



The Future of Consumption

How Technology, Sustainability and Wellbeing will Transform Retail and Customer Experience

Edited by

Kristina Bäckström · Carys Egan-Wyer ·
Emma Samsioe

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The Future of Consumption

What will be important to the consumers of the future? And how will their retail experiences look and feel? Will technology, sustainability, and well-being trends fundamentally change how we consume? And how should retail managers respond to these trends in order to provide the customer experiences of the future?

In this open access book, retail and consumption researchers discuss three future consumption trends and what impact those trends will have on the ways we shop and much more. Academic perspectives are interspersed with reflections written by innovative retail practitioners, in which they discuss what they are already doing to prepare for the consumption of the future.

This book is essential reading for retail managers who want to know how future consumption trends will affect the industry, as well as students and researchers of retail and consumption who want to better understand how these interdependent fields are linked.

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1

Introduction: The Future of Consumption

Kristina Bäckström, Carys Egan-Wyer,
and Emma Samsioe

Retail and Consumption

It is often said that we live in a consumer society. This does not just mean that we buy things regularly but also that consumption is an integral part of our daily lives. We have learned to think of ourselves as consumers, rather than citizens, in a variety of situations. We are not only consumers of clothes and food but also of healthcare, wellness, and education. And

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we expect to be treated as such, safe in the knowledge that we can take our custom elsewhere if we are not. We increasingly exercise our political preferences as consumers, actively choosing to buy from producers whose views align with our own on topics such as environmental sustainability, human rights, privacy, and personal autonomy, and boycotting those who do not.

Against this backdrop, retail organisations hold a strategically important position, not least because of the space they occupy between producers and consumers. Retailers have a key role in steering consumption and mediating choice. They have the power to shape conversations about socially important issues, such as sustainability, and can nudge consumers to make better choices. They can also pressure producers to provide alternative (more sustainable) products. Retail's strategic importance also stems from its potential to shape our ways of being in the physical and digital worlds. Our physical world and the ways we move through it are often defined by the position and placement of stores (think about high streets and the ways in which roads, pedestrian streets, and public transport is designed around them), and/or the ways in which goods move from manufacturer to retailer to consumers (motorways, ports, and shopping malls) have all shaped our physical environments. It is a similar story in the digital world. Retail shapes the way online spaces, from social media to the metaverse, look and feel and how we interact in them (for example, the ways in which we have learned to quickly appraise and ignore unwanted advertisements with the flick of a thumb). Here, again, retail platforms are mediators, bringing technological innovations, such as new digital payment solutions, to huge numbers of users in a relatively short space of time.

It is clear that retail and consumption are intertwined in complex ways, both symbiotic and antagonistic. Despite this, they have often been studied in different ways by separate groups of researchers rather than being seen as integrated. In this book, we seek to rectify this by exploring the ways in which three different consumption trends will transform the retail industry.

Ours is not the first book to do this. In 1996, Wrigley and Loew's book on retailing, consumption, and capital positioned itself at the nexus of consumption and retail and, more recently, Stephens (2013) shed light on this topic with his book on the revival of retail in the consumer age. Since these books were published, much has happened in the fields of retail and consumption. New technologies have changed the ways in which consumers and retailers interact, causing physical stores to close and new types of stores to emerge (both online and offline). Sustainability has become a mainstream debate in consumption and retail research and practice. And, in the wake of a global pandemic, ideas about human and non-human well-being have become salient for both retailers and consumers. Meanwhile, customer experience continues to be an extremely important aspect of retail management, even if the kinds of experiences customers need and want are changing. Our book will directly address these consumption trends, through a variety of lenses, and explore how they will transform retail in the future.

Major Trends in Retail and Consumption

The retail industry is constantly changing and, as outlined above, it has undergone several changes in the last few decades. Looking more closely at these changes, we can see how they are shaped by three major trends, namely technology, sustainability, and consumer well-being. All these trends have a great impact on retail today, and will continue to shape the future of retail. In the remainder of this book, each of these consumption trends will be examined in a separate section, with specific developments and challenges tackled in specific chapters. In addition, this book also includes a section focusing on customer experience. While a focus on experiences may not be seen as a new movement in retail, the trends explored in this book—technology, sustainability and well-being—all have a profound impact on how future retail experiences will be formed and constituted. As such, this book also includes a fourth section where attention is directed particularly to customer experiences and how current trends in retail and consumption may contribute in transforming them. Although the book's chapters are divided into four different

sections, these should not be seen as isolated from one another or moving in separate directions. Rather technology, sustainability, consumer well-being and customer experience are intertwined and impact each other in multiple ways.

In the following sections, we provide an overview of the book and its main content, by introducing and discussing each of the major themes that this book concerns. In doing so we also sketch out the structure and content for each chapter, illustrating the subjects and queries discussed by the contributing authors.

Technology

Technological developments have a great impact on how retail operates (Pantano, 2020). Recent decades have seen major shifts in how retailers use and work with technologies such as big data analytics, artificial intelligence, smartphone apps, social media shopping, and digital in-store services.

A number of scholars have contributed to our understanding of the ways in which digitalization changes the retail landscape, how it transforms retail offerings and services, as well as how and when consumers shop (e.g. Hagberg et al., 2016; Pantano, 2020; Fuentes & Svingstedt, 2017; Vannucci & Pantano, 2020). Smartphones are one example of how technology can radically change customer experience and behaviour in both online and in-store retail spaces (e.g. Pantano & Priporas, 2016; Grewal et al., 2018). Digital signage is another example. As we look further into the future, advances in machine learning (e.g. Pizzi et al., 2021; Mahmoud et al., 2020), bodily modifications and new credit systems seem set to inspire further retail transformations. Despite a growing body of knowledge within this field, there is no sign of weakening interest in this subject. On the contrary, in recent work, scholars refer to digitalization as a crucial topic for further investigations, raising questions about how retailing may be shaped by AI in the future (Guha et al., 2021), or how retail digitalization will continue to affect retail offerings and managerial actions (Grewal et al., 2021).

In this book, **Hassen and Akponah** discuss how mobile technologies, and in this case, social platforms such as ‘Vinted’, ‘Too Good To Go’, and ‘Think Dirty’, can promote sustainable consumption practices. They view these practices as collaborative sustainable consumption practices, and explain what drives these types of actions and how they will be meaningful for the future. Their chapter contributes to discussions about how technology can be a facilitator in moving towards a more sustainable consumer society.

In their chapter, **Velasco and Marriott** develop a conceptual model to explain how smart signage is dynamic in nature and thus can be utilised to create two-way communication in a retail context. They discuss how smart signage can build consumer-product relationships and offer insights into human-computer interaction and the role of consumer privacy.

Shahriar explores how technological advances, in this case the metaverse, will shape the future of consumption and marketing and what implications this will have on society. He writes about retailers’ marketing work in the metaverse, and discusses how the retailers of the future might work to navigate what he terms a hybrid phygital future.

Related to consumer privacy, **Larsson and Haresamudram** discuss consumer trust in retail personalisation in the context of data-collection and artificial intelligence (AI). The authors begin their chapter by sketching a scenario in the near future in which a consumer is looking to buy groceries for dinner and ends up paying at an automated check-out using computer vision and facial recognition. Against this backdrop, Larsson and Haresamudram problematize issues such as consumers’ loss of control over data, transparency in pricing, and decision making in automated retail environments characterised by an imbalance of information between parties.

Relja, Zhao and Ward explain how ‘Buy-Now-Pay-Later’ (BNPL) services are changing relationships between consumers, credit providers and retailers. The authors provide a detailed account of the symbiotic dealings between these parties, and discuss the benefits and risks at play. While the retailer may no longer be the strongest party in the relationship, consumers are in the weakest position, facing potentially numerous negative outcomes. Meanwhile, BNPL-services are increasing in power.

This section closes with a short reflection written by **Rickard Sandahl**, CEO of **Mylla.se**, a digital marketplace that uses detailed data from the internet of things to align producer availability with consumer needs. Sandahl highlights how the technology and sustainability trends are heavily interlinked and how retailers are already making use of digital tools and data to make better retail systems.

Sustainability

The current modes and levels of consumption, in which retail is responsible for selling high volumes of products and services to consumers, create problems for society and for the natural environment, especially in countries where retail products are sourced and disposed of. Discussions about the negative social, ethical, and environmental consequences of excessive consumption often point to retailers as complicit in encouraging ecological degradation, resource depletion, and the climate emergency. It is clear that questions of sustainability can no longer be ignored by retailers and these questions will become even more important in the future. To stay relevant for consumers, retailers need to figure out how to engage in actions that will move consumption in a more sustainable direction. This is not without its challenges.

Research has shown that consumers are already demanding that retailers shift towards more sustainable business models (Elg et al., 2021; Jansson, 2018) and that their operations become more transparent (James & Montgomery, 2017; Wulff, 2019; Jestratijevic et al., 2022). Retailers need to respond to these changing demands, as well as the opportunities they create. In the future new business models that make use of, for example, digital platforms to enable consumers to eat more vegetarian food (e.g. Samsioe & Fuentes, 2022) or aim to slow down consumption by prolonging the life of fashion items through the use of care services (e.g. Goldsworthy et al., 2018) may provide opportunities to move towards more sustainable consumption.

In their description of a packaging-free future, **Ağlargöz and Ağlargöz** emphasise that what we think of as normal retail is by no means our only choice. It is just what we have become accustomed to. As more

sustainable alternatives like packaging-free retailing emerge, retailers can adopt and normalise them, moving them from niche to mainstream where they can coexist with, and perhaps eventually replace, less sustainable options.

Like Ağlargöz and Ağlargöz, **Fredriksson, Merkel and Säwe** also highlight the strategically important role that retailers play as intermediaries when it comes to sustainability. “Retail has a crucial function as a mediator of sustainable food alternatives,” they explain. Until now, they argue, the innovative ability of retailing and the food sector has primarily been product- and technology-oriented, focusing less often on consumer understanding. But shaping the conversations around sustainable food alternatives will be crucial if they are to be accepted by the public.

Sutinen and Närvänen also take up the idea of retailers’ power to shape sustainability discussions. They show that retailers will need to be brave if they are to shape public discourse in a way that is not only about greenwashing or underscoring their own achievements. When it comes to food waste, they explain, few retailers have taken the bold decisions that are needed to reduce food waste, such as reducing their assortment or sharing their customer data with the food industry to better align supply and demand. (There are clear overlaps here with Rickard Sandahl’s chapter on using data to reduce food waste.)

In his chapter, **Shih** astutely reminds us that people do not care about sustainability in the same way all over the world. He points out that retailers are not the only ones that can nudge consumers towards more sustainable choices. Indeed, there are other institutional and individual factors that lead to more or less sustainable consumption.

Lehner, Richter, and Mont explore the idea that an increase in consumption of virtual/digital goods (and a corresponding decrease in consumption of physical/analogue goods) might lead to a more sustainable future. They envision a world in which needs (e.g. getting from A-B) are satisfied by physical goods while wants (e.g. conspicuous consumption of a flashy branded car) are created and satisfied virtually. They point out that, if “consumers can be convinced that virtual reality’s value proposition is equivalent to or better than the status quo, the results for economic activity could be profound.”

In her chapter, **Wulff** builds on the idea of *needs* by reminding us that consumer desire can be unending. Hence, clothing retailers that try to forecast supply to match demand risk fuelling the rampant overproduction and overconsumption that the industry is said to be driving. “To build a more sustainable business we need to reverse the arguments and take instead supply as the starting point”, she argues.

In their reflection, **Kevin Gelsi and Sandya Lang from Nudie Jeans Co** go further and argue that extending the life of existing clothing, by repairing it, is a better way to make the fashion retail industry sustainable. Nudie, they argue, is creating tomorrow’s vintage, not tomorrow’s landfills.

Consumer Well-Being

While ideas about physical and mental well-being have long been intertwined with consumption, consumer well-being is now, increasingly, having an effect on retail offerings. Consumer well-being is a diffuse concept that includes ideas about slowing down and practising mindfulness and care for the self and others. In connection with the sustainability trend, many consumers are looking for alternative ways of consuming. Slow consumption of all kinds—e.g. slow fashion or slow food—and anti-consumption trends, such as minimalism, offer consumers blueprints for buying less and feeling better. Their promise is that reducing the pace and/or the quantity of our consumption will reduce stress on the environment and the consumer. Previous research has shown that sustainable modes of consumption may be a way for consumers to enhance well-being, for themselves and for their relevant others (e.g. Bly et al., 2015; Ritch & Brownlie, 2016). An increased concern for both the planet and the well-being of its inhabitants is also seen in new forms of food consumption and practices for reducing food waste (e.g. Lehtokunnas et al., 2022; Janssen, 2018).

The COVID-19 pandemic stimulated new ways of thinking about consumer well-being. During the pandemic, consumers’ health and safety concerns altered their ways of relating to and evaluating retail environments (e.g. Fuentes et al., 2022; Yang et al., 2021; Hultman &

Egan-Wyer, 2022). It remains to be seen what long-term effects the pandemic will have on retail but it has already prompted more widespread adoption of technological innovations, such as contactless payment (Rehncrona, 2022) and online shopping (Verhoef et al., 2022). Technological innovations often raise questions regarding consumer well-being, especially in relation to ethics and privacy. In today's digitised retail environments, retailers have access to huge amounts of consumer data and numerous opportunities to use it. Research has shown that, while consumer data can be used to improve retail services and consumer well-being, data sharing can also be associated with perceived risks and discomfort (Pallant et al., 2022; Saarijärvi et al., 2015).

The chapters we have gathered in this section highlight different but important aspects of the consumer well-being trend. In their discussions, consumer well-being often overlaps with other consumption trends, providing insights into how new technologies and new modes of consumption will change consumers' relationships with retailing as well as with themselves.

Minina Jeunemaitre brings together some of the major themes of this book in her chapter by discussing how retailers' use of online channels contributes to transforming "the service ecosystem" within the market for mental health services. She describes how retailers can use new, online solutions to refine their service offerings and provide customer value in more personalised ways. For instance, she directs our attention to questions of how services provided by artificial intelligence may change our notions of how value is created and how well-being can be preserved.

New technological innovations are transforming retailing in multiple ways. **Lima and Belk** emphasise this when they explore the use of embodied payment technologies. In their chapter, they discuss how "biocompatible microchip implants", which enable consumers to pay for their products using only their body, may change retailing. They also draw attention to the ethical concerns of such implants, connecting to well-being in terms of data privacy and safety. They also discuss the possible impact of this new mode of payment on consumption experiences and service settings.

Lewis and Vredenburg shed light on the relationship between consumers and brands, posing questions about how brands' connection with

social and political debates may influence consumer well-being. The authors argue that, through “brand activism” and taking a clear stance on socio-political issues, retailers can serve consumers’ self-definition processes and enhance their well-being. Against this backdrop, the authors direct our attention to the question of what will be important to future consumers and discuss both the opportunities and possible drawbacks of brand activism.

Lamarche-Beauchesne brings up another aspect of well-being by turning her attention to new trends in food consumption. Focusing on vegan consumption, she discusses how this growing trend transforms the market; offering alternative modes of consumption as well as changing established market relationships and norms. In her discussion of the vegan market, she illustrates how consumption activities can have a bearing on both individual well-being and the well-being of others.

In his reflection, **Tomas de Souza, CEO of Ablemind**, combines his experience from business development with a human perspective on how technology and consumption affect consumer well-being. He brings up the idea of healthwashing and argues that there is a market for healthy, sustainable consumption, where retailers and brands will need to choose sides.

Customer Experience

This section of the book differs slightly from the others. Instead of focusing on a new trend, it focuses on experience, which is an enduring favourite in both research and practice. Retail and consumption scholars have successfully illustrated that retail places allow for more than economic transactions; they are also very much about enjoyment, aesthetic, and sensorial experiences (e.g. Lehtonen & Mäenpää, 1997; Stevens et al., 2019). A common view in such work is that experiences are substantially connected with the contexts in which they take place, which naturally implies that, as technology, sustainability and consumer well-being transform retail spaces and places, consumers’ retail experiences will also take on new forms.

During the last decade or so, we have seen great changes in the types of customer experience offered by retailers. Ecommerce has expanded remarkably and many physical stores have closed (e.g. Grewal et al., 2017; Helm et al., 2018) but, new kinds of physical stores have opened, including showrooms, pop-ups, and unmanned stores (e.g. Hultman et al., 2017; Egan-Wyer et al., 2021). Consumer well-being trends, including health and safety concerns, have changed how consumers relate to and behave in retail environments (Fuentes et al., 2022; Yang et al., 2021; Hultman & Egan-Wyer, 2022). And sustainability trends have altered the kinds of stores they visit (Fredriksson et al., 2019). Digital technologies have facilitated more engaging and valuable customer experiences (Alexander & Kent, 2022; Pantano, 2016) but, yet, the personal service encounter also plays a crucial role (e.g. Bäckström & Johansson, 2017; Roozen & Ioannou Katidis, 2019).

It seems that physical and online stores will both have a place in the retail landscape of the future, but retailers can employ different strategies for engaging with consumers in different formats. Hence, finding the means for enhancing customer experiences, regardless of what channels or platforms they operate in, will be a strategically important endeavour for retailers in the future (for similar arguments, see e.g. Alexander & Blazquez Cano, 2020; Hoyer et al., 2020). The chapters in the last part of this book contribute with some important insights about how future retail experiences will be constituted and how retailers will need to develop their offerings and services to attract the customers of the future. While the experience dimension will continue to play a vital role in future retail, the ways in which experiences are constituted and seen as relevant will undoubtedly change.

In her chapter, **Nilsson** explores the role of physical stores in the “digital retail era”, thus providing an insight into how physical stores can handle the new challenges posed by multichannel retailing. Comparing the roles of physical and online stores, she emphasises the growing importance of “soft factors”, such as personal service and a pleasant atmosphere, in offline retail places. In addition, she argues that physical stores that cater for consumers’ quest for inspiration and local connectedness are likely to attract customers of the future.

In both **Vredenburg, Bell and Polman's** chapter and **Egan-Wyer, Valentin and Parsmo's** chapter, we learn that retailers may have to relate to customers' service requirements in new ways in the future. Introducing the term "employee-to-customer improvisation", Vredenburg et al., propose that customisation has a central part in future retail experiences. Like Nilsson, they emphasise the increased importance of personal service in retail settings. Vredenburg et al., argue that developing employees' ability to improvise in the service encounter—that is, by altering their behaviour to meet unique customer demands—will be crucial in order for retailers to stay competitive. As the authors argue, this will require new forms of competence and training, such as interpersonal communication, balancing of autonomy and structure, and the handling of unexpected events.

Egan-Wyer, Valentin, and Parsmo shed a different light on this discussion by directing our attention to the question of *when* it is worth investing in a personal service encounter. In their chapter, they argue that, while many in-store customers appreciate personal service, more and more customers can also manage on their own. Following this line of argument, Egan-Wyer et al. conclude that serving the needs of tomorrow's customers means successfully combining both personal and mechanical service (self-service technologies).

Thufvesson and Aslan argue that we need to understand both the present and the past in order to say something about the experiences of the future. By exploring the past, they suggest two "future experiential trajectories" for high streets and city centres. One accentuates the importance of modern trends while the other emphasises values that are more traditional. The authors, thus, remind us that future retail experiences may not just be about the "new, innovative, spectacular, expensive, or high-tech", but may also be built around virtues such as sociality, diversity, and uniqueness.

René van Pelt and Ida de Wit Sandström also emphasise a return to traditional virtues in their reflection. Despite the fact that technology, sustainability, and customer well-being are changing the business of retail, they argue that much remains the same and will continue to do so. Some of the tricks to providing good customer experience, for example, are "timeless."

Summarising Words

This book is distinctive because of the way it links future consumption trends with pragmatic actions that retailers can take to prepare in the present. It is essential reading for retail managers who want to know how future consumption trends will affect the industry, as well as students and researchers of retail and consumption who wish to better understand how these interdependent fields are linked. It has been written with this diverse audience in mind and, hence, less attention is paid to theoretical contributions than one might expect in retail and consumption journals. Alongside academic perspectives, written by leading consumption and retail researchers, you will find short reflections, written by innovative retail practitioners, in which they discuss what they are already doing to prepare for the consumption trends of the future.

Chapters can be read individually but we have gathered them into four sections. The first three sections represent the consumption trends that are transforming and will continue to transform retail in the near future: technology, sustainability, and consumer well-being. The fourth theme reminds us that, no matter what other transformations occur, and no matter what precise format it takes, the retail experience will continue to be paramount for attracting and retaining customers.

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Part I

Technology





2

The Intersection of Sustainability and Technology in the Context of the Digital Marketplace

Hela Hassen and Precious Akponah

Introduction

The last two decades have seen the retail industry relying on digital advertising, and academics have devoted their attention to discussing the role digital advertising plays in digital marketing. Distinctions have also been made between digital advertising and marketing, with academics like Hackley and Hackley (2021) making the point that most marketing endeavours today are in fact digital. While the digital aspects, and particularly social media, have been tackled by social researchers, less attention is given to the extensive use of mobile technologies and applications, which allow consumers to discover, engage with, and ultimately experience consumption differently. For instance, innovative mobile applications (apps) provide a powerful means of connecting with customers,

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building deeper relationships, and encouraging a sustainable and collaborative consumption lifestyle (Pantano & Priporas, 2016).

Global environmental concerns and social challenges prove that contemporary economic systems need to change. We have witnessed efforts being made to introduce economic systems such as the “green economy”, the “collaborative economy” and the “circular economy” to reconcile economic prosperity with the safeguarding of natural capital (Costanza et al., 2015). The introduction of these new business models has challenged traditional business models where property rights, monetisation, and ownership were clear and precise. Peer-to-Peer (P2P) exchanges, for instance, offered promising outcomes for Sustainable Development Goals (SDGs), while encouraging the more sustainable use of resources for consumers and app users. Such a neoliberal economic perspective on the collaborative economy has been commented upon by scholars, and we reflect on this later in the chapter. Scholars have adopted a critical outlook on the neoliberal economic practices that underpin the collaborative economy.

We have observed how collaborative consumption has radically transformed several industries, with examples of car sharing companies, food delivery services, where consumers are able to travel or get their food at affordable cost and in a personalised manner, leading to fewer cars on the roads, not to mention the reduction in consumption of fuel and other combustible energy. Other examples in the hospitality and entertainment industries can be found in Netflix and music streaming apps, which promote a collaborative consumption lifestyle. We need look no further than the temporary closure of physical retail spaces, the scarcity and grief which accompanied the pandemic, the ensuing global inflation of consumer goods prices, and the recession triggered by the war in Ukraine, forcing consumers to reassess and re-evaluate their shopping habits. All of these have led a great number of people to turn to more environmentally friendly choices, as well as to collaborative lifestyles that are centred on sharing, thrifting, and repair (Degli Esposti et al., 2021). The COVID-19 crisis and the ensuing problems of scarcities in various supply chains have accelerated these transformations of modes of consumption towards more ethical, respectful, and accountable practices, in line with a rise in sustainability reporting. Indeed, the pandemic has had a significant

impact on several aspects of business operations, specifically making sustainability the focal point of business resilience. In short, companies that strategically integrate sustainability and transparency into their business operations using mobile technologies have helped consumers to embrace a more sustainable way of life, while boosting savings through the efficient use of resources and maintaining a duty of care for looking after the environment.

In this chapter, we discuss the extent to which mobile technologies have had an impact on the promotion of sustainable consumption practices in the context of online retail, with an emphasis on understanding the drivers motivating consumers to adopt sustainable digital consumption habits. We therefore explore and discuss the role of technology and social platforms in promoting (collaborative) sustainable consumption practices in the context of online retail. We identify what these practices are and what fuels them before explaining how these are meaningful for the future. We argue that technology constitutes a key driver of achieving a sustainable-consumption society and, more specifically, that smartphone technologies are enabling a social and sustainable consumption lifestyle.

Consumers, particularly Millennials and Gen Z, are socially conscious, pro-SDGs who want to discover new ways of consuming so as to benefit their health and the planet (Yamane & Kaneko, 2021). Smartphone apps support them in making ethical decisions and greening their daily life activities and practices in order to shape ethical consumption. Nowadays, consumers can change their attitudes and deliberately make a positive impact by downloading apps on to their smartphones in order to: (1) rescue meals and tackle food waste via the app called Too Good To Go, (2) respond to excessive consumption by selling and swapping pre-loved clothing in the virtual marketplace Vinted, and (3) participate in a consumer revolution for cosmetics that are safer for the environment and personal health using the app Think Dirty.

Theoretical Background

The digital devices and platforms utilised by consumers are both coordinated with and integrated into households' everyday routines, supporting sustainable modes of consumption (Samsioe & Fuentes, 2021). Smartphone apps are designed to assist consumers in making informed ethical choices and greening their everyday practices (Fuentes & Sorum, 2018). These smartphone applications provide ways of informing, or to put it another way, of prompting consumer decision-making: They reinforce sustainable consumption and offer tips on transitioning to a more sustainable lifestyle. Digital tools foster environmental dialogue (Rokka & Moisander, 2009) and offer spaces within which people make sense of sustainability issues (Joose & Brydges, 2018). Smartphones are high connectivity tools that are increasingly coming equipped with applications developed to engineer sustainable consumption practices and improve consumer awareness of global environmental problems. Such ideas have been discussed by Botsman and Rogers (2010) over a decade ago in their work on collaborative consumption and how this has changed the way we live. Since that time, we have seen the dramatic rise of giants like Uber, Deliveroo, and Airbnb, to mention just a few, who have changed the way we consume using digital applications. However, the initial promises and sustainability claims by the sharing economy (for instance, Uber's non-sustainable policies) have generated conflict and tension from the consumer perspective. Nonetheless, the sharing economy is usually associated with sustainability, as it impacts upon the reduction of the resources being consumed, in doing so helping to reduce pollution, the carbon footprint, which constitutes a primary motivation for the consumer embracing the sharing economy and collaborative lifestyles (Boar et al., 2020).

Recent literature on the sharing economy sheds light on the utopian discourse and benefits of an economy that has largely failed to deliver the social benefits envisioned (to reduce greenhouse gases emissions, waste, and overconsumption), revealing the complexity of this economy (Schor & Vallas, 2021). Beverland et al. (2022) further discuss the contentious aspect of the sharing economy, which is horizontal and

underpinned by the market logic. The horizontal characteristic denotes its competitive nature vis-à-vis the ownership economy, rather than providing a replacement for it.

The context of fast-developing mobile technology and the increased consumer interest in access to products and services, rather than ownership promoted by the sharing economy, is a central element for the circular economy model (Sposato et al., 2017; Lindblom et al., 2018). The social media applications platforms implemented by digital tools and services have provided the opportunity for communities to experiment with the potential of collaborative and sharing consumption solutions, strongly connected with circular economy strategies (seeking to keep the resources within a closed loop system) (Del Mar Alonso-Almeida et al., 2020). This sharing economy has changed the structures and models of its customers' purchasing attitudes and needs.

What we are witnessing today is the use of digital solutions within more miniature elements of everyday life, where the clothes we wear, as well as the ingredients that go into the food we eat and the cosmetics we use are increasingly being determined by digital applications. These are evident in the sustainability apps that help consumers reduce food waste (Too Good To Go & Olio); promote thrifting (Vinted & Depop); enable the exchange of essential and luxury goods (Freecycle); verify the sustainability of items (Think Dirty & Giki); and reduce the carbon footprint (Strava).

The increasing prevalence of consumers sharing their experiences concerning food waste and thrifting on online social platforms cannot be overlooked. Consumers have become increasingly interested in expressing their orientations, desires, and motivations for participating in the circular economy using the digital platforms that are available in this space. Such consumption choices and lifestyles are fuelled by consumer commitments to frugality and ecological consciousness, or their forbearance towards materialism. This is further exacerbated by the COVID-19 pandemic and, to a larger extent, the rising cost of living crisis, both globally and in Europe, in particular, owing to the war in Ukraine. One important category of driver of sustainable consumption has been digital platforms that are geared towards encouraging a sustainable collaborative lifestyle. Examples here include mobile applications that are designed

specifically to achieve instant gratification by engaging in certain sustainable lifestyles. Indeed, the adoption and effectiveness of apps like Too Good To Go, Vinted, and Think Dirty can be linked to the move towards a more intentional type of user design that encourages user engagement through social media advertising, while also pinpointing the pain points that consumers are faced with when making the decision to engage in consumption. Over the last decade, academics and commentators have discussed what has been shaping the sustainable consumption practices of the present. We contextualise these discussions using three case studies, that is, cosmetics, food, and clothing, derived from our research.

This chapter offers an overview of the collaborative models used in the most strategic and critical sectors (food, clothing and cosmetics), from a consumer perspective, to explore the extent to which digital applications may contribute to the circular economy and collaborative consumption. A qualitative study has been conducted for the purposes of this research, being discussed in the next section.

The Study

Our quest to understand how mobile technologies are shaping sustainable consumption lifestyles meant that we gravitated towards qualitative research methodologies. We conducted both personal interviews and a netnography to uncover how digital apps are embedded in the sustainable consumption practices of individuals. In particular, we employed a netnographic approach in order to research the users of applications such as Vinted, Too Good To Go, and Think Dirty over a period of two months. Our criteria for selecting participants for the study were based on these participants' usage of the apps. In particular, we opted for people who used one or more of the apps (Vinted, Too Good To Go, and Think Dirty) at least once a week as we feel the participants in this category have a richer experience of and engagement with these apps. All the participants are experienced in using the app(s) as they have been users for five months minimum. The interviewees recruited were using at least one (or more) of the apps under investigation (Vinted, Too Good To Go, and Think Dirty) once a week, in order to discuss their past experiences of

engaging with these apps. Once participant recruitment had been completed regarding the personal interviews, we started the netnographic research in parallel. Using both approaches, 15 users of digital apps that encourage collaborative consumption and support a sustainable lifestyle were selected using the snowball technique.

The netnography combined with personal interviews is believed to be a suitable method for obtaining an in-depth and culturally rich understanding of app users' sustainable practices in a real-life context (Kozinets, 2020). More particularly, this method is suitable for finding shared behaviours, patterns of beliefs and values among the app users. This broadens our understanding of the insight gathered from the personal interviews. Social media provide a platform for day-to-day discussion of social practices, demonstrating individuals' habits, experiences, and consumption habits. The netnographic research was conducted over a period of six weeks, drawing on a Twitter dataset covering the usage of the #Toogoodtogo, #Vinted, #Thinkdirty, and #Sustainableapps hashtags. Following Kozinets (2020), we documented the participants' social interactions through the use of online observations, interviews, and data scraping. The interviews were recorded and were transcribed using the NVivo software. In order to preserve their anonymity, the interviewees' names do not appear.

Guided by Miles et al. (2014), we employed a thematic analysis to piece together the phenomenon observed online and documented through in-depth interviews. This involved a coding process whereby the key emergent codes were identified across the data sources (netnography and interviews) in order to create congruence. The codes were then organised individually to identify axial connections. The researchers implemented a peer-coding system: They codified and exchanged ideas to generate a unified code system so as to maintain the trustworthiness and validity of the themes emerging from the data analysis.

The researchers agreed to the multiple coding of the excerpts, evidencing the interrelationship between the affordances of the apps, consumer motives, and a growing critical awareness of the circular economy. The following section presents the media apps which have an active role to play in a sharing economy and which motivate the consumer, while raising awareness of sustainable practices. Each case study is informed by our

research findings, which consist of the participants' narratives from interviews and online observations.

Discussion: Are Digital Apps Enablers of Sustainable Consumption?

Case Study 1: Think Dirty (Cosmetics)

We are witnessing the proliferation of clean beauty cosmetics products, and this is linked with what has been described as a conscious consumer beauty trend, which we refer to in this chapter as post-organic beauty cosmetics. By post-organic, we mean that the trend has become generally associated with an era in which consumers no longer consider organic beauty cosmetics as niche products. Increasingly however, products are expected to adhere to certain requirements, which are central to their safe use on skin. In the early days of the organic consumerism movement, there was a certain wisdom around the organic products first appearing in the marketplace, and we can think of products like Body Shop and Lush, to name a couple. It seemed at the time that these products would change how we consume cosmetics, and that the early producers of such ethical products would stay at the top of the chain. However, the massive explosion in the consumption of organic products has meant that this trend is no longer niche in certain respects. Our findings reveal that consumers have many options, struggling to understand how to make choices and hold brands accountable for some of the potential toxins forming part of the ingredients used to make these products. Consumers are increasingly becoming frustrated with the regulatory oversight of the activities of cosmetics companies, with app users exposing that the clean cosmetic trend, or the beauty industry as we know it, is here to stay. What has changed, however, is consumer consciousness regarding cosmetics: Consumers are developing an appetite for questioning, boycotting, and calling for better regulations and transparency on the part of the producers of cosmetics. This is where mobile applications such as Think Dirty are making their mark.

This app was developed on the back of cancer research, and in response to calls to address the long-standing issues surrounding the lack of regulation of the activities of cosmetics manufacturers. Operating within the sustainable reporting space, the app is instrumental in helping consumers make rapid and informed, as well as socially and ethically responsible, choices. With an army of consumers concerned about the ramifications of their consumption choices and lifestyles, Think Dirty makes it easier for users to stay on track during their sustainability journey. A key feature of the app enables users to scan both their existing and new products to determine their ingredients. It also lets users add and update information on products that are yet to be categorised. As such, the app can provide information about the chemical content of products, in doing so alerting users to some of the risks and potential health impacts of the ingredients of both organic and non-organic cosmetics. In short, the Think Dirty app equips users with the technology to check the composition of cosmetic market offerings while simultaneously forcing brands to be transparent and accountable in this digital age when greenwashing is rampant. It also provides companies seeking to stay relevant and attractive to their customers with the opportunity to champion their commitment to the values crucial to the conscious-consumer beauty trend.

While there are numerous advantages to Think Dirty, in terms of encouraging and demanding sustainable consumption practices from stakeholders, concerns still remain with regard to the accuracy and reliability of the information contained in its database. There have also been criticisms relating to the potential risk of mental health issues resulting from user exposure to the 'false' claims and 'wisdom' sometimes propagated on platforms like Think Dirty. Our investigation of users of the app revealed some positive reactions to its use. Of course, some consumers are quite critical of what Think Dirty offers, with one user who has a medical research background suggesting that the information was mis-calibrated, marking relatively innocuous substances as toxic, and this user even went as far as to label the app 'fear mongering'. Our research participants raised issues centred on the lack of transparency as regards how the toxicity ratings of certain products were determined, or what the increments on the app communicated regarding the relative risk of substances. Furthermore, it was not uncommon for users to express their dismay at how Think

Dirty labelled all the products it owned as hazardous, showing no willingness to surrender these items due to the cost of their procurement. Some scepticism was felt by our participants regarding the beauty box subscription Think Dirty Box, with this mainly being perceived as a sales and marketing tool for the brand.

While many of these criticisms were informed by empirical research, some responses from these users appear to be based more on a rejection of the inconvenience that would be caused to them if they changed their consumption behaviour. This raises a more general issue around the role of apps in encouraging sustainable consumption lifestyles. If the objective of the app is to steer people towards more sustainable activity, it will then be possible that comprehensive disclosures might have the opposite effect. Indeed, it is well recognised in the psychological literature that, in order for goals to be motivating, they must be achievable: Goals which are perceived to be unachievable can be demotivating (see Locke & Latham, 1990; Latham, 2003). This is true to an extent, and we can, of course, reflect on people making unrealistic New Year's resolutions, only to give up on them during the first week.

Case Study 2: Too Good to Go (Food)

The rationale behind Too Good To Go is to help businesses stay in contact with their customers in order to sell them surplus food and drink from pubs, restaurants, bakeries, cafes, hotels and producers in order to stop food being wasted. Users can download the app and search for businesses with unsold food items that are available within a specific radius. Parcels of food purchased via the app, termed Magic Bags, are available to collect during a specified timeslot. While apps such as Just Eat, Uber Eats, and Deliveroo can be practical in that they allow people to order and consume food immediately, Too Good To Go users, on the other hand, prioritise purchasing from socially responsible companies in order to reduce food waste and buy at a great price, directly from these businesses. Users of the app are active agents of their sustainable consumption: They rescue a Magic Bag, collect it, and enjoy surplus food at a

reduced price, rather than using delivery services to get food delivered straight to their door.

Food waste is increasingly being recognised as a critical issue, and being included in the political agendas of a growing number of countries around the world. There is a need for policies and regulations on the international level aimed at reducing food waste: The Too Good To Go app is driving this change, helping to move current practices closer to sustainable food systems. Styled as a food app with an environmental conscience, it currently operates in 12 countries—Germany, France, the UK, Denmark, the Netherlands, Poland, Spain, Italy, Belgium, Switzerland, Norway and Austria.

Improving consumer understanding of food expiry labelling has been the main focus of Too Good To Go, guiding consumers in better judging whether or not food is safe to eat. In aiming to change consumer habits, app users are invited to remember the pictogram “Look, Smell, Taste, Don’t Waste” in order to reduce food waste. Users are encouraged to sense-check food rather than throw it out when its expiry date has been exceeded. While “use-by” dates are about safety, “best before” dates are about quality and should prompt consumers to refrain from automatically disposing of food. In Europe, expiry dates cause 10% of all food waste because many consumers are not aware of the difference between the two expiry dates. The confusion between the “use by” and “best before” dates plays an important part in the amount of food that is disposed of by households.

While the app addresses topical issues regarding food waste, issues that are putting our planet under enormous strain, it also has some drawbacks, which have been raised by our research participants and netnographic data. Users of Too Good To Go have expressed frustration at not being able to choose the content of their ‘magic bags’, or not being given any indication of these bags’ size, quantity, or items. However, there is a thrill accompanying the discovery of the contents of a Magic Bag, likened to treasure hunting by users and contributing to the attractiveness of this form of consumption. Nevertheless, the random selection of food provided poses some problems for users with certain allergies, or specific dietary requirements. There are also the problems associated with participants receiving too much food, which could then ultimately end up in

the bin. Other problems mentioned by users include cases where businesses add food items of poor quality (especially fresh vegetables and fruit) to Magic Bags, items that cannot be consumed. Some greedy businesses also include items that are out-of-date in a bid to clear their stock, thus leading us to question who the winner is in using this app ... These practices unfortunately spoil the ethos of Too Good To Go by taking advantage of customers and charging them for poor quality food, causing them to waste this food rather than save money.

Too Good To Go has saved over 29 million meals and avoided the equivalent of more than 72,000 tonnes of CO₂ (Condamine, 2020). It is undeniable that the app is making a positive step towards using up food that would otherwise be wasted. Technology helps in encouraging sustainable practices and saving food from waste: However, it is essential to raise the fact that, if users run out of battery, they will not be able to show proof of purchase on their smartphones and thus not be able to collect their orders.

Case Study 3: Vinted (Clothing)

The Vinted application has established itself in a fast-growing market of second-hand goods. This is a sector that is attracting more and more consumers, encouraging them to be more responsible in their consumption, while also providing an outlet for fashion lovers. The peer-to-peer marketplace and the second-hand fashion community are experiencing growth, recording more than 1.3 billion euros of transactions during 2019 (Lunden, 2019). Unfortunately, a market of this size has received little attention in academic research focusing on collaborative consumption. The sector has been growing steadily for several years and has proven resilient to the COVID-19 crisis, as consumers have been mindful about both their spending habits and the health of the planet. The second-hand market is primarily focused on apparel goods and is estimated to reach a turnover of more than 50 billion euros by 2023.

This mobile app was originally known for the sale of clothing items: However, the online marketplace has now geared up for the sale of many other items. Users of Vinted can sell shoes, bags, accessories, beauty

products, textiles, home accessories, and tableware. More recently, updated versions of the app, for UK consumers, have further enhanced the user experience by expanding the number of categories to include entertainment and pet care, where you can find video games, games, puzzles, music or books, as well as pet-related products for dogs, cats, small pets, fish, birds, or reptiles.

Signing up to the app is a speedy process: It only takes a few minutes after choosing your username and verifying your number. Users of the app have noted the ease of browsing through listings and adding products to their favourites folder for potential future purchases. The transaction is completed when the buyer receives the item and confirms that 'everything is ok' on the app, with the seller then getting paid shortly after. A key benefit of Vinted is that buyers are always protected, which means that if they encounter an issue, for example, an undelivered or faulty product, it will be easy to get a refund. Vinted makes its profits from the buyers rather than the sellers, and this makes the app appealing to people wishing to declutter their spaces. The Buyer Protection Fee is a compulsory fee amounting to 5% of the item's price, added by Vinted to all purchases to protect users. Our data reveals that users can maximise their chance of selling by adding a short bio to their profiles describing who they are and what they are selling, as well as why. Sellers can share personal information in order to have more success and create trust between themselves and the buyers. Our investigation of Vinted users has revealed that it offers them an easier platform on which to buy and sell their clothes, making second-hand fashion a seamless process.

Previous players in this space, such as Leboncoin and eBay, which also enable users to sell their unwanted clothes and buy replacements, are now holding a secondary position in media users' hearts. Vinted has demystified the complexity of user-to-user second-hand shopping by not charging a penny to list or sell items in their marketplace. Another main difference compared to Leboncoin and eBay is that users must list items for auction within a specific timeframe. If the product is not sold, users will need to pay to relist their items at a later time. This is not the case on Vinted, as there is no end-date and no seller fee, so users can keep their items listed online until these are sold, or removed from the app by the seller.

The Deloitte report the New Digital Divide shows that individuals who use digital devices while shopping in-store spend more than those not using digital devices (Lobaugh et al., 2016). Digital apps such as TikTok, YouTube, Instagram, and Snapchat provide a new window where influencers display certain lifestyles. Through this phenomenon, we can witness consumers being attracted to an excess of consumption that may undermine sustainability. This idea has been reflected by some Vinted users, who argue that the practical and fast interface of the app pushes them towards compulsive buying. The Vinted shopping experience requires less effort than shopping in-store, with its low prices and low shipping costs further encouraging users to make frequent purchases. Besides, parcels being shipped internationally calls into question the eco-responsible side of Vinted, and its attention to ecological policies.

Conclusion: Towards more Sustainable Consumption

Scholars have encouraged the transition back to slow fashion whereby consumers alter their habits in order to ameliorate the long-term sustainability of the fashion industry (Niinimäki et al., 2020). Thankfully, businesses and brands have turned to technology as a force for changing consumer habits and lives for the better, and we have seen this in the three case studies discussed in the chapter. Our investigations of users of the digital apps promoting sustainability, discussed in this chapter, provide some evidence that a customer-centric approach can improve the customer experience of using apps, while leveraging the principles of the sharing economy and collaborative lifestyle are continuing to create value for the community. Individuals are therefore able to turn to apps for sustainable living in order to make a positive impact on a global scale, but also in order to save time and money, and to protect the environment.

In this chapter, we acknowledge the pivotal role of digital technology in changing customer experience and behaviour (Pantano & Priporas, 2016): Nonetheless, we are also opening up a dialogue around the use of digital technologies seeking to promote sustainability and, more

specifically, the activities of apps such as Vinted, which could be counter-productive. The circular model of Vinted, for instance, may offer a solution for reducing the need for further clothing production while benefiting our planet. However, investigating the app, together with the views of its users, has caused us to raise several concerns. Firstly, while reselling is forbidden on Vinted, if you take a closer look at certain Vinted seller profiles, it could be argued that some sellers buy items with the intention of reselling them on the app for a profit. This raises ethical issues as regards how the app is being used, in contrast to its mission of “accelerat[ing] the transition from a take- make- waste economy towards a circular fashion economy” (Vinted, 2022). Secondly, the users’ main motive in connecting with the Vinted app is not sustainability, instead often being financially related. This convinced us to question how the app could develop a feature that merges the sustainable incentive with the financial benefits of using it.

Notwithstanding critiques of the reliability of these digital applications, when users of the Think Dirty app were confronted with information suggesting that substantial elements of their consumption behaviours and possessions were hazardous (and so unsustainable), the change in behaviour required to address this situation was apparently experienced as overwhelming; as unachievable. Thus, rather than this information prompting drastic changes in users’ lives, they became demotivated, choosing to reject the information entirely and abandoning that course of action. What is implied by this observation is that digital technologies intending to promote sustainability by targeting behavioural changes may also alienate users by advocating radical shifts in lifestyle. What we should see, both now and in the future, should be messaging which promotes more incremental changes in behaviour as this is likely to have more success when these changes are perceived to be achievable. Such findings were reported by Looock et al. (2013), whereby the goal-setting functionality of a website-based (or in this case mobile app) interface inspired users to reduce their energy consumption. In particular, they showed that default goals had an indirect effect on energy consumption by exerting an influence on goal choice, but also that self-set goals were most effective in influencing behaviour—a point already made early on in the discussion of the role of user design in encouraging the adoption

of apps and the promotion of a collaborative lifestyle. In short, then, there is a need to listen to app users' voices so as to collect insights and constantly innovate the user experience in order to ensure that sustainability is the common driver.

Finally, the pandemic has taught us to rely on each other and to think carefully about how we consume. Rising energy prices combined with food shortages and prices have now made the potential scale of the impact on business, and society more broadly, a top priority. Future generations interested in sustainable fashion, travel, food, and shopping will require companies not only to develop digital technologies, to tackle problems of sustainability, but also to ensure that the way in which these digital solutions are set up is not exploited, leading to more inequalities and a less sustainable life. Thankfully, several ethical companies with moral values have already taken a step towards developing useful applications for protecting the environment.

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3

Smart Signage: Toward a Transformative Model that Effectively Generates Consumer-Product Relationships

Franklin Velasco and Hanna Marriott

Introduction

New digital technologies have dramatically changed the way firms communicate and interact with consumers (Pizzi & Scarpi, 2020). Historically, retailing has continuously been advancing in step with technology since retailers use new technologies to attract and build relationships with consumers in order to increase profitability. Nowadays consumers are being exposed to a variety of advertising messages in a plethora of different ways; with one of the newest emerging types being “*smart signage*”. Smart signage functions as a multichannel type of media in marketing communication strategy, with unlimited marketing contents and promotions providing a seamless flow of experience. Over 85% of retailers consider customer-facing technologies, for example, smart signs, as an effective

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communication tool for achieving customer satisfaction and new revenue streams (Van Ittersum et al., 2013). Thus, retailers adopting smart signage are not only providing valuable information to consumers, but also interacting with them to solve their problems, build a rapport, and increase engagement. Adding support to this course of action, the global market size of digital advertisements is expected to grow from USD 19.61 billion in 2016 to USD 32.84 billion by 2023 (Cho, 2019).

The traditional view of “signage” is as a one-way message display designed to reach large audiences, and as a key touchpoint along the consumer decision-making journey. An example of traditional signage could be a static poster, such as those you might see at the entrance to a Walmart store. However, the emergence of new technologies has elevated the impact of signage to a new level: Now, smart signage is considered a more engaging and successful marketing tool. This is because smart signs support two-way communication and the dynamic display of animations that are hard to escape, capture attention, and are available to consumers to interact with. Imagine a retail store that uses smart mirrors or smart fitting rooms, creating unique and customized shopping assistance using algorithms, app tracking, and delivering personalized content (e.g. promotions, complementary items, and events).

“Smart signage” is defined as “media for which existing digital signage is given upgraded information technologies such as thinner and clearer liquid crystal displays, iris recognition technologies, augmented reality (AR), and/or object recognition, with multiple devices capable of being controlled remotely. Networking has enabled two-way or interactive content and services” (Kim & Lee, 2015, p. 2911). Smart signage moves beyond mere “digital signage” as it combines digital displays with Artificial Intelligence (AI) processes and the use of Internet of Things (IoT) consumer data. Using the same example of Walmart, smart signage might be the loop display of seasonal products at the store entrance showing a variety of deals, new products, and specials on a screen that is based on consumer data. In this same situation, patrons use voice commands or buttons to interact with the smart sign to ask questions about new products, look for suggestions, and make comparisons.

This chapter aims to understand the role of smart signage in creating consumer-product relationships. We present a conceptual framework that interprets the strength of smart signage in developing consumer-product relationships through its ability to offer two-way communication in a retail context. The proposed framework offers some insight into the role of human-computer interaction, with a specific focus on the effects of psychological distance and privacy concerns. We foresee a fruitful avenue for research in the domain of smart signage and propose several implications for retail marketing, consumer wellbeing, and shopping experiences.

Smart Signage: Importance to Retail and Potential Outcomes

Signage is a visual display of messages designed to reach a large audience and is typically associated with being a significant consumer touchpoint and an integral part of the customer decision-making journey (O'Neill, 1991). The design characteristics of signs play an important role in how consumers perceive the content displayed which further impacts consumer attitudes and behaviors (Kellaris & Machleit, 2016). Smart retail tools, for example, AI, the IoT, sentiment analysis of social media posts, the crawling of consumer product evaluations, and Search Engine Optimization (SEO) software, are all capable of obtaining vast amounts of consumer data. As such, not only can advertising messages be made more frequent, but also more personal and interactive. With the enhanced digitalization of retail during the last decade, the role of smart signage in retailing is becoming even more relevant. In fact, given the introduction of this technology, retail stores have observed a 24% increase in customer traffic after implementing smart signs, with 76% of consumers saying they decide to enter a store for the first time simply because a smart sign appeals to them and 67% of customers saying they buy products based on smart sign visuals (Banerjee, 2022).

Examples of the breadth of the capabilities of digital signage range between interactive screens at bus stops, high-resolution billboards, and animated GIFS and more sophisticated interactive devices such as smart mirrors, smart carts, electronic shelf labels, and smart fitting rooms. All these contemporary technologies have transformed traditional signage in a manner that now includes machine intelligence features and artificial intelligence algorithms, thus rendering them “smart”. Smart signs have been developed in order to be more responsive to their surrounding situations. For example, OptiSigns is a software program that can easily transform a TV into a smart sign by creating content using data from Google, a weather app, Instagram, and Twitter. Furthermore, Morgan Stanley uses real-time big data to present data directly to Times Square signs.

Many retailers are beginning to rely more on smart signage, as opposed to purely online means of advertising. The crucial role of signage in this respect—for commuters whether they be on a train, at a bus stop, at a mall, or in their cars—is engaging with and capturing the attention of consumers by customizing ad messages for particular contexts and trends. As such, smart signage has been gaining increasing levels of academic and practitioner attention in respect of consumer-product relationships. Although previous research on smart signage provides some consensus on the effectiveness of this medium as an additional touchpoint for reaching consumers and collecting information from them, there is still a lack of consensus on the conceptualization of smart signage and which boundary conditions may coexist when consumers interact with smart signs.

In addition to the positive and negative consequences of the emergence of smart signage technologies, marketing researchers and practitioners need a more comprehensive framework in order to reflect on the potential efficacy of smart signs in several marketing settings, for example, smart cities, smart retail, store aesthetics and placemaking, and branding strategies. As such, calls for a comprehensive theoretical model encapsulating not only the advancements of smart signage, but also its limitations, are becoming even more significant, making this model even more timely.

Proposed Model

Despite smart signage becoming a fundamental customer engagement tool, there is no conceptual model to date that interprets the impact of smart signage in shaping retail's consumer-product relationships through advances in technology. The importance of re-evaluating the role of smart signage, and its contemporary consequences, within a conceptual model has gained relevance as debates have emerged on the drawbacks of such emerging technologies and their uses (Banerjee, 2022; Liu-Thompkins et al., 2022; Schweidel et al., 2022). As such, the conceptual model seen in Fig. 3.1 provides some direction for the considerations of researchers and retail managers when (1) pondering the role of smart signage in consumer-product relationships, alongside (2) positive and negative factors regarding the success of smart signage. There is some discussion of the development of the conceptual framework below, addressed in the following order: (1) two-way communication design, (2) inherent smart signage design characteristics, (3) psychological distance, (4) privacy concerns, (5) consumer-product relationships.

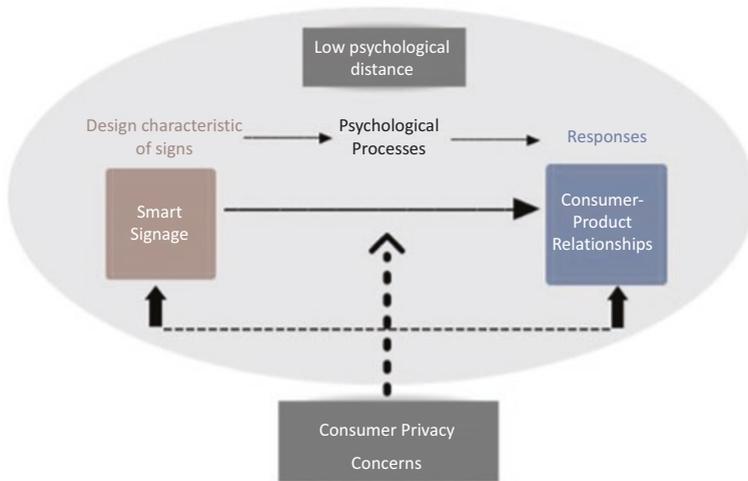


Fig. 3.1 Conceptual model

Two-Way Communication Design

Fundamentally underpinning this framework is the two-way relationship between smart signage and consumer. In a smart-service environment, smart digital signage combines the IoT, AI features, data-driven communications, image sensor communications, and smartphone applications in order to provide marketers with meaningful insights and interact more effectively with consumers to persuade them using novel appeal. Two-way synchronized communication is more engaging than one-way unsynchronized communication (Liu & Shrum, 2002). Something that is applicable to engaging environments is a sense of greater confidence, which creates a positive chain of effects due to consumers feeling satisfaction, showing greater involvement, and becoming active message creators (Liu & Shrum, 2002). Furthermore, when comparing one-way with two-way communication, only the latter enhances brand attitudes and purchase intentions (Colliander et al., 2015).

It is expected that retailers using interactive advertising can develop the potential to promote trust among consumers by means of a trustworthy exchange of information, technical assistance, and reducing information asymmetry (Roberts & Ko, 2001). Imagine entering the grocery store and a face recognition sensor identifying you as a regular customer. Then, a smart sign uses your recent purchase history to showcase, on the screen, an ad featuring your favorite sport drink. As a customer, you can decide to either scan a QR code, use a discount code, decline the offer, or watch the next ad. In the background, machine learning algorithms are recording your choices. Thus, the main characteristic (i.e. creating two-way communication between the customer and the device) of smart signs can improve both the shopping experience and customer value.

The above-mentioned example could interestingly be cataloged as the most basic type of two-way communication between a smart sign and a consumer, with the customer responding to the ad by either accepting the offer or rejecting it. Since smart signs have the capability of showcasing sensory affective ads that can generate a closer psychological distance to the shopper, we can expect an improvement in impulse buying and a boost in intentions to revisit. Thus, at the other end of the spectrum (e.g. highly interactive smart signs), the possibility of developing stronger

consumer-product relations is very high. Returning to the grocery store example, imagine that the smart sign accepts voice commands so that consumers may now ask questions about a sport drink or provide information relating to their flavor preferences. Then, the smart sign might not just be capable of showing a QR code to use as a discount code, but also to adapt it to consumer preferences.

Smart Signage Design Characteristics

The proposed model also highlights the baseline importance of the ultimate design characteristics of smart signage. As per the longstanding Technology Acceptance Model (TAM; Davis, 1989), the ease of use and usefulness of a technology is paramount to its overall adoption. Smart signage is a new, developing, and publicly used technology requiring that various consumers, with a range of previous technology experience, are able to use it effectively. Furthermore, due to its public nature, consumers become more conscious of its usability as they do not want to be seen as incompetent when using the technology. Recent research has addressed the need for a universal design. As such, the framework proposes that smart signage not only must allow two-way communication, but must also do so in a universally recognized way. Anthropomorphic features and ad appeals, which include human-like cues, have been widely used by marketers to universally generate brand attachment and persuasion. Also, anthropomorphism seems to work properly when the shopping context (i.e. interacting with new technologies) is salient with uncertainty during the consumption process (Velasco et al., 2021).

According to Tucker (2019), five of six forces shaping consumer decision-making in the years to come will include technological aspects, these being: (1) millennials' media consumption, (2) the IoT industrial revolution 4.0, (3) the planning of the business logistics necessary to adapt to consumer convenience time-wise, (4) AI implementation and product automation, and (5) social distrust on social media platforms. Because retail technologies are ubiquitous and have become a major factor in consumer decision-making processes, it can certainly become a driver of growth as regards smart signage as it has the capacity to enrich

the consumer shopping experience through meaningful interactions. Examples here include; the use of augmented reality to display images and sounds on public signage in accordance with audience movements, the availability of interactive smart signs enabling audiences to interact with touchless technology, the use of smartphones to interact with signs, the adoption of machine-learning on signs' interactive displays, and the inclusion of embedded-camera technology and facial recognition on digital signs. Such technological attributes evoke differences in conscious and unconscious cognitive processes, resulting in differences in consumer responses to signage characteristics (see Kellaris & Machleit, 2016).

In order for smart signs to produce consumer-product relationships, certain technologies (e.g., AI, machine learning, and augmented reality) must work together to evoke a closer psychological distance. First, mobile apps need to be installed on customer smartphones, which can be used inside or outside the store. The main characteristics of these apps include a virtual agent, a store map, and in-store notifications, which are enabled by beacons and which facilitate three-dimensional virtual content enabling users to reproduce their reality. Second, smart signs need to interact with intelligent shelving technologies. Radio Frequency Identification (RFID) sensors attached to individual products will inform consumers about product availability and enable the anticipation of inventory numbers. Third, smart shopping carts can interact directly, and in real-time, with consumers by informing them about complementary products they might need based on their current purchases. Consequently, shoppers will save time and be able to feel confident they have done all the shopping they needed to do. Lastly, we foresee the use of smart mirror technologies that can be integrated into customer data in order for them to graphically simulate the wearing of a particular product, or sensors may detect, using algorithms, upcoming events, the weather, and the season in order to suggest new products.

Psychological Distance

It appears that shoppers are more interested in, and more persuaded by smart signage which shows seasonal ads, promotional information, and

new product messages, and which advertises hedonic products (Burke, 2009). Moreover, the dynamic presentation format that smart signage uses is tied to stronger consumer preferences regarding the products being advertised based on the continuous interchange of the relevant information with the consumers. Accordingly, this technology can develop a *close* psychological distance between advertisement content and consumer, due to the sensorially rich environment smart signage encompasses and due to the way in which smart signage fosters mental involvement.

Psychological distance is “*the subjective experience that something is close or far away from the self, here, and now*” (Trope & Liberman, 2010, p. 440) and has been found to significantly affect consumer interactions with various technologies. High levels of psychological distance (i.e. consumers perceiving smart signage to be far removed from them due to not being relatable or not fulfilling their requirements) negatively affect consumer willingness to engage with technology as the difference between humans and technology is considered too great. However, low levels of psychological distance (i.e. when consumers are able to interact with technology that include communally expressive roles due to it being representative of them and their needs) have been found to have a strong positive effect on consumer use of smart signage. Due to the nature of AI, and the differing consumer attitudes and behaviors toward it across different technologies, it is important to establish the effect of psychological distance on smart signage.

Privacy Concerns

Perceived privacy concerns have long been considered to negatively affect consumer decision-making using technology, with some instances of the presence of privacy paradoxes (i.e. a cost-benefit analysis). As smart signage incorporates AI technology, and is capable of becoming more personalized and responsive, consumers are aware of the risk of personal data being collected and then used by technology. Although AI brings great benefit to consumers and marketers, it can also give rise to fears about generating economic and social inequality and the accompanying societal harm (Letheren et al., 2020). It is therefore important to assess the extent

to which privacy concerns affect consumer perceptions of smart signage in order to provide guidance for its further development. Retailers can approach this situation by being transparent with their clients about the information being collected and about how this is used to enhance the customer experience. Adding to this, retailers could also reinforce the creation of an organizational culture that encourages employees to safeguard consumers' personal information through strict policies on the use, interpretation, and communication of the available data. In a supplementary way, retailers must use data protection software to store consumer data.

