Developing business models for online retailing – an empirical survey

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Extended abstract

Recent studies point at significant and ongoing technology induced changes in the retail landscape, creating new and interesting research avenues, new managerial challenges and a need to rethink existing business models (e.g., Burt and Sparks 2003; Kollmann et al., 2012; Sorescu et al., 2011). This paper aims at contributing to the literature concerning the managerial aspects that surface with the spread of new applications of technology in the retail sector and the evolution of online retailing, in particular the stream of literature concerning the coordination and interplay between online retail formats and traditional retail formats (e.g., Grewal and Levy 2009). Research where the online retail management aspects are in focus seem to be fairly scarce, as the typical studies on online retail focus on consumer preferences and factors driving consumer behavior (e.g., Laroche et al., 2005; Toufaily et al. 2012; Rose et al. 2012; Ogonowski et al. 2014).

When migrating into online retail, previous research anticipates that managerial and organizational challenges may occur, as customers expect coherence among multiple channels (eg. Pentina et al., 2009; Colla and Lapoule, 2012), business models needs to be reformed forcing managers to overcome cognitive barriers and resource constraints (eg. Chesbrough, 2010; Padgett and Mulvey, 2007). Grewal and Levy (2007, p. 450) pinpoint three critical factors retail managers' face in contemporary retail: (1) understanding the leadership role, (2) the role of managerial orientation, and (3) understanding the role of training – these three issues are highly relevant in the migration into online retail. The purpose of this research is to explore the managerial challenges faced when retail firms are migrating into business models for online retailing. Through survey research, approach managers (i.e., online format managers, marketing managers, CEO's) at major players in the Swedish retail sector in search of benchmark of the current and future application of online retail formats and the challenges faced when migrating from traditional retail formats (i.e., physical store networks) into a business model that also includes

online retail formats.

Our study aims at contributing to the field of retail research by addressing explorative questions concerning the coordination and interplay between online retail formats and traditional retail formats, providing a valuable benchmark and interesting empirical observations - What is driving firms into online retail? What are the major challenges faced? Are there specific challenges related to resources, capabilities, and competences? Is there adequate competence in-house to support the development of online retail? Are there synergies with strategic partners? How is online retail organized and how well integrated are online and traditional retail operations in Swedish retail firms? Can firm characteristics, market characteristics, retail sector belonging or any other variable explain variation in engagement of online retail?

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