Gaining Competitive Advantage In Retail Firms With The Help Of Digital Platform For Segmentation Process – A Case Study On European Retail Firms.

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ABSTRACT

This study aims to understand whether the European retail firms can gain competitive advantage using digital platform for the segmentation process. It will explore different competitive factors in European retail industry and will check if the use of digital platform for segmentation can help to achieve those competitive factors. This study will emphasize on the importance of segmentation in European retailing and the use of digital platform for segmentation. Eventually the strategies of competitive advantage will be discussed to relate it with the use of digital platform for segmentation. This research will accomplish its objective using qualitative research method in inductive approach in the form of Case study.

Literature review will discuss the previous literatures on the segmentation process in retail industry in Europe and the effect of digitization to understand the objective of this research. The qualitative method of research will use interviews and official documents to collect data for further analysis. A proper interview will be structured so that it can be related with the research objective of this study. The main finding of this study was that the European retail firms can gain competitive advantage with the help of using digital platform for segmentation. But, to sustain this competitive advantage over a time the firm should execute other business processes effectively. Otherwise, the gained competitive advantage using the digital platform for segmentation process will be neutralized by other inefficient processes.

DECLARATION

I hereby certify that this material, which I submitted for assessment of the programme of study leading to the award of Master of Science in Management, entitled "Gaining competitive advantage in retail firms with the help of digital platform for segmentation process – A case study on European retail firms." is entirely my work and has not been taken from the work of others.

Signed: ....

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1. INTRODUCTION:

According to Kotler (2001) segmentation is the process of differentiating and grouping the consumer based on their behavior so that a particular group of customers can be targeted effectively. Due to the technological advancement in the recent years, segmentation has been emerged as one of the most critical marketing processes. According to (Martin, 2011), segmentation is the most important marketing process which can help a company to maximize the return on investment. Due to the changing trends of using different digital medium and social media channels by the retail customers to communicate with the retailers, the market dynamics and priorities in retail market have changed in the recent years. In other side, according to Barney (2000) the competitive advantage is a complex phenomenon which can be achieved by adding inimitable values to the customers by a company using their resources and organization capabilities. Porter (1985) stated, a company can gain competitive advantage if and only if the customer values added by the company through a product or service exceeds the cost of it. Also, Barney (2000) pointed the process of gaining competitive advantage starts utilizing the internal capabilities in response to the external environmental changes. Similarly, the changes in the society due to the digital revolution and technological advancement cannot be controlled by the retail industry. The response of the retail industry with respect to these external changes in their segmentation process, will be studied in this paper. This will eventually provide the insight of how an European retailer can gain competitive advantage by using digital platform for the market segmentation. Due to the lack of empirical evidences, this study will take exploratory approach to explore the relation between competitive advantage and use of digital platform in segmentation.

1.1 Background & Need:

Retailing is all about interacting with the end customers by understanding the end users and selling directly the goods and services according to their needs (Knežević, Naletina, and Damic, 2016). Smaller and bigger retail firms are becoming integral part of the society and the economy of a region or country due to its increasing importance for bringing varying products from different suppliers based on customers' life style and their needs. According to Gilbert (2003) retail firms has bigger impact in the society and economy due to its broad scope of employment as well as creating GDP. Though retailers were not point of interest of most of management studies, besides selling the products of fast moving consumer goods, retail firms are becoming considerably bigger by becoming emerging competitor to the existing brands (Kent and Omar, 2003). As per the growing importance of retail firms, this industry has been considered for this research proposal. Also, the number of retail firms are increasing rapidly. Increasing retail concentration is growing in the European market considering the fact that almost fifth of the companies registered in the European market are related to retail sector (Knežević, Renko and Knego, 2011). The overall market dynamics and expectations in retailing are also shifted using multiple digital channels by the end consumers (Grewal, Janakiraman, Kalyanam, Kannan, Ratchford, Song and Tolerico,2010). This made the overall retailing more complex and at the same time retailers can have the opportunity to gain competitive advantage by differentiating themselves by responding to the changed customer needs. So, it is of immense importance to study the competitive advantage of the retail firms. As European retail market has been affected by these changes due to its level of saturation, it has been considered for this study. Due to the lack of previous researches on the topic relating the importance of segmentation using digital platform and competitive advantage, there is an increased need to relate these two key factors in European retail market.

1.2   Research Aim:

In today's world, gaining competitive advantage by differentiation is one of the main objective of the retail firms in European market due to increased competition (Dawson, 2006). So, competitive advantage is one of the most focused areas for the retail firms at the time of outlining the strategy of the future growth. Besides Porter's five forces to gain competitive advantage in retail industry, relationship marketing has gained immense importance as a factor of competitive advantage at later stage. Relationship marketing is all about retaining the customers for long time by different value propositions. In today's changing trend, understanding a customer based on their behavior is more important compare to selling an individual product or service (Wahlberg, Strandberg, Sundberg and Sandberg, 2009). Information has huge influence for a firm to outperform its peers to gain competitive advantage (Miller & Porter, 1985). This clearly depicts the increasing importance of using software tools and digitization of the marketing process to effectively use the available information. Also, due to the importance of segmentation in the marketing process of any retail firms in Europe, this study will focus on the use of digital platform in segmentation process in today's changing world and its effect on a retail firm to gain competitive advantage.

This research has been structured in such a way that the previous literatures will be studied in the next chapter of literature review. Literatures on the segmentation process in retail industry in Europe and the effect of digitization, will be explained in detail. In the following chapter, research question along with the research objectives and methodology will be explained. Based on the research methodology, research will be carried out and in the chapter of findings and analysis, the gathered information will be observed and analyzed with respect

to the research objective. Lastly the discussion will relate the findings with the previous literatures in this context to conclude on the research objective in the conclusion section.

2. LITERATURE REVIEW:

2.1   Introduction:

Customer segmentation provides a set of customers to the marketer to target. Getting a proper set of customers to target is one of the most critical steps of any marketing process (Walters and Bekker, 2017). An efficient marketing strategy must be obsessive regarding understanding the needs of the customer (Brennan, Baines, Garneau, and Vos, 2007). According to Lynn (2011) for millions of consumers such as in retail firms, it is impossible to target every consumer uniquely based on their unique needs and that is the reason effective segmentation process is the start of successful marketing strategy. So, there are different models for customer segmentation which has been studied in previous researches.

The need of understanding the customers has been elevated by the use of different digital media channels by the customers. According to Todor (2016) due to the use of different digital media channels by the consumers, it is important to understand the customer needs beforehand using the big data available in the market which intensifies the importance of digitization in the marketing process of a firm. According to Wsi (2013) Digital marketing is all about knowing the customer better and the marketing through customer interaction by engaging customer in different channels. According to Baecke (2010) due to the advancement in the digital space, it is possible to forecast the purchasing behaviour of the consumers. Most of the literatures tried to find out the benefit of digital marketing in comparison to traditional marketing. But there are very few literatures tried to find the result of blending traditional marketing process with the

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digital marketing by digitizing some of the important marketing processes. Todor (2016) stated even though it is required to have marketing automation software for segmenting customer using big data, traditional marketing channels can be used for campaigning to get faster result.

Historically there have been several researches on segmentation based on its importance in marketing. Also, there have been several literatures in recent days studying the use of digital platform for the traditional marketing process and its effect, but there are very few studies which have considered the competitive advantage as one of the end products of this. According to Mogos (2015), in one of the studies on the small and medium enterprises, it was observed that the firms can improve their business drastically gaining competitive advantage by better understanding their customers with the use of digital marketing by reducing the differences with big organizations. There are couple of literatures which have studied the competitive advantage in general and the source of competitive advantage for a retail firm in Europe. Either unique capabilities or resources can take a firm ahead of the competition (Hamel and Prahalad,1994). Also, due to increased competition and retail concentration, it is not possible to hold the competitive advantage for the firms by the factors such as product offerings and price differentiation and as a result innovation is required to fulfil that gap (Pan and Negi, 2009). Considering the current research topic, there are three critical aspects of this study:

1. Marketing segmentation and its importance.
2. Use of digital platform in Marketing process in retail firms.
3. Competitive advantage of the retail firms.

So, all the empirical and theoretical researches which have been done previously on these topics will be discussed in the further section. It will be tried to understand the important terms involved in this study and its critical aspects. So, the next section has been broadly divided into three different themes which are Segmentation, Retail industry and its contemporary trends and the competitive factors in the retail industry. Additionally, the literatures focused on European

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retail industry, also have been studied to understand the importance of the European market with respect to Global market considering retailing and digital transformation of Marketing process.

2.2   Segmentation:

Marketing segmentation evolved from the concept that all the consumers are not alike neither their needs and behavior. Hallberg (1995) emphasizes the need of segmentation to implement differential marketing strategy due to the differences among the consumers. Smith (1956) introduced the term market segmentation to mention the concept of heterogeneous market. It has been defined several times by him with the change of the market dynamics. According to Smith (1956), segmentation alternates the homogeneous market segment which helps the firms to meet the specific level of satisfaction for a group of customers. Although Winter (1984) pointed out that segmentation has been used over the time as an option to find out the segment of the consumer base having a high level of demand or having a major share of revenue, it cannot be the only factor to divide the consumer base. Also, effective segmentation should not be solely targeted to find out the differences in the consumer base which is supported by another definition of segmentation where cost-benefit factor took precedence over others. According to Winter (1979) a consumer base needs to be segmented for the benefit of a firm till the time the cost of providing multiple marketing mixes exceed the revenue generated by providing these varieties of marketing mixes. As per this definition, rather than disaggregating the consumers in smaller segments, sometimes it is beneficial to aggregate the sub-segments to increase the revenue of a firm. In simpler term, market segmentation defined as a strategy of dividing large consumer base into small groups based on their demographic information or common interest or set of customer attributes which are important for an industry (Huerta-Muñoz, Ríos-Mercado and Ruiz, 2017). Even though demographic information is frequently used for the marketing segmentation, there are couple of practical

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issues. Most of the times, Winter (1979) stated, demographics is not the reason of a specific behaviour of a group of consumers and it is not actionable due to the lack of information related to product or behaviour.

2.2.1   Segmentation Types:

Segmentation cannot only be used to divide the consumer base to meet the goal of effective targeting, it can also be used as a tool for market planning which can alleviate the implementation of the strategy of a firm. At broader level, based on the usage of the segmentation, it can be divided into Strategic segmentation and Tactical segmentation.

2.2.1.1   Strategic segmentation:

Strategic segmentation provides a right platform to a company for visualizing and implementing strategic decision by segmenting strategic activities which can be used to determine strategic variables (Deac and Stãnescu, 2014). Strategic segmentation helps to gain competitive advantage by evaluating the company's performance at the segmented strategic activities level rather than approaching as a whole (Vanwijk, Donada, Barthélémy, Xuereb and Thiétart, 2009). Marketing segmentation is part of strategic segmentation as strategic segmentation does not only take care about the purchasing behaviour of the consumers, it focused on the company's strategy along with the value addition to the consumers providing competitive advantage in the market (Deac and Stãnescu, 2014). There are few researches have been carried out to study strategic segmentation and its relationship with marketing segmentation. But, it is important to consider that the focus of this research will be on marketing segmentation which is directly linked with the customers.

2.2.1.2   Tactical segmentation:

According to Rukstales (2002) tactical segmentation can be categorized as a separate type of segmentation as it starts with focusing on a specific product or offer and customer is segmented based on that. In tactical segmentation, the segmentation attributes are decided based on the product type or offer. Sometimes the goal of tactical segmentation to find out a segment of customers who are price sensitive or high-income group or discount friendly. Rukstales (2002) states, that means the segmentation starts with a goal to provide a label to a group of customers which can be used to target with an offer or product based on its generic characteristics. Also, in general segmentation is done based on different customer attributes including demographics and purchasing history. But, as a tactical approach of segmentation, according to Winter (1984), it is beneficial to consider future motivation or trends for the customers before segmentation rather than focusing solely on historical data.

2.2.2 Different segmentation methods:

There have been many research works to differentiate the segmentation based on the technique or method to segment the consumer base. Before applying a segmentation, technique based on the marketing strategy, it follows a basic set of steps of gathering quality customer data, determining differences among the customers and identifying the group of customers having similar behaviour to understand the suitable segmentation technique (Murray, Agard and Barajas, 2017). Some of the segmentation techniques based on previous research works will be discussed in the following section:

2.2.2.1 Priori Method:

A priori method of segmentation is the knowledge of the marketer regarding their consumers rather than using a systematic approach which makes this method unpredictable (Ettl, Zadrozny, Chowdhary and Abe, 2005). This method is heavily used in the industries where the result does not follow the characteristics of the available data (Randle and Dolnicar,

2009). Harrison (1995) states due to the use of external characteristics and unpredictability over segmenting a large customer base in priori method; data-driven, systematic segmentation process supersedes priori method of segmentation in retail industry.

2.2.2.2 Descriptive method:

All the other methods of segmentation except priori method are data-driven and has been focused on several researches over the years. Clustering technique is one of the common tools for marketer for segmenting consumers based on their similarities in preferences and needs to identify a homogeneous group for targeting and communicating (Liu, Kiang, and Brusco, 2012). To target a single homogeneity objective of a segment, several descriptive techniques of clustering such as K-means clustering, hierarchical clustering, neural networks, p-median clustering, self-organizing maps have been used (Jain and Dubes, 1988). K-means clustering technique is used heavily in the retail industry for effective segmentation (Chen, Sain and Guo, 2012). Even though this descriptive technique of clustering has been used as a tool for market segmentation, one of the main criticism points for this method is its high level of dependency on availability of proper attribute and assuming an attribute as key attribute (Murray, Agard and Barajas, 2017).

2.2.2.3 Predictive method:

Besides descriptive method of segmentation, another method of segmentation based on predictive tools is used to predict the consumer behaviour and consecutively the profitability due to a marketing initiative by using independent and dependent variables on a set of historical data (Wedel and Kamakura, 2000). Predictive segmentation is more effective when used on a specific segment rather than using on whole consumer base (Murray, P, Agard, B, and Barajas, 2017). According to Spath (1979) there are several statistical tools which are used for predictive

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segmentation such as cluster wise logistics, cluster wise regression or mixed regression models. This predictive method in segmentation considered as a modern tool which is more reliable than the traditional descriptive method of segmentation and this method helps to flow the management strategy towards segmentation process by focusing on a managerial intention (Witten, Frank and Hall, 2011). Also, in today's world predictive models are widely used in the retail industry to connect the consumers leveraging their purchase history to build a pseudo-social network (Martens, Provost, Clark and de Fortuny, 2016). One of the commonly used use case of predictive model in retail industry is to analyze the churn and segment the customer based on that to reduce the churn percentage over the time (Lismont, Ram, Vanthienen, Lemahieu and Bart, 2018). As per this study, predictive models can be used to segment the consumers based on the probability to become an ex-customer targeting the variables such as interpurchase time. Due to the importance of predictive segmentation in today's world specially in retail industry, will take a deeper look into the related researches.

