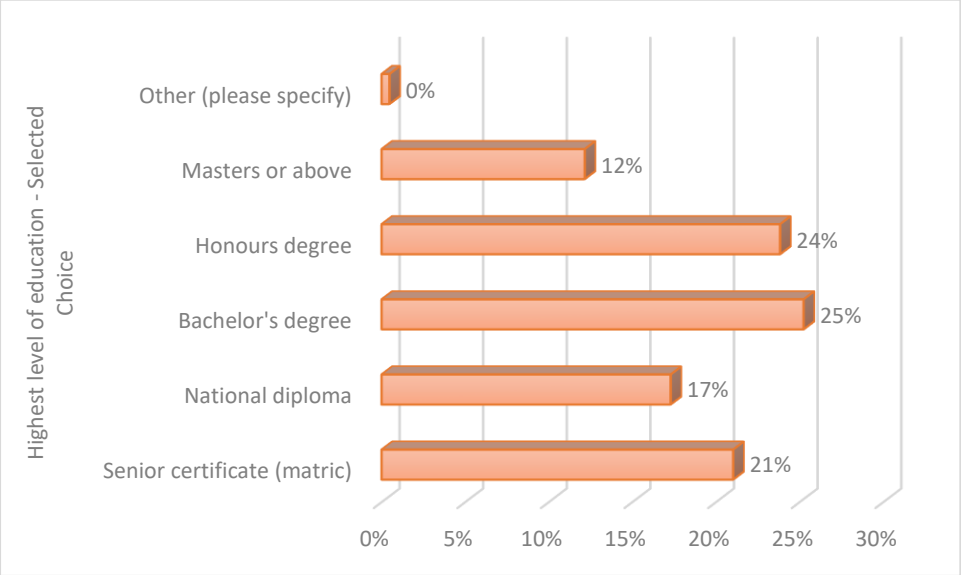


Figure 4.2.3: Education level of the study's respondents (n=214)

4.2.4 Location of the study's respondents

The study's respondents were from almost all the South Africa's nine provinces, with the exception of the Northern Cape (Figure 4.4). Sixty-three percent of the poll respondents lived in the province of Gauteng. KwaZulu Natal led the other provinces with 18%, followed by the Western Cape (8%), Eastern Cape (3%), Mpumalanga (3%), and North West (3%).

The provinces with the lowest proportion of representation were Limpopo (1) and Free State (1)

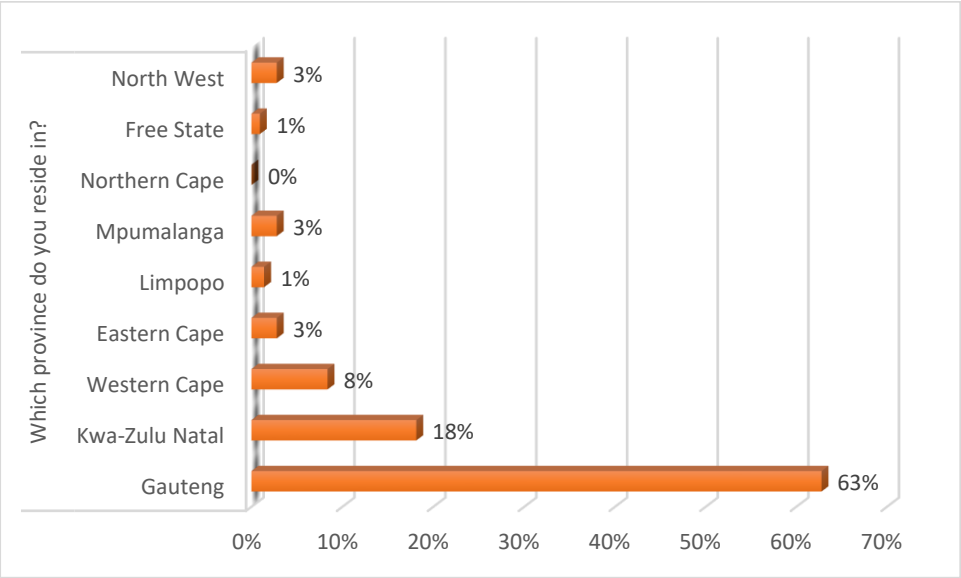


Figure 4.2.4: Location by province of the study respondents (n=214)

4.3 Descriptive Statistics for variables

The purpose of descriptive statistics is to organise and review a study's research object (Lomax and Hahs-Vaughn, 2013). The study's respondents answered questions on a 5-point Likert scale ranging from strongly agree to strongly disagree about four hypotheses presented in the introduction.

The collection of data took place between 7 December to 19 January, and a self-administrated questionnaire was sent to potential respondents for the purpose of the study (Appendix B). As noted in the previous chapter, self-administered questionnaires were chosen, which allowed the researcher to have better control over their completion of surveys and could easily follow-up with non-respondents.

Table 1 below provides the mean and standard deviation for each question/statement. The mean values of these items ranged between 1.74 (close to 1 i.e., Strongly agree) and 2.63 (close to 3 i.e., strongly agree) (on a 5-point Likert scale from Strongly agree to Strongly disagree). This shows that the average mean scores vary significantly between the questions/statements.

Table 7: Item Statistics

Survey questions	Mean	Std. Dev.	N
My in-store experience should be quick, seamless and satisfying.	1,34	0,578	214
My in-store experience should be tailored to my shopper needs.	1,62	0,774	214
When I shop in-store, the service level should be of excellence that I do not ask for assistance.	1,52	0,737	214
When I shop, I expect my experience to have touchpoints that I didn't think I need.	1,73	0,806	214
The store that I am visiting should keep up with industry trends and meet my needs (e.g., frictionless checkout, quick stock replenishment, etc).	1,50	0,783	214
The store that I am shopping at should have an exceptional layout where products are easy to find, and a good atmosphere is created.	1,27	0,478	214
The store I am visiting should have a variety of category items to choose from.	1,39	0,608	214
The store that I visit should have touchpoints that are automated (self-service)	1,82	0,903	214
The store I am visiting should have integrated digital systems that enhances my shopping experience.	1,71	0,686	214
When I shop, I'd like to use my digital devices to add value to my shopping experience.	2,07	1,103	214

Emerging technological trends such as AI would make my shopping experience better.	2,23	1,049	214
Retailers should make use of digital systems to gather insightful data to better personalise my in-store experience.	1,83	0,969	214
I always go to shops that use digital solutions to enhance my experience inside the store.	2,63	1,208	214
Innovation is important to me when shopping in-store.	2,05	0,846	214
Retailers need to have digitally enhanced systems and process for when I shop in-store	1,81	0,825	214

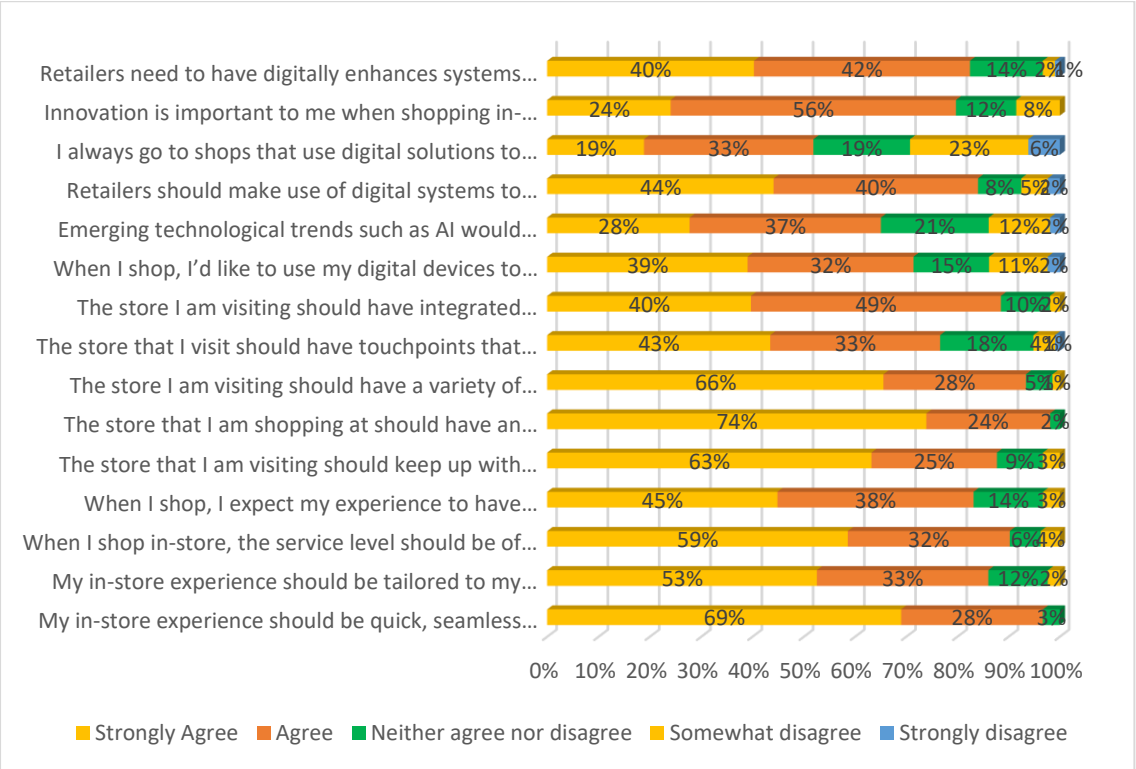


Figure 4.3: Respondents' answers relating to the four study's constructs

Table 8 shows the mean and standard deviations for the first hypothesis, which asked whether there was a direct relationship between customer expectations and in-store customer experience. The averages for the first hypothesis ranged between 1.34 and 1.73. In general, this indicates that the study's findings strongly agree or agree with the hypothesis. For example, a mean value less than 1.5 indicates that the findings strongly agree, whilst a mean value greater than 1.5 indicates that the findings agree with the hypothesis. These results are consistent with Figure 4.5, which indicates that the majority of respondents strongly agreed with all the attributes, with percentages ranging from 45 to 69 percent.

Table 8: H1-There is a direct relationship between customer expectations and the in-store customer experience

	Mean	Std. Dev.	N
My in-store experience should be quick, seamless and satisfying.	1.34	0.578	200
My in-store experience should be tailored to my shopper needs.	1.62	0.774	200
When I shop in-store, the service level should be of excellence that I do not ask for assistance.	1.52	0.737	200
When I shop, I expect my experience to have touchpoints that I didn’t think I need.	1.73	0.806	200

Table 9 presents the mean and standard deviations for the second hypothesis, which asked whether there was a direct relationship between the transformation of the future store and the in-store customer experience. The means ranged from 1.27 to 1.82, implying that the study's findings either strongly agree or agreeing with the hypothesis. These findings are consistent with Figure 4.5, which indicates that the percentages for strongly agreeing ranged from 43 to 74%, whereas the means for agreeing ranged from 24 to 33%.