Consumer-Product Relationships

Consumer-product relationships are of particular interest to this framework because they not only assume that smart signage will be engaged with, but that it will also have a significantly positive effect on consumer interactions with the product being advertised on it.

What makes smart signage unique is its capability of deepening consumer relationships by providing a more interactive experience. Consumer experience is a fundamental element of securing a positive and lasting impression. Despite the literature having long examined the effects of the colors, typefaces and background design elements of signage on enhancing lasting impressions, research has also found that consumers need more than mere visual stimulation in order for an experience to be memorable. Interactivity is a fundamental way in which technology enhances many service and product relationships. A consumer-product relationship is described as the emotional attachment to brands and products that consumers perceive themselves to have. Depending on the strength of the emotional attachment, consumers feel a self-connection, or not, with the symbolic value of the product.

Being able to interact with products, as opposed to only seeing them, allows consumers to process more strongly their relevance to their lives and thus these products will be processed more emotionally and cognitively. As such, smart signage is capable of strengthening consumer-product relationships by creating two-way communication channels with

consumers, in doing so augmenting the potential for the content displayed in the sign to interact effectively with the target audience. When consumers have the opportunity to repetitively interact with the content displayed on the sign, a sense of familiarity and belonging will arise and provoke, within them, the use of a closer perspective in order to interpret the marketing message.

It has been argued that applying software-defined networking (SDN) technology to signage can be useful as regards creating an enhanced product-service relationship because it can handle interactivity by controlling physical devices, the transmission of data between these, and data acquisition. As such, smart signage can be a promising development that is progressing toward the interactive world, connecting users to the IoT network using device-to-device communication technology. For example, digital signage and a smartphone camera can operate as a transmitter and receiver, respectively. It has also been found that sensor motion scheduling, based on customer location, allowed further customization of the display content, resulting in higher levels of customer enjoyment and satisfaction. As such, these two-way communication and interaction opportunities are considered capable of strengthening customer-product relationships.

Conclusion

This chapter focuses on presenting a conceptual model in order to investigate the potential effectiveness of smart signage, and to acknowledge what the main points of development in this area may bring to retailers. The framework broadens knowledge from the previous literature, as well as furthers knowledge established by Kellaris and Machleit (2016), in placing greater significance on technological features for the formation of relationships between consumers and products. Extending our understanding of the new technologies that shape the customer journey is critical, as it provides retailers with a range of opportunities to personalize messages and enhance consumer-product relationships (Schweidel et al., 2022).

In line with Kellaris and Machleit (2016), this paper seeks to provide a framework for getting from “here” (i.e. the technological features of smart signage) to “there” (i.e. consumer-product relationship enhancements) in smart signage development. This framework not only draws attention to the evolutionary effects of smart signage, it also proposes how these are disseminated across contexts. As such, this research indicates how the role of smart signage is related to smart retailing, store aesthetics and placement, the community economy and branding strategies. Smart signage can contribute to these areas by providing consumer wellbeing via a more personalized and immersive experience for both individuals and the wider community, alongside enhancing brand relationships. When retailers collect, interpret and implement consumer signals in order to manage consumer journeys, a chain of positive effects (e.g., consumer-product relationships, consumer desire for personalization, consumer trust in the firm, and the willingness to disclose information) occurs (Schweidel et al., 2022), providing retailers with competitive advantage (Plangger et al., 2022).

As such, the type of content communicated using these kinds of two-way smart signage mechanisms can vary according to the contextual purpose while still achieving the same desired personalized and engagement effects of consumers/users. However, before any full and successful integration of these smart signs into various settings is achieved, practitioners must be mindful of their barriers and capabilities.

The proposed model stresses that the characteristics of two-way communication and smart signs (e.g., AI technology adapts the sign to the consumer interaction) create a personalized and individual experience. This level of personalization in interactions concerning consumers and smart signs reduces the psychological distance, which is a necessary mechanism for the formation of consumer-product relationships. This chain of effects not only increases the level of personal connection with the smart signage content, it does so using a blend of conscious and unconscious processes (Liu-Thompkins et al., 2022; Schweidel et al., 2022).

However, one negative facet of smart signage relates to the roles of the IoT and AI in causing consumers to have privacy concerns (Schweidel et al., 2022). Edwards (2016) proposes that there are three key features

that governments need to consider when discussing regulation of the data flowing from smart cities: (1) Ask for users' consent prior to using their data, (2) find out how users can gain control of what kind of information is sharable versus what is not, and (3) establish a definition of where data is stored in the cloud and identify who controls this repository of data. This area remains significantly under-examined, from a consumer wellbeing perspective: Further investigations into the overriding of consumer privacy concerns will provide a firmer understanding of the moderating role of privacy in future smart signage development.

Both psychological distance and privacy concerns are considered key variables of the general view that two-way smart signage can impact product-service relationships. The proposed framework suggests that, whereas traditional signage gives rise to higher levels of psychological distance, the two-way communication capabilities of smart signage give rise to lower levels of psychological distance. As such, psychological *closeness* is considered to positively affect the impact of smart signage on customer-product relationships. However, the framework also acknowledges increased consumer sensitivity and awareness of personal data collection and usage and stresses the significance of the role of privacy concerns in reducing consumer-product relationships. The more privacy concerns consumers have when interacting with smart signage, the lower will be the levels of consumer-product relationships developed by them. Nowadays, consumers feel uneasy about sharing their personal information with retailers. In many cases, this mistrust and reluctance to share information with retailers comes as a result of the lack of transparency arising from customers not having a clear picture of the way their information is being used, interpreted, and communicated. As a consequence, this pattern of reluctance to share data can negatively affect consumer wellbeing.

The proposed model also presents a future research agenda. A continuum of two-way communication between consumers and smart signs is implicit in it. Certain smart signs that produce, or do not produce, continuous interactions may act as a moderator in developing consumer-product relationships. Another important aspect of the proposed model is how it affects the customer journey. Business cases are scarce as regards telling successful or unsuccessful stories of retailers that implement smart

signage. We cannot leave the metaverse out of the picture as it also shapes consumer-product relationships. Future studies could focus on examining how smart signs interact with the metaverse, or even within the metaverse, how smart signs work toward producing higher consumer engagement, wayfinding benefits for metaverse users, and in building brand value.

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4

Into the Metaverse: Technological Advances Shaping the Future of Consumer and Retail Marketing

Hossain Shahriar

Introduction

At the cusp of the last millennium, during the meteoric rise of Silicon Valley, Barbrook and Cameron (1996) published a critique of the sacralization and fetishization of the Californian ideology. Founded in the cultural bohemianism of San Francisco, they described the ‘ideologue’ as a global heterogeneous orthodoxy championing cybernetics and free market economic liberalism, and a paradoxical blend of the counter-culture-libertarian individualism of hippie artisanship and technological determinism. Tracing the socio-political roots of the Californian ideology-led dotcom revolution, the authors painted a cynical futuristic portrait of the then-unprecedented ascent of technology, steeped in social and racial polarization, even evoking echoes of historical oppression like slavery.

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They critiqued this blend of the New-Left and New-Right, envisioning hi-tech digital utopianism, and the fallacy of an egalitarian Jeffersonian democracy by being myopic toward discrimination, poverty, and sustainability. Three decades later, the Californian ideology remains prevalent and the prophecies of Barbrook and Cameron (1996) ring true, as the once-vaunted technological determinism now seems less liberating and more oppressive, raising grave concerns regarding privacy, consumer trust, ethics, and the sway of surveillance capitalism.

As we transition from an interactive landscape of web 2.0 to the decentralized realm of web 3.0 (Murray et al., 2022), humanity is on a precipice, standing on the brink of technological advancements that are both exciting and concerning. Many new technological developments are either becoming or have already become pervasive in the marketplace, for example, smart devices, social media, e-commerce, machine learning (ML), artificial intelligence (AI), extended reality (XR)—including virtual reality (VR), augmented reality (AR) and mixed reality (MR)—algorithms and big data, blockchain-enabled applications—such as non-fungible tokens (NFTs) that are unique digital collectibles purchased on the blockchain, cryptocurrencies and metaverses—robotics, genetic engineering, wearables, and the Internet of things (IoT). Interpretive research in digital marketing predominantly focuses on the social organization of consumers and digital consumer culture (Denegri-Knott & Molesworth, 2010), platformization and algorithmic culture (Ulver, 2022), surveillance capitalism and ethical concerns (Darmody & Zwick, 2020), social media labor, and ideologies and the politics of consumption in a digital world (Barbrook & Cameron, 1996).

With the emergence of, and increased global attention on, technological advancement of web 3.0 and the metaverse (Barrera & Shah, 2023), marketing scholars and practitioners are increasingly becoming interested in understanding how these developments will shape the future of consumption. While few researchers within digital marketing have begun exploring web 3.0 and the metaverse (Belk et al., 2022; Hollensen et al., 2023; Murray et al., 2022), their focus has largely been on instigating academic discourses on the metaverse, due to its novelty, by fleshing out conceptual understanding and developing a research agenda (Barrera & Shah, 2023; Hennig-Thurau et al., 2022). However, in digital marketing,

little attention has been paid to investigating marketing and the societal implications of these new technological advances (Tikkanen et al., 2009). The metaverse, as a technological advancement, is poised to shape marketing and retail strategies in the years to come. However, such developments and the potential implications—both marketing and societal—are even less explored in the realm of retail (Bourlakis et al., 2009). To address this asymmetry, the chapter—using a McLuhanian theoretical lens and the metaverse as an illustrative example—will explore how technological advances can shape our future consumption, marketing, and society.

The rest of this chapter is structured as follows: First, I briefly introduce the work of McLuhan, which serves as a theoretical lens for understanding how emerging media technologies shape society and consumer culture. Subsequently, to illustrate the implications of technological advances, I zoom into the concept of the metaverse as an emerging technological development. This is followed by an empirical exploration of how brands have harnessed the current rendition of the metaverse to shape consumption, thereby expanding our understanding of marketing in the metaverse. Taking stock of these examples, which illuminate a future interwoven with mixed realities, the chapter then concisely highlights how marketers can navigate this hybrid path. Zooming out from the illustrative example of the metaverse, the final section of the chapter encourages readers to contemplate the socio-cultural and politico-legal implications of the technological advances shaping our future. A technological matrix is presented that envisions alternative future scenarios that can help us both understand the implications of technological advances and anticipate potential future changes. The chapter provides an enrichment of the research frontiers of digital and retail marketing.

A McLuhanian Lens

The Canadian philosopher and scholar Marshall McLuhan studied how media technologies have shaped society over the years. According to McLuhan (1994, 1962), society has evolved from a preliterate age of oral discourses—dominated by mouths and ears—to the age of the manuscript, where words could be written down and communicated without

distortion. Thereafter, the era of Gutenberg's printing began, characterized by the dominance of the written text and visual information, enabling the widespread reproduction and dissemination of knowledge. This was finally succeeded by today's electronic age, driven by the technological medium of electric light, or pure information. He argued that, while mechanical technology has detribalized humans, the electronic medium is retribalizing them, whereby multisensory involvements are key. His description of the electronic media involved the emergence of radio and television, and subsequently the early-iterations of computers. However, the Internet today—as well as new technological advances such as the metaverse—is perhaps a more vivid rendition of McLuhan's conceptions.

McLuhan and McLuhan (1992) highlighted the notion of 'acoustic space'—the natural mode of spatial awareness—to explicate how the world, during the time of printing press, was viewed as a fragmented and sequential vision that supplanted an earlier 'acoustic' world. During the electronic media age, television has brought us back into this preliterate mode of acoustic space, akin to a village crowd, via screens that simultaneously displayed identical content to everyone, everywhere. In studying the consequences of media technologies, McLuhan (1962, p. 31) argued that electronic media technologies are reproducing the world "in the image of a global village". Also, while this metaphor of the global village was employed to explain the advent of the medium of television, today the Internet serves as an even more apt representation of a global village connected beyond transnational borders, with potentially more interactions—as one would expect in a village—than the one-way medium of television. McLuhan's notion of the global village highlighted interdependency, diversity and a lack of conformity. This can be evidenced in today's proliferation of digital media, giving rise to a fragmented and algorithmically polarized media landscape (Ulver, 2022). McLuhan indicated that the global village would alter the power structures of societies. With information on television still being controlled by certain powerful groups—for example, governments and media conglomerates—the Internet has ushered in a promise of a more neutral medium with the democratization of information, as mediated by many. However, it could be argued that, during the era of platformization, power has merely

shifted toward big tech companies, which can regulate and control information (Ulver, 2022). Surveillance capitalism and algorithmic manipulation have been framed as the empowerment of consumer choice contexts and decision-making (Darmody & Zwick, 2020). Nevertheless, the promise of a decentralized web 3.0 (Murray et al., 2022) could perhaps take us closer to McLuhan's true global village.

To McLuhan (1994, p. 8), a medium is any extension of our bodies, minds, or beings, while the message is “the change of scale or pace or pattern that it introduces into human affairs”. He argued that the characteristics of a particular medium structure its content, and the content becomes inconsequential. McLuhan (1994, p. 9) famously exclaimed, “the medium is the message”, since:

it is the medium that shapes and controls the scale and form of human association and action. The content or uses of such media are as diverse as they are ineffectual in shaping the form of human association.

Barbrook and Cameron (1996) highlighted that the advent of the Californian ideology can be traced back to ‘technophiliacs’ being inspired and driven by McLuhan’s ideas and predictions, including his ideal of technological determinism. The French sociologist and philosopher Jean Baudrillard viewed McLuhan not as a technological determinist, but as a techno-optimist. McLuhan’s (1994) technological determinism depicts the lack of the emancipatory potentials of the media, because he framed humans as embedded within, and powerless to escape from, the perennial panopticon of the media. In his later work (McLuhan & McLuhan, 1992, p. 7), he posited a set of four questions—which he referred to as ‘tetrad’—to encourage adjudication of the impact of a medium and to understand its future implications: (1) “what does it enhance or intensify?”, (2) “what does it render obsolete or displace?”, (3) “what does it retrieve that was previously obsolesced?”, and (4) “what does it produce or become when pressed to an extreme?”

Using McLuhan as a theoretical lens, the next section explores the emerging concept of the metaverse. A McLuhanian perspective offers a conceptual toolbox for understanding how new media technologies have shaped individuals, culture and society, seamlessly fitting with the

objective of this chapter, which also aims to expand our understanding of how technological advances shape our consumption, marketing and society. Viewing the metaverse as a new technological medium poised to alter how we communicate provides us with an alternative lens for looking at technological advances. McLuhan's way of looking at technology, as an appendage to humans, also aligns with how the metaverse can serve as human extensions.

Data was collected using the keyword "metaverse" across academic databases including Google Scholar and Scopus. Furthermore, I examined discussions on the online platform Reddit, consulted industry reports, white papers, and research centers, and analysed articles from online magazines and newspapers. Through a systematic cross-referencing and analysis, the study identified the top 50 most frequently mentioned applications of the metaverse.

The Metaverse

The metaverse has garnered significant attention, with the social media giant Facebook rebranding to Meta Platforms and unveiling its vision of creating *a place where we can work, play, and connect with others in immersive, online experiences*. There is no universally accepted definition of the metaverse (Golf-Papez et al., 2022), making the concept highly fragmented. However, most scholars agree that it is an imagined future XR space (Belk et al., 2022), a seamlessly hyper-connected VR-based digital universe (Barrera & Shah, 2023) where users can create avatars and interact with others in 3D in the same way as they physically do now (Hennig-Thurau et al., 2022; Hollensen et al., 2023; Murray et al., 2022), an immersive reality where physical and digital converge (Golf-Papez et al., 2022). Ball (2022, p. 42) defined the metaverse as:

a massively scaled and interoperable network of real-time rendered 3D virtual worlds that can be experienced synchronously and persistently by an effectively unlimited number of users with an individual sense of presence, and with continuity of data, such as identity, history, entitlements, objects, communications, and payments.

The concept of the metaverse is, thus, a seamless, hyper-real, shared, immersive, interconnected and embodied virtual realm where people can roam widely and engage in various activities using their interactive avatars. According to Mark Zuckerberg, it is an embodied form of the Internet that makes use of other technological advances—such as VR, AR and AI—where, instead of viewing the content, we become immersed within it. It is prophesied to become the successor to the mobile Internet and to shape the future as regards how we interact and experience our lives, conferring opportunities for brands to create new offerings and experiences (Murray et al., 2022). However, the metaverse is still in its infancy and remains a work-in-progress. Thus, it may possibly take years to flesh out and realize its promised potential.

Although the ‘metaverse’ went mainstream with the Facebook rebrand of 2021, the concept of the metaverse has been in place for a long time. It was coined by Neal Stephenson in his science fiction novel *Snow Crash* (1992). However, the notion of such a virtual world has been a popular sci-fi trope for even longer, in books such as *Pygmalion’s Spectacles* (1935) and movies such as *Tron* (1982). The application of the metaverse to retail and digital marketing can be traced back to the early 2010s (Bourlakis et al., 2009). These early iterations of the metaverse have been online virtual worlds, in most cases massive multiplayer online role-play games, for example, *Second Life* (SL), one of the most widely employed examples in the literature (Bourlakis et al., 2009; Denegri-Knott & Molesworth, 2010; Tikkanen et al., 2009). SL is an online multimedia platform, where users can create an avatar and live a second life in a virtual realm created almost entirely by those adopting the SL platform as a space for creativity, virtual construction, socialization, and economic exchange. According to Bourlakis et al. (2009, p. 140), “metaverse retailing, i.e. retailing that takes places in metaverses, is a rapidly evolving phenomenon that may spark the next evolution of retailing”. In the retail literature, this notion of creating more interactive and engaging consumer experiences, in order to render a different and special service offering, is known as retail theater (Bourlakis et al., 2009). For retailers, the metaverse offers a new spatial dimension which can be used—along with physical bricks-and-mortar (B&M) and electronic stores, including websites and social media, to offer consumers a type of store in a (possibly

shared) 3D virtual space, where they can experience shopping by means of wearing a VR headset and virtually entering and walking around this metaverse store, picking up items from the shelves and filling their shopping carts, thus affording them a more real shopping experience than web stores, from the comfort of their private domains.

In the digital marketing literature, Denegri-Knott and Molesworth (2010) have introduced the notion of ‘digital virtual consumption’ (DVC) to conceptualize simulated consumption practices in online virtual spaces, enabling consumers to act out fantasies that cannot be provided by material consumption. Differentiating between virtual consumption (located in the consumer’s imagination) and digital consumption (mediated via a digital environment), as well as material consumption, they theorized DVC as a liminal space between the virtual and the material, enabling consumers to move beyond their imaginary minds and to reify their fantasies in a digital virtual space lacking material manifestation as it cannot be used in real life. For instance, consumers can act out their fantasy of being a wizard, daydream about living in a fictional world, or desire to purchase a magical sword that has no use in the metaphysical reality. The digital consumer culture has led to the proliferation and fragmentation of identities, enabling consumers to assume hybrid—and even stigmatized—identities in terms of gender and sexuality. McLuhan’s notion of the media as a prosthetic extension of humans and their nervous systems can be deployed in order to view the metaverse as a hybrid extension of ourselves and our senses of sight, hearing, and touch. Metaverses could potentially offer individuals ways to embody various identities and fulfill fantasies, manifesting themselves as avatars and enabling the extension of the self to an unprecedented level. Web 3.0 is prophesied to alter how information would be disseminated, enabling more peer-to-peer interactions between individuals and with information being stored in various decentralized locations (Murray et al., 2022). This could lead us toward a more refined rendition of McLuhan’s global village and potentially ‘retrieve’ the era of oral discourse when information proliferation was decentralized through peer-to-peer networks.

Using a McLuhanian lens, it can be argued that the metaverse should not be viewed in terms of its affordances—the technical architecture and the vast array of functions that it offers—but in terms of its capacity to

shape society and culture, paving the way for new modes of socio-cultural expression and experience. According to McLuhan (1994), throughout history, technological advances have been the driving force transforming and reconfiguring society in various ways. It was the medium, rather than the content that brought such pervasive change to how society was organized, for example, Johann Gutenberg's printing press led to Henry Ford's culture of mass standardization. McLuhan stressed the power of the media to alter the course of human life and our social relations. In a similar vein, the participatory nature of web 2.0 has already patterned our lives, with web 3.0 similarly being poised to manifest a significant restructuring of society. As a new medium, the metaverse is different from those preceding it, because it enables a fully immersive experience in virtual realms, potentially engendering a fundamental shift in how we view the world and experience embeddedness in multiple realities. Echoing McLuhan, it is not the content, but the powerful potential of the metaverse as a medium that will shape our future. According to McLuhan (1994), electronic media catch our attention because of their hypnotic ability to engage with our senses using a 'light-through' invitation. The metaverse enables even deeper engagement with our senses (Hennig-Thurau et al., 2022). It can be framed as 'cool media', in McLuhan's (1994) words, since it offers high participation, with users having to engage in most of the work themselves.

Marketing in the Metaverse

As with Meta Platforms, many other tech-based companies have jumped onto the metaverse bandwagon. Today, simulation games and social networks are the most common forms of virtual environments or *proto*-metaverses (Ball, 2022) which facilitate socializing, shopping, gaming, and working. Popular proto-metaverses today include Horizon Worlds (current rendition of the metaverse by Meta Platforms, where users can socialize, create user-generated content, collaborate and work, and be entertained in a VR universe), IMVU (a 3D avatar social networking platform that enables users to explore thousands of virtual worlds to socialize, create and play), Green Park Sports (creating digital experiences

and games for the new generation of sports and e-sports fans), Decentraland (a decentralized 3D VR destination for digital assets, owned by the users, who can use the marketplace and cryptocurrency to buy/sell virtual real estate, NFTs and avatar wearables), and many more. Although the metaverse, as envisioned, will not be a standalone virtual space, these early iterations offer a glimpse into what could potentially evolve into intricate, interconnected, immersive environments, where brands have the opportunity to offer various facets of business, communication, community, entertainment, work, and education (Belk et al., 2022).

Examining contemporary marketing practices within the current iterations of virtual environments reveals a spectrum of marketing activities adaptable to metaverses. These encompass the curation and utilization of NFTs and their marketplaces, organizing virtual events and experiences within metaverses—spanning from gaming tournaments and sporting events to political campaigns, museum exhibitions, music festivals, tours and fashion shows—the establishment of virtual workspaces for collaborative employee activities, creating virtual advertisements, the cultivation of virtual talents and avatar replicas, the integration of AR-powered try-ons, crafting crypto-driven campaigns, or constructing virtual stores or platforms tailored for shopping experiences. Gaming platforms like Fortnite and Roblox have demonstrated how marketers can use 3D immersive spaces to offer virtual experiences (Hollensen et al., 2023). Examples in Fortnite include; in-game concerts by Travis Scott and Ariana Grande, collaboration with the National Basketball Association (NBA) in releasing team jerseys and other digital items, allowing fans to explore London's O2 Arena and the Verizon Super Bowl stadium in order to socialize and play mini-games, cross-over events with Marvel Universe, and, during the 2020 US elections, the Biden-Harris campaign promoted and educated potential voters using a 'Build Back Better with Biden' map inside the game. Examples in Roblox include; musical performances by Lil Nas X and a Zara Larsson album launch party, an interactive virtual exhibit and multimedia experience by Gucci to promote Garden Archetypes, Netflix's Stranger Things launching 'The Starcourt Mall Experience', which was a key location in the third season of the series, Warner Bros. promoting their movie 'In the Heights' by

featuring an in-film neighborhood location and interactions with the movie, Hyundai Motors creating five theme parks in Mobility Adventure, and PacSun offering its branded products in the Avatar Marketplace, enabling users to customize their appearance. Bloxbiz offers brands opportunities for in-game 3D billboard advertisements within Roblox, for seamless integration without disrupting the consumer experience.

The metaverse combines various interconnected technological advances, thus potentially enabling marketers to leverage emerging technological developments—such as NFTs and XR—in order to offer consumers more personalization in retail and a holistic customer experience. At the core of the Metaverse, AR plays a pivotal role as it converges digital and physical realms. Brands have already embarked on seamlessly integrating AR, curating interactive consumer experiences that amplify real-world environments. Within retail, AR has already flourished, ushering in profoundly interactive shopping experiences. During the pandemic, many fashion retailers, such as Gucci, Estée Lauder, L'Oréal, Mac cosmetics, Smashbox and others, integrated AR to enable consumers to try out their products virtually. Digital fashion has already taken off, as we are increasingly using the digital realm to find new ways to express our identities and creativity (Ball, 2022). During Decentraland's Metaverse Fashion Week (#MVFW) 2022, over 60 brands, artists and designers showcased wearable collections. NFTs are facilitating direct-to-avatar commerce: In fact, “the most successful NFT collections are not for virtual goods nor trading cards but identity- and community-oriented ‘profile pictures’ such as Cryptopunks and Bored Apes” (Ball, 2022, p. 270). The rise of block chain, cryptocurrencies, and a burgeoning NFT marketplace are arguably key ingredients of future commerce in metaverses. Axe engaged in a social media giveaway of “dogecans,” a playful reference to Dogecoin, a cryptocurrency. These dogecans contained Axe's latest fragrance, named ‘48H Crypto,’ enveloped in the recognizable meme that originally popularized the cryptocurrency.

Many retailers have already started developing their own proto-metaverses to offer immersive retail experiences. For instance, SK-II City is a virtual destination designed in the likeness of Tokyo, where consumers can engage with the skincare brand SK-II. Avatars are key to the metaverse, as digital personas are being created online, modeled on (non)real

humans. Genies enables creators to construct digital doubles and sell virtual goods, encouraging consumers to become their “fantasy selves” (Denegri-Knott & Molesworth, 2010), by collecting and trading wearable NFTs. Epic Games has launched Unreal Engine, an open and advanced real-time 3D creation tool for developing photoreal visuals and immersive experiences—including the ability to create MetaHumans—and this is used by other makers of games, movies and graphics. K-pop band Eternity is made up of 11 members created using Deep Real AI and a deep-fake virtual imaging technology, while virtual influencer Lil Miquela shares music on Spotify and both living and dead celebrities have performed as holograms. Just as in the physical world, brands, branded offerings and branded environments—such as ‘Nikeland’, a virtual world within Roblox—will significantly influence how consumers behave in the metaverse (Hennig-Thurau et al., 2022). So, what do these existing marketing practices in virtual worlds tell us about navigating a future embodied by the metaverse?

Navigating a Mixed Reality Future

The American political philosopher Robert Nozick (1974, p. 42) postulated a thought experiment whereby he offered a choice between our experiences in the real world and a carefully curated and desirable simulated reality:

Suppose there were an experience machine that would give you any experience that you desired. Superduper neuropsychologists could stimulate your brain so that you would think and feel you were writing a great novel, or making a friend, or reading an interesting book. All the time you would be floating in a tank, with electrodes attached to your brain. Should you plug into this machine for life, preprogramming your life’s experiences?

He argued that humans would always prefer to do things and live their experiences rather than merely have the experience and constrain themselves to a man-made reality, bounded by the constraints of previous human experiences. The simulated reality of the sci-fi film series ‘The Matrix’ was a more evocative demonstration of the same thought

experiment—the red pill (reality/truth) or the blue pill (simulation/illusion)? In his book, *Simulacra and Simulation*, Baudrillard (1994) has posited that our society/consumer culture has become a hyper-real simulation of symbols and significations that imitate but have become more real than the real world. Virtual realms like the metaverse offer a type of escapism and an extension of our consciousness, with the hyper-real set to encroach into the real, in our quest for a utopian future. As the lines between our physical and virtual realms become blurred, how does the future look?

Taking stock of the emerging innovations and current marketing practices highlighted in the previous section, let us dive into the potential avenues for navigating a mixed reality future.

Immersive Embodied Experiences to inhabit hybrid space is, perhaps, the most prophesied way to navigate the future of retail. The metaverse introduces collaborative shopping as a pivotal retail sector (Hennig-Thurau et al., 2022). Personalized AR touchpoints (such as virtual fitting rooms) have become mainstream due to retailers delivering customized shopping experiences. For example, Mashable Home is a virtually rendered 3D house experience by Walmart, whereby users can navigate—in 360 degrees—a home filled with art, editorial content, videos, interactive games and opportunities for shopping. Thus, retailers can offer immersive experiences that are impossible in real life because they can transcend physical limitations. During the pandemic, museums, galleries, fairs, and conferences initiated digital virtual viewing rooms for exhibitions. Various institutions have made forays into offering immersive virtual exhibition experiences, such as the Smithsonian, the New York Metropolitan Museum of Art, the British Museum, Rijksmuseum, the Ghent Museum of Fine Arts, and many more. This offers collaboration opportunities for product showcasing with emerging platforms or designers.

Tokenization and the ‘Phygital’ Fusion have gained momentum as NFTs are being used as digital artworks, virtual fashion items, in-game skins, digital collectibles, video highlights, virtual places, domain names, and so on (Hirsch, 2022). Digital images are increasingly being owned and sold to be displayed as artworks in homes and galleries. Infinite Objects has created pre-programmed digital frames, containing artworks or consumers’ own customizable videos. NFT platforms (e.g., Exclusable)

and virtual real estate markets (e.g., Sandbox), respectively enable the purchase of digital collectibles and virtual land. As digital and physical realities become increasingly intermeshed, particularly given the fusion of NFTs with physical objects, the future is appearing more ‘phygital’ than ever before. Retail spaces, both within and outside of metaverses, are likely to feature digital-real hybrid solutions featuring omni-service store experiences across multiple digital touchpoints (e.g., AR clothing).

AR-Powered Amplification and Gamification of digital events can provide more dynamic interactions during meetings and collaborative work. Retail gamification has been dubbed the future of shopping experiences, as experiences are increasingly being gamified and customized in order for socialization to seamlessly fit consumers into phygital spaces. Pepsi curated an AR-powered campaign, allowing consumers to scan QR codes in order to bring to life AR renditions of top football players like Lionel Messi on their mobile devices. Starbucks uses gamification to provide consumers with personalized loyalty rewards through in-app engagement.

Co-creative, Collaborative Communities are likely to become indispensable as we journey towards a decentralized future. Brands will need to engage in building co-creative communities within metaverses, grounded in trust, shared values, and authenticity. Numerous brands—for example, Gucci and Bored Ape Yacht Club—have already forged alliances with NFT communities. Although the creator economy, bolstered by social media, is already vast, it will also be important for brands to align with communities and engage in social listening in order to connect with brand followers in an increasingly fragmented retail landscape. As digital creators upend traditional loyalty programs through crypto-rewards harnessed by web 3.0 technologies, brands can emulate the triumphs of these fandom models to craft innovative retail experiences.

Imagining the Future

According to McLuhan, the emergence of new media also leads to implications for society’s political systems. While the global village has been viewed in a techno-optimist way, McLuhan (1962, p. 32) has also

illustrated his concerns about the socio-cultural implications of a society bounded within an electronic medium:

Instead of tending towards a vast Alexandrian library the world has become a computer, an electronic brain, exactly as in an infantile piece of science fiction. And as our senses have gone outside us, Big Brother goes inside. So, unless aware of this dynamic, we shall at once move into a phase of panic terrors, exactly befitting a small world of tribal drums, total interdependence, and super-imposed co-existence.

Consumers today are constantly generating data by interacting with online media and surveillance capitalism, thus enabling marketers to gather massive repositories of behavioral data for personalized marketing (Darmody & Zwick, 2020). Thus, much like living in an actual global village, where individuals are well-acquainted with each other, consumers are increasingly becoming exposed to scrutiny and erosion of their privacy. This showcases the importance of reflecting on the socio-cultural and politico-legal implications of technological advances.

According to Ericsson (2021), both technology (AI, blurring the physical and the virtual, connectivity in everything, wearables, sensory and bio-interfaces) and societal geopolitics (climate crisis, post-pandemic, socio-economic shifts, global fragmentation) are important forces shaping our future. Governments worldwide are increasingly enforcing the stricter regulation of technology companies, along with growing consumer expectations concerning trust and privacy. The chapter began with a critique of the Californian ideology, followed by discussions on how technological advances—such as the metaverse—can shape future consumption and marketing. In a full circle back to the inception, I invite readers to think about the future implications of such developments. McLuhan highlighted the importance of studying media technologies in order to be able to anticipate the future social changes that they produce. One way to contemplate the potential implications is imagining alternative future scenarios by exploring how historical patterns and emerging trends can be coalesced to shed light on the future. While scenario planning offers far-reaching and polarizing visions, it could also help anticipate—ahead of time—any potential changes looming on the horizon in

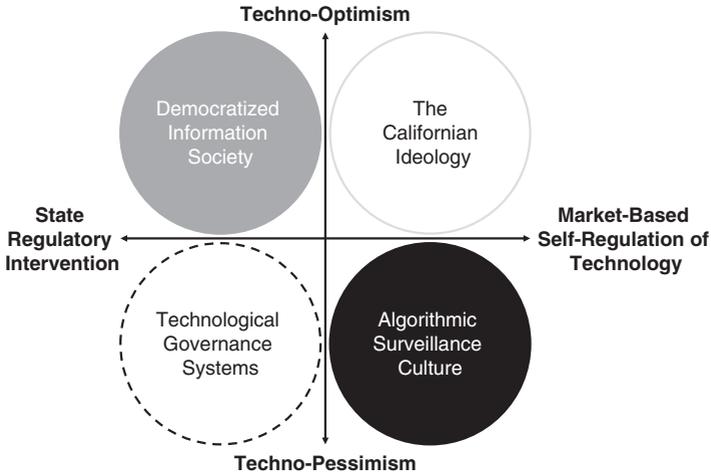


Fig. 4.1 Techno-political Alternative Future Scenarios

order to help prepare for futures that are more plausible. Thus, to help readers visualize and contemplate future scenarios, I have developed a techno-political future scenario cross, presented in Fig. 4.1. It is a 2x2 matrix with spectrums in both the horizontal and vertical planes that cross each other. The respective ends of the vertical axis are techno-optimism—the belief that information communication technologies can continually be improved and can enrich human lives, making the world a better place, as this has an emancipatory potential—and techno-pessimism—the belief that contemporary technology has created as many problems, if not more, for humanity as it has solved, and that it is likely to bring unforeseen consequences and social perils. The continuum on the horizontal axis is state-regulatory intervention vis-à-vis the market-based self-regulation of technology.

This techno-political matrix generates four potential alternative future scenarios. First, the continued fetishization of *the Californian ideology* by technophiles, due to technological determinism, coupled with the free-market consumer culture and anti-statist gospel of cybernetic neoliberal orthodoxies, can encourage continued innovation and progress in the technology in our lives. Proponents argue that such market-mediated cultural resource allocation can potentially save the world, but at what

cost? Second, the techno-utopians' belief in an ecotopia (Barbrook & Cameron, 1996), and an egalitarian information society, can be achieved through a *democratized information society*, where individuals and social groups will be able to express themselves freely, due to democratic governance, in a more decentralized cyberspace, although any innovation could be less lucrative. Such a celebration of the creative powers of digital artisans has resulted in consumers being empowered by digital and biopolitical marketing (Darmody & Zwick, 2020). Barbrook and Cameron (1996) called on Europeans to build a more inclusive and universal cyberspace, taking entrepreneurial zeal from Silicon Valley but with a mix of state, corporate, and DIY initiatives to avoid the fatalism of the Californian ideology. Moving on from the upper side of the matrix of techno-boosters to the lower side of technophobes, an *algorithmic and surveillance culture* thrives on consumer concerns about data piracy, privacy, and protection. It can be argued that such a scenario is not too difficult to envision given how brands are accused today of manipulating consumer choices and decision-making through algorithm-powered ecosystems and consumer cynicism about how brands are surveilling and parasitizing on consumer data (Darmody & Zwick, 2020; Ulver, 2022). Finally, consumer distrust of how brands misuse technology can lead to *technological governance systems*, resulting in the high regulation and control of big tech companies, in terms of safety, privacy, competition, and transparency. Such a 'techlash' can mean less skepticism about data privacy due to laws, policies and fines given to tech companies, but also limited accessibility and the control of information, censorship, restricted innovation, decelerated technological adaptation, a lack of spending on technology, and increased policing by the state using technology.

The techno-political matrix can be used by marketers and retailers to contemplate and plan for the future. First, it is important for them to reflect on their company values and consider the potential ramifications of these scenarios for their organizations. In the *Californian ideology* scenario, companies could strategically prioritize rapid and continuous innovation to ensure their survival and, through personalization, cultivate consumer value that empowers them to shape their own experiences. In a *democratized information society*, businesses might proactively anticipate and prepare for impending regulations and policies that will come

into effect. For instance, consider the impact of the EU's General Data Protection Regulation (GDPR) which compelled companies to become more transparent about consumer data usage. This prompts a need for businesses to reconsider their strategies around utilizing consumer data to craft omni/multi-channel consumer experiences. In an *algorithmic and surveillance culture*, recognizing heightened data accessibility for businesses and the resultant consumer vulnerability and lack of trust is crucial. Thus, organizations should enhance transparency in data collection and use and provide consumers with choices in order to build trust. An illustration is Apple's recent App Tracking Transparency policy, providing users more control over third-party app tracking. Lastly, in a *technological governance systems* scenario, consumer expectations stem from their lack of trust in technology. Thus, organizations should reinvigorate and reimagine physical spaces to foster shared experiences and communities. Localization could also play a pivotal role, since the use of technology might become expensive.

However, it is important to understand that the future would not necessarily be defined by one of these scenarios, but one of multiplicity and complexity. Nevertheless, comprehending the potential ramifications of this for consumers, businesses, the state, and society—as regards democracy and wellbeing—remains instrumental. The metaverse poses certain risks (Hirsch, 2022), along with ethical and legal challenges that could lead to detrimental and unintended consequences for society, as predicted in numerous science fiction narratives. The flourishing of fragmented realities and social disconnect might foster an illusion of freedom and privacy, concealing the actual loss of autonomy. Moreover, despite assertions of the democratization of information, stark power inequities could persist, casting doubt on the perceived benefits of the metaverse. Can a truly decentralized future be achieved if certain big tech companies control the metaverse(s), employing extensive data collection and surveillance? Scholars have already noted the multisensory social interactions within the metaverse and called for understanding its societal impact (Hennig-Thurau et al., 2022). Thus, it becomes crucial to explore the societal implications of this new medium, defined by the senses required for participation. In a McLuhanian perspective, this chapter has demonstrated how technological advances such as the metaverse hold the

potential to transform and shape society. Given the increasing polarization and culturo-political conflicts (Ulver, 2022), the changing geopolitical landscape and the consolidation of power by big tech, it becomes pivotal to question the rhetoric of unbridled innovation and growth and to reflect on the far-reaching implications of such progress.

Conclusion

This chapter has delved into the intricate interplay of marketing and socio-political implications stemming from technological advancements. Drawing on a theoretical perspective informed by McLuhan's insights, the chapter has used the emergent metaverse technology as a lens to expand our understanding of how the new medium could potentially shape consumption and marketing practices, and its implications for society. Employing a McLuhanian theoretical underpinning allowed for the unfolding of an alternative understanding of how the metaverse can shape our future consumption and marketing. The chapter contributes to scholarship on the metaverse in digital marketing (Barrera & Shah, 2023; Belk et al., 2022; Golf-Papez et al., 2022; Hollensen et al., 2023; Murray et al., 2022) and retail (Bourlakis et al., 2009). It expands our understanding of how marketers can navigate the virtual world of web 3.0 (Murray et al., 2022) in an increasingly polarized and algorithmically driven media landscape (Ulver, 2022). Furthermore, the envisioning of alternative future scenarios has enriched our knowledge of the socio-political implications bound to technological development (Barbrook & Cameron, 1996), particularly poignant consideration in a digital marketing domain marked by algorithmic manipulations, eroding privacy, and the rise of surveillance capitalism (Darmody & Zwick, 2020).

The celebrated sci-fi author Isaac Asimov once opined that, “any technological advance can be dangerous. Fire was dangerous from the start, and so (even more so) was speech—and both are still dangerous to this day—but human beings would not be human without them”. With changing consumer expectations around trust and privacy, coupled with the lingering impact of pandemic-induced stress, anxiety and uncertainty, a new narrative for brands emerges—one defined by compassion and

empathy. In the light of tightening government regulations, companies ought to ingrain user rights and privacy as transparent and standard components, ensuring individuals maintain control over their digital consumption practices. I would like to end this chapter by asking marketers to center their efforts around people-centric digital propositions. This involves nurturing consumer trust in technology by prioritizing the human element at the core of their processes. That is my clarion call.

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5

Consumer Trust and Platformised Retail Personalisation

Stefan Larsson and Kashyap Haresamudram

I hardly know when I am sharing my personal data; I do it without giving much thought to it, which of course is not a good idea at all.
—Woman, high trust.

Introducing Trust-Dependent Personalised Retail

Picture yourself going to the shopping mall in the near future to purchase the groceries you need for dinner and to figure out what ointment you need to deal with the dry skin on your cheeks. As you enter the grocery store, you initially realise that you've forgotten your wallet. Luckily, they have recently enabled an automated check-out system, using computer vision to detect whatever groceries you pick up and put in the bag you brought with you, and facial recognition that allows you to be identified

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for payments without lifting so much as a credit card. That is, when you're done gathering onions, cucumbers and milk, you just leave the store without any physical indication of payment, and the correct amount is automatically charged to your bank account.

Then, as you enter the pharmacy, the sales assistant surprises you by already having picked a suitable ointment for you:—"Hello sir! This is based on the data and images we received from data collaboration and the analysis of your earlier purchasing patterns", he explains. "And", he continues, "the prediction is also based on what individuals with your skin type normally need, so we're fairly certain that this will work for you. And, for our club members, it comes with a discount too!"

While still a bit perplexed, you accept the small container, look at it, put it in your bag, and walk out. The exact amount is charged to your bank account as you leave the store.

This scenario has not necessarily arrived yet, but all the individual technologies enabling it are present in retail today—that is, the data-collection infrastructure, consisting of third-party sharing, pilots (at least) using object and face recognition, and the underlying digital and often app-based platform structures that enable data sharing and automated financial transactions. The social foundation for this, we argue, is a basic level of trust in the retailers, in the robustness of the technologies, and in the data not being misused by either retailers or any other third parties. This trust, in contemporary retail, is in part framed by regulations on data protection and structured by user agreements for loyalty card programmes, apps and bank cards, or cookie consent agreements and other types of information intended for digital retail consumers. In this chapter, we draw on four focus-group interviews in order to see what role consumer trust plays in data-dependent retail personalisation, particularly with regards to transparency. This means trying to understand what so-called datafication and platformisation (cf. Poell et al., 2019), which follow a type of platform logic (Andersson Schwarz, 2017), mean for the digitisation of retail. We draw on an understanding of platforms being "(re-)programmable digital infrastructures that facilitate and shape personalised interactions among end-users and complementors, organised

through the systematic collection, algorithmic processing, monetisation, and circulation of data” (Poell et al., 2019, p. 3). Overall, this describes a combination of issues that are all related to consumer trust and data-dependent, as well as AI-enhanced, retail personalisation.

The Unevenly Distributed Future

Parts of the opening vignette—object recognition and the automated check-out—have been undergoing trials for a couple of years by Amazon, in Amazon Go stores. The prediction of consumer needs is mainly known from how the ad-tech market, through data collection and scalable automation, has been trying for several years to target individuals with relevant products and offers. The scale and resources required to do this point to platformisation in retail, that is, an organisational logic that can enable marketing benefits for retailers, but a logic which has also led to a dependency on a few data-driven and large-scale platform companies, for both retailers and consumers alike. Lastly, from a consumer perspective, this type of *datafied* market is perceived as ultimately being characterised by a third-party set-up (Larsson et al., 2021). That is, the data collected from individual consumers is shared or sold, aggregated, and then used or misused on third-party markets.

One can argue that digital uses of consumer data have already revolutionised e-commerce since they are well suited to collecting and using large amounts of data to both accommodate scalable automation in sales and recommendations and to influence consumer behaviour online. Until recently, the Internet has uniquely been able to provide the necessary framework for data collection through the use of cookies and other means of tracking, thus enabling giants such as Amazon to bring customers and businesses together, and enabling traditional retailers such as Walmart to create an equally large online presence in order to remain competitive. While it has been speculated that online retail might potentially come to replace bricks and mortar stores during the meteoric growth of e-commerce, sometimes termed the ‘retail apocalypse’, some research does indicate that physical stores remain an integral part of the shopping experience of the customer, and still growing (cf. Lafontaine & Sivadasan,

2020). Rather, the rapidly shifting landscape of retailing is forcing physical retail to evolve to remain competitive, perhaps even being complementary to e-commerce in some cases. Post COVID-19, for example, delivery services have become ubiquitous around the world, linking small physical retailers with customers through apps and a logistics infrastructure that would have been impossible for small retailers to build up on their own.

In the next part of Section “Introducing Trust-Dependent Personalised Retail”, we develop the ongoing discourses on the role of data and AI in retail development in order to present our perspective on consumer trust. Subsequently, we point to how data collected both in-store and online can be utilised for personalisation. Lastly, we point to both concerns regarding consumer resignation (cf. Draper & Turow, 2019) and what seems to be a formative period in European regulation concerning data, platforms, and AI. In the subsequent section, Section “Focus-Groups: Consumer Sentiment Regarding Data Collection and Personalisation”, we present the results from the focus-group interviews, focusing on consumer perceptions of transparency, data collection and personalisation. In Section “Discussion: Platformisation and Personalisation”, we draw on the results in order to discuss platformisation and personalisation as well as how these are interconnected, before summarising the chapter in Section “Conclusions”.

Efficiency, Trust and Lack of Control

Recent datafication in retail shows a potential for increased efficiency and individualised customer services through the use of large amounts of data and of increasingly sophisticated analysis of customer behaviours and needs (cf. Cukier, 2021). Increasingly, this is being discussed using the terminology of Artificial Intelligence (AI), largely focusing on recently attained capabilities in machine learning to draw insights, detect patterns, and make automated predictions based on the collected data. At the same time, several studies show growing concern among, or for, customers, for example, with regard to vulnerable groups and AI-driven marketing (Mogaji et al., 2020), which is largely due to a lack of control

and co-determination of one's own data in both digital/online (cf. Datatilsynet, 2020) and physical retail (cf. Draper & Turow, 2019; Turow, 2017). In this chapter, we make empirical observations from focus-group interviews in order to outline some of the emerging contours of an AI-driven retail that is dependent on immense data collection, prediction and automation, and its relationship with consumer trust. We see trust as the main prerequisite for functioning markets per se, which is further emphasised as new technologies are utilised in a way bringing change to established customs, possibly with a lack of consumer control, increased complexity, and a lack of transparency. This indicates a need for retailers to be attentive to this social contract with consumers, that is, the perceived legitimacy of the collection of their data to be shared in complex third-party set-ups, or with which to analytically match or predict aspects of these. The limits to these technological practices in retail should not only be seen as set by technological constraints and law alone, but also in terms of social sentiment linked to fairness, legitimacy, and trust. Before we draw on the focus-group interviews, we need to develop more of the combined offline/online practices, which we refer to as hybridity in retail personalisation. In addition to this, we will also briefly point to some concerns that have been voiced in the literature, and mention European legislative activities that are ongoing and of relevance to the field.

Hybrid Retail Personalisation

Now, advancements in various types of sensor technology and analytical methods in machine learning are making it possible to track consumers and collect rich data, not only in a digital and Internet-mediated context, but also in the physical environment, too. Sensors are able to collect spatial data such as in-store location, time spent, and movement, as well as personal data such as age, sex, body type, attention span, and mood (cf. Mavroudis & Veale, 2018). This, in addition to existing and more traditionally collected data from loyalty card memberships and purchasing histories, but also behaviour when in online stores and using apps, means that consumer behaviour can be captured in unprecedented detail both,

on- and offline. This creates a wealth of behavioural data, allowing novel hybrid retail experiences and the greater personalisation of pricing, recommendations, and services, but it also leads to questions as regards to what end and for whose purpose an experience is personalised (cf. Kohl & Eisler, 2021). Think about the scenario outlined above: The data from your physical activity while in the grocery store and your purchasing history, perhaps online, are combined in order to recommend the right ointment for your dry skin. Currently, digital and physical retail are largely separate experiences: However, hybrids such as the one in the scenario above are being developed, and will mean that the platformised and interconnected retail environment is growing. However, with the immense growth in digital platforms and their data-dependent markets, consumers and retailers alike will be dependent on large platforms to handle their interfaces, anything from marketing to app stores, smartphones and data storage. While this may increase efficiency, and enable useful match-making in times of information overflow, it can create dependencies that are problematic from a competition perspective (Larsson, 2021). Furthermore, combined with AI and machine learning, the ongoing discourse on the lack of transparency for end-users (consumers) provides us with a range of challenges of relevance to this development (Larsson & Heintz, 2020).

As recommendations become individualised, automated, and mediated by third-party platforms, it becomes relevant to address this from a consumer trust perspective. Dynamic pricing and price discrimination are two variable pricing strategies that are well-researched in terms of more traditional retail, but not necessarily when it comes to digitised and automated pricing methodologies at the individual level. In brief, dynamic pricing is when prices vary based on supply and demand, and price discrimination is when prices vary based on the willingness to pay. Dynamic pricing is already used in several industries. The aviation industry is perhaps the most notable example of the successful employment of this technique: However, Uber, AirBnB, and other AI-driven services have also had success with it. Price discrimination at the individual level is not so commonly seen, but is a practice that can be enabled by automated and platformised markets. While most pricing, being primarily governed by demand and supply, generally does not seem to factor in

personal and behavioural data, in the datafied retail environment of the future, this concept can be taken to the next level, with real-time, individualised pricing changes based on the willingness to pay (as critically discussed by Turow in *The Aisles have Eyes*, 2017). This means that individuals who are able and willing to pay more for the same product would be given a higher price than individuals who might not have been able to afford the standardised price, and who would now be offered a reduced price. Some research indicates that consumers may not have a favourable opinion of differentiated pricing—in particular, that it has a negative effect on trust (Garbarino & Lee, 2003). Amazon was famously accused of practising price discrimination in 2000 when a customer found that the price of a DVD was lower after deleting cookies from his/her browser: This led to Jeff Bezos promising to never use this at Amazon. Tinder, the dating app, has been scrutinised lately with regards to opaque and complex individual price discrimination, something which we will come back to in Section “Discussion: Platformisation and Personalisation” below.

Resignation and Regulation

In short, before we turn to the focus-groups used in this study, there are studies pointing to both privacy concerns and consumer resignation in terms of consumer sentiment towards data collection. This can be at odds with the development of novel retail experiences that are enabled through tracking and automation. Trust, transparency, and accountability, as a result, seem to play a key role in enabling innovation, and in fostering a fairer course of development without undermining consumer agency and autonomy. Lastly, in terms of EU policy, there has been much activity over the last few years aimed at finding a balanced regulatory approach to the digital- and data-driven markets, also relating to large-scale platforms, their lack of transparency, and AI. The EU has been catching up with technology innovation with regard to AI during recent times, seen in its proposal for an AI Act, its Digital Markets Act, and its Digital Services Act, forming an umbrella of regulation for digital- and data-driven markets, in addition to the already-established General Data Protection Regulation (GDPR).

Focus-Groups: Consumer Sentiment Regarding Data Collection and Personalisation

In the following section, we briefly touch upon three key aspects: (1) the non-transparent practical status of user agreements, (2) consumer sentiment regarding data collection, and (3) the role of trust in retail personalisation, as studied through focus-group interviews. In 2020, four focus-group interviews were conducted, as part of a series of studies on data privacy and AI transparency, in collaboration with Novus, a company specialising in market research. The participants were recruited for the interviews via the Novus Sweden panel, in relation to their stated trust in companies, websites and services that collect data online (e.g., through cookies, search behaviour, history, etc.), but also companies/shops and the like that save personal information (e.g., from customer loyalty cards, club memberships and loyalty programmes). Two groups of people with a high level of trust ($n = 24$), and two who had indicated a low level of trust, or a level of trust that was neither high nor low ($n = 24$), were recruited. The focus-group interviews were conducted online in a chat room environment due to COVID-related constraints. The focus-group interviews were divided into two parts. The first part contained questions regarding cookies and user agreements, perceived trade-offs, web tracking, customer clubs, unstaffed automated shops, and using smartphones as data collection tools. The second part contained questions regarding digital advertising, trust in the retailer, the willingness to share information, and targeted recommendations. This includes what we refer to as data-dependent, AI-driven, retail personalisation. The methods used for this type of targeted recommendation are increasingly data-intense, utilising machine learning to make predictions.

Lack of Data-Collection Transparency: So-Called Consent

In terms of data collection, particularly in the form of cookies and user agreements, all groups expressed a sense of resignation: They felt as if they really had no choice and that they “had to” accept cookies/agreements in

order to be able to use services (cf. Larsson et al., 2020). It was apparent that, instead of reading agreements, people trusted operators not to scam them, which is why many chose to use services from providers that they were familiar with, or that they otherwise deemed trustworthy. However, few of the participants believed they knew whether their providers were trustworthy or not, but reputation and “gut feeling” played a major part.

When it comes to digital tracking by third parties, respondents believed it was not possible to read through all the website agreements or to consent to cookies or other information on data collection and data management available there. A common opinion was that there were too many agreements, with the language being complicated and the layout tending to be impenetrable. The interviewees were not particularly surprised by the existence of web tracking using third-party cookies per se: However, they were amazed at its extent, especially with regard to the widespread use of third-party participation.

Personalisation or Surveillance? The Level of Trust Decides

Generally, the level of trust in screening that individuals indicated seemed to determine how they perceived data collection and automated services. Those in high-trust groups were more likely to feel that the offers and recommendations they received in exchange for (even passively) sharing their data were valuable, and that the value they received was roughly in proportion to the value of the data they shared. Those in low-trust focus-groups expressed some scepticism, describing uncertainty regarding whether or not the data they were sharing was being resold and seeming more likely to perceive data collection as *mapping* or *monitoring*. In addition, participants in these groups described various strategies for circumventing data collection, for example, not using their club memberships or by purchasing products they would not normally buy, which is quite remarkable, in an attempt to sabotage perceived profiling or mapping. The high-trust group reacted very positively to unstaffed automated shops (the example of Amazon Go was used in the interviews), saying they would like to have access to this type of grocery store. The reactions

of the low-trust group were not positive. They were hesitant about Amazon in general, but mainly here about the lack of human contact.

Thus, agency and control seem to play a key role here. Customer clubs and explicit data sharing—for example, situations where customers actively share an address—were often described as more trustworthy than the more automated data collectors. Retailers with physical stores and established names, that were local or national players and larger companies/chains, generally enjoyed, it seems, greater trust on the part of the participants than did their all-digital counterparts. If there were greater transparency, and a guarantee that operators would not sell data on to third parties, then consumers indicated they would be more willing to give up their data to merchants and, above all, more confident in doing so. The participants indicated four key pieces of information and assurances they would want before being comfortable with sharing their data: (1) What the data would be used for, (2) why it was being collected, (3) that it would not be used for tracking and monitoring individuals, and (4) it would not be sold to third parties.

Broadly speaking, the differences between the groups are shown, on the one hand, by the participants with a low level of trust being worried about losing control of their data and wanting to be more informed about when that happens, while on the other, the participants with a high level of trust felt less worried about their data being misused and also saw more benefit in sharing their data (for reciprocal services), and thus the exchange was perceived as more even. The pattern emerging from this focus-group is consistent with other studies in the field, highlighting trust, transparency, and agency as key consumer needs in the creation of healthy datafied retail (Chang et al., 2013; Larsson et al., 2021). However, each of these needs is more complex than it would seem on the surface. While trust is important, it also seems to be the case that consumers continue to use services despite having at least some misgivings: Transparency is required, but at the same time consumers are overwhelmed by information and it seems more important to feel a sense of having agency rather than exercising it. This is likely to be of relevance when looking at even more individualised relationships between consumers and retailers, enabled through automated and adaptive ways of engaging consumers, here addressed in terms of AI-driven personalisation.

Discussion: Platformisation and Personalisation

In this section, we combine aspects of the digital organisational logic that we call platformisation with the automated version of personalisation in order to point to how these jointly enable retail practices that can both benefit consumers and be a threat to them. From a consumer point of view, we mainly problematize aspects of the lack of transparency regarding how consumer data is used during both profiling and prediction, as well as the lack of control that accompanies third-party data markets and fears of being manipulated through data-driven nudging. From a retailer perspective, platformisation, as a digital market logic, offers efficiency at scale, useful marketing and analytics with the potential for greater accuracy in both recommendations and discounts. It does however also lead to a dependency on large platforms, that may unfairly use this dependency to their advantage. And, in the worst-case scenario, being a data-extracting third party, this may contribute to an undermining of consumers' trust in the retailers.

From Platformisation to Personalisation

Data collection in retail, particularly so for e-commerce, can be seen as a wider digital ecosystem, part of a societal-level shift towards platformisation (Andersson Schwarz, 2017; Poell et al., 2019). On both the infrastructural and market levels, a small number of companies are highly dominant. They are positioned as unavoidable infrastructure when a retailer uses digital marketing, stores data in the cloud, launches an app, or sells via an aggregated marketplace. While this may mean the efficient distribution of roles, whereby, for example, analytical tools and marketing are offered at low cost to retailers, it may also amplify consumers losing control of their data as they become data sources for ad-tech markets (Larsson, 2021).

Looking ahead and focusing more on behavioural analysis and consumer profiling abilities, the combination of data from various sources can also be seen as a type of platformisation. Conglomerates operating

across various industries can potentially leverage their position to build a large corpus of personal data across various sectors of retail, allowing highly detailed behavioural analysis, which we have mapped elsewhere (Larsson et al., 2021). For example, picture a grocery store that is owned by a company that also owns a pharmacy, and a health insurance company. In theory, customers using all these services might be able to get highly specific and targeted suggestions for grocery shopping based on their pharmacy shopping, and have their lifestyle choices reflected in their insurance plan. This is precisely what was demonstrated in the scenario at the beginning, where the pharmacy was able to learn about the shopper's skin condition using, perhaps, the facial recognition tech at the grocery store, with data sharing made easier by being part of the same conglomerate and data infrastructure.

This adds to the complexity and the lack of data-handling transparency, both for retailers and consumers, which in turn raises ethical questions being brought up in a growing body of literature on AI governance, including questions regarding where personalisation starts to infringe upon autonomy and fairness. (“Data-driven personalisation” is discussed from several perspectives in an anthology edited by Kohl & Eisler, 2021). In a retail context, for example, this could involve a grocery store nudging individuals to make healthier or sustainable decisions. Imagine, in the vignette scenario, the pharmacy advising you to buy omega-3 supplements because it was noted from your shopping history that your diet lacked that. While helpful in theory, it raises several questions: How would that end goal be set, and by whom, and how could we ensure that the consumer is involved in this goal setting?

From Personalisation to an Automated Lack of Transparency

The platform logic (Andersson Schwarz, 2017) links to the data-driven and automated phenomenon of personalisation, which in itself is not necessarily undesirable, because it allows highly customised retail experiences, and potentially saves both consumers and retailers time and money. One challenge seems to lie in control and consumer agency—For what

reason is a service individualised, based on what data, and according to whose goals? This was clearly raised in a recent mapping of how the dating app Tinder is setting prices for its paying premium customers. Swedish NGO *Sveriges Konsumenter* (“Swedish Consumers”) jointly conducted a survey study with Södertörn University in 2022 which indicated that 36 different price-levels were being used for Tinder’s premium subscription, without communicating any of this to users (*Sveriges Konsumenter*, 2022). That is, according to this study, some consumers paid 12 times more than others did for the same service, without knowing it. The NGO concluded that there was a lack of transparency in how, and for whom, this was being done, or what personal data the company was using in order to do so. This is corroborated in a similar study of other markets, where Consumers International and Mozilla (2022) studied the same app, but in six other countries, from the perspective of consumer trust and regulatory frameworks in relation to personalised pricing. This study states that the lack of transparency in the use of data and price-setting is a problem from a consumer point-of-view, and that consumers are seeking improved protection with regard to this.