Predictive modelling is the first step of predictive segmentation where it focused on predicting critical attributes such as customer churn or buying propensity based on other attributes available in the historical data set (Bradley, Fayyad and Mangasarian, 1999). In a predictive model, it is required to train the model with previous instances so that it can predict another variable which is similar to human learning experience. Also, a good predictive model can help the marketer to understand their consumer better (Cabena, Hadjinian, Stadler, Verhees and Zanasi, 1998). Some use cases of predictive segmentation in retail industry are customer retention or churn analysis, customer classification, cross-selling and target marketing (Hormozi and Giles, 2004).

2.2.3   Segmentation models:

Segmentation has been evolved over the decades based on its importance in marketing. Similarly, there are many segmentation models which have been developed based on its

efficiency. Some widely studied segmentation models in several literatures, will be discussed in this section.

Based on the latest purchase(R), total purchase value in a period(F) and total monetary value of the purchase(M), RFM model is a well-known methodology which used for customer segmentation (Hosseini and Shabani, 2015). Also, there is another well-known model of segmentation based on life time value of the customer and customer loyalty which is called LTV model (Kim, Jung, Suh and Hwang, 2006). According to Adcock (2000), besides these models, it is important to understand the reason of purchasing a product by a customer based on customer psychology, economic condition and circumstances so that a logical marketing plan can be placed to focus on a customer base. In some of the literatures, Maslow's pyramid of needs model has been used to segment the customer base on the basis of basic needs as well as superior needs due to different buying behaviour. Segmenting a customer base based on Maslow's pyramid model is a continuous effort as it varies from the short-term retailers such as groceries to long term retailers such as financial services (Solomon, Bamossy, Askegaard and Hogg, 2012)

2.2.4   Common challenges of market segmentation:

Even though segmentation does not look like a complex computational process based on its definition, several challenges have been identified in previous researches due to increased complexity.

- **Degree of similarity:** According to most of the previous researches, the basis of finding similarity in a segment is a major issue. It is difficult to define the base of homogeneity of a segment or degree of allowed variance (Jain, Murthy and Flynn, 1999). For market segmentation, due to its lack of clarity over similarity measures, co-relation co-efficient and Euclidian distance is used invariably (Liu, Kiang and Brusco, 2012).

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- **Computational complexity:** Due to multi-dimensional attributes and multi-objective criteria of the segmentation, the complexity of effective segmentation has been regarded as high in the previous researches. Clustering method of segmentation has been established as NP-hardness due to its complex nature (Aloise, Deshpande, Hansen and Popat, 2009). Due to the complexity, most of the segmentation cases are simplified so that heuristic method can be applied (Liu, Kiang and Brusco, 2012).

- **Data quality:** As the market segmentation is totally based on available customer data, the quality of customer data has an enormous impact on the effectiveness of the segmentation. According to Rukstales (2002), it is a common problem to have values for some customers where it is missing for others.

Also, due to the use of multiple channels in retail marketing, the volume of data has been exploded in the recent days. This has been multiplied the complexity of the segmentation. In today's world, it is necessary to use digital platform to manage a huge amount of data used for the marketing purpose in retailing (Verhoef, Venkatesan, McAlister, Malthouse, Krafft and Ganesan, 2010).

2.3   Retail industry:

There have been several researches done in recent days on retail industry due to its increased competitiveness with the technological advancement. In this part, several literatures will be discussed to understand overall retail industry and its competitive factors. Afterwards, European retail industry will be studied to understand its industry structure. Over the years, retail industry always has been very competitive. According to Collins (1992) retail is the most competitive sector compare to any other industry due to ever-changing behaviour of the

consumers. Also, the complexity of the retail environment is multiplied, and the competitive factors are varied with the use of multiple channels by the consumer. As a result, retailers increased their touchpoints to engage the customers through multiple channels and to sell their products or services through different channels. As per DMA (2005) report, more than 40% retailers engage with the customers through more than two channels. Also, according to IBM GBS (2007) it is revealed that more than 60% of the retailers believe that the customers engaged through multiple channels are more profitable compare to traditional customers. It also shows that the ecommerce sales in European market has grown by 36% over the years compare to single digit growth rate in sales in physical stores. Due to the increased complexity of managing multiple touchpoints between a retailer and a consumer, a concept of 'Multi-channel customer management' has been evolved over the years (Neslin and Shankar, 2009). Also, the framework to manage multichannel customer has been discussed in this study. Based on the channels through which retailers sell their products and services, today's retail industry broadly categorized as:

- Bricks-and-clicks: Retailers having presence in both online and offline channels

- Online retailers: Retailers having presence only in online channel

- Brick-and-mortar: Retailers having presence only in offline channel

More and more brick-and-mortar retailers are shifting towards bricks-and-clicks where online channels are at least used to reach consumers for product promotion, advertisement rather than selling the products or services (Grewal, Janakiraman, Kalyanam, Kannan, Ratchford, Song and Tolerico, 2010). There have been couple of researches which discussed the increased importance of segmentation for retailers due to this changed marketing aspect. Segmentation is at the centre of the modern age Multi-channel customer management for retailers as it helps to segment consumer based on their channel usage and interactions in a specific channel (Sonneck and Sören Ott, 2010). So, it is important to target a consumer base

through right channel to increase marketing efficiency and return on investment of the marketing campaign. In today's retail industry, segmentation is not bound to traditional socio-demographic attributes and it has a major influence over managing and understanding consumers interacting through different channels. According to Campanelli (2015), about 75% retailers use purchasing information for their segmentation besides demographic information. Besides evolution of Multi-channel customer management and increased importance of segmentation, it is required to understand further the other trends in retail industry to evaluate different perspectives of competition for retailers.

2.3.1   Recent trends in Retail industry:

Multi-channel customer management initiated the complexity for today's retailers. In multi-channel concept, customer can be targeted and engaged through different channels independently where the channels are not linked with each other. But, the complexity of multi-channel folded by many times with the introduction of omnichannel customer experience. In omnichannel customer experience, customer should have seamless experience or information across multiple channels and all the channels are interlinked to understand the consumer activities in other channels. This recent trend has been studied in several literatures due to its increasing complexity and importance. Retail industry is gradually moving towards omnichannel from multichannel due to the increasing need of communication across different channels to provide better customer experience rather than adding multiple channels like ecommerce, email, social media etc. in silos (Verhoef, Kannan and Inman, 2015). This will destroy all the barriers between the online and offline channels used by the retailers (Brynjolfsson, Hu and Rahman, 2013). To discuss the advantages of omnichannel over multichannel, further they stated that, the scope of channels has been increased magnificently due to the introduction of omnichannel (Verhoef, Kannan and Inman, 2015). Also, according to Chatterjee (2006), retailers having omnichannel strategy to co-ordinate across different

channels are more profitable than the retailers using the channels independently. To support this further, it is necessary to mention that, with the unified shopping experience across multiple channels and using the advanced analytical capabilities to understand customer behaviour, retailer can bring in positive influence towards its brand loyalty, customer satisfaction rate and customer retention rate (Nash, Armstrong, and Robertson, 2013). The literatures worked on the competitive advantage of omnichannel strategy in the retail industry and discussing the importance of segmentation in multichannel and omnichannel environment for the retailers will be discussed later.

In retail trends, there is an increasing habit of the consumers of using handheld devices to compare the prices of a product across different channels and different retailers to decide the best option for buying a product or services which is called 'Comparison shopping' (Brynjolfsson, Hu and Rahman, 2009). This does not only re-ignite the price war among the retailers, it evolved the concept of retail mix to add maximum value to the customer. This caused the increasing trend of selling bundle products including value-added services to keep the touchpoints with the consumer over a period and making a consumer life-time customer (Brynjolfsson, Hu and Rahman, 2013).

Another upcoming trend of retail industry is using augmented reality to enhance customer experience by providing virtual presence of the product (Brynjolfsson, Hu and Rahman, 2013). Physical stores have a huge attraction point of providing a product after touch and feel by the consumers. Whereas the selling point of online retail store was wide collection of products, low price, convenient to compare and search and product reviews. These differences are decreasing with the trend of augmented reality.

Another trend in retailing is the use of different location based mobile application by the retailers to engage consumers based on their real-time location (Brynjolfsson, Hu and Rahman, 2013). It can be sending a coupon or offer when a consumer is near to their physical

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store or providing the nearby store location based on the previous purchase history of the consumer.

Also, the use of big data and analytics more and more to understand the object 'Customer' has become a trend in retail marketing (Verhoef, Venkatesan, McAlister, Malthouse, Krafft and Ganesan, 2010).

All these trends involved reaching or targeting right customer thorough right channel at right time with right content and to make it happen, the first step is real-time segmentation of the consumer data (Venkatesh and Malthouse, 2006). In traditional retailing, location of the physical stores had a huge competitive advantage along with the geographical barriers for the local retail players. Also, the lack of knowledge of the consumers regarding the products used to help the retailers to gain advantage. But, these barriers are removed by the technological advancement and its wide spread usage across the global consumer base (Brynjolfsson, Hu and Rahman, 2013).

These literatures did not only focus on the retail trends in future, it discussed the change of competitive factors in retailing over the time. It will be beneficial for this research to understand different competitive factors based on marketing strategy in retailing.

2.3.2   Competitive factors in Retail Industry:

To understand the structure and competitive factors in retail industry and its evolution over the years, it will focus on some of the studies in earlier times. Even though it is difficult to generalize the strategies involved in retail sector to gain competitive advantage, it can be broadly categorized to cost leadership and differentiation (Helms, Haynes and Cappel,1992).

2.3.2.1   Cost leadership:

According to Porter (1985), firms can gain competitive advantage by controlling and reducing the cost. As a result of decrease in overall cost, firms can offer similar product with lower price. A retail firm can increase its consumer base by attracting the customers with discounts and low-prices for the similar quality products or services compare to its competitors. It is further stated that, cost leadership is a common approach used in the retail industry to gain major market share (Helms, Haynes and Cappel,1992). Cost of a product in a retail firm is not determined by only the manufacturing cost of the product, it also depends on different factors like inventory cost, transportation cost, employment cost, technological expenses, retail space cost etc. As price of a product or service is dependent on multiple factors, retailers will have a price and promotion strategy to determine the right price of a product to support the overall financial performance of the firm.

Price is not only determined by the type of the firm, type of product or service, type of channel used or type of consumer base, it is affected by the competitive factors such as dispersion of product prices and aggressive online pricing (Grewal, Janakiraman, Kalyanam, Kannan, Ratchford, Song and Tolerico, 2010). This study further mentioned that the retailers often provide promotions to gain advantage over the competitors utilizing the factor of price dispersion. Even though price dispersion has similar effect in the retail industry since pre-internet days to sustain competitiveness in the market, its impact depends on the specific preferences of the consumers, brand loyalty and product differentiation (Ellison and Ellison, 2009).

Aggressive pricing for the homogeneous product line by the online retailers have major impact as a competitive factor in the retail industry (Grewal, Janakiraman, Kalyanam, Kannan, Ratchford, Song and Tolerico, 2010). Online only retailers have the pricing advantage over offline retailers due to the less cost of the end-to-end process starting from inventory to delivery to the consumers. But in specific product line or in specific geography, offline retailers gain

advantage due to its physical presence over the low-prices offered by the online retailers (Neslin and Shankar, 2009).

After studying different literatures, it is clear that different cost factors affect the overall price of a product or service in retail industry. So, the firms can gain advantage over its competitors by reducing the overall cost so that prices can be set at lower level. Retailers can introduce efficient marketing process with the help of digital marketing and it can help to reduce the overall cost in long run due to the use of advance technology (Wind and Mahajan, 2002).

2.3.2.2 Differentiation:

According to Porter (1985), differentiation strategy implies to provide a unique product or service offerings to the customers. A firm can achieve its uniqueness by branding, providing convenience using technology, innovative ideas or by providing unique product design or value-added services. According to Varadarajan (1985), in a mature industry like retail, differentiation strategy takes precedence over low-cost strategy to help the firm to gain competitive advantage and generate more business. Product price is becoming less important in modern day retailing and the focus shifted towards differentiation (Griffiths and Howard, 2008). In most of the cases, it is evident of using combination of low-cost and differentiation strategy by the retailers. Implementing differentiation strategy to a specific consumer base in retail industry is called segment-based differentiation (Helms, Haynes and Cappel,1992). Even though in retail industry, this strategy is wide spread, it is a challenge in real world to find out a group of customers who are willing to spend more for their convenience (Piotrowicz and Cuthbertson, 2014). So, proper application of differentiation strategy in retail industry is clearly dependent on the segmentation strategy of the firm. Three main steps to implement product differentiation in retail industry are:

1. Segmentation of the customers based on their behaviour, interactions and preferences.

2. Selecting most interesting segment of the customers for Targeting.

3. Preparing most desirable product mix for a target group and positioning it (Aertsens, Mondelaers and Huylenbroeck, 2009).

Also, in today's world of internet and different social media channels, retailers can gain competitive advantage by adding a new channel which is popular to a region and segmenting the consumer base based on that channel (Sonneck and Sören Ott, 2010). Retailers can gain uniqueness in their offerings by the innovative use of technology and digital platforms. Digital innovation has been integral part of the competitive strategy in retail industry as it is required to adapt socio-cultural changes by leveraging emerging technologies to improve customer relationship (Pinto, Dell'Era, Verganti and Bellini, 2017). According to Porter (1985), for some industries, it is required to have focus-based strategy as cost leadership and product differentiation is not sufficient to gain competitive advantage. Ibrahim (2015) stated, Focus-based strategy is all about focusing on a specific group of customers or to a set of products to gain competitive advantages. It clearly shows the importance of segmentation in a firm to execute focus-based strategy efficiently.

2.3.3   Competition in multichannel retailing:

To study the current and future trends in the retail market, the significance of multichannel capabilities has been discussed in several literatures. So, in this section, the literatures based on multichannel retailing will be studied to understand its competitive factors and challenges. According to Blázquez (2014), the use of internet, mobile devices and different social media channels have brought in new paradigm in retail marketing and made this industry competitive like never before. Due to the importance of multichannel retailing and to be competitive in the market, most of the retailers have been invested and incorporate the multichannel strategy in their portfolio. To provide more emphasis on the importance of the multichannel strategy, showed the growth of the sales through e-commerce channels which is

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almost six times compare to traditional channels irrespective of type of retailers (Griffiths and Howard, 2008).