Table 9: H2-There is a direct relationship between the transformation of the future store and the in-store customer experience

	Mean	Std. Dev.	N
The store that I am visiting should keep up with industry trends and meet my needs (e.g., frictionless checkout, quick stock replenishment, etc).	1.50	0.783	200
The store that I am shopping at should have an exceptional layout where products are easy to find, and a good atmosphere is created.	1.27	0.478	200
The store I am visiting should have a variety of category items to choose from.	1.39	0.608	200
The store that I visit should have touchpoints that are automated (self-service)	1.82	0.903	200

The third hypothesis was tested to see if there was a direct relationship between the role that digital technologies play and the experience that customers had when buying in-store (Table 9). This notion was backed by the study's most significant findings, which revealed that the means ranged from 1.71 to 2.23. Because a mean greater than 1.5 indicates that it is closer to agreeing than strongly agreeing, these statistics show that the vast majority of respondents agreed. Figure 4.5 shows that the percentages of agreeing ranged from 32 to 49%, whereas the percentages of strongly agreeing ranged from 28 to 44%. This signifies that the means comply with the agreement. Only 2% of survey respondents indicated strongly disagreeing with the hypothesis.

Table 10: H3-There is a direct relationship between the role of digital innovations and the in-store customer experience

	Mean	Std. Dev.	N
The store I am visiting should have integrated digital systems that enhances my shopping experience.	1.71	0.686	200
When I shop, I'd like to use my digital devices to add value to my shopping experience.	2.07	1.103	200
Emerging technological trends such as AI would make my shopping experience better.	2.23	1.049	200
Retailers should make use of digital systems to gather insightful data to better personalise my in-store experience.	1.83	0.969	200

Lastly, the fourth hypothesis evaluated whether there is a direct relationship between consumer expectations or preferences and future shop development (Table 11). The study's most crucial findings supported the hypothesis; the means ranged from 1.81 to 2.63; nevertheless, when it came to whether or not customers frequent stores that offer digital solutions, there was no agreement or disagreement. As indicated in Figure 4.5, the majority of respondents agreed with the premise, with percentages ranging from 33% to 56%.

Table 11: H4-There is a direct relationship between customer expectations / preferences and the emergence of the future store

	Mean	Std. Dev.	N
I always go to shops that use digital solutions to enhance my experience inside the store.	2.63	1.208	200
Innovation is important to me when shopping in-store.	2.05	0.846	200
Retailers need to have digitally enhanced systems and process for when I shop in-store	1.81	0.825	200

4.4 Reliability Measures

For the researcher to ensure the trustworthiness and consistency of the study, the Cronbach's Alpha value (Cronbach α) and Composite Reliability (CR) measures were implemented to evaluate the reliability of the measures. Cronbach's Alpha guides with proving the existence of reliability within the research study, while CR and prove and support the presence of discerning reliability. By doing this, significant cross-loadings between research variables are eliminated. Detailed results of the reliability and validity assessments are shown below and discussed in the following sections.

4.4.1 Construct Reliability

Construct reliability is used to assess the extent to which each item on the same test produces consistent responses. It is used to examine whether the scores of the items measuring a construct are comparable to one another. Internal consistency reliability refers to the amount to which distinct indicators measuring the same idea are related to one another" (Saunders and Lewis, 2012). Furthermore, reliability refers to a degree to which a scale yields consistent findings each and every time when repeated measurements are taken on the same characteristic under the same circumstances (Creswell, 2022).

4.4.2 Structural Equation Modelling

Structural equation modelling (SEM) provides researchers with a platform that helps them to develop and analyse complex hypothetical relationships among multiples variables which enables them to test for validity of a theory using empirical models (Mueller and Hancock, 2018). The primary advantage of SEM is its capacity to assist in the assessment of hypotheses that are generated a posteriori rather than after the fact (i.e., it is not intended to assess hypotheses that are produced from prior investigation of the same data, such as through exploratory factor analysis) (Hancock, 2018; Maas, 2022).

SEM includes a number of integrated analytical techniques. These comprise variance comparisons within and between groups, which are commonly connected to ANOVA

(Analysis of Variance). In order to determine the correlations between variables, equations expressing how one or more variables affect others can be solved. This process is known as path analysis, or regression analysis. Thus, path analysis depicts the proposed causal linkages between the variables that need to be examined. Another special case of SEM is factor analysis, which uses measured variables to calculate unobserved variables or latent variables (Kriswardhana and Esztergár-Kiss, 2023).

The SEM was used to have a broader perspective on the phenomenon that the study seeks to examine. The dependent variable and independent variables were explored simultaneously. SEM tested for confirmatory factor analysis, structural model and model fit.

4.4.3 Cronbach Alpha

As a measure of internal reliability, Cronbach's alpha was used in the study. As stated in Chapter 3, the Cronbach Alpha was used to check the internal reliability of the questions chosen to construct the composite variables for each variable. It is a measure of internal consistency which shows how closely related the set of questions are as a group. The results should vary between 0 and 1; however, negative numbers can be obtained as well. A negative number indicates that something is wrong with the data perhaps forgetting to reverse the score of some items. Values greater than 0.70 are deemed reliable, whereas values between 0.60 and 0.70 are considered acceptable in exploratory studies. When the numbers are between 0.70 and 0.90, it means that the reliability is satisfactory to good. Values greater than 0.90 should be regarded with caution because they imply that there is redundancy among the indicators, which may jeopardise the construct validity.

According to Cronbach's alpha, an alternate metric, this score reflects composite dependability levels. Nonetheless, it assumes that the indicator loadings are uniform, whereas composite reliability is more flexible. The reliability coefficient provides a nuanced view of the construct's true dependability, striking a balance between the conservative Cronbach's alpha and the liberal composite reliability conceptions.

Based on the reliability of the variables, the Cronbach Alpha values for each construct were as follows: ISCX = 0.888, CP = 0.817, FS = 0.826, DI = 0.893. Table 4.5 indicate that the average Cronbach's Alpha for these results was 0.84, indicating that the reliability is satisfactory to good.

Table 12: Reliability Measures

Research Construct		Descriptive Statistics				Cronbach's Test		C.R. Value	AVE Value	Factor Loading
		Mean Value		Standard Deviation		Item - total	α value			
	Q6	3.776		0.929		0.787				0.720
	Q7	3.671		0.939		0.796				0.851
	Q8	3.694		0.905		0.787				0.862
ISCX	Q9	3.863	3.751	0.835	0.902	0.654	0.888	0.891	0.804	0.838
	Q10	3.872		0.905		0.448				0.802
	Q11	3.187		1.144		0.663				0.825
	Q12	3.388		1.023		0.761				0.732
CP	Q14	3.607	3.514	0.899	0.993	0.712	0.817	0.837	0.739	0.629
	Q15	3.329		1.050		0.622				0.819
	Q16	3.288		0.984		0.647				0.821
	Q17	3.562		0.962		0.706				0.663
FS	Q18	3.658	3.459	0.932	0.982	0.635	0.826	0.831	0.737	0.657
	Q19	3.676		0.919		0.753				0.895
	Q20	3.676		0.867		0.789				0.851
DI	Q21	3.712	3.688	0.911	0.899	0.830	0.893	0.896	0.861	0.836

Table 13: Reliability Statistics for all 36 questions or statements

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items

0,835	0,842	15

4.4.4 Composite Reliability

Composite Reliability was used to assess internal reliability. Composite Reliability should be evaluated using the following formula:

$$CR_{\eta} = {(\sum \lambda y_i)^2}\Big/{[(\sum \lambda y_i)^2 + (\sum \varepsilon_i)]}$$

The formula depicted above was utilised to examine the Composite Reliability of all constructs in this research study and the reliability measures are assessed by the Composite Reliability (CR) and Average Variance Extracted (AVE) of each of those constructs. The values derived from the assessment of CR should be greater than 0.70 and AVE should be higher than 0.50 (Bagozzi and Yi, 2012). A score above 0.50 is an indicator is of reliability.

Shown in the table below, the CR of the constructs for this study are as follows: ISCX=0.891, CP=0.837, FS=0.831 and DI=0.896. These values exceed the required value of <0.70.

The following can be drawn when assessing the AVE for the study: ISCX=0.804, CP=0.739, FS=0.737 and DI=0.861. An acceptable AVE value is 0.5 and the current study's AVE is surpassing this amount indicating that the measures are reliable.

Table 14: Composite Reliability

				Composite reliability (CR)			
					summation of error terms		**CRη=(Σλyi)2/[(Σλyi)2+(Σεi)]**
			Estimate	$(\sum \lambda Yi)^2$	éi	∑éi	CR
	<---	Q6	0.720		0.482		
	<---	Q7	0.851		0.276		
	<---	Q8	0.862		0.257		
ISCX	<---	Q9	0.838	10.699	0.298	1.312	0.891
	<---	Q10	0.802		0.357		
	<---	Q11	0.825		0.319		
	<---	Q12	0.732		0.464		
CP	<---	Q14	0.629	8.928	0.604	1.745	0.837
	<---	Q15	0.819		0.329		
	<---	Q16	0.821		0.326		
	<---	Q17	0.663		0.560		
FS	<---	Q18	0.657	8.762	0.568	1.784	0.831
	<---	Q19	0.895		0.199		
	<---	Q20	0.851		0.276		
DI	<---	Q21	0.836	6.667	0.301	0.776	0.896
Standised regression Estimates (all variables and instruments included)							

4.5 Construct Validity

Saunders and Lewis (2012) defined construct validity as "the extent to which the question asked actually collected data about what they are anticipated to measure." Therefore, validity refers to the degree to which research is accurate (Hair et al., 2010). In this study, validity tests that included convergent and discriminant validity were conducted. The results of the CFA provided evidence of the convergent and discriminant validity of the measurement model (Fornell and Larcker, 1981).

4.5.1 Overall validity results

Assessments of validity were completed, and, in this study, Convergent and Discriminant validity were assessed and will be discussed in the section below.

4.5.2 Convergent validity

In order to establish convergent validity, one explains how the item variance is correlated with the construct's indicators. A factor loading analysis and item correlation estimates were used to evaluate the validity of the present study's convergence. Nusair and Hua (2010) explain that in order for items to demonstrate adequate convergent validity, they must load strongly on the shared construct they are built upon which is a value that is greater than 0.5.

The ultimate items in this study loaded adequately on their subsequent constructs, and these values ranged between 0,629 to 0.862 – shown in the table above. The converging measurement instruments show evidence of convergent validity and are well fitting the constructs intended to be assessed.

4.5.3 Discriminant validity

To test for discriminant validity, the inter-construct correlation matrix, and AVE were assessed. The correlation between two variables indicates the strength of their relationship, according to researchers (Bagozzi and Yi, 2012). Strong correlations between variables signify strong relationships, whereas low correlations signify weak associations (Bagozzi and Yi, 2012). In addition, it is necessary for researchers to evaluate the likelihood that research constructs have discriminant validity by determining if there is a correlation and a value less than 1.0 between them.

The below table shows that each latent variable has an inter-correlation value less than 0.5, which authenticates discriminant validity. A minimum intercorrelation of 0.5 was found for all paired latent variables, confirming that there was no issue of multi-collinearity. (for example, larger than 0.8).