Pricing is generally unregulated and left to the markets to handle, but the lack of transparency for consumers may create concerns from a trust perspective. If we were to consider, in the ointment purchase in the opening vignette, dynamic and individualised pricing in accordance with analytical predictions of one’s “willingness to pay”, it would indeed be hard for individual consumers to understand and compare with others how their offered price differed. This would mean a strong (“asymmetric”) information advantage for the seller, especially if the data used to profile the customer is rich. This advantage could, at worst, be used to time offers made to consumers to moments when they are in the most desperate need of a service. This concern has been raised in terms of payday loans with high interest rates offered to debt-laden consumers who quickly need cash (cf. Mogaji et al., 2020), in terms of complex betting ads aimed at those with addiction problems, or in terms of Uber’s surge-pricing during emergencies and natural disasters (The Verge, September 25, 2018). Consumers in our focus-group study also indicated that third-party involvement added to a sense of losing control, related to them losing track in this way of where their data was going and to what end,

regardless of whether this concerned pricing or not. Personalisation in retail would therefore have to take into account how this can be developed to give a sense of the consumer still being in control over his/her data, as well as to what end tailored services were being provided, and by whom.

Conclusions

In this chapter, we open with a vignette regarding how facial and object recognition can be used to create a leaner consumer journey in a grocery store. Furthermore, in this brief vignette, we link this to data-collection and sharing between a consortium of retailers in accordance with a platform logic that enables both the prediction and personalisation of what an individual consumer is likely to need in another store. While we admit that this scenario is not necessarily here yet, we point to the fact that all the individual technologies are present in retail today, particularly if you combine digital and in-store applications such as data-collection infrastructure, third-party sharing, and object and face recognition, as well as the underlying digital, often app-based, platform structures enabling data sharing and automated financial transactions. We primarily use this vignette to set the scene for an analysis of what these practises mean for consumer trust per se, and what role trust plays in the successful and fair implementation of these types of methods. In order to do so, we problematise aspects such as the consumer's loss of control over his/her data, the lack of transparency in how prices are set, and, at worst, the loss of agency in the consumer's own decision-making in automated retail environments where there is a highly unbalanced distribution of information between the parties.

Ultimately, we seek to contribute to an understanding of the importance of consumer trust and involvement in the development and implementation of data-dependent retail personalisation. To this end, we point to relevant research in the field, and draw on focus-group interviews with Swedish consumers sampled into those who, beforehand, indicate a high level of trust in retail's data collection and those who indicate a low level of trust. We do this in order to address the issues of consumer trust

mentioned with regard to what we call platformised retail personalisation, and closely related automated data collection in digital retail, both in the physical and digital (and hybrid) environments.

The results from the focus group-interviews indicate that the level of trust that consumers generally have in data collection is of relevance to how successful retail's use of personalised recommendation systems and targeted ads will be. The focus-group participants generally expressed that trust is linked to a sense of control, also indicating, interestingly, that customer clubs and the explicit sharing of data—that is, situations whereby customers *actively* enter, for example, their addresses—are perceived as more credible and trustworthy.

- Firstly, it is remarkable that the members of neither the low-trust nor the high-trust groups say they inform themselves about the consequences of their choices, that is, reading user agreements or cookie notifications to the extent that they feel they are well-informed. The respondents find it impossible to read consent agreements for cookies or other website information regarding the collection of data and processing. The primary difference between the two groups regarding third-party cookies seems to be that the low-trust group is concerned about not having control, wanting to be more informed and expressing resignation, while the other feels more confident that their information is not being misused and can be of potential benefit and thus does not feel any apprehension.
- Secondly, this is placing trust at the centre of consumer sentiment. Overall, this indicates a major challenge regarding how to set up and communicate AI-driven systems that depend on data collection. More effort thus need to go into how *meaningful* consumer transparency and autonomy can be attained, parallel with how to ensure sufficient governance to prevent consumer manipulation in datafied consumer marketplaces.
- Thirdly, the focus-groups, along with other studies, indicate that data collection, automation and even personalisation are highly third-party dependent. That is, both consumers and retailers alike depend on platforms for handling their interfaces, anything from marketing to app stores, smartphones and data storage. This dependence adds to the

complexity and the possibly detrimental lack of data-handling transparency, for both retailers and consumers, thus potentially undermining trusted and consumer-focused personalisation in AI-driven retail.

Trust, it seems, is the main prerequisite for functioning markets per se, which is why it also plays a key role in how new data-dependent and automated technologies impact retail markets, both online and offline. In this chapter, we point to the challenges of a lack of consumer control linked to a lack of transparency in automated and potentially AI-driven personalisation. This indicates the need for retailers to be attentive to how they digitise their marketing and their systems of recommendation, in order not to undermine consumer trust. Given the results of this focus-group study, the sharing of consumer data with third parties is the most problematic aspect in terms of loss of control. That is, the challenges inherent in data-dependent and platformised retail personalisation should not only be seen as technological and legal. They are also highly social, in the sense that these methods should only be implemented in such a way that they fulfil consumer needs for empowerment and involvement in such a way that they are not only passively trusted, but also ultimately trustworthy.

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6

Friend or Foe? How Buy-Now-Pay-Later Is Seeking to Change Traditional Consumer-Retailer Relationships in the UK

Ruffin Relja, Anita Lifen Zhao, and Philippa Ward

Introduction

Retail evolutions have irrevocably altered shoppers' experiences—for instance through in-store self-service scanning, online shopping, and mobile one-click ordering. When considering these transformations, technology's influence on how, where and when consumers shop is clear. The power of such technologies is manifest in the utilization of big data and in the systemic properties of the Internet and mobile networks. What is less obvious is the enabling role played by payment system changes in such retail shifts. In each example, shoppers' ability to 'tap and go', authorize a transaction remotely, or deploy mobile payment are integral.

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However, the payment systems, and the organizations behind them, are perceived by consumers as ‘mere’ enabling factors and their role is, perhaps, taken for granted. Consumers often focus their attention and interactions on the retail offer. This is the prime relationship, one that retailers, understandably, seek to enhance through the provision of such technologically driven evolutions.

This familiar situation is now being subverted by the provision of ‘buy-now-pay-later’ (BNPL) services. These credit providers are attempting to change the relationship balance between consumers and retailers by altering consumer decision-making processes and consumption patterns. This is essentially a ‘fintech¹ makeover’, one that engages consumers, by transforming their retail experience, and reconfigures the value proposition generated between consumer, retailer, and credit provider.

This chapter develops a fine-grained understanding of the symbiotic relationships between these actors—BNPL-provider, retailer, and consumer—and discusses how these bonds are evolving, given the functional and relational benefits, and the risks, being generated. This is achieved by generating data using a story stem completion task with 533 UK BNPL-users (aged 18–35, as chief BNPL adopters) to unearth their changing perceptions of retailers and credit providers and to explore consumers’ emerging practices.

What Is BNPL?

Operated by companies such as Klarna, Clearpay, or PayPal, BNPL services are third-party short-term credit agreements presented to consumers at retailers’ checkouts, or accessed through BNPL provider apps. These services are apparent at various touchpoints and heavily advertised on social media. When offered by firms with established reputations, such services potentially increase consumer trust and reduce the perceived risk of online payment, especially when the retailer is unfamiliar (Cardoso & Martinez, 2019).

¹ Financial technology.

BNPL agreements defer payment of the full price (e.g. pay in 30 days), or split it into several instalments (e.g. three or four). Both formats are commonly available in most contexts, but consumer preference differs between countries. Irrespective of the format used, BNPL is short-term credit and unregulated in many countries—including the UK. Additionally, customer credit checks are not always necessary, or used by all providers. BNPL is usually interest and charge free if customers meet the agreed repayment schedules. In the UK, because of BNPL's low consumer adoption barriers, user numbers and the total transaction value have grown significantly (Tijssen & Garner, 2021). This is also the only unsecured-lending product that accomplished 'high-double-digit growth' during the COVID-19 crisis.

BNPL use in the UK is particularly popular among Millennials (born 1980–1994) and Generation Z (born 1995–2009), who use it to buy essentials, for example, food, alongside luxuries (Mintel, 2022), often opting for the instalment option. Such consumers frequently have a limited credit history, making traditional credit methods that include cards and loans difficult to access, and find these payment methods unappealing. They prefer the rapid and frictionless processes and simple account management capacity that BNPL affords, making access to credit almost effortless. BNPL, however, is penetrating older age groups in the UK, and more generally, and is being employed across a wider spectrum of retail sectors, including high-end players, thus diversifying both the consumer and retailer base. Hence, BNPL is increasingly being used by customers who have high credit scores, although these tend not to use the same shorter-term instalment options as younger UK consumers, opting instead to defer payment.

BNPL and Changing Consumption Patterns

On the basis of the description above, 'simply' characterizing BNPL as short-term credit would be understandable. However, for many of the major players, such as Klarna, what has been created is a sophisticated integrated e-commerce environment that seeks to engage shoppers at each point of their customer journeys. The efficacy of this approach is

manifest in the changing behaviour patterns and benefits that accrue to each actor—consumer, retailer and BNPL provider.

In general, consumers using BNPL make purchases more frequently, spend more per shop, and buy more often. Therefore, BNPL both facilitates affordability and develops habituation: It additionally bestows offers and discounts, further enhancing product attainability. These developments are driven by shopping that has ‘levelled-up’, a service that claims to enable a ‘shop smarter, not harder’ consumer experience. This may also help consumers limit the unhappiness they feel while spending and experiencing perceived financial constraints (Cardoso & Martinez, 2019). What is provided surrounds consumers with a seamless array of curated retail offers, savings, retailer loyalty card management facilities and, naturally, offers a means of administering payments for what is bought, including the ability to pause when finances are tight. Most BNPL providers thus do not simply offer consumers short-term credit, but a single-point gateway for shopping, saving, and managing their spending.

UK retailers have also acknowledged gains from BNPL: Unsurprisingly, therefore, three in four of firms include such services in their growth plans (Tijssen & Garner, 2021). In seeking to benefit from BNPL provider platforms, retailers—large and small—not only use these services, but also increasingly pursue primacy within BNPL platform listings.

BNPL providers derive income from both their retailer and consumer users. Retailer payment is gained for access to credit services, and for other benefits, for example, advertising and listing deployment on BNPL platforms. The BNPL provider also gains fees and interest from consumers if payments are overdue. This extends relationship timeframes and necessitates intensified management—potentially reinforcing the connection between BNPL provider and consumer.

Therefore, an interconnected web is created between the three actor groups, one that is altering consumption patterns by recasting the relationships at play. The position is further strengthened by decreased use of cash, increased mobile and digital payment adoption, and intensified online shopping. Understandably, BNPL providers are positioning themselves to capitalize on traditional relationship changes, and evolving the financial landscape into what Klarna (2022) calls an ‘ecosystem’.

This ecosystem is best described as ‘cooperative’, as consumers, retailers, and BNPL providers simultaneously pursue individual and collective goals. Its creation has transformed the combination and balance of the functional and relational outcomes of each actor. Exploring this mix requires consideration of the pattern of possible outcomes—do all actors benefit, do they all lose, or do some win whilst others suffer, or remain unaffected—such considerations are currently absent (MacInnis et al., 2020).

Conceptual Concerns

Jacobides et al. (2018) suggest that ecosystems can be categorized into three streams: “a ‘business ecosystem’ stream, which centers on a firm and its environment; an ‘innovation ecosystem’ stream, focused on a particular innovation or new value proposition and the constellation of actors that support it; and a ‘platform ecosystem’ stream, which considers how actors organize around a platform” (pp. 2256–2257). BNPL could be viewed from within all three streams: Irrespective of which is used, each highlights the direct and indirect network effects that arise from the coordination, expectations, and compatibility of actor exchange (Rehncrona, 2022).

From the service perspective often applied to retailing, this interconnecting network ensures “individual *survival/wellbeing*, as a partial *function of collective wellbeing*” (Vargo & Lusch, 2017, p. 49; emphasis in original). Here, the concurrence of individual and collective wellbeing indicates cooperation, whereby mutually beneficial, and enduring, exchanges between actors are acknowledged, but so are issues of unequal power or information asymmetry (Zineldin, 2004). Hence, actors with greater power, or more information, can exploit these characteristics to further their self-interest within the network (Rehncrona, 2022; Singh & Sirdeshmukh, 2000). Therefore, actors simultaneously act in cooperation *and* competition. This duality might be categorized as symbiosis, whereby no participant would be able to obtain the potential network effects by existing on their own, instead similarly seeking to maintain the advantages of importance to them.

Many contemporary retail contexts provide evidence of such symbiosis, often supported through technological developments, be they social media platforms or various service aggregators or fintech applications—including BNPL (Rehncrona, 2022). Such technological developments are central to what have been termed ‘payment ecosystems’ (Hedman & Henningson, 2015), which, for instance, address credit card operations, or mobile payment and BNPL. These innovations support actors pursuing their own advantage. For instance, consumers want convenient and affordable purchases, retailers want to maintain brand-consumer relationships by offering multiple payment methods, and BNPL providers want to increase their credit agreement numbers. However, in seeking these individual outcomes, there is a concomitant change in the nature of these relationships, particularly when BNPL providers have sought to mediate traditional consumer-retailer interactions by seamlessly interposing themselves. BNPL providers, hence, are seeking to become the single-entry point shopping platform, making BNPL more than a payment mechanism—rather the ‘consumption ecosystem’ of choice where consumer-retailer relationships are played out.

Hence, the triadic relationships are “unequal in depth” as “the ‘prime relationship’” moves to that of the consumer and the BNPL provider (Worthington & Horne, 1996, pp. 191–192). Notionally, there is a shorter psychological distance between these two actors that enhances trust, while also increasing the information exchange and usage levels between them and developing into habits and routines. Whether or not this occurs is potentially a matter of ‘who introduces whom’ to the consumer. Where a consumer’s preferred retailer provides access to BNPL payment at the point-of-sale, the consumer may infer that BNPL is being endorsed and may hence adopt it (here, BNPL is operating as a ‘mere’ payment ecosystem). However, where a pre-existing BNPL user identifies a retailer advertised on the provider’s platform, the consumer may be more willing to purchase from this, hitherto, unfamiliar retailer (BNPL then acts as a consumption ecosystem). In both cases, there is a retailer-BNPL-provider relationship, and the consumer is the weakest partner as they are reliant on a structure they may not fully understand (Worthington & Horne, 1996) and due to the workings of the retailer-BNPL-provider relationship are likely to be opaque.

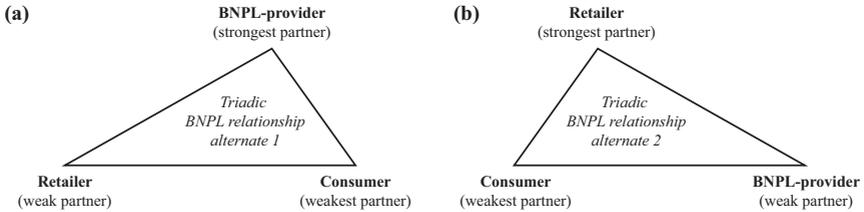


Fig. 6.1 Alternately unequal BNPL relationships. (a) The BNPL provider as the dominant partner in a consumption ecosystem, (b) The retailer as the dominant partner in a payment ecosystem

Figure 6.1 indicates how the pattern of relationships may vary between the three actors, depending on whether the consumer perceives BNPL to be a payment or a consumption ecosystem. This also suggests that complex interrelationships are generated that may result in varied forms of symbiosis. Five different possibilities have previously been identified on a broad continuum based on the overall wellbeing impact each partner incurs.

Box 6.1 A Taxonomy of Multipartite Symbiosis in Service Ecosystems

The associations of more than two entities (individuals or organizations) of different forms and with potentially distinct ideals where:

1. Mutualism—reciprocal benefits are derived, which may be unequal in form and scope (win-win-win).
2. Commensalism—an indirect diversion of energy for the profit of one or more entities is generated that does not damage the other parties (e.g. win-win-neutral).
3. Parasitism—one or more entities adversely affect the other entities as an outcome of, at least in some (if not all), its practices and cycle of activities (e.g. lose-win-win).
4. Amensalism—at least one entity is adversely affected by the practices and cycle of activities of another, whilst the other partner/s are unaffected (e.g. lose-neutral-neutral).
5. Synnecrosis—reciprocal detriments are derived, which may be unequal in form and scope (lose-lose-lose).

(adapted from Worthington & Horne, 1998)

Given the preceding discussion, it seems plausible that the actor relationships in the BNPL ecosystem are unlikely to simply lead to the collective maximization of wellbeing (mutualism: win-win-win). Rather, the actors’ opportunistic behaviour and information, and power asymmetries, are expected to generate different relationship outcomes. Therefore, other forms of symbiosis will also occur, necessitating identification of the possible mix of win, neutral, lose outcomes for each actor.

To help provide a discriminating assessment of the BNPL ecosystem relationship outcomes for each actor (win, neutral, lose), the *functional* (e.g. fees) and *relational* attributes (i.e. social, special treatment and confidence/safety) that emerge need to be uncovered (Koritos et al., 2014). This requires consideration of what, potentially, each actor stands to win or lose, and what remains unaffected, and whether these outcomes rest on functional or relational attributes—Table 6.1 offers examples of what this might mean for the actors.

Table 6.1 Examples of potential functional and relational outcomes of BNPL ecosystems

Relationship outcome (win, neutral or lose)	Description: Examples of functional/relational attributes	
<i>Win for...</i> Consumers	<i>Functional</i> Payment management	<i>Relational</i> Access to individualized discounts
	BNPL providers	Transactions: Generating percentage price or fee from retailer
Retailers	Transactions: Increased sales conversion	Prominent listing amongst payment options
<i>Neutral for...</i> Consumers	<i>Functional</i> Soft check does not affect credit score	<i>Relational</i> Unpaid promotion to BNPL users
	BNPL providers	Which retailer you use does not matter, as long as you purchase through the BNPL provider
Retailers	It does not matter where the money comes from, as long as you purchase through the retailer	Partners seen as viable but not preferred
		BNPL user choice of retailer facilitated
		Consumer choice of payment form facilitated

(continued)

Table 6.1 continued

Relationship outcome (win, neutral or lose)	Description: Examples of functional/relational attributes	
<i>Lose for...</i> Consumers	<i>Functional</i> Debt	<i>Relational</i> Increased anxiety surrounding payment management and uncertainty
BNPL providers Retailers	Missed transactions: Bad debt Missed transactions: Lost sales	Consumer trust damaged Confidence in retailer brand diminished

The following develops an understanding of the UK BNPL ecosystem by assessing the nature of the apparent functional and relational outcomes, hence identifying the emerging symbiotic relationship forms.

The Study

Data Generation

This chapter was created using a *story stem completion task* (projective technique) to explore the conscious and unconscious perceptions, motivations, and emotions that UK BNPL users (18–35 years) hold regarding BNPL services. Research panel members were presented with a visual (fictitious online store checkout page including four BNPL options) and ambiguous verbal stimulus. The latter asked participants to develop a short ‘story’ detailing what happens next and why, in response to the stem, “Sam spots a coat online that looks fantastic. It’s a little expensive, but worth the extra, even if Sam wasn’t really shopping for one today! When it comes to pay, Sam sees the following”.

Data Analysis

Thematic analysis was used (Braun & Clarke, 2022), whereby the levels of symbiosis, as well as the functional and relational benefits, served as initial a priori codes. Extracts are introduced in the next section both to

illustrate how consumers make sense of BNPL services and to present an analytic interpretation of the symbiotic interrelationships of the BNPL ecosystem.

Participants

In total, 533 BNPL users aged 18–35 contributed. Most identified as female (67.4%) and white (80.0%), and were in their upper twenties ($M = 28.55$, $SD = 5.11$). Nearly one in four participants (71.9%) were in full- or part-time employment. Approximately one-third used BNPL either often or almost always (26.0% and 6.3% respectively). Conversely, just over two-thirds used BNPL either rarely or sometimes (31.0% and 36.7% respectively).

Results

Mutualism (Win-Win-Win Outcomes)

While mutualistic relationships—by definition—hold benefits for all participants, consumer stories propose that BNPL providers are the prime partner in this form of symbiosis. This is not to suggest that consumers and retailers do not benefit from this interrelationship. Rather, it reveals that the real power evident in mutualism ultimately rests with the BNPL provider.

As exemplified in the following, consumers acknowledge the ‘smooth’ management of payments (consumers), accounts (BNPL providers), and checkouts (retailers) as the essential functional benefits of mutualism:

Definitely use Klarna and split the payment over three ... months to make it more manageable. Klarna is simple and easy to use and reminds you when you will need to pay and will let you ... [extend] it if needed. I personally use Klarna and wouldn't use a different company because you then owe loads of companies instead of one. Making it harder to manage. (P525).

If I was Sam, I would use Klarna because they're a great company and I would choose 'the pay in three' [payment option] as it's easy and you don't lose a lot of money all in one go. It's easy to use ... they just take a mobile

number, send you a text message to verify, set up your account by adding all your personal details. (P424).

Checkout is easy on Klarna as long as [Sam] has an account which he does, and his purchase is complete in a matter of minutes. He set up a payment plan ... for 3 months and splits the payment into 3 equal payments with no interest added onto this unless he doesn't pay. (P290).

From the above, it appears consumer behaviour can best be described as opportunistic (e.g. payment by instalments), calculative (e.g. choice of BNPL providers), inertial (e.g. cognitive loyalty) and reliant (e.g. reminders). The latter also puts trust at the centre of the consumer's relationship with the BNPL provider, which seems the strongest pairing in mutualism.

Interestingly, brands like Klarna use attributes like 'trust' and 'empowerment' to position themselves in consumers' minds. But the stories presented here raise the question of whether BNPL tools and practices are truly designed to empower consumers towards financial 'capability' or 'affordability'.

Commensalism (Mix of Win-Neutral Outcomes)

This form of symbiosis is characterized by a combination of win/neutral relationship outcomes. Many consumers experience confidence benefits (e.g. trust) from their relationship with particular BNPL providers (e.g. Klarna), for which they are prepared to pay a 'price premium' in the form of higher *monthly instalments*:

They are all quite appealing, though, it's just—I do trust Klarna the most out of them all. Even though it offers the most expensive monthly instalments out of them all. (P157).

Financial decision-making, so it seems, involves relational and functional trade-offs, whereby the attributes of the former outweigh the latter. This, in turn, is indicative of the relational benefits BNPL providers might offer, with consumers appearing to forge psychological bonds with BNPL providers that are based on mediated experiences (e.g. advertising) alongside indirect (e.g. word-of-mouth) and direct (e.g. prior usage) lived experiences:

She [Sam] has seen a lot of advertising on social media and the TV about Klarna so knows that it is a reputable brand that a lot of people are using, and this reassures her as well. (P325).

Klarna seems like a popular option to pay as his [Sam's] friends and family also use it, so he knows it's trustworthy. (P181).

Sam clicks on the Klarna option to spread the payments into 3 monthly payments, because he's used Klarna before and trusts their service. (P382).

In commensalism, the absence of any mention of retailers provides initial evidence that these have become mere transactional partners and thus they have the weakest links in this symbiotic form. This idea is summarized thus:

Even if Sam wasn't looking for a coat, if he likes it, then he will surely buy it like in my case. If he has enough money on the card the[n] he would probably pay all at once by credit or debit card but if he plans to buy some other stuff, then he might use one of the other options that helps Sam to spread the cost. I would probably use Klarna, but all the others are a great help too. It's great that now you have multiple choices on how to pay so you can do the one it's best for your needs. (P400).

The above story highlights the neutral relationship outcome for retailers if consumers are presented with multiple payment options (e.g. card versus BNPL). This is because choice does not affect the ultimate outcome, namely sales. However, it is conceivable that payment options become consumption barriers for consumers who are overwhelmed by the amplification of choice.

Parasitism (Mix of Win-Lose Outcomes)

So, I would use one of these [BNPL] options as I wouldn't want to miss out on a sale or discount code. I have a Clearpay account so use this quite often and it doesn't feel like such a hard hit when paying for more expensive items. (P360).

The introductory quote reveals consumer appreciation of the special treatment (e.g. price cuts) received in parasitic relationships, disregarding

potential losses for BNPL providers (e.g. lower transaction values) and retailers (e.g. slimmer margins). Rather, relational benefits become resources that cushion consumers from psychological and financial shock (pain), as the metaphor *hard hit* suggests. The frequent use of BNPL applications could be construed as an expression of trust in BNPL providers, who are believed to curate promotional offers with consumers' interests in mind.

However, not all consumers seem to feel that way. Some have become mistrustful towards BNPL services, which, despite their increased proliferation, remain novel and thus unknown, unproven, and controversial—potentially damaging consumer trust (relational loss for BNPL providers). Few might develop an awareness of, a familiarity with, or a preference for specific BNPL providers who induce feelings of security and trust in an otherwise mistrusted environment. Lack of trust, mistrust, and distrust will result in BNPL providers' inability to convert leads into new customers. These consumer views are summarized thus:

Sam sees lots of options he recognises like Klarna which he knows ... But look there's another option of paying even less for 6 weeks. But I don't really know that company [Laybuy] and don't want to risk it. Sam's friend had difficulty with his credit after a dodgy encounter. No, Sam should use Klarna if he is going to spread the cost. (P19).

Consumer stories shed light on a different yet related issue. Some consumers have formed relationships with fintech service brands like PayPal and Google Pay, and expect to find them in the retail environment. The absence of these brands has detrimental outcomes, chiefly for retailers who forfeit sales transactions because they lack established relationships with consumers:

Why isn't PayPal a payment option? Sam finds it off-putting if it's not offered. They don't want to sign up to Klarna or Clearpay. More personal information to share with more companies. More passwords to remember. More deadlines to miss. The coat sits idly in Sam's online basket. Sam closes the tab – they weren't even looking to buy a winter coat. (P489).

Implicit in the above quote is a trust transference from fintech brands to the retailer. It appears consumers become distrustful towards specific retailers in situations where transference is not possible:

I wouldn't trust the site as much without PayPal or Google Pay. (P529).

Amensalism (Mix of Lose-Neutral Outcomes)

Some BNPL users expressed increased levels of anxiety (relational loss) during the pre- and post-purchase phases, as illustrated by this story:

Sam feels troubled. Should [he] buy or not? Yes, but the suggested payment method for Sam sounds attractive. But it is also difficult for Sam. It's quite interesting that Sam doesn't need to spend a lot of money at once but being able to pay monthly will help Sam reduce his anxiety right away. But buy now and pay later, Sam will have to worry about paying for the following months. (P162).

Pre-purchase cognitive dissonance ('trouble') arises from the evaluation of the available options (e.g. *buy or not*). BNPL is believed to *reduce...* *anxiety* in the present (*right away*) but raises repayment concerns ('worries') in the future (*following months*). It is conceivable that the projection of negative affect into the future (post-purchase phase) could inhibit BNPL use because some consumers might overestimate its future effect (impact bias).

Conversely, other consumers seem to embrace BNPL services and develop promiscuous consumption behaviours:

Sam chooses to use a buy now pay later service. Sam makes all his payments on time and gets more credit for the service. He then continues to use several different buy-now-pay-later services. Eventually, Sam uses buy-now-pay-later services for nearly every single one of his purchases. His purchases then continued to be buy-now-pay-later again and again. Sam then goes to another shop and uses the buy now pay later services. Then he finds a different website and does it again. (P42).

Objectively, it is irrelevant to BNPL providers where consumers shop if using their services (neutral outcome). Equally, the choice of BNPL provider does not affect relationship outcomes for retailers (e.g. sales) and is thus neutral:

Clearpay would be the best choice to spread the cost further and not add any interest it is one of my favourites to use and would save having to spend a lot of money in one go. If this was not an option, then I would use Zip that offers interest-free payments over time and would not have to break into money I wasn't planning to spend. If they were not available, then Klarna would be the next best choice. (P250).

As demonstrated, retailers facilitate the choice of payment form (BNPL) by creating a space where BNPL users can select BNPL providers in the consumer's order of preference, preventing shoppers from dropping out of the sales funnel. Analogous to other forms of symbiosis, relationships might thus be strongest between consumers and BNPL providers, making retailers the weaker partner in the triad.

Synnecrosis (Lose-Lose-Lose Outcomes)

In synnecrosis, all actors experience detrimental relationship outcomes. Interestingly, however, the data indicates that losses are predominantly functional (e.g. consumer debt and missed transactions). What is more, stories emphasize consumers' psychological and financial vulnerability to BNPL services in general, and retailers' marketing practices more specifically, as illustrated by the notions of 'seduction' and 'persuasion'.

This puts consumers in the weakest position of the triadic relationship, evoking feelings of stress (e.g. cognitive dissonance), impotence (e.g. loss of control), confusion (e.g. surprise), suspicion (e.g. manipulation), and ultimately mistrust directed at BNPL and distrust directed at retailers. Consumer responses are summarized thus:

Sam uses payment splitting options like these often, and at the time they seem like a tempting idea ... but Sam is on a slippery slope to getting into financial difficulties. This, plus the iPad they got last month, their phone

bills, and not to mention the splurge on ASOS a couple of months ago. It's all getting out of hand, but Sam can't see that, they rationalise it in their mind and buy the coat. (P401).

When presented with payment options Sam is surprised to see 4 different options for payments via instalments and wonders whether any of them are actually distinctly different from each other. After all, he will still be paying £80 for the coat. (P492).

Sam sees the options for purchasing the coat on credit. He thinks about how it would be really easy and convenient, and he could have the coat now instead of later. He clicks off the website because he understands the marketing techniques that can convince him to spend money he doesn't have on items he doesn't really need and no sane person would actually spend eighty quid on a single coat. (P340).

As revealed in the last story, some might feel it is the consumers who play the decisive role in synnecrosis as it is their own 'fault' if they fall for the 'scam' and end up on the *slippery slope* towards debt.

Discussion

Prolific BNPL market growth in the UK, and beyond, has seen consumers provided with a new form of short-term deferred credit. More importantly, BNPL offers a potentially new consumption ecosystem, one that has the capacity to become *the* e-commerce portal of choice—making the prime relationship between consumer and BNPL provider. This goal is specified in Klarna's (2022, p. 5) corporate communications, suggesting the company wants to create an ecosystem that provides consumers with the control they need to save time and money, ultimately helping them manage their finances and experience less stress. BNPL providers in the UK also promote other consumption pattern changes—for example, encouraging more spending per transaction, buying more often, and using BNPL to access an increasingly wide range of products (Mintel, 2022). However, there is little research that considers whether or not these objectives have been realized, thus helping to distinguish whether consumers view BNPL as a 'payment' (Hedman & Henningson, 2015) or as a 'consumption' ecosystem.

To respond, attention needs to be paid to all network participants and the nature of their symbiotic relationships, rather than limiting deliberation to partner dyads. However, there is limited understanding to date of how the rise of BNPL is altering the balance of the relationship outcomes for the consumer, retailer, and BNPL provider. By drawing on ideas surrounding ecosystems (Jacobides et al., 2018; Rehn Crona, 2022; Singh & Sirdeshmukh, 2000; Vargo & Lusch, 2017), on early insights into symbiosis in financial services (Worthington & Horne, 1996), and on the functional and relational attributes that emerge (Koritos et al., 2014), this chapter has sought to establish a fine-grained understanding of the permutations regarding who is unaffected, who stands to win or lose, and the nature of the functional or relational attributes of each case.

The findings suggest that in both mutualism (win-win-win) and synnecrosis (lose-lose-lose), the focal gains and costs highlighted for all the actors are *functional*. As these are the most extreme forms of symbiosis, this is perhaps because the direct and indirect network effects relate to the obvious and practical attributes distributed amongst the partners. This view would be in line with earlier work done in services suggesting that functional benefits predominate. However, the liberation of these functional outputs can also generate (dis)trust as a relational attribute that flows across the ecosystem (Rehn Crona, 2022; Rousseau et al., 1998), (dissolving) cementing bonds and the interdependencies between partners. This (dis)trust equally defines the participants' responses—in mutualism, scaffolding consumers' resourceful and considered behaviours and, in synnecrosis, provoking a negative psychological state and uncertainty. Irrespective of the turn taken, it appears UK consumer responses determine the nature of the concomitant outcomes for both the retailer and BNPL provider. However, that does not make the consumer the strongest partner, as the data from both mutualism and synnecrosis illustrate, participants in both acknowledge that they may struggle, or fail, to meet payments even where win-win-win situations are identified.

When the other forms of symbiosis are considered, the primacy of functional qualities is drawn into question—and relational attributes dominate participants' accounts, which is in line with the findings of Koritos et al. (2014). Here, social attributes abound (e.g. (dis)trust), with special treatment (e.g. discounts) and confidence and safety (e.g. anxiety,

surety) also being evident, particularly in relation to consumer outcomes. These aspects are formed over a substrate of functional attributes that emanate from the operation of the ecosystem.

Within all participant narratives, irrespective of which form of symbiosis they provide evidence of, it is clear that the nature of the relationships is not equal, and that the overall wellbeing of each entity does not always improve (Worthington & Horne, 1996). It is, therefore, instructive to consider which pairing in the triad demonstrates the shortest psychological distance, and who is the dominant actor (strongest partner) in the UK context.

In all cases, the relationship between the consumer and the BNPL provider appears closest—in the participant excerpts, the retailer is often excluded or afforded limited consideration. Retailers are demoted to a necessary partner, but are rarely accorded primacy—hence, they are consistently perceived as the weak partner. It is the BNPL provider that is strongest, with consistent reference being made to the development of trust in this actor and the creation of psychological bonds and identification with specific BNPL providers. Participants particularly viewed Klarna as a trusted partner, highlighting that its platform has made purchasing ‘smoother’ for *its* customers. Here, the notion of ‘customer ownership’ is telling, underscoring that the retailer-customer relationship has effectively been disrupted and suggesting the retailer has even become the weakest partner in many forms of symbiosis.

When synnecrosis is examined specifically, another view of the consumer might also be proffered, one in which they are the weakest partner, bearing the greatest number of both functional and relational losses. This again emphasizes the relative imbalance of power and information asymmetry (Zineldin, 2004) within the ecosystem, as both retailers and BNPL providers have significantly more resources, enabling the effective management of their self-interest at the consumer’s expense. However, it does not preclude the existence of consumers with considerable knowledge and financial skill who use BNPL to further their consumption practices in a manner that elevates their self-interest over that of the other partners (Singh & Sirdeshmukh, 2000).

Given the diversity of the relationship depths and configurations, alongside the reliance on the collective alignment of the network (Vargo

& Lusch, 2017), the UK BNPL ecosystem is most certainly cooperative (Zineldin, 2004) due to the concurrence of individual and collective wellbeing. This creates both potential opportunities and challenges for the various symbiotic forms evident (MacInnis et al., 2020). The diversity of the participant accounts across the forms of symbiosis suggests that, for some consumers, BNPL is moving towards becoming a consumption, rather than a payment, ecosystem—where the consumer-BNPL-provider relationship is prime. However, other consumers see it as a payment ecosystem, often foregrounding the management of payments as their principal BNPL concern, rather than dwelling on the provision of more general consumption outcomes. Hence, the nature of the BNPL ecosystem is still emerging—and it will be the nature of the forms of symbiosis, as well as the concomitant mix of functional and relational attributes derived for all the actors, that will determine what gains dominance.

Conclusion

Given the understandings this chapter begins to bring to the surface, the functional and relational attributes that specific actors liberate using BNPL frame the scope and nature of their individual ‘wellbeing’ in this cooperative ecosystem. The individual outturns are inherently unequal, and there is considerable variance for the actors in each form of symbiosis—although the retailer consistently appears to be the weak, if not sometimes the weakest, partner. What is also telling, if not unexpected, is that the consumer appears to be the arbiter of which form of symbiosis manifests itself.

To capitalize on the current situation, BNPL providers are positioning themselves as more than just a payment ecosystem, generating environments that seek to transform the consumer experience and reshape the value proposition into one where retailers are a necessary, but no longer primary, constituent. This movement is supported in the UK by many consumers pursuing short-term credit, to both access goods and to (better) manage their finances, during uncertain times. The changing payment landscape offers consumers additional opportunities to spend

without 'feeling' they have made a dent in their income—something that may be sought after in many countries given the current financial landscape.

In that manner, BNPL offers both an incentive to spend, fostering potentially unsustainable patterns of consumption, and a safety net regarding access to goods through deferred payment or instalments. This is reshaping customer expectations in the UK, and potentially more internationally: Rather than thinking about what is wanted and then managing how to afford it, BNPL providers first offer their consumers the means of access and then present a menu of available consumption choices. The more consumers recognize and value this pattern, the more the retailer will be demoted to the weak, or weakest, partner in what will become a BNPL consumption ecosystem.

However, in offering a nuanced insight into the complexities at play, this research also suggests that reducing the outcomes to a uniform set of benefits or losses for each partner is a considerable oversimplification, both in terms of what the UK data presents and potentially more generally. As such, current understandings need to be elaborated to encompass the multipartite nature of BNPL and the apparent varied forms of symbiosis. This will help determine whether BNPL is viewed as a payment or a consumption ecosystem, dependent on consumers' relationships with what is being offered in different locations.

For UK consumers, the findings provide evidence that functional benefits, and just as importantly losses, underscore symbiotic outcomes: However, it is the relational attributes that seem to define the nature of the prevailing consequences (win, neutral or lose). In this respect, BNPL providers in the UK, and more generally, are working hard to build up consumer 'wins' such as loyalty and attachment through aggressive advertising, targeted discounts and savings, widening the range of retailers and brands with whom they have direct connections to amplify product choice. These approaches, alongside the potential to individually tailor BNPL offers (e.g. loyal customers receiving longer credit terms or accessing specific discounted packages containing offers from multiple retailers), or BNPL's participation in open banking to influence consumers' wider financial activities, suggests a move towards an increasingly integrated and engaging experience. An experience that not only influences

consumers' shopping, but potentially also their entire approach to financial management and possibilities, underpinning a full-fledged consumption ecosystem. However, for a significant number of UK consumers, the relational outturns work to generate (dis)trust chiefly in the BNPL provider or mistrust in BNPL more fundamentally, and thus these consumers will remain outside, or on the periphery, of BNPL: For them it will remain at best a payment ecosystem.

For the BNPL provider, the research highlights that efforts to create a consumption ecosystem that disrupts contemporary patterns and relations have been somewhat effective since BNPL providers are consistently perceived as the strongest partner by UK consumers. The retailer becomes relegated, with this presenting considerable provocation and beginning to call into question the understandings of retailer-consumer relationships previously wrought on simpler dyadic assumptions. Hence, more work is needed to delve into the nature of the individual outturns of the BNPL ecosystem in all its varied forms, both in the UK and in other contexts.

It is equally clear that the individual actor outcomes work together to influence the collective relationships and wellbeing, which then define the general BNPL ecosystem. This network exhibits systemic attributes of collective wellbeing, perhaps the most evident being the formation of the trust, distrust, and mistrust embedded within yet wider institutional mechanisms and drivers, for example, dominant views of consumption or prevailing economic conditions. Here, again, there has been no concerted investigation and much needs to be done, whether this be considering the interplay denoting network purpose, the varied nature of collective wellbeing that might be present for different forms of symbiosis, and the impact of the varied environmental conditions of different locations, which cannot be separated from the holistic quasi-organism that is BNPL. There is likely to be considerable development. Firstly, as BNPL providers evolve and perhaps become embedded in open banking systems in some countries, they extend their operations to manage retailers' digital and physical checkouts. Secondly, many consumers are struggling in the current global economic conditions and are, therefore, seeking smarter finance-centric solutions. Thirdly, retailers are now fighting to maintain their consumer relationships and are working to navigate their evolving role in consumption.

Hence, the findings raise several managerial implications: Firstly, for BNPL providers, they highlight that, where consumers derive functional and relational losses, synnecrosis is likely. Therefore, all partners suffer and BNPL is likely to be ‘just’ a payment ecosystem. This suggests that consumers need to be assisted in avoiding debt and its resulting negative psychological outcomes to maintain win (or neutral) outcomes. This management of customer outcomes into a more neutral or positive framing is also beneficial for the other ecosystem actors, and hence is not lacking in self-interest for BNPL providers and retailers. This might be achieved through consumer education in relation to fiscal management, additional support in terms of BNPL account management, or even in terms of curtailing spending or being more actively engaged in open banking. Such efforts would certainly align with Klarna’s espoused mission in suggesting it wants to make the task of payment as safe, simple, and primarily, as ‘smooth’ as possible. However, such actions also run counter to the patterns in the information that this BNPL provider offers to entice retailers in a number of locations into using the platform, that is, greater spending by consumers, more frequently. Hence, issues concerning the management of systemic versus individual actor wellbeing are brought to the fore and need careful balancing to realize a more full-fledged consumption ecosystem. There is also the spectre of the entry of another network partner, both in the UK and increasingly also in other contexts—that is, the regulator—who may help define the managerial responses available to BNPL providers.

Secondly, given the results, retailers appear to be facing considerable challenges. How are they to maintain their relevance and position, as well as avoid, as seems to be happening in the UK, being relegated in terms of their consumer-brand relationship. Evidence suggests retailers can disrupt the triadic relationship. Vendors can reduce the psychological distance between their brand and consumers by actively managing payment options and marketing solutions themselves. Retailers can even eschew the potential to have BNPL providers manage their checkouts and consider how to create competition between BNPL providers. This can help

to build a customer repertoire of financing possibilities and focus attention on those the retailer deems preferential for the consumer. In essence, consigning BNPL providers to a more traditional financial services relationship role, that of payment ecosystem. Equally, if managed differently, the balance between the two organizational partners might become equalized in the UK and beyond. This stability might be achieved, for instance, through the creation of stronger retailer and BNPL provider bonds to generate targeted consumer discounts, or preferential financing options borne by the BNPL provider but only available through a specific vendor. Retailers can similarly galvanize their marketing efforts to respond to the evolution of the BNPL marketplace, reconfiguring and placing renewed effort in the establishment of consumer-brand relationships. This might be done by individual retailers or by leveraging network benefits jointly with other retailers. Here, it needs to be remembered that this cooperative ecosystem contains many consumers, growing numbers of BNPL providers and numerous retailers. Hence, the organizational players, in addition to establishing relations *between actors*, are also free to foster them *within an actor type*. This will bring both solutions and new challenges.

Finally, BNPL and retail managers are advised to acknowledge the broader socio-economic context. For instance, it is conceivable that the proliferation of BNPL services (market growth) is stimulated by economic downturns (bust) whereby younger and financially vulnerable consumers especially depend on alternative payment options like BNPL to stretch their budgets. Analogously, consumers might be less prone to manage their finances during phases of economic growth (boom), moving retail brands back to the centre of their consumption. It follows as a corollary that relationships will continue to shift, requiring flexible and active management, together with all network partners, to ensure individual and collective survival and wellbeing, ultimately determining whether BNPL, in each context it operates in, is more a payment or a consumption ecosystem.

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7

The Future of Grocery Retail

Rickard Sandahl



Mylla.se is a digital marketplace where food producers sell directly to their markets. Mylla's mission is to reduce the distance between those producing food and those consuming it. By removing the middlemen, producers get paid better and buyers get a better price. Founder Rickard Sandahl describes how Mylla's platform facilitates relationships between producers and consumers which are better for people, the environment, and the local economy.

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Mylla is a digital marketplace that facilitates direct transactions between food producers and buyers. These buyers can be consumers, restaurants, hotels, cafés, and the public sector. Mylla ensures a smooth process whereby the goods of the producers are gathered together in one order and then delivered to the door of the buyer.

As a company, we're driven by our mission to reduce the distance between those who produce food and the rest of us who eat it. We believe that, as human beings and consumers, we are moving closer and closer to authenticity. The era of standardized, mass-produced, and high-volume products is coming to an end. With the Internet giving everyone an outlet to sell things, our need to buy standardized products at one big store is declining. Marketplaces like Amazon and Alibaba have given DTC (Direct to Consumer) brands an enormous opportunity to sell to a global audience.

In the grocery sector, however, this has not been the case: As people start to purchase more groceries online, the need for standardization is less obvious. The major grocery chains fulfil a purpose with their physical stores due to these being located close to where people live: However, when people buy more groceries online, the need for these stores is reduced.

That opens the market to marketplaces in the grocery sector, too. Suddenly, a smaller brand can also get the opportunity to sell directly to its consumers in a way that the big brands alone used to do. Mylla aims to be that marketplace. With full transparency, every player along the grocery chain must show what value it adds and be able to justify that. In the current marketplace, there are too many middlemen who are simply not needed in an efficient food chain: As a result of this, these middlemen may become redundant.

By connecting our platform to the producers, we can get data showing exactly where different produce has been grown, or about the life of a cow. We know when produce is ripe and when it's ready to be sold.

On the buying side, we have consumers and restaurants who have a pretty good idea about what they will be buying during the coming week, but also during the next six months, if they have the time to plan for it and the incentive to do it. However, with each week of buying groceries, the platform will know what they will most likely be buying based on

their previous consumption behavior, and thus we can forecast both the type of food and the amount with some accuracy.

One of the major problems and inefficiencies of the food chain is food waste on the producer side, that is, food that is unsold or partly damaged. This waste is of no value today. However, when we start to match up the data we get from the producers with the data we get from the buyers, things start to happen! We know which products are in demand, and we know the quantities; and this is now being matched with the supply data obtained from the producers. Suddenly, the inefficiencies disappear and we start to find the true price of a product. There is no need for consumers to look for discount prices: The algorithm will do the work for them if they know in advance what they want. If many consumers want to buy a specific piece of meat from a specific producer, then the price will go up and you as the consumer will have to specify the maximum price you are willing to pay during the automated buying process.

If it's not as important to buy from a specific producer and you are willing to try something else, then the price you pay falls automatically. What we are talking about here is a digital auction taking place without either the seller or buyer being involved. It all happens automatically, in the best interests of both parties and not in the best interests of the major grocery chains. The software for the digital auction is only of use if the data is available, showing once again how important transparency is.

Producer data regarding the type of product, weight, and volume and so on is necessary for automated purchasing. However, there is one more aspect of this data that will have a huge impact on the profit margins of the producer, for example, the price paid by the buyer, the environment, and society itself. This is the condition or quality of the product. Today, we pay the same price for a tomato that is ripe and perfect as we do for one that is older and, well, not so perfect. Or is it perfect? Yes, it is, for chefs wanting to make a tomato sauce! There is no need for them to purchase the expensive tomatoes that all consumers want. Thus, the value of the product varies with its condition. Using IoT freshness sensors, it's possible to update prices in real time according to the quality of the tomatoes.

When we have data indicating their condition, the fresher tomatoes demanded by consumers will thus command a higher price. However,

products previously impossible to sell can now be sold to buyers interested in tomatoes in this condition who will then happily pay less. However, it's still more than nothing, which is what they were getting paid before.

When not just the origin of a product, or its labels and type, is important, but also its condition, then more food will be available for purchase and the level of price elasticity will increase. This will have a huge impact on society.

Thus, the demand for authenticity is pushing the grocery market in the same direction as so many other industries, with marketplaces taking on a key role and smaller brands playing a bigger one. When the producer itself is the brand, it can start building in value using storytelling and so on. Small producers will always be more authentic than large-scale corporations are, and this will be of importance when customers make choices on the basis of their interests.

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Part II

Sustainability





8

Toward a Packaging-Free Society: A Historical Journey of Institutionalization and the Way Forward

Ozan Ağlargöz and Feyza Ağlargöz

Introduction

As we witness the “Anthropocene” era, the reversing of disastrous human impact becomes more vital. As one of the significant major challenges of this era, sustainable development requires the collaborative efforts of various stakeholders, including, more importantly than ever, businesses (Schaltegger et al., 2016), in order to decrease the negative impact of production and consumption (Tunn et al., 2019). Packageless consumption is gaining attention as regards building a more sustainable society. It is now clear that mainstream consumption and production patterns are energy- and resource-intensive (Mont, 2004). Backing precycling efforts, and thus creating the potential to decrease our dependence on recycling

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in the first place, packageless consumption has been considered to support waste reduction and minimization (Linn et al., 1994).

Although it is not new to view the consumer as the victim (Gabriel & Lang, 2006), recent editions of the well-established marketing management textbook position the consumer and the retailer face-to-face in the world of consumption as counterparties. Among all businesses, retailers occupy a specific position in fulfilling their duties with regard to noticing changes in consumer behavior and preferences, and market early on, as well as reflecting these changes in brands thanks to their position as an intermediary. Unlike in the past, retailers are no longer focusing solely on functionality, sales, and exchange. They are adding value to the products and services sold to consumers and offering these unique experiences. Thus, they are responding to changes and seizing opportunities in the marketing environment. As they perceive changes to consumers and markets, they also have the power to influence all the stakeholders along the value chain.

After the hard-to-repair damage humanity has inflicted on the world, the cry for sustainability has begun to be heard in all areas of life. “Packages are an inescapable part of modern life. They are omnipresent and invisible, deplored and ignored,” says Thomas Hine (1995 p. 2), the author of *The Total Package*. Packaging, which has become an essential part of products in the modern world, has also gained importance in sustainability efforts. These efforts include recyclable, biodegradable, or compostable packaging, packaging with less plastic waste, and packaging-free products, under appropriate conditions. The expectations and demands of both the consumer and the market, in this direction, have increased the interest being shown in new but old-fashioned packaging-free shopping options.

In modern society, consumers expect products to be provided in packages. Nevertheless, this never used to be the case, and we believe that packageless alternatives will be developed in the future. Employing a neo-institutionalist lens (Powell & DiMaggio, 1991), it is argued in this chapter that the package has become extremely institutionalized, thus making incongruence and any thoughts regarding alternative perceptions almost impossible. This chapter examines how packaging, which has become an institution over time, has started to be deinstitutionalized by

sustainability-driven packaging-free consumption trends. It reviews the essential functions and history of packaging, the transformation of retailers due to the sustainability imperative, the zero-waste movement, and packaging-free retailing. We then finalize it with discussions on how packaging-free retailing was reborn, the obstacles it faces, and suggestions for its future spread. In short, we will try to explain how sustainability is leading us into returning to our grandparents' tradition of packaging-free shopping.

Packaging: Concurrently Reveal and Conceal

Traces of packaging can be found in all marketing mix elements, fulfilling various functions and roles. A package is a container which is in direct contact with a product and which holds, protects, preserves, and identifies that product, facilitating its handling and commercialization (Ampuero & Vila, 2006). In the marketing literature, packaging is considered part of both the product and brand (Ampuero & Vila, 2006). Cochoy (2004, p. 213) explains packaging as “a screen that, while hiding what it shows, also shows what it hides.” Among other things, protection and communication are the main functions of packaging (Silayoi & Speece, 2007).

Packaging, with all its design elements, provides us with experiential, functional, and symbolic benefits (Underwood, 2003). It protects and contains the product; gains the attention of consumers; conveys a distinctive brand identity; transmits brand meaning; strengthens the consumer-brand relationship; communicates the brand's features, quality, and value to consumers; and communicates brand personality via multiple structural and visual elements (Underwood, 2003). The package's overall features underline the product's uniqueness, originality, and quality (Silayoi & Speece, 2007). The package becomes the symbol that communicates implied meaning, favorable or unfavorable, regarding the product (Silayoi & Speece, 2007). Packaging is also a part of the competitiveness of a company in that it provides differentiation and positioning (Ampuero & Vila, 2006). Packaging can show products differently, but it teaches

consumers more about these products than they could ever learn on their own (Cochoy, 2004).

Institutions impose one way of understanding the phenomenon, while blurring alternatives (Zucker, 1983). It may not be wrong to say that we are born, live, and die in some sort of package, making it a vital institution. Twede (2016, pp. 115–126) provides a thorough history of packaging over time by integrating both the retailer and consumer sides in a single narrative. For Twede (2016), the history of packaging, which dates back to ancient times, started with the earliest primitive packages made from leaves, skin, and gourds. Then, packaging moved from bulk shipping containers to household-sized packages (Twede, 2016). Between 1800 and 1890, new consumer packaging technologies emerged, such as glass bottles, wrappings, paperboard cartons, and cans (Twede, 2016). From 1890–1920, mechanization paved the way for mass production (Twede, 2016). Products started to be branded, and advertisements for packaged products emerged. Packaging was vital in changing the paradigm of consumption toward favoring national brands. Sales of packaged foods and beverages increased. Paper technology advanced and packaging became a strategic advantage. Between 1920 and 1940, packaging enabled brand owners to advertise and sell directly to consumers, and then the package turned into an advertisement (Twede, 2016). While Americans bought unbranded products by weight in those days, they started to buy branded products in boxes. Every sector of retail was affected by this revolution: The appearance and window display of the store changed, numbers of self-service retail stores increased, and the packaging supply industry emerged. World War II provided opportunities to improve food preservation and logistics (Twede, 2016). New flexible materials, such as aluminum foil and plastic film, were developed. By the 1950s, packaging was developing into a discipline and a profession, with related academic studies and educational activities increasing (Twede, 2016). Plastic became inexpensive enough to be used for packaging. The growing consumption of packaged products changed how people lived, and packaging regulations increased.

Packaging is viewed as a symbolic barrier limiting products' naturalness (Szocs et al., 2021). In current image-laden societies, the package functions as a rhetorical tool for crafting brand myths (Kniazeva & Belk,

2007). Cochoy (2004) states that the packaged presentation of products has completely changed the relationship between consumer and product. As Twede (2016) explains, the 1950s and 1960s were the period of throw-away culture, consumerism, and style obsolescence. Post-1980s, materials became increasingly tailored for specific uses. Microwave-safe packaging was developed. Aseptic packaging was commercialized by TetraPak and adopted by the packaging industry. As a result, high-quality and convenient packaged food has come to dominate Western consumption. Packaging technology has also improved our ability to better serve segmentation and supply chain strategies. Sensors and electronics are leading to smart packaging. Consumer demand for packaged products is growing with economic development. The 1970s and 1980s marked the beginning of environmentally-conscious packaging. Packaging producers became more involved in waste management by designing for recycling (Twede, 2016, pp. 115–126). For the retail industry, the development of packaging is still an ongoing process through which innovative solutions are being offered on a regular basis.

Although its consequences can be debatable, recycling is continuously increasing, and packaging recycling is being found to be more economically feasible in Europe (Schyns & Shaver, 2021). But the share of packaging in the world's plastic consumption is relatively high these days. The United States is one of the world's largest plastic waste generators. For instance, in the US, supermarkets serve preshredded, grated, sliced or cut vegetables and fruit, convenient for consumers but also highly perishable and accompanied by a larger carbon footprint. Retailers are among the major contributors to packaging waste as they unnecessarily overpack their products. Therefore, packaging is one of the front and center issues when discussing waste management, how plastic harms the world, global warming, and the depletion of resources. As an institution, it can be claimed that various package properties have the potential to transform both the producer and the consumer. Despite all the functions it performs, packaging has evolved from a solution to a problem during its historical process. Moreover, in order to create a packageless society, it has even been argued that shopping as a practice has to be reinvented (Fuentes et al., 2019).

Retailers and Sustainability

Retailers are both individuals and organizations operating to deliver products and services to consumers, and to provide various benefits. Retailers have an important place in economic life. They offer diversified products and services, keep goods in stock on behalf of the consumer, exchange information between consumers and producers, sell products in small quantities, and provide extra services to consumers. In addition to all these functions, the retail industry's sphere of influence is extensive when you consider its effects on other sectors. The retail industry, directly and indirectly, affects logistics, distribution, catering, cleaning, security, banking, construction, and storage services. Retailers, whose influence upon and place within economies is very significant, can potentially play a major role in ensuring the sustainability of consumption and production. Lai et al. (2010, pp. 15–22) clarify retailers' role in sustainability using coordination theory. This theory explains how retailers implement sustainable and green retailing practices, outlining their distinctive role in greening their value chains. From this perspective, retailers provide an environmentally-friendly physical retail environment that facilitates interactions with customers: They transfer products from producers to consumers in an environmentally-friendly way, extending customers' voices and providing feedback to suppliers, and promoting end-of-life product management. They also influence and support the entire value system. Similarly, Vadakkepatt et al. (2021) state that retailers are critical to a circular economy in which products undergoing their initial end-of-life stage are returned to the supply chain for continued use. Retailers can play a pivotal role in facilitating, propagating, and enforcing the retail supply chain's practices of reduce, reuse, and recycle.

Sustainable and green retailing practices have been increasing. Pressure from customers, regulators, community groups, not-for-profit organizations, and NGOs pushes retailers into following green practices. Retailers must now be more environmentally-conscious than they have been in the past. They must embrace sustainability because consumers are more conscious of it and expect retailers to be sensitive to the environment, to cause minimal environmental harm and to bring about a positive social impact (Vadakkepatt et al., 2021).

It is asserted that global consumer capitalism has increased consumer vulnerability (Gabriel & Lang, 2006). Widespread greenwashing is depreciating consumer trust (Delmas & Burbano, 2011). However, retailers are attempting to be environmentalists in every imaginable area, from building environmentally-friendly stores to designing decor, materials, activities, suppliers, products, and promotions. In particular, large-scale retailers prefer environmentally-friendly suppliers, or they encourage suppliers to do less harm to the environment. They try to create distribution systems using sustainable products and packaging by collaborating with their suppliers and logistics businesses. In their retail activities, they try to cause as little harm to the environment as possible by using less energy and water, emitting less carbon, and using recyclable products. Some retailers try to show their sensitivity to this issue by building green retail stores that meet specific criteria regarding design, land use, water use, energy use, health and comfort, materials and resource use, operation, and maintenance. Retailers also try to do less harm to the environment and to protect it in their activities using the products they sell. By following the trend in consumer preferences, retailers are keeping increasing numbers of organic products on their shelves in their existing retail channels and opening new retail stores that sell only organic products. In this regard, some retailers prefer quickly biodegradable packages or bags, while others prefer environmentally-friendly packaging, or even unpackaged products. Green retailing and sustainability practices have several benefits to retailers: They provide the opportunity to attract consumers who want to buy environmentally-friendly products, also improving brand equity, building customer loyalty, attracting investment, cutting the cost of packaging, waste disposal, warehousing, electricity, and water, and, perhaps most importantly, offering a means of differentiation and competitive advantage (Vadakkapatt et al., 2021). Vadakkapatt et al. (2021, p. 63) define a sustainable retailer as one that goes beyond mere economic considerations and includes environmental and social considerations for the benefit of current and future generations, taking into account the long term. In short, retailers have much power and influence when it comes to making the market more sustainable, due to their position.

Zero Waste Movement: Packaging-Free Retailing

Although bulk sales in traditional bazaars in the underdeveloped and developing world are perceived as old-fashioned, packaging-free supermarkets, such as the “Original Unverpackt” in Berlin, resemble new avenues toward a packageless society (Scharpenberg et al., 2021). In addition to packaging-free supermarkets, innovative reuse models that can minimize package waste are on the rise in FMCG retailing (Muranko et al., 2021). Significant changes in societal norms and consumer attitudes are increasing businesses’ need to consider and integrate sustainability into their core strategies (Vadakkappatt et al., 2021). The zero-waste movement and zero-waste, or packaging-free retailers reflect this bilateral sustainability need. The number of sustainably-minded businesses is currently increasing. Many independent retailers also offer zero-waste products. The zero-waste retailer is one solution to the plastic crisis and packaging overheads.

Sustainable businesses aiming to reduce or eliminate packaging have various names, although no clear distinctions exist between them. These are; zero-waste or zero-packaging stores, packaging-free bulk product stores, packaging-free stores, packageless retailers, and unpackaged product stores. These new stores are the modern version of the traditional bulk store, but the zero-waste movement is more closely related to the sustaining of environmentally-friendly lifestyles. Packaging-free shopping is an example of an increasing joint initiative for pro-environmental behavioral change, focusing on removing unsustainable objects rather than “greening” existing products and objects (Fuentes et al., 2019). The key to packaging-free shopping is the notion that packages are problematic. It becomes clear that consumers are concerned about waste, viewing packaging as a waste problem (Fuentes et al., 2019).