Due to the rapid evolution of multichannel retailing, many researchers suggested the need to change the fundamental strategy used in traditional channels. But, Porter (2001) reaffirmed that even though there is a paradigm shift in business due to the wide spread usage of internet, social media channels, there is no need to change the fundamental strategy of traditional channels to newly added channels. The same old fundamental strategies based on cost leadership and differentiation can be applicable to new ecommerce or social media channels to make it successful.

In the initial days of internet, the communication was mostly unidirectional. But, with the evolution of Web 2.0, internet communication has become bidirectional where users can communicate through different internet channels. For retailers, it opened a sea of opportunities to engage customers in different innovative ways through different online channels to improve overall customer experience (Griffiths and Howard, 2008).

With the increase of the touchpoints with the customers, focus of the retailers shifted from the product towards the customer. It is not about selling a product, it is all about providing an experience to the customer which can affect them positively or negatively. According to Bagge (2006), providing experience to the customers through multiple channels is long term, sustainable strategy for the retailers for future growth and profitability.

It is evident from previous literatures that, adapting multichannel capabilities provide competitive edge to the retail firms. Proper implementation of multichannel retailing will be in more focus in coming days as more and more retail firms will enable multichannel capabilities. Multichannel retailers could become more effective by overcoming the challenges associated with it. Some of the common challenges are:

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- **Selection of a channel:** For retail firms, it is equally important to understand the need of a channel for consumers before adding a new channel. The selection of a channel can directly impact the profitability of a firm (Chu, Chintagunta and Vilcassim, 2007).

- **Pricing strategy in multiple channels:** For many retailers, product pricing across multiple channels is a real challenge. To be successful in the industry, it is important to maintain pricing strategy for each channel to provide proper synergies across channels and logical pricing (Grewal, Janakiraman, Kalyanam, Kannan, Ratchford, Song and Tolerico, 2010).

- **Multichannel or multiple channels:** Sometimes for the retail firms, it is difficult to break the silos among the channels. If the channels are not integrated and do not work in a synchronized manner, it does not provide much value addition to the customers (Griffiths and Howard, 2008). According to Bagge (2006), consuming data from different channels and understanding the data to use it in future activities is another major challenge of using multiple channels by retailers.

2.3.4   Competition in omnichannel retailing:

Multichannel retailing has been evolved over the last few years and redefined with a name omnichannel. According to Bodhani (2012), the term Omnichannel was first discussed for retail industry. Even though online only retailers can get advantage by leveraging and synchronising data from various channels, bricks-and-clicks retailers were able to extract most of the benefits from this concept. Bricks-and-clicks retailers were able to use the combination of traditional channels and online channels to provide better customer experience (Verhoef, Kannan and Inman, 2015). It has become possible to search for a product online and buy it in the physical store to collect it immediately or order through online channel and pick up from a physical store based on the comfort of the consumers. The increased use of smartphones and tablets also boost the concept of omnichannel which has become difficult for the retailers to

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ignore as this has become the only possible way to integrate many different channels and to provide a uniform customer experience (Verhoef, Kannan and Inman, 2015). This can be the most important approach in future retailing to meet customer needs and maintain brand loyalty (Aubrey and Judge, 2012). The concept of omnichannel has become a huge point of interest in retail industry to derive their competitive strategy (Brynjolfsson, Hu and Rahman, 2013).

2.3.5 Importance of segmentation in retailing:

Even though there are several literatures discussing the shift in marketing paradigm in retail industry, very few researches have been focused on customer segmentation in retailing. Even though it is important for the retailers to understand the segmentation strategy to be successful in future, there have been very few researches in Europe which focused on this concept in retailing (Segal and Giacobbe, 1994). It is further stated that the retail firms need to become market oriented to understand the requirements of the customers rather than their orientation towards products. At later stage, it is further supported stating that marketing moved from 'marketing to customer' to 'marketing with customer' (Kotler and Armstrong, 2006). In today's world of omnichannel retailing, it is still more prevalent. Rather than selling generic product in mass volume to large consumer base, there is a tendency to customize the product or services based on the requirement of a small customer segment, this eventually increased the importance of market segmentation and target marketing severely (Brynjolfsson, Hu and Rahman, 2013).

Besides the use of static customer related attributes such as socio-demographic information of the customer for segmentation purpose, customer interactions and customer purchasing history have been heavily used for segmentation in retail industry (Sonneck and Sören Ott, 2010). It also categorizes the use of channels based on the interaction type for a consumer base. For example, the channel used by a group of customers for searching a product, does not necessarily be used for purchasing. This evolved the concept of dynamic

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segmentation. As a part of this concept, the target group will be derived at real time based on customer behaviour by dynamically changing the segments (Reutterer, Mild, Natter and Taudes, 2006). So, this dynamic segmentation of customer data is dependent on the additional data sources available in the age of multichannel or omnichannel retailing which were missing in traditional marketing. This amplified the importance of storing and using data from different channels in a common platform. It is required to use digital platform to handle big data generated through different channels for effective segmentation to overcome the issues of data integration and maintaining data quality (Verhoef, Venkatesan, McAlister, Malthouse, Krafft and Ganesan, 2010).

According to Allen (2004), there is also an increasing trend on delivering personalized content to the customers to build customer relationship by portraying the firm's involvement to cater specific customer needs, increased the importance of target marketing and customer segmentation.

At the time of discussing the importance of segmentation in retailing and how to position segmentation as strategic tool in multichannel retailing, it should focus on three categories:

- Segment the consumer based on the channel usage and type of interactions.
- Relating the demographic aspect of a segment with the usage of the channels for further segmenting the customer segments.
- Relating the segments based on the channel usage with the product or service category (Konus, Verhoef, and Neslin, 2008).

Another study contradicted and mentioned that in place of channel usage, channel response rate, preferences could help the firms for effective segmentation (Neslin and Shankar, 2009).

Form these several studies, it is eminent that with the use of technology, not only the complexity of the segmentation is increased, its importance is amplified. To overcome the

complexity and use segmentation effectively using big data and analytics, some studies mentioned the need of using digital platform. Even though segmentation has been mentioned as a strategic tool, none of the studies directly related competitive advantage of a retail firm with the segmentation.

2.3.6   European Retail Industry:

European retail industry has been selected for this study based on the previous literatures on European retailing which provided a view that European market can provide a holistic view due to its unique characteristics:

- **Level of saturation:** In some previous researches, European retail industry has been mentioned as a saturated market. The saturation is in such a level that there cannot be any more profitable physical stores in future in European retail market (Poole, Clarke and Clarke, 2006). This provided perfect platform for retailers to incorporate online channels along with existing stores to grow further. Also, it emerged the urgency of internationalization.

- **Internationalization:** Previously, the retailers were mainly concentrated locally in the domestic market. But, due to the presence of single European market which does not have any country specific geographical barrier, retailers started expanding internationally and as a result, European retail market has become competitive (Segal and Giacobbe, 1994).

- **Diversity:** diversity of the European market was another reason to select for this research. European market is a developed market comprising consumers from different cultures and lingual background (Müller-Lankenau, Wehmeyer and Klein, 2005). So, it would help to understand the importance of demographic characteristics of the consumer base and the differences in behaviour and needs.

European economy also faced downturn in the last couple of years similar to volatile global economy. Still, According to Schamel (2018), the average income in Europe has increased and as a result, purchasing power of the consumers have been increased which had a positive impact in retail growth in Europe. But if we consider the growth rate in stationary retail or retailing through traditional channel, it is not overwhelming. Schamel (2018) also stated that in last couple of years, the stationary retail growth either declined or inclined marginally. So, overall retail growth in European market was mostly driven by online retail. The online retail was accentuated by the increase of internet users in the region. Europe contains more than 30 % of global internet users (Wind and Mahajan, 2002). So, according to Schamel (2018), online retail or retailing through alternative channels have become of prime importance in the European retail market to retain competitive edge. Based on the past studies, it is trivial to mention that European retailers would be perfect for studying the competitive advantage due to the use of digital platform in marketing process like segmentation.

2.4 Conclusion:

In literature review, it has been tried to cover the previous researches which provide a holistic view of the current European retail market, competitive factors, involved strategies in retail industry, the paradigm shift in marketing process due to technological advancement and segmentation concept. Essentially, it discussed the importance of segmentation process in Marketing and in retail industry where large portion of the business is directly linked with the consumers. From the previous researches, it is clear that segmentation process need to relate with the competitive advantage of the retail firms as it has been used as a strategic tool over the years and increased its importance due to the technological advancement of last two decades. Also, some researches have been depicted that the increased complexity of the segmentation

due to data explosion through multiple channels, can only be handled efficiently using digital platform to save time and other resources and retain its effectiveness in the market. Unfortunately, there is no research which directly linked competitive advantage of the retail firms due to the effective segmentation done using digital platforms. So, it clearly opens the need of this research in this important juncture of retail marketing and age of digital transformation. Also, based on some literatures discussed in the previous section, understanding consumer behaviour and digitization of marketing process are the two components for satisfying the customers and retaining for long term in a firm. But, there are some related literatures which provide importance to the other customer related processes such as Sales or Service to gain competitive advantage. According to Jay kandampully (1999), customer always prefers a firm which provide better customer service compare to others. But, to emphasize on the marketing process and specifically on segmentation, the competitive advantage of the retailers due to digitization of sales and service processes will be out of scope of this research and it will solely try to find out if the retail companies gain competitive advantage by using digital platform for their marketing segmentation process based on European retail firms.

3. RESEARCH QUESTIONS:

There are two aspects of this research proposal which are competitive advantage of a retail firm in European market and the introduction of the digital marketing platform for some of the marketing processes such as segmentation in a firm. With the technological advancement, there are many studies which have been carried out to understand the better way of usage of the customer data received from different digital channels. Also, there are few research works which concentrated on the different parameters to gain competitive advantage for a retail firm in the European market. But, there are very few studies which have been focused to relate the competitive advantage with the variable such as "Digitization of the segmentation process" for a retail firm in Europe.

This study will be carried out involving two retail firms in European market to understand how they have gained competitive advantage with the help of digitization of the segmentation process by finding the answers for the following questions:

- **What is the importance of segmentation process in overall marketing strategy of a retail firm and how it is related with the firm's future vision?**
- **What is the effect of using digital platform in customer segmentation process in Retail firms?**
- **What are the important competitive factors in retail industry in Europe?**

With the help of these questions, information will be collected to carry out the analysis to get the answer of the research question:

'Do Retail firms gain competitive advantage with the help of digital platform for their segmentation process?' – A case study on a retail firm in European region.

This research will help to understand the challenges of the traditional segmentation process and how those challenges can be overcome with the help of digital platform. Also, it will provide some insights regarding how the transition towards customer engagement from the traditional customer relationship is happening with the help of the digital platform. Eventually, that will help to answer the research question which related to the competitive advantage in the European market for the retail firms.

4. RESEARCH METHODOLOGY:

4.1   Introduction:

This chapter will focus on how the research will be conducted. It will consider the 'Research Onion' to define different elements involved in the research (Saunders, Lewis and Thornhill, 2015). It will justify the reason behind selecting an approach, philosophy or research method. Also, it will define primary and secondary data collection methods which will be relevant for this research. Based on the importance of ethical standpoint, ethical considerations also will be defined.

Importance of this chapter has been mentioned in several literatures. According to Blaikie (2000), research design and research strategy are two most important parts of any research which help the researcher to plan and construct logical structure to understand correct research method to apply.

Figure 1.The Research 'Onion'
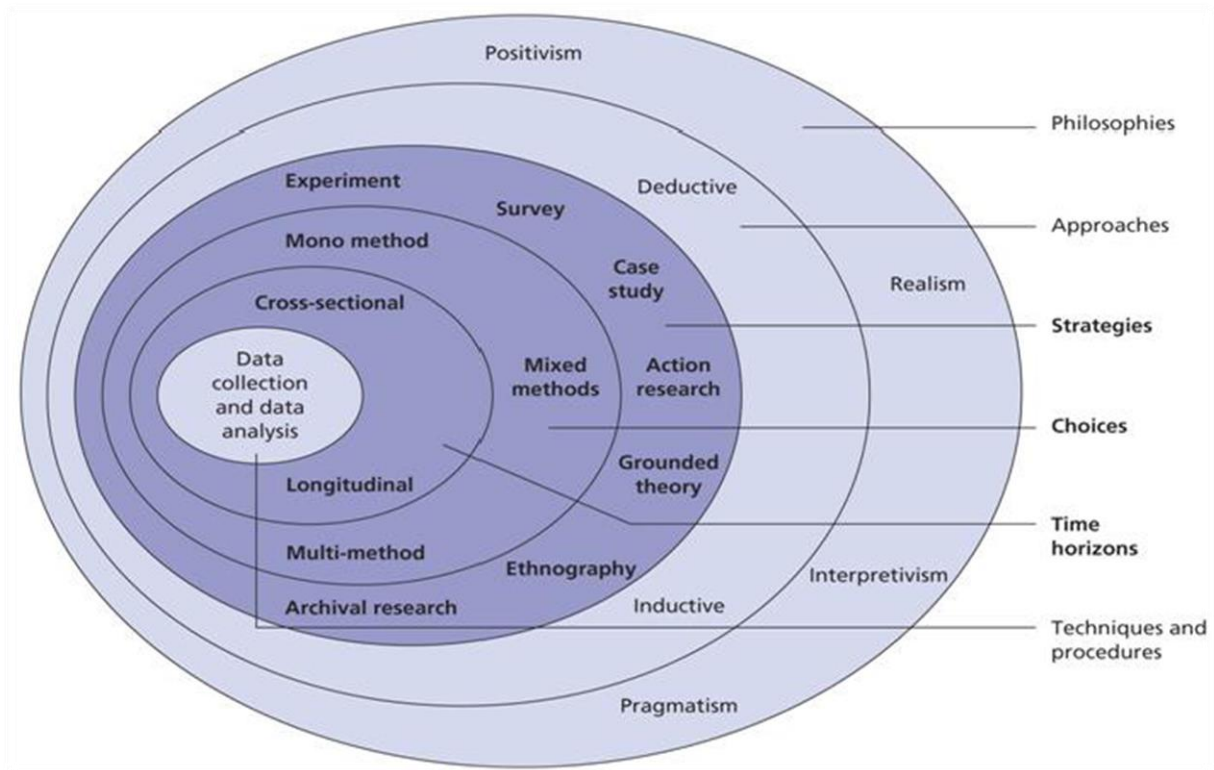
Source: Saunders, Lewis & Thornhill, 2015.

4.2   Research Philosophy:

The outermost layer of Saunders et al. (2015) Research Onion is research philosophy. According to Saunders et al. (2015), the research is a methodical way to observe different phenomena to find out a conclusion with increasing the knowledge on a specific topic. It is further stated that research philosophy is all about how the world is viewed to understand the process of acquiring and interpreting the knowledge (Saunders et al., 2015). There are four philosophies in Saunders et al. (2015) Research Onion, which are:

- **Positivism:** According to Bryman and Bell (2015), positivism is the method of acquiring knowledge with the use of scientific method to study physical reality. In this philosophical approach, knowledge will be accepted if it can be measured

in a controlled environment through careful observation. Positivism philosophy is used to collect information in quantitative research method (Mackenzie and Knipe, 2006).