Table 15: Inter-construct correlation matrix

Inter-construct correlation matrix

	ISCX	CP	FS	DI
ISCX	1	.703**	.619**	.676**
CP	.703**	1	.788**	.657**
FS	.619**	.788**	1	.772**
DI	.676**	.657**	.772**	1

**. Correlation is significant at the 0.01 level (2-tailed).

Note: ISCX=In-store Customer Experience; CP=Customer Perceptions; FS=Future Store; DI=Digital Innovation

CP-FS=0.788’’

FS-DI=0.772

DI-CP=0.657’’

This displays that the convergent validity is present as the values above are above 0.5. Neither variable correlated highly with another, eliminating multicollinearity (all variables were greater than 0.8)

4.5.4 Model Fit Assessment

The study adapts the two-step model approach: a measurement model and a subsequent structural model, as recommended by Anderson and Gerbing (1988). The first, confirmatory factor analysis (CFA) and the second, structural equation modelling (SEM). 6.3.2.1 Model Fit Assessment To evaluate the measurement model, confirmatory factor analysis (CFA) was conducted using AMOS 23 software. The CFA model for the study is presented in Figure below.

Using the sampled data, model fit assessment determines whether the conceptual model is accurately represented. Model Fit indices are observed for this assessment and the table below provides an indication of the assessment's results and will be discussed further in this section.

Table 16: Model fit assessment

Model Fit Index	Acceptable Threshold	Outcome	Accepted/ Not accepted
CMIN/DF	<0.3	1.938	Accepted
GFI	>0,900	0.901	Accepted
NFI	>0,900	0.936	Accepted
RFI	>0,900	0.904	Accepted
IFI	>0,900	0.954	Accepted
TLI	>0,900	0.959	Accepted
CFI	>0,900	0.961	Accepted
RMSEA	<0.08	0.039	Accepted

Note: (χ2 /DF)= Chi-square/degrees of freedom; NFI= Normed Fit Index; TLI= Tucker-Lewis Index IFI= Incremental Fit Index; CFI= Comparative Fit Index; RMSEA= Root Mean Square Error of Approximation

- *Chi-square (χ2 /DF)*

When looking at the chi-square value above, according to research, an appropriate sign of model fit is a value that is >3 and the current study has a value of 1.938. this is therefore below the appropriate value and therefore fit for study.

- *Normed Fit Index (NFI)*

The Normed Fit index amount for this study is also recommended to be lower than 0.9 and the NFI value for this current study is currently at 0.936, therefore an appropriate fit.

- *Relative Fit Index (RFI)*

The RFI amount for this study is recommended to be lower than 0.9 and the RFI value is currently at 0.904 which deems the fit appropriate.

- *Incremental Fit Index (IFI)*

The IFI amount for this study is recommended to be lower than 0.9 and for this study the value is 0.954, also suggesting an appropriate fit.

- *Tucker-Lewis Index (TLI)*

For Tucker-Lewis Index, the amount needs to be greater than 0.9 to ensure an appropriate fit. The value for TLI in this study is 0.959, suggesting an appropriate fit.

- *Comparative Fit Index (CFI)*

The CFI value, similar to above needs to be greater than 0.9 and the current CFI amount is 0.961 and suggest an appropriate fit.

- *Root Mean Square Error of Approximation (RMSEA)*

It is recommended that the RMSEA value should be below 0.08 which indicates a measure of appropriate fit. The RMSEA amount for this study is currently at 0.039 and suggests and appropriate fit.

Overall, all above variables fit within the appropriate range within the Model Fit Assessment. This indicates a general appropriate fit of good measure.

4.5.5 Confirmatory Factor Analysis

The figure below is a visual representation of the CFA model used in the research study. Latent variables are signified by the circular or oval shape while observed variables are represented by the rectangular shapes. Adjacent to the observed variables are measurement errors which are represented by circular shapes as well. The bidirectional arrows connote the relationship between latent variables.

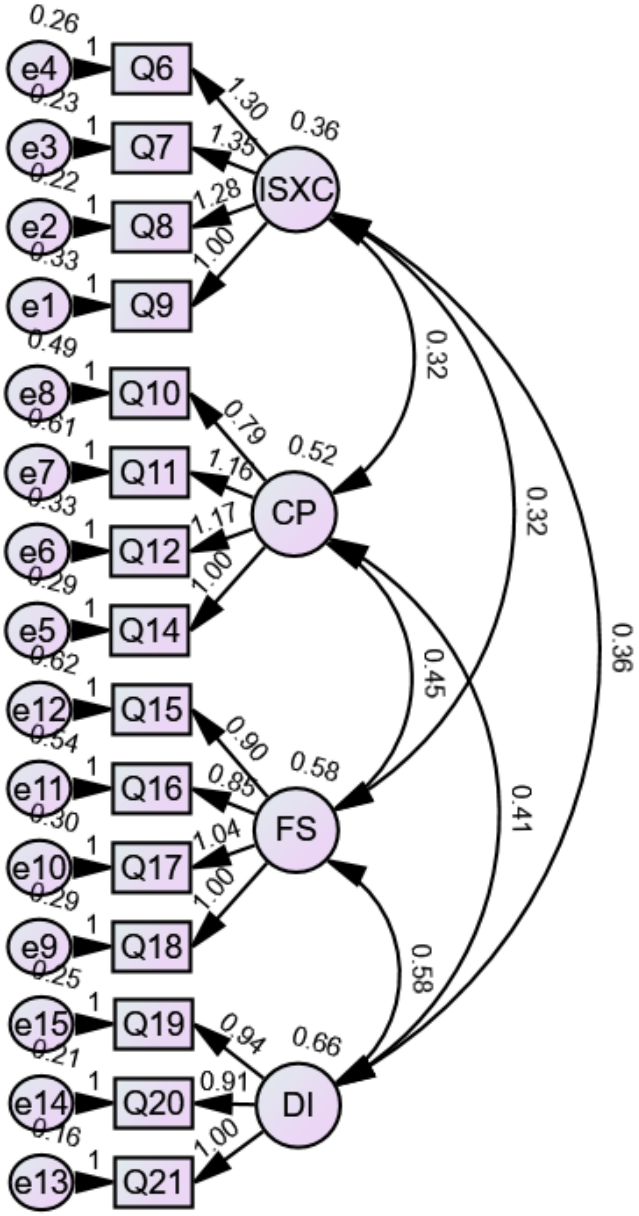


Figure 4.5.5. CFA Model

4.6 Hypothesis testing results

Nusair and Hua (2010) state that SEM Assumes that certain latent variables are directly or indirectly affected by other latent variables, thus leading to estimations showing the relationship between them. The below table displays results produced through hypothesis analysis for the current research study.

The table indicates the proposed hypotheses, their factor loadings, specific p values and if a proposed hypothesis is excluded or confirmed. Research suggests that following display “strong relationships among latent variables” (Chinomona, Lin, Wang and Cheng, 2010).

p<0.05, p<0.01 and p<0.001: values should be aligned to these ranges.

Therefore, assessments of proposed hypothesis are presented below and supported and display significant relationships between variables.

Table 17: Hypothesis testing

Hypothesised relationships				Path coefficient	p-Value	Outcome
H1	ISXC	<---	CP	0.870	0.019	Supported and significant
H2	ISXC	<---	FS	-0.744	0.14	Not significant
H3	ISXC	<---	DI	0.543	***	Supported and significant
H4	FS	<---	CP	0.948	***	Supported and significant

Furthermore, the table outlines the results of the hypothesis testing conducted in the study. Each hypothesis: H1 to H4 examines specific relationships between variables, with the path coefficient and p-value indicating the strength and significance of these relationships. Below is a breakdown of the study's results:

H1: ISXC (In-Store Customer Experience) --- CP (Customer Preferences)

- Path Coefficient: 0.870
- p-Value: 0.019
- Outcome: This hypothesis is supported and significant. The positive path coefficient of 1.188 indicates that customer preferences strongly influence the in-store customer experience. Since the p-value is below 0.05, the relationship is statistically significant.

H2: ISXC (In-Store Customer Experience) --- FS (Future Store)

- Path Coefficient: -0.744
- p-Value: 0.14
- Outcome: This hypothesis is not significant as the p-value is greater than 0.05, suggesting that there is no statistically significant relationship between the future store and the in-store customer experience. The negative path coefficient of -0.744 suggests a weak or inverse relationship, but this result is not meaningful due to its lack of significance.

This suggests that although future store designs and innovations could have an effect, the data does not strongly support this in the sample. Other factors, such as consumer adaptability or the quality of the technology, may mediate this relationship. This result suggests that more research or larger samples might be needed to fully understand the impact of future store transformations on customer experience.

H3: ISXC (In-Store Customer Experience) -- DI (Digital Innovation)

- Path Coefficient: 0.543
- p-Value: *** (denotes a p-value less than 0.001)
- Outcome: This hypothesis is supported and significant, indicating that digital innovation has a positive and statistically significant impact on the in-store customer experience. The path coefficient of 0.543 shows that digital innovations play a meaningful role in enhancing in-store experiences.

H4: FS (Future Store) --- CP (Customer Preferences)

- Path Coefficient: 0.948
- p-Value: *** (denotes a p-value less than 0.001)
- Outcome: This hypothesis is supported and significant, indicating a strong positive relationship between customer preferences and the future store. The path coefficient of 0.948 suggests that as customer preferences change, the transformation of the future store responds accordingly.

In conclusion, the results from the path analysis largely support the hypotheses. Customer preferences have a significant impact on both the in-store experience and future store transformation, while digital innovations are shown to enhance the in-store customer experience. However, the relationship between future store transformation and customer experience is less clear, requiring further investigation. These findings align with contemporary retail literature, suggesting that customer-centric and technology-driven approaches are essential to improving both in-store experiences and store designs in the evolving retail landscape.

4.7 Summary and conclusions

This chapter presented the findings drawn from the data collected for this study. Additionally, the demographic characteristics of the responders were given. The data included the respondents' ages, genders, degrees of education, and locations. The descriptive statistics looked at the assessment of each hypothesis, while other measures were used to extensively analyse the instrument's construct reliability, construct validity, and overall validity: The Cronbach Alpha Coefficient, Composite Reliability, Model Fit Assessment, Confirmatory Fit Analysis, Convergent Validity, and Discriminant Validity.

The data presented in this section suggests that there is a strong link between the following: 1) customer expectations and the in-store customer experience; 2) the transformation of future stores and the in-store customer experience; 3) the role of digital innovations and the in-store customer experience; and 4) the relationship between customer expectations and the emergence of future stores. As a result, we conclude that digital innovation is a catalyst for improving the consumer experience in future stores, and that retail organisations should invest more in cutting-edge technology that connects the online and offline shopping experiences.

5 CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

This chapter discusses the findings presented in Chapter 4. The study was founded on four distinct constructions or hypotheses, with the primary goal of investigating the impact of digital innovation on the consumer experience in the context of the evolution of future retail outlets. First, there is the interaction of customer expectations and experience. Second, there is the evolution of future shops against the in-store experience. Third, there is a comparison between digital advancements with in-store consumer experiences. Finally, there is a comparison of consumer expectations and the potential for future stores. We will begin by reviewing the primary research issue, followed by a discussion of each concept individually. Finally, we will summarise the study's findings and conclude.

