Jump in with everyone else.
Jump in with everyone else.

Or jump out

- A suggestion for a branding strategy for Magasin

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Executive Summary

The foundation of this thesis is in branding. The research is conducted with a mix of primary and secondary as well as qualitative and quantitative data, with an overweight of qualitative data. Magasin has not managed to differentiate itself from competitors. This is reflected in the low brand equity and the weak consumer-brand relationship between Magasin and consumers. Also Magasin's identity has several major misalignments which make it difficult to achieve consistency of the brand. The market is characterized by being highly competitive and the list of competitors is extensive, as Magasin basically competes for the disposable income. Consumer behavior trends have been identified and they do not all correspond with what Magasin offers. Of the most important ones are: a high service level, inspiration, fashion, convenience, simplicity, value-for-money, good shopping experiences and identity creation. Several competitors deliver better on these attributes than Magasin does which causes consumers to shop other places. To obtain a strong positioning, Magasin should strengthen its Point of Parity and Point of Differentiation. By strengthening POP, Magasin obtains a clearer perception in consumer's minds. The POP should simply be, to act more like a department store so that consumers do not associate Magasin with for instance malls or hypermarkets. In differentiating Magasin from competitors, there are three essential areas in which to take action - experience economy, consistency and touch points. Magasin has a long history of providing superior shopping experiences to the Danish population and it should stay true to its history and values and thereby obtaining consistency. Consistency is vital in brand building and Magasin should align its identity and all important touch points to achieve this. Important touch points are the stores, the webpage and communication to consumers. These touch points ought to reflect good experiences by creating an inspirational environment, feelings of fashion, a pleasant atmosphere, a high service level, convenience, simplicity and unexpected surprises. In short, Magasin should emphasize brand relevance/legitimacy rather than price. A change in focus increases the value that Magasin adds to its brands and hence, enhances its brand equity. The British department store Selfridges has achieved success with a similar strategy, which signifies that the suggested brand strategy has potential to strengthening the Magasin brand.

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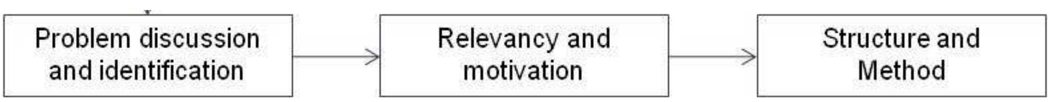
1. Introduction

"A product is something made in a factory; a brand is something that is bought by the customer. A product can be copied by a competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless." Stephen King, WPP Group, London.

For most brands, being easily recognized and recalled and achieving high goodwill are objectives. What if a brand is recognized, recalled and has high goodwill, but when consumers really want to buy something, they go somewhere else? Then, what is the brand worth? This is the case for the Danish department store, Magasin. Almost all Danes know of Magasin and the brand has high goodwill amongst consumers. Danes cannot imaging Denmark without Magasin[1], yet they prefer to go somewhere else to shop.

The above points to that a well-known brand is not enough – at least not for all brands. The question remains; how does a well-known retailer cope with the challenge of being chosen by consumers, who know what they want and are picky about brands? This thesis deals with the branding challenges that Magasin faces and gives a suggestion for a future brand strategy.

2. Method



2.1. Problem discussion and identification

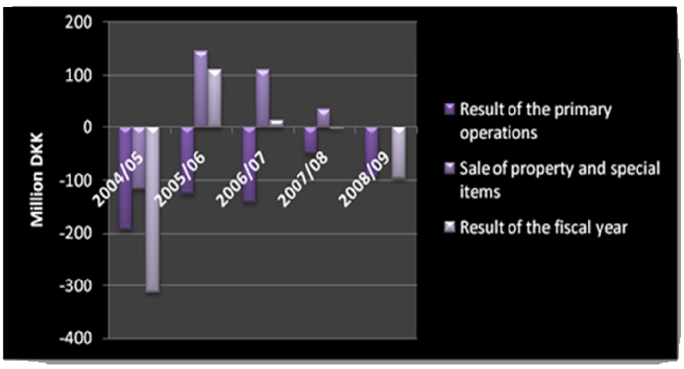
Based on the following problem discussion and identification a hypothesis is put forward, which claims that ***many of Magasin's issues can be linked to its branding strategy combined with the***

[1] Source: Torben Schwabe

whole concept of being a department store in today's market. Specifically, the hypothesis suggests that Magasin does not manage to differentiate its brand from competitors'. This hypothesis is supported by several symptoms of one or more problems that Magasin faces, which are explained in the following. The description of the symptoms is finalized with the research question, which is sought answered in the present thesis.

Throughout the years, the Danish department store chain, Magasin, has become a significant part of the Danes' shopping. The department store has a long history – dating back to 1868 – and is a part of Danish "shopping culture" [2]. Magasin is a known and respected brand and most Danes know the brand and carry some kind of associations to it. However, in recent years Magasin has experienced poor financial results[3]. Magasin's department stores now face great challenges in order to secure better results in the future. Magasin has through recent years closed down three department stores in Aalborg, City 2, and Kolding. The three stores did not deliver what was expected and were closed down[4]. This move only underlines the challenges that Magasin faces.

Figure 2.1 – Financial highlights, Magasin



Source: Magasin annual report 2008/09, page 6

[2] www.magasin.dk → Magasins historie
[3] Magasin annual report 08/09 page 5
[4] Appendix 1 (confidential)

Part of Magasin's strategy is to be perceived as "the leading department store in Denmark"[5]. Denmark has very few department stores[6], but there are numerous retailers of the same product categories/brands as Magasin supplies[7]. When a company has a broad range of product categories, the amount and range of substitutes/competitors are large too. The fact that Magasin's strategy is defined by being the leading department store in Denmark may raise doubt if Magasin mainly defines competitors as just other department stores and not as other operators supplying the same types of products and brands. If a company does not acknowledge the true –and broad - scope of their competitors, a large threat arises. It will not be able to respond to actions taken by the actual competitors and position itself accordingly. Positioning is a relative size closely connected with - and dependent on - other brands in the market which underlines the importance of defining all competitors.

Aside from competition, targeting the right consumers as well as understanding them is of pivotal importance. Magasin is a top-of-mind brand[8]. Regardless of this, it seems that either customers do not go to Magasin or do not make a purchase despite of the fact that they know the brand so well. Somewhere in the shopping process, there clearly is a concrete challenge for Magasin (this is mirrored in the poor financial results); hence *a foundation for this research is formed*.

Christmas is an important season for Magasin, which is showed through the long anticipated Christmas catalogue and turnover potential[9]. However, Magasin has plenty of products, which are perfectly suited for purchasing all year around. This indicates that Magasin is not always considered for personal consumption but merely for buying presents – regardless of the fact that the department store has all the same brands and products as many other stores. This signifies that the chain has marketing challenges.

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[5] Magasin annual report 08/09, page 7

[6] See definition of department store page 36, which limits the number to Salling (2 department stores), Illum (1), and Magasin (6)

[7] Magasin has exclusive rights for only a very limited number of brands in Denmark. Source: Appendix 1 (confidential)

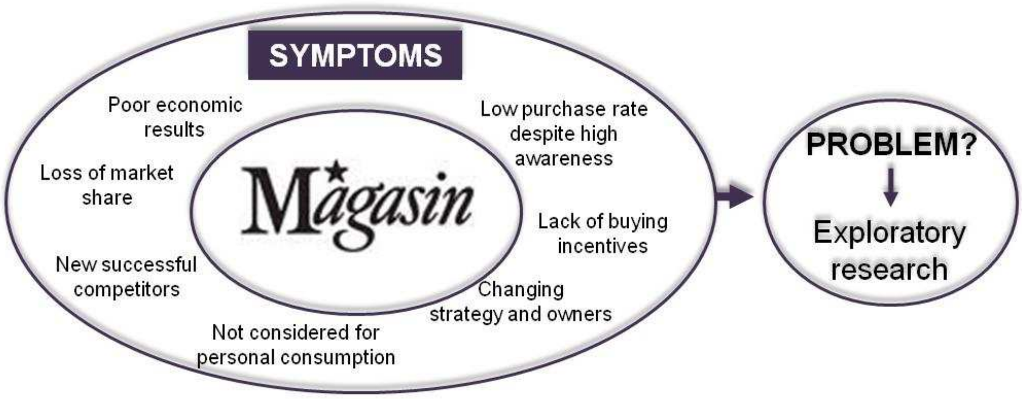
[8] Magasin has high awareness among Danish consumers. Interview with Jan Helleskov, appendix 2 (confidential), time 13.00 and later Consumer analysis

[9] Interview with Jan Helleskov, appendix 2 (confidential), time 11.00

Magasin has had numerous owners throughout its existence. The current owner is the British Debenhams, which recently bought Magasin[10]. It might be difficult for a company to keep focused when new people and thoughts continuously "interrupt" the strategy and management of a company. Therefore, it seems essential that Magasin "proves its worth" to Debenhams and convinces the British owners that the investment is profitable so that Magasin will not be sold again, but may have a chance of staying focused with a stabile management. This adds to the urgency of solving the problem(s) that Magasin faces in the Danish market.

Overall the symptoms of a more serious problem are quite easy to spot. The main-symptom is that Magasin is not making money, which is a threat for the future existence of the Danish department store chain. Poor economic results, loss of market share, low purchase-rate despite high awareness, lack of buying incentives, are all symptoms that call for a an in-depth research and analysis of Magasin and its current branding strategy. To be able to discover the underlying problems and come up with a solution, it is necessary to conduct an exploratory research. Corporate identity, brand awareness, consumer behavior, brand equity, positioning and strategy are all fields that belong to the main topic; branding.

Figure 2.2 – Problem Discussion



Source: Own production

[10] Bentow 1. Debenhams owns the brand of Magasin and not the buildings etc. Source: Torben Schwabe

It seems that branding is a major challenge for Magasin and thus where the focus of this thesis is. It cannot be rejected that Magasin faces other challenges as well – such as management/organization, supply chain management, human resource management etc. The thesis focuses on the turnover with special attention to the branding aspect, as it is believed that a better branding strategy creates higher turnover[11]. Branding theories state that a brand has the potential to impact a company's financial result significantly[12].

The hypothesis calls for an analysis of Magasin (its strengths and weaknesses), a competitive analysis (who are the competitors and how is Magasin positioned relatively to them), as well as an analysis/assessment of consumers (who are they, what is important to them and how to target them).

The main focus of this paper is within the above stated areas. We wish to come up with a suggestion for a solution to the following main research question:

Based in branding as defined by Keller[13], we wish to conduct an assessment of how to strengthen Magasin by differentiating the brand. The focal point is to analyze the concept of Magasin as a department store in relation to consumers, competition and corporate identity.

Sub-questions help answering the main research question and provide accuracy in exactly which questions are requested to be further explored and answered.

- Which competitors does Magasin face in the market and what defines who competitors are?
- Which consumer behavior trends can be spotted amongst Danish consumers – especially within shopping behavior?
- Based in Keller's CBBE Model, how do consumers perceive Magasin and how is the relationship between Magasin and consumers?

[11] Keller, page 318
[12] Keller, page 9
[13] Keller, page 2

- How can the response process be explained when applying the FCB Grid and the Elaboration Likelihood Model?

- According to brand alignment theory of Balmer & Greyser, is the corporate identity of the Magasin brand aligned?
- Which future brand strategy can be recommended to Magasin based on the findings from the above points?

2.2. Objectives and Purpose

Objectives are:

- Define branding challenges based on the analysis
- Come up with a suggestion for a solution to the branding challenges, which have the potential to increase Magasin's brand equity as a historic department store acting in a modern environment.

The purpose of the paper is to serve as a strategic analysis and to come up with a suggestion for a solution made for the "C-suite" of Magasin. The aim of the outcome is a report with strategic marketing/branding solutions based on theoretical as well as empirical research.

2.3. Relevancy and motivation

The thesis is very relevant as Magasin is currently a struggling business[14]. Consumer behavior is changing, competition becomes more intensive and new players offer their products and services. The environment is changing tremendously fast, and it may be challenging for a historical concept and brand to stay true to its values and survive in the modern battle field.

[14] Rechnagel 1 and Magasin annual report 08/09, page 6

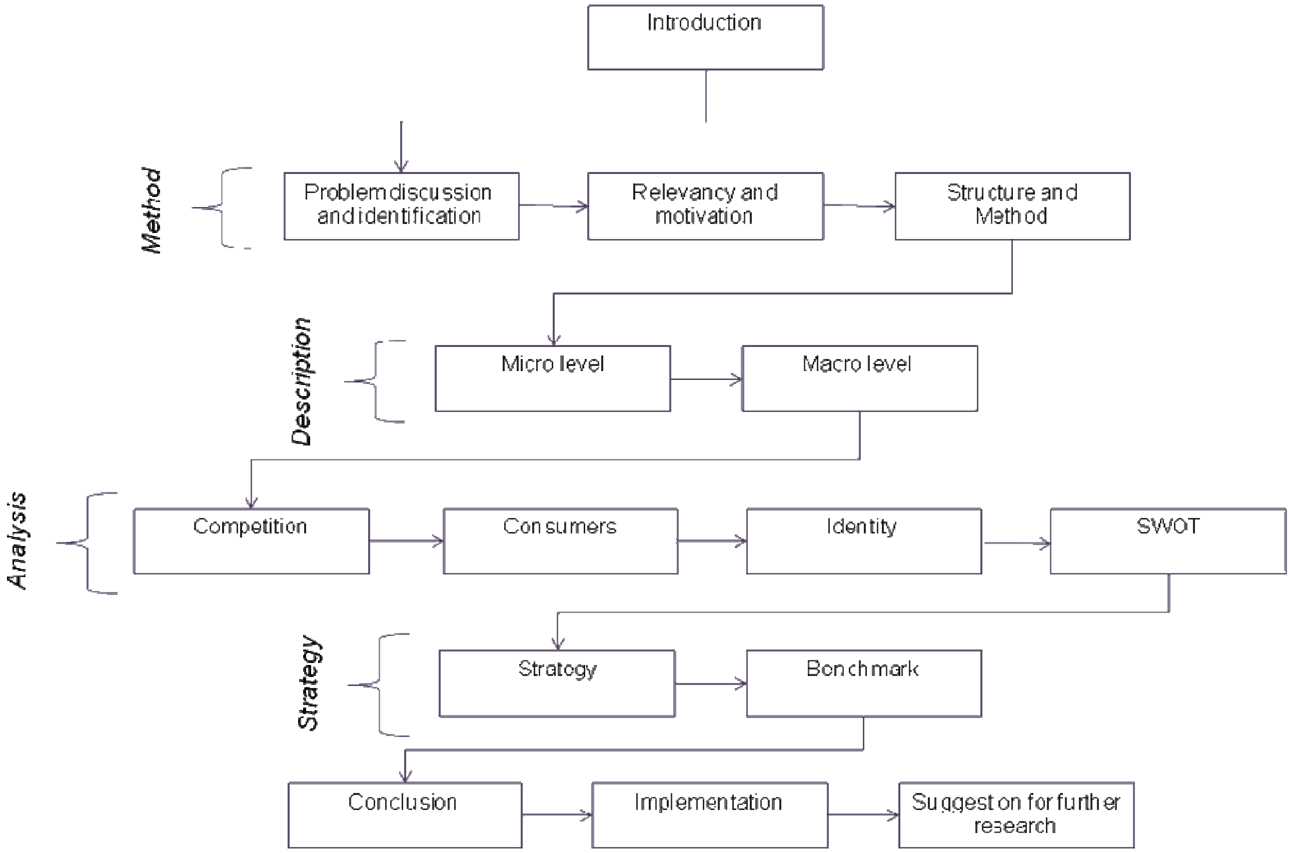
In addition, the general as well as more business oriented media have given lots of attention to Magasin lately. The attention consists partly of more or less critical viewpoints regarding the future of Magasin. As a well-known brand with a great history, the Magasin brand is a popular target in the media. The large amount of critics Magasin has received makes it even more relevant to conduct a deeper research of the topic to discover the “real issues”. The problem discussion proves, that the case is especially interesting from a branding point of view. The complexity of the case and the relevance make up our strong motivation to conduct this case study.