- **Realism:** Realism is another philosophical approach which interprets the information based on our senses (Saunders et al., 2015). It advocates the use of scientific approach like positivism. According to Robson (2011), realism is mostly used to study the social issues where quantitative and qualitative both methods can be used. This philosophy cannot be used for the research questions of this study as competitive advantages cannot be sensed always correctly.

- **Pragmatism:** Pragmatism is considered as another philosophical approach which is focused on more reality compare to realism based on practical experiences (Creswell, 2009). This philosophy cannot be used for this study for the same reason of realism.

- **Interpretivism:** In contrast to positivism, interpretivism is subjective in nature which considers the differences of the subject matter between natural sciences to social sciences (Bryman and Bell, 2015). According to this approach, rather than using scientific methods of natural science, social scientists should interpret in subjective manner the reality of the actions (Saunders et al., 2015).

In this research study, the gain in competitive advantage of the European retail industry will be studied with the help of digital platform in Marketing segmentation. This study will be carried out using qualitative method by collecting data through interviewing, observation and existing data sources. According to Lin (1998), Interpretivism is a subjective approach which supports the collection of data in unstructured manner. So, interpretivism is considered as most suitable research philosophy for this study.

4.3   Research Approach:

Research approach is considered as a next layer in the construction of a research plan based on Saunders et al. (2015) Research Onion. According to Saunders et al. (2015), there are two research approaches which are Induction and Deduction. It is further mentioned that the deduction approach is used to understand the theory by studying relation between two variables whereas induction approach is used to establish a new theory based on the observations of a study. Deductive approach is mostly used in quantitative method to validate or invalidate an existing theory with the help of studying large amount of structured data using statistical tools (Lin, 1998). Inductive approach is based on the direct observations of the real-life events or situations and inferring to a new theory based on that (Stebbins, 2001).

Figure 2. Deduction & Induction
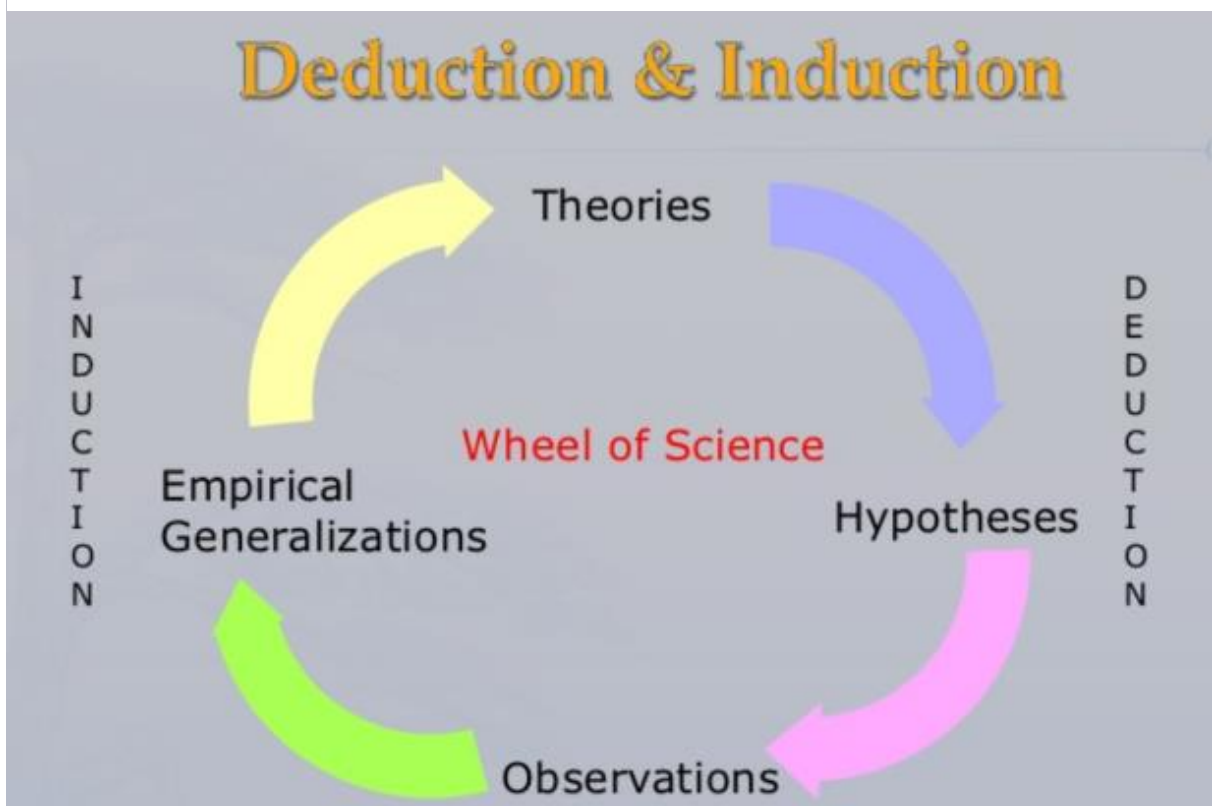
Source: Wallace, 2017.

For the purpose of this study, inductive approach will be used. The rationale behind choosing inductive approach are:

- There is no intention of this research to validate hypothesis based on the research questions rather it is focused to the occurrences of the facts to formulate a theory.

- Using of digital platform for Marketing segmentation process is new method. So, there are hardly any theories which can be linked directly.

So, inductive approach will be most appropriate considering the research questions and methodology.

4.4   Research Strategy:

Research strategy for this study will be selected based on the research objectives, research questions to reach the objective and the accessibility of the required information. Qualitative research method is used if it is required to interpret based on in-depth understanding of the research problem (Wahyuni, 2012). Also, this method is used in the research where the collected information cannot be transformed into a statistical format for analysis (Strauss and Corbin, 1998). This method is best suited for complex scenarios where multiple ideas need to be organized to understand a behaviour rather than concluding based on the nature of collected data (Baker, 2006). Also, this method tries to logically conclude considering distinct perspective associated with research subject rather than directly concluding based on available data (Baxter and Jack, 2008). Due to the nature of this study, qualitative method has been selected as 'competitive advantage' cannot be linked directly with the usage of 'digital marketing tool for Segmentation'. Another reason of choosing this method is due to flexible ways of collecting information rather than emphasizing on a particular format. The flexible data collection technique and unformatted rich information helps interpretivist in qualitative research method (Miles and Huberman, 1994). To understand the usage of qualitative research

method, it is also required to mention the drawbacks of using quantitative method in this scenario.

Quantitative research method is sometimes limited to interpret based on the situational context due to the use of standard statistical methods and best practices available which applied on the collected data (Zyphur and Pierides, 2017). The collected data has to be measurable in quantitative method and correct sampling technique needs to be applied so that it is possible to rely on a sample from the large amount of collected data to conduct the research (Park and Park, 2016). Due to these limitations of quantitative research method with respect to this research, qualitative research method with interpretivism philosophy has been selected as a correct research method for this study due its subjective nature. By gaining insights from the collected information, researcher will be conducting a qualitative analysis to interpret the answer of the primary research question of this study.

According to Yin (2014), Even though there are similarities across different research methods, it is required to choose a research method which will fit mostly with the research approach and the research topic. He further suggested that Case study method is normally used for contemporary research topic when there is no control of the researcher to affect the behaviour of the study. Robson (2011) defined Case study method as a technique to investigate the social events by gathering information from varied sources. Due to contemporary nature of the research topic and the need of in-depth analysis of the research questions, Case study method has been chosen as a research method by the researcher. According to Easton (1995), to establish a complex relation among different parameters and to provide an informative picture of the research problem, Case study research is a best method to follow. Yin (2014) also mentioned that Case study method is applicable where the research question needs to be answered by exploring the questions starting with 'What', 'Why' and 'How'. It further supports

the usage of Case study method for this research as the primary research question needs to be answered by exploring the answer of the following questions:

- What is the importance of segmentation process in overall marketing strategy of the firm and how it is related with the firm's future vision?

- What is the effect of using digital platform in customer segmentation process in Retail firms?

- What are the important competitive factors in retail industry in Europe?

Also, the increasing use of case study method for similar research topics, helped the researcher to understand the suitability of this method. According to Perry (1998), Case study method is used more and more in the marketing related fields mainly marketing communication, internet marketing etc.

Before moving to the further topics regrading designing the research, it is required to understand common drawbacks of the Case study method so that it can be considered. According to Yin (2014), two main drawbacks of a case study research method are lack of standardization of the steps to follow and lack of reliability of generalisation of a behaviour based on single case study.

4.5   Research Design:

Yin (2014) suggests that Research Design is most important part of any research study as it helps to maintain the quality and rigor of the research process starting from gathering information through interview to reaching conclusion. Also, a research should be defined by understanding correctly the purpose of the research and corresponding questions so that it guides to reach the final outcome (Saunders, Lewis, and Thornhill, 2009). As a part of research strategy, it is already justified the use of Case study method based on the research questions and research purpose. Also, this research will be carried out by interpretivism by executing a

qualitative study of the gathered information from different sources. As a part of research design, it is required to clarify the number of cases and data collection methods.

Researcher has chosen to design multiple case study for this research as it will help more comprehensive study to provide a concrete result by either comparing two cases or by finding similarities. According to Wahyuni (2012), it is always advisable to have multiple case study for a research it provides wider scope to understand a practice. Yin (2014) believes multiple cases should not be regarded as multiple interviews rather it will signify multiple unique experiments. Also, multiple methods will be used to collect information for this case study.

Selection of the case is the next major step for any Case study research. According to Patton (2002) it is not recommended to select the case randomly for Case study research. According to Scapens (2004), it is recommended to have a logical criterion to select a case rather than choosing any representative case. For this research, cases will be chosen by non-probability, purposive sampling so that required information can be gathered to find the answer for the research question. Purposive sampling helps to find a case which matches all the required criteria to support the final outcome of the research (Bloor and Wood, 2006). So, for this study, two cases will be chosen purposefully from different backgrounds. In first case, the retail firm will not be an established player for long time in the European market so that we can understand their strategy around segmentation to compete with the established retailers to increase their revenue and consumer base. In second case, we will consider a century old luxury segment retailer in European market to understand their consumer base and if segmentation using digital platform is needed to stay competitive in the market.

It is required to design a Case study protocol which will guide to collect the required data and analyse it. Due to interpretive nature of the study, corresponding protocol will be designed:

- Case selection

- Define possible sources for data collection

- Define data collection techniques

- Prepare interview guide and documentation review

- Investigate the cases

- Analyse the cases based on findings

- Provide ethical concerns

- Provide Case study report

4.6   Data Collection:

Data will be collected from multiple sources for this research study to support the subjective nature of the study. This method of data collection is as per the recommended approach by Yin (2014), which is called as data triangulation. According to Patton (2002), this approach of collecting data from multiple sources will help the researcher to compare and to check the consistency of the findings to increase the reliability of the final outcome. The collected data will be segregated based on its source as Primary and Secondary data. Semi-structured interviews and documentation review have been selected as the data collection technique by the researcher.

4.6.1   Interviews:

Semi-structured interview has been selected as primary data collection technique for this research. According to Parker (2003), the concept behind using interview as a data collection method so that an experienced professional on a field related to the research can transfer their knowledge through conversation. Boeije (2010) suggests, it is always beneficial for the research if the research can engage in conversation with the industry people to understand the real-life scenarios of a business case. The interviews will be semi-structured as this is the best way to get the in-depth information from the interviewee without losing the focus

from the main subject. This type of interview sits between structured and in-depth interviews which helps interviewer to proceed deep into a relevant subject up to a level without deviating from the objective (Saunders, Lewis and Thornhill, 2009). It will eventually help the researcher to know some of the topics which might be missed as a part of the interview questions due to the ignorance on the real-world scenarios. Interviewee will be selected by snowball sampling to select right person by networking method. Semi-structured interview will be processed through two steps:

- **Preparing interview questions and interview guide:** According to Patton (2002) interview questions need to be formed properly to get insightful answer rather than a brief reply by the interviewee. So, interview questions will be prepared keeping open-ended without being very specific based on the research questions and its sub-objectives. Also, interview questions will be linked with a specific sub-objective so that the answers can be related with the research objective and the research question. Also, to use the interview time efficiently, the interview questions will be divided based on the role of the interviewee. That means all the questions which will fit marketing manager, not necessarily will fit with the Chief Marketing Officer. Interview guide and the questions can be found in the appendices.

- **Executing actual interviews:** Every interview should start with a small briefing to set the right tone for the interview (Kvale, and Brinkmann, 2009). Interview duration will not be more than an hour based on the availability of the interviewee. So, it will be critical to efficiently utilize the interview time so that most of the sub-objectives are discussed in detail to have required insights of the subject. Also, every interview will focus on ethical standpoint. So, the confidentiality and anonymity of the interviewee will be emphasized before start

of the interview. The consent form will be signed by both the interviewee and the researcher. This will help the researcher to gather more information as the interviewee will be comfortable to discuss the concerns and challenges in the firm. Interviews will be recorded if the permission is provided by the interviewee. Otherwise, notes will be taken at the time of interview. Except these theoretical and methodical notes taken at the time of interview, observational notes will be written right after each interview.

4.6.2   Documents:

During the interviews, it will be checked with the participants if they can share some non-confidential documents or internet sites where more information will be available regarding company's marketing strategy and its digitization. Also, several related documents will be collected from different reliable sources like IDC (International data corporation) or official sites of the company or articles in the recent magazines. All the information will be gathered by reviewing the documents from various sources to get insights on the company's strategy to gain competitive advantage and its relationship with the usage of the digital platform for marketing processes such as Segmentation.

4.7   Data analysis:

Analysis helps to bring insights to the collected raw data by drawing inference after repetitive observation. The collected raw data will be will be in text format and it cannot be quantified as it followed qualitative research method. According to Wahyuni (2012) through data analysis, researcher tries to find out the relevance of the collected data towards the research objective and research question. He also mentioned that data analysis can be done following three steps, which are (a) Data storage, (b) transcribing the interviews and (c) filtering out the unnecessary data.

Data needs to be archived or stored methodically so that it will be possible to find out easily. Also, it will help the researcher from data being mishandled. Due to the time constraint, first level of filtration will be carried out at the time of transcribing the interviews. Transcribing of the interviews can be the first level of analysis by filtering the relevant section (Kvale and Brinkmann,2009). At time of filtering out unnecessary data, data will be anonymized by using company X and company Y in place of actual name of the companies.