5.2 Discussion of the main research problem

The major goal of the research was to assess the impact of COVID-19 on the retail industry and identify the extent to which it has resulted in a shift in customer expectations, particularly in light of the disruption produced by digital technology. The main challenge is that retailers are unable to keep up with their clients' ever-changing demands through the application of digital innovation. The ninth Sustainable Development Goal (SDG) is to advocate for resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation (United Nations, 2024). This is in line with the study’s main aim of evaluating how digital innovations fosters future digital stores.

Conducted literature indicated that online shopping has shifted over the years in the retail industry. Prior, many consumers were using brick and mortar stores and malls; therefore, companies were concentrating their (non-digital-business-transformation) efforts (Agolia, 2023). However, in 2020, South Africa first Covid-19 test was reported from a traveller who came from Italy, and it spread quickly to other provinces (Modisenyane et al., 2022). This has changed buying behaviour of customers in that online shopping became prominent and retailers had to innovate digitally. Approximations suggest that globally, by the end of

2040, the number of online shopping will rise to more than 1.5 billion as far as internet user is concerned (Pal and Kumari, 2023).

From a general standpoint, our findings suggested that all hypotheses were validated by this, so establishing that there is a place for digital innovation on customer experience in the evolution of future stores in the retail business. According to the findings of a study conducted by Pal and Kumari (2023), the purchasing behaviour of customers with regard to online shopping is influenced by a wide variety of characteristics, patterns of usage, and factors. These factors include, but are not limited to, age, gender, price, convenience, satisfaction, frequency, type of product, amount of money spent, level of satisfaction, convenience, and product quality, among others. Based on their research, Pal and Kumari came to the conclusion that consumer habits and determinants have an effect on the purchasing behaviour of online shoppers. BlueYonder (2024) emphasised that future stores must be more intelligent, equipped with technology and innovations that improve the whole consumer experience and provide better outcomes. This will be accomplished by ensuring that the relevant resources are used at the appropriate time and for the correct reason.

5.2.1 ***Relationship between customer expectations and in-store experience***

H1: There is a direct relationship between customer expectations or preferences and the in-store customer experience.

The findings of the study revealed that there is a strong relationship between customer expectations and in store experience (Table 4.1). This suggest that the study findings agreed with the first hypothesis. For example, most customers expect that their store experience should be quick, seamless, and satisfying. Kano and co-authors (1984) developed a model that determines customer satisfaction. He believed that emotional responses to qualities were strongly related to client loyalty. He postulated five separate emotional responses to features, and to test his hypothesis, he conducted a study with 900 respondents. Based on his observations, he created the kano response graph, which

illustrates the five emotional responses as curves. He was able to show, using this reaction graph (Figure 9), that the level of consumer satisfaction is directly proportional to the sophistication of the accessible function, resulting in a more emotional response.

From "must be" to "reverse attributes," the five emotional responses span the range. It is critical to explain that thoroughly satisfying the consumer at this stage is all that is required to introduce a provider to the market (Airfocus, 2023). Because they cannot fully meet a customer's expectations on their own, these expectations are frequently referred to as dissatisfies (Airfocus, 2023). Nonetheless, dissatisfaction will arise if the customer's core expectations are not met. On the other hand, the reverse attributes indicate that the product aspects actively cause unhappiness among users and must be removed totally from the product or services. In the event that there are enough of them, they have the potential to make buyers unhappy with a product and even consider other solutions (Airfocus, 2023). To boost customer happiness in future stores, merchants should focus on developing attractive features, which are components that have a significant impact on a consumer's purchasing decision and the level of satisfaction that a user enjoys. Exciting features, also known as delighters, have the potential to give a product a competitive advantage and distinguish it from competing products (American Society for Quality, 2024).

Interestingly, approximately 59% of the respondents strongly agreed that when they shop in-store, the service level should be of excellence such that they do not ask for help and approximately 45% strongly agreed that when they shop, they expect to have touch points that they did not think they need (Figure 4.5). Our findings agreed with Guastafsson, Snyder and Witell (2020) that customer experience contributed significantly to improvement in innovation in service industry and this is explained well by the value centric model of service innovation. Additionally, our findings agreed with other studies, which show that value innovation is an important component of market creation because it allows organisations to explore the possibilities of untapped markets and break free from the constraints of traditional competitive marketplaces (Innoconsult, 2023). Companies can

attract new client groups, redefine old markets, or even establish entirely new markets and markets by focusing on offering exceptional value to their customers. By employing this strategy, also known as the construction of a "blue ocean," businesses can avoid the fierce competition that prevails in overcrowded marketplaces, also known as "red oceans," and instead establish uncontested market space in which to thrive (Innoconsult, 2023).

Therefore, studies and theories support H1 and we can consider the following key studies and theories:

- **Customer Experience and Expectations**: Research by Parasuraman, Zeithaml, and Berry (1985), has displayed that expectations shape perceptions of service quality and impact consumer satisfaction and the authors argue that providing an experience that exceeds customers' expectations can positively impact their overall shopping experience.
- **Digitisation and Personalisation**: Previous literature by Lemon and Verhoef (2016) emphasizes the importance of personalisation in enhancing customer satisfaction. In addition, digital innovations, such as artificial intelligence and data analytics, make it possible for retailers to tailor their experiences to customers' preferences. This aligns with the hypothesis that meeting customer expectations greatly enhances the in-store experience.
- **Support from Empirical Findings**: Recent studies (e.g., Pantano et al., 2017) indicate that brick-and-mortar shopping satisfaction is significant influenced by customers' expectation of convenience and technology integration. As a result, retailers are able to align in-store experiences with customers' preferences for seamless, engaging experiences.

Based on the comparison of these theoretical and empirical perspectives with your data, the results support the hypothesis, and seem to be in line with the existing literature.

5.2.2 *Relationship between transformation of future store and in-store experience*

H2: There is a direct relationship between the transformation of the future store and the in-store customer experience.

Although online buying is more convenient than conventional shopping, Kelleher (2023) claims that people still want social and experiential activities that can be offered in a physical store. This is despite that traditional retail is more convenient. Kelleher went on to remark that as shoppers enter the store, they expect a greater presence of technology, and that future businesses will use this data to adapt the shopping experience. Furthermore, the rise of mobile shopping has resulted in a considerable shift in the shopping habits of certain customers. Customers expect to be able to sign into an account using a mobile device when they enter a store and see their most recent purchases as well as their favourite items. This makes it much easier for clients to finish their purchase (Kelleher, 2023). The most successful retailers will be those that innovate by integrating their growing online presence with an immersive physical location.

Our findings confirm that indeed there is a direct relationship between the transformation of future store and in-store experience. In this study, 76% of the respondents agreed that the in-store they visit should have several touchpoints that are automated or self-service, whereas 89% agreed that the in-store they visit should have integrated digital systems that enhance shopping experience (Figure 5.1). Generally, these findings indicate a dire need of transformation of future stores with technology.

For example, Norco (2024) suggested that future physical stores should be integrated with "omnichannel strategy", which is a technique for meeting customers' increasing demands for accessibility. This technique combines online buying with traditional stores. Although the consumer wishes to receive their things as soon as possible, they usually do not want to pay any more expenses for this. The concept of combining online trading with a physical store, where the store functions as a pick-up and return location, is gaining appeal among a growing number of retailers (Norco, 2024). While enticing customers to the physical store, this gives the client flexibility. Furthermore, shoppers will increasingly be able to try

on items in a physical store before purchasing them online. This can be accomplished through showrooms. It is feasible to provide the customer with greater freedom of choice by logically integrating many channels, resulting in an improved purchasing experience (Norco, 2024).

Our findings are in line with the idea of a future shop because 88 percent of the respondents stated that they anticipate the store they visit to be in line with the latest industry trends that cater to their requirements. This includes the combination of future physical stores with omnichannel strategies. Retailers in South Africa frequently employ the omni-channel strategy in their business operations.

Therefore, studies and theories also support H2 and we can consider the following key studies and theories:

- **Digital Transformation and Future Stores:** Pantano and Timmermans (2014) claim that "future stores" will incorporate technologies like augmented reality, artificial intelligence, and smart automation, which will transform physical spaces into immersive environments that will shape customer experiences. Physical stores that incorporate advanced technologies see improved engagement and customer convenience, which improves customer satisfaction and loyalty.
- **Omnichannel Retailing**: According to Verhoef et al. (2015), consumers are expecting seamless transitions between in-store interactions and digital touchpoints as omnichannel strategies blur the lines between online and offline experiences. In turn, this transformation directly affects the customer experience.

In conclusion, research supports the hypothesis, demonstrating a direct benefit to customers from the transformation of store environments through digital innovation.

5.2.3 ***Relationship between role of digital innovations and in-store customer experience***

H3: There is a direct relationship between the role of digital innovations and the in-store customer experience.

Gillis (2024) mentioned that organisations are continuously working to adapt new technology and resources to develop opportunities or grow their businesses. This could include the use of artificial intelligence (AI) or machine learning methods to improve pattern discovery in data, as well as the installation of cloud services. The approach promotes the open-mindedness required to seek out and implement new technologies that may benefit an industry (Gillis, 2024).

According to McKinsey, digitally transforming a company's customer experience has the potential to increase revenue by 20% to 50% (RTG Solution Group, 2023). Furthermore, adopting digital transformation in the customer experience process has resulted in a ten to twenty percent expense reduction and a ten to fifteen percent revenue boost for firms (RTG Solution Group, 2023). The McKinsey study's findings highlighted the great potential that a digital transformation plan has for fostering growth and assuring consumer satisfaction. Businesses can separate themselves from their competitors by focusing on the quality of the customer experience. In a similar spirit, these initiatives will foster a loyal client base, which will contribute to the company's long-term success (RTG Solution Group, 2023).

The study's key conclusions are consistent with McKinsey's findings, which support the notion that there is a direct link between digital innovation and in-store experience. As an example, 89 percent of respondents believe that the store they are presently visiting should include digital technology that improve their shopping experience. Additionally, 65 percent of respondents believe that emerging technological developments such as artificial intelligence can improve the shopping experience. Furthermore, 84 percent of

respondents agree that merchants should use digital technology to collect data for evaluating the in-store experience.

Daqar and Smoudy (2019) explained the role of artificial intelligence in enhancing customer experience in retail. For instance, there are two categories, whereby artificial intelligence is used in the retail industry; first, customer facing applications, whereby AI enabled retailers to analyse customer data such as purchase history, browsing behaviour, and demographics. This permit retailers to recommend products based on individual preferences. Additionally, virtual assistants also interact with customers by providing real time support of answering questions about a specific product (Zimmermann et al., 2022). Second, AI can be used behind the scenes by analysing data on consumer demand patterns and predicting future trends, retailers can efficiently manage their inventory levels and avoid stock shortages or over (Calvo, Franco and Frasquet, 2023).