Marketing activities are often what is cut down on when a company is in economic troubles. However, that might not be the right choice. Stronger differentiation from competitors and creating clear (and positive) associations in the minds of consumers, seem to be even more important when a company faces economic challenges. Branding is one way to do this – actually the original purpose of branding, as in branding of cows, was to be able to tell them apart[15]. The theory of “Blue Ocean”[16] is dealing with this way of strategic thinking. The authors of the “Blue Ocean” theory argue that it is a far better idea to move (differentiate) oneself away from the bloody battlefield and find a place with clear water and less fighting. In the clear water, the company is more able to stand out and thus be more successful.

[15] Keller, page 2
[16] Kim & Mauborgne

2.4. Structure

Figure 2.3 – Structure



Source: Own production

The thesis starts out by presenting the introductory chapters, including problem discussion and identification, structure, limitations and methodology. Discussion of relevant theory, final choice of theory and criticism of sources follow hereafter. The Methodology paragraph explains how the research and data collection has been performed. Further, the introductory chapters provide the reader with insights into the purpose of the thesis, as well as the underlying assumptions and thoughts behind it.

After the introductory paragraphs follows a descriptive part. In this part, Magasin, its concept, the historic development of the brand and a brief description of the market are presented. The intention of the chapter is to form a common ground for both readers and researchers. Background knowledge of Magasin and the market are of great importance to fully grasp the coming chapters and to thoroughly answer the research questions.

Next, the analytical part focuses on the competition, the consumers and the corporate identity in order to clarify which challenges Magasin currently faces. In the analytical part of the thesis, the findings from the primary and secondary research are presented and applied. The purpose of the analytical part is to disclose the challenges Magasin faces and to test the stated hypothesis.

The results are summarized in a SWOT model to illuminate, which challenges call for attention in the current situation. The SWOT model is focused around elements, which can be linked to the problem discussion.

The strategic part is centred on the current brand strategy of Magasin and suggests a possible strategic solution based on the findings in the analytical chapters. This part is finalized with a short benchmark.

A conclusion summarizes the analyses performed and gives a suggestion for an answer to the problem statement. Lastly, a brief implementation plan (by John Kotter) is described followed by a suggestion for further research that puts the findings into a different perspective and discusses other areas of interest to the thesis.

2.5. Methodological approach

The thesis has its foundation in branding. There are a vast amount of branding related approaches and perspectives. The main perspective in the present thesis is Kevin Lane Keller's branding perspective: customer-based branding[17]. According to Keller; "*the power of a brand*

[17] Keller, page 48

lies in what resides in the minds of customers[18]". Due to the customer-based branding perspective, the analysis is focused on external factors surrounding Magasin (e.g. customers, competitors etc.) as opposed to the internal aspects (e.g. management and organisational culture). Yet, internal factors are included in the analysis whenever found relevant.

Besides the thesis foundation itself, the overall way the analysis is done has a major impact on the final conclusions. Generally, there are two data collection techniques, the qualitative and the quantitative technique. In the problem discussion, both quantitative and qualitative data is used to discover symptoms of a problem. Among other things, quantitative financial data is a clear symptom that something is wrong[19]. To answer the research question, qualitative data proves most relevant as one of the goals is to ascertain underlying associations, feelings and consumer behaviour towards the case company, Magasin. Quantitative data cannot provide deep insights about such matters - it is difficult to measure a feeling or association and words are needed as well as in depth questions to uncover important information. However, quantitative data is applied to support qualitative statements.

2.5.1. Research Design and Choice of Data Collection Techniques

The thesis has its scientific foundation in an explorative research, as the wish is to identify a problem in Magasin[20] in order to suggest a solution.

Data used is a mixture of empirical and theoretical data, with an overweight of theoretical data. Several theoretical models and theorists are found useful and relevant in answering the research question (see Theoretical Foundation, page 23). Empirical data is included to ensure that the theory is valid in reality and to shed light on Magasin and its competitors from the viewpoint of consumers. Theory can provide much information, but using only theory would mean that many conclusions would stand without substantial support. This support can be reached when including empirical data. To get a better understanding of Magasin, factual data about the company is included too.

[18] Keller, page 48
[19] Annual report 08/09, page 5
[20] Andersen, page 21

Table 2.1 – Conducted research

Research	
Secondary research	**Primary research**
Databases and catalogues found through CBS online library	Focus groups
Articles from Newpapers and Magazines	Interviews
Danmarks Statistik	
Webpages (e.g. magasin.dk)	
Reports conducted for other purposes	
Online public search engines (e.g. Google)	
Academic books, presentations and articles	

Source: Own production

2.5.1.1. Secondary research

The main part of the sources is secondary literature. These articles are found in various databases and library catalogues, which are known for performing reliable information and for having updated articles.

Validity is an important parameter when choosing databases. In securing the validity, the databases and catalogues are found through CBS Library, which is believed to be a guardian in being updated and trustworthy. Examples of databases that have been used are Datamonitor, Euromonitor, WARC, ebsco, and Artikelsamling.

Articles from business related newspapers and magazines are also a big part of the secondary research. Articles from Børsen, Berlingske Nyhedsmagasin and Berlingske Tidende/business.dk are widely used. Other relevant sources are Danmarks Statistik, Magasin's own webpage and reports conducted for other purposes, but found relevant in this case study.

The databases and catalogues are found online. The Internet holds vast amounts of information and it is not possible to cover all this information when conducting research. To deal with this challenge, we have chosen to perform a number of searches in carefully selected databases using a limited number of key words that were believed could return relevant search results.

Throughout our master degree, we have followed several courses that turned out to be relevant for this project. Therefore, secondary literature also includes a number of books and articles used in the teaching at CBS, which gives the thesis an academic level.

2.5.1.2. Primary research

Of primary research methods, focus groups and interviews are conducted. How the primary research is conducted is important for the outcome and for understanding and unveiling potential pitfalls. Therefore, we have put an effort into explaining how and why the primary research is made.

2.5.1.2.1. Focus groups

One of the main pillars in the present thesis is the consumers and their attitudes/associations towards Magasin. The aspiration for doing the focus groups is to come up with a strong and valid strategic proposal and therefore the research must be valid and strong, too. To get insights into consumer minds and association about the topic is to simply ask the consumers.

***The objectives of the focus group meetings are to gather otherwise hidden information about the way consumers perceive Magasin in terms of identity and competition, and to discover which factors influence their choice of whether or not to shop in Magasin*.**

The documentation of the focus group activity is found in appendix 6-8 (confidential) in the form of DVDs with video recordings. This kind of documentation is chosen due to the vast amount of conversation that alternatively should have been typed in a document and enclosed in the appendices. Video gives a better understanding of what has happened in the groups, the dynamics, the body language of focus group participants and it is easier to approach for the reader of this report. References to the focus groups and interviews are supplied as a specific time on the DVD, which makes verification easy for the reader.

It is interesting to learn about Magasin's positioning in the market and how the identity of Magasin is perceived by consumers. Finally, we can compare the results of the external view with Magasin's own internal view. After the conduction of this research, we are able to clarify potential identity gaps and determine the positioning of Magasin in the eyes of the consumers.

The members in the focus groups are a mix of ages, with an overweight of females and Copenhageners. Having many focus groups seldom uncover new information on one topic[21], this is the reason for the limited number of groups. We are aiming at limiting the number of participants with a degree in marketing, as they might bring bias to the groups.

To generate useful discussions and answers, members of the focus groups must have a prior knowledge about the topic. It is vital that the members posses at least some knowledge about Magasin and the products it offers. On the contrary, members cannot be too involved in Magasin, as they would be biased towards the topic (for example employees, owners, and external collaborators). Each focus group is planned to consist of 5-10 members. This amount is big enough to generate the necessary synergies, and not too big so that some people hold back their opinions[22].

There are two focus group moderators. One functions as the primary moderator and the other as the secondary moderator, who asks clarifying questions when needed[23]. It is essential that the two moderators create a good comfort zone by being friendly, positive, showing respect to all participants, having an adaptive personality and a sense of humor[24]. All focus groups are held in Danish so that no participants hold back their opinion because of language barriers. Furthermore, the focus groups are held in a private home and refreshments are served in order to create a cozy and relaxed atmosphere.

Before the focus groups take place, a questioning guide is completed with relevant questions and topics[25]. The structure of the questioning guide is as follows; opening, introductory, transition, substantive and ending questions[26]. In this way, there are some simple questions to

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[21] Hair, Bush & Ortinau, page 171
[22] Cornelissen, page 77
[23] Andersen p. 168
[24] Hair, Bush & Ortinau, page 172
[25] See appendix 14
[26] Hair, Bush & Ortinau, page 172

begin with to get members to open up and create the vital comfort zone and internal dynamics. After the opening and introductory phases, the questions in the transition and substantive phases slowly go deeper and deeper, to finally reveal underlying motivations and attitudes. Ending questions give members an opportunity to conclude on feelings, opinions and final thoughts.

In analyzing the results from the focus groups, we particularly consider which words participants used, body language, the context things were mentioned in, the frequency, intensity and specificity of comments and finally we see the findings from "bird perspective" in order to get the big picture. Summaries are compiled in bullet points to emphasize and structure key findings[27].

After the actual focus group, the members are asked to fill out four perceptual maps in order to provide insights into the competitive aspect[28]. The outcome of the exercise was good and the members of the focus groups seemed to understand the concept of the maps well.

The following parameters are included in the maps:

Price versus quality: This map is rather traditional and gives a fundamental and necessary positioning of Magasin relative to its competitors[29].

Price versus service: The aim is a "basic" positioning of Magasin and in relation to chosen competitors. Service has proved very important for the consumers[30] and therefore it is interesting to see which score Magasin gets relative to its competitors and in comparison with the price[31].

Value for money versus impulse/planned purchase: This might be a bit untraditional, but the two parameters are viewed as important for both Magasin in particular but also for department stores and the retail industry in general. For consumers to convert a visit into a purchase is the

[27] Appendix 9-11 (confidential)
[28] Appendix 12
[29] See appendix 12
[30] See the Consumer paragraph, page 77
[31] See appendix 12

ultimate goal for a retail store. The more conversions, the higher turnover. Impulse purchases can turn out to be lucrative area for Magasin, as this is a trend among Danish consumers[32]. Shoppers can be persuaded by a number of touch points and hence be tempted to buy more[33].

The three perceptual maps include Magasin and chosen competitors in the retail industry. Malls are a special size in the Danish retail industry and due to the concept of many individual stores under one roof, a general positioning will be difficult, or maybe even invalid, to include in the same map as other types of competitors who sell only one or a few categories. Yet, malls are definitely not neglected as an important competitor type to Magasin. Therefore we have chosen to make a perceptional map where Magasin is positioned relatively to a number of Danish malls[34].

The parameters in the positioning map for malls versus Magasin are the traditional price versus quality.

We pre-selected a number of brands for the members of the focus groups to position in the maps. These brands are considered as relatively direct competitors due to their competitive strategy.

It is important to stress that the brands chosen *are not regarded as the only competitors to the various departments in Magasin*. They are more an example of a concept that is competing with parts of Magasin. These concepts can be found in many forms and variations and not necessarily only the brands we have included in our research.

Table 2.2 – Preselected Competitors

Department stores in general	Home department	Food department	Toys department	Cosmetiques department	Sportswear department	Clothing and accessories department
Illum Salling	Inspiration Illums Bolighus	Irma	Fætter BR	Matas	Peak Performance	Tiger of Sweden Sand Zara Louis Vuitton

Source: Own production

[32] See the Consumer paragraph, page 77
[33] See appendix 12
[34] See appendix 12

2.5.1.2.2. Interviews

Two interviews have been performed. One with Head of Communication in Magasin, Jan Helleskov, and one with former Member of the Group Directors of Magasin and industry expert, Torben Schwabe. As with the focus groups, the interviews were recorded for documentation and DVDs can be found in appendix 2 (confidential) and 4 (confidential). For the interview too, we have two interview moderators[35].

Jan Helleskov is interviewed in order to obtain a deeper understanding of the internal perspectives of Magasin in relation to its branding and to gain concrete knowledge about the concept and environment. Jan Helleskov has provided us with information we would not have access to elsewhere.