While products begin their useful life when purchased, packages have usually completed their useful life then (Twede, 2016, p. 126). Therefore, zero-waste or packaging-free shops are trying to eliminate the need for single-use packages. “Packaging-free” means consumers can buy groceries unpackaged at the supermarket, from different dispensers (Scharpenberg

et al., 2021). Packaging-free shopping is a retail system that sells unpackaged consumer goods by weight or volume, depending on whether these products are solid or liquid, in simplified store-provided packaging or in a customer-brought container (Louis et al., 2021). The working principle used by these stores generally entails consumers bringing their own containers, which can be washed and reused, refilled with whatever is needed, and then paid for according to weight or volume. Tap-like refilling stations are used by packaging-free, zero-waste retailers. Pasta, rice, grains, legumes and pulses, dried fruit, oils, milk, oat milk, peanut butter, mayo, vegan products, salt and spices, cleaning products, such as laundry and kitchen detergents, and personal care products can all be sold by these stores. Packaging-free retailers have inspired mainstream retailers. International retail giants, such as Aldi, Tesco, Trader Joe's, Waitrose, Sainsbury's, Asda, and M&S, are adopting new sustainability strategies by offering measures for decreasing the amount of packaging. They offer some zero-waste shopping at their stores. This offer can be in the form of a corridor section at a market, or just a refill station.

Packaging-free retailers bring the potential to reduce the environmental pressure caused by plastic packaging in the food industry. Packaging-free shopping may have the advantage of lower prices, customization, and reduced food waste. Moreover, packaging-free retailers generally support small start-up companies, women-led and women-owned businesses, grassroots charities serving their products, companies using ethically-sourced ingredients, minority-owned businesses, and more sustainable companies. One of the most critical aspects of packaging-free retailers is supporting local producers and businesses. Small packaging-free entrepreneurs create community hubs in the neighborhoods where they operate, which is quite similar to how it was in the past when sellers and buyers knew each other. Packaging-free retailers have a community-driven model that creates a community. It can be said that businesses operating according to this model are not only meeting the demands of many consumers in this regard, they are also undertaking the task of educating new consumers about this sustainable system.

As an intermediary between consumers and producers, retailers support consumers by offering less packaged products or completely unpackaged ones, making packages refillable and reusable, and reducing the

frustration caused by packaging waste. On the other hand, they encourage manufacturers and suppliers to make innovative product designs that eliminate packages or make them reusable, and to make permanent packages ready for recycling (Vadakkepatt et al., 2021, p. 67). For example, on the understanding that less is more with regard to packages, the cosmetic brand Lush aims to present its products unpackaged; in the brand's own words, naked. Sixty-five percent of Lush products, which can be used all year round, are unpackaged. The remaining Lush products are packaged using recycled and recyclable materials.

Re-Birth of Packaging-Free Shopping

First, we should acknowledge that going package-free is not easy, either for consumers or retailers. It is asserted that consumption practices are based on crystallized social understandings (Rapp et al., 2017). Although packaging-free shopping is being touted as a new sustainable consumption trend, or a new form of sustainable consumption, it is not new. As a child in the mid-80s, one of the authors used to visit his grandparent's "bakka!" (i.e., a small convenience store in Turkey with historical and cultural connotations), where it was still possible to experience, multisensorially, packaging-free retailing. Packageless living is not a new concept. It is something that previous generations understood because they reused, repaired, and repurposed things. Packaging-free shopping is a way of getting things back to how they used to be. Surprisingly, this is not the first rebirth of the bulk product trend. Johnson (1984) states that the trend of marketing foods in bulk bins started in the 1960s, in small health food stores and food co-ops, then spreading to the entire supermarket industry.

Even though it is one of the oldest consumption patterns, packaging-free shopping is still one of the newest consumption trends, especially in developed countries. Before modern packaging, people used natural materials for food packaging to keep food fresh and delicious, and to preserve, protect and store it. These methods and materials differed culturally and geographically. Every culture has traditional food packaging methods that depend heavily on natural resources and these are creatively made by hand. In the Turkish food culture, cheese and similar foods were

pressed into soil and animal leather pots. Salting, smoking, drying, canning, storing in honey or olive oil, and burying in soil or snow are various forms of traditional packaging and storage alternatives. In the past, many products, such as milk and dairy products, pulses, rice, pasta, cereals, flour, nuts, and spices, were also sold unpackaged in large containers. Then, packaged food products appeared on supermarket shelves and replaced packaging-free shopping. Packaged products have become an indicator of development and modernity. Consumers have begun to prefer the new order in which everything is in packages, compared to traditional shopping without packages. With the development of modern packaging, even prepeeled oranges, bananas, or avocado halves in plastic boxes can be found in supermarkets.

Currently, and without overpackaging, societies are trying to move away from packages that do not dissolve in nature. Old knowledge and traditional methods have the potential to create more sustainable consumption solutions. They may provide valuable information and inspiration regarding future sustainable practices. New practices can be created by combining traditional practices or products with new technologies. Rapp et al. (2017) found that consumers link packaging-free shopping to the past and tradition and a return to authenticity, recalling a neighborhood store that offers a seller–buyer relationship based on trust and familiarity.

Overcoming the Barriers to Packaging-Free Shopping

Consumers of packaging-free products are generally keen on recycling and protecting the environment, valuing these products' convenience, healthiness, and origin (Rapp et al., 2017). Packaging-free shopping often requires consumers to adapt to a new way of shopping by giving up some of the convenience of regular shopping, and their old shopping habits. Moreover, removing packaging from the practice of shopping is problematic because of the functions it performs. Packaging-free shopping can be criticized because it transfers the functions of the packaging

to consumers as an extra burden (Fuentes et al., 2019). The prime barriers to purchasing packaging-free products (Marken & Hörisch, 2019) are a lack of awareness of the existence of the offer, the unsuitability of the product range, impracticalities, and the inconvenience of making the purchase because consumers need to plan, carry reusable containers, and put more time into the shopping process.

Is the answer to a packaging-free society a different kind of packaging? Fuentes et al. (2019, p. 264) discuss the potential of packaging-free shopping as an emerging or re-emerging mode of shopping that is being threatened by easy-to-adapt, convenient sustainability strategies, such as environmentally-friendly packaging, normal shopping modes such as regular supermarkets, and more reasonable prices for regular shopping. Consumers are used to the convenience of prepacked foods, so retailers adopting a packaging-free business model should use technologies that facilitate the shopping process and create an enjoyable and nostalgic experience. Fuentes et al. (2019) found that, to be able to successfully remove a key artifact - packaging - from the practice of shopping, the practice itself must be reinvented. Developing packaging-free shopping thus requires; the reframing of the shopping practice by making it meaningful in a new way; the reskilling of the consumer by developing the new competencies needed for performance; and the rematerialization of the store by changing the material arrangement making this mode of shopping possible.

Institutions also have lifespans (Davis et al., 1994). The erosion or discontinuity of an institutionalized organizational activity or practice is called deinstitutionalization (Oliver, 1992, p. 564). Sustainability concerns gradually result in the deinstitutionalization of packaging. A narrative on the institutionalization of packaging-free consumption is the opposite of the historical institutionalization of the package (Table 8.1 vs. Table 8.2). It is self-evident that the process starts with environmentally conscious packaging. Future efforts in marketing should focus on what has been done, for packaging, for over a century. According to the characteristics of any grand challenge (George et al., 2016), this requires the collaborative and coordinated efforts of multiple stakeholders. Therefore, the retail industry should proactively address this issue.

Table 8.1 Institutionalization of the Package

Time Period	Main Theme
Ancient times - 1890s	Packaging for protection
1890s - 1920s	Packaging for mass production
1920s - 1940s	Packaging as promotion
1940s - 1950s	Packaging as branding
1950s - 1960s	Packaging for mass consumption
1960s - 1980s	Variation in packaging materials
1980s - the present	Environmentally-conscious packaging

Table 8.2 Deinstitutionalizing Packaging

Time Period	Proposed Institutional Work
1980s - the present	Environmentally-conscious packaging
Future	Variations in packaging-free retailers
	Packaging-free retailing for mass consumption
	Branding of packaging-free retailing
	Promotion of packaging-free retailing
	Mass production for packaging-free retailing
	Enhancing protection capabilities of packaging-free retailing

Conclusion

Packaging-free shopping is a form of sustainable business model that meets the demands and needs of environmentally-sensitive consumers, reduces the harm that consumption causes to the environment, and contributes positively to a better world. It is impossible to avoid being a consumer, but there are ways to improve sustainable living. One consumer motivation when it comes to packaging-free consumption relates to not seeing the world as something that has been freely given. In contrast to many alternatives meeting consumer ambitions to be sustainable, packaging-free retailing supports the wellbeing of society and the world better. Packaging-free retailing and consumption not only protect the natural environment, they also enable local, small, sustainable businesses to exist within the economic system. Packaging-free retailing supports localization, one of the alternative ways of consuming that a sustainable world needs. This is a way of preserving heirloom seeds and plants and

locally-grown products, as well as consumption traditions and culture, by passing these on to new generations. Packaging-free retailers also respond to consumer needs regarding nostalgia, intimacy, and being a part of the community. Therefore, when packaging, something which performs many functions for the product and creates many different meanings for the consumer, disappears, it takes on a brand-new function by creating completely different meanings.

Does packaging-free retailing offer a glimpse into the future of the packageless society? For us, an entirely packageless society would seem to be a utopia, while business-as-usual packaging would be a bitter dystopia. The deinstitutionalization of packaging requires complicated institutional work (Lawrence & Suddaby, 2006) during which the disregarding of contextual dynamics may bring unexpected consequences. Apathy can cause various other sustainability issues, such as pollution and food waste, or even the collapse of the packaging industry, leaving many jobless. Images of the scattered plastic packages of well-known brands waiting to be burned at an uncontrolled facility harshly reflect how the burden is being transferred from developed countries to under-developed ones.

However, retailers must allow the conviviality of sustainable packaging, and packaging-free options are the probable future scenario for retailing. It is undeniable that retailers have an impact on all the supply chain participants, such as producers, wholesalers, and consumers, as well as the indirect participants along the value chain, and that retailers have the ability to make these actors more sustainable. Twede (2016, p. 127) explains the history of packaging as a story of adaptation, something which clearly indicates its future. On the other hand, several physical and behavioral barriers to the adoption and spread of packaging-free shopping do exist. Despite all its positive contributions, these obstacles prevent packaging-free retailing from being institutionalized and thus becoming a standard business model. It is suggested that retailers should strive to find ways of bringing together their supply chains and market demands regarding the sustainable future. They focus on areas that fit with their target customers and business models instead of engaging with all aspects of the sustainability discourse. Therefore, retailers are taking the dominant aspects of sustainability and turning them into market

actions that can be taken within existing structures and can find sufficient support and acceptance among consumers in order to continue their businesses economically and sustainably.

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9

Trending Seaweed: Future Opportunities in Retail?

Cecilia Fredriksson, Annabell Merkel,
and Filippa Säwe

Introduction

Chef says seaweed and sleep helped him shed pounds [...] (Cable, 2015)

When famous British chef Jamie Oliver attributed his weight loss in 2015 to the ‘cosmopolitan’ notion of seaweed, he also made it clear that seaweed was a part of our cultural heritage: “I thought seaweed was hippy, globetrotting stuff but our ancestors ate seaweed. It’s the most nutritious vegetable in the world” (ibid).

Over recent years, interest in seaweed as a food has been increasing in the Western world, in research as well as in social and popular media. Unlike many other countries, Sweden does not have a distinct tradition of eating seaweed, even though many people have tasted it as an

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ingredient in a dish eaten at a restaurant, either at home or abroad. In social media, seaweed recipes and the experience of eating seaweed are being shared and commented on:

When I showed my latest IKEA purchase, someone asked what I use seaweed caviar for and [my] answer [was] primarily [for] fishy sauces and fish gratin.

Under the hashtag #tångkaviar, the Swedish Instagram profile *yayitsvego* conveys, in pictures and words, a great appreciation of the new IKEA product seaweed caviar. This product, named “seaweed pearls”, is marketed as a vegan seaweed caviar. *Yayitsvego* also asks how others use seaweed caviar and invites posts about different practices. The comments include various experiences of seaweed caviar: It can be used “in roe sauce with onions and crème fraîche”, “on crackers, on waffles”, “on pizza with artichoke cream and potatoes topped with seaweed caviar and arugula” or “on chips with whipped crème fraîche”, together with a glass of Cava. Someone further comments that it can be [nice] with chicken tacos, a post that is answered with “No, how scary!!! I would never dare to try that.”

Moreover, Swedish food retailers have also taken on a prominent role in social media: When, for example, the ICA¹ dietician rhetorically wonders if we are curious about “taking a bite of the sea?” she also describes what is hidden beneath the waves as a vegetable garden full of algae and seaweed. To provide some inspiration, ICA chefs have also produced six “delicious recipes using sea vegetables”, which can be found on their website (Sävström, n.d.).

Along with the contemporary desire for healthy food alternatives, seaweed has a great potential for food innovation. Seaweeds are recognized for their nutritional value and unique flavor, color, mouthfeel and textural properties. They can be used in any kind of dish in everyday cooking, as well as in high-end cuisine, with seaweed lovers even positioning themselves by calling seaweeds “sea greens” or “sea vegetables” (Mouritsen, 2017). Today, we are seeing a growing interest in various media in seaweed as an ingredient of various dishes. Here, specific taste

¹ ICA stores in Sweden sell food and other grocery items.

communities are being established that share their experiences and learn from each other. In our ongoing research on marine resources for new markets, we focus on how consumers understand the development of food products and food ingredients from marine resources.

The contemporary, sustainable consumer culture is characterized by a growing interest in new and plant-based foods, but many consumers are still engaged in traditional eating habits and unsustainable consumption. To enable sustainable consumption practices, in-depth insight into everyday life consumption is required (e.g., Connolly & Prothero, 2008). Consumers today are showing an increasing interest in environmental issues (Miller, 2012; Moisander, 2008). The customer is becoming more knowledgeable, and we see how alternative approaches to consumption are establishing new behaviors (Evans et al., 2017). Retailers, on the other hand, due to their strategically important position between production and consumption, have a key part to play in the promotion of sustainability (Fuentes & Fredriksson, 2016), with retail having a crucial function as a facilitator of sustainable food alternatives. But the innovative ability of retailing and the food sector has primarily been product- and technology-oriented, focusing more seldom on consumer understanding (Hristov & Reynolds, 2015; Pinto et al., 2017).

Along with the need to increase the production of food in a sustainable way, the stages between producer and consumer have become more numerous, and the flow of goods has become more difficult to understand, manage, and control along the food supply chain. Marine foods and the blue fields of the sea have an important part to play in the trend toward more sustainable food consumption. However, how consumers are experiencing the organization and accessibility of seaweed products in the retail environment is still unexplored. Research and industry have high expectations regarding seafood and algae as sustainable food alternatives. In order to create sustainable flows of food, we need to know more about how “sea spaghetti” can interact with more traditional meals. The dialogs between the consumer, the food industry, and the grocery store are very important to the establishment of new sustainable products and types of ingredients. What is required in order for seaweed to reach a larger retail market?

To answer that question, we explore the forms and contexts in which seaweed is being introduced to consumers in the retail environment. This future marine food will not end up on store shelves by itself: Retail actors are important innovators when it comes to the introduction of sustainable alternatives. New products must make sense to, and become important to, the consumer. In this chapter, we investigate how consumers navigate in-store in order to find seaweed products, as well as how they experience the organization and accessibility of these products.

Materials and Method

*I think I prefer to eat seaweed if it's designed as a delicacy, maybe something you put on a small biscuit and eat with ... yes, I'd prefer champagne. Definitely not for home cooking.*²

This is how one woman reflects upon seaweed as a new food ingredient in Swedish cuisine. Her own experience of seaweed spans between Japan, where she tasted seaweed for the first time, and the smelly seaweed on Sweden's south coast beaches. She does not think that seaweed tastes particularly good, but she believes that it contains healthy proteins and minerals, in the same way as oysters do. If the seaweed is “guaranteed to be free of bacteria and toxins”, then she sees great potential in it becoming a future delicacy.

To understand how consumers navigate in-store to find seaweed products, and how they experience the organization and accessibility of these products, we have to understand the way in which consumers classify seaweed as food. The introductory quote is taken from our ongoing studies of seaweed experiences (Fredriksson & Säwe, 2020; Merkel et al., 2021). For the research project as a whole, we utilize different methods of data collection, such as expert interviews with agents from the field, social media posts, popular media, and newspaper articles. A qualitative survey was conducted, designed as an online questionnaire and generating around 150 answers that were analyzed for this book chapter. A letter

² A questionnaire response from the Folklife Archives, attached to Lund University, LUF-M 27907.

version was sent out as well. The questionnaire focuses on consumers' seaweed experiences, attitudes, and practices in different settings.³

In the questionnaire, we started by asking open and brief questions like: Have you ever eaten seaweed? Where did you eat it and in what form? What did it taste like? Did it taste as you expected it to? We also wanted to know what the respondents use it for, where they buy it (if they use it), and what kind of products they usually buy. In order to gain insights into the retailer's role as a facilitator of new products, we also conducted an expert interview at a Swedish marketing agency.

In what follows, we will give examples of the contemporary expectations characterizing a marine resource such as seaweed. Here, there are many opportunities and challenges which, in different ways, highlight the grocery store's difficulties in dealing with innovation and changing patterns of consumption. Despite the fact that consumer interest in new marine products is cautiously positive in Sweden, our empirical material shows that knowledge of cooking methods and areas of use are quite poor, with many people even expressing a strong reluctance to eat seaweed. There are also concerns about what seaweed actually contains. In our questionnaire, we see a clear disinclination toward seaweed as a food, with our analysis indicating that shopping for seaweed is not easy to do.

Shopping for Seaweed

*I often buy new products – if the price is low, if they're clearly visible in the store and if they're nicely packaged. If it's good, I'll buy it again, otherwise I won't.
(Swedish woman, born in 1994)*

As we know, price, visibility and packaging are important factors when purchasing food. This also seems to apply to the purchase of seaweed. In our data, there is a great variety of types of products and places of purchase. The products mentioned include everything from dietary supplements, containing algae and bought a few times a year, to seaweed chips, seaweed salad, sushi, tea, seaweed noodles, seaweed caviar, agar-agar, or

³The survey is part of the Formas project "Marine food resources for new markets" (2019–2023).

kelp products for treating the teeth of a dog. The most common places for purchasing these products are small specialty stores, health stores, Asian stores, pharmacies, selected food stores or more traditional grocery stores, and restaurants. Some people buy online, especially if the product is already well-known. Some informants also state having found various seaweed products abroad.

Regarding physical stores, some informants believe that seaweed products can mainly be found in larger cities. One female informant says that she received a seaweed product as a gift, and that this gift then opened the door to other marine products. Consuming seaweed seems to be an ongoing learning process whereby new shopping practices develop in step with new experiences. Introductions are often via familiar products:

The first thing I bought containing algae was sushi, I still buy it a few times a year. Then I started to buy seaweed caviar a couple of times a year. During recent weeks, I've been buying seaweed salad and seaweed chips about once a week. I buy sushi at a nearby restaurant, and the other products at the Coop because I usually shop there (n 5).

Trying to identify a store that sells seaweed seems challenging in itself and shows that it is not easy for the consumer to classify this new ingredient. The overlap between categories, for example, seaweed products making certain health claims or plant-based substitute products, adds to the lack of clarity. Moreover, once the consumer has reached the store, it can be difficult to navigate around it and actually find the product. In our questionnaire, we ask, "On what shelf in the store did you find the product? How was it presented?"

Searching for Seaweed in-Store

Seaweed caviar used to be next to the normal caviar before, now Coop has a fridge with only vegan products in it. There doesn't seem to be any order on the vegan fixture the products are mixed up and the range changes frequently. Algae salad and algae chips are on the Asian shelf /---/ and there are bowls and so on, curry stew and canned soy, which is also on a shelf on the other side of the store, noodles, algae etc. (ibid).

This is how one of the informants describes her difficulties finding the seaweed products she is looking for. The lack of logic and clarity in the physical location of the products is a common experience. Many customers navigate on their own, moving between the various shelves and sections:

The nori sheets were next to some other sushi ingredients (like pickled ginger), quite low down on the shelf. The algae salad was in a fridge near the cash register, more or less at eye-level, next to tofu and fresh herbs (n 59).

Consumers looking for seaweed caviar usually find it in various places: Among other kinds of caviar, among baking ingredients and gelatin, the red algae AgarAgar could be found, while those looking for health products containing seaweed will find these on “supermarket health shelves”, “like a product packed with vital minerals and vitamins, it is placed next to different things, might be omega 3, might be vitamin C ... etc.” (n 29).

One woman from Singapore tells us that you “could pick out food to go in a take-away box” at the ICA deli counter “alongside all the other items”, while one man who moved to Sweden from Australia exclusively goes to Asian stores to buy his seaweed products: “Haven’t seen seaweed in regular shops” but, if he were to look, he would describe the following locations as possibilities:

It could be in the cold fresh food section (salads and stir fries), the frozen section (salads and cooking) or the specialty section (flavored powders), or the Asian section (for dried, whole, leafy products) (n 63).

Several of the informants experience Asian specialty stores as crowded and sometimes disorganized, but the seaweed can usually be found among “other dried noodles / soy products”. Those not used to shop in specialty stores do not seem to have much experience of buying seaweed products:

I think it’s difficult to find seaweed products, at least where I’ve been shopping. But lately, I’ve seen that more products are coming, so I’ll probably try again soon (n 54).

Consumers who are more experienced in buying different seaweed products at their everyday grocery store navigate between shelves such as “the veggie shelf, the Asian shelf or the eco/health shelf” (n 58). Several informants say there is usually a shelf called “ethnic food” or “world food”. Such a shelf is often “next to other Japanese and sushi products” (n 43), or “among the products that are vegetarian and vegan, as well as where you find sushi ingredients” (n 35).

We call it the “foreign shelf” ... near the tacos, where you can find curry paste, glass noodles, coconut milk, American sweets, and that Arizona iced tea in a nice green bottle, etc. (n 34).

The fish or cold counters also seem to be places where many customers look for seaweed products, with one woman saying that the product had been “presented like any other product” (n 66). The difficulty of classifying and categorizing seaweed with other products is a recurring challenge for retail players.

The Lack of Retail Innovation

Swedish marketing agency Retail House has extensive experience of how to launch new products. According to its expertise, the challenge of innovation and product development is all about implementation and categorization. When it comes to selling seaweed in-store, one of the first questions the marketer asks is whether it is “a fish product or a plant-based product”.⁴ It is not difficult to develop new products, but the journey to the store is much more difficult.

That’s why it’s so important to find agents of change in retail. Most retailers are not, they’re learned to manage large systems.⁵

⁴ Interview, Martin Moström.

⁵ Ibid.

The mortality rate of newly launched products is 80% within the first two years.⁶ Climate-smart products often end up on a remote shelf. Sudden trends do not survive for long among Swedish food retailers. When the consumer, who really wants to shop climate-smart, enters the store, it is canned tomatoes and toilet paper that are in focus. In front of the respective product shelf, it becomes clear how the discrepancy between intention and action increases in step with the store's inability to present and market sustainable products.

In contrast to the lack of retail innovation, some restaurants have succeeded in making seaweed visible as a new culinary experience: In the research field of algae, the chef is perceived to be an important facilitator. Due to their nutritious content, richness of taste, and appealing appearance, seaweeds have also become popular in the restaurant world. Interest in growing algae has increased in Sweden, not least due to several research projects addressing the benefits of seaweed. These ongoing projects are often technology- and market-oriented and in collaboration with local entrepreneurs and chefs. Along Sweden's west coast, local entrepreneurs have started to invest in seaweed as a resource, for delivery to selected restaurants and retailers. Their business offers, among other things, pick-your-own and seaweed safaris, in combination with nature experiences and cooking with seaweed. Here, seaweed becomes an exclusive product sold by a small-scale business that creates green value in a local context (Fredriksson & Säwe, 2020; Merkel et al., 2021).

Along with the need to increase the production of food in a sustainable way, the stages between producer and consumer have become more numerous, with the flow of goods becoming more difficult to understand, manage, and control. In order to bring a change to contemporary consumption patterns, it will be necessary to identify agents of change that have the ability to enable more sustainable food consumption. A store is organized so as to create needs, and also, in various ways, to encourage consumption: However, as sustainability issues are becoming increasingly important, the physical store is also playing a crucial part in guiding the customer toward more conscious consumption.

⁶ Ibid.

The difficulty of introducing seaweed into Sweden's kitchens is expressed in various explanatory models that emphasize the lack of retail innovation, in the EU's and the Swedish Food Agency's strict regulations, and in the consumer's lack of interest, ignorance and reluctance to change. In this context, beliefs, values, and claims regarding healthy and sustainable seaweeds are being activated. But the gap between seaweed as the food of the future and consumer understanding is also becoming more obvious.

Seaweed is a newcomer to Swedish cuisine. But will it ever end up on the menu as an everyday food? In our part of the world, there are no traditional practices of eating and cooking seaweed. Although seaweed and algae can be bought in some grocery stores, it is still a rare ingredient. Despite the fact that Sweden's culinary culture has undergone a genealogical and gastronomic renaissance during recent decades, and the fact that today's consumers are enlightened and aware, everyday food and shopping routines are rarely open to change. Retail has a major responsibility to offer green products and encourage sustainable consumption.

Seaweed Futures and Features

I've heard that seaweed is very nutritious and has a different type of carbohydrate/fiber composition than plants that grow on land. We should learn to eat and cook that, but I have no knowledge of what's good to eat and what isn't. (n 63)

Seaweeds are new food products which, thus far, have only reached a niche market in Sweden, but which have a great potential to become attractive food products since marine resources could be transformed to more sustainable products, from an environmental and health perspective. A recently published Swedish study shows that consumers may be positively inclined toward including seaweed as part of their diet, mainly due for sustainability reasons (Wendin & Undeland, 2020). These findings also showed that the most preferred ways of consuming seaweed were as snacks and bread or in various dishes.

To conclude the questionnaire, we asked the respondents to describe the typical seaweed consumer. Descriptions of such a consumer also included descriptions of a context, more or less specific, of which the “typical seaweed consumer” was a part. Here, the connections between lifestyle and seaweed consumption can be understood as a number of narratives that point to new markets and possible future scenarios.

On the one hand, the empirical material contains descriptions of a consumer who is well-educated and environmentally conscious, while on the other, descriptions of other ethnic backgrounds and marine experiences are recurrent. The different narratives reveal notions of gender with connections to an alternative lifestyle like the “super duper hipster-raw food *veganista* living on a farm without water/electricity” (n 27).

In Sweden, I imagine someone who’s very health-conscious, probably also a foodie, who likes to post pictures of their food on Instagram, maybe a bit of a hipster. I’d think the typical seaweed/algae consumer is rather young (under 40). Apart from that, I think seaweed/algae is still considered to be something of an “ethnic” food that you can mainly buy in Asian food stores, so I also think of people of Eastern or Southeast Asian descent when I think about the typical consumer of seaweed/algae products. (n 59).

Awareness is a quality that accompanies several of the descriptions: “Aware. Maybe a member of a nature organization. Researchers, managers, exclusive restaurants.” (n 83) But there is also a general curiosity as regards trying “new stuff” in general and new foods in particular. Another recurring factor is the availability of time: “Curious, willing to try new experiences and with the time to make new recipes”. When it comes to seaweed in the form of dietary supplements, such as tablets or powder, influencers are mentioned as an important channel (n 66). This also includes a vegetarian diet as part of a healthy lifestyle.

The data showed us that there is a wide range of ideas and images surrounding seaweed, from the marine resource that is a revolutionary force to reflections upon whether it is healthy or not. A connection is visible between healthiness, environmental impact and the revolutionary magic of seaweed. These different experiences and perceptions of seaweed enable the development of various products and markets, but insight into the consumer’s ambivalent attitudes also requires clarity and transparency.

Conclusion

The point of departure for this book chapter was the need to explore how consumers experience the organization and accessibility of seaweed food products in retail stores in order to support future sustainable consumption efforts. The argument was made that the grocery store's position between goods and consumers entails great responsibility when it comes to the transition to a more sustainable society. The grocery store is in many ways the intersection between everyday consumption and contemporary sustainability work. Retailers are in control of the flow of products and goods from producers to consumers on most European markets, and sustainable food production involves understanding the contradictory practices of consumption. This is a crucial starting point when it comes to being able to increase the competence of the actors of the food system.

In line with previous research, we emphasize that empirical studies are needed in order to understand how consumers make sense of new food products, as well as how they and retailers play a crucial part in more sustainable consumption. Sustainability services (Fuentes & Fredriksson, 2016), as well as nudges toward sustainable consumption (Connolly & Prothero, 2008) by retailers, can contribute toward helping consumers classify new food products and establish links to already familiar ingredients.

To conclude, the data showed us that Swedish consumers connect seaweed products with various other categories that can be found in supermarkets, such as vegetables or fish. Here, consumers expect seaweed to form part of vegetarian or vegan alternatives. Moreover, other classifications offered by retailers, for example "exotic", "world food", "ethnic", or "foreign" foods, especially sections where food from Japan or miscellaneous Asian countries is offered, also resonate with consumer expectations with regard to finding seaweed products. Another possible classification of seaweed products links with ideas about sustainability. This means, on the one hand, seaweed is connected with ecological food products, while on the other, it is connected with healthy foods.

As has been shown, consumers seem to be quite open and flexible regarding the positioning of seaweed products in stores. As previous

research has shown, certain consumer groups feel like taking their responsibility as regards consuming more sustainably. Those consumer groups could function as early adopters for new seaweed products and could be targeted accordingly. Retailers and practitioners could help consumer understanding of these new products by educating them about sustainability and providing sustainability services through, for example, shelf labeling or special offers. Vegetarian or vegan alternatives to already-established products could be placed next to these familiar foods in order to make it easy for the consumer to understand how new products are intended to be used, and how they fit into current cooking and eating practices.

In this chapter, we have analyzed a number of challenges concerning the potential for seaweed to reach a larger Swedish retail market. The results reveal a disparity and ambivalence in attitudes and approaches to seaweed among consumers, paving the way for new consumer insights, retail guidance, and in-store services. We emphasize the responsibility of the retail sector in being one of the main actors introducing alternative and new food products. We seek to raise issues relating to communication and organization, as well as how to facilitate sustainable food consumption.

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10

Grocery Retailers' Approaches to Discussion on the Food Waste Issue on Social Media

Ulla-Maija Sutinen and Elina Närvänen

Food Waste as a Topical Concern

United Nations Sustainable Development Goal 12.3 focuses on halving per capita global food waste at the retail and consumer levels and on reducing food losses along production and supply chains, including post-harvest losses. Food waste can be defined as food that is left uneaten, due to various reasons, within the food system. The food system is often described as consisting of every actor from “farm-to-fork”. Food waste is an important issue in grocery retailers' everyday business operations: They struggle with efficiency and financial losses related to food waste but at the same time aim to meet consumer needs with a broad assortment and adequate amounts of products always in stock. It has been estimated that retailers directly account for 13% of overall food waste (UNEP, 2021). The indirect effect is, however, bigger as retailers' marketing standards, practices and activities may also increase food waste at other stages

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along the food chain. For instance, retailers' quality standards may prevent food producers from selling misshapen fruit and vegetables, and price promotions may encourage consumers to over-purchase (Aschemann-Witzel et al., 2016). As retailers have a crucial position within the food system, they may also play an important role in solving the problem. This is especially relevant in the Nordic countries where the grocery retail sector is rather concentrated and thus holds a considerable amount of power within the food system.

For grocery retailers, several food-related sustainability issues are directly connected to their business, with food waste being one such example. As an issue, food waste reduction enables retailers to combine the different aspects of sustainability; i.e. environmental, social and economic. Thus, they have adopted versatile practices to reduce their food waste and are actively involved with different food waste campaigns and programmes as part of their corporate social responsibility strategies (Aschemann-Witzel et al., 2016). Furthermore, many retailers are today increasingly getting interested in participating in debates on societally relevant topics such as sustainability-related issues. To understand their social environment, retailers—like any kinds of companies today—need to actively participate in public debates as the outcomes of these often affect them in differing ways. Today, many of these debates take place on social media. Participating in discussions provides companies with a way of keeping track of public discussions on the topics relevant to them, in addition to making it possible for them to air their own views on the issues in question (Luoma-aho & Vos, 2010). Furthermore, as powerful market actors, they have a stronger voice in the discussion, and the possibility of steering it in a desired direction. It is thus important to learn more about the extent of retailers' participation in debates on food waste reduction, and especially the ways in which they do this.

The purpose of this study is to examine how grocery retailers construct the food waste issue through discussion on social media. We use the theoretical concept of the issue arena and empirical social media data generated in Finland where food waste reduction has been gaining momentum in public discussions over the past decade. The study's findings shed light on how retailers not only participate, but also actively shape and steer the food waste discussion, additionally attempting to influence other actors

within the food system. Thus, retailers hold considerable power in shaping the future of food waste reduction. Furthermore, the issues missing from the discussion also provide important lessons on the areas still neglected by retailers. For instance, retailers seem to be avoiding discussing some of the contradictions between their profitability goals and reducing food waste. The chapter ends with implications for the future potential of retailers to address sustainability issues through social media. The chapter contributes towards building research understanding in the field of sustainable retailing and social media. The insights provided by the chapter can also be of interest to practitioners in the field of retail who either strive to reduce food waste or are involved in corporate communications related to sustainability.

Retailers in Issue Arenas

Issue Arenas as Sites for Public Discussion

In this chapter, we view issue arenas as sites for public discussion. Issue arenas can be defined as 'places of interaction where an issue is discussed by stakeholders and organizations both online and within the traditional media' (Luoma-aho & Vos, 2010, p. 315). The same topic can be debated in multiple issue arenas at the same time, for example, on social media and in the traditional media, with the direction that the discussion takes in one issue arena possibly influencing the discussion in other arenas. Therefore, when an issue arena dealing with a certain topic expands and involves more actors, it may start to shape public perceptions of that issue. Issue arenas are dynamic and constantly changing with interactions: They also gather several actors whose share of the voice in the arena varies (Luoma-aho & Vos, 2010).

The theoretical concept of the issue arena was first introduced into the corporate communications literature to highlight the importance of organisational participation in various issue arenas (Luoma-aho & Vos, 2010). In this chapter, we use the concept of the issue area as a theoretical tool for investigating the discussion on food waste, which seems to gather

different actors with different interests and agendas. More specifically, we examine the role of the retailers in this issue arena. As dominant market actors, they hold considerable power in the complex discussions concerning the topic.

Social Media as a Context for an Issue Arena

Today, issue arenas are increasingly emerging on social media. The online environment differs from the offline setting in many ways. One characteristic of online interaction is its openness and the low-threshold participation opportunities for many actors, including companies, non-profit organisations and individual consumers. Secondly, issue arenas on social media are easily brought together by hashtags, posts and re-posts. Social media platforms also offer various opportunities for discussion, including images, videos and text. In this study, we focus on the issue arena on Twitter, which has its own conventions and rules of conduct, for example, in terms of length and style of posts.

In addition to allowing different kinds of market actors to participate in the discussion, social media can also make understandings and perceptions of food waste that are otherwise implicit visible and open to change (Sutinen & Närvänen, 2022). However, research on food waste is only beginning to conceptualise and theorise the role of social media in how actors perceive, create and disseminate the socio-cultural meanings related to food waste (Närvänen et al., 2018).

Studying Food Waste Discussion on Social Media

The starting point of this research is that the ways in which issues are discussed have the potential to shape the understandings, practices and even institutions linked to the issue. From this perspective, issues like food waste are continually being constructed through different actors'

words and sayings. Hence, how issues are discussed in public is not irrelevant. The study's methodological approach is qualitative. Thus, the focus is on understanding the phenomenon rather than identifying its causes or consequences. The study utilises a netnographic approach combined with data gathering through social media monitoring tools, referred to as netnographic sensibility (Reid & Duffy, 2018).

While retailers actively take part in different types of issue arenas, the focus of this study is social media, which has become one of the most influential sites for discussions and communications for today's companies. Social media represents a context where actors can participate in the discussion and thus it provides a more fruitful site for this type of study, compared to traditional communications channels. The data is drawn from public online discussion on Twitter during Food Waste Week 2018. This one-week period was chosen as appropriate for data generation as there was a noticeable peak in the number of posts during it—thus providing evidence of an issue arena with rich qualitative data for analysis. The whole dataset was collected for a major project, and has also been used by the authors in a previous study (Sutinen & Närvänen, 2022). The study data of this chapter consists of the public posts by means of which grocery retailers, grocery retailer representatives (e.g. employees and store owners) and retail unions took part in the discussion (n ~400 posts). As was noted throughout the dataset, these posts, initially posted by retail actors, were widely re-tweeted by other actors, thus showing that retailers were playing a powerful role in the arena. This study focuses on the content of the posts shared by the retailer actors. After separating the posts initiated by grocery retail actors, we conducted our analysis inductively, with a focus on the ways in which the grocery retailers were taking part in the discussion. Different ways of discussing food waste were given codes and these were then categorised into the three main approaches employed by the retailers. Finally, issue arena theory was utilised to interpret the findings as regards the power position of the retailers vis-à-vis the other actors, as well as the implications of this for their role in food waste reduction. Here, the focus was also on critically reflecting upon the topics that were not covered by the retailers.

Grocery Retailers' Approaches to Food Waste: Reporting, Assisting and Initiating Discussion

Reporting on Reducing Food Waste

The first approach identified was grocery retailers reporting on reducing retail food waste. During the discussion, grocery retailers highlighted the activities, practices and product offerings through which they reduce food waste. Some of their efforts were also highlighted using numbers and percentages. This discussion focused mainly on actions in the past or currently ongoing, for example, campaigns and initiatives as part of Food Waste Week. Quite often, participation in the food waste campaign and the fight against food waste was highlighted, as in the quotation below.

We are part of the “hävikkitalkoot [‘hävikki’ is the Finnish word for food waste while ‘talkoot’ is the word for unpaid, voluntary work to help others and/or for the common good]”: We’ve reduced our food waste by 17% over the past three years. This amounts to 5 million kilograms of food. #foodwaste #responsibility [link to a website].

The Finnish grocery retail market is highly concentrated, with two major companies each having a large market share and a third competitor having a smaller market share. Thus, all three companies were involved in the issue arena, which presented them with an opportunity to publicly announce their actions relating to food waste. Furthermore, the very small retailers that are focused on sustainable or surplus food offerings also took part in the issue arena.

Food waste week is near the end, but [retailer name] is tackling food waste every single day of the year. We keep the volume of food waste under 1.5% by planning and predicting, training and discounting early enough. Read more here: [link to a website].

The above quote highlights the fact that the grocery retailers want to portray themselves as highly committed to the issue of food waste, finding solutions for it in their everyday operations. The examples mentioned

in the posts draw a fairly positive picture of the solutions to the problem of food waste. There are no critical considerations regarding the potential struggles along the way. Furthermore, while the volumes of reduced food waste are highlighted, there are no clear statements about the previous levels of food waste or the previous activities contributing towards these higher levels of food waste in the past.

This approach is heavily involved with retail food waste and reducing it. One could, however, argue that a focus on only one phase of the food chain often overlooks the overlaps and the importance of the interfaces between the different actors. Reducing food waste in one part of the food chain may (often unintentionally) produce food waste in other parts of the food system. For example, the currently rather common retail practice of discounting products near their expiry dates can encourage the over-purchasing of food, which may contribute to households wasting food. Sometimes, retail standards regarding the appearance of fruit and vegetables may prevent waste at stores (as consumers do not want to buy imperfect produce) but cause an increase in the food wasted at farms.

Assisting Households in Reducing Food Waste

The second identified approach used by retailers was that of assisting and advising households in reducing food waste. When adopting this approach, grocery retailers took on the role of information disseminator, a behaviour change perspective that is often used in food waste initiatives. For instance, retail actors highlighted the amount of household food waste and equated it with, for instance, monetary costs, as in the following quote:

Did you know that a Finnish family of four throws away food worth approximately 500 euros? Smaller #foodwaste = bigger saving and less emissions #foodwasteweek #responsibility.

In addition to sharing information about food waste with consumers, they also gave advice on how consumers can reduce their household food waste via their own actions. Quite often, retailers shared tips as regards avoiding over-purchasing, or cooking with leftovers, as the following quote illustrates:

This week is Food Waste Week. Did you know that surplus beverages can be used in versatile ways, for example, in cooking? Check out here for 10 tips. #[retailer name serves] #foodandbeverages [link to a website].

While the major part of the advice given was connected with consumer actions beyond the retailer (e.g. cooking at home), there were a few posts where the focus was on the actual interface between the retailer and the consumer. These include, for instance, statements about avoiding shopping when hungry and providing information about why some shelves are sometimes empty for reasons to do with reducing food waste. These important interfaces between the actions of retailers and those of consumers, as well as their impact on each other, were quite narrowly addressed in the issue arena, however.

While the approach described previously focused heavily on retail food waste, this approach concentrated on household food waste, and how to reduce it. This can also be interpreted in terms of retailers attempting to responsabilise consumers for the problem of food waste, and to shift attention to them as a focal actor group (Mesiranta et al., 2022).

Initiating Discussion for Reducing Food Waste

The third approach of the retailers was initiating discussion for reducing food waste. Due to the power of the retailers as significant market actors, with many followers on social media, this approach accelerated the issue arena. On social media, this type of open invitation to participate is possible as everyone can participate. Retail actors, for instance, shared several posts encouraging other market actors to participate in the discussion by asking them to share their own tips on reducing food waste, as in the following extract:

This week is Food Waste Week. How do you control your food waste?

Furthermore, there was also an example of a retailer facilitating its own food waste chat on Twitter involving several market actors. There were pre-designed discussion areas offered by the chat-facilitating retailer, but other participants were also able to raise further questions:

Question: Food waste is a global environmental concern and [retailer name] aims to reduce food waste actively. According to the EU circular economy package, food waste should be reduced by 50% by 2030. What are the best ways of reducing waste? #wastechat.

Initiating discussion may also include some concerns due to the uneven power dynamics between the different actors. While the arena in itself is an open forum, for everyone to participate in, it is typically the one with the biggest number of followers with the loudest voice in that arena. Having a loud voice may contribute towards steering the arena in a desired direction. The approach of initiating discussion and inviting others to participate, however, can enable a more balanced distribution of power among the different participants in the issue arena.

Within this approach, there was no explicit emphasis on any specific form of food waste. Of course, when asking consumers to share their food waste reduction tips, the prevailing assumption is that the focus here is on household food waste. Furthermore, while there was no especial focus on a certain types of food waste, there were some types of food waste that were not discussed by the retailers. For instance, the retailers did not initiate any discussion on food waste occurring during food production or due to logistics.

Summary of the Findings

As discussed above, the retailers adopted different approaches in the food waste issue arena during Food Waste Week. The major themes connected with the three approaches identified are summarised in Table 10.1.

Table 10.1 Retailers' approaches

Reporting on reducing food waste	Assisting households in reducing food waste	Initiating discussion for reducing food waste
Showcasing own activities, practices and product offerings through which they manage to reduce food waste. <i>Focus on reducing retail food waste.</i>	Sharing information about food waste, giving advice and tips for customers on how to reduce food waste. <i>Focus on reducing household food waste.</i>	Encouraging different actors to share their tips on reducing food waste, facilitating multi-actor discussions on food waste. <i>No specific focus on certain type of food waste.</i>

Retailers as Shapers of the Future of Food Waste

As the deadline of 2030 set by the United Nations, to halve the amount of food waste, is quickly approaching, it is very likely that the food waste issue arenas will grow even wider and larger. For focal food system actors, for example, grocery retailers, participation in the issue arena is not optional, but something that is expected by the other actors, especially the consumers. As the findings illustrate, grocery retailers have already adopted versatile ways of taking part in the discussion. In their ways of participating, retailers report on their own actions, aim at assisting their customers and act as the initiators of discussions. All these can be regarded as important ways of steering the issue arena towards these approaches' main agendas. As seen in social media monitoring tool statistics, retailers' posts are seen and shared often, thus playing a major role in shaping and steering the discussion. Having significant discursive power within society (Fuchs & Kalfagianni, 2009), grocery retailers' ways of constructing the food waste issue, in their public posts, can be regarded as having an influence on what kinds of meanings and discourses become connected with the issue.

In issue arenas, there are always power balances at play between the participants. Similarly, it can be assumed that grocery retailers have their own motivations and reasons for participating in an issue arena when compared with, for instance, researchers or individual consumers. The identified approaches to the discussion highlight retailers' proactive attitude towards solving the problem. By emphasising the actions taken towards reducing food waste, retailers are also contributing towards making these types of actions the norm, thus putting pressure on other retailers (e.g. Fuchs & Kalfagianni, 2009).

In addition to the ways in which the grocery retailers took part in the discussion, issues not brought up by them also provide some interesting insights. Although being active in the matter and reporting their own efforts, the issues raised by the retailers lack criticism of their own actions. Merely reflecting upon what has been done well in order to reduce retail food waste, without reflecting upon mistakes or malpractices, portrays

retail food waste as something that has already been solved. Furthermore, the role of food producers is heavily being downplayed in the discussion. The applied approaches do not take into account the systemic nature of food waste, or the importance of the different crossing points of the different actors, all of which are intertwined with each other. For instance, some solutions, for example, discounting products, are portrayed as having a direct effect on reducing food waste, even though this action may involve pushing the problem further in the direction of households to deal with (and possibly discard) such products when they are no longer edible.

As illustrated in the findings, retailers have also made efforts to highlight the role of consumers in food waste reduction. However, urging consumers to reduce their food waste is framed as being separate from the food system as a whole. For example, retailers suggested that consumers should use their surplus food products in a creative way, instead of reflecting upon the possibility of the food industry providing more versatile packaging sizes. Assisting consumers in reducing their household food waste is mainly done using the outsider perspective of telling consumers what they should do, rather than reflecting upon, and showcasing, opportunities regarding how some shifts in practice at the retailer-consumer interface could help with this. For example, there were only a few instances of retailers discussing how consumers could avoid over-purchasing or impulse purchasing while in-store, or how customer tolerance of occasionally empty shelves (as a consequence of the improved alignment of supply and demand) could be increased as a joint effort between retailer and consumer.

When it comes to retailers shaping the consumption around food waste towards sustainability, the identified retailer approaches reflect a stance that supports either retaining the status quo or merely applying small fixes (Kemper & Ballantine, 2019). There would be some potential for retailers to construct the food waste issue using a more transformative approach, by acknowledging and highlighting the pitfalls of the current food system. These include the need to sell more in order to remain profitable, while at the same time reducing food waste. For instance, retailers could initiate more discussions on customer requirements in order to have wide assortments, or fresh produce and bread every day, and

throughout the day. Instead of accepting that this is what the customers want, retailers could help them to question this “need” from the point of view of the food waste issue. Furthermore, using the issue arena, retailers could also ask customers about their ideas regarding how to boost household food waste reduction using customer data or mobile applications, for instance.

While issue arenas provide retailers with many fruitful opportunities to take part in the fight against food waste, and also to contribute towards creating a more sustainable future (Vadakkapatt et al., 2021), there are, however, certain tensions with regard to this domain. It is often said that with great power comes great responsibility. There is a potential risk of the arenas to be used to only portray different actors and their actions in a good light, and to divert attention. In order to actually engage in making changes to sustainable consumption, retailers should avoid the pitfall of not seeing the big picture while boasting about their own achievements and deflecting the need for change towards other actors. The approaches identified in this study do not indicate that retailers are fully immersed in the necessary change towards significantly lower levels of food waste. In the future, it is hoped that retailers are brave enough to also bring controversial discussion points into the issue arenas. At the same time, it is important that the topics of discussion are not just a matter of talking the talk, but also of actually walking the walk. There are examples of some retailers refusing to sell energy drinks to the under-aged, removing gambling machines from stores, and removing unsustainable eggs from the assortment. It remains to be seen whether some retailers are willing to take bold actions against food waste, for example, reducing their assortment or sharing their customer data with the food industry, in order to better align the supply and demand of food.

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11

Sustainable Consumption in Taiwan and China: Drivers and Impediments

Tommy Shih

Introduction

With the promotion of Agenda 2030 across the world, consumers are now more conscious of sustainability issues. A report from 2021 identified the fact that 32 percent of global consumers were engaged in adopting a more sustainable lifestyle (Deloitte, [n.d.](#)). The rate of change and the awareness, however, differ greatly between regions and countries. Continental Europe and the Nordic countries, in particular, have reached a higher level of acceptance and awareness regarding sustainability issues, while Asia generally has lower levels (Wolf et al., [2022](#)). In order to achieve global change in the battle against climate change and environmental degradation, it is important that consumers in all parts of the world actively engage in more sustainable consumption.

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Asia has been at the epicenter of economic growth in the world during recent decades. Over the next decade, it is expected that Asian consumption growth will account for 50 percent of the world total, while the United States and the European Union will account for 15 percent each (McKinsey, 2021). This trend not only infers opportunities, but also challenges. While Asia is a growing market for retailers, the diversity in income levels, consumer perceptions, and inequalities, and the magnitude of the environmental and social problems, put a limit to how much consumption can increase without radically disrupting these societies' way of life and the world at large. Hence, a major dilemma in Asia is the conflict between the growing purchasing power of consumers and the rapidly growing sustainability problems. For example, Asia today accounts for over 50 percent of the world's carbon dioxide emissions while China alone accounts for over 30 percent (Statista, n.d.). There is emerging evidence of more sustainable consumption in Asia as the magnitude of the sustainability problems facing Asia has started to make Asian consumers more concerned and reflexive as customers. However, the United Nations (2019) notes that extra effort is needed on the part of Asian countries to get on track regarding sustainable consumption.

This chapter looks at some of the drivers of and impediments to sustainable consumption in Asia. Two countries, Taiwan and China, have been chosen in order to illustrate the various development patterns of sustainable consumption. Taiwan is a country which experienced a long period of rapid economic growth during the 1980–1990s, today being considered a modern advanced economy. Consumption has assumed features similar to other advanced nations, including an increased awareness of sustainability. China, the world's most populous country, has also been growing rapidly until recently and, today being an upper middle income country, albeit with an unevenly distributed wealth structure. With a growing middle class accounting for almost half its population, this country's consumption has risen (ChinaPower, n.d.). China's trajectory from a developing nation to a global economic giant continues to face significant environmental and social challenges that risk dramatically changing society at a fundamental level. Given the transitory economic situation China is facing, the notion of sustainable consumption has yet to garner a broad level of attention among the general population.

Changes are, however, slowly emerging. This chapter focuses on some of the major individual and institutional impediments to sustainable consumption in Taiwan and China.

Sustainable Consumption Factors

In this chapter, I refer to sustainable consumption as “doing more and better with less”. Such consumption can include, for example, switching to less polluting modes of transportation, using energy-efficient appliances, and housing, buying clothes that are produced more sustainably, or switching to organic food. It is understood that the daily consumption decisions individuals make have some indirect or direct impact on the environment. In Asia, the trend toward sustainable consumption is being driven naturally by environmental problems that are both noticeable and growing, but also by the increased empowerment of women in parts of Asia and a large number of scandals involving unscrupulous companies (see Li & Joffre, 2020). However, Asia is a very contrastive continent as regards consumption patterns and shifting consumer preferences, due to differences in urbanization levels, development status, income levels, gender inequalities, cultural practices, and sustainability challenges. As such, it is important to understand the major trends impacting consumption in Asia.

Recognition that sustainable consumption is contextually dependent has been seized on by many authors (e.g., Pekkanen, 2021). Explanations of why sustainable consumption patterns differ between contexts have centered on, for example, culture, psychology, business practices, or necessity. The pre-existing culture of a particular context can facilitate, or hinder, the adoption of such pressures, both through a norming effect (i.e., existent norms filtering adoption), and a conforming effect (i.e., influencing the extent to which actors are expected to adhere to social norms) (see Caprar & Neville, 2012). Sustainable consumerism can be implicitly embedded in social norms systems, such as has historically been the case in the Scandinavian countries, unlike more clearly self-regulated institutional contexts such as China, where practices have tended to be explicit. Hence, the adoption of sustainable consumption

by various countries will reflect a historical legacy and differing cultural norms and values, due to such an important part of the formation of behaviors being the impact of the institutional environment (Pekkanen, 2021).

Sustainable consumption is also influenced by a set of factors identified by Young et al. (2010, p. 28), including: the consumer's green value is strong; the consumer has purchase experience; the consumer has plenty of time for research and decision-making; he/she has good knowledge of the relevant environmental issues; green products are reasonably available and the consumer can afford, and is prepared for, the financial costs. These are associated with individual drivers of or impediments to sustainable consumption. In this chapter, a framework is used to indicate how sustainable consumption is impacted by institutional and individual factors. In Fig. 11.1 below, some of the main aspects are illustrated.

The institutional factors: The institutional setting emphasizes the normative factors, for example, regulations or other norms like culture impacting an individual's decision, and are contextually dependent (Pekkanen, 2021). Regulatory factors can relate to rules and regulations that require individuals or corporations to change their behavior (Caprar & Neville, 2012). Normative factors are associated with the social obligations of the individual in certain contexts. As sustainable consumption often infers extra cost (either monetary or in terms of effort), the social

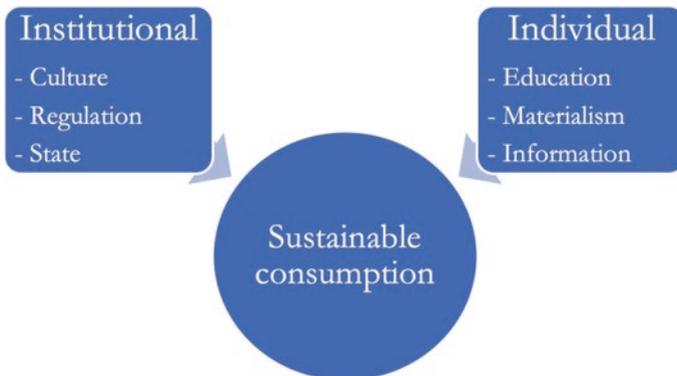


Fig. 11.1 Factors impacting sustainable consumption

contracts that are established within a society become important as regards driving behaviors. In the absence of strong social norms, government initiatives and incentives can play an important role in stimulating sustainable consumption, for example, via subsidies, regulations, or education.

The individual factors: The individuals' propensity to consume sustainably relates to a number of personal factors and values (Young et al., 2010). Sustainable consumption is positively associated with changes in education, financial situation, or access to information. In particular, the importance of information has been highlighted by scholars as regards promoting sustainable consumer behavior. It is understood that information on the environmental impact of consumption influences consumer behavior. In the Asian context, it has also been described how the material aspects and how others perceive the consumer are important aspects of green consumerism (Liao & Wang, 2017; Nguyen, 2019).

Country Cases

Sustainable Consumption in Taiwan

Taiwan's sustained economic growth, from the late 1970s until the global financial crisis of 2008, turned it into a high-income economy. Today, Taiwan has the highest percentage of middle class people, with the lowest percentage of people living under the poverty line in Asia (ChinaPower, n.d.). This means that Taiwanese consumers are in general financially well off in comparison with consumers in other Asian countries. Moreover, the extended period of economic development has also changed the lifestyle of the Taiwanese population so that it aligns more with those analogous with advanced Western countries. As such, the Taiwanese consumers' awareness of environmental challenges has been increasing steadily over the past few years. An open democratic system in Taiwan has also led to an active open debate on issues related to societal development. Overall, though, Asian countries, including Taiwan, lag far behind European countries in the development of SDGs. On the Environment Performance

Index of Yale and Columbia Universities, Taiwan ranked 74th in 2022 (Wolf et al., 2022). In Asia, three countries, that is, Japan, Singapore, and South Korea, performed better. This suggests that there is still much work to be done in the Taiwanese context with respect to sustainable consumption. What, then, are the main individual and institutional factors that drive or impede sustainable consumption in Taiwan?

Individual Factors As consumers, the Taiwanese are described as price-sensitive (Chang & Su, 2022). Other characteristics that have been assigned to contemporary Taiwanese consumers include; familiarity with online shopping and being technology savvy while, during recent years, convenience has been an important factor driving consumption in general (Shih & Garvi, 2022). This can be seen in the availability of convenience stores such as 7-Eleven or Family Mart on essentially every street corner of big cities. In total, there were close to 12,000 convenience stores in Taiwan in 2021 (Fulco, 2022). The growth of e-commerce, social media usage, and intermediary sales models, moreover, has eased the process of buying through curation and mediation. One important form of mediation is the semi-businesslike “community buying groups” whereby consumers form networks in order to purchase products in bulk. For the moderators of the networks, this also serves as a source of income from commissions. The logic of the business model is for the moderator(s) of the groups to constantly be looking for bargains, buying larger quantities and establishing loyal social media networks. Such examples of digitally enabled intermediation have boosted online sales while physical retail has been decreasing (Fulco, 2022). Online shopping in particular increased during the COVID-19 pandemic. Overall, convenience, for example, online or mediated shopping, has been an important factor generally driving consumption in Taiwan over the past decade. This has caused more problems related to sustainability, substantially adding to higher levels of pollution due to increased logistical activities and consumption for the sake of consumption. However, overall household consumption decreased between 2020 and 2022 because of the COVID-pandemic. At the beginning of the pandemic, in February 2020, Taiwanese household consumption was 51 percent of GDP, dipping to 43 percent in July 2021 (CEIC, n.d.). The economic downturn, amidst geopolitical tensions

between China and the US and China's toughening stance on Taiwan, further increased uncertainty among Taiwanese consumers. The structural economic challenges faced by Taiwan dampen the purchasing power of individual consumers, also leading to less consumption. This does not, however, equal an intrinsic motivation to consume sustainably and responsibly. For the consumer, less economic flexibility generally leads to fewer sustainable choices.

The drivers bringing changed behavior with regard to sustainable consumption have been a combination of increased environmental consciousness and cost concerns. For example, Chang and Su (2022: 7) note that, in the Taiwanese context, "discounts can effectively stimulate and enhance perceived value and are helpful in making purchase decisions". Here, companies and government incentives have been important when it comes to stimulating more sustainable consumption. An example of this is how several supermarket and convenience store chains have introduced systems whereby products about to expire can be found via an app, and discounts can be made (Chang & Su, 2022). Greater awareness of health hazards has also been a low hanging fruit that has stimulated more responsible food purchases among Taiwanese consumers, especially among women and parents with younger children. This has meant buying more organic foods, seeking out information about production processes, and an increase in demand for various safety or standards certifications. Sustainable consumption has also been connected with materialism in Taiwan. Materialism being a significant factor in purchasing organic or sustainable products in Taiwan has been linked with status and the image of being trendy (Nguyen, 2019). True sustainable consumerism, however, is a grassroots movement in Taiwan. In this consumer segment, the drivers are associated with concerns for a deteriorating environment globally, as well as worries about local problems such as poor air and water quality.

Institutional Factors Technology and social media platforms have enabled new business opportunities and have also been driving new consumption patterns. Retail sales have been increasing significantly since 2015 (Statista, n.d.) thanks to new methods of online shopping. In

particular, social media promotions and e-commerce live sales have helped companies to find new avenues for reaching out to consumers. Internet platforms such as Momoshop or Shopee Taiwan, as well as communication apps such as Line have enabled a number of new functions and methods of selling and buying (Fulco, 2022). To the dismay of sustainability advocates, such platforms have also increased the consumption of consumable products, in particular, boosting the national economy and business wealth. Overall, the push toward more sustainable consumption is being driven by the government. Although certain government agencies have strongly been promoting consumption and online shopping during the COVID-19 pandemic, which has increased, for instance, the demand for food delivery services (with the majority of these food deliverers riding on gasoline-fueled scooters), the general trend is a pro-active government strategy in the sphere of the SDGs (Fulco, 2022). The Taiwanese government, together with many city governments, has taken important steps to reduce waste and improve public transport, and has been working diligently to raise awareness of sustainability issues through public marketing campaigns and school education. A number of policies and new legislations have been implemented, affecting a number of issues such as reducing the use of plastics, recycling, incentivizing, or requiring companies and organizations to implement various sustainability-related measures.