Therefore, studies and theories also support H3 and we can consider the following key studies and theories:

- **Digital Innovation in Retail**: Studies by Pantano et al. (2017) showcase the role of innovation in retailers that are driven by modern technology which provide customers with real-time feedback, and interactive shopping experiences which defer from traditional in-store experiences.
- **Enhanced Customer Experience**: According to Verhoef et al. (2009), as mentioned above, the integration of digital and innovative enhancements has improved the in-store experience significally as it ensures personalised and engaging touchpoints. Furthermore, Xu et al. (2020) that's that digital innovations lead to a more immersive and satisfying shopping environment, improving the overall customer experience.

These studies support the hypothesis, suggesting that digital innovations like AI, AR, and data analytics significantly improve in-store customer experiences by offering greater convenience, personalisation, and engagement.

5.2.4 ***Relationship between customer preferences and the emergence of the future store***

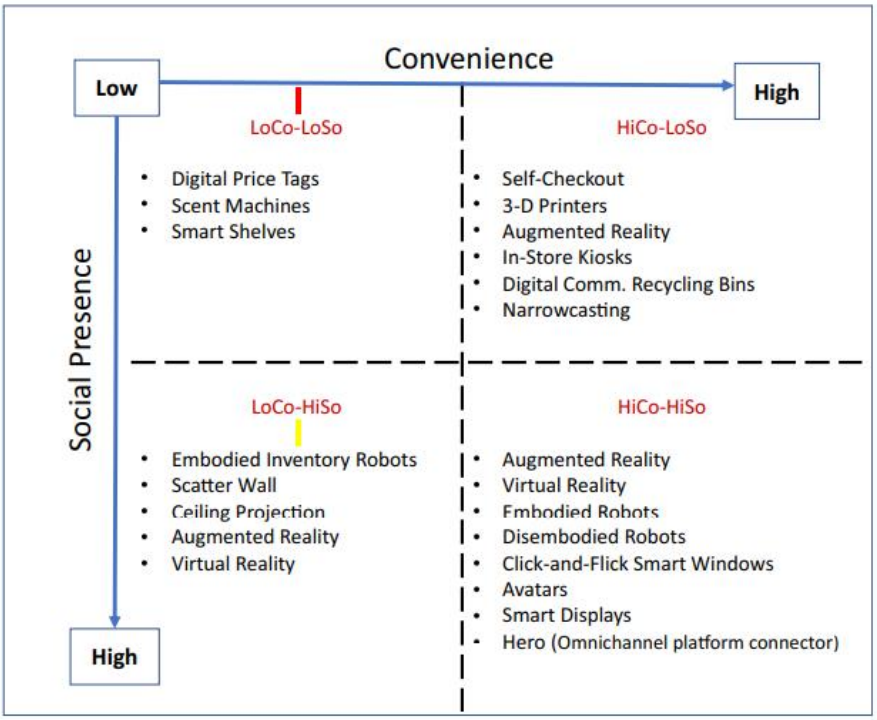
H4: There is a direct relationship between customer expectations or preferences and the emergence of the future store.

Customers' expectations are not fixed in this age of digital transformation; rather, they are constantly evolving as a result of a range of factors, including technological advancement, societal dynamics, and more access to real-time information (Tensen et al., 2024). Customers are no longer satisfied with purchasing a product and then waiting several weeks for it to arrive. Today's consumer is well-informed, selective, and expects to purchase more than just a product or service. They demand an experience that includes timely delivery, exceptional service, and a streamlined and personalised user journey from start to finish (Tensen et al., 2024).

Priporas, Stylos, and Fotiadis (2017) found that the presence of smart technologies has a substantial impact on generation Z consumer experiences. Furthermore, this particular group of customers expects a variety of new technology procedures and devices to be readily available, providing consumers with increased autonomy and a more efficient financial transaction process. Furthermore, they think that technology will increase their capacity to make informed purchasing decisions. Respondents in the conversation also stressed the importance of teaching clients on how to take use of the most recent smart retailing technologies (Priporas, Stylos and Fotiadis, 2017).

The findings of our analysis support the premise; there is a clear link between customer expectations and the formation of future stores. Here are some examples of key findings: Fifty-two percent of respondents agreed that they will always shop at stores that use digital solutions to improve their shopping experience; eighty percent of respondents believed that innovation is critical when shopping in-store; and eighty-two percent of respondents believed that retailers require digitally enhanced systems for improved in-store shopping (Figure 4.5). Grewal, Noble, Roggeveen, and Nordfalt (2020) presented a 2 x 2 typology for innovative and futuristic technology. This typology focused on the levels of convenience and social presence that these technologies provide to their users. Grewal and his

colleagues discovered five distinct components of service convenience: decision, access, transaction, benefit, and post-benefit. Figure 5.1 depicts four alternative quadrants of possible combinations for social presence and convenience. For example, when there is minimal technology available at the store, the level of convenience and social presence is low. On the other side, when there are plenty of technology developments in the store, the degree of social presence is great, and the level of convenience is high.



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Figure 5.1: In-store technology infusion (Grewal et al., 2020).

5.3 Summary and conclusion

This study explored the role of digital innovation on customer experience in evolution of the future store in the retail industry. Brick-and-mortar retailers have been forced to change as a result of digital transformation, as an increasing percentage of customers purchase their goods through online channels. Currently, as e-commerce grows, retailers are rethinking store operations and employing digital tools to keep their businesses relevant (Evans, 2021).

The study's most important findings revealed that all of the hypotheses developed showed a positive and significant relationship between customer expectations and the in-store customer experience; the transformation of future stores and the in-store customer experience; digital innovations and the in-store customer experience; and customer expectations and the emergence of future stores. When comparing consumer expectations to the in-store customer experience, the highest-ranked attribute was that people want their in-store experience to be quick, fluid, and satisfying. When comparing the transformation of future stores to the in-store customer experience, the attribute with the highest ranking was that the store where customers shop should have an exceptional layout in which products are easy to find and a pleasant atmosphere is created. When it comes to digital innovations versus in-store customer experience, the attribute with the highest ranking was that merchants should have digital innovation that collects insightful data for better in-store customer experience. In contrast, when it comes to customer experience vs the emergence of future stores, the distinguishing feature is that merchants must have digital innovation that improves systems and processes for shopping in-store.

In summary, the study's findings show that digital innovation, along with artificial intelligence and machine learning, is the key force behind the transformation of traditional in-store enterprises into future stores. The findings suggest that to get a competitive advantage over competitors, merchants should consider combining online shopping with

traditional storefronts, particularly in terms of the adaptability of omnichannel strategy. This is despite the fact that investing in digital innovation can be costly. This leads to the conclusion that the in-store customer experience is likely to improve, and companies building future stores should consider prioritising the feature that received the highest rating in each of the hypotheses. One of the study's disadvantages is that the data were collected online via social media platforms rather than in person with the respondents; nonetheless, these data still serve as a baseline. The recommendations are that future research should focus on directly gathering data from merchants and customers using the concept of a future store, and that this research should compare industrialised countries to developing ones.

6 CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

The preceding sections meticulously dissected and explored the implications of the research findings. Now, in this chapter, we embark on a journey to synthesize these insights and provide a holistic perspective on the study. Beyond mere summarization, we delve into the nuanced recommendations tailored specifically to each stakeholder group, aiming to empower them with actionable insights derived from the research. Furthermore, we venture into uncharted territories by outlining potential avenues for future investigations, seeking to push the boundaries of knowledge and contribute to the advancement of the field.

6.2 Conclusion of the study

In conclusion, the retail industry is undergoing a profound transformation, driven by technological advancements and evolving consumer behaviours, as highlighted by Lemon and Verhoef (2016), Van Doorn et al. (2017), and Bustamante and Rubio (2016). The COVID-19 pandemic accelerated this transformation, necessitating rapid adaptation to changing shopper expectations, as noted by Burns: Harris (2022) and Burns (2023). Brands and retailers are increasingly recognizing the importance of omnichannel integration, yet challenges remain in fully integrating physical and digital operations, as observed by Breidis, Kronschnabl, et al. (2020). Digital innovations, including artificial intelligence and machine learning, are reshaping the retail landscape, providing traditional retailers with a competitive edge, as emphasized by Porter and Heppelmann (2014), Hokkanen et al. (2020), and Rachinger et al. (2019). To stay ahead, retailers must adopt customer-centric approaches, integrating innovation, data analytics, and digital capabilities into their operations, as advocated by Gupta and Ramachandran (2021) and Martins (2023). The study underscores the importance of understanding evolving consumer needs and preferences, particularly in the fast-moving consumer goods (FMCG) space, as highlighted by Macciola (2021) and Diebner et al. (2020). Brands must strive for service

excellence and personalized experiences to meet the demands of modern's discerning customers, as articulated by Yoong (2021) and Macciola (2021). Despite the challenges posed by the COVID-19 pandemic, the South African retail industry is poised for transformation, with digital innovations playing a central role, as acknowledged by O'Neil (2021) and Lomberg (2023). Retailers must innovate and integrate digital solutions to enhance the in-store experience and meet the evolving needs of customers, as suggested by Fletcher (2022) and Bataiev (2017).

Based on the research problem of "exploring the role of digital innovation on customer experience in the evolution of the 'future store' in the retail industry," the findings underscore the pressing need for retailers to confront several key challenges. Firstly, the rapid pace of technological advancement poses a formidable challenge for retailers to adapt and integrate digital innovations seamlessly into their operations while maintaining a focus on enhancing customer experience (CX). The complexity of this task is compounded by the diverse and evolving expectations of modern's consumers, who demand personalized, convenient, and integrated experiences across multiple channels. Secondly, the COVID-19 pandemic has accelerated shifts in consumer behaviours and expectations, necessitating swift and agile responses from retailers to meet changing needs. The challenge lies in effectively navigating these disruptions while simultaneously addressing the underlying drivers of customer satisfaction and loyalty.

Thirdly, the convergence of e-commerce and traditional retail models presents both opportunities and challenges for retailers seeking to establish a competitive edge in the 'future store' landscape. Balancing the demands of online and offline channels, while ensuring a consistent and cohesive brand experience, requires strategic planning and investment in digital capabilities. Furthermore, there is a notable gap between the potential of digital innovations and their practical implementation in the retail sector. Many retailers struggle to harness the full potential of technologies such as artificial intelligence (AI), machine learning, and data analytics to drive meaningful improvements in customer experience and operational efficiency. Overall, while digital innovation holds promise for transforming the retail industry and redefining the 'future store,' retailers must confront and

overcome these challenges to realize the full benefits of technological advancements and deliver exceptional customer experiences in an increasingly digital world.

In conclusion, the culmination of this study not only sheds light on the intricate interplay between digital innovation and customer experience in shaping the 'future store' but also highlights the imperative for retailers to navigate a complex landscape marked by technological disruption and evolving consumer expectations. One of the key takeaways from this research is the critical importance of adopting a customer-centric approach that places the needs and preferences of the modern shopper at the forefront. As retailers strive to meet the demands of an increasingly digitally-savvy consumer base, they must prioritize seamless integration of digital technologies into their physical stores to create immersive and personalized experiences that drive customer loyalty and satisfaction.