Torben Schwabe is chosen as he has a thorough knowledge of Magasin and general understanding of the market Magasin acts in[36]. Torben Schwabe may be more critical and honest in relation to Magasin as he is no longer a part of Magasin anymore.

Both interviews were semi-structured[37] - some questions needed to be answered, but also new viewpoints and perspectives were welcome. A questioning guide was formulated before the interviews[38]. The question guide contains questions within areas where more information was needed. Primarily, the questions are focused on raw facts about the concept of Magasin (facts that we were not able to get from secondary research), positioning, competitors, identity, key success factors, unique selling points, consumers, the development of Magasin and main challenges. The same questions are given to Jan Helleskov and Torben Schwabe respectively. Also the focus groups are asked of questions regarding the identity, positioning etc. This is done to compare the answers from the two interviews and from the consumers, and potentially spot differences in the answers. In appendix 3 and 5 summaries of the two interviews can be found.

[35] Andersen, page 168
[36] Today, he is the CEO of Lyngby Storcenter
[37] Andersen, page 168
[38] See appendix 15

2.6. Theoretical foundation

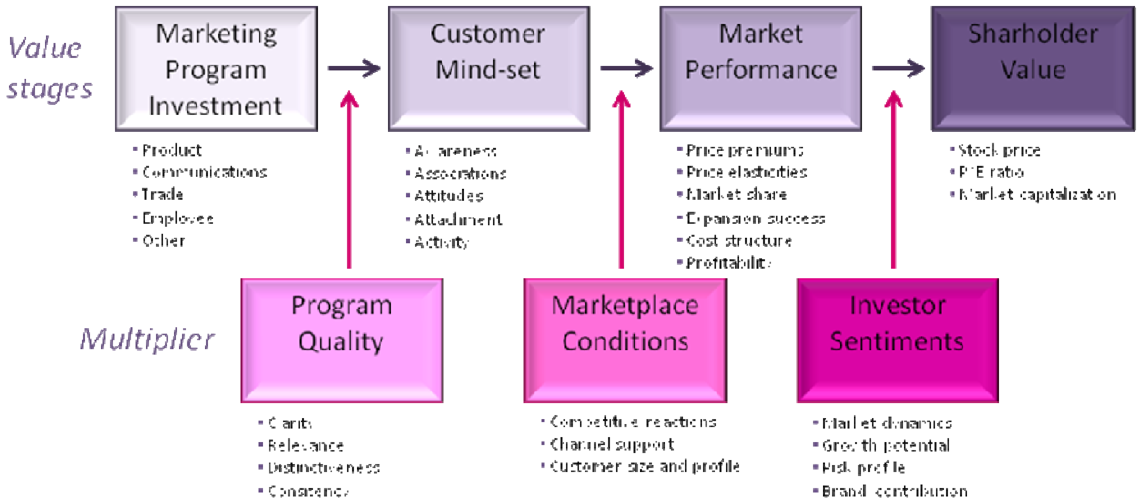
The thesis is mainly based on theory. A vast number of directions can be taken, and in order to be able to support the answers to the research question, the applied theories are carefully selected. The thesis has four main elements (consumers, competition, identity, and strategy). For each subsection various theorists have been evaluated and in the end a limited number is applied.

The field of branding is indeed very broad and a vast amount of different directions can be selected. Among these are internal branding, media strategies, advertisements and marketing research. Focusing on one area would narrow down the scope of the thesis a lot and the outcome would be very specific. The whole picture has to be uncovered first. In order to formulate a thesis with a limited and hence more thorough scope, a limitation and choice of theory is needed.

The reason for conducting this case study is to strengthening the brand equity of Magasin. The hypothesis put forward in the problem discussion claims that one of the problems Magasin faces is within its branding strategy. According to The Brand Value Chain by Kevin Lane Keller[39], "*Brand value creation begins with marketing activity by the firm*"[40]. In other words, the value creation is dependent on the marketing program investment. The way to reach higher shareholder value according to the Brand Value Chain, is not necessarily sequential; increased shareholder value can be achieved because of changed market conditions, without necessarily developing a program of higher quality. Thus, the four value stages may happen parallel to, and independently, from each other.

[39] Keller, page 318
[40] Keller, page 318

Figure 2.4 - The Brand Value Chain



Source: Keller page 319

There are four value stages before shareholder value is affected. Three multipliers determine to which extent the value transfers successfully to the next stage. In order for the value to transfer to the second stage – Customer mind set – the marketing program has to be of high quality. The first multiplier in the brand value chain is the program quality; clarity, relevance, distinctiveness and consistency. Especially *consistency* is a vital part in most branding theories. The model states that it is absolutely essential to operate with consistency to obtain higher brand value. Magasin has had a number of owners and the management might have been too focused on the ownership of Magasin to pay attention to moderating the strategy and negative economic results.

The first two value stages and the first two multipliers are the critical points in this case study and those we wish to dig deeper into. Within these four stages are the research questions formulated. To analyze the four stages, there are four overall fields of study which need to be examined further: consumer behavior, corporate identity, positioning/competition and the current brand governance/strategy. In the next paragraph, each field of study is described with appropriate and relevant theories, models and theorists, which are relevant for the specific area.

2.6.1. Competition – theoretical frameworks

As described in the brand value chain paragraph, it is crucial to know who competitors are, how they act and how they respond to actions taken by other competitors. It seems like Magasin is not truly aware of who its competitors are, which will have to be examined before positioning itself correctly. It is important to remember that positioning is a relative size and is therefore always dependent on other players in the market. Positioning is closely related to Identity and the two areas go hand in hand when defining a final strategy.

In order to identify who the competitors are, the thoughts regarding Product Use Associations by David Aaker[41] will be applied. This framework suggests that the competitors should be found by taking into account *how* and *in which contexts* the consumers use Magasin and its offerings, and thereby apply a customer-based perspective. We wish to provide a perspective on competitors that is not too narrow in order to assess the strategic situation as good as possible, and the Product Use associations is useful for this.

Point Of Difference (POD) and *Point Of Parity (POP)*[42] are defined. POD and POP enable Magasin to communicate to consumers which category it is in and how it is differentiated from competitors within this category.

2.6.2. Consumer behavior - theoretical frameworks

Under the headline *consumer behavior* consumption, motivation, attitudes, involvement, feelings, associations, values, meaning and shopping behavior are important keywords.

The Meaning Transfer Model[43] is used to discover how meaning is transferred to a product and through the product to consumers.

[41] Aaker & McLoughlin, page 59
[42] Keller, page 39
[43] Arnould, Price & Zinkhan, page 134

It is relevant to learn how a brand is perceived by consumers and to use it actively in the positioning and marketing of a brand. Perceptual maps[44] and the Customer-Based Brand Equity model (CBBE model)[45] are used to capture and explain how Magasin is perceived by consumers as well as how the consumer-brand relationship is between Magasin and its customers. According to the CBBE model; "*the power of the brand resides in the minds of customers*"[46]. The CBBE model can be used to uncover how strong the Magasin brand really is.

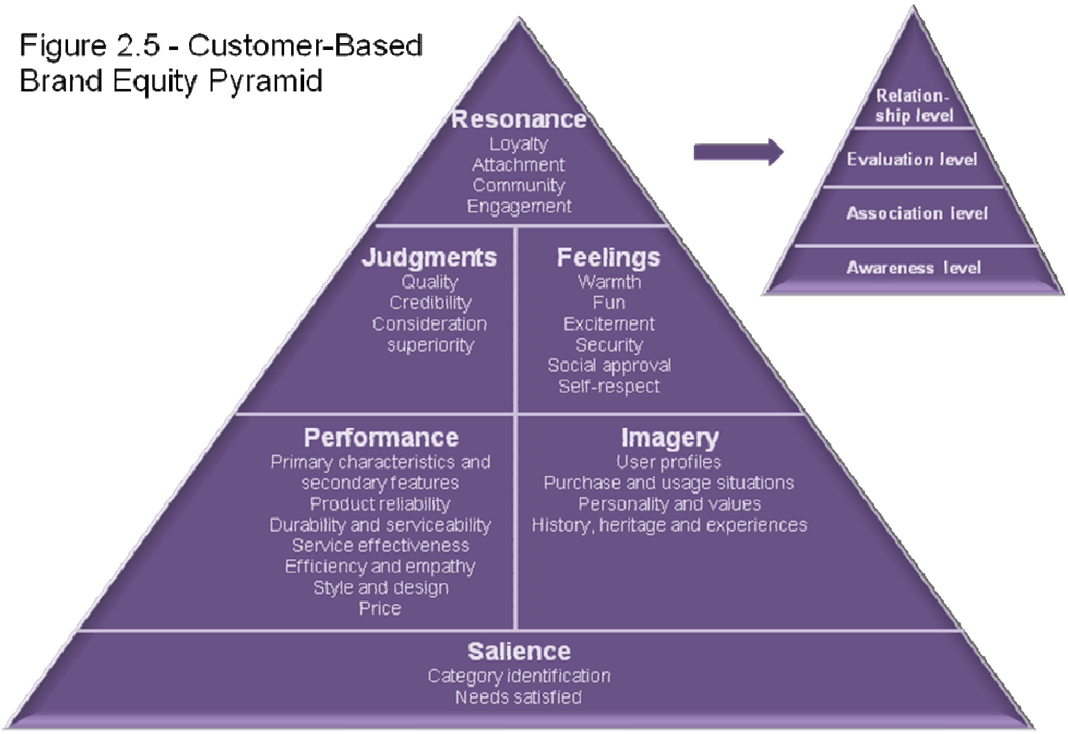


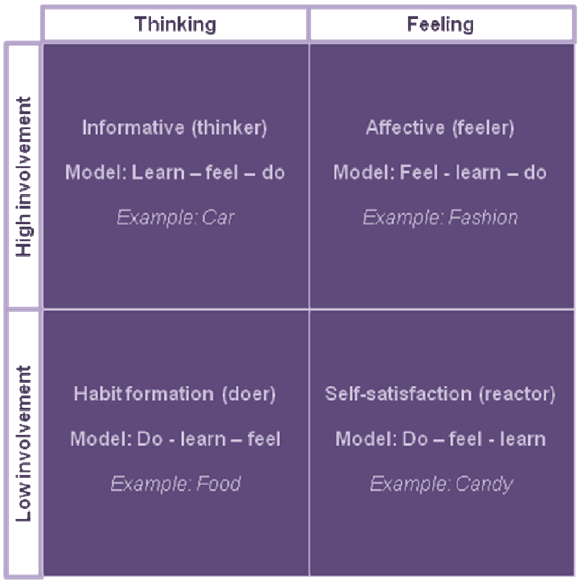
Figure 2.5 - Customer-Based Brand Equity Pyramid

Source: Keller, page 61

[44] Arnould, Price & Zinkhan, page 201
[45] Keller, page 48
[46] Keller, page 48

The Foote Cone & Belding (FCB) Grid proves useful for understanding response processes and capturing the brand-customer relationship (se figure 2.6)[47]. A response process is a process consumers go through every time they purchase a brand. A response process is made of three different stages: cognitive stage (learn), affective stage (feel) and behavioral stage (do). The model can be used to determine what is important to customers regarding a specific brand and what should be emphasized in branding (learn, feel or do). The FCB Grid proposes that the response process is dependent on high versus low product involvement. Included in the FCB Grid is a second dimension, a feeling (visual and emotional) and a thinking (rational and cognitive thinking) level. The mix between the level of involvement and the thinking versus feeling aspect gives the marketer a good understanding of the consumer-product/brand relationship.

Figure 2.6 - The Foot Cone &Belding (FCB) Grid



Source: Belch and Belch, page 153

In relation to the model of information processing and response hierarchies[48] the Elaboration likelihood Model (ELM) is discussed and applied. ELM is "*a theory about the processes responsible for attitude change and the strength of the attitudes that results from these processes*"[49]. The ELM is applied in connection with attitudes and involvement[50]. This model is mostly used to assess information about consumer motivation and attitudes and to get a sense of how the future strategy should be formed. The more motivated and able consumers are to assess central merits of the attitude object, the more likely it is that they search for other

[47] Belch & Belch, page 164
[48] Belch & Belch, page 156
[49] Arnould, Price & Zinkhan, page 639
[50] Arnould, Price & Zinkhan, page 639

available information about the object[51]. The Elaboration Likelihood Model suggests two ways to persuasion – central route to persuasion and the peripheral route to persuasion – which are reached when elaboration likelihood is either high or low, respectively. High elaboration likelihood means that consumers are motivated and able to assess central merits of the object – the central route to persuasion. When elaboration likelihood is high, consumers arrive at an attitude which is a result of new and previous knowledge of the attitude object.

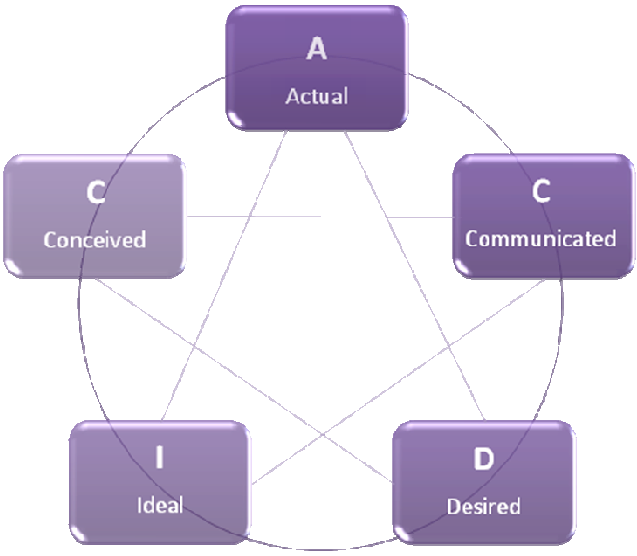
The more behavior oriented shopping-expert, Paco Underhill[52], is used for determining shopping behavior and to support findings from primary research conducted for this case study. Paco Underhill is well-known for being a *guru* within shopping behavior. His practice is very behavior oriented and the majority of his findings are gathered by observing how people shop.