Qualitative content analysis will be carried out on the clean, anonymous data collected from interview and the documents. According to Wahyuni (2012), qualitative content analysis is normally preferred in a research based on case organizations. Thematic analysis will be used for this qualitative content analysis which will extract the themes from the collected information. As a first step of the thematic analysis, it will be tried to find the pattern so that a theme can be established.

4.8   Ethical considerations:

Ethical consideration is an important topic in any research involving people. According to Robson (2011), it needs to be assured before involving the people that there will not be any harm caused to them due to this research. Ethical consideration indirectly helps the study to get more insights or more involvement from the required people.

For this research, interviews will be conducted with the people from the selected retail companies. Confidentiality and anonymity of the interviews will be maintained, and it will be informed at the time of initiating the interviews. Also, the name of the company will not be mentioned in any part of the research. Researcher will take care about the research report in a way so that company or the person involved in the interview cannot be predicted based on the provided information. This will eventually help the interviewer to get honest, un-biased response from the participants. So, to be more precise, a consent form will be provided to the

participant before each interview and this consent form will be signed by both participant and the researcher to maintain confidentiality and anonymity of the interviewee.

4.9 Conclusion:

There are different research methods, approaches or philosophies to conduct a research. But, it is necessary to provide justification behind choosing a research method, approach or philosophy to conduct a research. So, in this chapter, it has been tried to understand the research method, approach and philosophy which will be suitable for this research. Also, the rationale behind selecting a particular option has been mentioned. It additionally provides a structure to the research. Researcher has been chosen case study method with inductive approach and interpretivism philosophy to conduct this qualitative study.

There are several limitations for this research which needs to be considered. One major limitation is due to allocated resource specially time. Also, it was not possible to conduct interview with all the important participants due to time limitation. There is specific limitation to use case study method as a research methodology. According to Yin (2014), due to the lack of any systematic approach in case study method, sometimes it can lose reliability. So, the selection of the cases and interviewers are very important for this research. Researcher has already provided required weightage on selection of the retail firms and interviewees by purposive sampling to overcome this limitation. Also, it is required to track of the research related activities by researcher as there is no specific method to understand the progress of the on-going research.

Defining the research methods correctly and understanding the research limitations will help the researcher in the next chapter of this study to find and analysis the outcome based on research objective.

5. FINDINGS & ANALYSIS:

5.1 Introduction:

The research question and the corresponding research objective are already mentioned in the previous chapter of Research Question and Objectives. Also, there are few additional questions which are defined to understand the sub-objectives of this study. By analysing these sub-objectives with the help of information collected from primary and secondary data sources, will help in a methodical approach to gain insights regarding the ultimate research objective. These sub-objectives are:

- Importance of segmentation in retail firm

- Effect of using digital platform for Segmentation in Retail firm

- Competitive factors in retail industry in Europe

Further discussion will be carried out based on these sub-objectives to understand if the retail firms can gain competitive advantage with the help of digital platform in their segmentation process. The information collected from different case study sources such as qualitative interviews with the marketing officials, official documents available over internet will be used for analysis. It has been observed that a set of themes which are occurring recurrently under each sub-objective. These themes could be related to the firm's strategy for competitive advantage. Also, to provide correct weightage, job title of the interviewees will be used to refer their statements.

5.2   Themes:

Objectives	Important factors for Competitive advantage	Challenges for Competitive advantage	Strategies for Competitive advantage
Theme 1:	Customer experience	Integrating multiple channels	Differentiation
Theme 2:	Highly focused targeting	Data Volume and data quality	Focus
Theme 3:	Cost efficiency	Knowledgeable resources	Cost leadership

Table 1 - Themes

5.3   Case Study - "Company X":

"Company X" is a 23-year-old omnichannel home shopping company having presence internationally in Germany, Austria, Switzerland, Italy and Russia. This is an innovative home shopping company having wide product range in home accessories and fashion products including Jewellery categories. Company X is a digital only retailer having strong presence in social media, ecommerce, m-commerce(mobile) and TV channels. Company X has almost 1400 employees with high year-to-year growth in 2017 with total revenue of euro 821 million. Also, this company has large consumer base through its digital media channels. It sold its product to almost 8 million customers over the years with 1.5 million active customers in the company's marketing digital system which is used for targeting. The unified user-friendly commerce applications across all the devices such as smartphone, tablet and desktop have helped company X to gain more than quarter of the total revenue by growing consumer base over 50% over a year. Company X's close association with digital media along with leveraging digital marketing channel focusing on highly personalized customer acquisition, made this

company a perfect case for our study. For this research Company X helped to arrange qualitative interviews with the employees from Marketing department to understand the marketing strategy and benefit and challenges of using digital platform for segmentation and how it is affecting the competitiveness in the online retail market. Also, data and annual report were collected from the Company X's website to understand the overall performance of the company over the years.

5.3.1 FINDINGS & ANALYSIS of Company X:

5.3.1.1 Sub-objective 1: Importance of segmentation in retail firm

Each interviewee was asked the questions corresponding to this sub-objective to understand the importance of the segmentation in their firm. Also, the questions were asked to understand if segmentation has a major role in marketing strategy so that it can be a factor for their firms to gain competitive advantage.

Two interviews were conducted with marketing manager and marketing analyst of Company X. In both the interviews, the importance has been given to segmentation and focused targeting. Marketing Manager of Company X stated that,

"it is really important to have proper planning, segmentation and campaign success measurement"

Whereas Marketing Analyst of Company X stated that,

"Oh, that is difficult one as it changed with the time. If you ask me today, consumer profiling and focused targeting are with high priority."

Customer experience:

Besides stating importance of segmentation, customer experience has been mentioned as the main focus of the marketing strategy by Marketing Manager of Company X,

"our company is totally focused on providing unique shopping experience across all channels."

He further stated that, Company X provides customers omni-channel experience across all the channels. To maximize the benefit of customer experience and add more value to the customer, it is required to understand the behaviour of the customers and segmentation plays a role.

"It is must to understand the customers and gain insights of their activities to provide best customer experience. I think segmentation plays critical role in that as it finally provides a group of customers based on that learning."

Also, when the similar questions asked to the Marketing analyst of Company X regarding their marketing strategy and role of segmentation, even though there were some new facts regarding marketing efficiency, he mentioned that customer experience is ultimatum in modern day retailing.

"We really bother about the customer experience. We have changed with the time and always got the best in the market to give best customer experience."

He further added that the taste of the customer has changed significantly as customers expect offers or services personalized for his needs rather than mass discounts.

"Today's customer will be happier to see a personalized offer for him rather than discount for everyone."

It clearly opens up another direction to maximize customer experience by adding values by targeting customers with personalized offers.

Highly focused targeting:

In the interview with Marketing Analyst of Company X, some interesting points came out regarding their focus on mass marketing. Company X was initially focused on mass

marketing using TV media and it continues. But, the management has realized the need of focused marketing and shifted the strategy towards multi-channel personalized marketing.

"We used to do mass marketing heavily using TV media. We still do, but management has understood that it is not future. We have to be in a channel where customers spent most of his time and it is not TV anymore. There are many channels and you can see the role of segmentation here."

Also, this change of trend can be observed from the conversation with the Marketing Manager of Company X. He stated that,

"Since start, we were focused on digital channel and our online shop went live at the end of 1998 and it gave a great platform for future channels. Also, we had a good business in TV media. But, overall there was a huge change in marketing process."

The basic necessity of a company to be able to execute highly focused marketing, is the usage of innovative technology. This is supported by another statement of the Marketing Manager of Company X,

"Our company strategy is to provide omni-channel customer experience based on latest innovations in technology to fulfil all the customer needs. This sets apart us from our competitors."

Cost Efficiency:

Cost efficiency also evolved in the interviews indirectly. In the interview with the Marketing Manager of Company X, it was mentioned that there is a need to reduce IT overhead to reflect the benefit from the revenue perspective. Digital platform helped their business to run most efficiently for 24 hours a day and 365 days in a year, which could be near to impossible otherwise. So, the system is always live to store customer interactions or newly registered

customers which changes the list of segmented customers automatically for any pre-scheduled campaigns. It was observed from the statement of Marketing Manager of Company X,

"We are running our business in every minute in a year. So, capturing, analysing and responding customers in real time is a big challenge. But, we are almost there with the use of Digital Marketing software. Also due to the initial investment for the digital platform in marketing, it is required to reduce IT overhead to see the financial gain."

It was supported by the statement of Marketing Analyst of Company X as he mentioned that there is a need of leaner marketing department which means less number of efficient human resources to run the business with the help of digital platform.

"Which management thinks will make the marketing team lean and effective at the same time."

This will reduce the cost of the marketing process over a long run and at the same time will use the customer information in most efficient way by affecting the segmentation and campaign on real time without additional manual intervention.

5.3.1.2 Sub-objective 2: Effect of using digital platform for Segmentation in Retail firm

At the time of discussing the questions related to segmentation as a part of previous objective with the interviewees, digital platform came into the discussion multiple times. Also, it has been observed from both the interviews regarding the shift of marketing paradigm due to huge impact of digital platform.

Customer experience:

From both the interviews, it has been observed that the term Customer Experience is evolved in Marketing by the concept of adding values to the customer through different

channels. In the interview with Marketing Analyst of Company X, he has stated an example based on the use cases of his company to mention how the customer experience can be the result of the marketing process using digital platform and how it can be linked with the segmentation. He stated,

"Let me give you one example, as a user of all these channels, you are moving from one channel to other very frequently. Suppose, you are browsing some products in ecommerce page and closed the ecommerce App. In next few minutes, you moved to your social media profile in Facebook or twitter. If the company cannot engage with the customer once the channel is shifted, you lost the digital marketing race. It is not easy, but this is the goal. Once you will open your Facebook account, as a company if I can provide you an offer on the product you browsed in our ecommerce channel, we are with you. So, we are anytime, anywhere and in any channel. We need to segment customer in one channel based on its behaviour in another channel. That is digital world for marketing. Our company is doing this every moment, and this is customer experience for me."

As he mentioned rightly, by combining all the channels at the same time and selecting a customer group to target by segmenting the customers using digital platform, can bring the best customer experience and help the company to achieve direct benefit of revenue generation or increase of positive customer sentiment. The positive impact of engaging customers across channels using digital platform and segmenting customers based on their behaviour, are supported by the Marketing Manager of Company X as well. He mentioned,

"It is really important today as people spend a significant amount of time in social media, mobiles. We engage with the customers in all of these channels. Our e-commerce and mobile segments have grown twice as fast as other sectors. Also, social media helps to understand the sentiment of the customers. So, we are focused heavily on those channels."

So, both the interviewees agreed on the point that the use of digital platform for marketing process including segmentation helped their company to provide better customer experience.

Highly focused targeting:

In the previous discussion, we observed that how both the interview participants agreed on the use of digital platform for segmentation process to engage customer across channels to provide better customer experience. This customer engagement is not possible without highly focused targeting. So, highly focused targeting can be observed as necessity based on the interviews. Also, Marketing Manager of Company X mentioned,

"Segmenting customers based on their behaviour patterns. Yes, it was more critical due to multiple touchpoints."

Marketing Analyst mentioned some other techniques of segmenting customer data in the Company X, which is nothing but the highly focused targeting. He stated,

"we need to segment customers based on channels."

"we segment customers based on their sentiment in Facebook"

Based on the interviews, these are the different ways of segmentation which can only be done correctly and efficiently with the use of digital platform.

Cost Efficiency:

Cost efficiency is another factor which has come up indirectly in the interviews as a result of using digital platform for segmentation. Marketing Manager of Company X stated,

"using digital platform our marketer can drill down to huge customer base quickly and can gain more insights without any involvement of business intelligence team"

It clearly supported by Marketing Analyst of Company X,

"it's a very small team what we have for DACH region"

That clearly depicts the lesser need of specialized skilled resources due to the introduction of digital platform for segmentation, which can reduce the cost of the marketing process significantly.

Another interesting point came out in the interview with Marketing Analyst that due to shift from mass marketing to focused channel-based marketing, overall channel marketing cost also reduced drastically. As he stated,

"Channel marketing cost reduced a lot, we are not on TV anymore with our previous frequency"

Also, time is always a critical factor to reduce the cost of a business process. Both the interviews supported that the time-to-react is reduced due to the use of digital platform for segmentation. Marketing Manager of Company X stated,

"we were able to save time due to this digitization"

Marketing Analyst of Company X categorized it as an important component. He mentioned,

"And most importantly, everything is in real-time"

The reduced time-to-react does not only decrease the cost of the process, it also benefits the company by adding more value to its customers.

5.3.1.3 Sub-objective 3: Competitive factors in retail industry in Europe

It has observed from the interviews that there is a shift of competitive factors as well with recent technological changes. In earlier days, competitive factors were mostly based on

providing quality products or services and providing mass discounts. But, these are not sufficient to be competitive due to saturated retail market in Europe. As a result, there are new competitive factors evolved over the years based on customers' changed behaviour and technological advancement. Marketing Analyst of Company X mentioned,

"Retailing is no more product or service focused."

"It is no more mass discounters, who had a major share in European retail market"

Customer experience:

Similar to the discussion regarding the importance of segmentation and effect of using digital platform for segmentation, customer experience has been mentioned by both the interviewees as a major competitive factor in European retail industry. Marketing Manager of Company X mentioned,

"It is all about providing omni-channel customer experience by connecting all the touchpoints with a customer"

So, providing omni-channel customer experience is mentioned as a competitive factor, which is supported by Marketing Analyst of Company X who mentioned the shift of focus in retailing towards customer. He stated,

"it's only focus is customer"

Highly focused targeting:

"knowing their customer better and act accordingly"

"they need personalized products for them."

These were the two statements which were observed in the interview with the Marketing Manager and Marketing Analyst of Company X, when they were explaining about competitive

factors in European retailing. Both the statements support highly focused targeting. It is only possible if the customer information can be converted quickly to the actionable items, which can be achieved only by highly focused targeting using digital platform for segmentation. So, focused targeting can be a competitive factor in European retail market indirectly as it helps to provide much desired customer experience.

Cost Efficiency:

From the European retail market perspective, cost is not the most critical factor, but it has to be competitive which is supported by Marketing Analyst of Company X. He stated,

"Also, the price has to be competitive at the same time by providing added values to the customers"

As per his comments on this, price has to be competitive as expected but it cannot be a competitive factor for a retail firm in European market if it cannot differentiate by providing some added values to the customer.

Even though different competitive factors and effects of digital marketing and segmentation have been discussed, the interview participants were also asked directly regarding their thought of competitive advantage and using digital platform for segmentation. Both the interview participants agreed that the usage of digital platform for segmentation can provide competitive advantage and they claimed that Company X also gained competitive advantage in European region for the same reason. Marketing Manager of Company X mentioned,

"Most of the firms do not provide omni-channel experience to the customers till today where we are front-runner."