Moreover, the findings underscore the need for retailers to embrace agility and adaptability in response to external factors such as the COVID-19 pandemic, which has accelerated shifts in consumer behaviours and expectations. By leveraging digital innovations to anticipate and meet evolving customer needs, retailers can not only weather disruptions but also position themselves for long-term success in a rapidly evolving retail landscape. Furthermore, the study highlights the potential of digital innovations such as AI, machine learning, and data analytics to revolutionize the retail industry and unlock new avenues for growth and innovation. However, realizing this potential requires a strategic approach to technology adoption and investment, as well as a commitment to fostering a culture of innovation and continuous improvement within retail organizations.

In essence, the 'future store' represents a paradigm shift in retail, where the seamless integration of digital technologies and a relentless focus on customer experience are paramount. By embracing digital innovation and reimagining the role of the physical store, retailers can position themselves as leaders in the retail industry and deliver unparalleled value to customers in the digital age.

6.3 Recommendations

In the current competitive retail landscape, customer experience is paramount. Retailers should prioritize understanding their customers' needs, preferences, and behaviours by leveraging advanced data analytics and customer insights. By adopting a customer-centric approach, retailers can tailor their offerings and services to meet individual customer needs, ultimately enhancing satisfaction and loyalty. This involves investing in technologies that enable personalized recommendations, seamless transactions, and responsive customer service across all touchpoints. To stay ahead in the digital age, retailers must invest in cutting-edge technologies such as artificial intelligence (AI), machine learning, and data analytics. These technologies can revolutionize various aspects of retail operations, from inventory management and supply chain optimization to personalized marketing and customer engagement. By harnessing the power of AI and data analytics, retailers can gain deeper insights into customer behavior, predict trends, and drive innovation in the 'future store' environment. With the rise of omnichannel shopping experiences, retailers must seamlessly integrate their physical and digital channels to provide a cohesive and consistent brand experience. This requires investing in technologies that enable real-time inventory visibility, click-and-collect services, and personalized promotions across all channels. By breaking down silos between online and offline channels, retailers can meet the demands of modern's omnichannel consumers and drive sales both online and in-store. The COVID-19 pandemic has accelerated shifts in consumer behaviors and expectations, making it essential for retailers to adapt quickly. Retailers should closely monitor and analyse consumer trends in real-time, leveraging data analytics to understand changing preferences and anticipate future needs. By being agile and responsive to evolving consumer behaviours, retailers can adjust their strategies and offerings, accordingly, ensuring they remain relevant and competitive in a rapidly changing market. Innovation is key to driving sustainable growth and competitiveness in the retail industry. Retailers should foster a culture of innovation within their organizations, encouraging employees to experiment with new ideas, technologies, and business models. This may involve setting up innovation labs, organizing hackathons, and incentivizing employees to pursue creative solutions to business challenges. By embracing a culture of innovation, retailers can stay ahead of the curve and continue to delight

customers with new and exciting offerings. As digital technologies continue to reshape the retail landscape, it's crucial for retailers to invest in training and development programs to upskill their workforce. This includes providing ongoing training in areas such as data analytics, digital marketing, and customer service to ensure employees have the necessary skills and competencies to thrive in a digital-first environment. By investing in employee training and development, retailers can empower their workforce to drive digital transformation and deliver exceptional customer experiences. To accelerate digital innovation, retailers should seek out strategic partnerships with technology vendors, startups, and industry experts. These partnerships can provide access to cutting-edge solutions, insights, and best practices that can help retailers stay ahead of the curve. By collaborating with technology partners, retailers can tap into external expertise and resources to drive innovation and differentiate themselves in the market. In conclusion, by embracing these recommendations, retailers can position themselves for success in the 'future store' paradigm and deliver unparalleled value to customers in an increasingly digital world. By prioritizing customer experience, investing in digital technologies, and fostering a culture of innovation, retailers can differentiate themselves in the market, drive business growth, and build lasting relationships with customers.

6.3.1 Implementing customer feedback systems in retail

In the current fiercely competitive retail landscape, understanding and promptly responding to customer feedback holds pivotal importance in driving continuous improvement and augmenting customer satisfaction. An innovative strategy that retailers can adopt involves the implementation of technology-enabled customer feedback systems. These systems leverage digital tools and platforms to collect, analyse, and act upon customer feedback in real-time, empowering retailers to make data-driven decisions and deliver personalized experiences that resonate with their target audience. At the heart of a technology-enabled customer feedback system lies a multifaceted approach comprising several key components. Firstly, retailers can leverage a plethora of channels to collect customer feedback, ranging from online surveys and social media platforms to email campaigns and in-store kiosks. This diverse array of touchpoints enables retailers

to engage with customers at various stages of their shopping journey and glean valuable insights across multiple channels. Furthermore, advanced analytics tools facilitate real-time data analysis, allowing retailers to discern trends, patterns, and areas for improvement from the vast pool of customer feedback. By harnessing the capabilities of artificial intelligence and machine learning algorithms, retailers can gain deeper insights into customer sentiment, preferences, and behaviours, thereby enabling them to customize their offerings and services to better align with customer needs. Subsequently, actionable insights and recommendations derived from the analysed feedback empower retailers to enhance the customer experience proactively. This may entail addressing prevalent pain points, rectifying customer grievances, or implementing novel initiatives based on customer feedback. By translating data into actionable strategies, retailers can affect tangible improvements in customer satisfaction and loyalty, thereby fostering long-term relationships with their clientele. A closed-loop feedback mechanism ensures that customer feedback is not merely collected but also promptly acted upon. This entails routing feedback to the pertinent departments or teams within the organization, assigning tasks, and monitoring progress towards resolution. By closing the feedback loop, retailers demonstrate their commitment to addressing customer concerns and perpetually refining the customer experience. Moreover, technology-enabled feedback systems afford retailers the opportunity to engage with customers on a personalized level, tailoring communication, promotions, and offers based on individual feedback and preferences. By leveraging customer data and insights, retailers can forge deeper connections with their clientele, thereby nurturing loyalty and advocacy.

In sum, the implementation of a technology-enabled customer feedback system presents myriad benefits for retailers. It enables them to bolster customer satisfaction, fortify brand reputation, enhance operational efficiency, and make informed, data-driven decisions. By harnessing the power of digital tools and platforms to collect, analyse, and act upon customer feedback in real-time, retailers can deliver personalized experiences that resonate with their audience, thereby fostering enduring loyalty and success in modern dynamic retail landscape.

6.3.2 Training

The results of this study show that line managers play a crucial role in driving employee performance and organizational success in the retail industry. Specifically, our findings indicate that line managers who prioritize training and development initiatives among their teams contribute significantly to enhancing overall customer experience and satisfaction. Line managers serve as the primary point of contact for frontline employees, responsible for guiding, coaching, and mentoring them to deliver exceptional service. Through effective training programs, line managers can equip employees with the necessary skills, knowledge, and resources to excel in their roles and meet the evolving needs of customers. Furthermore, our research highlights the importance of ongoing training and development in fostering a culture of continuous improvement within retail organizations. Line managers who prioritize employee development create an environment where learning is valued, encouraged, and integrated into daily operations. Moreover, training initiatives led by line managers can have a ripple effect throughout the organization, influencing employee engagement, motivation, and retention. When employees feel supported and invested in through training programs, they are more likely to be satisfied in their roles, leading to higher levels of productivity and performance. In light of these findings, it is recommended that retail organizations prioritize training and development initiatives led by line managers. This involves providing line managers with the necessary resources, tools, and support to effectively train and develop their teams. Additionally, organizations should invest in leadership development programs to enhance the capabilities of line managers in coaching, mentoring, and empowering their employees. By empowering line managers to prioritize training and development, retail organizations can foster a culture of excellence, drive employee engagement and satisfaction, and ultimately deliver superior customer experiences that set them apart in the competitive retail landscape.

6.3.3 Personalized product recommendations using artificial intelligence

Personalized product recommendations powered by artificial intelligence (AI) offer retailers a powerful tool to enhance the customer shopping experience and drive sales. By

leveraging AI algorithms to analyse customer data and behavior, retailers can deliver tailored product suggestions that align with each individual customer's preferences, tastes, and past purchase history. At its core, personalized product recommendation systems utilize machine learning algorithms to analyse vast amounts of customer data, including browsing history, purchase history, demographic information, and even social media activity. These algorithms then generate personalized recommendations for each customer, taking into account factors such as product affinity, similarity to past purchases, and trending items.

One of the key benefits of personalized product recommendations is their ability to enhance the relevance and accuracy of product suggestions for customers. By leveraging AI to analyse customer data in real-time, retailers can provide recommendations that are tailored to each customer's unique preferences and tastes, increasing the likelihood of conversion and customer satisfaction. Moreover, personalized product recommendations can help retailers drive incremental sales and revenue by encouraging customers to discover new products and make additional purchases. By presenting customers with relevant and timely product suggestions, retailers can capitalize on cross-selling and upselling opportunities, ultimately driving higher average order values and lifetime customer values. In addition to driving sales, personalized product recommendations can also help retailers improve customer loyalty and retention. By delivering personalized shopping experiences that resonate with each individual customer, retailers can strengthen their relationships with customers and foster a sense of loyalty and brand affinity. Furthermore, implementing personalized product recommendations can help retailers differentiate themselves in a crowded marketplace and stand out from competitors. By leveraging AI to deliver tailored product suggestions that anticipate and meet customer needs, retailers can create memorable shopping experiences that set them apart and drive customer engagement and loyalty. Overall, implementing personalized product recommendations using artificial intelligence presents retailers with a powerful opportunity to enhance the customer shopping experience, drive sales, and improve customer loyalty and retention. By leveraging advanced AI algorithms to deliver relevant and timely product suggestions, retailers can create personalized shopping experiences

that resonate with customers and drive long-term success in the competitive retail landscape.

6.3.4 Promoting collaborative partnerships

Collaborative partnerships in the retail industry can play a pivotal role in fostering sustainable supply chains. By forming alliances with suppliers, manufacturers, logistics providers, and other stakeholders, retailers can work together to address environmental, social, and economic challenges throughout the supply chain. These collaborative efforts can lead to greater efficiency, transparency, and resilience, ultimately driving positive impact for both businesses and society. At its core, promoting collaborative partnerships for sustainable supply chains involves establishing mutually beneficial relationships with key stakeholders across the supply chain. This includes sharing best practices, resources, and expertise to address common sustainability challenges and achieve shared goals. By collaborating with suppliers and other partners, retailers can leverage collective knowledge and resources to drive continuous improvement and innovation in sustainability practices.

One of the key benefits of collaborative partnerships for sustainable supply chains is their ability to drive positive impact at scale. By pooling resources and expertise, retailers and their partners can implement more effective sustainability initiatives, such as reducing carbon emissions, minimizing waste, and promoting ethical labour practices. Through collaborative efforts, retailers can amplify their impact and drive meaningful change across the entire supply chain. Moreover, collaborative partnerships can help retailers mitigate risks and build resilience in their supply chains. By working closely with suppliers and other partners, retailers can identify and address potential vulnerabilities, such as climate-related disruptions, geopolitical instability, or social unrest. By proactively managing risks and building stronger relationships with partners, retailers can enhance the resilience of their supply chains and ensure continuity of operations. In addition to driving sustainability and resilience, collaborative partnerships can also create value for retailers by fostering innovation and driving competitive advantage. By collaborating with suppliers and other partners, retailers can tap into new ideas, technologies, and market opportunities that can help them stay ahead of the curve and differentiate themselves in the marketplace.