2.6.3. Identity – theoretical frameworks

Corporate identity theories suggest that all parts of a company should be aligned to obtain the strongest brand. A company's activities should be aligned with what it communicates. And the identity that a company wishes to possess should be the same identity as consumers perceive. "The Five Identities of the AC^{2}ID Test" by Balmer & Greyser[53] proves useless in this case study.

[51] Arnould, Price & Zinkhan, page 639
[52] www.pacounderhill.com and www.envirosell.com
[53] Balmer & Greyser, page 3

Figure 2.7 - The Five Identities of the AC²ID Test



Source. Balmer and Greyser, page 3

The Balmer & Greyser model of corporate identity[54] is used for finding a company's corporate identity. Through five different identities; actual, conceived, desired, ideal and communicated, a company projects its identity. Identity is a very important term when it comes to alignment of a company and positioning the organization correctly.

2.6.4. Brand Governance/strategy – theoretical frameworks

When competition, consumer behavior and corporate identity are scrutinized, it is possible to put forward a suggestion for a strategy and how to govern the Magasin brand.

Primary theory, which is applied in the strategy paragraphs, is within *Experience Economy* (introduced by Pine & Gilmore). Magasin has *experience* as a key word when describing its business[55] and the research conducted proves, that consumers demand good shopping experiences. Experience economy asserts that most products are commoditized and consumers expect more than just a physical product. In order to differentiate themselves, brands must offer something more than the product. A good service level is vital (according to service

[54] Balmer & Greyser

[55] Appendix 1 (confidential)

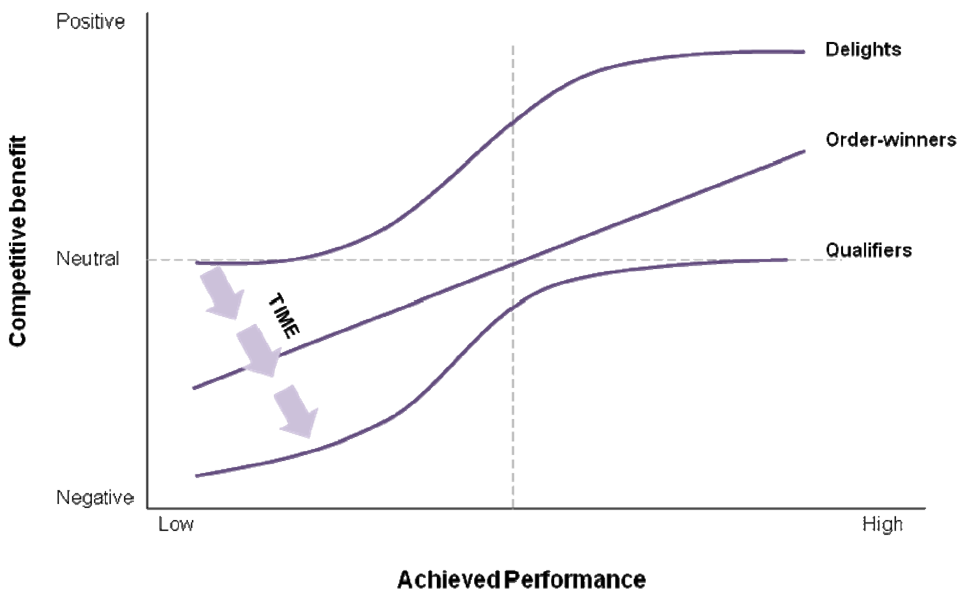
economy), but not even superior service is enough - customers demand *experiences*[56]. The question is whether or not Magasin exploits the possibilities for providing good shopping experiences, or if it should be performed differently.

An Importance-Performance matrix[57] is applied to outlay where future attention has to be put and in order to make the SWOT more operational.

Nigel Slack and Michael Lewis have developed a model for renewal of a company called Qualifiers, Order-winners and Delights[58]. Briefly, the model explains that a given company needs qualifiers to even be considered by consumers. Examples of qualifiers are when a customer requires of a cell-phone that it is capable of sending text messages, calling other phones and receiving calls. Order-winners are key aspects of the way a company defines itself and delights as facets of a company that customers are not yet aware of and do not expect. If a customer receives something that is not expected, he/she will most likely be surprised. However, next time the customer purchases a product from the same brand, he/she expects the same "surprise" and the previous delight hence becomes "just" an order-winner and previous order-winners become qualifiers. A brand should come up with new delights constantly to stay competitive and interesting in consumer-minds.

[56] Pine & Gilmore, page 99
[57] Slack & Lewis, page 179
[58] Slack & Lewis, page 46

Figure 2.8 - Qualifiers, Order-winners and Delights



Source: Slack and Lewis, page 46

Alignment and consistency have been mentioned several times before as absolutely fundamentals in brand building. *Brand Touch Points* theory is utterly relevant in relation to alignment and consistency when defining a company's strategy. Every time a customer is in contact with a brand, it should be considered and seen as a branding opportunity.

2.6.5. Theory – conclusion

All four theoretical areas (competition, consumers, identity and strategy) are closely interlinked and it is difficult to examine one field without touching upon the others, when having a consumer perspective. Yet, the most important area, which is employed throughout the assignment is *branding of Magasin* with the one goal of achieving higher brand value. To obtain identity alignment, the perceived brand identity (perception in consumer minds) and positioning in the market are crucial components to possess a deeper comprehension of.

2.7. Criticism and Evaluation of Sources

Though the research is sought to be as accurate and precise as possible, there will always be sources, which are less valid and which must be taken into consideration in the conclusion. The criticism of sources is split in two parts, the primary and secondary research.

2.7.1. Criticism of secondary sources

- There is very little literature about department stores specifically. Therefore, the research process proved challenging and it has been difficult to find sources which *exclusively* deals with department stores. Among other things, we have had to formulate our own definition of department stores in order to narrow down the case. Some numbers and facts are not accessible for department stores only, but rather the retail industry in general.

- Not only have "department stores" been difficult to do research on. Also the name of the case company, Magasin, is an international word with different meanings attached to it, for example Magasin means magazine in Danish. The search results at Google and CBS databases have been scattered and less accurate. At times, we have used the name, Magasin Du Nord (the name for Magasin located at Kongens Nytorv), but the search results still have not been very exact. Searching on Wessel & Vett (the original name) did not return significant results.

- Some applied models and theories are not Danish. Most of them are developed by American authors and some factors might be different in Denmark. Research done in Denmark (e.g. Danish consumer reports and primary research) has verified that the theories and models are applicable in Denmark, but smaller differences may still appear.

- The FCB Grid is based on, that consumers are only stimulated through advertisement. However, we believe that it is not possible to exclude other stimuli (like word-of-mouth, the media, in store experiences etc.), but rather the consumer-brand relationship is a result of all *touch-points* between the consumer and the brand. Every time a consumer is in contact with a brand – through advertisement, sponsoring, use, online, PR, in a store, service level of salespeople etc. – it affects the consumer-brand relationship. Though there are various critics of response process hierarchies[59], they still help predict consumer behavior and planning, implementing and evaluating strategies[60].

2.7.2. Criticism of primary sources

- Researchers must be aware of the fact that consumers might say one thing, but in reality they do something different. In a recent research done by Gallup in Denmark, it was discovered that Danes often lie or colours the truth when participating in research[61]. Often the degree of how private the subject of the research is influences how people react on certain questions[62]. The subject of shopping habits is not seen as very private or a subject that "demand" socially responsible answers and therefore not something people would be uncomfortable to talk about. However, there still is a risk that people unintentionally lie – not because they want to, they simply just think that they tell the whole truth.

- Positioning is always relative. In the focus groups, the participants were asked to finalize positioning maps where they had to place Magasin and preselected competitors in the maps. The preselected competitors are chosen from our own subjective viewpoint and they may be perceived differently by the focus group members. Yet, most chosen competitors are well-known brands for almost all Danes which should lower the risk.

- The analysis is based on research conducted mainly in the Copenhagen area. Though our research did not indicate any major regional differences, there may still be some things which are different.

- The people that we are interviewed are subjective. Torben Schwabe is maybe more able to "tell the truth" than Jan Helleskov (as Torben Schwabe is no longer a part of Magasin).

[59] See Criticism of Sources, page 32
[60] Belch & Belch, page 160
[61] Christiansen
[62] Andersen, page 169

In addition, a company is often – from the viewpoint of the former employee – be more successful when he/she was there, than it is today. Also Jan Helleskov is subjective as a current employee. Their viewpoints must be seen from a critical point of view.

- The interview with Jan Helleskov was indeed helpful. However, more interviews with other administrational and/or managerial people would have increased the validity and knowledge of Magasin internally.

- For all the focus groups, the product categories clothes (at all ages and both sexes) and cosmetics were most talked about. Also buying presents took much focus. It is important to mention that it was the members of the focus groups that brought these forward. The fact that the two categories (clothes and cosmetics) were the most talked about matches very well with the percentage of the total revenue that these groups represent (approximately 60 %)[63].

- There has been an overweight of female participants in the focus groups. Again this matches the reality, as the majority in Magasin today is women. Actually, 81% of the customers are women[64], but still men are part of the customer base and therefore must be included in the research. The members of the focus groups have a quite differentiated background, which was also one of the parameters that were found important**.**

- The consumer analysis is not 100 % representative, but the focus groups add considerably to the validity of the results.

2.8. Limitations

In the research process, it became clear that many areas would be interesting to explore further. However, limitations had to be outlaid in order to stay focused. These limitations are:

[63] Appendix 1 (confidential)
[64] Appendix 1 (confidential)

- The conclusions are based on research conducted in the Copenhagen area, but we still recommend the same solutions to the department stores in Odense and Århus. In order to identify potential differences in the positioning of Magasin in other parts of Denmark, one focus group was held in Western Denmark. It was clear from the focus group held in Western Denmark that the group members here took their outset in the Magasin in Odense – just as the members of the Copenhagen focus groups mainly referred to Magasin at Kongens Nytorv. Still many of the subjects touched upon by the focus groups were the same, which means that the overall findings from the three focus groups did not give indications of major regional differences.
- **The purpose of the case study is not to "make an all new Magasin", but rather to suggest how Magasin is able to differentiate with its current activities and leverage on its brand equity that it already possesses**.
- **An important part of applied branding is to view the brand in its context[65]. Being part of the retail industry is a very large part of the Magasin brand. The thesis is *not* a retail based thesis, but includes retail related theory and frameworks when found relevant.** An example is literature from Paco Underhill, whose work is included in order to provide insight into how consumers act. Consumers are a major part of Magasin's world so concrete insights in this area are of great importance for the thesis' purpose.
- A detailed implementation plan is not included. However, a short note on the implementation process is provided in the end of the thesis as a supplementary perspective on the conclusion.

2.9. Magasin's active participation and choice of Magasin as case company

The thesis is a case study, meaning that a company (Magasin) is the centre of the research. Magasin is chosen due to its long history and historic glory days. Hence it has a solid foundation as well as high brand awareness among Danish consumers. Therefore, we find it interesting that

[65] Arnould, Price & Zinkhan, page 134

a company with a strong history and associations among the Danish consumers is not able to present positive financial results.

A case study as this calls for a certain amount of data regarding the researched company. Magasin is a popular company in the public media, which means that data accessibility has not created significant problems. On top of this, Head of Communication in Magasin, Jan Helleskov, has accepted our invitation to be part of the thesis. This has given us an opportunity to ask the questions that we were not able to get a clear answer to from the literature.

2.10. General definitions

Some general definitions are useful for understanding the thesis. These are defined below.

- *Magasin is referred to as "it".* The focus of the research is *the brand of Magasin* and not, for example, the management or the sales people.
- *Customers versus consumers.* The terms *consumers* and *customers* are applied synonymously.
- *Branding.* The overall theme of the project is branding. Branding is applied as defined by Keller[66], which is characterised by having a customer/consumer perspective.

2.11. Definition of department stores

To firmly understand the concept of Magasin, a general definition of department stores is formulated in the following. Defining department stores provides a common understanding of what is meant by the concept of being a department store.

[66] Keller, page 2

2.11.1. Location

Department stores are located in larger Danish cities. More specifically, the location is in the centre of these cities, where a large amount of consumers are passing by on the high streets However, a department store can also be a part of a shopping center[67]. Often these are of a smaller size, but will carry a broad range of products that can be found in the larger and more individual department stores.

2.11.2. Stores

Department stores are large buildings (more than 15.000 square meters[68]) and divided into a number of floors/levels, where each floor carries one or more "themes", for example men's wear. The buildings which house department stores have variable size. Partly due to the large size of the buildings, department stores are appealing to brands, as department stores are able to generate a large traffic of consumers[69].

Department stores belong to the retail link in the distribution chain and carry a broad line of non-food products; wearing apparel (men and women/boys and girls in all ages, also counting shoes and underwear), accessories, cosmetics, table and kitchen appliances (covering dishes and housewares), home furnishing and decorations (e.g. lamps and curtains). The non-food products are not substitutes for any non-food product. The products posses some associations to a high class brand. This is not synonymous with expensive and uttermost luxury brands. The brands may even be cheap, but they still carry some kind of exquisite brand image[70].

In some department stores a food department can be found. This department is often found at the lowest level or in the basement of the building. The placement of the food department must not be paralleled with a low quality/cheap food store, as these quite often are of high quality and at a higher price level[71].

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[67] Appendix 16 (confidential)
[68] Appendix 16 (confidential)
[69] Appendix 16 (confidential)
[70] Thomson Gale and Appendix 16 (confidential)
[71] Appendix 16 (confidential)

Consumers are able to walk from one department to another, as there are no firm walls between the departments. Each department does not have a specific door or entrance/exit[72]. In department stores it is easy for the consumers to get around by escalators, elevators etc[73]. These are often placed in the centre of the department stores so that consumers have a good overview (and an opportunity to get tempted) while going from one level to another.

Furthermore, each department has its own register where the goods are paid for[74]. This differentiates department stores from a hypermarket (e.g. Bilka and Føtex), where all goods purchased is paid for at the same place.

Department stores have a number of entrances and exits to the streets (often a pedestrian street).

The department stores aim at being perceived as a somewhat exclusive store. This is partly done in the decoration where the goods are presented as specialty stores would probably do.

Shopping carts are not offered to consumers in department stores, and all departments within a department store have the same opening hours[75]. Exceptions might be the food department or other single units[76].