As the general understanding of sustainability in Taiwan is lower than in Western countries, awareness-raising measures and education are important factors when it comes to continuing to move forward (Shih & Garvi, 2022). While a high rate of digitalization in the realm of retail has increased consumption, it can also serve as an important avenue for peer learning and consumer education. Here, interesting educational initiatives have been undertaken during recent years by companies such as ACER and ASUS, as well as the Taiwanese government, in order to increase digital literacy and the understanding of sustainability.

Sustainable Consumption in China

Sustained economic growth over the past four decades has taken China from a backwater economy in the 1980s to the world's second largest economy. Some economists have also projected China to become the world's largest economy within a few years. While the Chinese government still characterizes China as a developing country, advancements in science and technology, economic growth and innovation all show a different picture. In 2019, over half of the population was defined as belonging to the middle class, but back in 2000, only 3 percent were (ChinaPower, [n.d.](#)). The growth in disposable income has, of course, led to increased consumption. At the same time, China has some of the largest environmental problems in the world. This is largely associated with much of China's economic growth having come from resource-intensive and polluting activities. China is currently the largest emitter of carbon dioxide in the world (Statista, [n.d.](#)).

Due to the extensive environmental deterioration taking place in China, affecting health and life in general, the Chinese government has taken extensive steps to promote the transition to a more sustainable economy. While some major legislative efforts have been made to improve the situation, the level of environmental degradation is still considerable. In 2020, the Chinese government also made it known that the country would not achieve carbon neutrality until 2060 (CIKD, [2021](#)). During the Chinese Communist Party Congress of 2022, the most important event on the Chinese political calendar, it was emphasized by Xi Jinping, moreover, that a continued focus on increasing domestic consumption was a necessity in order to promote continued economic growth. Household consumption currently stands at 38 percent of GDP (compared to 51 percent in the European Union) (CEIC, [n.d.](#)). This puts China in a severely precarious situation: On the one hand, there is a significant need to develop sustainably, while on the other, China's economic growth will largely depend on increasing domestic consumption. Against this backdrop, what are the major individual and institutional factors driving or impeding sustainable consumption in China?

Individual Factors Although Chinese consumers save a large proportion of their income (around 45 percent), China's growing middle class and urban population has significantly increased its consumption levels nationally. On the consumer side, small steps have been made to raise awareness of sustainability: However, the average Chinese consumer has a weak grasp of sustainable consumption. China's growing middle class is still undergoing a "catching up phase" with regard to consumption, which is characteristic of newly developed countries. Most Chinese consumers still belong to the lower income middle class. The difference between affluent urban areas and the countryside also infers major contrasts with respect to sustainable demand. This includes great price-sensitivity and a lack of awareness of sustainability (McKinsey, 2021). This observation aligns with China's overall performance in sustainability. For example, on the Environment Performance Index in 2022, China ranked 160th—ahead of Nigeria and after the Philippines (Wolf et al., 2022).

The sustainable consumption trends that can be seen in China are more pronounced in urban areas, especially as regards food purchases (Shao, 2019). This behavior, however, seems to be more motivated by food safety concerns than by sustainability concerns. A number of food scandals have resulted in more cautious buying habits of women in particular. One scandal that unraveled in 2008 concerned the major domestic dairy producer Sanlu, which was using melamine in its infant formula to give the appearance of having a higher protein content in order to satisfy regulatory requirements. The contaminated baby formula resulted in the deaths of 6 infants (Pavlovich et al., 2016). Nonetheless, this awareness has acted as a double-edged sword. Consumers have been making more conscious choices, buying trusted products using a more environmentally friendly production process. But this has also entailed more health products and children's products being imported from abroad. There is also a strong link between materialism and pro-sustainable consumer behavior in China (Dermody et al., 2015). The link between materialism and sustainable consumption has been described as needing status and the image of being modern (Liao & Wang, 2017).

Moreover, research has noted that Chinese consumers are willing to pay a premium for products on the basis of higher levels of product

information transparency and information (Shao, 2019). The problem, however, is that it is still difficult to get reliable information in order to make informed choices in China. Although transparency has increased over the last few years, much still needs to be done. Consumer generally gain their information from reference groups (i.e., other green consumers), or from trusted sources such as certifications (Shao, 2019). However, the pressure to continue growing economically has made the Chinese Communist Party leadership reluctant to push sustainability in the realm of consumption: Instead, the Chinese government has continued to push for increased domestic consumption. The focus on increasing domestic consumption was obvious in Xi Jinping's address to the Party Congress in 2022 (Andersson et al., 2022). This puts limits on how much of an impact grassroots initiatives can have due to China's authoritarian mode of governance.

Institutional Factors As stated earlier, one main government policy is increasing domestic consumption. The Chinese government has stated, during recent years, that China needs to increase its domestic consumption and to redirect consumption patterns (from foreign to local) in order to create a more robust domestic market (Andersson et al., 2022). This goal has led to increased levels of all sorts of consumption, including commodities and services. An example of this could be seen during the COVID-19 pandemic, when retail sales of consumer goods steadily increased in China despite draconian lock-down measures and the strictest quarantine rules in the world. Year-on-year growth during August 2022 was still 5.4 percent (National Bureau of Statistics of China, 2022). Growth was primarily seen in commodity retail, but also to some extent in food delivery services (National Bureau of Statistics of China, 2022).

Government goals relating to increased domestic household consumption are happening at a time when China is experiencing significant sustainability problems. Moreover, the general level of sustainability in China is much lower than the world average, ranking in the lower half among other Asian countries (Wolf et al., 2022). Much of the sustainability awareness of the Chinese public relates primarily to a deteriorating local environment that is causing consumers to act on matters relating to issues such as food security, air pollution, and poor water quality. Here,

China's political institutions put restrictions on how vocal and critical citizens can be. China's authoritarian system restricts open debate; However, in the areas above, there has been more room for public criticism. Against this backdrop, awareness-raising measures and consumer action are contingent upon the will of the Chinese Communist Party to allow certain discussions about certain issues.

Nonetheless, further awareness-raising measures and education are two important factors in dealing with the disconnect between consumption patterns and sustainability. A number of government policies and new legislations have been implemented that affect a number of issues, for example, increased transparency during the product production process and the increased use of electric vehicles. These areas have been carefully selected in order to manage immediate problems relating to air pollution, water shortages, extreme weather events, and energy use (CIKD, 2021). China's authoritarian model allows it to implement regulations at a much higher discretionary level than is the case in democratic states. While this mode of governance increases streamlining, it also reduces transparency, accountability, and open stakeholder engagement, and negatively impacts the rule of law. In China's progress report to the United Nations on the SDGs, it was stated that, "authoritative information on ecological and environmental issues has been released through multiple platforms and ways in a timely manner" (CIKD, 2021: 114). This top-down led form of guidance has been important in the Chinese authoritarian context when it comes to supporting the changes that need to be made. However, there has not been any mention of the SDGs in the working report of the 20th Chinese Communist Party Congress, or in the 14th five-year plan, which are the main guiding documents of Chinese policy over the coming years.

Concluding Discussion

The increased level of global awareness of sustainability is evident. However, overall, much more needs to be done in order to achieve the UN goals relating to sustainable development, including the one relating

to sustainable consumption. Globally, the awareness and implementation of sustainable consumption varies greatly between regions and countries. In general, Continental Europe and the Nordic countries, in particular, have reached a higher level of awareness compared to other regions in the world. To achieve global change in order to battle climate change and environmental degradation, it is important for consumers all over the world to engage in actively promoting more sustainable consumption. Asia is particularly important. Many Asian countries, for example, Japan, Taiwan, Korea, China, Singapore, Indonesia, and India, have experienced impressive growth during recent decades. This development has also led to increased consumption, as would be expected when economies and middle classes grow. It is projected that 90 percent of the global growth in consumption will occur in Asia over the next decade (McKinsey, 2021). One consequence of this trend is Asia increasing its already high levels of pollution. Today, this continent accounts for over 50 percent of the world's carbon dioxide emissions, with China alone accounting for over 30 percent. Asia is not, however, an evenly shaped monolith, it encompasses a number of countries that are vastly different in their economic development, cultures, and political systems.

This chapter has looked at two countries in Asia, for example, Taiwan and China, which share similar cultures and languages, but which differ in terms of size of population, economic development, and political system. These cases illustrate some of the variances seen in sustainable consumption, including drivers and impediments. While there is evidence of more sustainable consumption in Taiwan and China, the drivers and impediments differ to some extent from those of the West, and also between these two countries.

In general, the main drivers of sustainable consumption in Taiwan and China are consumer concerns over food safety and toxic living conditions. This means that there has been more awareness of buying organic products, the toxins used to produce food, and the impact of these toxins on the environment. Immediate environmental concerns often relate to issues such as poor water or air quality, prompting government actors to implement regulations relating to cleaner air and water, as well as the reduction of plastics and waste. Here, the consumers of both countries are generally more concerned about their wellbeing and safety than the

impact of their consumption choices on the environment. Another driver seen is the fact that the responsible consumption push being conducted in many areas seems to be primarily driven by government policy rather than by consumer groups per se, in China and Taiwan.

However, there are differences between China and Taiwan. Consumers in Taiwan generally have a higher level of understanding of sustainability, both through education and living in a more economically advanced society. China is still undergoing a transitional stage (today being an upper middle income country, but with major differences between cities and the countryside) whereby some consumer groups have only recently become aware of their environmental impact. Changes will require a much greater government push, in particular due to the lack of open debate in Chinese society. In Taiwan, SDGs have been increasingly recognized by society due to a strong government push, while the focus on these in the Chinese context has not been so apparent.

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12

Digitalization: A Potential Tool for Sustainable Consumption?

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Introduction

While digitalization in its narrowest sense refers to the transformation of information into a digital format, it is more commonly understood as any process during which the ability to transform information into a digital format, as well as all the resulting capabilities, are applied to analog aspects of life in order to improve them in one way or another.

Digitalization is one of the defining megatrends of the twenty-first century. The mass adoption of digitalization by individuals, enterprises, and governments is increasingly driving economic development. Indeed, digitalization is often praised for its significant and positive impact on economic growth, continuing to transform life, work, and society. Over the last three decades, digitalization and Information and Communication

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Technologies (ICTs) have profoundly affected our everyday lives and will continue to do so.

This, of course, is also true for consumption. Digitalization has reshaped consumption in a myriad of ways, including supply chains, product design, business models, and consumer behavior. For consumption, one of the most impactful materializations of digitalization has been the Internet. In its infancy, the World Wide Web was often considered anti-commercial, free, unruly, and collaborative. It has since primarily become commercially driven and of the utmost importance to all aspects of consumption.

Due to digitalization's fast and lasting impact on consumption, its impact on the sustainability of consumption must be considered. Despite the pressing nature of the question, the research field of sustainable consumption has only marginally addressed digitalization's impact on sustainable consumption (cf. Andersen et al., 2021). For this book chapter, sustainable consumption is understood as the need to change global consumption levels in a way that reduces resource use and waste creation, thus allowing consumption to function within planetary boundaries.

Broadly speaking, three waves of digitalization can be distinguished in consumption; (1) the online shopping wave, (2) the participatory consumption wave, and (3) the virtual consumption wave (Lehdonvirta, 2012). This chapter is structured in line with these three waves and explores the implications of digitalization for sustainable consumption, and the prerequisites of digitalization in a sustainable consumption future. Thus, the chapter first asks what digitalization has meant for sustainable consumption and then flips the question to ask what a sustainable consumption future will entail for digitalization.

The Emergence of e-commerce: The World Is Your Oyster

Starting in the 1990s with simple webshops and clumsy logistics, e-commerce has become an increasingly important aspect of consumption, at first growing timidly and then rapidly over about three decades.

Just like the transition from grocery stores to supermarkets and department stores, the transition from physical to online stores has greatly reduced transaction costs and increased the potential for economies of scale. Operating out of gigantic warehouses, the likes of Amazon can offer shopping at lower prices, whenever you want and wherever you want. The choice is almost inexhaustible in e-commerce, with the next online store only a mouse-click away. Comparing choice, price, and products across all major retailers has become easy. Online shopping has also become less time-consuming, with stores preparing orders for fast and convenient pick-up or even home delivery. While this transition has offered consumers increased convenience and choice, for traditional retailers, it has presented a challenge and fresh competition. Traditional bricks-and-mortar stores have ventured into hybrid models to lower transaction costs to consumers while competing with new start-ups. The preference for online consumption has continuously been increasing in scale, not least during the pandemic. According to investment bank Morgan Stanley (2022), e-commerce now accounts for 22% of all retail sales, up from 15% pre-pandemic. Morgan Stanley predicts continued growth, with e-commerce reaching as high as 45% of total retail sales in South Korea during the next five years, and 31% in the US by 2026.

The rise of e-commerce has also enabled new business models reliant upon online platforms to connect with consumers and lower transaction costs. Online platforms enable increased economies of scale in shared use between strangers in accommodation (e.g., Airbnb), in cars (e.g., Snappcar, Turo), and in goods (e.g., Peerby, Hygglo) among others. Online platforms also support traditional community-based sharing models, with libraries now lending e-books and expanding their inventories beyond books into libraries of things, tool libraries, toy libraries, etc.

The environmental impacts of e-commerce have primarily been studied by comparing the transportation emissions of online shopping (when the customer orders online and gets a product delivered) with bricks-and-mortar alternatives (when the customer visits a store), usually only taking into account “first-order effects” on travel patterns. Online shopping is more efficient in terms of transportation, with one study estimating 10–30% fewer emissions, depending on the mode of transport and the individual shopping habits of the consumer (Siragusa & Tumino, 2022).

On the other hand, one shopping habit that can greatly influence the sustainability of online shopping is the practice of “over-ordering” products knowing that most of them will be sent back (Cullinane, 2009), or of ordering products from geographically distant locations. Both practices are more likely to happen online than offline. Consumers returning products is often the reason fully functional goods are disposed of because the cost of handling these post-consumer is higher than the production cost. Also, generous and often free return policies push consumers into ordering both multiple items and the same items in different sizes, creating dressing rooms in customers’ homes. What some studies also illustrate, however, is the insignificant role of transportation in the overall environmental impact of shopping. Instead, the bulk of the emissions and waste is generated during both the extraction of raw materials and the production process itself (Hischier, 2018).

Of greater interest, but less studied, is the question of to what degree behavioral patterns changed by digitalization can be observed, and whether these have a net positive or negative impact on the environment. Research indicates that factoring in behavioral changes paints a less favorable picture of online shopping. The above-mentioned advantages of online shopping (reduced transaction costs, increased economies of scale) appear to be resulting in increased consumption levels (Frick & Matthies, 2020). Even though detailed figures regarding the direct and indirect rebound effects of online shopping are difficult to come by, a well-known phenomenon here is that any savings made from cheaper, more convenient shopping will result, to some degree, in increased overall levels of consumption via the so-called rebound effect, as consumers reinvest the time and money saved.

Overall, online retail offers new opportunities for retailers to influence consumers in a direction that is more or less sustainable. More than is the case in physical stores, retailers can, for example, highlight different sustainable products, depending on consumer preferences. This targeting increases the chances of fine-tuning sustainable customer offerings in a way that customers care about and which increases their willingness to pay. One study found that the ability to further engage with ecolabels online improved consumers’ perceptions of product quality, and other product attributes, and also increased their willingness to buy eco-labeled

products (Donato & Adigüzel, 2022). Just as with traditional stores, consumers can also be nudged toward choices that are more or less sustainable, but in a more customized and nuanced way that fits better with the individual.

The first wave of digitalization of consumption thus meant more efficient, more convenient, and less costly shopping for consumers, but most probably less sustainable overall consumption levels. For retailers, this wave was more disruptive, with those transitioning into or emerging within the e-commerce space now having the chance to influence consumers via a different medium. However, new and powerful actors would soon emerge.

Web 2.0: Empowered or Exploited Consumers?

In the mid-2000s, a second wave of innovation in digitalization, sometimes referred to as Web 2.0, introduced further changes into consumer behavior. Web 2.0 meant empowering consumers using new and personalized tools such as blogs, RSS feeds, tags, social networking, web applications, Creative Commons licensing, and peer-to-peer networking. Of course, empowered individuals were part of the Internet from the very beginning, for example, “pirates” sharing files online, but Web 2.0 allowed these actions to be scaled up and to disrupt mainstream consumerism. Web 2.0 revolutionized the distribution of and access to information. It also provided consumers with entirely new possibilities of participating in the creation of goods and services. The production, editing, and sharing of content have become democratized, while crowdsourcing and funding have opened up new ways of enabling innovation and production. DIY repairs and “hacking” traditional products to improve personal utility have become much easier, enabled by easy access to parts and online tutorials. For producers, this meant the ability to interact directly with consumers, to customize, and to receive feedback. Web 2.0, it is argued, has turned the consumer into a prosumer (cf. Lehner, 2019), at least occasionally. An optimistic view of this development suggests that Web 2.0 has resulted in the democratization of the Internet and the empowerment of the consumer, who is increasingly in

charge of market trends and empowered to make informed decisions in line with personal preferences.

Digitalization during this wave also spurred innovation in product and service development. Servitization, the trend of transforming business models that sell the services of products (e.g., selling printed pages rather than printers, or selling transport rather than cars), builds on digitalization as a tool enabling the switch to a service model. From the pirating of content emerged the streaming of music, movies, and video games, the digitalization of books and newspapers, and free over-the-air updates for computers, appliances, and even cars.

Even products that have not completely been replaced by services are increasingly becoming connected. By being part of the Internet of Things (IoT), many consumer goods have the potential to be more efficient than their offline counterparts. Furthermore, they also have the potential to keep themselves updated and to stay relevant to consumers longer. Bocken et al. (2019) illustrate how digitalization and the emergence of the IoT enabled new business models that make the use of physical goods much more efficient. They present the case of smart washing machines, which can pick the best time of day to wash clothes and use the right amount of detergent. Digitalized car-sharing services also increase the efficiency of car use by multiple users. This efficiency will probably be optimized even further with the arrival of autonomous vehicles. A life-cycle analysis of smart homes, reported by Walzberg et al. (2020), concluded that these homes (consisting of smart appliances, smart metering, and home automation), and by extension smart grids as well, can make a real contribution to sustainability by optimizing energy use. Moreover, recent studies also indicate that, increasingly, the consumption of ICTs is starting to decouple from its environmental impact, especially as electrical grids are increasingly being powered by renewable energy (Joyce et al., 2019).

However, there is also a dark side to Web 2.0. Behavior tracking and data mining by big companies, in order to understand and influence consumer behavior, have become omnipresent (Barocas, 2014). Some also argue that, despite the early promise shown by Web 2.0, the Internet has not become a more open and free space, but a collection of privately owned gated communities in which Internet users can roam but never be

free. Today, a large proportion of Internet traffic ends up on the sites of Meta (Facebook), Alphabet (Google), Amazon, and other Internet giants. More and more access to the Internet is via highly controlled mobile apps on gated mobile phone operating systems such as Apple's iOS or Alphabet's Android. These giant Internet companies have become the gatekeepers of the marketplace. It is difficult nowadays for producers not to be on Amazon. Therefore, producers need to accept Amazon's terms. Especially for small retailers, Internet powerhouses such as Amazon, Alphabet, or Meta can be hard to compete against.

Amazon, Alphabet, and Meta not only shape consumption by influencing what consumers see on their sites, but also by means of how they develop their sites, and thus the Internet. Amazon is the world's largest cloud-computing operator, which runs the film database site IMDb, which powers the smart home assistant "Alexa", and which is, through its subsidiary Ring, the biggest private home safety and surveillance service in the US. Alphabet's search engine Google processes the vast majority of Internet searches, while Meta controls a large proportion of online social media (including Facebook, Instagram, and WhatsApp).

Rather than viewing the Web 2.0 consumer as an empowered prosumer, we can see him/her being turned into a source of free labor for large ICT corporations and as someone who is willing and easy to control at the same time. This is because it is often claimed, in Web 2.0, that the user is not the consumer but the product. For example, on social media, users are fully in control of their own content and there is a complete absence of centralized content. At the same time, they are the currency of the sales and marketing machine, as social media and Web 2.0 are primarily funded by advertising. The two Internet giants, Alphabet and Meta, have built online empires entirely on advertising revenue, which comes from "selling" their users' data to advertisers who spend billions of USD on online advertising every year. These companies can also set online market rules that can become barriers to retailers. These rules can further impact sustainability as they shape the types of companies, products, and services being promoted online. For example, independent repair shops have complained about not being allowed to advertise their services on Google.

Another critique of the Web 2.0 wave concerns rights and ownership. As products are becoming increasingly digital, they are also becoming increasingly protected by copyrights, trademarks, patents, and end-user license agreements. Consumers may buy a product, but they can be locked out of that device's hardware and software. This issue lies at the heart of the right to repair campaigns around the world lobbying for changing the law to allow more access to tools, spare parts, and software in order to enable owners to repair and maintain their products (Svensson-Hoglund et al., 2021).

It is initially harder to pinpoint the environmental consequences Web 2.0 is having on consumption, though there are indications that Web 2.0 is successfully being used by companies to increase their sales. There are indications, for example, that social media platforms are encouraging consumption because their audiences are the targets of continuous customized and sophisticated marketing and the sales channels that fund these platforms. An example here that has received much attention in the media lately is Shein, a Chinese fashion retailer that has come to represent "ultra-fast" fashion. It is known on social media for the trend "Shein Haul", which consists of influencers showcasing a large number of clothes purchased on Shein exclusively in order to show them on social media. This is facilitated by very low prices and fast cycles of fashion collections. Social media also triggers consumption by providing frequently false and beautified images of highly materialistic lifestyles, in doing so increasing social competition. Some argue that social media has resulted in a constant urge to self-promote and a feeling of insufficiency caused by exaggerated, but desirable, images of peers' lives. Self-promotion on social media creates an illusion of wants, leading to more consumption. Zhang et al. (2017) find that the greater use of social media results in increased online shopping.

Of course, the promise shown by Web 2.0, of empowered users, is not entirely an illusion. Apart from the commercialized aspects of Web 2.0, many online spaces and communities instead promote cooperative interaction, encourage their members to learn new skills, and enable people to solve their problems and live better lives. ICTs have revolutionized access to information, and it has never been easier to be a prosumer. With information on the Internet being both almost endless and frequently free, it

has become easier than ever to make, repair, and maintain for those who want to. Digitalization has also made it much easier for those caring about social or environmental issues to demonstrate these preferences and find communities of like-minded people.

Web 2.0, one can conclude, has indeed brought about a much more proactive consumer; i.e. one who builds connections, seeks advice, and learns online from frequently millions of like-minded individuals. In some cases, this has put the individual consumer in a stronger position vis-à-vis traditional market actors, for example, retailers and producers. However, the newly emerged behemoths of the digital age have also used their strong Internet presence to monetize (and monopolize) many of the services they provide online, often free, and to become Internet gatekeepers.

Virtual Reality: Consumption without Physical Limits?

Among the most striking developments concerning consumption and digitalization during recent years is the rise of virtual consumption. Nowadays, billions of dollars are spent by millions of people on virtual items, characters, and currencies in online games, on social networking sites, and in other digital hangouts (Lehdonvirta, 2012). Similar to other developments online, this was initially a bottom-up community development that was later picked up by commercial actors. Around the turn of the millennium, participants in massive multiplayer online games (MMOs) started trading virtual goods from computer games on recently launched e-commerce sites like eBay. Virtual consumption was initially a peer-to-peer phenomenon. Publishers in the computer gaming industry noted the phenomenon, whereby gamers traded virtual items for real money. This seemingly worthless use of real money came as a surprise at first: However, before long, the industry had realized that it could generate revenues by selling virtual items to its users. Often, these virtual items do not have a real impact on the game: They are rather conspicuous. Some people thus argue that some kinds of consumption, focused on

satisfying wants rather than needs, are much easier to satisfy virtually and will thus increasingly be moving online. This is not only important as regards unambiguously virtual goods, for example, swords in an MMO game, but also as regards more mundane and real goods, for example, cars. Of course, to satisfy the need to get to work, the car driven has to be a real one driving on real roads. On the other hand, to satisfy the want to drive a nice-looking car around town, it will not matter whether the car is moving on a physical road in the real world, or on a computer screen in a virtual world. With our lives increasingly happening online, the utility of satisfying wants in the digital world will become greater: *“For a person whose hobbies and friends are online, virtual goods can be more tangible and useful than a car or a garden tool. [...] as more and more aspects of life, ... are played out in part through mobile phones, social networking sites, console games, and online communities, virtual goods turn from stand-ins to the real things and the actual objects of consumption”* (Lehdonvirta, 2012, p. 23). This development is triggering IT juggernauts such as Meta or Apple to invest heavily in “virtual” or “augmented” reality, or what is nowadays vaguely described as the Metaverse. With increasing investment in hardware and software for Metaverse, it is likely that experiences, such as cruising around town, as well as concerts, sports events, and even holidays, can be provided virtually.

According to app-tracking firm Data.ai (2022), adults in high-income countries today spend 1/3 of their waking hours (4.8) on smartphones, while worldwide, this averages out at almost 7 hours every day watching Internet-connected screens (Moody, 2022). The Metaverse, it is believed by major tech companies, will intensify the digitalization of our lives and become an integral part of life for all of us. We will work, entertain ourselves, and socialize in the Metaverse, equipped with novel devices strapped to our bodies to make the experience as immersive as possible. The Metaverse is an entirely virtual world that integrates with the real world via ICTs, for example, virtual reality glasses: According to some, it will cover large swathes of consumption wants, from dressing your avatars to socializing and building your perfect home. Apart from Meta, the company Roblox, which primarily caters to children, has created one of the first commercially successful Metaverse businesses. The platform now represents a universe of games and simple-to-use programming tools

(“Roblox Studios”) where users can play and explore a virtual world that behaves much like the real world in many ways. (An earlier version of Roblox was created as educational physics and mechanics software.) The millions of users who are active day-to-day can also turn into prosumers and create their own games or experiences, and share these with others. Roblox has also introduced its own currency (“Robux”), which can be bought with real money and exchanged on the platform. This allows the more successful creators on Roblox to make a living.

When it comes to the sustainability impact of the virtualization of consumption, very little reliable data is available. It is known that vast amounts of electronic equipment, with all the mining, manufacturing, and toxic waste associated with that, are needed to enable digitalization. Even energy demand to power all the devices and servers prerequisite to digital lifestyles is predicted to increase. Bitcoin is an often-discussed example of digitalization that requires huge amounts of energy for complex and energy-hungry processing operations (Jones, 2018). This has led to Bitcoin mining, which also requires huge amounts of energy.

However, other examples of virtual consumption suggest the potential exists for a substantial decrease in material use. New services continue to be developed and refined to avoid excessive material use and waste. Amazon, for example, has launched a virtual try-on service for shoes and sunglasses using its app, potentially reducing the need for “failed” orders and try-ons of real shoes before consumers find their desired shoes. More ambitious projects are also underway. Zeekit, a company recently purchased by Walmart, has developed a service that offers virtual dressing rooms where any outfit can be tested by consumers by means of dressing images of themselves using their real measurements. Advances in Artificial Intelligence (AI) will most likely further improve such digital services.

Virtual consumption, it appears, is completing the transition between retailers being the gatekeepers of the market and new digital companies taking on that role and exerting power over consumers and their choices. The aim of these digital players, just like that of their analog competitors, is to increase consumption and sell more. However, these new gatekeepers’ primary incentive is to increase the consumption of bits and bytes. Assuming that for every dollar spent, virtual consumption will result in less of an environmental impact than physical consumption, it is possible

to imagine a world where, despite increases in consumption, the environmental impact of consumption can decrease. However, in order for any real predictions to be made, far too little is known about the consequences of increased time and money being spent virtually.

Can Digitalization Become a Tool for Sustainable Consumption?

Unsurprisingly, digitalization can in equal measures be the friend or foe of sustainable consumption. What is undisputed here is the fact that the digitalization of our lives, and of consumption, is here to stay and will continue to increase. This trend is being fueled by massive computing power, big data, cloud computing, AI, the IoT, and online platforms (Kornelakis, 2021). It is equally indisputable that consumption has to become more sustainable, and thus it will be essential to use digitalization as a tool for sustainable consumption.

Digitalization has many inherent traits that make it a strong tool for sustainable consumption. Online stores can design and promote sustainable products and consumption practices in the sense that products are made visible to consumers who are nudged toward more sustainable consumption choices. Online stores can also have a more niche-like focus, including branding as an eco-store, and catering to already eco-conscious consumers who want more convenience and a wider selection of eco products than might be available locally. However, web shops, like regular shops, also exist to facilitate consumption.

A more radical potential for sustainable consumption may lie in the ability to dematerialize consumption. Several existing trends in consumption are pointing in this direction, most notably digitally connected products, servitization, and virtualization. Digitalization can enable service-based business models, or product service systems, that are increasingly de-emphasizing the material product component of a business model. Virtualization can go even further and replace physical products with virtual ones. Even in cases where consumption is not primarily virtual, virtual consumption can play a significant role in reducing the

materiality of consumption. While it was uncertain, not too long ago, whether people would want to live and spend digitally, more and more people are nowadays appearing to embrace virtual consumption. Computer games are more popular than ever, streaming has become the norm, and, increasingly, humans are socializing online.

The world envisioned here is one where wants are increasingly being created and satisfied virtually, while needs that cannot be satisfied virtually are being satisfied more efficiently with the help of digitalization. Wants, in particular, are of importance with regard to sustainability because virtual artifacts may provide many of the functions today being ascribed to physical products, for example, identity, status, belonging, and entertainment. If, indeed, consumers can be convinced that virtual reality's value proposition is either equivalent to or better than the status quo, then the results could be profound as regards economic activity.

At the same time, digitalization is accompanied by risks regarding (un)sustainable consumption that need to be avoided. Digital and virtual consumption are not free of environmental impact. Digitalization currently requires huge amounts of energy, and material resources still need to be mined for ICT equipment and infrastructure. While ICTs continue to decouple their environmental impact (cf. Joyce et al., 2019) using energy increasingly being supplied by increasingly green grids in the future, there may still be a need to question how much digital consumption, generally, can and should be sustained in the future.

Second, digitalization saves consumers both time and money, as decreased transaction costs and increased economies-of-scale result in more efficient consumption. Policymakers must thus be wary of rebound effects. Ideally, the aforementioned trend toward virtual consumption will "swallow" the extra time and spending power and divert it toward low-carbon activity, for example, by turning consumers into prosumers (Lehner, 2019). However, this remains hypothetical. It is just as likely that additional spending power and time will be invested in carbon-intensive activities such as travel, home improvement, or shopping. There is a risk that, if price incentives are wrong, digitalization may result in the system being optimized for the wrong parameters; for example, when the occupants of a smart home decide to keep it cooler in summer even when they are not at home (Walzberg et al., 2020).

Third, to prevent the digital world from becoming a purely commercial one, it is essential to ensure that the digital space remains open and free rather than owned and run by large corporations. Over the last decade, IT giants such as Alphabet, Meta, Netflix, Apple, Amazon, and Microsoft have been capturing more and more Internet traffic on their platforms. In 2021, these six companies alone accounted for 57% of global network traffic (Taaffe, 2021). Only an open and free Internet will allow a critical and non-commercial exchange of ideas and knowledge. Only an open and free Internet will provide the space for non-commercial activity. In countries with strong states, for example, the Nordic countries, there is a longstanding tradition of making sure public spaces are not purely commercial. Next to shopping centers, coffee shops, and movie theaters, there are also public squares, libraries, playgrounds, and free works of art for citizens to enjoy. It appears important that such institutions exist, even in a virtual world, in order to counterbalance the spaces dominated by commercial interests.

Lastly, while digitalization and technological innovation generally appear to be pointing toward a future in which we can replace the fossil fuels used in transportation and heating, overall energy consumption, and in particular electricity consumption, will significantly increase. Policymakers need to ensure that these electricity requirements can be met sustainably, and that the potential of digitalization is realized.

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13

The Challenge of Overproduction and Overconsumption

Gabriella Wulff

Challenges Facing the Future of Consumption

One of the biggest challenges facing the future is how to address the environmental challenges ahead of us in the near future. Reports on global warming due to CO₂ emissions, as well as on how humanity is exceeding planetary boundaries, have increased in frequency during recent decades (see, e.g. Rockström et al., 2009). Such problems are also mentioned by the media, activists, and the wider public, where the textile and clothing industry has been identified as contributing to this development. Along with Sustainable Development Goal number 12, there has been a call for action, for the industry to engage in more sustainable production and consumption.

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Early academic discussions on corporate social responsibility revolved around aspects such as poor working conditions and the negative environmental consequences of production (see, e.g. Bartley, 2007). During recent decades, the discussion has shifted towards focusing on the overall environmental impact of the industry, with a circular economy being presented as the solution, together with the core concepts of reduce, reuse, and recycle (see, e.g. Stål & Corvellec, 2018). This research has mainly focused on the latter stages of the circular economy, for example, reusing and recycling, but less so on reducing the inflow of new materials. Moreover, although the idea is for companies, economies, and societies to move towards a more circular economy, our current society is still predominantly built upon a linear economy.

Two problems identified in current linear business models are overproduction and overconsumption. Overproduction has been defined as “the act or an instance of producing too much of something” (Merriam Webster, n.d.), while overconsumption has been defined as “the excessive consumption or use of something” (Merriam Webster, n.d.). On the one hand, large volumes are produced by the industry, while on the other, the frequent consumption of products is beyond what may be considered basic needs. While overproduction is closely linked to any efficiency issues a company might have, the term overconsumption instead addresses the idea of exceeding planetary boundaries.

In terms of *overproduction* in the fashion industry, research has focused on how to better forecast in order to achieve a better match between supply and demand. For example, using aspects such as lean manufacturing to reduce overproduction (Maia et al., 2013), and how overproduction is a burden for trade (Schrank, 2004). Another focus area has been waste and waste management, where a distinction has been made between pre-consumer and post-consumer waste (Koszewska, 2018).

Research on *overconsumption* has put the producer-consumer exchange in focus, with an emphasis on the end-consumer and on how consumer behaviour could be changed (see, e.g. Gupta et al., 2019). Other studies have investigated the impact of buy-now-pay-later (BNPL) credit schemes on impulse buying tendencies (Ah Fook & McNeill, 2020; see also Relja, Lifan Zhao & Ward’s discussion of BNPL in this book), which can also spur overconsumption. Yet another study has investigated the impact of

online promotions and social media on consumers (Frick et al., 2021), also indicating that the end-consumer has been focused on in this stream of research.

Although much research has been carried out on overproduction and overconsumption, there are few studies combining the two. Overproduction is regarded to be linked to companies and overconsumption to end-consumers. However, products are not produced for the sake of production; they are placed as orders by retailers from suppliers. Without such orders, these products would not be made. Thus, overproduction does not happen in a vacuum, it is also part of a consumption culture—one that takes place within retail firms. Going back to the definition of overconsumption as the “excessive consumption or use of something”, this is not limited to an individual and should thus not be limited by only studying the end-consumer. There is already excessive consumption on the part of the company, and this chapter will demonstrate how it is also closely linked to overproduction. Hence, this study shows how overproduction and overconsumption are closely intertwined, and the difficulty of separating the two. By connecting the two with each other, we can also more easily discuss and address the challenges we are facing for future consumption.

Discounting as the Missing Link

Discounting is becoming a more frequent feature of fashion retailing, as well as several other retail sectors. The phenomenon of discounting is widespread, with only 30 per cent of clothes produced today being sold at full price, 30 per cent at a discount, and the remainder left unsold (Koszewska, 2018). Moreover, a recent report shows that 75 per cent of apparel purchases in the US were from off-price retailers (The NPD Group, 2016). Discounting is problematic for many retailers as it distorts competition and entails lower margins on each product, which has a negative impact both on the profitability of the firm and on the environment, as larger volumes are required to maintain the same level of profitability.

Discounting is an indication that retailers have made products that lack market demand. They cannot be sold at full price and thus need to be subject to price reductions to be considered attractive. Once the price has been reduced, they often become more attractive to the consumer, who tends to make purchases that might not have been planned. In this way, discounting is not only a sign of overproduction, but it also contributes to more consumption by the firm and spurs consumption among end-consumers.

Research on discounts has focused mainly on the customer responses to reduced prices (see, e.g. Jin & Kim, 2003), on pricing strategies (see, e.g. Caro & Gallien, 2012), and discounts as a driver of revenue (Ngwe, 2018). Nevertheless, discounts have continued to increase in frequency: Along with campaigns and offers, they are part of the day-to-day work of firms, but also the day-to-day life of consumption. Current explanations thus seem to have shortcomings as regards explaining how they arise, whether they can be reduced, and as regards linking discounting to issues concerning overproduction and overconsumption.

Aim and Research Scope

The aim of this chapter is to explore the link between overproduction and overconsumption by studying discounting and providing directions for the future of retail and consumption. This is important since there is a lack of research on that relationship, and where previous studies have been limited to either studies of optimisation (see, e.g. Choi, 2019) or consumer preferences (see, e.g. Lee & Tsai, 2013). Also, along with Sustainable Development Goal number 12, there has been a call for the industry to engage in more sustainable production and consumption. By taking a more explorative and qualitative approach to the research topic, this study has nuanced previous findings and added to the scholarly debate on sustainability and retailing. The study is based on findings from an ethnographic study of discounting in the Swedish fashion industry. The guiding research question was:

How do Swedish fashion companies use discounting and with what consequences?

To answer the question, three sub-questions were posed:

- What are the types of discounting used?
- What are the reasons for discounting?
- What are the strategies used to reduce discounting?

By gaining insights into discounting, this research contributes towards informing academia and practitioners on how to address the problems of overproduction and overconsumption.

The first sections of this chapter account for different types of discounts, the reasons for discounting, and the strategies used for reducing discounting; in short, how they come to exist and how companies work towards dealing with them. After that, there is an analysis of how discounting relates to overproduction and overconsumption, which paves the way for some final reflections on whether discounts can and/or will be part of the future of consumption.

Design of the Study

This study sets out to address the backyard of the fashion industry by discussing the problematic aspects of discounting in terms of profitability and sustainability issues.¹ The material has been collected using an ethnographic study of discounting in the Swedish fashion market, between 2019 and 2021, consisting of 33 interviews with fashion companies, IT companies, entrepreneurs, and a member organisation. The IT companies were included due to their key role in supporting the fashion companies in technical solutions, as well as their broad customer base, leading to access to a greater number of companies in the industry. The respondents included two lawyers, three controllers, two business strategists, four retail and/or commercial managers, one operations manager, five sustainability managers, one multi-brand retailer, three entrepreneurs, and three CEOs of IT companies. The interviews lasted approximately

¹ The project has been financed by The Swedish Retail and Wholesale Council, and the Centre for Retailing at the University of Gothenburg.

one hour each and were all recorded and transcribed, resulting in around 27.5 hours of recorded material. Also, around 15 informal chats were conducted with sales assistants. Such interviews were spontaneous, not aiming to answer specific themes or questions, but rather to give insights from the point of view of the store.

Additionally, several observations were also carried out both in physical stores—structured and unstructured—and online on, for example, company websites, and social media. In total, around 50 observations were carried out in physical stores, and up to 10,000 screenshots were collected regarding communication on social media as well as company websites. Moreover, the material was also complemented with news reports by the media (e.g. Market, Habit, Dagens Nyheter, Göteborgs-Posten, and Svenska Dagbladet). This has resulted in rich empirical material and the writing of a thick description of the problem of sales and discounts in the fashion industry. The material was coded using line-by-line coding (Charmaz, 2014), and then thematised and conceptualised in relation to the previous literature in the field. Using a case study of discounting in the Swedish fashion sector, the aim was to better understand the link between overproduction and overconsumption by studying discounting.

Types of Discounting

Discounting can be done at several different times throughout the sales process. Traditionally, discounts have been a way of getting rid of products at the end of the season, using end-of-season sales, explained by one of the respondents as follows:

This is the essence of price reductions: It's a way of getting rid of unsold products and converting them into money. Products that are left unsold are problematic, not only because they take up space in-store and in warehouses, but also because money is tied up in these products. Once products have been sold, both space and money are freed up, leaving companies better placed to procure new collections (Multi-brand retailer, Company B).

Hence, the original idea of the discount was to find a way of selling products that remained unsold at the end of the season, in order to make space for new products and to ensure the liquidity of the firm. In Sweden, there is end-of-sale discounting on at least two specific occasions: i.e. the summer sale and the winter, or Christmas, sale. This is generally complemented by additional mid-season sales during the spring and autumn. Lately, many retailers have introduced new types of discounts, for example, Black Friday, Cyber Monday and Singles' Day. Some of the companies in the study choose not to have mid-season sales, but to have Black Friday instead (Companies A, B, and D). Based on the interviews, other types of discounting practices were also mentioned—for example, in-season reductions through campaigns and offers.

Discounting is a reduction of the full price, defined as “sold at the normal price, not at a reduced price” (Cambridge Dictionary, [n.d.](#)). Respondents reported determining the full price, either by calculating a fixed sales margin on the product or using other parameters, for example, weighted calculations within a fashion collection. The full price is generally communicated using black numbers, while discounted prices are often marked in red. Fig. 13.1 below gives an overview of when and where discounts take place today—consisting of three types of discounting practices: i.e. pre-season sales, in-season sales, and end-of-season sales (see also Şen, [2008](#), for a similar categorisation).



Fig. 13.1 A schematic showing different pricing strategies

As shown in Fig. 13.1, the full price is only one of four types of pricing strategies.

To plan for both in-season and end-of-season sales, many companies regularly follow-up sales of specific product groups. For example, some companies reported working with campaigns and offers, to “activate” products or product groups and spur sales of specific products, as well as in between clearance sales (such as end-of-season and mid-season sales) (Companies C, G and H). This has led to a situation whereby the lines between the different types of price reductions are becoming increasingly blurred.

Reasons Behind Discounting

At the heart of discounting lies the question of excess production, which is often referred to as the balance between supply and demand. Equilibrium can be difficult to achieve as trends, the weather and other factors affecting prognoses can be difficult to foresee. Although prognoses are a major part of the problem, where it might be difficult to predict sales volumes, other reasons for price reductions were also given during the interviews. The reasons for discounting can be grouped into four overarching categories; i.e. procurement, financial and spatial, design, and market reasons (see Table 13.1, below).

Table 13.1 Categorisation of the types of reasons for giving discounts

Reasons	Examples		
<i>Procurement</i>	Bought too large volumes	Bought wrong sizes	Bought the wrong type of product
<i>Financial and spatial</i>	Liquidity problems	Low inventory turnover rate	Lack of space in warehouses and stores
<i>Market</i>	Product part of a campaign	Products or price offers to attract new customers	Products or price offers to retain existing customers
<i>Design</i>	Poor product fit	Poor product design	Out of fashion (or to sell while still in fashion)

The first category, *procurement reasons*, is about buying the appropriate number of products, in the appropriate size and colour, and at the right time. For example, the summer collection is somewhat difficult to predict: “The challenge of the summer collection is that the weather conditions for these garments are rather limited, at least in Sweden and the Nordic countries” (Commercial Manager, Company C). As forecasting is difficult, one respondent concluded that the elimination of discounting can be regarded as a “utopia”.

Secondly, *financial and spatial reasons*, were exemplified by the issue of liquidity: “It’s better we sell now, get the money and buy new things” (Multi-brand retailer, Company B), as well as the need to “make space for new stuff, by getting rid of old products that aren’t attractive” (Controller, Company C). Another respondent reported on a similar line of reasoning: “We cannot keep everything, then we’d run out of space” (Wholesale Manager, Company A).

When it comes to *design reasons*, this was exemplified by a poor product fit: “It might not be the shirt that’s wrong, but the measurement needing to be adjusted” (Commercial Manager, Company C). Another reason is that design is limited to a short period, for example, Christmas sweatshirts, which will lose their attractiveness just after the Christmas holidays, at least until next year. In general, there is a feeling that, “The products don’t get more attractive with time—if anything it’s the opposite” (Controller, Company H).

Discounting connected to *market issues* has three aspects: First, products were sometimes planned to be part of a specific campaign. However, using discount periods, for example Black Friday, was often discussed internally, as expressed by one of the respondents: “We’d prefer not to be part of this gimmick, but we can’t afford not to” (Sustainability Manager, Company F). A second reason for reducing prices was attracting new customer groups. For example, the Retail and Wholesale Commerce Manager at Company A concluded that, “It’s much more cost-efficient to change the margins on our products [...] than to pay for advertising”. However, reducing prices also comes with increased risks: “The most important thing is that customers return after buying discounted products and that they start on their consumer journeys”, the same person reported. Hence, companies do not want to build loyalty based on

discounted prices, instead hoping to establish contact with potentially new and repeat customers.

A third reason was to retain current customers. The Controller at Company C noticed the downsides of discounts, whereby they felt that discounted prices were unavoidable: “Using coupons, campaigns and discount codes has led to a situation where we’ve taught our customers to wait for the sales”. By using discounts on a regular basis, the company felt its customers were never prepared to pay the full price, and thus it needed to continue offering discounted prices to retain its current customers.

In sum, there are various reasons for discounting, where the procurement of excessive volumes is only one of many. While faulty purchasing strategies can be refined through better prognoses, it is more complicated to address a faulty design, financial and spatial issues, or a market issue using the same measures. In such cases, alternative strategies are needed to reduce discounting and implicitly address issues of overproduction and overconsumption. The next section takes a closer look at the companies’ current strategies for cutting discounts.

Ways to Reduce End-of-season Sales

The results show that there are three main ways of addressing the problem of end-of-season sales: (1) *optimising*, (2) *stimulating the market*, and (3) *finding alternative solutions to conventional business practices*. These three strategies, used to reduce end-of-season sales, are outlined below.

Optimising

The first strategy for addressing the issue of sales and discounts is optimising the supply chain. Most respondents reported on several initiatives for improved prognoses between supply and demand, for example, increasing the flexibility of the supply chain by means of local production, refilling orders in season, and measuring sales in real-time using various indicators. The last initiative was exemplified during several interviews: “We do informal follow-ups every week” (Commercial Manager,

Company C) and “We work incredibly hard on follow-ups” (Controller, Company G). For example, the controller at Company G reported on having implemented a Radio Frequency Identification (RFID) system, which gave them improved tracking of the sales of each product category and thus a better match between supply and demand: “Using the RFID technology, we can optimise where we’ve allocated the products and get a completely different kind of stock control”. Hence, technology was used to assist them in optimising distribution of the products to the various stores. Another initiative reported on by a business strategist at Company C was merging the online warehouse with the warehouse supporting the physical stores. This way, the company had more flexibility in serving different markets and meeting different demands.

Stimulating the Market

An alternative way of dealing with excess volumes was taking measures to prevent a large end-of-season sale by stimulating the market during the season using campaigns and special offers. Several companies mentioned “activating” (Company C), “selling at a certain pace” (Company G), and similar expressions to describe how they wanted to activate certain products, product groups, customers, or customer groups. On the shop floor too, this was a concept that was talked about: “By the turnover rates, we can see which products have an insufficient sales pace” (Shop Assistant, informal talk). One of the respondents explained how in-season sales were linked to end-of-season sales:

It’s better to sell using lower price reductions in-season than using larger price reductions at the end of the season [...] This way, the consumer is better off too, getting the products while they’re still in-season (Business Strategist, Company C).

Price reductions, then, are used to steer sales and customers in certain directions, for example, for products not achieving company sales targets. By doing continuous follow-ups, companies pinpoint products that have difficulties reaching their markets. The benefit of discounting products

in-season, as reported by the respondent above, is that it can be done at a lower rate than during the end-of-season sale, and still be considered an attractive offer to the customer. A 20 per cent discount on knitted sweaters could, for example, spur sales in that product group while the need still exists for this type of product, rather than selling it later when it is already considered out of date and fashion. The business strategist at Company E reported on the risks of such reductions: “We don’t want to have offers on our unsuccessful products as it risks the brand gaining a bad reputation.” Hence, although it might be an efficient way of stimulating the market, another company avoided this strategy as it considered the risks associated with price reductions to be larger than the benefits.

Finding Alternative Solutions for Unsold Products

The companies also reported on alternative solutions to discounting, such as addressing the problem before it even arose. For example, Company A worked to reduce the number of pieces in a seasonal collection, as fewer designs meant fewer clothes to waste. Other companies worked to reduce the share of seasonal fashion clothes in favour of a higher share of carry-over products, that could be sold during several seasons. In addition, other solutions were used to complement an existing discounting strategy, for products which, despite price reductions, had not sold. However, products that were difficult to sell at full price could also be difficult to sell at a discounted price:

If products sell poorly, they’ll probably end up on sale. We probably choose things that didn’t work at all, as customers showed a lack of interest in these products (Business Strategist, Company E).

The business strategist of Company C came up with a different interpretation, i.e. that some products can be saved for the next end-of-season sale, when they can contribute towards making that sale more attractive due to more products being displayed. Figure 13.2 shows some of the alternative solutions for unsold products. The alternative solutions

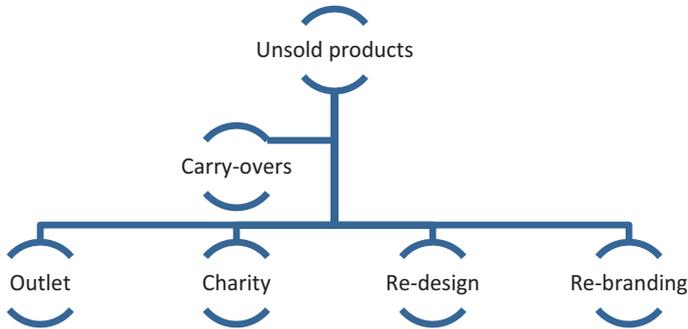


Fig. 13.2 Alternatives applied to unsold products

applied to unsold products, either before ending up in the sale or after, are mentioned below.

Among the unsold products, various solutions are available for handling this stock. Some companies reported having “carry-overs” in their collections from one season to the next (Companies A, C and G). Such products were not discounted, at least not at this stage, instead becoming part of next year’s collection. The sustainability manager at Company G reported that, “About 30 per cent of the assortment is so-called carry-overs, which are never discounted”. These are generally less fashion-sensitive items, consisting of basics (e.g. t-shirts, jeans etc.), bestsellers (specific products the company is renowned for), or products considered as still being in fashion for at least one more season. Another word mentioned by the business strategist at Company E was “longevity”, indicating that a garment can last for a long time. In a similar way, the sustainability manager at Company A said, “We need to step out of the vicious circle, where we have a lot of products in each collection—reducing the number of styles and increasing the share of those that can live for longer”. This work had already started at the company.

Another phenomenon mentioned by several respondents was how some companies had started *outlets*, whereby unsold clothes from conventional stores were gathered and sold at discounted prices in specific locations (i.e. during interviews with Companies A, E and F, IT Companies I and III). However, this entailed challenges: “This is problematic since leftover products are often in very small or very large sizes.

[...] this makes it difficult to sell those products” (Sustainability Manager, Company A). Hence, outlets were often the last resort for products that sold neither in-season nor during the end-of-season sales. Starting up outlets was a strategic way of keeping a brand intact, whilst still finding a channel for products. Another option was to use a wholesaler, who assisted in finding alternative markets for the products, in which the company had no prior presence. Company C has, for example, been in contact with wholesalers in Latin America, while Company A has tried (but then stopped) working with a national wholesaler, operating as an outlet for various brands, in a market where they already had a presence.

A third option that was reported on was giving clothes to *charity*. The sustainability manager at Company G reported on a procedure whereby leftover stock from stores was sent back to the warehouse and later given to a charity organisation: “They have a sorting facility where they decide whether to sell the clothes in one of their stores, give it to disaster areas or recycle the material”. Giving to charity, however, was sometimes problematic: “There’s no shortage of garments in the world so giving to charity comes with a risk of dumping” (Sustainability Manager, Company F). Consequently, this company avoided giving *unsold* products to charity. However, what they did do was give reclaimed items and used staff clothes either to a local charity shop or to a women’s shelter. The operations manager at Company D raised another issue when giving clothes to charity: “We don’t want to give one hundred dresses of the same style away, that just wouldn’t look good for us”. This company generally did not give to charity, but when they did, they cut the labels off—to avoid harming the brand while ensuring that the clothes could still be used.

A fourth option was the use of re-design, which sometimes even resulted in adding value to the product. The sustainability manager at Company A reported on sending leftover products to the warehouse which could later be used for recycling projects. One example mentioned was weaving carpets from leftover products (Wholesale and Retail Manager, Company A). This was less common as it required additional work and resources. Company A has also collaborated with a local textile factory in the past, but mainly for repairs. Company G also reported on collaborations regarding recycling projects with a local designer, but then for second-hand garments and not leftover stock. One of the

entrepreneurs interviewed for the project reported on collaborations with large partners, for example, museums, fairs, and private companies. Using advertising material and leftover fabrics, products have been re-designed, for example, into bags or pillows. The problem, as the Sustainability Manager at Company A, describes it, is that it takes time engaging in this type of project. Hence, re-designing, re-making and recycling can be alternatives to discounting, but they also mean putting more time and value into the product, which might also be reflected in the final price.

Lastly, another solution observed in physical stores and reported on in the interviews is a type of *re-branding* of unsold products, to create hype. The CEO at IT Company I explained: “You need to make it attractive again, for example by labelling it as a ‘unique item’”. Company D called such products “revisited”, while observations in stores showed racks of “last chance” items. Hence, by framing these products as something unique, prices could sometimes be kept the same, and sometimes even increased, as these items could then be considered exclusive offers.

Conclusion

In sum, discounting is done at different times throughout the season for several different reasons whereby companies, in various ways, try to reduce the number of discounts. Improving prognoses might work to a certain extent, and the companies reported on are progressing in terms of reducing their excess volumes using technological developments. However, such a solution is less satisfactory in cases where, for example, design or space is the problem. Also, there has traditionally been a notion of gaining economic benefit from buying in large volumes and paying less per item, leading to a tendency for the company to overconsume. The logic behind this is the risk of selling out and needing to refill by producing at higher cost, making it difficult to eliminate all kinds of discounts. However, this attitude is changing, as some retailers are noticing benefits in reducing discounting whilst retaining their profitability due to improved margins. Moreover, while market stimulation in-season might be an efficient way of getting rid of excessive volumes and reducing end-of-season sales, it does not address sustainability issues, for example,

overproduction and overconsumption: Rather it contributes towards an unsustainable way of doing business, something which an increasing number of companies are now realising.

Future Avenues for Retail and Consumption

This chapter has pointed to the importance of treating overproduction and overconsumption not as two separate phenomena, but as two concepts closely intertwined with each other. Moreover, it has demonstrated that discounting can be conceptualised as the missing link. To address overproduction and avoid unsold products becoming waste, discounting has been used as a solution by many companies. However, in doing so, discounting has contributed to maintaining a practice of overconsumption within firms, as well as stimulating the market and overconsumption by end-consumers.

Since an optimal point between supply and demand seems difficult to achieve—if not impossible—we can expect there to be a certain amount of overproduction in the future too. However, in order for that overproduction not to lead to overconsumption as well—both within and outside the firm—we must learn to differentiate between leftover products, waste, and discounting. Leftover products do not need to become waste, nor discounted per se, but they can be dealt with in other ways. Only by engaging in strategies that act as an alternative to discounting will companies be able to address the issues of overproduction and overconsumption. Only then will more sustainable businesses be able to take shape and flourish.

The study has pointed to potential avenues for future business and research by providing examples of solutions that act as an alternative to discounting, for example, carry-overs, reducing numbers of items and seasonal collections, and, lastly, re-designing and re-making. Such solutions, to some extent and in some settings, have previously been incentivised by a reduced VAT rate on repairs and second-hand purchases, but they could be supported even more on the national and international levels. In general, stricter laws and more monitoring of compliance with existing laws would be beneficial, not only in reducing discounts but also

in ensuring equal competition. One example here is a new European law recently enacted, combatting how some retailers have made use of price increases prior to discounts to give the impression of offering larger price reductions.

Another trend noticed in the industry, and outside the scope of this study, is retailers moving towards personalisation and made-to-order products. In short, that would mean no supply until a demand arises, thus reducing overproduction. Several companies are engaging in this type of business model already, and it is especially common among start-ups. Whether this will lead to less, or more, consumption is still to be investigated, as it can be accompanied by the risk of creating new consumer demand rather than meeting existing demand.

This idea, that demand is not static but dynamic, is important to keep in mind in other studies, too, on the link between overconsumption and overproduction. Prognoses take their starting point in the concept of meeting market demand: However, if market demand is changing, how can it then be met? Hence, when supply aims to match demand, there are no limits to how much supply there can be. To build more sustainable businesses, we need to reverse these arguments and instead take supply as our starting point. How can we sustain responsible businesses in the future, within planetary boundaries and the limits of the world's resources? If we find an answer to that question, then we will be much more likely to find more sustainable solutions for the future.

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14

Create Tomorrow's Vintage

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Founded by Maria Erixon Levin, Joakim Levin, and Palle Stenberg in Gothenburg in 2001, Nudie Jeans Co is a Swedish denim company recognized for its work with sustainability, both environmentally and socially. Kevin Gelsi, Nudie Jeans's Circular Product Manager, describes how Nudie Jeans Co, with its denim selection made from 100% organic cotton, its transparent production, and its repair, reuse and recycle program, both provides and maintains a tradition that is true to the history of denim and its characteristics.

Going through life sitting on our asses does not get us far because change requires commitment. Although technological advances are fueling the retail arena with innovation, high-tech solutions to structural problems will only get us so far. Before we put a Band-Aid on to stop the bleeding, we clean the wound. Cleaning up our mess is a good start, but it is different from patching up what can be fixed. If we want to be around tomorrow, we need to do both. Apart from tech innovation, we also need business model innovation, with strings attached to the systematic flaws and misconnections of textile value chains. To reclaim the 'sense' in the up-to-date nonsense over producing world of fashion, we believe in rewiring the textile industry. Supported by technological developments and made reality by a behavioral transition.

The notion of a high-quality product made in a fair way is one of the spiral coils of our DNA, and we believe that this constitutes a crucial foundation of materializing circularity. The packaging and deliverance of that idea, and the explorative approach of constantly going our own way and doing something different, has made us who we are. By making the

noise of our sewing machines echo in the stitches of every repair we have ever made, turning well-worn and mended denim into something uniquely beautiful, like a second skin, we are paving the way for sentimental value. The essence of which ticks one of the biggest boxes on the list of requirements for the future of consumption, characterized as *relevance*.

When we started repairing jeans, some fifteen years ago, we knew nothing of the inherent potency of the seed we had planted. It grew organically at its own pace: What had initially been a basic instinct for fixing what is broken eventually turned into our most obvious promise ever—*free repairs for life*. Back then, we only had hemming machines for adjusting length sizes. However, the creative in-store crew members started to experiment with them, repairing their own jeans, something which led to regular customers asking for the same thing. With inspiration from Maria's father's old repair shop for tires, the bits started to fall into place. Later on, following word-of-mouth and some amplified community building, our conceptualization of the *Nudie Jeans Repair Shop* was officially sculpted in 2012. The purpose of our existence had obtained new meaning, and the reasons for dropping by one of our stores had changed.