Through collaborative innovation, retailers can drive continuous improvement and drive growth in a rapidly changing business environment. Furthermore, promoting collaborative partnerships for sustainable supply chains can enhance the reputation and brand value of retailers. By demonstrating a commitment to sustainability and responsible business practices, retailers can attract environmentally and socially conscious consumers and investors. Collaborative partnerships can serve as a powerful platform for retailers to showcase their sustainability efforts and engage stakeholders in their journey towards a more sustainable future. Overall, promoting collaborative partnerships for sustainable supply chains presents retailers with a strategic opportunity to drive positive impact, mitigate risks, foster innovation, and enhance their brand reputation. By working together with suppliers and other partners, retailers can create more sustainable and resilient supply chains that deliver value for businesses, society, and the planet.

6.3.5 Facilitating knowledge sharing platforms for retail innovation

In the dynamic and fast-paced retail industry, knowledge sharing plays a crucial role in driving innovation, staying ahead of trends, and adapting to changing consumer preferences. By creating dedicated platforms and initiatives for knowledge sharing, retailers can foster collaboration, facilitate idea exchange, and inspire creativity among industry stakeholders. These knowledge sharing opportunities can take various forms, including conferences, workshops, online forums, and collaborative projects, all aimed at driving continuous improvement and innovation in the retail sector. One of the key benefits of knowledge sharing platforms is their ability to facilitate cross-pollination of ideas and best practices among retailers, suppliers, technology providers, and other industry stakeholders. By bringing together diverse perspectives and expertise, these platforms can spark new insights, encourage experimentation, and drive collective innovation across the retail ecosystem. Through knowledge sharing, retailers can learn from each other's successes and failures, identify emerging trends, and explore innovative solutions to common challenges. Moreover, knowledge sharing platforms can serve as catalysts for collaboration and partnership-building within the retail industry. By providing opportunities for networking and relationship-building, these platforms can connect retailers with

potential partners, suppliers, and industry experts, enabling them to form strategic alliances and collaborative initiatives that drive mutual growth and success. Collaboration facilitated through knowledge sharing platforms can lead to joint innovation projects, co-creation of new products and services, and shared resources and expertise, all of which can contribute to driving competitiveness and sustainability in the retail sector. In addition to fostering collaboration and innovation, knowledge sharing platforms can also help retailers stay informed about emerging trends, technologies, and best practices shaping the future of retail. By providing access to thought leadership, industry insights, and case studies, these platforms can empower retailers to stay ahead of the curve, anticipate changes in consumer behavior, and proactively adapt their strategies and operations to meet evolving market demands. By staying informed and connected through knowledge sharing, retailers can position themselves as leaders in their respective niches and drive long-term success in a rapidly evolving industry landscape. Furthermore, knowledge sharing platforms can play a crucial role in nurturing talent and professional development within the retail industry. By providing opportunities for education, training, and mentorship, these platforms can empower retail professionals at all levels to enhance their skills, broaden their knowledge, and advance their careers. Whether through online courses, workshops, or mentorship programs, knowledge sharing platforms can help retailers build a skilled and adaptable workforce capable of driving innovation and driving business growth in an increasingly competitive marketplace. Overall, facilitating knowledge sharing platforms presents retailers with a strategic opportunity to drive collaboration, innovation, and growth within the retail industry. By creating spaces and initiatives for idea exchange, collaboration, and learning, retailers can harness the collective wisdom and creativity of industry stakeholders to address challenges, seize opportunities, and shape the future of retail. Through knowledge sharing, retailers can unlock new insights, build valuable relationships, and inspire innovation that drives competitiveness, sustainability, and success in the dynamic retail landscape.

6.4 Suggestions for further research

Based on the extensive exploration of digital innovations and customer experience within the South African metropolitan retail industry, several avenues for further research emerge. These suggestions aim to deepen our understanding of the evolving retail landscape and provide actionable insights for retailers and industry stakeholders.

Firstly, it is essential to delve deeper into the specific digital innovations that have the most significant impact on enhancing in-store customer experience. Empirical studies can analyse the effectiveness of various technologies, such as augmented reality (AR), virtual reality (VR), and Internet of Things (IoT) devices, in transforming the 'future store' environment (Macciola, 2021; Diebner et al., 2020). Understanding customer perceptions, preferences, and behaviours regarding the adoption and usage of these technologies is crucial for retailers to tailor their strategies effectively and enhance overall satisfaction. Secondly, exploring strategies for seamlessly integrating digital and physical retail channels can provide valuable insights into creating a cohesive omnichannel shopping experience. By investigating successful case studies and identifying best practices for achieving synergy across channels, retailers can enhance customer engagement and drive sales (Fletcher, 2022; Bataiev, 2017). Additionally, understanding the challenges and opportunities associated with omnichannel retailing in the South African context is essential for retailers to stay competitive in the digital age. Furthermore, research on the role of data analytics and artificial intelligence (AI) in personalizing customer experiences can offer valuable insights for retailers. By leveraging customer data to deliver personalized product recommendations, promotions, and services, retailers can enhance customer engagement, retention, and lifetime value (Lemon, 2016; Van Doorn et al., 2017). However, addressing concerns related to data privacy and ethical use of consumer data is critical to maintaining customer trust and loyalty. Additionally, assessing the long-term impacts of the COVID-19 pandemic on consumer behavior, retail operations, and supply chain management is essential for retailers to adapt and thrive in the post-pandemic landscape (O'Neil, 2021; Lomberg, 2023). Identifying resilience-building measures and innovative solutions adopted by retailers can provide valuable lessons for navigating future crises and uncertainties.

Lastly, examining the role of sustainability and ethical practices in shaping consumer preferences and purchasing decisions can help retailers align their strategies with evolving consumer values (Porter and Heppelmann, 2014; PwC, 2021). Understanding consumer attitudes towards environmentally friendly products, fair trade practices, and corporate social responsibility initiatives is crucial for retailers to build brand loyalty and maintain a competitive edge in the market. By addressing these research gaps and advancing our knowledge of digital innovations, customer experience, and retail dynamics in the South African context, future studies can provide valuable insights and practical recommendations for retailers seeking to thrive in an increasingly competitive and rapidly evolving retail landscape.

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8 APPENDICES

8.1 APPENDIX A: Archetypes of Service Innovation

	Output-Based Archetype	Process-Based Archetype	Experiential Archetype	Systemic Archetype
Foundation of the research approach	Product innovation management	New service development, operations management	Phenomenological (experientially determined) value	Social systems, living systems
Characteristics and focus of service innovation				
Focus	Attributes of the service innovation (e.g., new technology)	The service innovation process; architectural elements (phases) of the customer's service consumption	Actors' experiences while using the service and in the wider phenomenological context, extending beyond a specific service innovation	Resource integration by actors engaged in the service ecosystem
Description of service innovation / innovation activity	An offering not previously available to the firm's customers requiring modifications in the sets of competences applied by the service providers and/or customers	A change in the service creation process requiring modifications in the sets of competences applied by service providers and/or customers	An individual experience of something new or revised	A reconfiguration of resources, actors, and institutional arrangements to enable service innovation
Contributions to value cocreation				
Value conceptualization in service innovation	Value-in-exchange: singular entity at a given point in time that is delivered to the customer and is reproducible; creating outputs (to various extents) with valuable attributes	Value-in-use: accumulated throughout the service process as a stage activity, in which value emerges through transformation or change; the process of applying new ideas or current thinking in fundamentally different ways	Value-in-experience: phenomenological (experientially determined) value: new and valuable experiences that are individually experienced but socially cocreated	Value-in-context: improved viability of the service ecosystem; integration of available resources within the service ecosystem in a specific context
Focus on value cocreation in service innovation	Creating outputs (to various extents) with valuable attributes	The process of applying new ideas or current thinking in fundamentally different ways	Cocreating valuable service experiences through service innovations	Integrating available resources within the service ecosystem in a specific context
Roles of actors in service innovations				
Main actors	Companies that innovate offerings; customers as either passive adopters or active codevelopers	Companies that manage the process; actors who attend the process such as customers	Customers or any other actors in the service innovation phenomenon	Different elements of the system that make resources available for value creation
Service firm	To produce new service offerings	To enable new service processes	To facilitate valuable experiences	To integrate market and other resources in a novel and viable way
Employee(s)	To take the new service to the market; launching, selling, and marketing activities	To divide work between frontline employees interacting with customers and backstage employees producing the service in isolation	To facilitate customers' experiences of value	To integrate market, private, and other resources in a novel and viable way
Customer(s)	To generate ideas and provide inputs and feedback on new service concepts before they are launched or following launch ("after innovation")	To more or less actively provide inputs to the service production process	To experience the service innovation phenomenon in their social context	To integrate private resources with other available resources in a novel and viable way
Other relevant actors included in the service innovation	Suppliers and service partners	Service partners and other customers (in individual collective phases)	Other individuals in the social setting	All other actors involved in the service ecosystem

8.2 APPENDIX B: Measurement Tool

Good day

My name is Mpho Manyisa, and I am a master's student in Strategic Marketing at the University of the Witwatersrand, Johannesburg. As part of my studies, I have to undertake a research project, and I am investigating exploring the role of digital innovations on customer experience in the transformation of the 'future store' in the retail industry under the supervision of Dr Yvonne Saini. The aim of this research project is to find out the role of that digital innovations has in transforming brand touchpoints to meet future customer needs and to investigate customer expectations of future retail offerings that drive customer loyalty.

As part of this project, I would like to invite you to take part in an answering a short questionnaire. This activity will involve answering a few sets of questions and will take around 3 - 5 minutes to complete.

There will be no personal costs to you if you participate in this project. You will not receive any direct benefits from participation but there are no disadvantages or penalties if you do not choose to participate or if you withdraw from the study. You may withdraw at any time or not answer any question if you do not want to. The questionnaire will be completely confidential and anonymous as I will not be asking for your name or any identifying information, and the information you give to me will be held securely and not disclosed to anyone else. I will be using a pseudonym (false name) to represent your participation in my final research report. If you experience any distress or discomfort at any point in this process, we will stop the interview or resume another time.

If you have any questions during or afterwards about this research, feel free to contact me on the details listed below. This study will be written up as a research report which will be available online through the university library website. If you wish to receive a summary of this report, I will be happy to send it to you (optional). The data collected from this research project will be stored on a Google Drive and will be kept for 3 years. If you have any concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrec-medical.researchoffice@wits.ac.za

Yours sincerely,

Mpho Manyisa

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Survey questions

Demographics

1. What age group do you fall under?

   18 – 24

   25 – 34

   35 – 44

   45 – 54

   55 – 64

   65 and above

   Prefer not to say.

2. What is your gender?

   Male

   Female

   Non-binary

   Prefer not to say.