Marketing Analyst of Company X clearly stated,

"digital marketing is the way to gain competitive advantage. Otherwise, you cannot provide customer experience, cannot engage with your customers."

Also, he mentioned that it cannot be achieved without using digital platforms for segmentation stating,

"It is not possible to segment this huge customer base in old-school way without using digital platform. Also, you have to put lots of manual effort at every step."

But, one interesting point came up in the discussion with Marketing Manager of Company X where he mentioned,

"As most of the companies are starting to use digital marketing tools and shifting focus towards marketing, it is important to have efficient use of the tools to have better competitive advantage."

That means, it is not all about using digital platform for segmentation or marketing processes, if you do not have segmentation strategy to efficiently utilize the capabilities of digital platform, it is not possible to gain competitive advantage. This clearly opens up another new direction of research.

5.4 Case Study - "Company Y":

"Company Y" is a more than 150-year-old prestigious UK-based luxury brand company which is pioneer in the fast adaptation of digital technology, especially in Marketing division. Their main products are cosmetics, clothes, accessories and perfumes. Their business is spread over 65 countries in all the continents across the globe. Most significantly, Company Y started their business with online only store in many countries and came up with physical stores later. They

were not only the early adopter of digital technology, also changed the company's vision in 2006 keeping priority on digital transformation. In the luxury brand market, Company Y is exemplary of providing omnichannel shopping experience to the customers combining online and offline channels. With 48 million online subscribers, Company Y has huge presence in social media channel, being active in 20 different platforms including Facebook, Twitter, Line, WeChat and Instagram. Company Y is also present in different digital commerce channels. Due to their digital strategy, Company Y saw a huge turnaround from an underperforming luxury brand to a strong positive trajectory with a significant market leading revenue growth in recent years. Company Y has reached a staggering 3-billion-dollar revenue in 2017. Company Y did not only use digital transformation for their segmentation and campaign processes, they used digital loyalty program to attract the customers and artificial intelligence and data analytics tools to understand the customer needs and behavior. Being a frontrunner in digital retailing space, Company Y would become a very interesting case for our study. So, by purposive sampling, Company Y has been selected as a case for our study. For this research, it was possible to arrange a qualitative interview with an employee from Marketing department to understand the marketing strategy and benefit and challenges of using digital platform for segmentation and how it is affecting the competitiveness in the online retail market. Also, data and annual report were collected from the Company Y's official website to understand the overall performance of the company over the years.

5.4.1   FINDINGS & ANALYSIS of Company Y:

5.4.1.1   Sub-objective 1: Importance of segmentation in retail firm

Each interviewee was asked the questions corresponding to this sub-objective to understand the importance of the segmentation in their firm. Also, the questions were asked to understand the overall role of segmentation in their marketing strategy to gain competitive advantage. One interview was conducted with marketing manager of Company Y.

Due to the company's strategy to differentiate based on targeting the millennials and communicating through 20 different social media channels, segmentation was not only important for the Marketing strategy of the company, it has played a major role in overall company's digital strategy. Marketing Manager of Company Y stated that,

"Targeting and customer profiling without any doubt." – when asked regarding the most important marketing processes. Also, he added later that,

"So, you can imagine segmentation was at the heart of the company's strategy."

Customer experience:

Better customer experience was mentioned as the final objective of the digitization of the marketing process and innovations. Because, better customer experience can increase the customer engagement with the performance reward of revenue growth for the company. So, segmentation is mentioned as one of the main components in today's world to provide much desired customer experience by linking different platforms and efficiently using the combination of physical stores and online channels. Marketing Manager of Company Y stated that,

"Our company strategy was to differentiate with the competitors on the basis of digital customer experience and innovation."

Highly focused targeting:

Highly focused targeting is another outcome of the interview based on importance of segmentation. It was observed that with the change of targeting strategy from baby boomers to millennials opened up new market for the luxury retailer. So, segmentation at micro level took precedence to target the customers based on their age, demography, income, choice and channel

usages. This change of trend can be observed from the conversation with the Marketing Manager of Company Y. He stated that,

"Based on our company's strategy, we started targeting millennials having high-income. Previously, luxury brand was mainly for baby-boomers. So, you can imagine segmentation was at the heart of the company's strategy. Also, we were moving towards of becoming a social enterprise with enhanced focus on social platforms. For effective communication across social platforms, customer segmentation is real necessity."

So, with the evolving technologies, it was a real need of having highly focused targeting for better efficiency of overall marketing process. As a result, the importance of customer segmentation increased rapidly.

Cost Efficiency:

Every campaign process to communicate with the customer normally will have a cost component. The overall campaign cost is proportional with the number of consumers to be communicated within a channel. Also, each channel has its own cost structure in place. So, it is advisable to communicate with the right consumers through right channels. Otherwise, the communication will be ineffective and at the same time pricey. So, to target right audience, effective segmentation is necessity for a company. As a part of the interview with the Marketing Manager of Company Y, he mentioned repetitively regarding effective segmentation and moreover segmentation as the driver for the effective marketing. He stated,

"For effective communication across social platforms, customer segmentation is real necessity. Also, from cost perspective, segmentation is the driver. The cost of an ineffective segmentation is another bad expense for the company."

As he mentioned, there are both the sides of the segmentation. A correct segmentation can increase the consumer base drastically by effective communication with the right customer

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group, whereas an incorrect segmentation can increase the overhead expense of the company without any response from the target group. So, it is critical to be sure of a segmentation being effective.

5.4.1.2 Sub-objective 2: Effect of using digital platform for Segmentation in Retail firm

At the time of discussing the questions related to segmentation as a part of previous objective with the interviewees, they emphasized on effective segmentation. It was clear from the discussion, it is better to stop doing segmentation rather an ineffective one. Also, segmentation has become complex due to the use of multiple channels in today's world. So, it is critical and complex to define and measure an effective segmentation. Based on the interview with Marketing Manager of Company Y, it is required to observe how digital platform support the segmentation to become an effective one. In general, he stated in favor of digital platform stating,

"you need to talk in the language of our society, otherwise you will not be able to reach."

Customer experience:

In the previous discussion on 'Importance of segmentation', it was clearly observed that there is a need of effective segmentation to provide much desired customer experience to the consumers. It is also required to link all the channels to provide uniform experience to the customers. To know the customers and understand their behaviour, linking of online and offline channels is necessary. Also due to digital explosion in our society, the customer data volume increased heavily. As the Marketing Manager of Company Y stated in the interview,

"our aim was to provide same physical store experience to the customer through ecommerce channel"

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To achieve this ultimate goal, both segmentation and use of digital platform are required. He further added that,

"Social media channels accelerated the growth due to our digital strategy. We have now almost 50 million subscribers on social platforms. Due to this huge data volume, the complexity of linking different platforms and communicating with them became really complex."

So, it can be observed from the discussion that, if effective segmentation is the first step to provide ultimate customer experience, use of digital platform for segmentation is the step 'Zero' to make a segmentation an effective one.

Highly focused targeting:

There were several examples which were discussed regarding highly focused targeting. Some of the valid use cases mentioned by Marketing manager of Company Y were,

"our consumer base is the high-income group part of our society"

"Also, as a part of our strategy, major share of this consumer base is young, talented, digital savvy rich millennials."

"So, it is important to segment the customer based on their taste, choice and age. Also as we are in the business across the globe, demographic information also is important."

So, there is a clear need of segmenting based on different customer attributes including some complex parameters such as taste and behaviour of the customers. If the customer information is not used properly for targeting using digital media channels, the consequence is discussed, as he further mentioned,

"If you promote your product by traditional TV Ads and if everybody watches Youtube in place of TV, you will be already far behind in the race."

To execute this highly focused targeting effectively, digital platform will be required to be used in customer segmentation. This is supported by the Marketing manager of Company Y stating that,

"you have no other option rather than using digital platform for segmentation"

The need of highly focused targeting is clearly depicted by the interview participants along with the need of using digital platform to use for targeting.

Cost Efficiency:

Cost efficiency was clearly one reason for Company Y to move into 'Digital First' strategy according to the interview participants. According to him, it was common management thought that 'Digital First' strategy will help the company to reach right audience with right content with low cost. So, the introduction of digital platform can help a company not only to gain competitive advantage, it can help to reduce overall cost of marketing. That is the reason, use of digital platform can be beneficial to the company in both aspects. Marketing Manager of Company Y stated that,

"it was a great opportunity for a company like us to participate in cost-efficient marketing."

So, it was clear that the use of digital platform was an opportunity for Company Y to increase marketing efficiency same time by reducing marketing cost.

5.4.1.3   Sub-objective 3: Competitive factors in retail industry in Europe

The case of Company Y is exemplary in the European luxury retailing which showed how the underperforming firm can gain competitive advantage with its focused digital strategy and can become a leading company over the years. This can be observed from the statement of Marketing Manager of Company Y,

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"When we started our digital journey, we were behind our competitors. Luxury retail market was led by the French brands due to their brand positioning and marketing. But, today we are the frontrunner."

Customer experience:

Several discussions have been observed in the discussion with the Marketing manager of Company Y regarding the customer experience and how segmentation using digital platforms can help the companies to achieve this goal. It was clearly recognized as a competitive factor by the management of Company Y, which can help to grow their business in the luxury retailing as high-end market expects better customer experience besides quality, exclusive products based on their choice. So, these additional values can have critical factor to gain competitive advantage. The Marketing Manager of Company Y stated that,

"our consumer base is the high-income group part of our society who are really cautious about their selection and choice having varied taste."

In response to the question regarding European retail sector, he clearly provided precedence to customer experience and stated,

"the retail firm needs to emphasize on technology-based innovation to provide best possible customer experience across the channel by blurring the difference between digital and traditional channels".

So, omni-channel customer experience came up as a competitive factor based on the discussion on European retail industry.

Highly focused targeting:

From the discussion regarding the importance of segmentation and use of digital platform for segmentation, the need and implication of highly focused targeting was observed.

Also, by the change of segmentation strategy to target different market, Company Y was able to gain competitive advantage with highly focused targeting. Marketing Manager of Company Y stated that,

"Based on our company's strategy, we started targeting millennials having high-income. Previously, luxury brand was mainly for baby-boomers."

So, from this discussion, it can be observed that highly focused targeting can be used as a competitive factor in European retail industry if it is supported by an effective segmentation strategy.

Cost Efficiency:

Cost is always a critical factor in the European retail market, but its weightage changes based on the retail sector and their targeted audience. Even though product pricing did not come up as an important factor in the discussion, marketing cost reduction was one of the main points of the discussion. So, even though cost leadership is not critical, cost efficiency in overall marketing process can help luxury retailing to reach wide audience using different channels to gain competitive advantage.

Even though different competitive factors and effects of digital marketing and segmentation have been discussed, the interview participant was also asked directly regarding his thought of competitive advantage and using digital platform for segmentation. Marketing Manager of Company Y mentioned,

"I do not have any doubt about it. But it takes time as it is a huge change at the organizational level as well."

That means, the use of digital platform for segmentation cannot change the market position of a company. But, due to this competitive advantage and organization restructuring,

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company can see a better competitive position over the years and it was the same case of Company Y.

Another interesting observation which came out of the discussion was 'effective usage of digital platform'. He mentioned,

"We started little early compare to our competitors. So, we are still taking competitive advantage due to that. But once most of the firms will be on digital marketing platform, the firm which will provide better customer experience using digital marketing tools efficiently, will have competitive advantage."

So, as per the assumption of Marketing Manager of Company Y, effective use of digital platform is going to be most critical factor to gain competitive advantage rather than only using the digital platform.

5.5   Summary:

For the case study of this research, two companies were chosen purposefully from two different retail segments in European retail industry where both were able to gain competitive advantage based on their digital strategy. This case study based on these two companies helped to gain different perspectives of the European retail industry. Also, the interviews and the documents helped to gain valuable and required insights for our study to understand the relation of competitive advantage with the use of digital platform for segmentation in European retailing. Most interestingly, common themes were observed in all the interviews for both the companies and it helped to link the collected information with three sub-objectives of this research. Even though it was clear that use of digital platform for segmentation has a positive effect in competitive position of the company, it needs further discussion to understand if this can be used as a tool for competitive advantage in European retailing. The findings and the

analysis of the collected information of this chapter, will be used in the following chapter to discuss and conclude based on the objective of this research.

6. DISCUSSION:

To conclude upon the research objective and answer the research question based on the qualitative method of research, further discussion is required. This discussion is persuaded by the findings and analysis of the information collected through qualitative interviews and document review as it opened the scope of a debate. Even though the previous analysis is in line with observing the usage of digital platform for segmentation in European retail industry as competitive factor, there are few serious outcomes which needs further discussion and validation based on previous literatures.

The author has set out three different additional questions which could be used to answer the main research question of this study, which is:

'Do Retail firms gain competitive advantage with the help of digital platform for their segmentation process?' – A case study on a retail firm in European region.

Three additional questions are:

- **What is the importance of segmentation process in overall marketing strategy of a retail firm and how it is related with the firm's future vision?**

- **What is the effect of using digital platform in customer segmentation process in Retail firms?**

- **What are the important competitive factors in retail industry in Europe?**

Based on these three additional questions, three different sub-objectives were defined to structure the interviews. The information collected through interviews in each sub-objective level revealed three themes or common topics which are Customer Experience, Highly Focused Targeting and Cost Efficiency. These themes are related with the sources or strategies of competitive advantage based on the previous researches. So, in this chapter, the discussion will be based on these three additional questions and each statement will be critically evaluated to shape the final research objective.

Segmentation is one of the most critical factors in overall marketing strategy of future retailing -

The primary focus of the corresponding question was to check and establish the importance of segmentation as a marketing business process. It is also required to understand the criticality of segmentation process in traditional retailing when there was no other channels and digital platforms, which can enhance the weightage of the concept of segmentation. It is required for the retailers to segment a customer group and place the segment against their competitors to compete successfully at each customer segment level (Segal and Giacobbe, 1994). By comparing and gaining the competitive edge at each segment level, can provide competitive advantage to a retailer. The retailer will also be aware of how the competitors are behaving with that segment of customers. This literature was based on the traditional retailing based on physical store as the concept of using digital platform for segmentation did not evolve at that time. In another literature of similar period based on European retail market, it was showed that some of the European retail firms was able to gain success by leveraging the benefit of effective market segmentation (Konus, Verhoef and Neslin, 2008).

Besides earlier times, it is required to be validated based on recent literatures to confirm that the importance of segmentation is not suppressed by the evolution of digital marketing or using multiple channels in marketing. Due to the usage of multiple channels in today's world,

segmentation has become more critical to make marketing strategy successful (Neslin, Grewal, Leghorn, Shankar, Teerling, Thomas and Verhoef, 2006). The basic need is to segment the customers based on channels usage and their behaviour. Due to the evolution of omni-channel customer experience from multichannel customer experience, the importance of marketing segmentation for focused targeting has been multi-folded (Brynjolfsson, Hu and Rahman, 2013).