Department stores function as one unit, meaning that administrational system, IT, purchase department and logistics, recruiting employees etc. are controlled from one place and is the same for all departments in the chain[77].

2.11.3. Marketing

Department stores seek to brand themselves as one unit/brand towards consumers and not only leverage on the individual brands sold in the department stores. Surely, the brands offered in the department stores hold their own brand value (which is often a reason why they are

[72] Appendix 16 (confidential)
[73] Appendix 16 (confidential)
[74] Appendix 16 (confidential)
[75] Appendix 16 (confidential)
[76] Others examples can be flower outlets, bakery etc. Appendix 16 (confidential)
[77] Appendix 16 (confidential)

included in the product range), but co-creation of value is sought. This can for instance be seen as the consumers in each department store only receive one type of bag and not different ones depending on where they have done their shopping. Doing so brands the department store as the "sender" of all products bought by consumers.

Department stores make use of catalogues that are sent out to consumers' home addresses. Especially the Christmas edition of the catalogues is highly valued by the department stores[78]. Sales are held a limited number of times during the year, typically after Christmas (January) and in the summer (June/July). Furthermore, the department stores' Christmas decoration is highly anticipated each year and may for some serve as a reason to visit department stores.

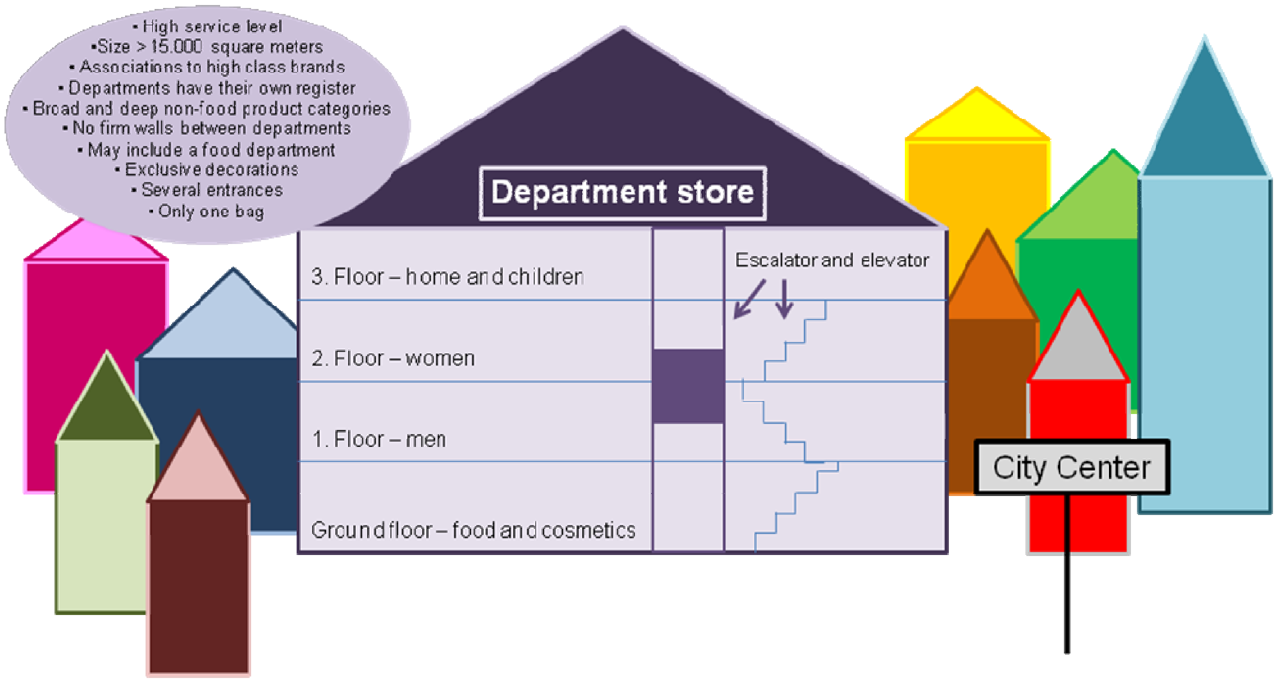
A high level of service is a key attribute found in department stores. Examples of this are loyalty clubs (often with a loyalty card) and a number of "exclusive" events for the members[79]. In addition, department stores also offer various credit solutions.

In relation to the assortment, department stores have a high level of depth and breadth in their product categories[80]. This is also linked to the service level, as each department has well-educated staff that is trained in the specific product category, where they are employed.

In department stores signs are used to direct consumers towards a certain product category or a certain brand[81].

[78] Appendix 16 (confidential)
[79] Appendix 16 (confidential)
[80] Appendix 16 (confidential)
[81] Appendix 16 (confidential)

Figure 2.9 - Definition of a department store

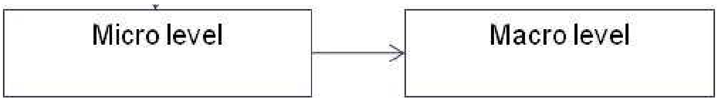


Source: Own production

In Denmark the above definition limits the scope to include the department stores Magasin, Illum and Salling[82]. Other suppliers of the same type of products, like Field's, Lyngby Storcenter and Bilka are defined as malls or hypermarkets and are not counted as department stores throughout this case study. This definition narrows down what Magasin is and what is meant by department stores. The next paragraph gives a description of the brand Magasin.

[82] Magasin is located in Odense, Århus, and the Copenhagen area (Magasin has a number of departments here.). Illum in Copenhagen, and Salling in Aalborg and Århus. www.magasin.dk, www.illum.dk, www.salling.dk

3. Description



3.1. Magasin

In 1868, Theodor Wessel and Emil Vett opened the first Magasin store in Århus. In 1870, they opened the second Magasin department store in the heart of Copenhagen, which is today the flagship store of Magasin[83]. The distinctive architecture of the buildings that the flagship store is located in, the long history and the concept itself has fostered lots of attention from the Danes and are some of the reasons that the brand is so well-known today[84]. The building has even been described as a fairytale castle in foreign nations. Magasin quickly became a meeting point for Danes – not at least Copenhageners - and it still is[85]. Through many years, Magasin has been the first-mover within several different areas; it had the first elevator in Scandinavia, it quickly installed escalators, the first tea-saloon in Denmark was opened by Magasin, customers were once able to record their very own music album etc. The cosmetic department has long been one of the best in the world, the food department has won several prices and the Christmas decorations have attracted loads of people. Since the beginning, Magasin has played a part in Danish culture and for many years, it has been associated with innovation and good experiences.

[83] www.magasin.dk → Historie
[84] www.magasin.dk → Historie
[85] www.magasin.dk → Historie

3.1.1. Magasin today

The current Magasin, possess 6 department stores located at Kongens Nytorv, Lyngby, Fields, Rødovre, Odense and Århus, where Kongens Nytorv is designated as the "Crown Jewel" of Magasin.

Inside each Magasin building, there are various brands each with their little space. Most brands are high-class brands – such as Hugo Boss, Tiger of Sweden, Ralph Lauren and Royal Copenhagen. But also cheaper brands as Topshop, Oasis and Magasin's own brand mag's magasin have become a part of the product range. The brand-mix in Magasin is very scattered in terms of price and image. The product categories which Magasin is represented within are *menswear, casual sportswear, women fashion, lingerie, accessories, shoes, children, home and entertainment, cosmetics, and food and restaurants*. In particular the supermarkets in Magasin stores (food, drinks and delicacies), Mad & Vin and Irma, are up-market. It is some of the most top-end supermarkets in Denmark[86] - especially Mad & Vin. The department stores located at Kongens Nytorv and Lyngby have a Mad & Vin as their supermarket, Århus and Odense have an Irma and Rødovre and Fields do not carry any food-department.

Magasin has more than 500 international brands in its stores[87]. Some of them have their own little "store-in-store" whilst some brands share space with other brands.

Magasin is built of three business models: concessions, consignments and retail (private labels)[88]. When brands rent their own space in Magasin – a store-in-store – it is called concessions. The individual brands carry responsibility of stock and staff and the shop fit is paid

[86] www.aok.dk/restauranter-cafeer/mad-vin-i-magasin
[87] Interview with Jan Helleskov, appendix 2 (confidential), time: 1.30, 21.20
[88] Appendix 1 (Confidential)

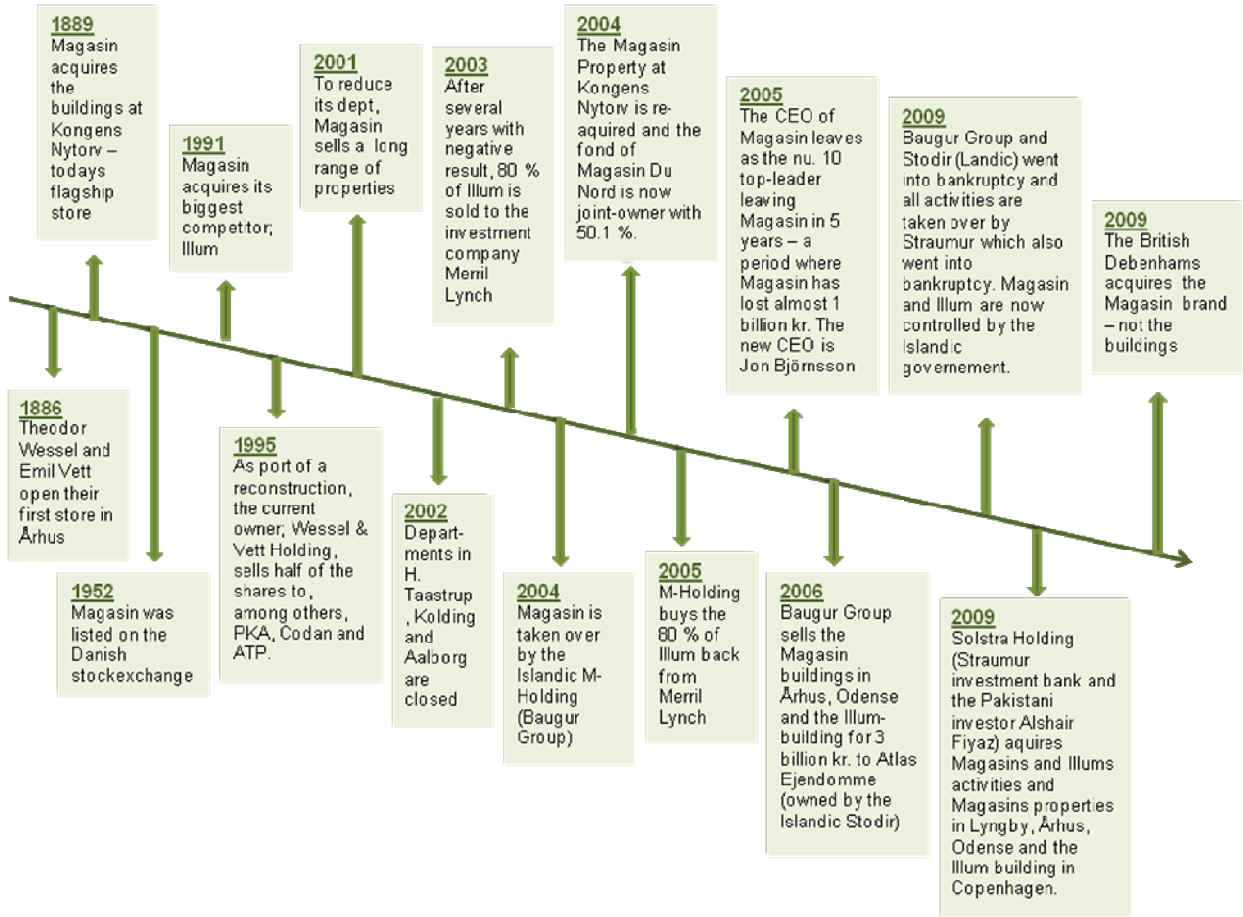
by the brand[89]. In consignment deals, Magasin pays for staff, but the stock is the responsibility of the brands. The brands pay a turnover margin to Magasin and often they pay shop fit too[90]. The last model – retail – is when Magasin buys products from a supplier and carries full stock, staff and profit responsibility, or sale of private labels. Here, shop fit is either paid for by Magasin or the brand[91].

Originally, Magasin was a "true" department store with several smaller departments in its stores (hence the name "Department store"). There used to be a jeans department – where all jeans from different brands where gathered – a dress department, a trousers department etc. This concept has changed since the beginning. Today, the arrangement of the whole store is more based on brands than specific departments[92].

[89] Appendix 1 (Confidential)
[90] Appendix 1 (Confidential)
[91] Appendix 1 (Confidential)
[92] Observation in Magasin, Lyngby, Kongens Nytorv, and Odense

3.1.2. Magasin internally

Figure 3.1 – History of Magasin



Source: Rechnagel 2

Magasin has had numerous organizational modifications and changing owners which have clearly taken its toll. In the last 10 years, Magasin has had more than 10 top-leaders leaving the company and 4 different owners (see figure 3.1).

In particular the last 10 years are characterized by uncertainty and instability for the Danish retail store. Two owners have went bankruptcy and it has been owned by the Icelandic government which was a government in an uttermost serious financial crisis – more than once has the management been deeply concerned about the future of Magasin[93]. Before the latest acquirement of Magasin, it searched for an owner who knew about retailing and who possessed great financial resources. This was exactly what it got when British Debenhams bought Magasin in November 2009 for 101 MDKK[94]. Debenhams is said to be one of the most successful retailers in Europe with extensive know-how, which have the potential to benefit Magasin significantly[95]. It is Britain's second largest retail-chain with 165 stores in Britain and Ireland, 48 franchise stores in 17 countries and 21,500 employees[96]. Nonetheless, experts claim that the mix of Magasin and Debenhams is unwise as the two brands are very different and have completely dissimilar segments[97]. Yet, the management of Debenhams is very satisfied with the take-over of Magasin and is confident that it will turn out as a profitable deal[98].