3. Highest level of education

Senior certificate (Grade 12 / matric)

National diploma

Bachelor’s degree

Honours degree

Master’s degree or above

Other (please specify)

4. Which province do you reside in

Gauteng

Western Cape

Kwa-Zulu Natal

Eastern Cape

North West

Northern Cape

Limpopo

Mpumalanga

Free State

Research Questions

H1: There is a direct relationship between customer preferences and the in-store customer experience.

In order to meet new and evolving customer needs and behavioural changes, retailers and brands will need to adjust their existing omni-channel touchpoints and explore innovative opportunities that connect more with consumers. In order create a consistent customer experience, any enhancements should be well cohesive with their existing touchpoints and emerging consumer preferences and expectations (Briedis, Kronschnabl and Rodriquez et al, 2020)

1. My in-store experience should be quick, seamless and satisfying.
2. My in-store experience should be tailored to my shopper needs.
3. When I shop in-store, the service level should be of excellence that I do not ask for assistance.
4. When I shop, I expect my experience to have touchpoints that I didn't think I need.

H2: There is a direct relationship between the transformation of the future store and the in-store customer experience.

The COVID-19 pandemic has altered the way customers expect their in-store experiences to be like post-pandemic. This 'new norm' has seen a rise in the need for continuous social distancing as well as self-service capabilities in physical retail stores. The need for safer experiences (SafeX), has forced retailers to rethink their physical store models to meet evolving customer needs and behaviours such as anxiety of being in store for long, using digital to create a convenient experience and simplify the in-store experience as much as possible (Adhi, Hazan, Kohli and Robinson, 2021).

1. The store that I am visiting should keep up with industry trends and meet my needs (eg, frictionless checkout, quick stock replenishment, etc).
2. The store that I am shopping at should have an exceptional layout where products are easy to find, and a good atmosphere is created.

3. The store I am visiting should have a variety of category items to choose from.
4. The store that I visit should have touchpoints that are automated (self-service).

H3: There is a direct relationship between the role of digital innovations and the in-store customer experience.

Hagberg et al. (2016) stated that Digital Transformation has transformed the exchange between customers and service organisations and now more than ever, creating a positive memorable customer experience is of importance, and achievable through the integration of digital capabilities.

1. The store I am visiting should have integrated digital systems that enhances my shopping experience.
2. When I shop, I'd like to use my digital devices to add value to my shopping experience.
3. Emerging technological trends such as AI would make my shopping experience better.
4. Retailers should make use of digital systems to gather insightful data to better personalise my in-store experience.

H4: There is a direct relationship between customer preferences and the emergence of the future store.

Creating an exceptional customer experience is synonymous with driving service excellence across brand touchpoints. According to Yoong (2021), service excellence is

now more important than ever, and describes it as "consistently meet and occasionally even exceed customers' expectations".

1. When I shop in-store, I expect my in-store shopping needs to be met fully.
2. The retailer that I visit should continuously enhance their physical store to keep up with my changing preferences.
3. The retail store should proactively gather data to develop a physical store that is specific to shoppers.
4. The physical store (layout, systems, processes, staff, integrations, etc) has an impact on whether I shop there in future or not.
5. I always go to shops that use digital solutions to enhance my experience inside the store
6. Innovation is important to me when shopping in-store
7. Retailers need to have digitally enhanced systems and process for when I shop in-store

8.3 APPENDIX C: Participant demographics

Demographic Variables		n	
What age group do you fall under?	18 - 24	36	
	25 - 34	109	
	35 - 44	46	
	45 - 55	23	
What is your gender	Male	75	
	Female	123	
	Non-binary / third gender	10	
	Prefer not to say	4	
Highest level of education - Selected Choice	Senior certificate (matric)	45	
	National diploma	37	
	Bachelor's degree	54	

	Honours degree	51
	Master's or above	26
	Other (please specify)	1
Which province do you reside in?	Gauteng	135
	Kwa-Zulu Natal	39
	Western Cape	18
	Eastern Cape	6
	Limpopo	3
	Mpumalanga	6
	Northern Cape	0
	Free State	2
	North West	6
Total		215

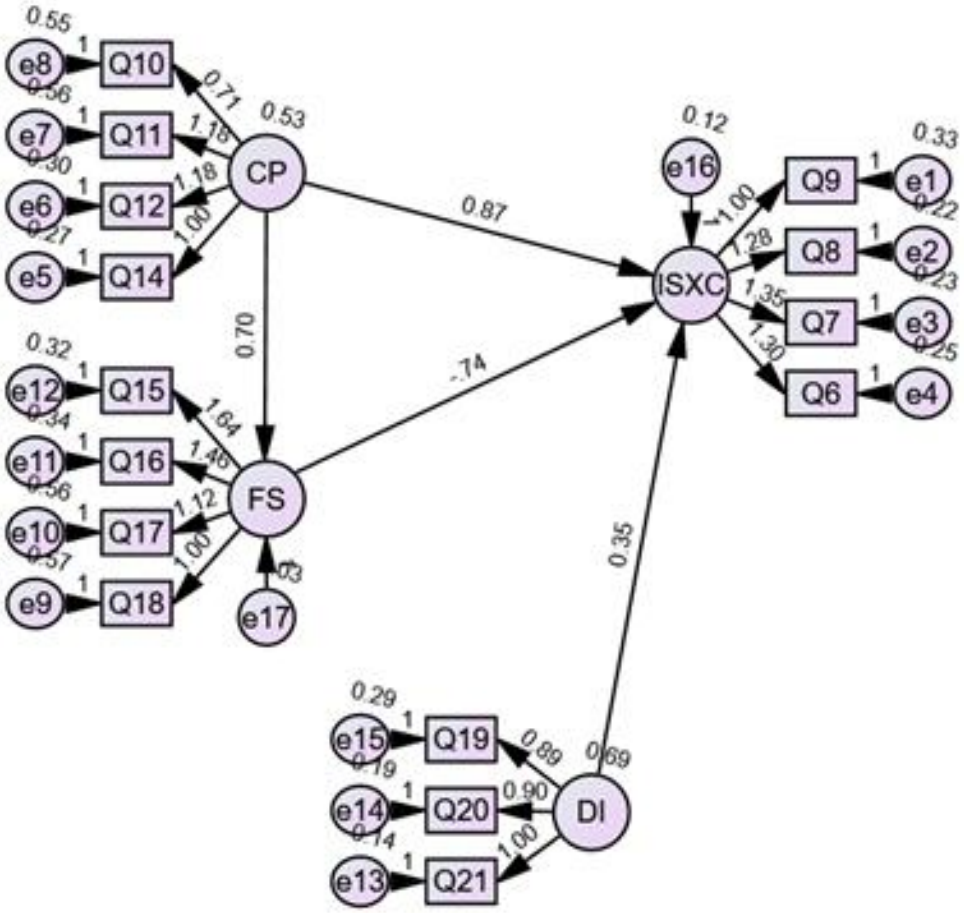
8.4 APPENDIX D: Descriptive statistics

		n	%
My in-store experience should be quick, seamless and satisfying.	Strongly Agree	147	68.7%
	Agree	59	27.6%
	Neither agree nor disagree	7	3.3%
	Somewhat disagree	0	0.0%
	Strongly disagree	1	0.5%
My in-store experience should be tailored to my shopper needs.	Strongly agree	113	52.6%
	Agree	72	33.5%
	Neither agree nor disagree	25	11.6%
	Somewhat disagree	5	2.3%
	Strongly disagree	0	0.0%
When I shop in-store, the service level should be of excellence that I do not ask for assistance.	Strongly agree	126	58.6%
	Agree	68	31.6%
	Neither agree nor disagree	13	6.0%
	Somewhat disagree	8	3.7%
	Strongly disagree	0	0.0%
When I shop, I expect my experience to have touchpoints that I did not think I need.	Strongly agree	96	44.9%
	Agree	82	38.3%
	Neither agree nor disagree	29	13.6%
	Somewhat disagree	7	3.3%
	Strongly disagree	0	0.0%
The store that I am visiting should keep up with industry trends and meet my needs (e.g., frictionless checkout, quick stock replenishment, etc).	Strongly agree	134	63.2%
	Agree	52	24.5%
	Neither agree nor disagree	19	9.0%
	Somewhat disagree	7	3.3%
	Strongly disagree	0	0.0%
The store that I am shopping at should have an exceptional layout where products are easy to find, and a good atmosphere is created.	Strongly agree	156	73.6%
	Agree	51	24.1%
	Neither agree nor disagree	4	1.9%
	Somewhat disagree	1	0.5%
	Strongly disagree	0	0.0%
The store I am visiting should have a variety of category items to choose from.	Strongly agree	139	65.6%
	Agree	59	27.8%
	Neither agree nor disagree	11	5.2%

	Somewhat disagree	3	1.4%
	Strongly disagree	0	0.0%
The store that I visit should have touchpoints that are automated (self-service)	Strongly agree	93	43.5%
	Agree	71	33.2%
	Neither agree nor disagree	39	18.2%
	Somewhat disagree	9	4.2%
	Strongly disagree	2	0.9%
The store I am visiting should have integrated digital systems that enhances my shopping experience.	Strongly agree	83	39.7%
	Agree	102	48.8%
	Neither agree nor disagree	20	9.6%
	Somewhat disagree	4	1.9%
	Strongly disagree	0	0.0%
When I shop, I would like to use my digital devices to add value to my shopping experience.	Strongly agree	82	39.0%
	Agree	68	32.4%
	Neither agree nor disagree	31	14.8%
	Somewhat disagree	24	11.4%
	Strongly disagree	5	2.4%
Emerging technological trends such as AI would make my shopping experience better.	Strongly agree	58	27.8%
	Agree	78	37.3%
	Neither agree nor disagree	44	21.1%
	Somewhat disagree	25	12.0%
	Strongly disagree	4	1.9%
Retailers should make use of digital systems to gather insightful data to better personalise my in-store experience.	Strongly agree	94	44.1%
	Agree	85	39.9%
	Neither agree nor disagree	18	8.5%
	Somewhat disagree	11	5.2%
	Strongly disagree	5	2.3%
I always go to shops that use digital solutions to enhance my experience inside the store.	Strongly agree	40	18.9%
	Agree	70	33.0%
	Neither agree nor disagree	40	18.9%
	Somewhat disagree	49	23.1%
	Strongly disagree	13	6.1%
Innovation is important to me when shopping in-store.	Strongly agree	51	24.1%
	Agree	118	55.7%
	Neither agree nor disagree	25	11.8%
	Somewhat disagree	18	8.5%

	Strongly disagree	0	0.0%
Retailers need to have digitally enhanced systems and process for when I shop in-store	Strongly agree	85	40.3%
	Agree	89	42.2%
	Neither agree nor disagree	30	14.2%
	Somewhat disagree	5	2.4%
	Strongly disagree	2	0.9%

8.5 APPENDIX E: Structural Model



8.6 APPENIDX F: Structural Model fit

Model Fit Index	Acceptable Threshold	Outcome
CMIN/DF	<3	1.765
GFI	>0,900	0.901
NFI	>0,900	0.941
RFI	>0,900	0.907
IFI	>0,900	0.958
TLI	>0,900	0.96
CFI	>0,900	0.964
RMSEA	<0.08	0.024