Also, in all the interviews, there is a common consensus observed regarding the importance of segmentation. Based on both the cases, it can be concluded that proper segmentation strategy can enhance the competitive position of the company in European retailing. Customer experience was also mentioned as the focus of the marketing strategy and it cannot be achieved without highly focused targeting using marketing segmentation.

Digital platform for marketing segmentation helps to use segmentation effectively overcoming common challenges -

In the previous discussion, importance of marketing segmentation has been established as a part of marketing strategy of the retailers based on previous literatures and qualitative information collected for this study. Also, it was depicted that the effective marketing segmentation can become a competitive factor for the retailers in European retail industry. In this section, it will be checked whether the use of digital platform is an absolute necessity for implementing and executing effective marketing segmentation for retailers.

Due to the digital revolution and wide spread use of digital devices across the societies, a new segment of retail customers evolved who use multiple digital channels for shopping and communicating with the retailers (Nash, Armstrong and Robertson, 2013). This segment of customers cannot be ignored in any retail market due to its characteristics which has been studied in previous literatures. As per the interviews, this sector is driven by the millennials

who speaks in so called 'Digital' language. Along with longer customer lifetime value, this segment of online retail customers buys the products or services more frequently spending more money using digital channels compare to traditional customers (Martens, Provost, Clark and de Fortuny, 2016). But at the same time, they expect better customer experience across all the channels (Schramm-Klein, Wagner, Steinmann and Morschett, 2011). This can be fulfilled only by providing omnichannel customer experience by the retailers. The interview participants mentioned the need of omnichannel experience repeatedly and shared their experience of high growth rate in last few years in their business following innovative omnichannel strategy for their customers. This argument based on previous literatures and interviews, supports the urge of retailers to invade in the digital space. But, the use of digital channels increased the complexity of overall process by multiple times. The segmentation of retail customers in multichannel environment can vary widely based on the product or service category and customer behaviour in different channels (Bhatnagar and Ghose, 2004). For example, customers categorized as e-commerce segment can be quality savvy or price sensitive or combination of both. Also, they could have specific product affinity. These characteristics can be understood by reading the customer behaviour across different channels. Finally, it is required to use this learning at the time of executing customer segmentation to make it effective. Also, it is necessary to use massive historical customer behavioural data for effective target marketing (Nash, Armstrong and Robertson, 2013). So, there are three common challenges for effective segmentation which came out of the qualitative interviews are:

- Extracting information from huge data volume

- Integrating different channels

- Quick conversion of collected information to actionable insights

This is supported by the previous literatures as well. In a research, based on historical data revealed the method that can be used by the management to extract the noisy part out from

the historical data to use it for customer segmentation based on their behaviour and trends (Murray, Agard and Barajas, 2017). But, this method can only be possible with the use of digital platforms as described in this previous research. The desired seamless customer experience can be provided only being "Digital by default" (Nash, Armstrong and Robertson, 2013). This is in line with strong emphasize given by the interview participants on using digital platform for effective market segmentation to handle massive data volume by increasing cost efficiency reducing time and consumption of other resources. Added new dimension mentioning the use of massive historical data in target marketing can provide competitive advantage in retailing (Hormozi and Giles, 2004).

Customer Experience, Highly Focused Targeting and Cost Efficiency are the main competitive factors in current European retail industry -

Interestingly, there was no discussion or emphasize by the interviewees on gaining competitive advantage over the competitors based on low price war. The importance of low price war was suppressed unprecedently by the term 'Customer Experience'. The root cause of this shift of the sources of competitive advantage is supported by the high competitiveness and level of saturation of European retail industry. This is further enforced by the slow growth in recent years in traditional retailing even though there is a significant increase in the purchasing power of the European customers (Schamel, 2018). That means, customers are ready to buy more or pay more if the retailers can add values in the customer value chain. It actually set a void in the European retail market for a new dimension of competitive advantage. In a recent study by Gartner Inc., it revealed that 85% of the fortune 500 companies will not be able to provide desired customer experience of the market (Fletcher, Radcliffe, Thompson, Sarner, Kimberly, Davies, Stakenas, Herschel, Sengar and Sussin, 2012). It was further supported by another study on European retail industry. It was observed that only 25% of European retailers have the proper framework for supporting omni-channel customer experience even though it is

on the priority list of most of the retailers (UPS, 2016). So, there is huge space in the European retail market to gain competitive advantage by adding customer value through omnichannel customer experience based on customer needs. According to Porter (1985), companies can gain competitive advantage by differentiation if they can add value in the customer value chain. As 'Customer Experience' is a 'New' way of adding values to the customer in European retailing, it can be classified as one of the competitive factors for this market.

Highly focused targeting can alleviate the process of effective segmentation to provide omni-channel customer experience to the customers. It was mentioned several times in all the interviews along with real life examples regarding its effect in European retail industry. Highly focused targeting can be seen as a segmentation strategy to make it effective. The interview outcome regarding highly focused segmentation was supported by the previous literatures. With the help of targeting micro segments, companies can position their products in front of customer in a better way (Dupre and Gruen, 2004). It was further mentioned that the targeting a very specific segment with a specific product can bring "Strong incentive" in retail industry. This use of micro segments for targeting is the outcome of the highly focused targeting. So highly focused targeting can be categorized as a competitive factor in European retail industry.

Cost efficiency has been mentioned as a critical competitive factor even though there is a reduced trend of competition over low price. This has varied reasons of being a competitive factor in European retail industry. First, in the interviews, it was revealed that the cost of digital media channel is much less compare to mass marketing through traditional marketing channel like television. This revelation is also supported by some previous literatures. Companies can reduce the marketing cost by introducing digital technology (Teo and Pian, 2003). This cost savings is caused by reduced cost of marketing segmentation and campaign due to less expensive digital media channels. This advantage was already foreseen and according to Porter (2001) the cost reduction with the introduction of technology, can change the market dynamics

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and the way of doing business. Also, the reduction of the number of human resources, can make the company cost efficient and at the same time it gets advantage of reduced time-consumption, inefficient paper works. The interviewees also mentioned that the efficiency of digital platform helped to operate efficient marketing process with less number of employees. This reduced cost of using technology can help a company to gain cost leadership. According to Porter (1985), cost leadership is a source of competitive advantage in an industry. Also, the initial implementation of digital platform and installing the infrastructure to execute efficient segmentation process need huge investment in company's marketing side. It can make the company cost efficient over the time, but the need of initial investment can bring another barrier to entry in retail industry. So, it clearly establishes the cost efficiency as a competitive factor in European retail industry.

Retail firms can gain competitive advantage using digital platform for Segmentation in European retail industry -

This study has been structured in such a way that there can be a logical conclusion of the research objective based on the findings and discussion of defined sub-objectives. From the research findings and discussion on 'Importance of Segmentation', it has been observed and established that market segmentation is one of the most critical concept in retail marketing from earlier days. Also, due to the digital revolution in recent time, the importance of market segmentation has been increased rapidly. This helped to understand that whether market segmentation is as important as a process which can impact the competitive advantage in European retailing. Based on the previous literatures and research findings, it can be concluded that segmentation is a powerful tool that can impact the competitive advantage. But, it needs to be effective and supported by the strategy of the firm. Otherwise, segmentation will not be used to its maximum power and it will not be able to provide competitive advantage to the firm.

For this reason, next sub-objective was chosen to study the effect of using digital platform for segmentation to check if it can support to make a segmentation effective. Based on the research findings and the previous literatures, the use of digital platform can help a segmentation to become effective. Also, the use of digital platform has been portrayed as a must for the European retailers to have an effective segmentation. At the same time, the need of having an effective segmentation strategy has been revealed in this study for an effective segmentation. Also, it can be observed that the effective segmentation using digital platform helps a retailer to gain the competitive factors like customer experience to differentiate, highly focused targeting to focus on a segment and cost efficiency to have cost leadership in the market. According to Porter (1985), differentiation, focus and cost leadership are the three strategies which in general help a firm to gain competitive advantage. But, before concluding, it is required to understand that even though effective segmentation is an important step to achieve all these competitive factors, there are other important steps. Inefficient use of these steps in a company can neutralize the competitive advantage gained by the effective segmentation. According to Porter (1985), these important steps are the value chain activities which are linked internally in a company and help the company to add additional values to the customer directing towards gaining competitive advantage. Effective segmentation is one of these value chain activities. So, the retail firms can gain competitive advantage in European retail market by using digital platform for segmentation. But, this will be temporary gain if the linked value chain activities are not executed efficiently. Using of digital platform in segmentation can help a European retailer to gain sustainable competitive advantage if it is supported by an effective company strategy and efficient execution of related processes.

7. Limitations of this Study:

Main limitation of this study was time. The study was affected by lack of time in different ways. It was not possible to arrange more than three interviews due to time constraints of this study. It was also bound the researcher to go through main documents due to limited time without taking deeper look into additional documents. This could have effect of missing a perspective of this study.

Another limitation of this study was limited information collected through the interviews. Even though, the quality of the interviews was really good, there is still possibility of biasness or missing some critical factors due to less number of interviews. Because, it was totally dependent on the perspective of the interview participants and his state of mind at the time of interview.

In general, this study holds the limitations of case study research method. Case study method with a limited source of information has been criticized in several literatures due to the availability of lack of instances to generalize the context of the study. Single case study may need a high level of interpretation and generalization which can reduce the credibility of the outcome of the study. (Holloway and Galvin, 2016)

Overall, these limitations were tried to overcome by properly structuring the interviews so that it can provide quality insights regarding the research topic. Also interview participants were chosen purposefully so that relevant information can be gathered in short time.

8. CONCLUSION:

This study used case study method to explore whether the retail firms can gain competitive advantage in the European retail market by using the digital platform for segmentation process. The study gained insights on the research objective by focusing on two retail firms having different characteristics. Based on the qualitative methodology, interviews were arranged with the concerned persons from the marketing department to understand real-life experiences on the research context. It reduced the implication of the limitation of this study of having resource constraints e.g. time, interview participants.

Even though, there are very limited literatures available on the research objective, many literatures are available on the related topics. These literatures have been discussed comprehensively in the literature review section to understand the importance of segmentation in European retailing and the effect of using digital platform for segmentation. Also, the competitiveness of the European retail market is discussed based on the previous literatures.

Based on the objective of the research, three sub-objectives were defined. Qualitative interview questions were structured around these three sub-objectives. Also, there were three themes which were observed in the response of the interview participants. These three themes which gained importance in the arranged interviews, emerged as competitive factors in European retail industry. This structure of the study helped to reach to meaningful conclusion of the research objective which is, European retailers can gain competitive advantage by using digital platform for segmentation. But, it sustains for a longer time only if this effective segmentation process is supported by the company's strategy and efficient execution of the related processes.

This research revealed a new direction where digital platform of segmentation process can be seen as a strategic tool which can help to gain competitive advantage. Further research

is required to understand how the competitive factors will evolve once most of the firms will have digital platform for segmentation and how the equation of competitive advantage can change with the way of using that digital platform. So, it clearly opens the scope of new researches on the related topics to understand the future implications of the conclusion of this research.

APPENDICES:

Appendix 1 - Interview guide:

As a part of this study, interviewing will be used as a tool for the primary research. These interviews will be completed by the researcher herself to understand and analyse further. These interviews will be structured based on the research question of this study.

'Do Retail firms gain competitive advantage with the help of digital platform for their segmentation process?' – A case study on a retail firm in European region.

By investigating the outcome of the primary research, the researcher will hopefully gain some insight regarding the additional questions which will lead them to conclude the primary research question based on retail firms in European region:

1. **What is the importance of segmentation process in overall marketing strategy of a retail firm and how it is related with the firm's future vision?**

The primary focus of this question is to establish the importance of the research term 'Segmentation' for a retail firm. Also, it will lead to understand the strategic value of the segmentation tool in a firm's overall vision. According to Infinity, R 0003 (2018) Segmentation is one of the strategic tool in today's world in developed economy to provide much awaited seamless customer experience to the consumers. There are already few research articles regarding the importance of segmentation process in different types of retail firms. Still, this question will be analysed as it will help to establish the base of the overall research. So, there will be few questions in the interview based on the objective **'Importance of Segmentation in Retail firm'**.

2. **What is the effect of using digital platform in customer segmentation process in Retail firms?**

According to the IBM Institute for Business Value (2011), global CMOs suggest, it is required to use digital marketing tools to target the challenges of understanding and using explosive amount of consumer data available over the internet in this digital era. In another study on the usage of the digital marketing tool, it is revealed that assessing the outcome of using digital marketing tools and its over emphasis on the younger generation, are two drawbacks which need to overcome. (Leeflang, Verhoef, Dahlström and Freundt, 2014). The challenges around using this must-have digital tools for the important marketing process like segmentation, will increase the weightage of the analysis of this question in this study. So, there will be few questions in the interview based on the objective **'Effect of using digital platform for Segmentation in Retail firm'**.

3. **What are the important competitive factors in retail industry in Europe?**

Considering European retail industry, one of the major competitive factors is the buying power of the firm which is indirectly linked with selling power and the consumer base of the firm (Dobson, Clarke, Davies, and Waterson, 2001). Also, there is a need of gaining competition over different innovative factors besides decade old war on low price across the retail firms (Colla and Dupuis, 2002). It is required to focus on this question to understand the dynamics of European retail market and different strategies which can be used as competitive factors of a retail firm. So, there will be few questions in the interview based on the objective **'Competitive factors in retail industry in Europe'**.

4. **Do the retail firms gain competitive advantage by using digital marketing tool?**

As a part of strategic marketing process, Segmentation is already considered as a key to gain competitive advantage. According to Cahill (1997) two simple factors of gaining

competitive advantage of a firm is to (i) finding a right segment of customers and (ii) right offerings to target a segment. But, the focus of this question will be to understand if the use of digital marketing tools for segmentation alleviate the process of gaining competitive advantage. Also, subsequently it will help the researcher to understand the improvement factors of the digital platform in segmentation and the current drawbacks. Finally, it will lead towards the necessity of using a digital marketing tool in this digital era to gain competitive advantage in European retail firms. So, there will be few questions in the interview based on the objective **'Competitive advantage of using digital marketing tools'**.

Interview topics and questions:

Before start of the interview, the primary objective of this research will be explained to the participants so that their answers align with the main topic of analysis. Also, a consent form will be signed so that the audio recording of these interviews can be used at a later stage for further investigation and analysis to reach the objective of this research work. Before jumping into the interview questions, it is important to understand the different roles in a marketing organization, who will be interviewed.