From a lifecycle perspective, prolonging the life of a product comes first, according to the waste hierarchy. For us, this also became a gateway into additional circular solutions, like trading in postconsumer Nudie Jeans garments, which later enabled the sale of *Reuse Jeans*, thus providing a supply of patching material for the repair service and fabric streams for recycling programs. We have gradually realized the importance of consumer engagement, the reciprocity of the dependency in the relationship with our users. From decent products, with personal value and beneficial service offers, come trust and loyalty, two of the major ingredients in our recipe for repeat customers. To engineer reversed supply chains, retail needs to incentivize the consumption patterns which lead to broader interactivity and put the key pieces of the puzzle in place, whereby consumers, apart from doing their shopping, play the additional role as the previously missing suppliers of postconsumer garments.

Keeping an eye on the rearview mirror as we gaze into the future, it is clear we need to keep digging where we stand, to scale and develop the circular activities that are ongoing for us. Various barriers need to be

overcome, or preferably erased: To do so, in the global market of today, technology is key. Policy initiatives, like the EU Commission's proposal for digital product passports, have the potential to hurry up this process. Making accessible traceability and product-specific data mandatory will not leave stakeholders much choice but to adapt and invest. Exactly what to expect around the corner cannot be predicted: However, as we are inevitably and continuously sketching the outlines of our future, fragments of a preview are constantly being revealed to us. We can already see plenty of startups offering new services, which if utilized responsibly, can save retail from its own abyss and become a part of the solution. If the industry succeeds in linking logistics with advanced product and material management, in an omnichannel-like manner, where online resale platforms, AI-sorting entities and textile recyclers are interlinked, for example, the harmonization of our resource efficiency methodologies can be optimized. In the same way that we need biodiversity and ecosystem services, we see the demand for diversity in retail driving the mechanisms in the infrastructure facilitating a holistic circular machinery, in order to curate the recovery of a healthy balance in the textile industry.

It is a little too late to '*nip it in the bud*', especially for fast fashion giants facing the massive challenges of business model adjustments. Technological advances have mitigating properties, but they will not dig deep enough to deal with the root cause of the infection plaguing this industry if decision-makers are not willing to get their hands dirty and pay the price. We believe the path we have chosen is right for us, but we also understand that it is not the only one. It reminds us a little of that opening scene from the film *Interstellar*. Spoiler alert, but you initially believe you are watching retrospective interviews with old farmers talking about being overwhelmed by unbearable living conditions and sandstorm invasions: However, this is a lens into the future. In the movie, their traditional cultivation methods still work while the environmental circumstances for life are in grave danger. What we mean here is just that being 'old school' is not so bad in some ways, and that it might be more significant than ever to bear that in mind moving forward. The age of workwear, as we know it, has passed, but we still need clothes that work, which is why we are stepping into the future by breaking up with the modern fashion industry, because we are not here to create landfills. We are here to *create tomorrow's vintage*.

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Part III

Wellbeing





15

The Future of Wellbeing: Value Creation in Digital Mental Health Services

Alisa Minina Jeunemaître

Introduction

In 2018, the European Commission announced the advent of the Digital Decade, emphasizing the digital transformation of businesses and public services (European Commission, 2018). Particular attention was paid to the digitalization of healthcare system, with billions in funding being directed to mobile health apps, making it one of the most promising fields in the digital health sector.

In recent years, digital mental health services have emerged as an alternative to in-person psychotherapy treatment, and their proliferation has been greatly intensified by the COVID-19 pandemic. The digital mental health market has experienced unprecedented growth over the past few years (Statista, 2022). More and more mental health professionals are offering their services online and exploring new formats, for example, online group psychotherapy, webinars, multi-day social media

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workshops, and pre-recorded mental health sessions. The online platforms serving as service provider aggregators are making mental health services available globally on a 24/7 basis, and the emergence of artificial intelligence-powered mental health apps, for example, Replika, has in some instances completely removed a human psychotherapist from the equation. Nevertheless, currently, scholars cannot come to an agreement regarding whether or not these services can lead to successful positive outcomes compared with traditional psychotherapy that involves the physical presence of therapists and consumers in a shared space.

But are we going in the right direction, in turning mental healthcare services into a market commodity, removing the intricate human therapeutic relationship from the equation and replacing it with an uberized customer experience? With the rapid onset of digitalization and the fourth industrial revolution, researchers have been raising concerns during recent years over the potential effects these processes can have on consumer wellbeing and value creation, especially in the domains of healthcare and personal relationships (Boninsegni et al., 2022).

While extant research on digital mental health services tends to focus on their clinical aspects, treating these services as a unified landscape, it is important to also acknowledge the unregulated proliferation of multiple value propositions in the non-clinical sector which is playing an increasingly important part in the daily lives of consumers. The purpose of the current chapter is to investigate the digital mental health servicescape as a service ecosystem composed of multiple clinical and non-clinical market actors. In doing so, we seek to answer the following research questions: (1) How is the digital mental health servicescape organized? and (2) What are the characteristics of multiple actors in digital mental health services ecosystems? Specifically, we provide an overview of the main market actors, as well as their specifics and value propositions, and we discuss the specific mechanisms of value co-creation and co-destruction in this setting. We share ethical reflections on whether the transformation of traditional psychotherapy into digital retail therapy can result in cheaper, faster and better treatment, or whether certain aspects of standards of practice, for example, a therapeutic relationship between a patient and his/her psychotherapist, could be compromised in digital mental health services settings. Finally, we provide recommendations for

retail managers and digital mental health service providers as regards optimizing the transformative and therapeutic service experiences of consumers.

Value Creation and Consumer Wellbeing in Digital Mental Health Ecosystems

Many scholars in the field of marketing and service research have dedicated their time and effort to studying the concept of value. Despite an ever-growing number of contributions in the field, we are not getting any closer to providing a unified definition of value, while acknowledging its idiosyncratic and context-dependent nature. Current understanding indicates that successful value creation means that, after engaging with the service, a customer would feel better off after his/her interaction with the service (Gronroos, 2011). At the same time, it is not only true that value can be created, it can also be destroyed as multiple actors interact with each other during the service process.

If we regard digital mental health services as an ecosystem (Anderson & Ostrom, 2015; Vargo et al., 2017), we can observe the interactions between consumers and service providers, who function together in a shared context, co-creating value through processes of market exchange. The value derived from the interactions between the market actors in this ecosystem serves as a function of collective wellbeing. The creation, or co-creation, of value is not an automatic result of the exchange. The inter-relationship between market actors can co-create value in cases where the expectations and perceptions of both the service providers and the customers are aligned (Rintamäki & Saarijärvi, 2021). However, the value can also be co-destroyed in cases where the notions of value in the marketplace come into conflict with each other (Minina et al., 2022), or in cases where the participants in the exchange process misuse the resources available to them (Plé & Cáceres, 2010). In the context of digital mental health, we can regard the value derived from this service experience as transformative value that creates an uplifting change and improves consumer wellbeing (Blocker & Barrios, 2015).

Before we proceed, it is important to specify the notion of consumer wellbeing, which is gaining the interest of researchers, but nevertheless remaining a notoriously “fluffy” concept that is hard to define or measure. According to Dodge et al. (2012), stable wellbeing can be observed when individuals have the resources (social, physical and psychological) to meet particular challenges during their everyday lives. In transformative service research (Anderson & Ostrom, 2015), the dimensions of wellbeing are defined as physical health, mental health, financial wellbeing, marginalization, discrimination, literacy, inclusion, access, capacity-building and decreased disparity. Digital mental health services are being marketed as a tool for improving consumer wellbeing, reducing the strain on mental health services, and increasing access by underrepresented groups. These advantages depend heavily on contextual as well as service-specific factors, for example, user characteristics, technology, implementation environment, accessibility, functionality, and performance (Funnell et al., 2022). At the same time, the concept of digital therapy raises certain ethical issues, for example, consumer privacy, the competence of therapists, or the ability of counterparts to build a therapeutic relationship.

Mapping the Digital Mental Health Servicescape

In the marketing literature, the places and spaces where consumption experiences take place are commonly referred to as servicescapes (Figueiredo et al., 2021). They can also be referred to as cyberscapes (Williams & Dargel, 2004) if consumption encounters take place in the virtual environment, displaying characteristics of intangibility, perishability, the inseparability of production and consumption, and heterogeneity in delivery quality. In carefully configuring their servicescapes, businesses can use these to influence consumption experiences, to enhance brand image, to attract customers, or even to stimulate sustainable consumption by weaving ethical ideological messages into elements of the service environments (Pecoraro et al., 2021).

The current research project applies the theoretical value configuration space model (Blocker & Barrios, 2015), specifically its service design dimension, to the digital mental health servicescape with the purpose of systematizing, dimensionalizing and understanding the specifics of the value configuration of existing services and their value propositions. In selecting services for our investigation, we defined digital mental health as any technological application that involves mental health assessment, support, prevention, and treatment. Other inclusion criteria for these mental health apps involved the public availability of the service in question, as well as its searchability on Google Playstore. In our investigation of mental health influencers, we have searched Instagram and Facebook for public profiles, as well as online communities oriented toward general target audiences and addressing issues of mental health, mental wellbeing, or specific mental health conditions. Our exclusion criteria were as follows: that the service was not publicly available (i.e. by prescription only), not available on cellphones (i.e. web version only), private or restricted influencer profiles and online communities, a specific “niche” demographic orientation, or a primary focus on physical fitness and nutrition with no significant attention paid to psychological wellbeing.

Our interpretive analysis proceeded from descriptive coding during the first round of analysis to identifying the theoretically informed themes during the second, and theory extension during the third round. The analytical framework applied during the second round of coding and subsequently followed the value configuration space model, with a specific focus on examining: (1) the service design, or the user interface and value propositions of the selected mental health apps, (2) the human agents, or mental health influencers, and their communicative and discursive strategies, (3) the service practices, or the specific procedures, understandings and engagements needed on the part of consumers in order to interact with the service or specialist, and (4) the social structures, or the overarching value discourse surrounding the service experiences.

It's a Wild Wild West: General Characteristics of the Digital Mental Health Servicescape

Building upon the conceptualization of service provision as “the ongoing combination of resources, through integration, and their application, driven by operant resources — the activities of actors” (Vargo & Lusch, 2011, p. 184), we can see how the elements of service design, guided by companies’ value propositions, provide resources that are further integrated (or not) by consumers during the value creation process. The first thing that strikes the unprepared consumer is the sheer number of offerings available out there. In a way, the landscape of digital mental health services resembles a metaphorical Wild Wild West movie, with multiple human, non-human and hybrid actors all competing for limited consumer attention in a crowded hypercompetitive market, where professional clinical psychologists and psychotherapists compete with energy healers and life coaches, and clinical grade psychotherapy platforms coexist alongside artificial intelligence chatbots. The global availability of digital mental health services turns the market into a deterritorialized entity, where local specifics get blurred, and where local rules and regulations do not always apply, often creating confusion when it comes to the rules governing successful resource integration by market actors.

While the clinical sector, partially represented by the local clinics providing online consultations, can partially be covered by the national insurance regulations of some countries, depending on local healthcare legislation, the non-clinical sector is largely unregulated. The multiple globally available service provider aggregator platforms, chatbot apps, and mental health influencers all enjoy quasi-complete freedom of action and access to consumers worldwide. The ease of access and the ability to change therapist in a couple of clicks replaces the traditional, prolonged, and close therapeutic relationship, built between therapist and client over time, with a more liquid consumption logic (Bardhi & Eckhardt, 2017), characterized by the flexibility, adaptability, fluidity, lightness, detachment, and speed of the uberized service experience. In the social media influence space, where the hybridization of the clinical and new age discourses can be observed in posts like “Things you’ll learn during a

spiritual awakening”, it is becoming harder for a consumer to distinguish a reputable clinical practitioner from an astropsychologist, a self-taught psychotherapist, or an energy healer.

In our analysis, we have separated the digital mental health servicescape into four quadrants, based on actor involvement and intended service outcomes, the delineation of clinical service offerings, from those related to general consumer wellbeing, and we have also separated the services centering on human interaction from those powered by Artificial Intelligence. These four quadrants can best be understood as ideal types (Weber, 1949), or as analytic constructions accentuating certain aspects of the studied phenomenon, for explanatory purposes, rather than naturally given entities or a technically generated perceptual map. Figure 15.1 illustrates these four quadrants of the digital mental health servicescape using a few selected examples of the market actors involved.

The coming sections will discuss the specifics of each of these four quadrants, with the specific focus on the type of offering, the available value propositions, the monetization strategies of the service providers, and the type of engagement requested from consumers, followed by reflections on the balance between the potential advantages and potential risks, as well as ethical considerations. As this project is primarily concerned with understanding the service design elements of value-creating

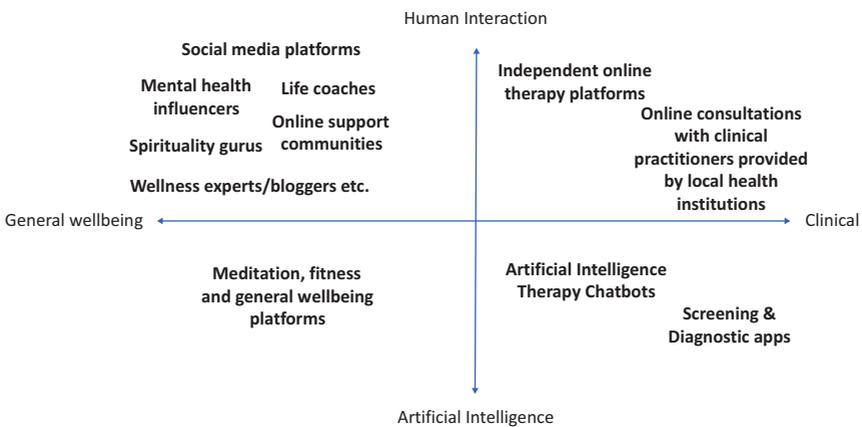


Fig. 15.1 The Digital Mental Health Servicescape

commercial actors in the digital mental health servicescape (Blocker & Barrios, 2015), our understanding of the value proposition leads us to focus on its proposing dimension (Rintamäki & Saarijärvi, 2021); that is, the value proposed by commercial market actors to their customers, rather than on customer perceptions of value. Specifically, we focus on the generation of the value-in-use during these service experiences, which emerges from the usage of the resources provided by the market, or even from the mental states arising during the process of consumption (Gronroos, 2011).

Self-Care Valley: AI Platforms for Consumer Wellbeing

The first quadrant of digital mental health is represented by a wide range of freemium and subscription-based wellbeing and meditation apps, and online platforms. We have also included in our analysis mainstream fitness apps with a strong mental health element (e.g. programs dedicated to mental wellbeing and guided meditations), as well as health applications integrated with wearable tech, for example, fitness watches, bracelets, and rings, with a strong focus on mental wellbeing. The peculiarity of the services provided in this quadrant is their lack of real-life human interactions with service providers—the meditation videos are pre-recorded and the recommendations are generated by a program algorithm. Some applications offer discussion boards and chats, where app users cannot interact with each other, but they do not provide direct real-time one-on-one interaction with a human mental health specialist. In this quadrant, market actors provide value-creating resources to consumers, but hold these independently responsible for successful resource integration (Vargo & Lusch, 2011) as the value-creation and wellbeing outcomes of service experiences rely on consistent, prolonged, and frequent use of these service offerings manifesting themselves as a regular and technology-facilitated meditation practice.

It is important to note that the offerings presented in this quadrant do not claim to manage clinical mental health conditions, rather they aim to generate transformative value (Blocker & Barrios, 2015) by generating an uplifting change that can improve the daily lives of their users. The value propositions of these service providers are centered around the themes of self-care, mental balance, performance optimization, and basic stress

management. This gamified and self-guided user experience gives a certain flexibility to users, who can engage in liquid consumption (Bardhi & Eckhardt, 2017) by deciding where, when and how to use these apps.

The accessibility and convenience of these self-guided solutions is the obvious advantage at the forefront of the user experience. However, due to the lack of regulations regarding consumer privacy in some geographical regions, and on some platforms, the procedures for processing the demographic data of subscribed consumers remain blurry at best, and concealed at worst, raising concerns around resource misuse (Plé & Cáceres, 2010), specifically, when it comes to the use of consumer data and the potential of this being resold to third parties, for advertising purposes, especially in countries not protected by the GDPR regulation.

The Blue Pill: Clinical AI Solutions

The second quadrant, which we call the Blue Pill here, or the quick fix, is represented by a range of AI-powered clinical grade mental health applications, operating according to a freemium, subscription-based, or one-time payment model. Among these, we are able to observe the therapy chatbots, as well as the screening and diagnostic apps. The services provided in this quadrant offer relief from mild symptoms of panic, depression, and anxiety, as well as a range of mental health tests that allow consumers to self-diagnose without visiting a human mental health professional.

Unlike the everyday wellbeing solutions represented in the first quadrant, the offerings in this quadrant highlight the scientific and clinical expertise of app developers and rely on mainstream clinical methodologies, for example, variations of cognitive behavioral therapy, in their value propositions and algorithms. With this in mind, we can say that, unlike the generic wellbeing apps discussed in the previous quadrant, successful resource integration by consumers (Vargo & Lusch, 2011) is controlled to a greater degree here by commercial market actors. While these apps still operate using a self-guided user interface, they often provide AI-generated nudges and suggestions that guide the user experience, or gamify it in order to ensure the stickiness of the customer journey (Siebert et al., 2020).

An important feature present in certain chatbot apps is the ability to add an emergency contact, which can be a relative or a friend, as well as acquiring a referral to a human mental health provider. This way, while the main user experience as regards managing mild symptoms resulting from mental health conditions is AI-driven, for emergency cases and more serious symptoms, customers are redirected to clinical experts and human points of contact, represented in the fourth quadrant of the digital mental health servicescape.

The accessibility of these apps, as well as the clinical base underpinning the self-guided techniques offered in order to manage mild symptoms resulting from mental health conditions, can potentially reduce the strain on physical health services, providing customers with early-stage diagnostic and treatment solutions, and advising them when to take the next step of consulting a human expert. At the same time, just as in the first quadrant, the potential for resource misuse by market actors (Plé & Cáceres, 2010) is abundant as the rules and regulations governing consumer privacy remain unclear, and chatbots remain notoriously evasive when asked how data is being protected, referring to a corporate confidentiality policy on a developer's website, which in turn makes reference to other guidelines or describes that confidentiality policy in very abstract terms that do not exclude reselling consumer data to third parties. In the absence of clear confirmation that consumer data is safe and protected, there is a danger of information being leaked, for example, conversation transcripts, descriptions of symptoms, demographic data and so on. The self-guided nature of these apps also opens doors to resource misuse by consumers through self-misdiagnosis, or the lack of treatment effectiveness without the guidance of human specialists.

The Happiness Market: Human Actors in Search of Wellbeing

The third quadrant—the Happiness Market—is represented by a wide array of mental health influencers, mental health experts with a social media presence, and online support communities and discussion boards. It is a notoriously deregulated space where PhDs in clinical psychology

are positioned in the same marketplace as energy healers or self-taught psychology practitioners, competing for limited levels of consumer attention. In such marketplaces, successful resource integration (Vargo & Lusch, 2011), within the boundaries of a singular market system, becomes quite challenging as the happiness market provides consumers with an abundance of professional and non-professional resources that can freely be brought together in infinite combinations.

The value propositions in this space are abundant, and for the purposes of classification, we have positioned the non-clinical offerings in this segment, that is, it includes the empowerment, support, self-improvement and educational content, as well as daily guidance and advice. The monetization strategies of the mental health experts and gurus present online vary between the charging of fees for one-on-one consultations and the development of training programs, workshops and seminars, as well as the production of infotainment content, for example, writing self-help books and recording podcasts aimed at improving the daily lives of readers and listeners.

Consumer engagement in this quadrant is very active and involved, being facilitated by the interactive nature of social networks—consumers write comments, engage in discussions, and build online pool-, web- and hub-type communities (Fournier & Lee, 2009) based on shared interests, personal relationships, or on admiration for a certain influencer. The offerings present in this quadrant have a great potential for generating transformative value (Blocker & Barrios, 2015), and increasing consumer wellbeing, due to their accessibility, the ease of community building and the destigmatization of mental health issues by discussing them openly in the online space. However, the complete lack of entry barriers to market actors and the deregulated nature of the social media space raise serious ethical issues as regards controlling the qualifications and expertise of the service providers. While not necessarily leading to resource misuse (Plé & Cáceres, 2010), the hybridization of the clinical and New Age discourses in the social media space can also potentially damage the image of the psychological profession in the eyes of an unprepared consumer, a consumer who does not know, or see, the difference between online individuals claiming (whether supported by official credentials or not) to be psychologists, psychotherapists, psychiatrists, psycho-practitioners, and

experts in mental health and self-improvement. The issue of limiting the harmful information and advice available online can also pose a serious challenge to legislators: This is because, in the global online space, it is often unclear where the legal jurisdiction of each country applies, and where it does not.

The Therapy Room: Online Clinical Human Interactions

The fourth quadrant of the digital mental health servicescape is represented by what we can most readily imagine as classic mental health services—online psychotherapy consultations with licensed mental health professionals, where the rules of engagement are clear and regulated, facilitating successful resource integration (Vargo & Lusch, 2011) by both consumer and service provider. The range of offerings includes the online aggregator platforms, offering to connect consumers with a matching mental health specialist, telemedicine platforms, and a range of online licensed mental health practitioners, operating either independently or as part of a clinic or mental health organization.

The solutions present in this quadrant still follow the liquid consumption logic (Bardhi & Eckhardt, 2017), offering affordable and accessible therapy whenever and wherever a customer wants it, although to a lesser extent than with the completely deregulated happiness market logic of the previous quadrant. Indeed, the prices of online consultations are often much lower than those of physical consultations, opening up this type of therapy to wider populations. The one-on-one telemedicine consultations and online therapy groups accessible in this quadrant have an advantage over the consultations offered in the unregulated social media space, as the clinical expertise and competence of therapists is verified by the aggregator and telemedicine platforms, serving as market intermediaries. Some telemedicine platforms even collaborate locally with insurance providers, covering part of the consultation fees paid by consumers.

In more serious cases, this type of online therapy—the market of specialists—has a clear advantage over the other three types of solutions, as competent human therapists can deal individually with the queries of their clients. At the same time, the potential for resource misuse (Plé and

Cáceres) is still present in the case of global platforms where legal responsibility and liability issues may still be unresolved, and the liquid and non-committed nature of these uberized therapeutic relationships, whereby a client can change his/her therapist in a couple of clicks, can potentially compromise the continuity of the therapy and the quality of the therapeutic relationship.

Discussion: Generating Transformative Value in Digital Mental Health

In our analysis of the four quadrants of the digital mental health servicescape, we have shown how the different value propositions and usage logics present in each quadrant play a part in the co-creation and co-destruction of transformative value in use (Blocker & Barrios, 2015; Gronroos, 2011), when the resources provided by market actors are either successfully integrated by consumers (Vargo & Lusch, 2011) or misused by either consumers or market actors, or by both (Plé & Cáceres, 2010). By viewing, in this chapter, the digital mental health servicescape as a heterogeneous service ecosystem, we go beyond viewing digital mental health services as either a combination of purely clinical offerings or a unified market space, showing how the variety and specifics of the digital mental health solutions available online call for a nuanced approach to service provision, rather than a unified one-size-fits-all solution. The service ecosystem of digital mental health services can be seen as an interactive online retail space, where a wide range of offerings can be matched to specific customers looking for specific types of solutions, and where digital service environments can be carefully configured to introduce consumers to certain ideological cues, thus encouraging desirable consumer behaviors (Pecoraro et al., 2021; Williams & Dargel, 2004).

So how can marketers and service providers ensure that the transformative value creation of these ecosystems is minimally inhibited by the potential risk of value destruction? Here, we conceptualize the value co-creation and co-destruction mechanisms of the digital mental health services space through the lens of resource integration and resource misuse,

where the integration of resources facilitates exchanges between actors (Sklyar et al., 2019), and resource misuse leads to value co-destruction (Plé & Cáceres, 2010), and we provide the following recommendations for online digital health retailers and service experience designers willing to optimize the customer experience in the mental health services sector:

1. **Know your quadrant to optimize resource integration.** Recognize the specifics of the service offerings provided and know which benefits should be brought to the forefront of the value proposition. The first element of resource integration (Vargo & Lusch, 2011), in this context, is the ability of service providers to highlight the advantages of the service experience, for example, the instantaneousness, accessibility and measurability of consumption outcomes. This can involve educating consumers on the specifics of engagement with a given service offering, as well as transparency regarding the credentials of app developers or human service providers. The second main element of resource integration is creating a human connection, either through direct interactions with mental health experts or through community-building strategies on AI-powered apps, for example, integrating discussion boards for consumers wishing to exchange and share their experiences with others.
2. **Define the rules of engagement to avoid resource misuse.** The dangers of resource misuse (Plé & Cáceres, 2010) manifest themselves primarily in the dangers of unregulated servicescapes and issues related to consumer privacy. The dangers arising from the lack of regulation can potentially be mitigated by increased quality control and fine-tuning of the selection processes on service provider aggregator platforms, as well as by integrating verification mechanisms for the credentials of mental health experts offering advice in the social media space. To appease consumer concerns over the privacy of their data, service providers are advised to increase the transparency of their disclosure of the procedures related to the handling of consumer data. This can be achieved by means of reassuring consumers about the safety of their personal information in simple accessible statements and visible front and center on the app interface, instead of hiding these in the legalese jargon of corporate confidentiality policies.

3. **Avoid value conflict.** The notion of value conflict refers to a situation when competing notions of value clash in the shared marketplace, due to multiple market actors having their own understanding of the potential value outcomes of the service experience (Minina et al., 2022). Aligning service outcomes with the dominant discourse in the respective consumption quadrant can help service providers avoid potential value conflict situations. This can take the form of delineating the discursive strategies between clinical and non-clinical offerings, as well as fine-tuning the value propositions to the specifics of the relevant consumption communities (i.e. yoga lovers, empowerment-seeking consumers, anxiety-affected individuals etc.).

By recognizing digital mental health services as an umbrella term, uniting multiple human and non-human actors with their own specifics, varying degrees of agency and different rules of engagement, online mental health service providers can fine-tune their value propositions to the specifics of their service offerings. By focusing on the respective needs of the consumers in each quadrant, and uncovering their service usage strategies, service providers will be able to design optimal customer journeys, defining specific rules of engagement with their customer counterparts. Future research is invited to focus on the in-depth investigation of the different relationship logics emerging between consumers and service providers in the digital mental health servicescape, as well as the particularities of the consumer practices that lead to transformative service outcomes. Finally, it is important to remember that, in today's world, technology is advancing faster than regulatory space, causing important ethical and legal challenges for the policymakers and service providers who want to protect and enhance consumer wellbeing.

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16

No Cash, No Coins, No Cards, But You: Biohacking the Future of Payments

Vitor Lima and Russell Belk

Introduction

Mixed reality headsets are old-fashioned. Smartphones are garish. Smart devices are dumb. Digital wallets and credit cards are a hassle. These headlines seem far from reality. However, in the not-too-distant future, they may well apply. With the rise of embodied technologies (e.g., biocompatible microchip implants), the use of external devices must be carefully reconsidered. After all, having a piece of a computer inside your body may change a few things. In this scenario, a meaningful issue that arises involves the sociocultural dimension of using such devices during consumption activities. Prior marketing and consumer research on new means of accessing money have primarily focused on the emotional and behavioral influences on consumers of different modes of payment. We,

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researchers and practitioners, also have some understanding of the role of new technologies, for example, cryptocurrency, online retailing and dating apps mediating market exchanges, the physical quality of certain payment methods on consumer consumption journeys, and the sacred and profane meanings associated with money (Belk & Wallendorf, 1990). However, historical and sensorial associations with payment modes are grounded in something that is external to the human body, something that usually goes in and out of your pocket—credit cards and cash, for example.

This is not the case for some biohackers, who combine body modifications with emerging technologies to improve their biological bodies. They are part of a technophilic philosophical and social movement known as transhumanism, which sees incorporative technology as the only way to further human wellbeing (Sorgner, 2021). Some of these bold and forward-thinking technology-enthusiasts have been hacking their bodies to live longer, smarter, and better. For example, some biohackers have biocompatible microchip implants the size of a grain of rice that capture biomarkers, monitoring states such as body temperature. This data is then transferred to a specific mobile app and used to make decisions about what to eat, when to sleep, where to go, and so on. But of key importance to this chapter is the type of microchip which, in some cases, replaces keychains, car keys, business cards, IDs, and credit cards. Enabled by these implantable modes of payment, biohackers pay for their purchases by tapping their hands on readers, smartphones, or other devices that have the capacity to interact using near-field communications (NFC). These microchips can also contain information on how you like your coffee, whether you prefer a window or an aisle seat, and if you have any medical allergies, for example. Because of their novelty and somewhat science-fictional status (Belk, 2022), the phenomena of biohacking, particularly those involving new modes of payment, are so far unknown and untheorized in marketing and consumer research. This is a glaring omission for at least two reasons: Firstly, due to its ethical implications and controversial sociocultural acceptance, biohacking has been fiercely discussed in other scientific fields, for example, medicine and philosophy, and thus it should also be approached and understood in retail and consumer research contexts. Secondly, from a managerial perspective, the

usage of biocompatible microchip implants as modes of payment may pose challenges regarding consumption journeys and face-to-face interactions in physical stores.

Tackling this omission, this chapter presents an introduction to transhumanism, biohacking, and the consumption of embodied technologies. It then details the futuristic challenges already faced by consumers and companies in their different sociocultural contexts. Finally, it offers some conclusions and suggestions for future research.

Transhumanism, Biohacking, and Embodied Technologies

Transhumanism is a techno-progressive movement positing that we humans are far from our full potential in terms of biological evolution. The main idea is to create “superhumans,” overcoming the unstable genetic structure of *homo sapiens*. To achieve such a condition, transhumanists argue, humans should be “designed” using genetic engineering or by enhancing their current bodies by physically merging them with technology. In the hope of furthering this superhumanization project, transhumanists have created the Transhuman Coin, a cryptocurrency dedicated to funding the research and development of human enhancement technologies.

One social manifestation of this futuristic ideal is known as biohacking—a wide range of biotechnological self-experiments, or hacks, intended to further human wellbeing (e.g., increased cognitive capacity, happiness, and morality). Primarily inspired by the Cyberpunk movement, biohacking is a “do-it-yourself citizen science merging body modification with technology. The motivations of biohackers include cybernetic exploration, personal data acquisition, and advocating for privacy rights and open-source medicine” (Yetisen, 2018, 744). In maker spaces, garages, kitchens, and other improvised workplaces, biohackers conduct experiments that are often innovative and controversial, but sometimes illegal. For example, these can range from simply drinking Bulletproof Coffee, in order to stay hyper-alert, to developing a special

chemical to provide humans with night vision, and to implanting biocompatible magnets in the body to sense magnetic fields.

Each of these examples impacts business and society differently. When it comes to retailing, embodied technologies promise to be the most impactful. It is relevant to note that the term “embodied” does not have a direct connection with “embodiment.” The latter term refers to lived experiences mediated through the body, as defined in phenomenological philosophy. Embodied, as used in this chapter, relates to technologies that consumers use *on*, *in*, and *around* their bodies, and can be categorized into four types: *ingestibles*, *embeddables*, *wearables*, and *implantables* (Pedersen & Iliadis, 2020). In the case of the first type, certain ingestible pills (e.g., nootropics or smart drugs) allow consumers to enhance their cognitive capacities, as portrayed in movies such as *Limitless* in 2011 and *Lucy* in 2014. Ingestible sensors can send physiological data directly from inside the body to the consumer’s smartphone screen—something that Samsung has been researching and developing. Between the inside and outside of the body, embeddable technological devices contribute toward restoring some lost capacity to perform daily tasks, for example, Neil Harbison’s antenna inserted into his skull that allows him to “listen to colors.” Moreover, amputees can recover their ability to perform tasks, for example, tying shoelaces, by using a bionic hand made by Ottobock. The third and most common type of embodied technology is wearable devices. These technologies enable consumers to generate and gather flows of data about their daily activities, and the effects of these on the body. In some cases, the outcome of data visualization is the possibility of increasing consumers’ sense of satisfaction, conviction, pride, and success when their “quantified self” numbers are satisfactory (Bode & Kristensen, 2015). In the marketplace, consumers can currently find wearable devices in the form of smartwatches, biostamps, smart contact lenses, and smart bands, among others, manufactured by well-known brands (e.g., Apple, Google, Fitbit). Most of these support some form of contactless payment, for example Google Pay, Garmin Pay, and Apple Pay.

Of greater relevance to the arguments we make in this chapter is the last category of embodied technologies: implantables. Unlike technologies used outside the body and can easily be removed, implantable devices are usually encased in 2×14 mm biocompatible glass and injected using



Image 16.1 NFC microchip

a thick needle. The microchip is injected into the hand, between the metacarpal bones of the index finger and thumb and placed in parallel to the index finger. These NFC implants are one of the most common hacks used in the biohacking community. By using microchip implants, such as the one shown in Image 16.1, biohackers can open doors, exchange business cards, and start their Tesla cars, among other activities, by simply tapping their “cyborg hand” on a digital device.

In the case of payments, there are two main possibilities of working with this type of implantable technology. The first option corresponds to the conversion of bank contactless-only mini cards into an encapsulated implant with a biopolymer coating. The resulting flexible product is $8 \times 22 \times 0.4$ mm and must be implanted using a scalpel procedure, with the creation of a subdermal “pocket” to accommodate it. It is then carefully slid under the skin and stitched. Using such implants, money is debited directly from your bank account, which was previously associated with a credit or debit card. All this biohacking, however, comes with some caveats. Firstly, successful activation is not guaranteed. Secondly, bank cards eventually expire or are canceled for security reasons, and need to be renewed, meaning that the biohacker would have to leave an old device idle inside his/her body, or replace it. Finally, depending on the place of installation (e.g., joints), there is a varying chance of physical damage to the implant.

The second option regarding implanted payments is more recent and presents a lower risk of failure regarding its technology. Funded in 2020, Walletmor offers the first generation of smart implants with a payment

function. In the case of this product, consumers must acquire the microchip on the Walletmor website, download an app called iCard, which is a digital wallet, and link it with the microchip. Then, the advice given is to seek a local specialist to implant it, usually a body modification professional, because physicians are unwilling (or not allowed) to do the implanting procedures. As regards money coming in and going out, the iCard app needs to be credited before making any purchases using the implanted microchip. Even though Walletmor relies on an app, and not directly on a bank account, in order to process its transactions, its microchip expires within eight years of being purchased and so must be replaced, just like those converted bank cards. For many biohackers, cutting, bleeding, implanting, stitching, testing, failing, removing, and replacement are a small price to pay to become an “enhanced” human being.

Present Futuristic Challenges

In the German fairy tale, Rumpelstiltskin comes at night, offering to grant a queen her wishes in exchange for the king’s firstborn. More recently, the tricky and pricy enchantment of this trickster has been represented in the TV show *Once Upon a Time*, in which the character’s classic catchphrase could summarize the biohackers’ self-experiments: “All magic comes with a price, dearie.” We could discuss this “magical price” from a very pragmatic, business-driven angle, but that would be superficial. It is not wise to overestimate the promises, nor underestimate the perils, of transhumanism, biohacking, and embodied technologies as regards their impact on humanity. Thus, we now present a few technophilic and technophobic ideas, based on different perspectives, in order to discuss the challenges facing consumers, companies, and societies.

As regards the consumers of microchip implants, contemporary research shows that these often seek to experience a greater sense of convenience while exercising their freedom to change their bodies (Lima et al., 2022). It is not uncommon to find accounts mentioning the liberating potential of this implantable technology, as well as the actual feelings of independence and empowerment emerging from its usage. Under

normal circumstances, it may be frustrating to realize that your wallet or smartphone is at home while you are midway through a long line at the supermarket. For the biohackers who have been microchipped, the mode of payment is “you”. At least for the time being, you cannot leave your microchipped hand behind, as you potentially might do with your smartphone. This human-technology physical integration becomes even more unique when cryptocurrencies are stored in these implants. Some enthusiasts have their crypto assets securely kept inside their bodies rather than in digital wallets on smartphones or on physical cards (e.g., BitPay). They do so to avoid not only losses and theft, but also fraud and even hacking incidents. In their case, it is as simple as going to the store, tapping their hands on a Cyclebit point-of-sale (POS) terminal, for example, and then paying in Bitcoin, Ethereum, or any other cryptocurrency. Nevertheless, while becoming more machine-like may promote a sense of self-enhancement, it may also contribute to experiences of self-diminishment.

Although anthropomorphizing objects may be seen as a positive practice, the attribution of machine characteristics to humans, or technomorphism, is not always seen so favorably. There is evidence of a potential sense of dehumanization in some contexts due to people becoming machine-like and lacking a medical justification (Wehrauch & Huang, 2021). From this perspective, implanting a microchip into the human body can be acceptable insofar as the human condition is being repaired. This is the case with pacemakers for treating abnormal heart rhythms, insulin pump for controlling diabetes, and the implantation of electrodes into the brain for deep brain stimulation procedures that treat epilepsy, for example. Here, we should then start to wonder about the meanings and roles of transgression and transcendence in consuming embodied technologies. Are they to be accepted only when helping to overcome disabilities or death? What if a microchip were to have a payment function and the capacity to store health data at the same time?

Microchipped or not, when consumers go to the store, they interact with the staff by greeting them, sometimes asking for information, choosing something, and paying for a purchase. Such dyadic interactions between the service provider and the consumer, or service encounters (Surprenant & Solomon, 1987), have many elements which,

occasionally, create embarrassing situations. Here, consider the ideals of respect, inclusion, and diversity as corporate values in a broad sense. A poorly trained sales assistant may transform the purchase of, for example, condoms, menstrual cups, laxatives, or even shampoo for a specific type of hair into a nightmare. In the case of improper comments, ungraceful acts, and expressions of emotion, consumers may feel they have been criticized and judged, had their privacy violated, and, ultimately, feel stigmatized. Now, imagine having something in your body that is neither shared with other human beings as a biological feature, nor observes social norms. In this context, some biohackers report that the result of having and using implanted microchips as a mode of payment is the experience of being seen as lunatics, tricksters, and fraudsters. Something that biohackers regard as “dope” quickly becomes “nope” for others. Often, they need to show the implant under their skin, explain how it works, answer questions, which are not always friendly, and then wait for the system to show proof of payment. This is a very different experience from paying by cash or using traditional bank cards, something which, in most cases, no longer requires a signature, proof of identity, or scrutiny. You just tap on the card terminal or machine and go, usually without any embarrassment or harassment during the service encounter. The scrutiny and suspicion arise from the “strange” behavior of using the back of the hand to initiate this kind of transaction.

If we consider that many of our perceptions, reactions, and interactions with technologies are shaped by the sociocultural context in which they occur, the meanings of implanted microchips vary greatly. For example, Dangerous Things, a major manufacturer of embodied technology in the US, has sold more than 10,000 different models of microchip implants since its foundation in 2013. Zoltan Istvan, a prominent American transhumanist and former presidential candidate, has been successfully advocating for new legislation and greater societal acceptance of emerging and speculative technologies like microchip implants such as the one he has in his hand. Many of his political proposals and personal ideas face challenges due to the entanglement of religion in politics. It is not uncommon to find someone scrutinizing and discrediting him based on religious beliefs, for example, the association of the “Mark of the Beast” with microchip implants. According to Christian eschatology, this

mark identifies Satan worshipers during the final days. In this apocalyptic forecast, only those with this mark on their right hand, or forehead, will be allowed to buy or sell. Consequently, the desired convenience and sense of self-enhancement sought by biohackers, in using a microchip as a mode of payment, are conflated with illegal activities, deviant behaviors, and divine punishments.

This type of embodied technology is not restricted to the community of biohackers. Many companies, like Swedish start-up hub Epicenter, are exploring these technologies. Since 2015, this company has been offering implants to its employees to enable them to open doors without keys, log into computers without passwords, and make purchases from vending machines without credit cards (Petersén, 2019). Another relevant example of technology acceptance is Swedish train operator SJ Railways. Several years ago, this company was a pioneer in testing and adopting NFC readers capable of scanning implanted microchips that could be used as an alternative to printed tickets. Each passenger had to register using a membership number stored in the microchip and the SJ app on his/her smartphone. As the conductor walked through the train checking tickets, all the passengers had to do was present their hands to be scanned for the ticket information to be confirmed. Consumer acceptance was relatively high since more than 3000 passengers were using microchips instead of printed tickets. Such a positive scenario may be related to the fact that Sweden is frequently ranked among the top three most innovative countries in the world.

In the broader European context, the consumption of microchip implants has been scrutinized by many countries and their stakeholders (e.g., governments and NGOs). Perhaps the SIENNA project is the most important European initiative, addressing some of the challenges and opportunities of emerging technologies such as implantables. This was a multi-country research project led by the University of Twente in the Netherlands, and funded by the EU H2020 research and innovation program. This research has created frameworks for informing the ethical management of new technologies, research ethics protocols, and professional ethical codes.

Conclusion

Over time, money in the form of cash, coins, and cards has gradually been shrinking in our wallets and expanding on our smartphones, smartwatches, and smart bands, in the form of data. Now, with the rise of embodied technologies, biohackers are taking a step into the future and implanting NFC microchips into their bodies to replace the previously mentioned gadgets as a mode of payment.

Certainly, with the continuous development of blockchain technology, which brings more safety, transparency, and traceability to transactions, new types of currencies and modes of payment will emerge. This is especially relevant because of ambitious projects to create extended realities, for example, Meta's metaverse, which would eventually merge the physical and virtual worlds. In this hitherto speculative scenario, having an implanted technology based on blockchain, which provides secure transactions between these two worlds, may have a considerable impact on consumption journeys. Accordingly, some core marketing elements, for example "Price" and "Place" strategies, may need to be redesigned. In this vein, new opportunities and challenges will require broader managerial mindsets and an openness to innovation.

We have raised several questions, extending beyond the pragmatic business context, which can guide future discussions within this field of technological development. For example, how do we establish fair and ethical values as regards who gets to consume such innovative technology? What is the role of government in regulating and protecting data privacy in the case of embodied technologies? Is it medically safe to work with biohacking and to have this type of body modification? How can managers prepare their staff to interact with consumer-biohackers without fear, prejudice, or stigma? More research is needed in order to begin answering these questions. The time to do such research is now as this is the dawn of implantable consumption. We hope this chapter on biohacking the future of payment will spark fresh discussion, both in the theoretical and managerial contexts.

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17

Contemporary Consumption of Brand Activism

Natasha Lewis and Jessica Vredenburg

Introduction

When brands are consumed, consumers access the meaning contained within them, co-creating that meaning through their consumption of, and relationships with, the brand in question. As consumers form relationships with brands, they continue to extract the meanings embedded within them, and to use them in their own lives. Thus, brands are important building blocks of the self, serving as relational partners that enable consumers to relate aspects of brands to their own self-concept (Avery & Keinan, 2015). Relatedly, brands today are continuing to face unprecedented challenges when trying to connect and engage with their consumers, operating in a fragmented and cluttered marketplace with many channels and messages competing for consumer attention (Sprout Social, 2020). This challenge is heightened with the socially and politically charged movements dominating social media, news headlines and

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consumer conversation, for example, marriage equality, Black Lives Matter, gun reform and climate change. From retail and FMCG to travel and luxury, brands in every sector are increasingly communicating their social purpose in a bid to connect with consumers. Consumers want brands to participate in social and political conversations, with surveys such as Sprout Social (2020) suggesting that 70% of respondents agree that it is important for brands to take a stand on issues like race relations, human rights, and immigration. But speaking out on social and political issues is something that brands have traditionally avoided due to the risk of losing favour with consumers (Hydock et al., 2020; Vredenburg et al., 2020).

Brands' hesitation to engage in social and political activism is not without reason: There is clear evidence of consumer backlash and even 'cancellation' when campaigns go wrong, for example, the Pepsi advertisement depicting Kendall Jenner appearing to bring together protesters and police by offering a police officer a can of it. However, brands such as Nike and Heineken have seen their brand metrics regarding target consumers increase beyond expectations (Sprout Social, 2020). After featuring Colin Kaepernick, the Black Lives Matter activist, as their spokesperson in 2018, Nike enjoyed increased retail sales and share prices. Similarly, when Heineken brought together strangers with opposing controversial views to talk about their similarities and differences in their 'Worlds Apart' video campaign, it delighted customers, achieving 40 million views and a 91% positive sentiment (Sprout Social, 2020). On taking an activist stand on values-driven issues, which are often politically, socially, and emotionally charged, brands are entering controversial territory and running the risk of alienating certain consumer groups (Moorman, 2020). However, as Hydock et al. (2020) explain, this once-feared alienation is now both considered to be, and pursued as, a calculated risk, creating emotional and cognitive attachment through having self-congruence and shared morality with one consumer group at the potential expense of others. This chapter will open with a brief discussion of the potential effects of brand activism consumption on consumer wellbeing as per theories of consumer-brand identification and consumer-brand alignment. It will then introduce an exploratory investigation into the consumption of brand activism through focus-groups' interpretations of various brand responses to the Black Lives

Matter movement following the murder of George Floyd in May 2020. The main themes identified as important in the contemporary consumption of brand activism, including authenticity, negativity bias and “best practices”, will then be discussed and further supplemented by related academic research and real world examples.

An Opportunity to Match Values and Bolster Consumer Wellbeing

As Schmidt et al. (2021) explain, brands deliver value to consumers through emotional and self-expression benefits that can impact consumer wellbeing. Further, brands help consumers to construct both their identities and their sense of self through the consumption of brands and the broader values these are aligned with. Brand activism conveys the values and morals that a brand prioritises, affording consumers the opportunity to evaluate the degree of self-brand connection and similarity based on their values and morals (Graeff, 1996). As brand activism continues to grow in prominence, consumers can experience the self-brand connection that brand activism presents as an opportunity to build wellbeing through self-definition and to improve their sense of self. As consumers often use brands to build their identity and express their self-concept, consumers who perceive their own values as similar will be attracted to the brand as a source of self-definition (Tuškej et al., 2013). When a brand aligns with a cause, consumers may infer that this brand has certain desirable traits that not only resonate with their sense of self, but also provide the opportunity for self enhancement by promoting an identity associated with responsiveness to society (Mirzaei et al., 2021).

Thus, as per consumer brand identification theory, higher self-brand alignment should result in more positive attitudes toward the brand and other brand benefits, such as increased levels of brand advocacy and retail purchase intentions (Graeff, 1996). Reciprocally, perceiving self-brand alignment can help consumers with self-identification and realization, optimizing their perceptions of self through matching with the brand (Oh et al., 2019). This begs the question: What will be important to the

consumers of the future? How consumers interpret, evaluate, and react to brand activism needs to be better understood.

Consumers of Brand Activism: An Exploratory Investigation

The consumers of the future are likely to continue to consume brand activism as a part of their brand experience. As such, this study seeks to understand how brand activism is consumed, how consumers use the information gleaned from the consumption of brand activism to shape their own behaviours (towards the brand, the cause, or within themselves), and the potential impact of consuming brand activism on consumer wellbeing. This study has explored these consumer interpretations, evaluations and reactions to brand activism across three semi-structured focus-groups (n=18, eight male/10 female, aged 22–33 with a mean age of 28.8). This research sought consumers aged 18–38 who identified as either supporting or opposing at least one brand activism activity in order to ensure that each participant had some interest in, or knowledge of, brand activism activities in order to contribute to the focus group. Millennial or Gen Z generations were purposefully targeted as brand activism has been shown to be particularly relevant to these generations due to their awareness of and interest in social and political issues. Due to the Black Lives Matter context of the focus-group discussion, each of the focus-groups consisted of at least 50% non-white participants. As such, consumer responses to brand activism were evaluated in relation to the Black Lives Matter movement following the murder of George Floyd in May 2020. In response to this event, the activist responses of brands took very different approaches ranging from subtle messaging, confronting messaging, vague promises, and internal targets to donations and seemingly tokenistic brand activism behaviours, for example, Nike's 'For Once, Don't Do It' campaign, the social media statements of companies that included TikTok, EA sports, and CBS, and the anti-white supremacy position of Ben & Jerry's.

Using a combination of focusing exercises (to concentrate group attention), as well as group discussion to explore various viewpoints, and

activity-based projective exercises (to capture more nuanced perspectives), the focus-group participants explored their consumption of brand activism activities. The participants first indicated how important they thought it was for brands to take a socio-political stand, followed by self-generated lists of; (1) brands that they know of that have taken a stand on a social/political issue, (2) causes that they know of that have seen brand support/opposition, and (3) words that come to mind when thinking about brands taking a stand on social/political issues. The participants were then asked to consider the Black Lives Matter movement following the death of George Floyd as a specific context for reflecting on which brands had taken a stand following this incident, and their perceptions of these stances. Finally, the participants worked together on a projection exercise, proposing a Black Lives Matter brand activism campaign. Together, these activities led to insights into how the participants understood and related to (or consumed) the brand activism identified, evaluations of the brands engaging in brand activism ‘well’, and what that means, along with how brand activism activities had influenced participants thoughts and behaviours. In the next section, the main themes identified as important in the contemporary consumption of brand activism, including authenticity, negativity bias and “best practices”, will be discussed and further insight will be presented through the supplementation of related academic research and real-world examples.

Consumers of Brand Activism: Findings and Additional Insights

Consumption of Brand Activism through Evaluations of Authenticity

Through our series of focus-groups, this research suggests that consumers evaluate activism authenticity as part of their consumption process. Consumers who are both complimentary towards and critical of brands taking a socio-political stand used authenticity (or inauthenticity) as the primary determinant of their position. The consumers in our study

suggested a number of markers to indicate authentic brand activism, including alignment between messaging and practice, alignment between messaging and internal values and culture, and alignment between messaging and brand history. In contrast, the consumers also reported looking for markers of inauthentic brand activism, which include jumping on the ‘bandwagon’ in supporting trendy causes and using brand activism for purely profit-driven motives.

When consuming and evaluating the authenticity of brand activism, consumers can be sceptical of brand intentions. For example, one 24-year-old non-white male in our study said: “I feel like sometimes it’s [just] marketing. They don’t care about social [impact] that much, but they just do it to give some sort of excuse to do things more expensive.” (P12). But, consumers also acknowledge that there is value in authentic brand activism and that the absence of brand activism is a statement in itself. For example, a 33-year-old white female said, “I think if they don’t take a position, it’s kind of like a cop-out in my mind.” (P11). The consumers of the future may thus expect brands to take a socio-political stand, but they could be unforgiving if brands get this ‘wrong’. For example, a 26-year-old non-white female commented: “I wouldn’t purchase the brand necessarily just because they stand for something, but I would stop purchasing that product if I knew, for example, that things were not quite right internally, they weren’t ethical, they were racist, or they weren’t diverse.” (P6). Our research suggests that, when consumers evaluate activism authenticity as part of their consumption process, they form opinions about whether or not brands are taking a socio-political stand in the ‘right’ (authentic) or ‘wrong’ (inauthentic) way.

Related research suggests consumers evaluate the authenticity of brand activism efforts using an assessment and matching process, and that authentic brands can help consumers “to convey their authentic self, thus appropriating authenticity to construct true self-identity” (Oh et al., 2019, p. 234). Brands that are perceived as authentic, by clearly showing who they are and what they stand for, are thus important for consumer identity as they become symbolic resources for self-expression (Tuškej et al., 2013). According to self-consistency theory, consumers behave in ways consistent with how they see themselves so that they feel motivated to be loyal to brands that construct and reinforce their own

self-perceptions (Tuškej et al., 2013). As consumers can construct and reinforce their self-perception through their alignment with their favourite brands, they may feel disappointed or let down, or may even question their self-perception if a brand they perceive alignment with behaves in a way that is incongruent with their values. In this case, their consumption of brand activism may negatively affect their self-perceptions, and by extension also their wellbeing.

Negativity Bias in the Consumption of Brand Activism

Our research suggests that the satisfaction judgement for brands that get it right is weaker than the outrage judgement for brands that get it wrong. For example, one 32-year-old non-white female in our study said, “If they’re taking a stand and not doing it well, I’m more likely to not use them. And I would follow cancel culture. Because they did it wrong once, so I’d go nah, not interested” (P1). Our findings suggest that consumer outrage has stronger behavioural outcomes than consumer satisfaction. For example, a 28-year-old non-white male reported, “I’m not inherently swayed by a brand doing something positive. I’m more swayed by the fact that they’re doing it terribly wrong” (P2).

This bias could be explained by the expectancy-disconfirmation paradigm, which highlights the fact that the confirmation or disconfirmation of consumer expectation drives consumer satisfaction (Tsiotsou & Wirtz, 2015). Consumers are delighted if performance exceeds expectations and they are satisfied if performance meets expectations, but if performance fails to meet expectations, then consumers are outraged (Tsiotsou & Wirtz, 2015). Similarly, Mukherjee and Althuizen (2020) found that brand attitudes decreased significantly when consumers disagree with a brand’s controversial stance, but support for a brand’s controversial stance leads to no significant impact on attitude towards that brand. This is evidence of the societal shift towards expectations that brands will take a socio-political stand.

Brand activism, once a novel point of difference, has arguably become, in recent years, a point of parity. Thus, if brands take a socio-political stand in a way that consumers consider authentic, then they will be satisfied but not delighted. For example, one 33-year-old white female taking

part in our study suggested: “It can solidify your opinion, depending on the brand, to show that you’re supporting the right thing to a certain degree” (P11). Research suggests that consumers reward or punish brands based on perceived social responsibility or irresponsibility (Hydock et al., 2020). However, scholars agree that a negativity bias exists whereby the punishment response of consumers is stronger than their reward response (Hydock et al., 2020; Mukherjee & Althuizen, 2020). Our research further reinforces evidence of a negativity bias when consumers respond with satisfaction to brands that get brand activism efforts ‘right’, but outrage when they get it ‘wrong’.

This highlights a shift in the market. In 2018, Nike was able to delight consumers with brand activism messaging (but not necessarily corresponding authentic practice): However, consumers are increasingly looking for authentic activism as a bare minimum for satisfaction, as Ritson (2020) aptly commented: “If ‘Black Lives Matter’ to brands, where are your black board members?” This consumer expectation puts more social pressure on brands to participate, but does not necessarily reward them with consumer delight if they do it right (Tsiotsou & Wirtz, 2015). This highlights how important it is for brands to avoid consumer outrage and to participate authentically in their socio-political stand, even if this only means meeting consumer expectations and achieving base level satisfaction. Conversely, however, the resultant feelings of outrage from opposing consumer groups due to brand activism stances can foster issues of divisiveness in society today; arguably a negative outcome of brand activism on consumer and wider societal wellbeing.

What Is Important to Contemporary Consumers of Brand Activism?

As brand activism continues to evolve, practitioners can learn from previous examples of brand activism executions and consider consumer trends to predict what the future of brand activism consumption may look like. From this study, we can see a rise in the importance of committing to a cause, focusing on internal education, moving from campaigning to communication, leading with transparency, setting targets,

acknowledging mistakes, and amplifying the voices of others. These findings suggest that internal commitment through long-term practice, and explicit prosocial values and education should be considered a crucial part of any brand's socio-political stance going forward. To neglect internal commitment would be deemed inauthentic, and brands would likely face consumer scrutiny and outrage, as substantiated by previous scholars (Mirzaei et al., 2022; Schmidt et al., 2021). The following sections describe the types of internal commitment our research suggests consumers are looking for when consuming brand activism.

Committing to a cause: In this research, consumer responses focused on forgiving misaligned previous practice and position, provided there was clear commitment to the cause going forward. For example, one 28-year-old white female in our study suggested, "If people can grow and change their views and they can be educated to change, so can brands. Yeah, they may be late to the party, but maybe this has had enough of an impact on them to show that we need to change what we are doing. And then it comes down to the follow-through" (P18). Thus, consumers now expect long-term commitment to the cause beyond that cause's popular or trendy period, as further substantiated by Schmidt et al. (2021), who suggest that short-term commitment may be criticised by consumers and considered inauthentic. We are beginning to see evidence of companies engraining support into their core purpose and resultant product offerings, for example, service review company Yelp, which launched a new feature that allows users to flag businesses that use racist language. Many brands such as Pinterest and Pizza Hut are appointing senior roles that focus on inclusion, diversity or representation, while brands such as Band-Aid are expanding their product range to include more skin tones and steering away from a light tone as the only 'nude' option (Ad Age, 2021). According to our findings, decision-makers may want to consider what long-term practices they will put in place in order to take a socio-political stand, and how these practices reflect the updated purpose and values of a company (Mirzaei et al., 2022; Schmidt et al., 2021).

Education and reflection: Our research suggests consumers expect brands to be educated about their socio-political stance prior to any external advocacy. In addition, the consumers in our study communicated the need for brands to educate their staff on socio-political issues

and to build a level of understanding within their organisation. For example, one 33-year-old white male in our study said, “For me, it was more about educating myself. You know, I, I couldn’t really comprehend or fathom what people go through [on a] daily [basis]. And it was about educating” (P4). Following the death of George Floyd, some brands set up black education programmes for their staff, for example, fast-food chain Chipotle allowing their staff debt-free education at one of the USA’s oldest historically black colleges and universities, Paul Quinn College, while a collective of Midwestern advertising agencies under the BrandLab umbrella pledged to take staff through anti-racism education programmes (Ad Age, 2021). Based on the results of this study, we suggest that, before taking a socio-political stand, decision-makers should educate themselves on both issues and brand positions, and also consider how to educate staff within their organisations.

External communication, not campaigning: According to our research, internal commitment is a priority for consumers, who expect brands to ‘walk the talk’ when it comes to taking a socio-political stand. Our study suggests that consumers now favour an external communication style, with more parallels with public relations than with a traditional marketing campaign. This means that previously successful campaign styles, for example, Nike’s ‘Dream Crazy’ campaign, which was praised for featuring a credible spokesperson and an important message, may no longer meet consumer expectations. Instead, consumers appear to be favouring PR-style campaigns that communicate details of company actions. For example, one 24-year-old non-white male in our study commented: “Instead of just showing support through slogans and campaigns but to actually have a view to be like, this is what we’re doing” (P13). Consumers can be critical of brands that use brand activism as a marketing ploy, merely seeing it as a way of making sales, virtue signalling or jumping on the bandwagon when causes are trendy. This was evident in the Gillette campaign ‘The Best a Man Can Be’, which was criticised for being overly produced, preachy, and inauthentic in its portrayal of toxic masculinity (Hickman, 2019). Other research echoes our findings in suggesting consumers are no longer looking for marketing slogans, or donating a portion of sales revenues (e.g. Mirzaei et al., 2022).

Transparency and targets: Our research suggests consumers are now increasingly expecting brands to be transparent about their past and intentions and to provide clear and measurable targets. For example, one 32-year-old non-white male in our study said: “I want you to tell me how much you are doing by this date” (P14). Our findings suggest consumers are now less likely to accept vague support statements. This expectation regarding transparency and targets is relatively new in the brand activism space and demonstrates how quickly consumer expectations are changing. In 2018, as previously mentioned, Nike’s ‘Dream Crazy’ campaign was praised by consumers for taking a socio-political stand on a controversial topic (Hickman, 2019). Now, our research suggests that consumers are looking beyond advocacy and seeking company action that aligns with the cause. For example, one 33-year-old white female in our study commented: “If you imagine if Nike listed the pay equality across the different races, across their business and show that there’s no inequality” (P11).

Since George Floyd’s death in 2020, brands have increased their transparency and have publicly announced targets: Television broadcaster CBS has committed to at least 50% non-white casting on reality TV shows; snack company Mondelez has committed to doubling the representation of black employees in senior US management roles by 2024; and coffee company Starbucks has committed to donating \$100 million to community projects that help black and indigenous people of colour by 2025 (Ad Age, 2021). This shift in the transparency and expectations of brands highlights a shift in consumer behaviour. Consumers are continuing to become more educated about socio-political causes and they are harder to impress. Our research suggests that brands will need to focus more on their own internal practices, and the transparency of these practices, in order to please the consumers of the future.