Magasin's financial result is declining[99]. In the last 5 years, Magasin has not had one single year with positive gross profit margin. Only one year, in the financial year 2006/2007, did the result turn out positive due to sale of property[100]. Not only is the result bad, the equity is declining drastically, from 782 million DKK in 2004/2005 to 280 million DKK in 2008/2009, and the cash flow is negative too. Focus on poor economy and finding the right owner have caused that minimal attention has been given to department store operations[101]. The lack of attention has clearly impacted Magasin's economic situation. The market is changing on a continuously basis, and as a retailer, there is an urgent need to follow these changes.

3.1.3. Strategy and Marketing

Magasin's strategy is to position itself as the leading department store in Denmark and its vision is to be "the modern shopper's first choice"[102]. The goal is to provide the *best shopping-*

[93] Bjerrum 1
[94] Johnsen & Iversen
[95] Isherwood
[96] Isherwood
[97] Isherwood
[98] Kolby
[99] Magasin annual report 08/09, page 5
[100] Magasin annual report 08/09, page 5
[101] Appendix 1 (Confidential)
[102] Magasins annual report 08/09, page 7

experience in Denmark, demonstrate *good business talent* and offer the *best service* in the market. The key approach in Magasin's marketing strategy is to "praise fashion but also to be promotional in our advertising"[103]. By that is meant to build up brands and sell products at the same time.

The primary marketing media that are used are the stores themselves[104]. The majority of the in store media is sold to suppliers. By letting suppliers brand their products in store – co-branding - Magasin creates positive marketing synergies with the individual brands. Additionally, Magasin has several magazines; MbyM for both men and women (fashion magazines), Beautiful by Magasin, Cooking by Magasin and its Christmas catalogue which is distributed to 1.2 million Danish homes[105]. Through Magasin's website, it promotes several contests, best bargains, a personal shopper and events in its stores[106].

Customers can get a Magasin Master Card and Magasin Goodie Card which make it possible to purchase on a credit line and get benefits (e.g. product insurance through Magasin Master Card and goodies/gifts through Magasin Goodie Card)[107].

Magasin has introduced more than 60 brands between 2005 and mid 2009[108]. Debenhams future product strategy for Magasin is to introduce more brands, but generally cheaper brands which are successful at Debenhams home-market[109].

[103] Appendix 1 (confidential)
[104] Appendix 1 (confidential)
[105] Appendix 1 (confidential) and www.magasin.dk
[106] www.magasin.dk
[107] www.magasin.dk → Særlige fordele
[108] Appendix 1 (confidential)
[109] Kolby

3.1.4. The individual department stores

All Magasin department stores may seem alike, but they are actually quite different from each other and each Magasin store has its own key asset. The largest store is 30,000 SQM (Kongens Nytorv) and the smallest is 6,000 SQM (Fields)[110]. Kongens Nytorv, Lyngby, Århus and Odense department stores have (almost) all food and non-food departments whilst Rødovre and Fields only have a selection of non-food products. Almost 50% of the total turnover is generated in Magasin at Kongens Nytorv. The smallest part of the turnover comes from Fields, which contributes with less than 5 % of the total turnover[111]. Common for all six department stores is that the two most selling product categories are menswear and women fashion closely followed by home and leisure, cosmetics and Mad & Vin/Irma[112]. Table 3.1 summarizes the facts and differences between the 6 stores.

Table 3.1 – Factual sheet

	% of total turnover pr. store pr. category						
Categories	Kgs Nytorv	Lyngby	Fields	Rødovre	Odense	Århus	Total
Home and leisure	8,0	3,3	0,5	0,6	1,0	1,9	**15,27**
Children	1,4	0,7	0,5	0,2	0,4	0,4	**3,42**
Mens	7,9	3,5	0,9	1,0	1,3	2,7	**17,36**
Women	7,9	4,0	0,9	0,8	1,3	2,6	**17,62**
Lingerie	3,0	1,7	0,2	0,7	0,7	1,1	**7,35**
Womens accessories	2,4	1,1	0,2	0,4	0,6	1,0	**5,62**
Cosmetics	6,0	2,3	0,5	0,7	1,5	2,0	**13,02**
Shoes	1,8	0,9	0,3	0,3	0,4	1,0	**4,55**
Various	0,1	0,0	0,0	0,0	0,0	0,0	**0,05**
Mad & Vin	6,7	2,1	0,1	0,2	1,0	1,4	**11,54**
Restaurants	1,9	0,3	0,1	0,0	0,1	0,2	**2,60**
Sports	0,8	0,3	0,0	0,1	0,1	0,2	**1,43**
Other	0,1	0,1	0,0	0,0	0,0	0,0	**0,15**
Total 07/08	**48,0**	**20,2**	**4,1**	**4,8**	**8,4**	**14,5**	**100,00**

	Sales SQM pr. store (% of total sales)						
	Kgs Nytorv	Lyngby	Århus	Odense	Rødovre	Fields	Total
Sales SQM	34	22	20	11	7	6	**100**

Source: Appendix 1 (confidential)

[110] Appendix 1 (confidential)
[111] Appendix 1 (confidential)
[112] Appendix 1 (confidential)

3.1.5. The segment

Magasin provides a broad and deep product portfolio and hence, addresses a large target group. Magasin itself states that it is for almost everybody[113]. The target group can be divided into several smaller segments, but the general target audience is made of the following characteristics[114]:

- 4 out of 5 customers are women
- The age of the target audience is split almost equally between all age groups, from 13
- Singles as well as families and couples shop in Magasin

3.2. Danish retail

Magasin is a retailer, which is defined as "*activities with the purpose of selling goods and services to the end users/consumers, who will use/consume these for personal and not business related use"*[115]. This paragraph takes its outset in the Danish retail market in order to briefly describe the market conditions in relation to Magasin.

On a yearly basis, the Danish retail industry revenues approximately 276,486 million DKKR[116]. Magasin's part of the industry turnover is 0.77 %[117], which paints the picture of a rather non-concentrated industry. This number suggests an industry with an overall high level of competition. When Magasin, with a number of departments situated around the country, only ends up with less than 1% of the total turnover it implies that there are a great number of other players/competitors in the market. Even though the above industry numbers have been

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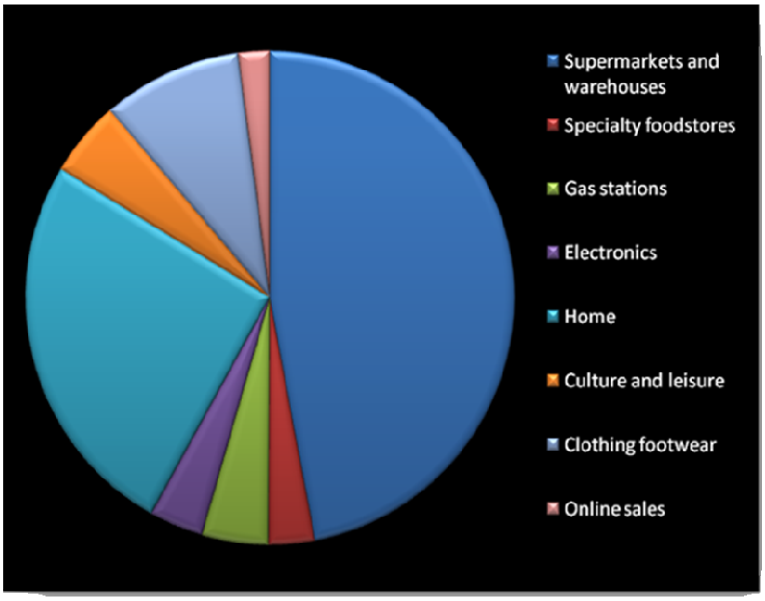
[113] Interview with Jan Helleskov, appendix 2 (confidential), time: 33.40
[114] Appendix 1 (confidential)
[115] Poulsen, *detail* (translated from Danish)
[116] Dansk Erhverv, appendix 18. The retail industry turnover is from 2009.
[117] $\frac{2{,}142 \ \textit{million dkkr}}{276{,}486 \ \textit{million dkkr}} = 0.77\%$ Magasin annual report 07/08, page 5. Please, note that the turnover numbers for the industry is for 2009, Magasin's turnover is from the fiscal year 2008/2009, so a small inaccuracy can occur.

composed in a way, which covers a large number of the product categories that Magasin holds, it is important to keep in mind that Magasin directs itself towards a limited part of the retail market. For example is "food" a very large part of the industry turnover. Food should be included in the number as Magasin does have a food department, but one can hardly argue that Magasin's Mad & Vin is in direct competition with Netto. This goes for many of Magasin's categories and indicates that the retail market should be split into several submarkets to get a more accurate picture of the market concentration. Nonetheless, the number is interesting and the art is how to divide the market into smaller parts in order to get a more exact picture of the competitive intensity. This topic is further dealt with in the Competition paragraph page 52.

Figure 3.2 – Retail Sales (excluding cars) 2009, million DKK



Source: Dansk Erhverv

3.2.1. The market

In recent years the retail market has experienced a slowdown in growth due to external factors. In 2009 the turnover in the retail business decreased by 4.5%, compared to 2008, which makes 2009 the worst year for the industry for many years[118].

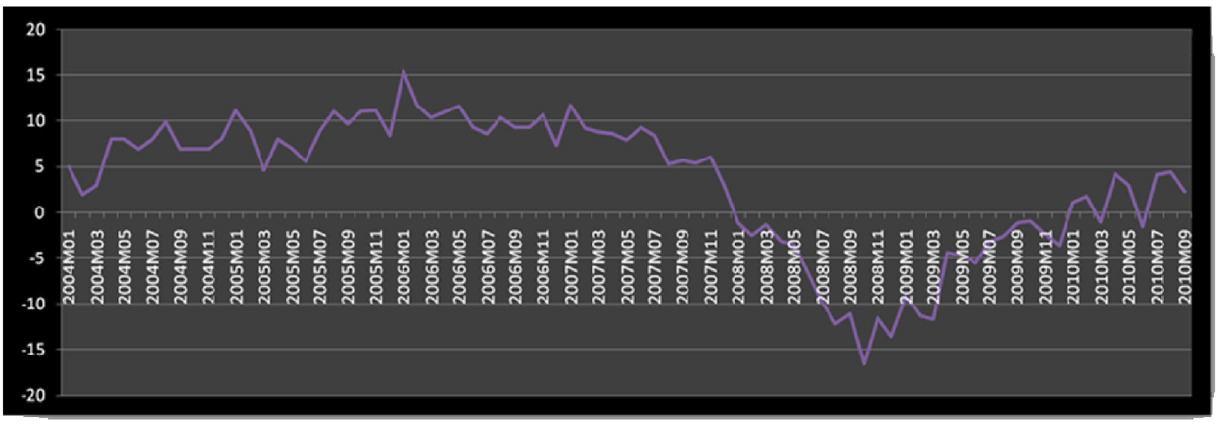
[118] Bjerrum 4

The tendency among Danes is to purchase cheaper alternatives when going shopping. This tendency is obvious when it comes to grocery shopping[119], but parallels can be drawn to other parts of the retail business[120].

To get an indication of what the future holds, Danmarks Statistik each month asks consumers how they see the future, which results in the Forbrugertillidsindikator. It shows the trust Danish consumers have to the future in terms of their private economy as well as the country's. The higher the indicator the better, as it signifies that consumers think positively about the economy and hence their private spending and consumption. The indicator is an interesting measure for the retail industry regarding future consumption.

As illustrated in figure 3.3, the indicator is increasing relative to the same period last year (2009 versus 2010). The most recent indicator (September 2010) shows a decreasing trend. However, the trend has generally been positive the last 6 months and points towards a higher consumption and spending. Yet, it seems there is a long way to the "good times" in 2007.

Figure 3.3 – Forbrugertillidsindikatoren



Source: www.stastikbanken.dk, FORV1

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[119] Bjerrum 2

[120] See consumer paragraph, 77

Even if the indicator was as positive as ever before, the industry is not necessarily secured. According to classical economic theories consumers may have positive thoughts about the future, but the indicator does not guarantee that these positive thoughts will transit into higher spending and consumption. Consumers may choose to save up their money instead of increasing their consumption. Naturally, this is not a positive development for the retail industry. The recent development in the retail industry - with an increase in the consumption - indicates that there still is a potential for Danish retailers.

Due to the electronic and digital development, the physical stores face competition from online shopping. The Danes have really embraced the new possibilities and 83% of all families have access to the Internet. Denmark is one of the countries in the EU that shops the most online, only exceeded by Great Britain[121]. 2 out of 3 (which add up to around 2.6 mio Danes) buy items on the Internet. The most common types of goods purchased are travel and cultural experiences.

Nor the technological development or the use of IT seem to be slowing down in the coming years, therefore it continues to be an important competition parameter for Magasin as well as the physical stores. The latest trend is ordering groceries online and having them delivered[122]. This might have the effect that consumers see online shopping as an alternative or a substitute to traditional shopping. Magasin does have an online shop, but the assortment is rather limited[123].

Up until now, competition for Magasin is seen as coming from other players in the Danish market. Adding online to this means that competition can also come from other countries as the Internet can be regarded as one vast worldwide market place.

[121] Danmarks Statistik: Befolkningens Forbrug af Internet 2009, page 23
[122] www.superbest.dk, www.bilka.dk, www.irma.dk
[123] www.shop.magasin.dk

4. Analysis

Competition → Consumers → Identity → SWOT

4.1. Competition

The competitive situation is one of the main pillars of this thesis. Many of the products/brands in Magasin can be purchased in a number of other stores, too. Numerous of other retailers offer the same products and brands as Magasin does which means that Magasin has a broad range of competitors. A thorough competitor analysis is absolutely vital in order to suggest a strategy, which has the potential to differentiate the Magasin brand from competitors.

To start off, it is important to establish *what* Magasin is competing for and what the *product* of Magasin is. What Magasin is competing for and a definition of the product Magasin offers are essential to outlay the competitive landscape that Magasin acts in.

4.1.1. What is Magasin competing for?

Being a retail store, Magasin competes for the consumers' disposable income[124]. Disposable income is defined as what a private person can spend out of the total income when all mandatory costs, as for example tax, have been deducted[125].