Different marketing roles:

Role	Responsibility
Chief Marketing Officer(CMO)	To take care about the overall marketing strategy of a company and to oversee the right implementation of the strategy.
Marketing Manager	To manage all marketing activities for one or multiple products and services and to align with the marketing strategy of the company.
Marketing Executive	To understand the product offerings and customer profile so that effective marketing campaigns can be planned and implemented.
Marketing Expert	To understand and execute daily marketing processes and evaluating the effectiveness of the processes based on different parameters.

Interview questions:

Question Number	Role	Topic	Question
1.	All(Marketing Manager, Marketing Executive, Marketing Expert, Chief Marketing Officer)	General	**Tell me about yourself and your current role.**
2.	All(Marketing Manager, Marketing Executive, Marketing Expert, Chief Marketing Officer)		**Tell me briefly about your experience with regards to changes in the marketing processes or techniques over the years?**
3.	All(Marketing Manager, Marketing Executive, Marketing Expert, Chief Marketing Office)	Importance of Segmentation in Retail firm	**What are the top three most important marketing processes over the years?**
4.	Marketing Manager, Marketing Executive, Chief Marketing Officer		**What is the overall marketing strategy of your company in few sentences?**
5.	Marketing Manager, Marketing Executive, Chief Marketing Officer		**How is your marketing strategy aligned with overall strategy of the company? What is the role of segmentation?**
6.	All (Marketing Manager, Marketing Executive, Marketing Expert, Chief Marketing Office)		**What are the challenges of implementing current marketing strategy smoothly?**
7.	Marketing Manager, Marketing Executive, Chief Marketing Officer	Effect of using digital platform for Segmentation in Retail firm	**What are the effects of social media, mobile marketing, e-commerce on overall marketing process?**
8.	Marketing Manager, Marketing Executive, Chief Marketing Officer		**What is the role of technology in today's marketing process for your company?**
9.	Marketing Manager, Marketing Executive, Chief Marketing Officer		**What is the marketing segmentation strategy of your company? Is there any change due to the multiple touchpoints across various channels with the consumers?**
10.	All(Marketing Manager, Marketing Executive, Marketing Expert, Chief Marketing Office)		**What are the main benefits of introducing digital platform for segmenting consumer base?**

11.	Marketing Manager, Marketing Executive, Chief Marketing Officer		**What are the KPIs to assess the effectiveness of the usage of digital platform in segmentation?**
12.	All(Marketing Manager, Marketing Executive, Marketing Expert, Chief Marketing Office)		**What are the benefits of traditional marketing process over the digital marketing process?**
13.	All(Marketing Manager, Marketing Executive, Marketing Expert, Chief Marketing Office)		**How the current digital marketing tool can be improved to have better segmentation process?**
14.	Marketing Executive, Chief Marketing Officer	Competitive factors in retail industry in Europe	**What is your current position in European retail market?**
15.	Marketing Executive, Chief Marketing Officer		**How volatile or competitive is the retail industry in Europe?**
16.	Marketing Executive, Chief Marketing Officer		**According to you, what are the most important factors for a retail firm to be in competition in Europe?**
17.	Marketing Executive, Chief Marketing Officer		**How will you assess European retail market compare to global market?**
18.	Marketing Manager, Marketing Executive, Chief Marketing Officer	Competitive advantage of using digital marketing tools	**What is the strategy of your company to gain competitive advantage?**
19.	Marketing Manager, Marketing Executive, Chief Marketing Officer		**What is the importance of Marketing processes to gain competitive advantage?**
20.	Marketing Manager, Marketing Executive, Chief Marketing Officer		**Do digital marketing tools help to gain competitive advantage in today's market? If yes, how?**
21.	Marketing Manager, Marketing Executive, Chief Marketing Officer		**What was the effect of introducing digital marketing process from organisational change perspective?**

Appendix 2 - Interview Sample for Company X:

Question	Reply(Marketing Manager)	Reply(Marketing Analyst)
Tell me briefly about your experience with regards to changes in the marketing	**That is a great journey over the years as we went through lots of transition since we started. Since start, we were focused on digital channel and our online shop went live at the end of**	

processes or techniques over the years?	1998 and it gave a great platform for future channels. Also, we had a good business in TV media. But, overall there was a huge change in marketing process. Initial days, we had very basic tool sometimes excel for segmentation and grouping the customer, which cannot be used today with so many channels. So, it was a great to move to digital platform which made it easy, quick, efficient and more detailed.	
What are the top three most important marketing processes over the years?	For our organization, it is really important to have proper planning, segmentation and campaign success measurement.	Oh, that is difficult one as it changed with the time. If you ask me today, consumer profiling and focused targeting are with high priority.
What is the overall marketing strategy of your company in few sentences?	I already mentioned the focus on analysing the success of the campaign. As our company is totally focused on providing unique shopping experience across all channels at the same time, successful campaigns are really important. So, the main aim is to increase revenue by most effective campaigns minimizing resources.	It is all about digital transformation of marketing process. Which management thinks will make the marketing team lean and effective at the same time.
How is your marketing strategy aligned with overall strategy of the company? What is the role of segmentation?	Our company strategy is to provide omni-channel customer experience based on latest innovations in technology to fulfil all the customer needs. This sets apart us from our competitors. It is must to understand the customers and gain insights of their activities to provide best customer experience. I think segmentation plays critical role in that as it finally provides a group of customers based on that learning.	We really bother about the customer experience. We have changed with the time and always got the best in the market to give best customer experience. That is the strategy of our company and marketing has a huge role. If you are not engaged with the customers, you are nowhere. And marketing does that. We used to do mass marketing heavily using TV media. We still do, but management has understood that it is not future. We have to be in a channel where customers spent most of his time and it is not TV anymore. There are many channels and you can see the role of segmentation here.

		Today's customer will be happier to see a personalized offer for him rather than discount for everyone.
What are the challenges of implementing current marketing strategy smoothly?	**We are running our business in every minute in a year. So, capturing, analysing and responding customers in real time is a big challenge. But, we are almost there with the use of Digital Marketing software. Also due to the initial investment for the digital platform in marketing, it is required to reduce IT overhead to see the financial gain. Otherwise, it is difficult to see the positive effect of current marketing strategy.**	**Collecting and maintaining quality data is a huge challenge. May be this is for me as I work on it day in day out. And you know if you do not have quality data, forget about segmentation, campaign. You cannot make it effective. With current digital platform, we have overcome few issues as it can generate score based on data quality of a customer. So, we segment the customers based on this score to targeting.**
What are the effects of social media, mobile marketing, e-commerce on overall marketing process?	**For us, these channels are the drivers. Marketing process is driven by them. It is really important today as people spend a significant amount of time in social media, mobiles. We engage with the customers in all of these channels. Our e-commerce and mobile segments have grown twice as fast as other sectors. Also, social media helps to understand the sentiment of the customers. So, we are focused heavily on those channels.**	**It changed the whole marketing concept and made it real complex, you know. Let me give you one example, as a user of all these channels, you are moving from one channel to other very frequently. Suppose, you are browsing some products in ecommerce page and closed the ecommerce App. In next few minutes, you moved to your social media profile in Facebook or twitter. If the company cannot engage with the customer once the channel is shifted, you lost the digital marketing race. It is not easy, but this is the goal. Once you will open your Facebook account, as a company if I can provide you an offer on the product you browsed in our ecommerce channel, we are with you. So, we are anytime, anywhere and in any channel. We need to segment customer in one channel based on its behaviour in another channel. That is digital world for marketing. Our company is doing this every moment,**

		and this is customer experience for me.
What is the role of technology in today's marketing process for your company?	Well, we are always focused on latest technology, latest innovation for our growth and we believe that is the pillar behind our success in last few years.	Yes, you can see what I told just now. Do you think it is possible without technology? No, never. We understood the need of technology and innovative use of technology and our management is behind us on this. (pause) As a company, you need to understand that your customers are using technology, if you are not using same platform to talk with your customer, there will be lack of marketing communication. Our management truly believed on this.
What is the marketing segmentation strategy of your company? Is there any change due to the multiple touchpoints across various channels with the consumers?	Segmenting customers based on their behaviour patterns. Yes, it was more critical due to multiple touchpoints. But, using digital platform our marketer can drill down to huge customer base quickly and can gain more insights without any involvement of business intelligence team.	We do campaign through Facebook, Google AdWords and not only in email. So, we need to segment customers based on channels. Also we segment customers based on their sentiment in Facebook. It helps to add some value for the customers. We spend money here not to sell the product always, but it can change the overall sentiment when customer sees the communication for their issues. Again, as I said earlier channels need to understand each other to have real customer experience.
What are the main benefits of introducing digital platform for segmenting consumer base?	As I already mentioned, we were able to save time due to this digitization and also it was possible to gain customer insights based on their behaviour and to segment based on that.	It is more planned now. Also it's a very small team what we have for DACH region. Channel marketing cost reduced a lot, we are not on TV anymore with our previous frequency. And most importantly, everything is in real-time, managing customer big data.

According to you, what are the most important factors for a retail firm to be in competition in Europe?	It is all about providing omni-channel customer experience by connecting all the touchpoints with a customer. Also knowing their customer better and act accordingly. We have already observed it in last years. Unfortunately, it is really complex to achieve and most of the firms are thriving for it.	Customer is the main in retailing in European Market. Retailing is no more product or service focused, its only focus is customer and they need personalized products for them. That is the reason marketing has an important role. It is no more mass discounters, who had a major share in European retail market. Also, the price has to be competitive at the same time by providing added values to the customers.
Do digital marketing tools help to gain competitive advantage in today's market? If yes, how?	Yes, it helps to achieve the ultimate goal which is increasing sales and revenue of the company. Also, quick conversion of customer data into an actionable insight can take a retail firm ahead of the competition. As most of the companies are starting to use digital marketing tools and shifting focus towards marketing, it is important to have efficient use of the tools to have better competitive advantage. Most of the firms do not provide omni-channel experience to the customers till today where we are front-runner.	All the competitive factors we discussed already, to gain competitive advantage. In retail market today, digital marketing is the way to gain competitive advantage. Otherwise, you cannot provide customer experience, cannot engage with your customers. It is not possible to segment this huge customer base in old-school way without using digital platform. Also, you have to put lots of manual effort at every step. So, for me it is clear Yes.

Appendix 3 - Interview Sample for Company Y:

Question	Reply
Tell me briefly about your experience with regards to changes in the marketing processes or techniques over the years?	For us, there was need for change as we were underperforming around 2006. Also, our company was not a cash heavy firm at that time. So, 'being digital' was the best possible way to use cost effective marketing channels and reach high-income consumer base. As a result, our management took the decision to step into an unfamiliar territory of digital world and changed the vision of the company keeping marketing and digital transformation as priority. As you know it was huge transformation journey for a century old company for its existence. We had to struggle a lot to change and adapt the marketing processes in new digital tool.

What are the top three most important marketing processes over the years?	**Targeting and customer profiling without any doubt. Then obviously campaign or acquisition due to so many digital channels to communicate with the customers.**
What is the overall marketing strategy of your company in few sentences?	**Technology based innovation was in the forefront of our marketing strategy. Over the years, we did not only believe on this marketing strategy, we actually practised it every day. I can give you many examples. I hope, you heard about Retail Theatre or Tweetwalk. We were the pioneer of these innovative ideas. Also, using digital platform for marketing was defined as the path to execute the overall strategy. Eventually the marketing and IT department came very close connected which was not the case in the past.**
How is your marketing strategy aligned with overall strategy of the company? What is the role of segmentation?	**Our company strategy was to differentiate with the competitors on the basis of digital customer experience and innovation. Also, the strategy was to target a different segment of customers from our competitors.** **Based on our company's strategy, we started targeting millennials having high-income. Previously, luxury brand was mainly for baby-boomers. So, you can imagine segmentation was at the heart of the company's strategy. Also, we were moving towards of becoming a social enterprise with enhanced focus on social platforms. For effective communication across social platforms, customer segmentation is real necessity. Also, from cost perspective, segmentation is the driver. The cost of an ineffective segmentation is another bad expense for the company.**
What are the challenges of implementing current marketing strategy smoothly?	**It was really challenging to connect all the platforms and digital medium channel to have customer 360 degree view due to different technologies and complexities. So, this was a real barrier for the company to provide real omnichannel experience to our customer. Also, our strategy around digital marketing was a big leap for employees to adapt with. So, there was initial challenge and we need to rebuild our team. Today we have really a young, efficient and digitally enabled team. You will be surprised to know that the average age of our marketing team is 25 years.**
What are the effects of social media, mobile marketing, e-commerce on overall marketing process?	**Social media channels accelerated the growth due to our digital strategy. We have now almost 50 million subscribers on social platforms. Due to this huge data volume, the complexity of linking different platforms and communicating with them became really complex. Also, our aim was to provide same physical store experience to the customer through ecommerce channel. It changed the overall positioning of physical store. Also, it was a great opportunity for a company like us to participate in cost-efficient marketing.**
What is the role of technology in today's marketing process for your company?	**If we need to grow, technology and innovation are the only way. So, for marketing, you need to talk in the language of our society, otherwise you will not be able to reach. If you promote your product by traditional TV Ads and if everybody watches Youtube in place of TV, you will be already far behind in the race. That is the reason, technology is so important in modern day marketing.**
What is the marketing segmentation strategy of your company? Is there any change due to the multiple	**In general, our consumer base is the high-income group part of our society who are really cautious about their selection and choice having varied taste. Also, as a part of our strategy, major share of this consumer base is young, talented, digital savvy rich millennials. So, it is really important to segment the customer based on their taste, choice and age. Also, as we are in the business across the globe, demographic information also is important. Today, this has**

touchpoints across various channels with the consumers?	been added with the use of multiple channels. So, it is required to understand the usage of different channels and segment based on that as well and target with right content.
What are the main benefits of introducing digital platform for segmenting consumer base?	'Efficiency' in one word. If you want to be frontrunner in digital space or in technology-based innovation, you have no other option rather than using digital platform for segmentation. Also, it provides great visibility of your customer data.
According to you, what are the most important factors for a retail firm to be in competition in Europe?	When we started our digital journey, we were behind our competitors. Luxury retail market was led by the French brands due to their brand positioning and marketing. But, today we are the frontrunner. I think we had a simple digital strategy, which was understood by each employee. So, the retail firm needs to emphasize on technology-based innovation to provide best possible customer experience across the channel by blurring the difference between digital and traditional channels.
Do digital marketing tools help to gain competitive advantage in today's market? If yes, how?	Well, I do not have any doubt about it. But it takes time as it is a huge change at the organizational level as well. We started little early compare to our competitors. So, we are still taking competitive advantage due to that. But once most of the firms will be on digital marketing platform, the firm which will provide better customer experience using digital marketing tools efficiently, will have competitive advantage.

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