Acknowledgement of mistakes and commitment to change: Most consumers are willing to forgive a brand if its practices were not always well aligned with a cause, especially as social norms have evolved over time (Schmidt et al., 2021). However, in line with other work in this area, our research suggests consumers would like brands to disclose any past transgressions or misjudgements and to communicate what they are doing to move forward with transparency. For example, one 31-year-old

white female in our study suggested, “It’s even more endearing if the brands are kind of like, ‘you know what, we’ve been neglecting gender, equality or something and we’re going rectify it by doing these things and taking a stand at the same time” (P9). Similar to the consumer preference for transparency and targets, an acknowledgement of past mistakes is not a marketing campaign-driven activity but an internal commitment to change that the brand chooses to disclose to the public. The critique, acknowledgement, and disclosure by Stuff, a New Zealand news outlet, in its project ‘Our Truth’ (*Tā Mātou Pono*), regarding its own past racist actions is an example of a brand acknowledging its mistakes and committing to change (Stevens, 2020). This internal-first approach appears to have been well received by consumers.

Amplifying the voices of others: Another form of external communication that consumers appear to be in favour of in our study is drawing attention to the voices of those more educated in, or relevant to a cause as an impactful use of brand platforms. Once again, this is not a marketing-driven activity, instead being about using the platform, reach and influence of a brand to stand with experts, or with those impacted by or uniquely knowledgeable about, a socio-political issue. For example, one 32-year-old non-white female in our study said, “If I was in charge of a campaign, I would just create a platform that enables them to have a voice rather than me having my own. I’ve got the platform I’ve got the reach. I’ve got the influence. And I just let the ones that have the voice but don’t have the platform, reach, and influence have a say” (P1). Illustrating this, Target opted to centre its support, during 2022 Black History Month, on honouring historic black leaders and on amplifying, celebrating, and lifting the voices of the present black community (Ad Age, 2021). In addition, Target also committed to spending an additional \$2 billion with black-owned businesses. Similarly, since 2020, Canadian lifestyle brand-owner Jillian Harris regularly turns to the amplification of important voices on her blog, for example, ‘Honouring Indigenous Lives’, by Shayla Stonechild, and ‘How to Be a Better Ally and Why It’s Important to Do So’, by Raia ‘Coach’ Carey, in addition to highlighting and profiling brands championed by marginalized groups (see, e.g. Harris, 2023).

It is worth noting that, if brands only choose to draw attention to others’ voices, they may not fully meet consumer expectations regarding

internal commitment. Moreover, by drawing attention to others' voices, brands may still be scrutinised by consumers and considered inauthentic for not enacting what they share externally. However, if a brand were to draw attention to the voices of others that are more educated about or pertinent to a cause, in addition to an internal commitment to it, it would likely meet consumer expectations regarding brands.

Insights into Brand activism's Effects on Consumers

Our study suggests that brand activism efforts tend to be more positively received by consumers when brands use their external channels to be transparent about their internal actions. Findings from this research suggest consumers now expect a brand to have internal commitment: This means aligning messaging with practice and values, committing to a cause beyond its trendy/popular period, educating staff, and amplifying the voices of others. Without this internal commitment, brands are likely to experience consumer outrage, which could lead to boycotts, negative word-of-mouth, and other kinds of negative impact on the brand (Mukherjee & Althuisen, 2020), as well as the consumer, as evidenced by the rise in 'cancel culture' and the resultant increase in cultural divisiveness (Hydock et al., 2020).

Encouragingly, consumers appear to accept incongruity between a brand's history and their own socio-political stance—with one caveat—that brands should acknowledge any wrongdoing and commit to change going forward. This action would reflect the internal commitment and external communication that consumers seek. Our research highlights the fact that many consumers recognise that true authentic brand activism (including historical alignment with prosocial behaviour) is not always possible, that it may take time to develop and that brands need to start somewhere. Some consumers are open to the idea of 'jumping on the bandwagon' with brand activism messaging in the absence of aligned purpose and prosocial behaviour (in other words, engaging in

inauthentic brand activism), as a first step towards implementing aligned prosocial behaviour and purpose going forward.

Although consumers appear to hold brands to a high standard in terms of evaluations of brand activism, our research suggests that they can also be forgiving. When consuming brand activism, many consumers equally consider their own personal responses to socio-political issues, and are aware of the pressure to participate. For example, one 30-year-old white female in our study said, “There’s judgement from people going if you don’t do it, you’re against it. If you do it, you’re jumping on the bandwagon” (P5). In addition, there is also uncertainty around how to participate appropriately. For example, a 26-year-old non-white female wondered, “If you’re white can you not, like, you know ... Can I talk about it? Should I have a stand on this? Or should I not? Should I sit back and let everyone else?” (P6).

This personal uncertainty and pressure, as well as the negativity bias illustrated previously, shed some interesting light on the potential effects of brand activism on consumers. Through the consumption of brand activism efforts, consumers compare their own values to those espoused by a brand, resulting in agreement or disagreement with the stance taken. This is potentially concerning for two reasons. First, if consumers disagree with a stance taken by a brand which they perceive themselves to have an alignment/fit with, this misalignment can be damaging to consumer wellbeing and some research even suggests that “the more distant an individual feels politically from the average voter in their state, the worse health outcomes he or she reports” (Fraser et al., 2022; p 1). Thus, consumers who find themselves the ‘odd ones out’, in terms of their views, may experience negative physical and psychological effects. Second, brand activism inherently creates polarization and divisiveness. This can potentially lead to further fractures in society between those who hold disparate views, further perpetuating cultural divides when opposing consumers boycott and spread negative word-of-mouth while supporting consumers react by amplifying the brand message, increasing their loyalty, and spreading positive word-of-mouth (Mukherjee & Althuizen, 2020).

Concluding Remarks

According to this research, when consumers consume brand activism, they process several interrelated aspects: The identification of an act as activist in nature, the evaluation or assessment of this act as a function of alignment with their own values and, finally, their resultant feelings and actions as a result of brand activism consumption—towards the brand, the cause, and within themselves. As brand activism continues to grow, the consumers of the future may experience the self-brand connection that brand activism presents as an opportunity to create wellbeing through self-definition and improving their sense of self. However, as consumers can construct and reinforce their own self-perception through alignment with their favourite brands, they may feel disappointed or let down, and they may even question their self-perception if a brand they perceive alignment with behaves in a way that is incongruent with their values, with consumer consumption of brand activism negatively affecting their self-perceptions and, by extension, their wellbeing.

Scholars have highlighted the importance of the authenticity of brand activism (Schmidt et al., 2021; Vredenburg et al., 2020): However, in this research, we have examined the consumption of brand activism and consumer interpretations of the authenticity of brand activism as part of the consumption process, with our findings suggesting that brand activism plays a role in impacting consumer choices and decisions, including the encouragement of value-based purchasing. Consumers appear to interpret and understand the authenticity of brand activism initiatives based on an array of criteria, including alignment with practice, alignment with history, and internal commitment to the cause. This consumer assessment and evaluation of brand activism highlights the shift in consumer expectations in recent years: In the consumer's eyes, it is no longer acceptable to merely advocate for a position or raise awareness. Retailers, in particular, have a substantial impact on consumer behaviour through the types of products they offer that communicate their brand values. Using these distinctive retail capabilities, as Walmart and Dick's Sporting Goods did when they implemented new restrictions on the sale of guns, to advocate for social change through product offerings, ranges and access, as

well as messaging, is a unique way that retailers can help to shape the consumption process through brand activism. Customers are continuing to expect retailers to do the right thing, pushing brands into becoming authentic activists who “walk the talk”: However, when consumers’ own sense of self-worth is tied up in matching their values and ideals to those of others, the consumption of brand activism can have unintended consequences.

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18

Vegan Consumption: Insights into the Consumer-driven Emergence of the Vegan Market

Rachel Lamarche-Beauchesne

Introduction

With global citizens being faced with widespread environmental degradation, the ongoing threat of climate change, and mass-extinction events, despair and powerlessness have resulted in various consumer movements that are rejecting traditional consumer markets. Consumers are attempting to reclaim agency by embracing forms of anti-consumption, focusing on local or organic agriculture, endorsing second-hand products and reselling models, or adopting counter-normative lifestyles. Through this, some are reframing their understanding of morality to include, in addition to their own wellbeing, the wellbeing of distant others (humans, nonhuman animals, and the environment). This is leading them to adopt forms of market resistance, to omit certain products indefinitely, or to choose certain goods and services over others. This chapter focuses on the consumer-driven growth of veganism and the development of the vegan

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products market. Veganism is defined as a lifestyle movement that rejects the use and consumption of all products and materials of animal origin. Because vegans are perceived as having counter-normative values, against the socially dominant structures situating animals as consumable resources, they have been found to embody a stigmatised identity (Markowski & Roxburgh, 2018). However, this lifestyle offers solutions to both environmental degradation (IPCC, 2020) and individual health benefits (Appleby & Key, 2016), while representing a means of personal empowerment, as well both physical and psychological wellbeing for those who choose to adopt it.

The number of consumers embracing veganism, or reducing their intake of animal products, has grown exponentially over the last decade (The Economist, 2020). This has resulted in a surge in the development of products targeted at vegans. Some of these new products propose alternatives to those traditionally made with ingredients or materials of animal origin, while existing products might carry a vegan label to differentiate themselves in saturated retail spaces. The growing availability of such label-augmented products is fuelled by consumer demand, and intentions regarding brand differentiation have made consumption an ongoing site of moral negotiation (*idem*). The growth of veganism, and its related accreditations, follows the rise of other labels and certifications asserting confidence regarding the treatment of employees (fair-trade) or animals (welfare), as well as the environmental impact of products along globalised supply chains (Horne, 2009).

Understanding changes in the expectations of individuals who are redesigning their consumption processes to achieve wellbeing for others and themselves is increasingly becoming relevant to discussions surrounding future directions and opportunities for brands and retailers. This chapter therefore aims to unpack the growth of veganism as a consumers-driven lifestyle movement, as framed by Martin and Schouten's (2014) theory of consumption-driven market emergence (CDME). This theory acknowledges the role played by consumers in the formation of new markets. The chapter is guided by the theory's key foundational concepts of "market emergence, embedded entrepreneurship and market catalysts" (Schouten et al., 2016, p. 30). It is then suggested that, for ideologically driven consumer movements such as veganism, traditional

markets may play a role in reducing stigmatisation and lifestyle legitimisation through the development of visible and compliant products.

Understanding the Vegan Movement

Alternative forms of consumption in contemporary societies have been discussed as acts of political empowerment used by individuals to influence markets. Citizens' increased concern for the care and wellbeing of animals, in food production and as other commodities, can be seen as an extension of more general trends surrounding the moral consideration and inclusion of minority groups observed during recent decades. Built on an ethical premise advocating for a life devoid of animal products, veganism is gaining mainstream recognition. The post-citizenship nature of veganism, whereby advocates are driven by benefits for distant others (i.e. nonhumans or the environment), and not solely for their own wellbeing, implies a more holistic approach to consumption and its impacts. As a lifestyle movement, veganism affects the daily consumption decisions of those undergoing the transformative journey of identity reconstruction that is involved in the adoption of a vegan identity.

Lifestyle movements are mostly enacted individually: they are also ongoing and target cultural norms. Cultural entrepreneurs in these movements create and distribute information and content such as books, magazines, blogs, vlogs, and documentaries, becoming authorities that provide "ideological structure and boundaries" (Haenfler et al., 2012, p. 11). Such boundaries serve to define and guide the practices and behaviours of their adherents. The vegan community in the global marketplace fits what has been defined as a community of purpose, "a social interaction system organized among people with shared or overlapping goals in order to pursue privileged outcomes" (Schouten & Martin, 2011, p. 131). While a lifestyle relates to everyday habits and decisions in relation to one's identity, movements imply forms of collective action, continuity, and ways of achieving social and cultural change. As such, veganism intersects "private action and movement participation, personal change and social change, and personal identity and collective identity" (Haenfler et al., 2012, p. 2). The adoption of such private actions, with the broader

aim of achieving collective cultural change, is a form of consumer agency, where success and failure are measured through forms personal integrity:

As one vegan respondent said, ‘On a personal level, after two years of veganism, I can honestly say that I feel good knowing that I can go through my life, my entire day, without imposing any cruelty on animals in any way’ (Haenfler et al., 2012, p. 9).

Vegan consumption is thus driven by a framework of values. As ethical considerations continuously present themselves as the predominant motivation (Radnitz et al., 2015) underpinning the adoption of a vegan lifestyle, the concept of ethical consumption must be considered. The ethical buyer has been discussed as someone shopping for a better world and this extends beyond the purchase of products, from concerns over various ethically charged issues (e.g. human or nonhuman animal rights, environmental impact) to boycotts of the companies involved in unethical business practices. But how does an intention to consume ethically result in the emergence of a market?

Consumption-driven Market Emergence (CDME)

Consumption-driven market emergence theory has been applied and developed through engagement with the minimoto market (Martin & Schouten, 2014), and the development of the US organic food market (Schouten et al., 2016). This theory identifies three stages, or sets of translations, that result in the emergence of a market. The first stage is the emergence of the new market itself through agentic individuals who modify or find novel ways to engage with existing products. This leads to a second phase, which is the growth of embedded entrepreneurs who see potential viability or have a greater interest in developing the new market. The third stage is the precipitation of market catalysts that stabilise emerging markets through the development of formal infrastructures. Contrary to traditional firm-driven (top-to-bottom) market development, where formal institutions and major market actors develop

innovative offerings in the pursuit of increased profit, CDME observes the emergence of markets that are driven by consumers themselves, sometimes in opposition to traditional market practices. The diffusion of such markets is community-driven, a bottom-up approach to market development and structuration aligned with the growth in vegan products and the increased visibility of veganism more broadly. Vegan community members engage with each other, often in sourcing compliant products. The success of this movement, and its resulting surge in market visibility, relies upon the uptake and individual decision-making of individuals who adopt this lifestyle in support of their own and others' wellbeing, as well as their endorsement, communication, and consumption in ways that act as an alternative to established societal norms.

The Consumption-driven Emergence of the Vegan Market

As discussed above, vegan consumption is regulated and negotiated through ethical considerations. Veganism has been situated as a moral practice where personal integrity prevails in the face of imposed market structures, while recognising that it is not incompatible with capitalist values, as can be observed in the ever-growing market for vegan products. This has fostered the development of alternative consumables, labels, and certifications, also identified as attention-generating cues that serve to inform and attract consumers who might struggle to differentiate between the various products on the market, while seeking to make more informed, values-driven purchasing decisions. However, the commercial appeal of this movement originated from individual shifts in ideological orientation.

Emergence of the Counter-cultural Vegan Ideology

The first stage translation, or the phase leading to the emergence of a market, is based upon the mostly noneconomic interests of individuals who embody the desire, creativity, and innovative skills to be able to transform or modify established markets. While not originally under discussion through the current framing of veganism, ideological and

philosophical reflections on the rejection of products of animal origin can be traced to cultural actors and thinkers who advocated for, through their writing, such a diet and, later, such a lifestyle (Singer & Mason, 2006). As such, in order to trace the emergence of the movement as it is known today within Western contexts, a good suggestion is to start with the establishment of the British Vegan Society in November 1944, by Donald Watson and other members of the British Vegetarian Society. They suggested that a vegetarian diet must extend to the exclusion of dairy and eggs in order to be truly devoid of animal cruelty. The word vegan was coined as a contraction of the word vegetarian, and explained in the association's first pamphlet, also published in November of 1944 and representing the first issue of *The Vegan*, the quarterly journal of the Vegan Society, which is still published to this day. At the 1947 International Vegetarian Union's World Vegetarian Congress, held in Stonehouse, in the UK, Watson held a 'Congress Talk' on veganism as an ideological pursuit (Watson, 1947). The American Vegan Society was then founded in 1960 by Jay Dinshah, who was a reader of *The Vegan* magazine. From then on, the vegan movement observed the "concurrent formation of multiple, geographically diverse communities" (Martin & Schouten, 2014, p. 865), with different organisations providing structures for the development of a collective vegan identity. Such groups encouraged lifestyle activism in movement participants, suggesting the spread of this ideology through social networks and other forms of outward activism. The quarterly pamphlet 'The Vegan' evolved to include, in addition to philosophical reflections on the movement, a repository of news surrounding vegan products and vegan-friendly spaces of consumption, which are often developed, sourced, or marketed by adherents of the movement themselves.

Embedded Entrepreneurship in Veganism

While the vegan movement first developed as an alternative ideology guiding consumption practices, the sourcing and development of products was being carried out in parallel by movement participants. The second phase of consumer-driven market emergence is that of embedded

entrepreneurship. It is during this stage that entrepreneurs identify and engage with their capacity to innovate, create, and supply new or augmented products or services within their areas of consumption interest (Martin & Schouten, 2014). In the context of Lifestyle Movements, and veganism more specifically, ‘cultural entrepreneurs’ emerge as movement ambassadors by producing and disseminating various print, video, audio, and digital media enabling vegan consumption by means of encouraging, supporting, and facilitating these activities, modelling specific lifestyle practices, and guiding consumption. The increase in online communities and social platforms as sites of dissemination both for informational and inspirational content by community adherents has also been identified as key to enabling the growth of such a lifestyle movement. While the mainstreaming of veganism might have been supported by these cultural entrepreneurs, they cannot be elevated above traditional animal rights activist groups and formal organisations, who raise awareness of the negative environmental impact, and the routine cruelty, resulting from animal-agriculture industries. One example of embedded entrepreneurship is the dissemination of dairy alternative Soylac in 1947, a vegetable milk that readers of *The Vegan* were advised to request “at their local grocers or Health Food Stores” (Vegan Society, 1947, p. 21). The magazine noted that, in anticipation of a negative response, they should give store owners instructions on how to reach out to the Vegan Society for sourcing information (idem). Recipe leaflets were also created in support of the consumption of such products. In 1974, author Marcea Newman published an alternative baking cookbook, *The sweet life: Marcea Newman’s natural-food dessert cookbook*, considered to be the first vegan baking book making use of plant-based alternatives to dairy. In more recent developments, the substantial rise in the accessibility of meat and dairy alternatives (also called ‘analogue products’) has been suggested to have facilitated the growth of the vegan movement’s dietary component (Radnitz et al., 2015).

This form of community-driven entrepreneurship has also been observed outside of food in the development of cosmetic products by British vegan society member Muriel Dowding. In 1959, Dowding founded the organisation Beauty Without Cruelty. The organisation was and still is devoted to the replacement of animal products, pioneering the

development of cruelty-free cosmetics such as vegetable oil soaps, produced without animal testing. To quote from an anthology discussing veganism and the use of animals as resources, she wrote:

It is now possible to offer an individual a choice between a humane and a cruel purchase. (...) The success of these products depends upon the public's demand for them. This demand can only stem from a conviction that the price paid in animal suffering for furs, leathers, and cosmetics is too high (Dowding, 1971, p. 73).

While the development of other materials was undertaken by various industries through R&D, their use in catering to the vegan market was undertaken by ideological entrepreneurs, for example, footwear manufacturer Vegetarian Shoes and later vegan accessories brand Matt & Nat (Lamarche-Beauchesne, 2023). Such alternative products are created by and for those wanting to alleviate the psychological discomfort or 'conviction' associated with the consumption of animal-derived ingredients and materials. However, the evolution away from a distinct entrepreneurial undertaking towards becoming established as a market requires formal structures, which come in the form of market catalysts.

Vegan Market Catalysts

Market catalysts are actors that structure and stabilise informal markets by removing obstacles, by increasing exchanges and opportunities within previously dissociated networks, and by creating infrastructures around an emerging market, in turn formalising it to market participants (Martin & Schouten, 2014). Martin and Schouten (2014) found that growth and legitimisation in the minimoto market were catalysed by two institutional actors—a magazine and a championship motorcycle race—that enabled flows of information and influence within growing but loosely connected communities of consumption and production. The organic farming market also experienced transformations by way of important market catalysts, namely the establishment of various organic certifications (Schouten et al., 2016) and organised supply chains. While other discussions about

CDME and market shaping focus on specific segments of industries (i.e. food, plus-size fashion, motocross), the vegan consumer movement is gaining traction on a variety of fronts due to its overall aim of changing the societal norms surrounding the utilisation of animals as a resource. This therefore affects, at once, multiple industries that use the bodies or labour of animals in their products. As the vegan movement has slowly been gaining recognition since its formal inception in 1944, while expanding internationally, it has been relying on various sources of content and ongoing events to share developments in products. Even though a vegetarian conference was first held in Cologne, Germany, in September 1889, and then held yearly in diverse locations, it was only held for the first time in the US in 1975, with committee members stemming from the American Vegan Society, notably its founder Jay Dinshah. The first International Vegan Festival was then held in Denmark in 1981. Such events acted as community gatherings, trade shows, and sources of information and advertising space, gathering consumers, and enabling connections between the community and the market actors. Participation in events, for example, conferences and festivals, has the capability to cement commitment to alternative lifestyles through the generation of networking opportunities and community formation. In 1994, on the 50th anniversary of the founding of the British Vegan Society, World Vegan Day was established on November 1st, a date that is today commercially relevant and utilised internationally as a marketing tool by brands and retailers.

Another market catalyst within the vegan movement was the development of certifications by supporting organisations, for example, the British Vegan Society's vegan trademark. Its launch was announced on 27 February 1990, when it was stated that:

The Society is prepared to authorize the use of its trademark on products fulfilling its 'no animal ingredients, no animal testing' criteria. Consumers will be able to buy products bearing the trade mark in the knowledge that no animal suffered during any stage of the products' development and manufacture (Calvert & de Boo, 2014, p. 10).

This statement demonstrates the value of the trademark, when viewed through the lens of consumer's individual wellbeing and that of distant others, in terms of certified products being devoid of 'animal suffering'. American organisation People for the Ethical Treatment of Animals (P.E.T.A.) then launched its 'PETA certified vegan' label in 2012, a logo used by brands to differentiate themselves and to advertise their product as vegan. Such examples of market stabilisation and regulation support the exponential growth of products oriented towards the vegan consumer segment. While movement entrepreneurs could be conceptualised as early adopters working on the margins of established marketplaces, attempts at market co-optation by traditional industry actors were to be expected. This leads to questions over the use of vegan labels and marketing certifications, and the widespread development and distribution of vegan products.

Lifestyle Legitimation through Mainstreaming

Cyclical patterns of market emergence, whereby the slow acceptance of alternative consumption leads to market co-optation by traditional market structures due to the apparent commercial viability, are said to have the potential to alienate those who led and supported the emergence of the new market (Schouten et al., 2016). However, as veganism carries forms of social stigmatisation (Markowski & Roxburgh, 2018), in this context, market co-optation can be reframed, as movement mainstreaming. The stigmatisation of veganism arises due to its counter-normative position and its adherents' attempts to disrupt established relationships between human and non-human animals. However, numbers of vegan products, or products meeting the requirements of a vegan diet and lifestyle, continue to rise globally (The Economist, 2020), through major food retailers, fashion brands and cosmetic labels. This has led to discussions regarding potential market co-optation by institutional actors. Nevertheless, it can be contended that vegan labelling is impervious to what Jaffee and Howard (2009) identified as the two main means of achieving market co-optation; that is, the weakening of standards and attempts at regulatory capture. The weakening of the standards that structure a market, whereby large corporate actors utilise market

capital and lobbying to reduce requirements, has been observed in the dilution of organic standards and other certification exercises. In parallel, regulatory capture can be explained as the management of labels, certifications, and standards by those who have vested interests in the maintenance of some form of diluted status quo. Using the comparative case of the fair trade and organic regulations, Jaffe and Howard state that the popularity and early growth of the two main certifications in the organic food movement which were rooted in early social movements and consumer mobilisation led to market co-optation by over 70% of the major food processors in the US, who either introduced alternative versions of their product offerings or acquired smaller producers within the organic sector (Howard, 2009). It can be argued that, while fair trade and organic regulations certify processes, and as such also involve measures of regulatory subjectivity, vegan labelling certifies content or, more accurately, the demonstrable absence of ingredients or materials of animal origin. This renders the labelling of products as “vegan” simply boundary-defining, while the label itself carries a message that attempts to change established cultural norms.

The pillars of legitimacy proposed in institutional theory are used by Humphreys (2010) to suggest that, “the establishment of physical reality, such as the construction of buildings or the manufacture of products—adds legitimacy to a consumer practice” (p. 419). Additionally, the role of socially significant stakeholders, for example, the media and public policy actors, can aid in the legitimation of new markets, for example, the vegan market. Therefore, the mainstreaming of veganism remains safeguarded from both regulatory capture and the weakening of standards due to the meaning of veganism not being porous itself. Additionally, within the context of vegan food labels, fraudulent products could lead to issues of food safety, with half of the eight major allergenic foods being animal-derived (milk, eggs, fish, and crustacean shellfish). If veganism is an ideological movement, vegan labelling can be associated with the ideology itself. It could therefore be contended that changes in products away from being labelled ‘vegan’ towards being labelled ‘plant-based’ is a way for traditional retailers and product developers to target the segment without being associated with veganism directly as both terms carry identical meaning as far as consumers are concerned (Noguerol et al., 2021). While this might be criticised as a lessening of the intended objectives of

the early development of the vegan market, it has resulted in more widespread adoption. The growth in vegan products, through major market actors, can therefore be suggested to have rendered the adoption of the lifestyle, and the consumption of vegan/plant-based products, increasingly accessible, visible, and legitimate.

Conclusion and Way Forward

As this chapter suggests, the emergence of veganism as a lifestyle movement, through the support of early ideological actors, embedded community entrepreneurs, and market catalysts has encouraged and legitimised the adoption of alternative consumption habits. This legitimisation, coupled with growing investment in the development of the new materials and analogue ingredients that mimic the properties of traditionally non-vegan products (e.g. meat and dairy substitutes), suggests that this segment is well positioned to continue its growth. Whereas motivations regarding the adoption of veganism were traditionally other-centred—with ethics or environmental degradation supporting the maintenance of the lifestyle—self-interested motivations are also growing (Radnitz et al., 2015). As such, it is in equal parts psychological and physical wellbeing that support the adoption of vegan practices, something that is relevant for both industry practitioners and researchers to consider.

Implications for Industry Practitioners

In line with the above suggestion, that is, that wellbeing can be offered to both individuals and animals through the consumption of vegan-branded products, the brands, and retailers developing such offerings could adopt messaging that engages with this duality, where products are seen as benefiting the wellbeing of both the individual consumer and others. Additionally, measures being taken by businesses, through internal policies that include sourcing, as well as more stringent supply chain auditing and reporting, have been enabled by a variety of technological advances.

While these activities have a financial impact on businesses, they can be harnessed by brands and retailers as consumer-facing exercises and marketing activities by means of communication and careful choices in terms of labelling and certifications in conveying physical and psychological wellbeing. Additional activities suggested for retailers include clear in-store product segmentation and website filters to assist consumers by easing their access to compliant products. The space of vegan cosmetics, fashion, and plant-based meats has been projected by *The Economist* (2020) to continue its market penetration and to represent opportunities for institutional actors in the replacement of ingredients, dedicated product lines, and new brands. Agentic and caring consumers have also turned to digital tools and mobile applications to harvest information on the range of products and services available in the marketplace. Brands and retailers wanting to leverage such platforms should refer to these tools' accreditation systems when attempting to align themselves with their messaging, benefiting from exposure through alternative sources of ethical information.

Implications for Research and Ways Forward

While this chapter provides a review of some of the ways the vegan market has developed, empirical research into both cultural entrepreneurship within the vegan space and the engagement of institutional market actors whose original offering stands in opposition to the ideological market they are targeting (i.e. meat-based businesses offering plant-based versions, leather goods companies launching vegan product lines) would allow additional understanding of the decision-making processes of companies, and yield interesting insights into the selection of a growth strategy. Additionally, this chapter also focuses on consumer goods of either ephemeral (food) or moderate durability (cosmetics and fashion products). As such, research on how the market for durable products, for example, furniture and cars, is developing, in response to new demands, would be of value. While the limited space available has also restricted this chapter to tangible products, the market for vegan services, including travel and cultural experiences, is also growing. Research into how the

adoption of a vegan lifestyle impacts which are the services chosen and the development of these vegan services themselves would extend current knowledge of this growing market and how services are used by consumers as part of an individual ideological lifestyle movement. Additionally, this chapter is structured as a review, utilising the existing literature to discuss the emergence of the vegan market. However, a retroactive media analysis would be useful in order to understand both what contributed to changes in the discourse surrounding veganism and how (if) this has affected the emergence of the vegan market. While the climate emergency continues to disrupt supply chains and consumption outlooks, the value of alternative consumption options, through changes to individual lifestyles as well as how they lead to feelings of empowerment and agency, will remain relevant to consumer wellbeing.

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19

Buying Happiness

Tomas de Souza



Ablemind is an award-winning medtech startup, offering a unique method to diagnose and treat mental illness in healthcare. Ablemind uses artificial intelligence to interpret and analyze patients' descriptions of their health, delivering unique insights into what treatment works for each individual. Ablemind's CEO Tomas de Souza has spent his career working with digital transformation and innovation in varying industries, supporting corporations and organizations in their work to

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harness the power from digital technology. In this reflection, he combines his experience from business development with a human perspective on how technology and consumption affect consumer wellbeing.

What we consume and how we consume affects our health: From the physical effects of the food we eat, to the stress put on our personal finances when we consume beyond our means. The debate on sustainable consumption in regard to wellbeing seems to follow the same logic as for the climate: less is better.

However, the essence of wellbeing is not about reduction. On the contrary, wellbeing is about living a fulfilling life. Today, the stress put on consumers to make informed decisions and stay away from non-sustainable consumption is putting the focus on what we cannot have. Much like social media has created utopian expectations of what success in life could look like, consumers are left with a feeling of missing out on the good in life.

Consumption for Good

Wellbeing is so much more than the absence of illness. It is largely, and somewhat vaguely, defined as having positive feelings about one's life. These feelings correlate strongly with what expectations we set for ourselves. So instead of doing less, we should calibrate our expectations and redefine what growth and success looks like. When successful, mental health treatment activates the individual to better understand what situations and activities support their wellbeing. This is a task that can be undertaken by others than healthcare professionals. Purpose driven brands and marketers can increase our understanding about ourselves and what promotes our wellbeing, thus directing our consumption to the things that truly make us feel well.

While the slow-food and slow-fashion-movements have fans all over the world, who strive to find balance in the present and practice absence, there are still several aspects of wellbeing that are strongly connected to consumption. Like fulfilment and personal growth. In this new paradigm, brands who allow us to feel good about ourselves long term will gain ground.

In the mental health space, services like Calm and Headspace support millions of users to embrace positive daily habits like mindfulness,

meditation, and improved sleep. When will we start seeing behavioural nudges like these integrated into retail experiences?

Access Over Ownership

If the environment and our health stand in the way of consumption, we will start consuming differently. The changes in consumer behaviour that we have seen in recent years were mainly driven by external factors, but intrinsic motivation for change will lead the way in the long term.

One of the most defining changes in business models is the transition from purchasing to subscribing. This trend, offering access over ownership, democratizes consumption of high capital goods like passenger cars, taking consumers out of debt and into flexible leasing periods and car-pools where many consumers share the same asset. Access over ownership is a consumer trend that is supporting everything from the climate to financial wellbeing and increased quality of life and, on top of that, financial growth.

Financially unstable households are highly overrepresented in groups with mental health issues. Business models that ease the pressure on our wallets, not including buy now pay later-schemes, may hence also play a role in empowering consumer wellbeing.

Healthwashing or Brands as Role Models

During the pandemic, social isolation, financial distress, and the lack of future prospects suffered by many, helped to highlight what is truly meaningful in an ordinary, everyday life. This insight seems to be growing among people and industries alike. A growing number of organizations are investing in initiatives to improve their employees' mental health, such as digital services, shorter working weeks, and flexible working hours.

Brands and retailers are also testing the waters of empathizing with consumers. However, these initiatives are still focused on building awareness and reducing stigma surrounding mental health issues, thus there is

a high risk of creating an era of healthwashing, with brands assuring us that they care about our feelings while harvesting our data.

Instead, the opportunity lies in behavioural change. Behavioural change is one of the trickier aspects of mental healthcare. We all know that it is good for our health to sleep well, eat well and to exercise. What really gets us going is what will make a difference. The renowned sports brand, Nike, have steadily improved their offering to consumers by adding digital services that support healthy activities. With these, they formed a believable ecosystem, a world where consumers of all sizes can invest in their personal health by investing their time, and eventually money, in Nike's wide range of products and offerings. Nike doesn't tell us that exercise is good for us. We already know that. Instead, they tell us to just do it and lead the way for us to do so.

Consuming Healthcare

Retailers all over the world have recognized that contemporary consumers are increasingly well informed and that they can no longer rely on pushing simplistic, suggestive marketing onto cattle-like individuals. Healthcare, however, still lies far behind the curve. At Ablemind, we have concluded, based on a large number of interviews with patients and their families, that being informed is not the ticket to receiving treatment in mental healthcare. In fact, patients describe interactions with healthcare professionals where they are considered too capable if they share how they have researched their own symptoms.

Faced with a constant lack of resources, healthcare is forced to prioritize those who are in the worst conditions, leaving large numbers of individuals in need of treatment. This too has sparked a growing interest among employers to find other ways to support employees, but consumers are left with an unregulated and highly speculative market of mental health apps.

The increased awareness of mental health needs among consumers combined with the tight restrictions on the availability of healthcare, have led to an imbalance in supply and demand. Increased awareness also leads to growing demand for preventive solutions. All in all, there is a

market for healthy, sustainable consumption, where retailers and brands will need to choose sides. Those who manage to find a positive correlation between consumption and wellbeing will keep growing. Demand is neither absent nor slowing down.

Subscribing to Happiness

Happiness and wellbeing are not fixed states. They vary over time and, as consumers, we continue to look for ways to consume time and money to get more out of life. The green movement will be joined by the health movement, reaching beyond awareness and leading consumers towards a happier and healthier lifestyle. Does your offering spark joy? Then make it available to the masses and sign me up.

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Part IV

Customer Experience





20

Re-examining the Place of the Physical Store During the Digital Retail Era

Elin Nilsson

Introduction

The retail industry is constantly changing and undergoing significant transformations which require retailers to adapt in order to survive. Over the past couple of years, the rate of store closures has rocked the retail industry, with more than 8600 stores being expected to close in 2019 (Business Insider, 2019). However, according to the report “Retail Renaissance—true story of store openings/closings”, 5.2 new stores open for each company that closes a store (IHL Group, 2019). In other words, some types of stores have almost completely disappeared, while in other industries these have increased (Amcoff et al., 2015). The emergence of new channels has been part of the transformation of the retail industry

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over recent decades (Egan-Wyer et al., 2021; Hultman et al., 2017), and this shows that physical retail is not dying but merely changing.

Another factor that has influenced this transformation is the expansion of e-commerce, in 2018 accounting for 10% of total retail sales and continuing every year (Statista, 2019). Even though e-commerce is growing, physical store shopping is still very much alive: However, the growth of e-commerce is forcing physical stores to evolve in order to stay relevant and to meet shifting consumer demands. Today, many companies are aware of the importance of integrating channels in order to provide a seamless experience. Such integration has both received attention in research during recent years and resulted in more complex consumer behaviors and customer journey patterns (Liu et al., 2018). Today, consumers largely alternate their shopping behaviors between both online and physical stores, choosing the channel that best fits their needs at the time (Bell et al., 2014) and provides the highest value (Flavián et al., 2016).

With the ongoing transformation of retail, and the ever-evolving development of digital social media, the virtual place has become increasingly important (Ballantyne & Nilsson, 2017). With this, the digital service offering challenges traditional concepts of what constitutes a customer experience and customer value (Ballantyne & Nilsson, 2017). Hence, physical stores are being challenged to become smarter and to provide greater value to both consumers and retailers (Bäckström & Johansson, 2017). With the transformation of retail, consumer expectations are rapidly changing, making it important for retailers to keep up in order to meet consumer needs. In a multichannel world, physical stores can serve a completely different purpose: However, to do so, we need to know more about what consumers want and expect from stores of the future. The need thus exists to re-examine the role of physical stores during the digital retail era.

This chapter sets out to show how the role of the physical store needs to be adapted during the digital retail era. First, the traditional role of the physical store is briefly outlined. There then follows a discussion about the role of the online store. A comparison is made between the role of physical and online stores vis-à-vis consumers. The chapter then presents results from a study focusing on the consumer view of fashion stores of the future, along with some conclusions.

Classic Role of Physical Stores

Retail is constantly evolving to meet the needs of the market and the wishes of consumers. These shifts can be seen in how customers take and pay for products. In the beginning, this was done over the counter, with customers then picking up their products themselves in-store and paying at the checkout. Today, customers are both picking up and paying for their products more and more themselves. We have gone from the small family-owned store to the superstore and now there is a tendency toward more local and sustainable stores. Even though digital commerce has increased, previous research has shown that most retail sales still take place in physical stores (Hagberg et al., 2017). For many retailers, this is still their most important channel. However, given the transformation of the industry, physical stores also need to evolve in order to stay relevant and to meet their customer needs.

Previous studies have proposed that, for the consumer, stores have two roles to play: (1) Conspicuous capabilities—meaning the immediate satisfaction of making on-site purchases, product information arising from direct interaction with the product and/or sales staff, no shipping costs and so forth. (2) Experiential capabilities—meaning that a store is generating brand awareness and association, and increasing the reach and frequency of brand messages over time (Wang & Goldfarb, 2017). With the transformation of the retail sector, the physical store has evolved from a point of transaction into a place of interaction and entertainment. The physical store thus meets consumers' product information needs in a socially-interactive setting. In the traditional way of shopping, the consumer goes to a physical store mainly to get information regarding a product's specifications from the sales staff. Previous research has shown that customer service is one of the most influential reasons for going to a physical store (Bäckström & Johansson, 2017). It has also been shown that store selection is very much affected by location, along with price, range, and store environment (Nilsson, 2016). The importance of atmosphere, along with the sense of touch and feel, non-existent in e-commerce, is also very important (Nilsson, 2016). In a physical store, consumers have the possibility of touching and feeling products, thus reducing any

uncertainty and also providing the instant gratification of getting to take the product home with them immediately. The convenience of being able to take products home is considered a factor that is important to consumers. Cao and Li (2015) argue that the dominance of physical stores has decreased due to the growth of online retail.

The Role of Online Stores

E-commerce is rapidly growing today, taking market share away from traditional retail (Postnord, 2022). The rapid development of technologies, along with their application to retail over the past decade, has made the online channel an important touchpoint for the consumer. The main reason for buying online is said to be convenience, saving time and money. There is a big advantage to being able to shop from home, and this also makes it easy to compare various models and brands as regards quality and price.

E-commerce has made competition greater since the customer can buy his/her products from a global marketplace, and not just from his/her local marketplace. The spread of the COVID-19 pandemic across the world, from early 2020, increased online shopping even further. However, overall online spending is still limited compared to offline. Even though the adoption of e-commerce is still in its infancy, it is already obvious that it has changed both consumer behaviors and the retail landscape. This transformation is forcing retailers to rise to the demands made by the changing consumer, as well as the opportunities that will follow, by developing some sort of digital offering (Reinartz et al., 2019).

One of the most crucial advantages of online stores is their ability to overcome geographical constraints, from the perspective of both the consumer and the retailer. Many consumers around the world, thanks to online stores, are able to purchase the products of brands and companies that are not available for purchase in their own countries. Two more reasons why online shopping has become popular are avoiding crowds and not needing to travel in order to buy what you need. Hence, online shopping is a more convenient channel for consumers because it offers greater savings in terms of time (Syzmanski & Hise, 2000). There is also an

endless variety and range of products available online, usually at lower prices than in physical stores. Previous research has shown that online shoppers can demand more product information, more product variety, and more personalized or specialized products than physical store shoppers do (Syzmanski & Hise, 2000; Tzeng et al., 2020) since these consumers are used to finding everything they need online.

Combination of Online and Physical Stores

As can be seen above, it has been shown that consumers want different things from their online and physical shopping experience. However, they expect the purchasing experience to be consistent, both online and offline. Today, consumer demand is putting pressure on physical stores since consumers are now becoming accustomed to the immediate, personalized, and convenient experience which online shopping has entailed and which they consequently also want in the physical store. As the COVID-19 pandemic spread, businesses were forced to digitalize. Ballantyne and Nilsson (2017) argue that digital service offerings challenge traditional concepts of what constitutes a customer experience and customer value. Hence, physical stores are facing other expectations today.

Even though many physical stores have had to shut down, online retailers such as Amazon and Alibaba have opened physical stores and showrooms (Egan-Wyer et al., 2021; Hultman et al., 2017), realizing the importance of providing customers with the blended experience they want. Also, several different types of shopping behaviors have developed because of consumers combining online stores with physical ones. For example, showrooming occurs when consumers use bricks-and-mortar stores to evaluate products in person, subsequently finding better prices online and purchasing that way. Webrooming, on the other hand, is when customers research products online before visiting a physical store to purchase them. Instant showrooming is when searching and purchasing are done at the same time in the showroom. Bops (buy online pick up in store) combines both environments. This shows that consumers are using both online and offline tools in their purchasing behaviors. Also, given the continuous increase in technology-based solutions, consumers

frequently search for information on their smartphones before, during, and after visits to stores (Grewal et al., 2018).

Previous research has mostly dealt with online shopping and physical shopping separately: However, as discussed above, customers do not have a clear boundary between these different types of shopping today. According to Flavián et al. (2016), where consumers shop is based on what channel that fits their needs at that specific moment. The basic premise of this study is that most consumers are shopping both online and in physical stores today, making them accustomed to the pros of both types of shopping. The question then arising from this basic premise is how this will affect the consumer view of the physical store of the future.

Methodology

An exploratory study was conducted using the attendees of a fashion and design week in a mid-sized Swedish city. A short survey was conducted using 103 respondents. The questionnaire contained three modules, the first of which included questions about the respondent's socio-demographics and an open-ended question regarding what they do when visiting the city center and/or a shopping mall. The second module contained questions about their shopping behaviors, both online and in physical stores, about where they find information and inspiration regarding products and about their shopping habits. In the last module, the respondents were asked to imagine the stores of the future. In one open-ended question, they were asked to describe their dream store of the future in five words. In the last question, they were provided with a list of attributes (taken from previous research), for example, opening hours, prices, atmosphere, product range, sustainability focus, product displays, parking spaces, loyalty club, and knowledgeable staff and so on. The respondents were then asked to choose the three most important attributes a fashion store of the future should have in their opinion. The respondents were able to both choose from the list and make their own suggestions about attributes in this ranking. The respondents in the study were aged between 19 and 70 and 75.2% of them were women. The

study was conducted during the fashion and design week in the hope that the respondents would be more open-minded and not too focused on a specific shopping task they were about to undertake.

Results

The descriptive analysis results is divided into three sections. The first section covers the respondents' shopping behaviors, both online and in physical stores. The second section indicates where consumers find information and inspiration when shopping for fashion products. In the last section, a descriptive analysis of the attributes' ranking is presented, together with the answers from the open-ended question regarding how a store of the future should look.

Shopping Behaviors

The study showed that only 1% of the 103 respondents do all their shopping online, while 15.5% do more shopping online than in physical stores. An equal amount of both types was done by 23.3% of the respondents while 36.9% do more shopping in physical stores than online and 22.3% do all their shopping in physical stores. These results support the argument that most people use both e-commerce and physical stores when shopping, which is why it is important not to talk about online customers and physical customers as two separate groups but to see instead that the customer journey is a mix.

Of the respondents, 9.7% visit the city or a shopping mall every day, while 32% do so several times a week, 25.2% do so once a week, 22.3% do so a few days a month, 7.8% do so one day a month and 2.9% do so more rarely than once a month. When the respondents visit the city or a shopping mall, they argued it was to go window-shopping, to walk around, and to waste time. Other respondents in the study wanted to be updated about what is new and to gain inspiration. For most of the consumers, the social aspect was important, going there to socialize over coffee or to have lunch.

Information and Inspiration

Most consumers in the study use both e-commerce and physical stores when shopping and also search for inspiration online. As seen in Table 20.1, the respondents search for information both online (57.3% often/always) and in physical stores (43.7% often/always). Of the respondents, 34% ask others about their experiences, while 35.9% find information about e-commerce and 37.9% make price-comparisons. The results show that consumers use several outlets to find information and compare products, both online and in physical stores.

As seen in Table 20.2, most consumers (62.1%) either often or always search for inspiration using Internet sources, while 60.2% search for inspiration in physical stores, making it important for retailers to be able to inspire these consumers in-situ (online and in physical stores). Only 28.2% gain inspiration or ideas regarding a product from tips from friends, while 32.1% gain these from e-commerce and 34% gain them from magazines, TV shows, and papers. This result shows that consumers

Table 20.1 Where consumers find information in order to compare products ($N = 103$)

	1-2 Never/seldom	3	4-5 Often/always
Online reviews	26.2%	16.5%	57.3%
Ask others about their experiences	28.2%	36.9%	34%
Price comparisons	32.1%	29.1%	37.9%
E-commerce	32.0%	29.1%	35.9%
Physical stores	39.9%	16.5%	43.7%

Table 20.2 Where consumers find inspiration or ideas regarding a product they want ($N = 103$)

	1-2 Never/seldom	3	4-5 Often/always
Internet sources (blogs, Instagram, Pinterest etc.)	26.2%	16.5%	57.3%
Tips from friends	28.2%	36.9%	34%
E-commerce	32.1%	29.1%	37.9%
E-Physical stores	32.0%	29.1%	35.9%
Magazines, TV, Papers	39.9%	16.5%	43.7%

have often started their shopping journeys before visiting stores or e-commerce sites, making it important for the sales staff to understand how far consumers have come in their journeys in order to create value for them in-store. If a store fails to inspire its consumers, they will seek out other stores, either online or physically, to gain inspiration.

Stores of the Future

Important Attributes

Table 20.3 shows the attributes that the respondents argued were the most important for a store of the future in fashion and design to have. When asked about the most important factor, 36.6% of the respondents answered that the store had to be inspiring, followed by a local connection and product range. In other words, inspiration is very important for consumers today. For 53.5% of the respondents, the second most important factor was personal service and care. For 29.7% of the respondents, the third most important factor was knowledgeable staff. Compared to previous research into important factors regarding store choice, the result of the study is that “soft” factors such as inspiration and service are more important, with previous research tending to be more focused on “hard” factors such as price, location, and quality.

Due to the results of this study, it is argued that the role of the store today has changed and that consumers want something more in the stores of the future. To survive and remain important during the tough times ahead, retailers need to make their stores inspirational, to have knowledgeable staff, and to make sure that consumers get personal service and care when visiting their stores.

For 19.4% of the respondents, a local connection was the most important factor, something which has not been shown in previous research. Consequently, this could be a great thing for a retailer to emphasize in its marketing, if a store has this factor. The study also demonstrates that there is no clear division between physical shopping behavior and digital shopping behavior. Most customers do both and thus do not see the

Table 20.3 Most important factors for a store of the future in fashion and design (N = 103)

	Most important	Second most important	Third most important	In total
Inspiring store	37 (35.9%)	2 (1.9%)	2 (1.9%)	41 (13.27%)
Local connection	20 (19.4%)	5 (4.9%)	6 (5.8%)	31 (10.03%)
Product range	12 (11.7%)	4 (3.9%)	1 (1.0%)	17 (5.50%)
Personal adaptation of the product	9 (8.7%)		1 (1.0%)	10 (3.24%)
Knowledgeable staff	5 (4.9%)		30 (29.1%)	35 (11.33%)
Can take the product home	5 (4.9%)	2 (1.9%)	2 (1.9%)	9 (2.91%)
I can touch/try the product	4 (3.9%)	2 (1.9%)	13 (12.6%)	19 (6.15%)
Product quality	3 (2.9%)	5 (4.9%)	2 (1.9%)	10 (3.24%)
Atmosphere	2 (1.9%)	9 (8.7%)	12 (11.7%)	23 (7.45%)
Sustainability focus	1 (1.0%)			1 (0.32%)
Digital service	1 (1.0%)	4 (3.9%)		5 (1.62%)
Good opening hours	1 (1.0%)		1 (1.0%)	2 (0.65%)
Other stores close by	1 (1.0%)	1 (1.0%)	1 (1.0%)	3 (0.97%)
Easy to get to	1 (1.0%)	2 (1.9%)		3 (0.97%)
Personal service/care		55 (53.4%)		55 (17.8%)
Innovative store/setting		3 (2.9%)	17 (16.5%)	20 (6.48%)
Activity/experience		3 (2.9%)	2 (1.9%)	5 (1.62%)
Good prices		1 (1.0%)	4 (3.9%)	5 (1.62%)
Unique and new		2 (1.9%)	1 (1.0%)	3 (0.97%)
Product displays		1 (1.0%)	2 (1.9%)	3 (0.97%)
Do other things than shop			2 (1.9%)	2 (0.65%)
Product-related service			1 (1.0%)	1 (0.32%)
Easy to find things in-store			1 (1.0%)	1 (0.32%)
Blank	1 (1.0%)	2 (1.9%)	2 (1.9%)	5 (1.6%)
Number of respondents	103	103	103	309 (100%)

clear-cut distinction between the digital world and the physical world that companies have often made in their business models. To give value to their consumers, retailers need to integrate their online and offline offerings so they may be better able to follow these customer journeys.

How the Store of the Future Should Be

When the respondents were given the opportunity, in an open-ended question, to state what they thought about physical stores, and what they want in a store of the future, it became clear that they found physical stores important. When the respondents were asked to describe their dream store of the future, other attributes were mentioned than those previously recognized by research in connection with physical stores. Figure 20.1 shows a word cloud containing all the attributes mentioned in the open-ended question. The most mentioned word was inspiring. Then come words that we recognize from previous research, for example, service, available/accessible and products. However, after these attributes, we also see other softer attributes connected with the in-store atmosphere, for example, cozy, warm, unique, welcoming, empathetic, exceptional, open, luxurious, calm, experience, personal, relaxing, and originally. Retailers thus need to dare to stand out when it comes to inspiring their



Fig. 20.1 Word cloud containing the important factors of a store of the future

consumers, and they also need to create an in-store atmosphere encouraging consumers to spend time there.

The results show that the respondents want to be inspired when visiting a store and thus they also enjoy stores that do not look like all the others. One respondent said:

Unfortunately, there are so many boring stores today. I want to be inspired and receive personal service and help.

Another respondent argued:

I want something that doesn't already exist and not the chains you find everywhere. I want to get inspired when I shop—and to find what I'm looking for. I want proper service—there should be someone to ask if I need help and they have to be knowledgeable. I want to touch the products for real and take them home, but at online prices!

The respondents also mentioned other words connected with service, for example, dedicated and knowledgeable staff, showing commitment and friendliness. It was also clear that the respondents want stores to evolve in order to better serve their needs. The results of this study show that stores might need to re-evaluate what service in a physical store means to the consumer today, and the fact that consumers now want more from the service they are given. As an example, one respondent said:

I come to a store just to have a look and talk to people, just to say hello.

Another respondent wrote:

Stores need to become better at personal relationships! The social aspect is the most important thing, otherwise I can shop online from my couch. It's not just about service, for me it's also about personal relationships!

In the open-ended question regarding stores of the future, the sustainability aspect was covered in several different ways using words such as emission-free, reuse, and good environment. This shows that consumers are more interested in shopping in stores that have a sustainability focus.

Other issues raised in the open-ended question were the local perspective and handmade products. The respondents wanted stores that were more unique and had a local connection, something which has not been shown in previous research.

Conclusions

The development of digital commerce has changed consumer shopping behaviors and the landscape of the retail industry. As the retail industry moves further into the digital age, what role the physical fashion store will play in the future becomes an important question. This chapter is one of the recent studies re-examining the role of physical fashion stores during the digital retail era, focusing on the consumer view of the stores of the future.

The results showed that only 1% of the respondents do all their shopping online, while 15.8% do more shopping online than in physical stores. Also, 22.8% of the respondents do an equal amount of both, while 37.6% do more shopping in physical stores than online and 21.8% do all their shopping in physical stores. Hence, the results clearly show that the physical store still plays an important role for the consumer. The results also show how much consumers use online tools, both to shop and to gain information and inspiration. In line with Bell et al. (2014) and Flavián et al. (2016), the results show that most people use both e-commerce and physical stores when shopping. This study demonstrates that there is no clear-cut distinction between physical store behavior and digital shopping behavior. Hence, stores need to find a way to integrate their digital and physical presence in order to create more value for their customers. It is important not to talk about online customers and physical customers as two completely separate groups. Also, consumers search for information both online and in physical stores, making it important to be able to inspire them in-situ. Since consumers do not have a clear boundary between online and offline, they think more in terms of a shopping need or a brand, and thus their shopping behavior is integrated (Bell et al., 2014). Therefore, stores need to have a more integrated view of consumer behavior and to integrate both store and online availability as

a company. In the media, a lot of focus in the retail sector is on high-tech solutions, while this study shows that those factors are not as important to consumers. If high-tech solutions are to be included, they will need to contribute by adding value for the consumer. Also, the store will need to think about the function of its processes and why these are doing, or adding, different things, and not just because it is a cool technical feature. It will need to help the customer on his/her journey.

An interesting finding of the study, compared to previous research, concerned important factors around store choice. Previous research has shown that “hard attributes”, for example, location, price, range, quality, and store environment, affect store selection by the consumer (Nilsson, 2016). This study, however, has shown that “soft” factors, for example, inspiration, warmth, coziness, and service, are important attributes to the consumer. When asked what the most important factor was for the store of the future in fashion, 36.6% of the respondents said that the store had to be inspiring, followed by a local connection and product range. Inspiration, in other words, is very important to the consumer today. The second most important factor for 53.5% of the respondents was personal service and care. The third most important factor for 29.7% of the respondents was knowledgeable staff. To survive and remain important during the tough times ahead, retailers need to make their stores inspirational, to have knowledgeable staff, and to make sure that the customer gets personal service and care when visiting their stores. Since one important value of the physical store lies in interactions with sales staff (Bäckström & Johansson, 2017), it is important for these members of staff to focus on developing the value they provide to their customers. Today, the customer’s shopping journey has mostly already started online before he/she visits the store, so the role played by staff is changing. Staff need to understand that the customer journey does not start with an in-store greeting; it has already started online before the customer has even entered the store. Also, this study has shown that consumers want personal service and care. Therefore, it is important that the only interaction staff have with the customer is not just when he/she pays for products, at the end. Rather, there needs to be some other in-store interaction between customer and salesperson. The physical store has some unique

propositions, for example, customer service and the creation of a space for socialization, but it needs to work with this in order to keep these advantages.

Other attributes the consumers in this study mentioned as being of importance as regards the future included a local connection, sustainability, and the store being unique. What they would rather see is inspirational, warm, and unique stores. On the basis of the results of this study, it can be argued that the role of the store today has changed and that customers want other attributes in the stores of the future than has previously been found in research. One interesting topic for future research is what consumers argue that they can get from digital stores but that they cannot get from physical stores today. Another interesting topic for future research is how physical stores view themselves, and what their purpose is. It would be interesting to compare the view that consumers have of stores with the view that retailers have of themselves. This would be in order to analyze whether or not there are any differences between what consumers want stores to be, and what retailers see as the purpose of their stores.

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21

Employee-to-Customer Improvisation: A Value Creation Strategy for Navigating the Contemporary Consumption Experience

Jessica Vredenburg , Simon J. Bell, and Evan Polman

Introduction

As retailing is increasingly adopting online and digital capabilities, retailers are being tasked with the role of supplementing their primary commercial roles by providing unique experiences. Now that prospective customers can shop with ease, in the comfort of their own homes, and have become used to doing so during the COVID-19 pandemic, it is essential that brick-and-mortar retailers offer something that purely

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digital offerings cannot match; that is, a tailored and unique customer experience with notions of a ‘third place’ containing home-like qualities (Ahmed et al., 2022). Hence, retailers are redefining themselves as the staggers of an experience, and looking to the performing arts for pointers on how to create memorable experiences (Debenedetti, 2021). Much work has viewed retail as analogous to theater, creating memorable performances that communicate brand meanings (e.g., Baron et al., 2001). However, when the customer is invited into the performance, improvisation on the part of the employee (as an actor in this analogy) becomes essential in order to respond to what he/she says and does, both in order to create moments of delight, when customer expectations are exceeded, and in order to alter the service performance in an attempt to recover goodwill after a service failure.

Employees must be alert, think and act on the spot when unpredictable customers are enlisted as actors. If customers are to return to the store for their next purchase, instead of turning to their smartphones, the importance of customer service and the customer experience will be critical. While the notion of improvisation has been studied at the broader organizational level (e.g., Moorman & Miner, 1997; Vera & Crossan, 2005), our research advances the concept of employee-to-customer improvisation—a combination of creativity and quick-thinking in order to create unique value both for and with the customer. With this chapter, we propose a new concept of service management necessary to meet the changing demands of contemporary retail and service encounters. We begin with a discussion of employee-to-employee (organizational) improvisation in order to lead into our discussion of employee-to-customer improvisation, highlighting the similarities and differences between the two. We then introduce our conceptual model via an examination of both the individual- and organization-level antecedents of employee-to-customer improvisation. We close with a discussion of the boundary conditions and the managerial practicalities of this practice.

Employee-to-Employee Improvisation and Employee-to-Customer Improvisation

Despite the similarities, employee-to-customer improvisation differs from the better-established idea of employee-to-employee improvisation, for various important reasons. Besides the perceived role and communication differences between employee-only interactions, and interactions between employees and customers, the goals of employee-to-customer improvisation are different from those employees may have when improvising with each other. For example, during employee-to-employee improvisation, the focus tends to be on new product development, emergency situations, and innovative team performance, or it has a more general purpose, for example, of discovering a new way of doing business.

In contrast, employee-to-customer improvisation is concerned with servicing a specific customer in a specific way, in that what is improvised may differ significantly from one customer to another. In this vein, employee-to-customer improvisation is more ad hoc than employee-to-employee improvisation. While the latter usually entails a clear goal aimed at formally changing the organization, the former usually entails an abstract goal aimed at satisfying the customer in an idiosyncratic, informal manner. As employee-to-customer improvisation is carried out in lockstep with customers (or customer issues), this form of improvisation often demands quicker responses than employee-to-employee improvisation does. Consider, for example, the introduction of the self-service check-in at airports. These kiosks have relocated airline staff, taking them from behind their counters and placing them among their customers to provide assistance. Taking away the employees' routine transactional functions has allowed them to create a richer customer experience, tailored to the customer's individual needs.

With a "richer customer experience" in mind, we focus on the consumer frontline, where employees interact with customers. We build on the organizational improvisational literature to introduce the notion of employee-to-customer improvisation; a concept which (1) embraces variability by emphasizing the need for employee spontaneity and adaptation in-the-moment in response to growing trends in changing consumer

demands (e.g., co-creation, customer participation, and customization) and (2) recognizes the importance of the discretion provided by job autonomy, while similarly recognizing the value of the minimal structure offered by scripts as a guide to behavior. As we discuss, employee-to-customer improvisation is concerned with an employee's improvisation *with* his/her customers.

Like organizational improvisation, we believe employee-to-customer improvisation is a behavior that can be developed by employees and cultivated by managers. Practitioners are already experimenting with the idea of employee-to-customer improvisation as consultancies offering an improvisation-based sales-training surface in numbers, and companies like the *Ford Motor Company* and *Deloitte* are embracing and advocating the benefits of improvisation. Firms such as *Second City Works* (the professional consultancy group of, perhaps, the most famous comedy improvisation group *Second City*) offer improvisation programs that aim to help organizations develop a brand story “that touches customers, employees, and vendors”. Despite this practitioner interest, the employee-to-customer improvisation concept has not been widely investigated in the academic literature. Our work aims to change that.