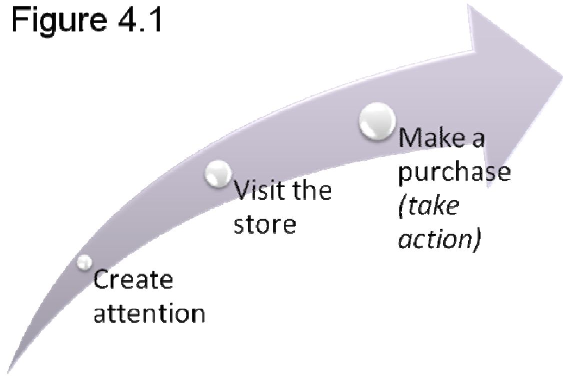
The size of the disposable income is subjective to each consumer[126] and psychological factors are involved in sizing the sum. Some are more inclined to save up the money, while others prefer spending it[127].

When identifying Magasin's competitors only from the spending of the disposable income, Magasin competes with *all* retailers, both in Denmark and abroad. Companies selling holidays,

[124] Interview with Torben Schwabe, appendix 4 (confidential), time: 10.50
[125] Hlldebrandt & Waldstrøm: *disponibel indkomst*
[126] Interview with Torben Schwabe, appendix 4 (confidential), time: 10.00
[127] Hlldebrandt & Waldstrøm: *disponibel indkomst*

cars, food, etc. are regarded as indirect competition, too. The range of competitors is huge and abstract and to narrow it down, they can be limited to fewer groups which is done in the following based on similar offerings and who consumers see as competitors[128].

Figure 4.1



Source: Own production

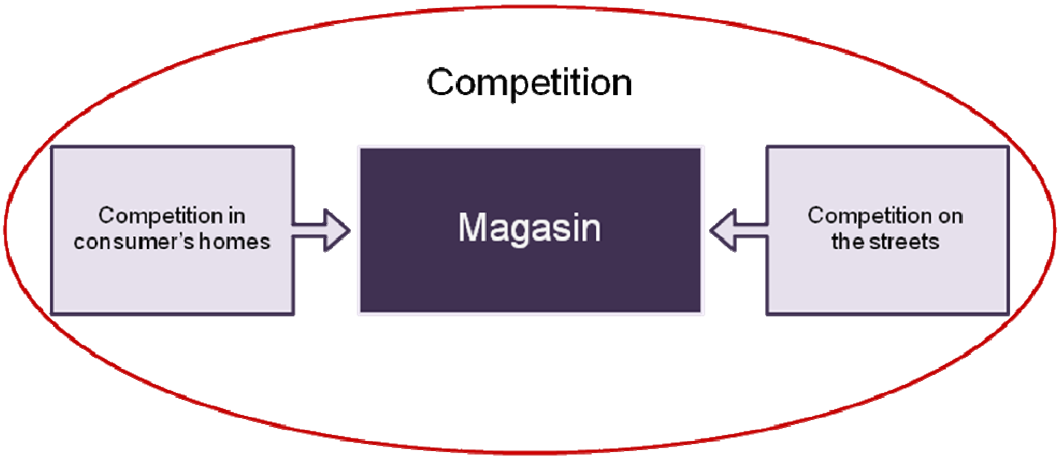
It is important to stress, that when using the term "competition for the disposable income" the competition for the consumers' attention and getting them to visit Magasin is regarded as implicit. Today, consumers are busy and are constantly bombarded with information and stimuli, which makes it difficult to break through to them. Getting consumers to spend part of their income in Magasin - or more precisely, make them *convert* their visit into a purchase – is seen as the final achievement after having captured customers' attention and got them into Magasin's stores. For consumers to convert their visit into a purchase is essential for a retailer (see figure 4.1). As other businesses, retailers are in the market to make money, and they do not do that if consumers leave the stores without a purchase. Only generating traffic to a store is a poor retail-strategy, part of a strategy must be how to convert visits to purchases and preferably *more* purchases.

Another interesting aspect when identifying the competitive landscape for Magasin is that a large part of the competition takes place in the homes of consumers when deciding where to go shopping and later in the high streets where many other retail stores are offering their goods (see figure 4.2). Consumers today have many shopping options and the competition for getting people into the stores takes place at many different locations. This insight shows that Magasin must possess high *recall*[129] in the minds of the consumers. Recognition[130] is not enough because at least a part of the decision where to go is made at home and here Magasin risks to be

[128] Aaker & McLoughlin, page 59
[129] Percy & Elliott, page 91
[130] Percy & Elliott, page 91

eliminated as the place to go if its positioning and hence recall is not strong enough (recall and recognition are examined further in the Consumer Paragraph, page 77).

Figure 4.2 – Two competition levels



Source: Own production

A central location in the cities where Danes do their shopping is important, too. A part of shopping is impulse purchasing[131] and here the aspect of *recognition* comes into play. Due to the long history that Magasin has in Denmark, recognition of Magasin in the high streets is not seen as a large challenge for Magasin. However, the challenge can be the positioning of Magasin in the minds of the consumers. If the perception of Magasin is negative, high recognition is more or less worthless. All in all, based on the above, Magasin should focus on both the battle fought in the homes when deciding where to go shopping and the one fought on the location of its stores.

Consumers demand value for money[132]. More specifically, consumers prefer to do a purchase that makes them feel that they have made a purchase where the value they gain exceeds the amount of money they pay[133]. This is an important fact because it means, to a great extent, that the competition is much more focused on the intangible elements of the purchase instead of "just" providing a good product. Value is a subjective size and what one consumer finds

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[131] See Perception of Magasin, page 92
[132] See the Consumer paragraph, page 77
[133] See the Consumer paragraph, page 77

valuable, another might not. However, it is fair to state that part of what builds value in a buying situation is the shopping experience[134]. The question is what Magasin can do to create this experience. This topic is covered later in the thesis.

4.1.2. The Brand

Magasin itself is one single brand, but it sells a variety of different products within several product categories. The product definition is based on the Magasin brand and what consumers buy when shopping in Magasin – no matter which product is purchased.

If the product definition is not established, the following analysis will have no value. The competition must be based on the product, its use, and substitutes.

Due to the business model of Magasin, the product/service that Magasin offers can be split into a B-t-B part and a B-t-C part.

4.1.2.1. B-t-B

Basically, Magasin holds the role of being a landlord to the B-t-B partners (brands sold in Magasin). However, there is more to the B-t-B product than only this.

Offering the possibility for shopping means offering small spaces/departments to brands inside the department store. In addition a good business deal is also part of the product to the B-t-B parties.

The brands in Magasin are carefully selected in order to represent the image that Magasin would like to project and in order to meet consumer demands.

The B-t-B segment prefers to be present in stores where their brand can leverage on the shop's brand value - in this case, the Magasin brand value. For a brand to accept a business relationship with Magasin, the management behind the brand has to regard the relationship as beneficial for their brand. Therefore, Magasin must provide a brand value that attracts consumers in order to attract the brands (see figure 4.3 for illustration).

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[134] See Consumer behavior, page 79 and Focus groups 1, appendix 6, time: 5.10, 5.50, 6.25, 8.10, 25.45, 40.00. Focus group 2, appendix 7, time: 21.20, 21.45, 22.30, 40.50. Focus group 3, appendix 8, time: 46.10, 47.40

Figure 4.3 – Who is adding value to whom

Source: Own production

Besides the more practical aspects of brands being sold in Magasin, the brand value of Magasin has to appeal to the individual brand managements and vice versa. In other words the relationship between the brands distributed through Magasin and Magasin itself, is *co-creation* of brand value or *co-branding*[135]. Which brands are represented in Magasin and ultimately how consumers perceive these is reflected in the Magasin brand and how this brand is perceived. The situation also implies a co-dependence relationship, because Magasin is dependent on how various brands are perceived by the customers. As mentioned in the definition paragraph part of being a department store is that it will always be the Magasin brand that is the "sender" of communication. An example is that only Magasin bags are given to customers. Each of the brands sold in Magasin aggregates to a large part of the Magasin brand. Thus, if some of the brands are perceived negatively is affects the Magasin brand.

4.1.2.2. B-t-C

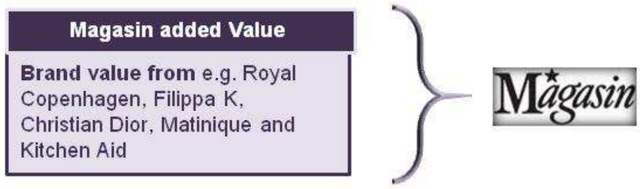
Magasin offers the physical frames and the possibilities for shopping to the consumers. Please note, that the word *shopping* is used as opposed to for example purchasing. Shopping does not necessarily equal buying. When a person shops, the focus is not only to buy, but to look, sense and touch items and getting inspired instead of heading directly for a product, buy it, and leave the store[136].

[135] Keller p. 289

[136] Definition of window shopping. Shopping is short for window shopping. Oxford Advanced Learner's Dictionary.

It is very few brands that Magasin has the exclusive rights for in Denmark[137]. Generally Magasin does not offer something that others cannot, when it comes to the tangible products. Therefore the "product" that Magasin needs is whatever creates added value for the consumer in order to ensure that consumers buy their goods in Magasin and not elsewhere. For example, a shirt is not going to be bought twice – the art for Magasin is to make sure it is bought in one of their department stores and not at one of the competitor's stores.

Figure 4.4 – Providing something more than brands



Source: Own production

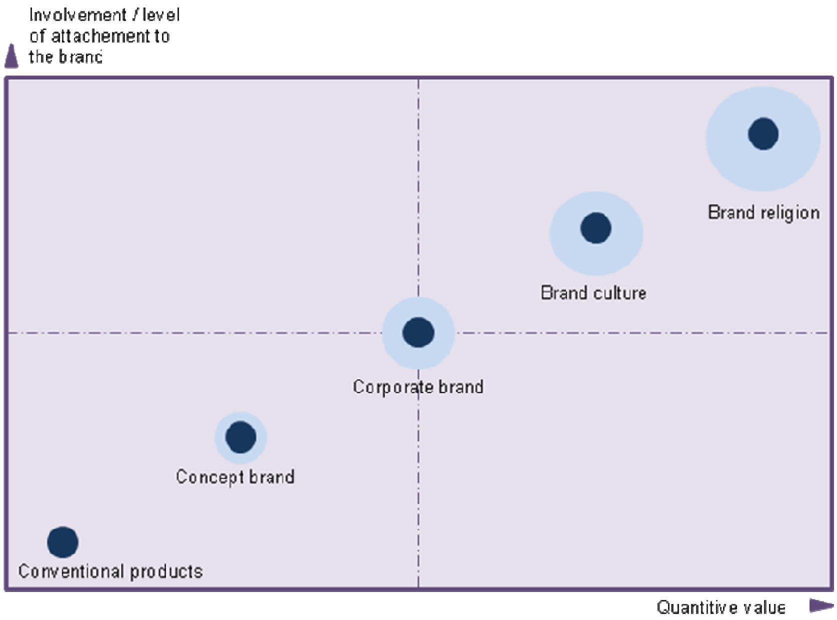
When the tangible product is the same regardless of where it is bought, the battle must be won on the intangible elements. This is where branding comes into play and can be the winning aspect for Magasin.

The term "intangible elements of a product" may seem a bit "fluffy" and difficult to grasp. Some call the extra value, which is added to a product, for the metaphysical product[138], others "the genie in the bottle"[139].No matter the name, the intangible elements of a product is the very essence of having a brand, as it is what differentiates the product from competitors and therefore it can be extremely valuable if approached in the right way. Torben Schwabe puts it in this way: "*In understanding this one aspect, the true professional prospers and the less competent fades away*", which only underlines how important superior differentiation is for a brand.

137 Appendix 1 (confidential)
138 Source: Torben Schwabe
139 Per Østergaard, Syddansk Universitet www.sdu.dk → Om_SDU → Institutter_centre → Forskning →Forskerprofiler

According to the Brand Value Chain[140], the added value has the potential to increase the economic value. Figure 4.5 provides an overview of the meaning of added value and this is exactly what Magasin, and the B-t-B customers wish to happen. To make this happen, the consumers must feel that the (branded) goods are worth paying for as they feel that they gain the added value.

Figure 4.5 – From product to brand



Source: www.kunde.dk -> corporate religion

4.1.2.3. The Magasin Brand (B-t-C and B-t-B)

Both the brands in Magasin as well as the consumers who shop in the department stores "buy" some of the brand image/equity that the Magasin brand has. In this way, the act of shopping, the goods purchased or a product on display in Magasin gets some extra (perceived) value. This value can be called "the Magasin value". This "Magasin value" is exactly what this thesis is aiming at enhancing.

[140] See Theoretical Foundation, page 23

Some branding theories refer to the two concepts POP (Point of Parity) and POD (Point of Difference)[141]. These two concepts are helpful when a company is deciding which positioning to take in a market[142]. In our case, identifying the two points creates the basis for a competitive analysis, as it will give insight into how Magasin sees itself and its current positioning.

4.1.2.4. POP and POD

Category POP covers how consumers evaluate a product to belong to a specific product/industry category[143]. For example, consumers have to believe that Magasin is a department store brand in order to evaluate it as such. Therefore, the POP in relation to Magasin is to live up to the points listed in the definition of department stores[144]. During the focus groups interviews some of the members did not regard Magasin as a department store. Instead some saw parallels to a mall or hypermarket[145]. Another example is the staff in Magasin. Some focus group members did not evaluate the service as being as high as one could expect, which in particular was related to lack of staff[146]. Part of the definition of a department store is a high service level and that each department has employees connected to it[147]. This may turn out to be a problem for Magasin if the consumers do not believe the brand belongs to the department store category and confusion about the brand arises. On the other hand when inviting participants to take part in the focus groups, the theme was presented as Department Stores including Magasin. None of the invited members seemed to have trouble connecting these two, which indicates that overall Danes still do evaluate Magasin as being a department store. These indications state that Magasin's POP is weak.

POD shares some similarities with USP (Unique Selling Point) and SCA (sustainable competitive advantage)[148] and is the associations to the benefits or attributes of a brand that consumers

[141] Keller p. 107-109
[142] Keller p. 107-109
[143] Keller p. 109
[144] See Definition of Department Stores, page 36
[145] Focus group 2, appendix 7, time: 37.35, 38.25
[146] Focus group 1, appendix 6, time: 12.30, 12.50. Focus group 2 appendix 7. Time: 43.20, 44.20, 46.30. Focus group 3, appendix 8, time: 9.40, 10.45, 38.10, 44.20
[147] Definition of department stores, page 36
[148] Keller p. 108

have, which they evaluate in a positive way, and which they believe cannot be found with a competitive brand[149]. Put in another way POD must be somewhat unique for the brand.