Practical Need for Employee-to-Customer Improvisation: Building a Conceptual Model

It is important to note that employee-to-customer improvisation is more than just the granting of modest behavioral latitude (autonomy), or allowing employees to elaborate on existing service scripts. Instead, we propose employee-to-customer improvisation in terms of requiring unique employee motivation and ability, coupled with the opportunity to conceive of novel, useful behavior in-the-moment, with the customer. Certainly, higher degrees of autonomy, or scripts, facilitate or hinder improvisation (by increasing or decreasing the opportunity for improvisation), but neither necessarily implies that improvisation will or will not occur.

To distinguish employee-to-customer improvisation from related concepts, we offer the metaphor of traveling in a car in order to understand the key differences between improvisation and other constructs, for example, job autonomy, empowerment, service scripting, and service customization. To reach their destination, drivers require a few essential components. For instance, we might think of having a car as having autonomy. In a car, you can travel from A to B: The car allows someone to travel to where the driver wants to go. In this vein, the car represents autonomy and freedom, and the destination can be understood in terms of completing a task or goal (e.g., helping or delighting a customer). However, in order for the car to travel to its destination, it needs fuel—in other words, it needs energy, not unlike the empowerment that employees benefit from in carrying out their jobs. An unempowered employee is not an especially productive one. Thus, without a car or fuel, you will be left standing, still unable to arrive at your destination. However, with a car and fuel, you can potentially reach your destination.

Scripts, then, provide a map for getting from A to B: They are precise directions you can take to arrive at your destination. The map provides the shortest or most efficient route (perhaps the most common route), as well as alternative routes (e.g., scenic routes) because there is usually more than one way to reach a destination. The choice of route that a driver decides to take can be viewed as service customization. Altogether, the car (autonomy), fuel (empowerment), directions (service scripts) and choices of route (service customization) are critical to any successful road trip. However, another potentially important component is the driver's response to something unforeseen (either positive or negative) that happens en route. This is what we mean by improvisation—it is akin to the unplanned decisions a driver decides to make when driving to a destination. Even though one route may be typically preferred over others (service customization), the driver may occasionally deviate from the chosen route—possibly because of wanting to drive to another destination, or to make an unplanned stop, or he/she may decide to take a different route or, because in some cases, he/she may be redirected to another route—to unfamiliar territory where he/she may have to navigate in relatively impromptu ways. We acknowledge, of course, that both driving and

working are more complex than this. The aim of this illustrative analogy is to highlight what improvisation is and what it is not.

In Table 21.1, we summarize the differences between employee-to-customer improvisation and these related constructs. Going forward, we delineate the concept of employee-to-customer improvisation by pursuing two key objectives: First, we propose a means of conceptualizing employee-to-customer improvisation. We place employee-to-customer improvisation within a typology of existing employee management concepts for managing employee-customer variability—including job autonomy and service scripting. These ideas have a long history and provide the conceptual boundaries of employee-to-customer improvisation and the substrate from which improvisation emerges. On their own, autonomy and service scripts are at odds with improvisation. However, we argue that the appropriate combination of autonomy and scripting will allow improvisation to flourish. Second, we draw on the key elements of the motivation-ability-opportunity (MAO) framework (MacInnis et al., 1991) to create a conceptual framework of employee-to-customer improvisation (see Fig. 21.1), building on identified individual and organizational antecedents. Briefly, we propose that motivation is fueled by an individual employee's predisposition for meeting customer needs. Ability is a function of an individual employee's social skills while opportunity is based on a combination of behavioral guidance (the minimal structures provided by service scripts) and the behavioral latitude (the discretion provided by job autonomy) provided by an organization.

Motivation: Customer Orientation

The first factor, *motivation*, is an individual's goal-directed intent to engage in a behavior or action. Here, it is defined by the level of customer orientation of an employee. We consider this to be the most appropriate representation of motivation in employee-to-customer improvisation as it has long been considered a key determinant of employees' willingness to actively monitor and adapt to situations as they unfold (Grove et al., 1992). We adopt a definition of customer orientation—an "employee's tendency or predisposition for meeting customer needs in an on-the-job

Table 21.1 A Comparison of Employee-to-Customer Improvisation and Related Concepts

	Job Autonomy	Empowerment	Service Scripts	Service Customization	Employee-Customer Improvisation
Definition	Structures or boundaries within which individuals are able to exercise discretion or control.	Intrinsic motivation for work role reflected in four conditions (self-determination, meaning, competence and impact).	Memorized schemata that describe steps or behaviors to respond to a particular context.	Providing customers with individually tailored products and services from a range of possibilities.	Convergence of planning and action characterized by creativity and quick thinking, allowing in-the-moment innovation using available resources.
Illustrative Metaphor (Driving a car between A and B)	The 'ownership' of a car which allows the driver the freedom to go wherever he/she would like.	The 'fuel' you need to make the car move from A to B.	The 'map' providing the shortest or most efficient route (which may be the most common route), as well as alternative routes.	The 'choice' offered to the driver of taking an alternative route to the norm (e.g., to avoid toll roads or enjoy a more scenic journey).	Driver coming up with a 'unique solution' to an unanticipated change in conditions (e.g., pulling over to work, parking, and switching to a bus to complete the journey).

(continued)

Table 21.1 (continued)

	Job Autonomy	Empowerment	Service Scripts	Service Customization	Employee-Customer Improvisation
Advantages	Leads to efficiencies by short-circuiting lengthy approval processes; greater risk-taking and experimentation; greater role engagement.	Leads to efficiencies by short-circuiting lengthy approval processes; customer perceptions of employee competence; lower role stress and higher job satisfaction and performance.	Increases cognitive efficiency and reduces ambiguity; improves service reliability and consistency; employee and customer shared expectations regarding the service process leading to higher satisfaction.	Increases service 'fit' with customer needs; increases perceived service quality, satisfaction, trust, and customer loyalty.	Timeliness of service delivery; novelty of experience improves customer satisfaction; employees perceived as authentic; experimentation and learning drives service innovation; buffers the impact of stressful situations; leads to role mastery.

Disadvantages	Too much autonomy may lead to increased insecurity and role stress; absence of behavioral guidance leads to role ambiguity.	Too much empowerment can lead to role overload and stress particularly where the relevant skills have not been enhanced; employees may choose not to accept empowerment to avoid accountability; may lead to overconfidence and misjudgments.	Uncritical application of service scripts can lead to oversights and mistakes; service experiences may be seen as inauthentic; service encounters lack genuine warmth and meaning.	Customer-led matching of needs with service options is not embedded in employee learning; limits to customizable options undermines customer satisfaction.	'First fit' (rather than 'best fit') nature of employee actions may not always be satisfactory to customers; speed of response may not compensate for 'near enough' solution; may be a source of stress for ill-prepared employees.
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(continued)

Table 21.1 (continued)

	Job Autonomy	Empowerment	Service Scripts	Service Customization	Employee-Customer Improvisation
Service Context Example	Ritz-Carlton's provision of a \$2000 daily budget to all employees, providing considerable latitude but no specific directions for how to use this resource.	A Zappos employee making the decision to send flowers to a customer who happened to mention his/her state of bereavement in an e-mail; employee had time to reflect on what might cheer the customer up.	Apple's training programs which direct new recruits in which specific words and phrases to use (and those to avoid) when talking with customers.	Virgin Mobile Custom allows customers to control, on the granular level, how many minutes and text messages, as well as how much data, they want on their plans; settings for each can be adjusted directly on a smartphone.	Ritz Carlton restaurant server upon overhearing two diners saying they "feel like a cigar," had asked the security guard to open the hotel's humidior, which was closed at the time, to allow these guests to select a cigar.

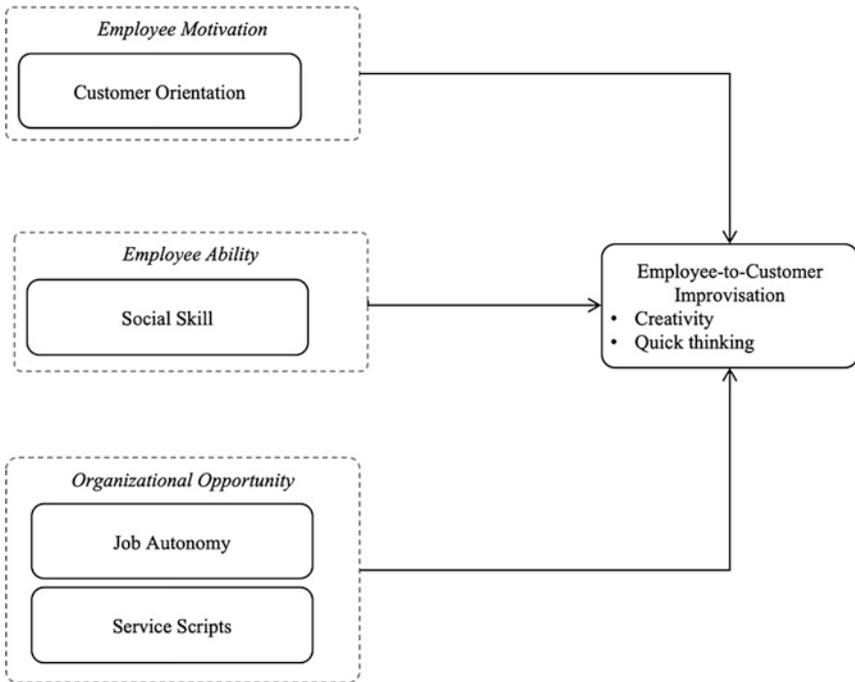


Fig. 21.1 Framework of Employee-to-Customer Improvisation

context” (Brown et al., 2002, p. 111)—which approaches the concept from an attitudinal perspective. We contend that highly customer-oriented employees are more likely to engage in improvisation behavior during the service encounter for two key reasons.

First, customer-oriented employees have a greater behavioral repertoire in terms of service delivery. They have access to a greater range of potential service behaviors (which can be combined and recombined to yield novel service performances). Not only do customer-oriented employees discharge their in-role responsibilities effectively, they are also more likely to perform extra-role behaviors (Donavan et al., 2004), thus extending their range. Further, employees with high levels of customer orientation are more likely to explore learning opportunities, which also increases their range of potential behaviors (Bell et al., 2010).

Second, previous work has demonstrated that customer orientation is a pathway to job satisfaction and commitment, and that customer-oriented employees “thrive in services settings that allow for a high degree of contact time with customers” (Donavan et al., 2004, p. 142). While customer-facing retail encounters are a potential source of role stress for employees, we suggest that customer-oriented employees, rather than walk away from the challenges of such encounters, will experiment with behaviors that help to resolve such stress. They are more likely to view improvisation as a tool for coping with the dynamics and pressures of highly variable retail environments.

Ability: Social Skill

The second factor, *ability*, refers to employees’ innate resources, skills, or proficiencies that aid them in specified behaviors. Social skills reflect the “ability to perceive interpersonal or social cues, integrate these cues with current motivations, generate responses, and enact responses that will satisfy motives and goals” (Norton & Hope, 2001, p. 60). In other words, social skills reflect interpersonal perceptiveness and behavioral flexibility. We suggest that employees’ social skills, for example, their social intelligence and self-monitoring, capture their improvising ability by means of “reading the situation”, assessing whether (or not) their planned response strategy is likely to work and acting accordingly. As such, social skills are employees’ capacity and knowledge concerning which behaviors might work and when to display them, something which requires flexibility and behavioral control. Being able to “read others” or “read between the lines” is the hallmark of having social skills. Among flight attendants, for example, new recruits who were highly socially skilled showed higher levels of training performance than recruits who were poorly socially skilled (Ferris et al., 1986), while other research has found social skills to be the best single predictor of job performance ratings and promotability assessments (Wayne et al., 1997).

Because the highly socially skilled demonstrate interpersonal perceptiveness and behavioral flexibility, we believe this will be consistent with employees’ ability to improvise with customers. Research has shown that,

when a current strategy is unlikely to work, individuals who are highly socially skilled recognize when they should speak up or remain silent (Ferris et al., 2001). Further, in much the same way that employee improvisation involves creativity and quick thinking, social skills reflect the capacity to both adjust behavior to different situational demands and effectively work with others. Thus, social skills capture the cognitive element of reading and understanding social situations, and being able to act on such insight to solve others' problems or create positive experiences.

Opportunity: Job Autonomy and Service Scripts

The third factor, *opportunity*, refers to response-enabling factors that are not under the individual employee's control. This factor suggests the inclusion of organizational variables that either facilitate or eliminate impediments to improvisation. We consider the combined effects of job autonomy and organizational reliance on service scripts as factors that affect the level of employee-to-customer improvisation in the workplace. It is the relative presence (or absence) of these factors or, more accurately their *combination*, that provides the opportunity for improvisation to occur. We now examine each of these factors in turn.

Job Autonomy: Autonomous employees who experience more freedom regarding what to do, when to do it, and how to do it tend to be more engaged with creative processes while at work (Zhang et al., 2017), and are more comfortable with experimentation (Kirkman et al., 2004). Autonomy is viewed favorably by managers and researchers alike. However, completely autonomous environments, in which behavioral routines are unwound or constantly challenged, may undermine improvisation and the ability to adapt to unforeseen circumstances extemporaneously. For instance, very high levels of autonomy may create the perception among employees that the organization does not place any importance on how service and customer care are conducted. This perceived lack of care and concern could potentially dampen employees' motivation to help customers, much less so in new and spontaneous ways. Although employees may respond positively to some degree of autonomy, too much of it implies a level of responsibility that they might

not be willing to accept. This greater degree of responsibility can induce insecurity in employees (Yukl & Becker, 2006). Similarly, high-level performance pressure is likely to undermine employees' positive responses to autonomous work (Zhang et al., 2017).

Employees in roles for which there is little behavioral guidance are likely to experience role ambiguity. Highly autonomous work environments are less likely to be clear with regards to organizational goals and targets, making it challenging for employees to improvise. In the extreme, researchers have argued that combining "creativity ... with low levels of standardization may result in chaos" (Gilson et al., 2005, p. 523), and even foment unethical behavior (Vincent & Polman, 2016). Thus, we propose that the relationship between job autonomy and employee-to-customer improvisation will be curvilinear such that, at low and high levels of autonomy, improvisation will be low, while at moderate levels of autonomy, it will be high.

Service Scripts: We also argue that a moderate level of organizational scripts is likely to be optimal for improvisation to occur. While highly scripted authoritarian organizations tend to stifle innovation, using both centralization and formalization, organizational scripts may assist employees in coping with ambiguity while also removing the uncertainty associated with the lack of goals or targets. Earlier work on organizational improvisation is unanimous in its view that there must be a 'minimal structure' (e.g., some routines and effective practices) from which improvised actions can originate (Vera & Crossan, 2005).

While tightly scripted organizations demotivate and restrain employee engagement in the service process, we suggest moderate scripting provides parameters while also allowing serendipity. A set of routines, goals, deadlines, and responsibilities is needed to specify what behaviors are possible without dictating exact behaviors during discrete service encounters, thus facilitating the process of extemporaneous creation. The structure, therefore, provides the component part from which improvised behaviors materialize and it provides the rules and boundaries necessary to protect against excessive or undesired variation. Like the chords in a piece of music, improvised behaviors emerge from "recombining routines or ideas in new ways or by mixing routines that were previously separate" (Moorman & Miner, 1997, p. 95). Further, employees may be able to fall

back on standardized practices during a service encounter in order to “buy themselves time” with customers while seeking alternative solutions. The need to balance standardization with the desire for creativity (Gilson et al., 2005) leads us to propose that the relationship between service scripts and employee-to-customer improvisation will be curvilinear such that, at low and high levels of service scripts, improvisation will be low, while at moderate levels of service scripts, it will be high.

Taken together, the utility of this moderate level of service scripting will be at its greatest in a context of moderate autonomy. At low levels of job autonomy and high levels of organizational reliance on service scripts, employees are required to adhere to strict scripts and routines with little ability to make in-the-moment decisions about job-related activities, thus stifling improvisation. Similarly, at high levels of job autonomy and low levels of service scripting, the lack of direction and structure could result in ineffective or even chaotic approaches to improvisation. Thus, we suggest that effective employee-to-customer improvisation is most likely to emerge in workplaces characterized by *both* moderate levels of autonomy and moderate service scripts.

Boundary Conditions of Employee-to-Customer Improvisation

In our view, employee-to-customer improvisation is a behavioral response to unexpected situations, whether related to service failure (i.e., rectifying a problem) or service enhancement (i.e., creating unanticipated value). It is plausible, however, that these different contexts might have implications for the nature and efficacy of the improvisation. The literature on the service recovery paradox, for example, demonstrates how effective service recovery can lead to a disproportionate uplift in customer satisfaction (compared with a situation in which failure had not occurred in the first place). Potentially, improvisation in a service failure and recovery context could thus be preferable (and thought of as more valuable or instrumental) to contexts in which employees seek to create unanticipated sources of value.

The success of employee-to-customer improvisation is also likely to be affected by the complexity of a service encounter. The number and intricacy of the steps required to perform a service are related to its complexity. It follows that the more sub-processes or steps that allow executional latitude, divergence, or customizability, the more variable the service. Thus, complex service processes may offer greater opportunities for improvisation in order to unearth shortcuts and efficiencies during service delivery. The impact of employee-to-customer improvisation is thus likely to be contingent on the nature of the service being provided. In relatively stable task environments, giving more specific direction to employees may be preferred over encouraging employee-to-customer improvisation, and vice versa in more variable task environments.

The interactions that occur between employees in attempting to improvise jointly with customers are also important. Role modeling by employees and supervisors nurtures creativity, which implies that improvisation might increase as a result of these interactions. In situations where service is delivered by teams (e.g., in business-to-business or industrial contexts), there are implications for team-based improvisation. Work on team learning is relatively advanced. Similarly, researchers have generated a rich body of literature on team- and group-level creativity and innovativeness. While improvisation introduces the added complication of time sensitivity, insights from these literatures might nonetheless be instructive when it comes to understanding how several customer service employees can improvise in a coordinated manner.

Developing Improvisational Capability

To the extent that success in improvisation is dependent on the skill of the individual, retailers might explore ways in which they can train and develop improvisation capabilities. Despite the apparent paradox involved, retailers must prepare employees to be spontaneous. Of course, this might be easier to achieve in smaller relationship-focused retail, for example, a luxury setting, than in larger transactional-focused chain stores. Nonetheless, there is evidence that customer orientation and social skills can be enhanced through various actions or interventions (e.g.,

providing learning opportunities, leadership, role-modeling, and training), irrespective of the nature of the retail environment. Retailers might pursue opportunities to develop the individual traits and attitudes that are the foundation of improvisation.

Managers might also explore ways in which the improvisation capabilities of existing employees can be enhanced. While improvisation entails creativity and quick-thinking in real time, a certain amount of training is required, pertaining to the diverse ways of adjusting to varying service situations, in order to prevent employees improvising in an incompetent manner. The improvisation techniques used in the creative industries (e.g., “yes and-ing,” “listening for offers,” and “last word spoken”) might be employed during simulated customer service encounters to train employees to adapt and build upon their improvisatory partner’s contribution as part of an improvisatory exchange. These strategies could encourage participants to be focused, in-the-moment, and agile enough to respond to the contribution made by their counterpart, thus improving their attentiveness and preparedness to work with unexpected customer contributions.

Employees might also receive training in perceiving nonverbal cues, which requires paying attention to posture, facial expressions, and eye contact. When employees overly focus on service protocols, which guide what to say next, they only half-listen to customers, which means that important information can be overlooked. For instance, athletic wear retailer *Lululemon* guides its employees toward opening conversations with customers by inquiring what activity they would be using the products for, in order to tailor the recommendations and service provided to the individual and the activity, then continuing to adapt the service experience as more information is gathered from the customer, both verbally and nonverbally.

In addition, it is also worth asking who benefits from employee-to-customer improvisation—the retailer or the customer? Many aspects of the service encounter are now “taken for granted” (e.g., personalization, fast follow-up, around-the-clock availability). There is, however, growing recognition of the role of agency in the shaping of taken-for-granted practices which are inherently mutable. Consider, for example, how the use of humor by *Southwest Airlines* flight attendants has been

promulgated throughout the airline industry, with the normally dour delivery of pre-flight safety instructions becoming increasingly creative at progressive airlines such as *Air New Zealand* and Canada's *WestJet Airlines*. From a theoretical perspective, a more developed version of our framework might benefit from the inclusion of a broader suite of consumer-driven moderators and firm-driven boundary conditions (e.g., industry-level practices, technology adoption). Although there are surely exceptions to the rule, we contend that employee-to-customer improvisation is desired by both firms and customers—a win-win—because, when done well, it provides a pathway to a more satisfying service encounter.

Finally, it bears noting that, while much of what the employee-to-customer improvisation concept has to offer is positive, we acknowledge the risk of employees improvising poorly. It is possible that employees, in their attempts to improvise in-the-moment, may take a course of action that neither solves a problem nor creates additional value. Further, some employees who are not sufficiently equipped to improvise may find the notion stressful. Excessive improvisation, as well as improvisation without a clear minimal structure, may lead to undesired variations in the delivery of products or services. Indeed, there are some contexts in which improvisation may not be desired. For example, brand communication is paramount to some retail contexts, and employee-to-customer improvisation could risk complicating a brand's message by using approaches that are inconsistent between employees.

Closing Thoughts

Employee-to-customer improvisation can be both proactive (enacted as a value-add) and reactive (enacted as a result of a service failure, problem, or other unforeseen negative event). To encourage improvising, managers should develop and cultivate a culture of changing plans, similar to the rules of jazz, which is one of the origins of improvisation. Improvisation training is increasingly being built into the learning and development programs of global firms such as *Google*, *PepsiCo*, and *McKinsey*. Relatedly, the *Huffington Post* has reported that improvisational skills are necessary when it comes to confidently navigating change in the modern business

world. In light of the benefits of improvisation, the business schools at Duke, Columbia, MIT, UCLA, and Stanford have begun integrating improvisation principles into their MBA curricula. Moreover, as COVID-19 laid bare, retailers benefited from improvisation, for example, restaurants improvised using online food delivery as their customer bases disappeared during lockdown restrictions. While these examples highlight the general importance of employee-to-employee, or organizational improvisation, our work shines a light on the improvisation that occurs between employees and customers and the unique role that it plays during increasingly dynamic retail and service encounters, and evolving consumption rituals.

From a research viewpoint, establishing a relationship between improvisation, customer orientation, social skills, service scripts, and job autonomy could initiate future work focusing on further understanding employee-customer interactions. The rapid rise of digital offerings, together with the increasing wealth of customer-information, is changing the retail landscape, creating a need for a new type of improvisation: employee-to-customer improvisation. Our intention was to shine a light on the unique nature of the improvisation occurring between employees and customers. By assembling a MAO framework of employee-to-customer improvisation, we explore the possible links between a diverse range of individual and organizational variables and a new concept of marketing, organizational, psychological, and dramaturgical relevance, in order to deliver on the promise of an exceptional customer experience.

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22

(When) Is it Worth Investing in the Personal Service Encounter?

Carys Egan-Wyer, Sofia Valentin, and Åsa Parsmo

Introduction

Technology has had an incredible impact on the retail sector. Contemporary retailers have built customer journeys that are simple and independent in which customers interact comfortably and efficiently with self-service technologies (SSTs), such as hand-held grocery scanners, automated check-outs, interactive screens, or price-checking kiosks, rather than with store employees. At the same time, when it comes to physical stores, research suggests that a personal service encounter—that

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is, personal contact with knowledgeable and helpful store employees—is an important part of the customer journey, driving positive customer experiences (Ford, 2001) and potentially leading to increased sales (Gensler et al., 2017). Many retail chains, hence, spend considerable resources on trying to provide as many customers as possible with a personal service encounter (Egan-Wyer et al., 2021). However, given the very practical and financial limitations of providing a personal service encounter to every single customer, many retailers do not succeed and some customers do not get the service required to lead them into a purchase. If customers do not get the service they need to find the products they want, or to buy them in a timely fashion, they may go elsewhere, buying online (Gensler et al., 2017) and/or from a competitor. This has clear implications for the retailer's bottom line.

In this chapter, we present a study that shows that not *all* customers need a personal service encounter to lead them into a sale. Many are, by now, used to the independence and simplicity of e-commerce and expect to be able to shop in the same way in a physical store, that is, to solve their needs on their own. However, perhaps because they put so much emphasis on the personal service encounter, many contemporary stores are unable to offer this. Based on our findings, we suggest that the successful retail stores of the future will be the ones that can answer the following question: *When is it worth investing in the personal service encounter and when are self-service technologies more appropriate?*

The chapter proceeds as follows. After defining what a personal service encounter entails, we present contrasting findings from previous research into customer experience in physical stores. While some studies have shown that personal interactions with retail employees are the most important way to guarantee a positive customer experience, others suggest that SSTs are the key to success in this regard. We briefly present the findings of our own study of customer experience, as a way to reconcile these contrasting perspectives. We suggest that the kind of customer experience required—a personal service encounter or a self-service-based experience—depends on the reasons why the customer is visiting the store in the first place and we argue that the successful retailer of the future will be the one that can effectively deploy both.

What Is a Personal Service Encounter?

Service encounters can be conceptualised in different ways. In this chapter, we follow Surprenant and Solomon (1987, p. 87) in defining a service encounter as a “dyadic interaction between a customer and a service provider”, but we also incorporate Shostack’s (1985) notion of temporality in that we consider the service encounter as a discrete moment in time rather than an ongoing relationship. Retail management research has shown that many different dimensions, such as atmosphere, store design, and social interactions, can affect how a consumer experiences a particular service encounter (Adcock & Sullivan, 2002; Baker, 1986). Of these dimensions, the social one and, specifically, the interaction with human employees (e.g., retail store staff) during the service encounter have repeatedly been shown to be pivotal (Bäckström & Johansson, 2017). This dyadic interaction between a customer and a human service provider, during a discrete moment in time, is what we refer to as a personal service encounter in this chapter.

A Delicate Balance

A great deal of retail research is devoted to understanding and optimising the customer experience. A wealth of studies emphasise how important it is that retailers create store environments that will generate positive experiences for their consumers (see, e.g., Stein & Ramaseshan, 2016). Retail managers, it has long been argued, should pay attention to the retail aspects (e.g., design, atmospherics, social aspects, service, and price), the situational aspects (e.g., store type, season, and culture), and the macro-level aspects (e.g., economic and political aspects) of the store in order to ensure an optimal customer experience (Bäckström & Johansson, 2017). More recently, the role of the customer as a co-creator of experience, rather than a passive recipient, has been emphasised by researchers that are critical of the more traditional stimulus-organism-response perspective.

Consumer expectations regarding what constitutes a positive customer experience have changed over time. Customers were once assumed to be searching for novel, exciting, and memorable experiences, like those offered by experience-based store formats, such as themed brand stores, flagship brand stores, or pop-up stores. We now know that convenient (Egan-Wyer et al., 2021) or reassuring (Hultman & Egan-Wyer, 2022) customer experiences are also valued by customers.

In-store technological solutions can create a competitive advantage for retailers, by offering a more convenient customer experience (Blázquez, 2014), and perhaps also by offering a more exciting or novel experience. Some customers value interactions with SSTs over personal interactions with staff while shopping because they are otherwise engaged in activities with their mobile devices (such as listening to music or podcasts, or talking on the phone), making them less reachable (Fuentes & Svingstedt, 2017). Some others prefer SSTs because they believe human touchpoints to be less trustworthy than digital ones (Vannucci & Pantano, 2020). The COVID-19 pandemic also taught customers to value independent, distant, and safe customer experiences over personal interactions, which were perceived as a potential risk to health (Hultman & Egan-Wyer, 2022). Finally, the growth of e-commerce means that customers are used to a way of shopping that is entirely based on self-service. When customers shop online today, they do so completely independently, without any interaction with sales staff. Many are happy to do likewise in physical stores.

Despite this, a great deal of research makes the case that a key part of any positive customer experience is the kind of interaction that takes place between the customer and the retail service provider, or retail staff. There is also evidence that relying too heavily on SSTs may lead to customer dissatisfaction (Dabholkar & Spaid, 2012), or potential defection (Scherer et al., 2015). Bäckström and Johansson (2017) recently revisited their earlier study of the customer experience and concluded that, while retailers today often respond to contemporary consumer demands by providing exciting and time-saving technology, the customers themselves emphasise the importance of the traditional elements of positive customer service, such as the personal service encounter.

In short, previous customer experience research has shown us that getting the right balance between personal service encounters and SSTs is extremely important. The right amount of SSTs can lead to exciting and/or convenient customer experiences, but too much can make customers dissatisfied or likely to defect. An effective, customer-oriented personal service encounter is an extremely important element of a positive customer experience. On the other hand, investing heavily in these kinds of personal service encounters is relatively costly and may turn out to be a bad investment if some customers actually prefer a more autonomous in-store experience (Alhouti et al., 2015).

In the remainder of this chapter, we explore the situations in which a customer-oriented personal service encounter is an essential part of a customer journey, and the cases where it might be a wasted investment on the part of a retailer. In other words, we highlight when—or rather, for which types of customer—a personal service encounter increases the chance of a sale and when a more independent customer journey might be more effective.

Our suggestions build on a large-scale study of Swedish fashion consumers undertaken in 2019. A total of 3500 exit interviews were conducted with customers at 40 stores belonging to three major fashion retail chains. The interviews lasted an average of four minutes each and were conducted at physical locations that included a broad variety of store sizes and formats, both in smaller and larger cities. Customers were asked about their motivation for visiting the store, the type of service encounter they had experienced (i.e., what kinds of human interactions they had experienced and what kinds of self-service technologies they had used), as well as the value of their purchase(s), if any.

Who Visits the Physical Store? And Why?

After analysing the interviews, we identified different categories of customers based on their stated reasons for visiting the physical store. These are itemised as follows:

- 60% stated that they were looking for a specific product when coming to the store and were, hence, categorised as *product customers*. (Note, that for some of the retail chains in the study, the proportion of product customers was as high as 80%.)
- 33% were categorised as *inspiration customers* because they had stated that they either wanted to get some inspiration and ideas or to see if there was something new in-store.
- 2% were categorised as *return and refund* customers. This is a small group that has grown immensely in recent years. While customers have always returned items to stores, the growth in online shopping and free shipping has encouraged people to order multiple items in various sizes, with unwanted options often being returned to physical stores.
- 1% were categorised as *click and collect customers* who came to the physical store to collect shopping they had previously ordered online. (This study was carried out prior to the COVID-19 pandemic. If it were repeated today, we would expect the proportion of click and collect customers to be slightly higher, based on the changed shopping habits resulting from the pandemic and then persisting.)

In this chapter, we focus on the two largest groups of customers, *product customers* and *inspiration customers*, because their size suggests that retailers have the most to gain financially from successfully converting these groups. However, it is worth noting that the two smallest categories can be expected to continue to increase along with the growth of e-commerce.

When we compared the numbers in each customer category choosing to buy something (converting) during their visit, we saw that the product customers converted at just over twice the rate of the inspiration customers—32% versus 14%. The conversion rate for each category of customer lacking a personal service encounter is very low—only 16% of the product customers and only 3% of the inspiration customers not getting help from store employees bought anything in-store (see Table 22.1). This would seem to make the case for the importance of the personal service encounter. However, we argue that it actually indicates something different, as we will discuss in the following section.

Table 22.1 Customer breakdown by category and conversion rate

	Category	Converted...	...by SSTs	...by staff
60%	Product customers	32%	16%	51%
33%	Inspiration customers	14%	3%	28%
2%	Return and refund	27%		
1%	Click and collect	50%		

Different Strokes for Different Folks

Based on the exit interviews with customers, we determined that, among those who reported having a personal service encounter in-store their actual experiences were wide-ranging. While some had encountered a retail store employee at the checkout or in the fitting room, and then exchanged a few words of small talk, others had experienced the kind of customer-oriented selling that Saxe and Weitz (1982) propounded. The latter involves responding to a customer's unique needs (Surprenant & Solomon, 1987), offering options, information and suggestions, and providing advice (Ford, 2001). A very small percentage of the personal service encounters reported on in our study could be described as customer-oriented. So, while many customers might technically have had a personal (human) service encounter, not many had the kind of customer-oriented personal service encounter that the retail management literature suggests is crucial for building a positive customer experience.

While customer-oriented personal service encounters do generate high conversion rates, they take up time that busy store employees do not always have because of other in-store duties such as crewing check-outs or fitting rooms, managing stock levels, and tidying up. Additionally, not all customers need this kind of service encounter in order to be converted or to have a positive customer experience. On the contrary, many of the personal service encounters in our study involved simple exchanges that could reasonably have been accomplished without any human interaction.

The percentage of *product* customers who were converted *without* a personal service encounter was considerably higher than the percentage of *inspiration* customers, illustrating that product customers, who know what they want, do not necessarily require a personal service encounter in order to be converted. If they cannot find what they want themselves,

product customers may need assistance in locating a particular item, or perhaps in getting information about size or fit, but this does not necessarily imply that they need help from a human store employee. If this is the case, then store employees would be more effectively deployed in assisting inspiration customers, who are converted at a much lower rate than product customers when not experiencing a personal service encounter. In other words, inspiration customers rely on a customer-oriented personal service encounter to be converted, while product customers frequently only need assistance in helping themselves. Hence, the potential return on investment generated by providing a personal service to an inspiration customer is greater than that generated by providing one to a product customer.

That is not all. Our findings also suggest that product customers could be converted at a higher rate if their journeys included more effective in-store self-service technologies (SSTs). Product customers can often meet their own service needs quite easily using SSTs since these days they are increasingly accustomed to simple and independent customer, as outlined above. However, if effective SSTs are lacking and no personal service encounter is forthcoming, the product customer may not be converted. Consider, for example, the scenario in which a product customer is looking for a particular product in a particular size or colour. If personal service is slow or hard to accomplish, and SSTs are not available to help customers help themselves, they may simply leave, enter another store, or make an online purchase instead. In the best-case scenario, that online purchase will be from the store's own online channel, but in the worst case, a competitor may get the sale instead.

Hence, the successful retailer of the future will harness the untapped potential of SSTs by providing effective in-store solutions that allow product customers with a good idea already of what they want to easily find those products and buy them without the need for any human interaction. Meanwhile, the human resources that are freed up by providing effective SSTs—those that would previously have been engaged in providing product customers with personal service encounters that they did not really need—will be more efficiently deployed in providing inspiration customers with customer-oriented sales encounters when they are questioned, prompted, helped, and guided towards a sale. Moreover,

retail employees will not need to try to figure out which customers are which. If appropriate SSTs are effectively deployed in-store, product customers—who know what they want and just need help locating it, or finding the correct fit, size or colour—will likely self-select by making use of these easy-to-use technologies rather than taking the extra time required to engage with retail store staff.

The Future of the Service Encounter

At the start of this chapter, we posed the question: *When is it worth investing in the personal service encounter and when are self-service technologies more appropriate?* Based on our study of 3500 Swedish fashion consumers, we suggest that both types of service encounters are important when it comes to converting different kinds of customers. Inspiration customers need a customer-oriented personal service encounter to be converted, while product customers only need assistance in helping themselves and they can thus be converted if the store has effective SSTs in place.

There are many kinds of SSTs available to retail managers. In this chapter, we have discussed interactive digital technologies, such as hand-held grocery scanners, automated check-outs, interactive screens, or price-checking kiosks. But SSTs are not limited to digital screens or hand-held devices. An SST is anything that helps customers to serve themselves in-store. As well as digital technologies, SSTs may also include analogue signage, images, and informative ways of presenting goods and information. For example, Image 22.1, which is drawn from field notes made during our study, shows two different ways of selling a basic white shirt. The visual merchandising used in the second image can be considered a self-service technology because it presents the product alongside information on style, fit, and size, all of which help the customer to locate (and purchase) the correct item without the need for a personal service encounter.

As highlighted in Bäckström and Johansson's (2017) study of customer experiences in physical stores, retailers often focus on creating new and more technologically advanced customer experiences, while customers themselves are more interested in the basics. They want to be able to find the products they want, and they want to be able to get appropriate help

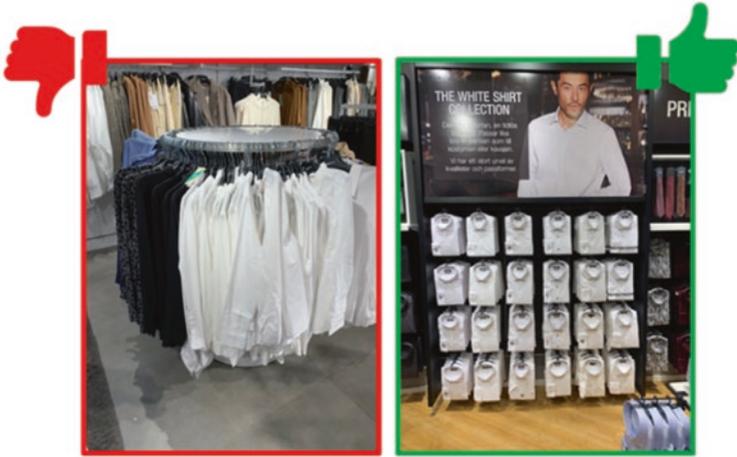


Image 22.1 Self-service technology does not necessarily need to be digital

when they cannot. Retail managers try to meet this need by seeking to provide as many customers as possible with a personal service encounter. However, this is a resource-intensive and expensive strategy.

Our study shows that not *all* customers need a personal service encounter in order to be converted. We argue that providing an appropriate mix of digital and analogue SSTs that allow product customers to help themselves will free up staff to help inspiration customers, who really need a customer-oriented personal service encounter in order to be converted. The successful retailers of the future will, we suggest, be the ones that provide customers with a choice of in-store experience; either a convenient experience, replete with an effective mix of SSTs, or a more human experience in which retail store staff play a critical role. Both will be available in the successful stores of the future.

Implications

Our findings complicate theoretical discussions about the personal service encounter. While many authors suggest that a personal service encounter is an important (perhaps *the* most important) element of the

customer journey (see, for example, Alhouti et al., 2015; Bäckström & Johansson, 2017; Burke, 2002; Dabholkar & Spaid, 2012; Lee, 2015; Resnick et al., 2014; Scherer et al., 2015), our findings suggest that a personal service encounter is important only to certain categories of customers. For others, adding in-store touchpoints with store employees may not lead to increased sales, and may even make customers less likely to buy in-store.

Many retail chains believe that the personal service encounter is the solution to declining sales figures. Our findings show that retailers can potentially save money and convert more customers by providing a more automated journey, which includes self-service technologies, for some customers while reserving personal service encounters for those who will bring increased sales. The retail industry has a lot to gain from facilitating a more automated customer acquisition, while streamlining and prioritising store employees' time.

Research Limitations and Outlook

Our empirical material was collected prior to the COVID-19 pandemic. In the post-pandemic retailscape, the increased familiarity with online shopping caused by the pandemic and ongoing anxieties about infection may increase the likelihood of customers craving a more independent customer journey. They may actively avoid personal service encounters due to the risk of infection. If they cannot easily meet their needs independently in-store, they may also be even more comfortable about moving online instead. Repeating our research could provide further insight here.

In this chapter, we have only focused on the two largest categories of customers identified in our study, namely product and inspiration customers. However, given the rapid increase in online shopping during 2020, we might reasonably expect to see an increase in the proportion of *return and refund customers*—returning an item previously bought in store or online—and of *click and collect customers*—collecting items ordered online, if we conducted this study again today. Further research might therefore consider what kind of service would provide these customers with the best kind of in-store experience for their particular needs.

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23

Can Future Shopping Experiences Be Present in the Past? The Case of a Local High Street

Ola Thufvesson and Devrim Umut Aslan

Introduction

The book *The Experience Economy* (Pine & Gillmore, 1999) can be seen as the key work introducing the phenomenological concept of ‘experience’ into the discipline of economics, helping to build bridges between cultural and economic analyses. Starting out from here, the concept is later used in research on services and applied to different empirical fields, such as tourism, place marketing, and retail. An overall theme among the works employing the concept of ‘experience’ is visitors or customers, while engaging with consumption practices, not only seeking to fulfil utilitarian needs, but also searching for embodied experiences. These experiences can be socializing with one’s fellow humans, soaking up the specific atmosphere of a place, taking sensorial journeys from the here

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and now with the help of nature, art, music, design, and going to amusement parks, flagship stores, theme restaurants, theatres, and museums. Entire cities try to promote themselves as *experiencescapes*, equipped with spectacular architecture, city festivals and other major cultural events. On a smaller scale, a retailer can add value to its merchandise by curating a special in-store decor, providing attentive service or having a selection of specificized goods (cf. Pantano et al., 2018). But what can be said about the experiences a mundane high street can cultivate? How have these experiences changed over time? How will future experiences feel? This chapter looks to past and present retail configurations and to the experiences embedded in a local high street, Södergatan, in Helsingborg, Sweden, and by doing so, it speculates on the future trajectories of high streets and city centres.

The Temporal Thrown-togetherness of a High Street

Södergatan is a typical local high street where mainstream Swedish retail, such as chain stores specializing in fashion, hardware, toys, and home electronics, has left and been replaced by independent businesses offering low-margin groceries, goods and services, mostly run by transnational migrant entrepreneurs. But the case of Helsingborg shows that this kind of retail reconfiguration is not limited to local high streets outside of the very centre of the city. Instead, mainstream retail itself is also losing its terrain in the city centre. Some of it is clustered on the central pedestrianized street *Kullagatan*, but most of the national and international chain stores have relocated themselves to the *Våla* out-of-town shopping mall. Their replacement businesses are the ones found in many contemporary city centres today; real estate agents, hairdressers, nail salons, dentists, massage parlours, gyms, restaurants, fast food stands, cafés, and convenience stores.

The academic contribution made by this chapter is shedding light on the lack of a historical dimension, while also discussing the future of retail. This is additionally relevant when it comes to analysing experiences embedded in retail places, because the experiential dimension of the retail sector is often seen as something that has emerged during the present day, promoted by a new generation of capital-strong national and

international retailers. For both researchers and retailers, politicians and urban planners, without any deeper knowledge of retail history, their historical knowledge of retail transformation processes is probably limited to their own lifetimes. Some of them might be aware that this transformation started in North America post-1950s, when suburban malls replaced downtown areas as retail centres, reaching Europe in the 1980s and 1990s. They have witnessed crowded shopping streets gradually becoming deserted while mainstream retail establishments started leaving for out-of-town malls and, later on in the 2010s, partially turning digital. For someone born in the 1960s or 1970s, it is possible to remember how city centres looked before this wave of retail decentralization hit. Only those born in the 1930s or 1940s, on the other hand, might remember the real heyday of the city centre and the post-war consumption boom. Thus, it is not surprising that there is very little discussion of retail transformation predating this, something this chapter will try to do.

Certaeu reminds us that all places are haunted by ‘hidden spirits’ (cf. Certaeu 1980/1984, p. 108); lingering from the past and shaping the present. The past interferes with the present, both through its material remnants and through its retold and remembered memories, stories, and accumulated experiences. Secondly, the future emerges, or branches off from, the present while also pulling the present of a place into various trajectories (cf. Schatzki, 2010). The upcoming municipal projects, private investments, and changed reputations, as well as the emerging activities, all play a part in how a place is experienced in the present. The present is, in that sense, *thrown together*; that is, it merges together countless pasts and futures. Following the same line of thought, and in order to make a prognosis for the future of a local shopping street such as *Södergatan*, it will be crucial to comprehend both its past and present.

The Circular Retail History of Södergatan

Södergatan (South Street) has been through all the typical phases of retail development over the last 150 years. Originally, it was a country lane heading south from the City of Helsingborg, reaching agricultural fields. Up until the 1850s, as seen in Image 23.1, the surrounding area was



Image 23.1 Söder, 1860s. Söder emerged during the first half of the nineteenth century as an industrial and working-class district to the south of the city

farmland, with some cottages and windmills scattered around. During the second half of the nineteenth century, industrialization reached Helsingborg whose population then increased dramatically from about 5000 in 1850 to about 50,000 in 1920. *Söder*, the area south of the town where *Södergatan* lies, quickly turned into an industrial and working-class district, typical of the period (Ranby, 2005). The district grew around major manufacturing facilities: In the empty plots of land between the factories and roads, small buildings started to spring up without planning permission from the municipality. Most of the new inhabitants came from the nearby villages, but also from areas further away in Sweden. The most common professions were factory worker, iron worker, railway worker, carpenter, bricklayer, and blacksmith (Folkklivsgruppen, 1987, p. 16).

As seen in Image 23.2, in the early 1900s, little remained of the district as regards its previous countryside character, and neither did it look like an extension of the old City of Helsingborg. *Söder* was overcrowded: Its flats were small, damp, unhygienic, and cold. The district was also plagued by noise, dirt, smoke and unpleasant smells, mostly originating from



Image 23.2 Södergatan, 1900s. Within a short period of time, Söder was annexed to the mediaeval town centre of Helsingborg from the south, with its smoky factories, small shops, and simple residential buildings

manufacturing facilities. However, the district was also vibrant, being full of movement, people, and retailers. Long working days and the fact that there was no means of transportation other than walking made this kind of district very dense. Since people had very limited space for storing food in their homes, and since there were no refrigerators, they also had to leave home several times a day to buy groceries, contributing to the vibrancy of the district.

Goods and services were always close at hand for the early residents of *Söder*. Along its local high street, *Södergatan*, the entire ground floor level was reserved for retail. The shops were small and independent, and there were so-called mom-and-pop stores (cf. Boyd, 1997), which were run by families living in the same building. Most of these were convenience stores with a huge range of items; but as seen in Image 23.3, due to hygiene regulations, many kinds of fresh groceries had to be sold in specialized shops. When looking at shop signs, on old photos, the most common shops in *Söder*, besides general grocery stores, between 1880 and 1930, specialized in meat, fish, tobacco, coffee, or bread. Vegetables were sold on the market square. These shop signs also indicate that there were some shops selling paint, wallpaper, furniture, flowers, hats, pastries, music instruments, and jewellery. Clothes shops were rare since it was customary to make clothes at home, and to repair them once they had worn out. However, cafés were popular, particularly among the youngsters of the district, and with their furniture extending outside, they made



Image 23.3 Södergatan, 1920s–1930s. The ground floors of houses were reserved for retail. There were so called ‘mom-and-pop stores’, which were run by families typically living in the same building

a great impact on the general atmosphere of the local high street. One reason for this was that, since people lived in very crowded conditions, there was not much space for young people to socialize with each other.

Living in crowded conditions, with the need to shop several times a day, created an intense street life and spontaneous encounters, complete with everyday small talk. Shopping was, however, a much more gender-divided activity compared to today. It was rare to see a man buying bread or milk, and very seldom would a woman buy a cigar, go to a furniture-maker or visit a bar. During this early industrial period, both working and living conditions were hard for the majority of people, especially in typically working-class districts such as *Söder*. On the other hand, the sense of togetherness and community was much stronger, and there was no need to put any effort into fighting social isolation and loneliness, today posing a major threat to the wellbeing of residents of modern countries (cf. Valtorta & Hanratty, 2016). The photos taken during these times almost always show plenty of people strolling along the streets, spending time in shops, at cafés, in factories, in their backyards and on their doorsteps.

Starting in the 1930s, and accelerating up until the 1970s, a wave of modernization affected *Söder*. This was not an isolated phenomenon but something that was occurring all over Sweden, as one of the poorest of Europe’s countries became one of the wealthiest. Entire blocks of nineteenth century city housing were demolished and large modern buildings



Image 23.4 Södergatan, 1960s. The district became part of the city centre and was home to modern retail formats such as the Domus department store

replaced them. Everything was to be larger and more modern; flats, offices and retail places. Thanks to these renewal projects, the new modern buildings, and the modern retail formats, *Södergatan* was then becoming a part of the city centre. Large department stores were established on *Södergatan*, namely *Domus* (see Image 23.4) and *Tempo*, with an abundance of goods exhibited on their shelves: Fixed prices became the norm and shop windows were designed as spectacles, with roof-top parking spaces on offer. Later on, supermarkets also found their place in the district, introducing self-service, shopping trolleys, and shopping bags. *Södergatan* was ready to invite shoppers from all across the city for a modern shopping experience (Aretoft, 2011).

However, in the 1980s, the district started to take off in another direction due to major external development. First, the manufacturing facilities of the district, as in many ‘Western’ countries, either closed down or moved their operations to remote parts of the world where costs were lower (cf. Knox, 1997). Meanwhile, the better-off traditional working-class families of *Söder* longed for greener surroundings and moved to newly established suburbs. They were replaced by transnational migrants, mostly coming from countries south and east of the Mediterranean (Högdahl, 2007). This process led to the re-segregation of the district: Helsingborg’s previously class-based spatial demarcation was also racialized, just as in many other European and North American cities (Pred, 1997). In the beginning, these migrants made little impact on the retail offerings of *Södergatan*, but that soon changed.



Image 23.5 Södergatan in the 2010s

Similar to many mid-sized cities in Western and Northern Europe, retail in Helsingborg started shifting in the 1990s from inner city locations to out-of-town destinations (cf. Kärrholm & Nylund, 2011). Department stores, chain stores, and other typical mainstream retail establishments started to leave *Söder* in the 1990s: By 2010, very few of them were left. The modernization efforts, the adjustments to modern retail formats, and the customers arriving in cars had all been in vain. As seen in Image 23.5, entrepreneurs with roots in other countries filled the majority of these empty stores, reviving much of the retail tradition and atmosphere of the early *Södergatan* and *Söder*. Once again, small family-owned shops providing everyday services and goods became dominant on the ground floors of *Södergatan*. But this time, many of the goods were imported from other countries, with many store signs being in Arabic due to the mass migration occurring after the Syrian civil war.

Besides the convenience stores, with their mixed goods and groceries, the common categories of retail today on *Södergatan* include specialist stores selling meat, pastries, sweets, tobacco, and gifts. Hairdressers and cafés, as well as restaurants selling food from the countries where these migrants originated are to be found on every block along this street. Vegetables and fruit can still be bought on the main square; a retail format undisrupted since the establishment of the district. Almost every retail business in the district is making a living on typical low-margin goods and services, as it was a hundred years ago.

Two Different Shopping Experiences

Today *Södergatan*, as a local high street, offers two radically different shopping experiences, but only one of them is being celebrated. The first is provided by the newly renovated inner-city mall, opened in the old *Domus* building. When the *Domus* department store was closed down in the mid-1980s, the owners of this massive building converted it into a mall by dividing its vast inner space into smaller sections. However, in the early 2010s, there were few retailers left in the mall and the impression it gave was looking like one of the North American ‘ghost malls’. Finally, the building was sold and all the remaining tenants were evicted. For years, the building remained closed while the new owner looked into how it could be rebuilt, repopulated, and reconceptualized. By that time, it was obvious that mainstream retail was not going to come back to the high street and thus a different concept was needed. The new concept involved reorganizing this mall around upper middle class experiences. But they were unable to market the mall as an experience centre until new strong anchor tenants had been secured. A luxury movie theatre was to be the primary anchor. Number two was a large sports bar with bowling lanes. Number three was an American-style franchise café of the kind to be found in upmarket areas of city centres. With these tenants, promoting luxury experiences, high-end fast-food chains, beauty salons, and hairdressers also aligned themselves. The only traditional retail store belongs to a Swedish supermarket chain and there is also some retail space reserved for pop-up fashion stores. Together with a newly built luxury hotel just to the left of the main entrance, this new ‘experience mall’ is to act as a magnet for consumers and visitors with very little in common with the others dwelling in the district. The real estate owners and property developers of the district hope that this could be the beginning of a gentrification process for *Söder* and *Södergatan*, slowly conquering the rest.

A vibrant street life, supported and enabled by the small-scale independent stores owned by migrant entrepreneurs, is the second kind of experience *Södergatan* offers. However, this is neither marketed nor celebrated at all by the municipality, or the local politicians. So, even if every

town centre manager in Sweden today dreams of vibrant streets, late-opening shops, old-school specialist stores, unique fragrances, social encounters and community-building, multicultural districts such as *Söder* are mostly considered a problem instead of an asset. In municipal visionary documents for town centres, there are many conceptual pictures depicting middle-class people on pedestrianized and idyllic streets. People are often well-dressed, laughing, cycling, talking to each other, or using their mobile phones: They are otherwise busy and productive citizens and thus deserve their relaxation. There might be some degree of multi-ethnic awareness while producing these kinds of visionary images, but often, all of the human subjects are young, active and 'urban cool'. A vibrant street life supported by unemployment, boredom, gangs of teenagers, busy bus routes, segregation, ethnocultural pluralism, poverty and crowded living conditions all seem to be more complicated to promote.

A closer look at the street life of contemporary *Södergatan*, however, shows several interesting aspects linking these contemporary shops run by migrants with the notion of the 'experience economy'. People are not just dwelling on the street because they live and are trapped in the district, or shopping there just for the sake of lower prices. For his dissertation project, Aslan (2021) followed informants on their shopping trips on *Södergatan*. It turned out that the reason why people were engaged in shopping activities in the district was the object of a much more complicated rationale. Shoppers frequent *Södergatan* to find special goods and services that are impossible to find elsewhere in the city. They come for the late opening hours. They want to socialize with friends and to make new acquaintances while shopping. They enjoy the 'old school retail', whereby shopkeepers build personal relationships with their customers. They hope to reconnect with the cities, goods, and services, and lives, they have left behind elsewhere in the world. Aslan found that *Söder* is not only attracting newly migrated refugees, but also that the district is popular among Swedish and international students, highly skilled expatriates, tourists and many 'native' Swedes from other parts of the city. Most of them shared the idea that *Söder* and *Södergatan* were providing a valuable alternative to the shopping opportunities available in the city centre, or the out-of-town mall. This is why this kind of everyday, low-margin local shopping street could claim its place in the city: Many

consumers prefer such retail sites because they appreciate the fact that these streets are vibrant, full of life, and social. They like the fact that these streets lean into the past while reaching out to other places in the world. This kind of high street exists because it is uniquely different. By recognizing the importance of this kind of everyday experience, urban planners and politicians could protect, improve, and market local high streets, central high streets, and city centres in a more nuanced way. Attractions providing experiences, both for locals and tourists, do not always have to be new, innovative, spectacular, expensive, or high-tech.

Looking into the Future

By learning from the past, and looking at the present, it is possible to underline the fact that *Södergatan* has two future experiential trajectories, the first of these being more ‘modern’ and the second leaning more towards what is perceived as ‘traditional’. In the first scenario, curated and sterile commercial playgrounds for an upper-middle class clientele will secure its existence by offering luxury entertainment. In the second scenario, vibrant and messy street life will continue to flourish due to independent shops, selling low-margin services and goods, providing convenience, sociability, and heterogeneity. In both futures, there will be little space left for the type of retail that has been occupying the city centres since the 1950s.

Will both future scenarios be realized and expand into the rest of the city centre of Helsingborg, and other cities? It still seems unlikely that city centres will be completely outside of mainstream retail (the way we learned that retail looked over the last 50–70 years). However, the number of such retail stores is shrinking every year in the city centre of Helsingborg. Shops are closing down, going digital or moving out to *Våla*, the out-of-town mall. In the city centre today (2022), together with the other older central districts (including *Söder*), there are only around 100 ‘traditional’ retail businesses left (except for food stores, cafés, restaurants, hairdressers, beauty centres, etc.). Compared to this, there is more than double the number of such retail places at the *Våla* mall, and in its neighbouring big-box establishments.

Retail Evolution and Devolution

The temporalities of places are intertwined: Change taking place in the social world does not necessarily unfold in a progressive, linear manner, but it also happens recursively. Nevertheless, most of the existing literature concerning retail history derives from a linear understanding of temporality, often employing the term 'retail evolution'. As is the case with local high street *Södergatan*, the change in course in the organization of retail and offered experiences is both 'evolutionary' and 'devolutionary'. The present day retail organization, retail mix, and the shopping experiences provided have more in common with how it was a 100 years ago than, let us say, 50, while a totally new kind of retail organization is emerging in parallel in the meantime, promoting luxury experiences. Hence, the retail of the present is always an assemblage of the different retails of the past, their material, organizational, and experiential ruins, where potential retail futures are also opening up.

While talking and speculating about retail futures and shopping experiences, it is vital to reflect upon what has been left behind, what is enduring, what is being resurrected, and what is emerging. Part of the future of the high street might already have been written a long time ago, disguised in dusty archives and blurry memories, and it is possible that some of the traditional retail formats, ways of shopping, are re-emerging at this very moment, and not only on *Södergatan*. While aspiring to take cars away from city centres, searching for fresh and local groceries, reducing packaging and plastic usage, longing for social contact, community, valuing convenience, regaining a daily shopping rhythm, and while many standardized goods and services are increasingly being shifted to out-of-town malls and the Internet, the high street and its retail, at least partially, might be heading towards something similar to what *Södergatan* functioned like as a high street a hundred years ago. In other words, in order to make prognoses about retail futures, we might first need to learn to be retail historians.

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24

Timeless Tricks

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What does it take to make a customer return? René van Pelt and Ida de Wit Sandström are retail workers in the specialist jewellery trade. They have been serving their customers together for more than fifteen years. In a world where digitalisation is changing the business conditions, demands regarding distinction and profiling are increasing and consumers are becoming ever more unpredictable, showing a multitude of consumption patterns. René and Ida remind us of a few of the timeless tricks of retailing.

Unlike what you might think, these tricks have little to do with AdWords, influencer marketing or the latest gadgets in the ever-increasing range of electronic must-haves. Not that there is anything wrong with AdWords, influencers, or gadgets, we just want to point to a couple of qualities that you are all too seldom encountered in the contemporary retailscape, although we could consider them to be hygiene factors.

Each of us has been working for more than twenty years in the field of retail. For fifteen years now, we have had the pleasure of working as colleagues in the specialist jewellery trade. Over these years, we have noted the importance of atmospherics, presentation, and product knowledge. Atmospherics can be a lot of things: interiors, decoration, scents, or the choice of music. It is even more important how customers are engaged with. Presentation can include marketing, selling styles or shop aesthetics. All retail workers devote themselves to creating atmospherics and presenting their goods in appropriate ways. However, the basics are often forgotten.

It is often said that “retail is detail”, meaning that successful retail professionals should pay close attention to their customers, and to how their products are presented and their shop is maintained. Far too often, however, retail spaces are dirty and shabby, and goods are not looked after. Trivial day-to-day practices such as cleaning windows, dusting, and vacuum cleaning show that we, as retail workers, care about our retail space, signalling that potential or existing customers should do so too. This is also a way of showing respect to our customers. As retail workers, we are ambassadors for our store and, if we do this right, we can make customers ambassadors too. To achieve this, caring for our retail space is important. Even more important to the future of retail is the building and earning of trust. In this, product knowledge is crucial.

Whether working for a big or a small company, in a high-end or budget format, retail workers should know more than their customers do about the products they are selling, always. Do not advise customers to “read up online”. Your customer has probably already tried this, as we have become used to turning to the Internet for most things. Our point is that customers who turn to your physical shop should be rewarded accordingly, and not be sent away to do the job themselves. They should be met with interest and product knowledge, and hopefully also an assortment that matches your broad and deep knowledge. However, there might be cases that you cannot solve immediately. When that happens, you should fetch someone else who does have the right knowledge or ask your customer if you can get back to them when you have found the answer. (Then *you* turn to the Internet). The more specialised the trade, the more important it is to build longstanding trust. It is your job to convey an understanding of the different qualities of the different products you are selling. When we worked together, we tried not to limit ourselves to the fact that a certain piece of jewellery was beautiful, instead focusing on why it was perceived as beautiful, telling our customers about the specifics of this design, that is, this specific material and this specific gem cut. We shared our knowledge of the products that we sold, making them see and appreciate the different qualities and characteristics. In many cases, this allowed us to build deep and trustful relationships. Not

only in the sense that our customers showed us that they trusted us, but also that we showed trust in them—that they wanted to and were able to see and understand. Over the years, this—and some fantastic products—turned some customers into ambassadors. They brought their friends and family to our store, introducing their children and grandchildren, with great commitment to our products and services. It was our pleasure.

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