POD is what differentiates a brand from competitors. The management of Magasin has put forward some keywords/values[150] that Magasin would like to focus and differentiate on.

The keywords are[151]: our Magasin, experience, pride, exclusive, quality, fashion, spoilage, seduction, buying, responsibility, initiative, respect and doing good business (købmandsskab).

One could argue that these words could be split into B-t-C and B-t-B sections, where the latter five would relate to the B-t-B segment. Nonetheless, due to the fact that the two segments are very interlinked they are dealt with as one in the following.

A problem for Magasin is that the values listed above are not unique and thus rather simple for competition to copy. Another retailer can easily claim to provide an experience or having quality fashion products. The only one that really stands out is "our Magasin" if reading the long history and tradition of the brand into these words. A strong brand history can be a strong POD because it is almost impossible for competitor to copy. But one thing is what is written down as brand values, another thing is what is delivered. Conducted research shows that Magasin likewise has challenges in relation to obtaining a strong POD. The focus groups were asked to characterise Magasin as a person. Many of the focus group members had difficulties with doing this[152]. From this it can be concluded that Magasin does not have a clear positioning in the minds of consumers - either negative or positive. It has not managed to differentiate itself from competitors and impress its values in consumer's minds. The focus groups were also asked if

[149] Keller p. 107-109
[150] Appendix 1 (confidential)
[151] Appendix 1 (confidential) Translated from Danish
[152] Focus group 1, appendix 6, time: 30.00. Focus group 2, appendix 7, time: 35.40 Focus group 3, appendix 8, time: 31.40

they thought that Magasin was very different than the competition and here the answer was for the most part no[153].

All in all, the analysis of POP and POD signifies that Magasin has challenges when it comes to differentiating itself. Magasin is still considered as being part of the department store category, which is positive for the brand. However, the POP seems to become weaker.

4.1.3. Competitive analysis

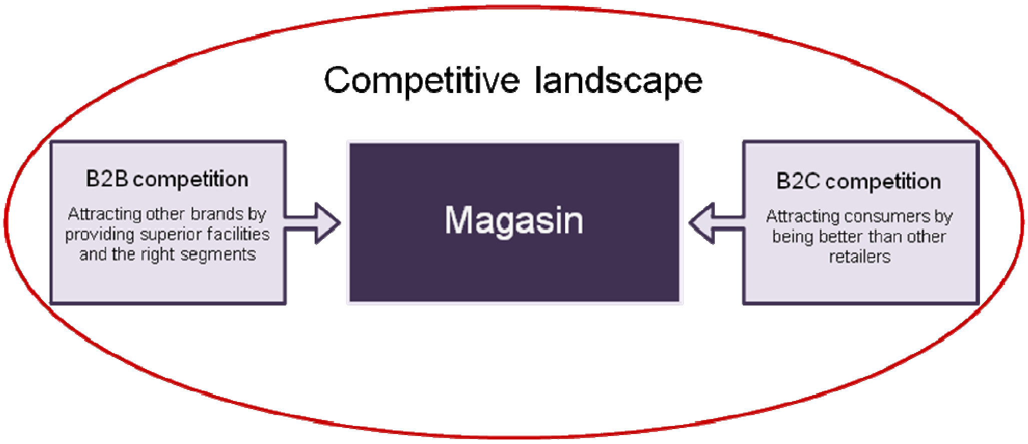
The analysis is built on the idea of Product Use Associations by Aaker[154]. The framework provides great insights into how consumers use Magasin and following which competitors can be identified based on the use and the product/brand.

The product specification of what Magasin offers helps limiting who competitors are. More specifically, competition is defined as those players who offer the same product as Magasin does – according to the product definition *and* in the eyes of the consumers[155]. It is important to know how the consumers use the product, as this will determine the competition. If researchers or the company behind a product believe the product is used in one way, but reality is that the product is used another way, problems arise. As a consequence, mistaken decisions are made which can have severe consequences for a company.

One of the insights gained from the interview with Magasin is that they do not carry out any competitive analysis[156]. One reason for the neglect of market and competitor observations can be the long and proud history that Magasin has and the first department store in Aarhus[157] more or less had monopoly in Denmark. Since then the Danish retail market has changed drastically with a vast number of new players in the market, resulting in an increased competitive level. It seems that Magasin has disregarded some of this development and has not operated in a proactive manner in order to beat the competition.

[153] Focus group 1, appendix 6, time: 30.45, 36.35. Focus group 2, appendix 7, time: 46.20. Focus group 3, appendix 8, time: 42.45
[154] Aaker & McLoughlin, p. 59
[155] Percy & Elliott, page 84
[156] Appendix 1 (confidential)
[157] At that the time Magasin had just that one store, see Description of Magasin

Figure 4.6 – Competitive Landscape



Source: Own production

While competition on the B-t-B market is mainly about attracting other brands, the competition on the B-t-C market seems fairly more complex since it comes from several different types of competitors.

Table 4.1 gives a brief overview of the different competitors. It is quickly spotted that the intensity of the competitions is high. Each competitor is explained in detail in the next part.

Table 4.1 – Overview of Competitors

Competitor type	Typical location	Why is it regarded as a competitor?
Department stores	In larger cities	• The same brands/products • The same segments • The same location
Flagship/Monobrand stores	In larger cities	• Great expertise • Big assortment within a single brand
Chains of stores	National	• Big assortment within several brands • Often lower prices • Many locations
Malls	In and around larger cities	• Everything under one roof (food and non-food) • Often regarded as having lower prices • High convenience (parking, close to infrastructure ect.)
Hyper markets	National	• Strong within low prices and impulse shopping • Intensive marketing • Increase in non-food products • High convenience (parking, close to infrastructure etc.)
Online sale	National	• All products from the whole world • Lower prices
Specialty/independent stores	National	• Great expertise • Easier to build up relationships between staff and customers • Often strong attachment from locals
Other places where disposable income is spend	National	• Consumers only have a limited disposable income • No Danes really *need* anything, therefore a night out might replace a new dress

Source: Own production

4.1.3.1. Other department stores

The most obvious competitors to Magasin are the ones offering the same product to the same target group(s). The Definition of Department Stores and the definition of Magasin's product help detect the competitors found in this paragraph.

Other department stores, Salling[158] in Aalborg[159] and Aarhus and Illum[160] in Copenhagen, are seen as close competitors. The intangible parts of the product offered by the department stores may differ, but these are still regarded as close competitors.

To get an idea of the strength of the competition level between the different department stores around Denmark, the concentration of the revenue[161] can be evaluated. In Aalborg, Salling is the only department store, which suggests a monopoly, if the market for department stores is considered as an independent section of the retail industry in the Northern part of Denmark. In Aarhus and Copenhagen the situation is a duopoly if the same assumptions are put forward as above. In Aarhus, Salling and Magasin share the market for department stores and in Copenhagen, Magasin and Illum share the market. Yet, this assessment is very theoretical and does not fully apply in the real world. Department stores may have a kind of a monopoly in terms of the whole concept, but they do have many other close competitors.

The above is a very tangible way of assessing the competition. Competition is also created from more intangible elements, and these are included in the analysis based on the focus groups.

According to the consumers who have participated in the focus groups for this thesis, Illum differentiates from competition by having a hip concept, with attractive brands, and good

[158] www.salling.dk

[159] As Magasin is no longer located in Aalborg the competition may be less than stated here. However, having a Salling in Aalborg may have the effect that some consumers living in or nearby Aalborg will not go to Aarhus to do their shopping in Magasin

[160] www.illum.dk

[161] This can be expressed in a simple fraction: $\frac{\text{One department store's revenue}}{\text{The total revenue in an area, a city or country}}$, the lower the result, the lower the concentration of the revenue and the higher the competition level – all things kept equal

shopping experiences[162]. Salling is positioned as a bit messy and not quite as exclusive as Magasin and Illum[163]. Lastly Magasin is seen as confused, a bit messy and difficult to grasp, and not always service minded[164].

It is clear that Danish department stores are struggling these years[165]. It is seen as being highly unlikely that new department stores will open in Denmark in the coming years. This is due to the current market situation with the recent and current financial crisis which affects both businesses and consumers. The entry barriers are high, mostly in terms of having to buy, lease or build the large-scale buildings, which are a great part of being a department store[166]. Part of the department store's concept is the location. In the larger Danish cities the high streets are crowded already today, which makes it even more difficult to build new stores here.

The entry of foreign and already established department store chains on the Danish market could happen. However, also in other countries the chains are having a hard time with closing of stores and chains as a result[167]. This situation makes it unlikely that a foreign chain would establish itself in Denmark – at least in the short-term outlook. A foreign department store chain would meet the same barriers in terms of buildings as described above. However, an already established and maybe even successful foreign chain might be able to buy a Danish department store chain and hence obtain a simpler entry to the Danish market.

Debenhams' buy up of Magasin shows that even though the department store chain is not taken over as such[168], the acquisition might still impact the competition in the Danish market. Foreign corporations, no matter what business they are in, bring something new to DK. In case of Magasin, Debenhams has planned to offer cheaper products than what has

[162] Focus group 1, appendix 6, time: 33.00. Focus group 2, appendix 7, Time: 36.50, 39.40. Focus group 3, appendix 8, time: 31.50, 33.15, 35

[163] Focus group 1, appendix 6, time: 30.50. Focus group 2, appendix 7, Time: 42.30. Focus group 3, appendix 8, time: 42.45, 31.50

[164] Focus group 1, appendix 6, time: 35.20. Focus group 2, appendix 7, Time: 36.05, 37.05, 39.45, 43.20, 44.20. Focus group 3, appendix 8, time: 31.50

[165]Bjerrum 3 page 11 and Ostrynski

[166] The definition of the department stores, page 36

[167] NK in Sweden is now down to two stores. www.nk.se → Om NK. Karstadt in Germany has recently gone through some serious financial trouble. However, Karstadt did survive the crisis. Source: Bentow 2 and www.karstadt.de.

[168] Debenhams only acquired the brand Magasin, and claim not to change Magasin in the coming years: Source Torben Schwabe

been sold in Magasin up until now[169]. This means that even though Magasin is still called Magasin, looks the same and is located the same places, the perception and positioning of the brand may change - as a result of different products in the stores - which also changes the parameters competed on. The change depends on which department store/business buys a department store in Denmark and which strategy it has. Some are interested in keeping a status quo, while others believe that a completely new strategy is needed in order to survive and maybe also to strengthen the brand.

Based in the concept of department stores, Magasin has a number of product categories at display in the stores, and one could argue that competition can be identified inside each department store. A consumer can only spend his or her money once and has to evaluate which type of product provides the most value for that person - for example the choice between a new shirt and a new perfume. Surely, some consumers have a reason or a specific goal for visiting a department store, which could for instance be “I need a new shirt”. But for the impulse buying, internal competition between categories might occur. The implication of the internal competition is the location of each product category in the department stores. It is interesting to observe that the sale of cosmetics, which is found on the ground floor in department stores (in those stores with more than one floor), has some of the highest percentage of the total turnover across all of Magasin’s departments[170]. In the departments with only one floor the cosmetics department is often found in the entrance area, which means that also here it is the first product category that meets the consumer. Moreover, some consumers only pass through Magasin quickly and never reach the upper floors[171], which is a major threat for other product categories on upper floors. If consumers never reach the upper floors, they do not, of course, spend any money on these floors either.

To conclude, competition in a department store is not only vertical (within a product category), but also horizontal (between product categories).

Department stores are regarded as important competitors. In Denmark there are not many department stores, but still Magasin faces competition from these. Department stores try to

[169] Bjerrum 5 and Interview with Jan Helleskov, appendix 2 (confidential), time: 28.10
[170] Appendix 1 (confidential)
[171] Focus group 1, appendix 6, time: 1.50, 2.00, 2.50, 10.15. Focus group 2, appendix 7, Time: 2.20, 4.30. Focus group 3, appendix 8, time: 3

differentiate from one another and it is important for Magasin to follow these positioning attempts to be able to react on them. At the same time, some indicators point to an international competition as some foreign department store chains may find Denmark as an attractive market and hence could expand to the Danish market. When only assessing the market as consisting of department stores Magasin looses, and Illum wins in the eyes of the consumers.

4.1.3.2. Flagship stores/ Monobrand stores

Magasin faces competition from flagship/monobrand stores (referred to as flagship stores in the following) offering only one specific brand, and where the staff is able to provide a much more brand/product specific service to customers. Flagship stores are stores that are managed by the company behind the brand.

A number of the flagship stores are located in the same areas (city centres) in which Magasin has departments and offer the entire assortment of a specific brand[172]. Magasin only has a limited collection on display.

Flagship stores are great competitors due to the fact that they fit very well with some of the tendencies spotted in the consumer analysis. These are demand for quality in all aspects of shopping, a high service level, individuality, and so on[173].

There are some consequences for a company having one or more flagship stores. Due to the business model of Magasin, a brand has a limited area to sell its products on and is often only able to present a limited range of the product collection in Magasin. This may cause that the brand needs a flagship store too, where the entire collection is available. The company behind the brand has to pay double lease as well as the staff's pay, inventory and so on. If the revenue in the two stores (one in a department store and the flagship store) double, it is a good deal. If this is not the case loses money. One could argue that a flagship store adds to the brand value and therefore creates sales in other locations where the brand is offered. Nonetheless, the brand management of the brand evaluates this aspect of having a flagship store as well as having other distributions forms.

[172] Bjerrum 3, page 11

[173] See the Consumer Paragraph, page 77

Regarding the brands being sold in department stores through the procurement department, being present in a department store can be beneficial as consumers are introduced to the brand through Magasin. The brand might evoke interest and consumers may want to visit the flagship store. Here department stores and flagship stores can work together, at least in the short run. At one point, consumers might prefer to go to the flagship store instead of Magasin.

From these short examples, the level of competition from flagship stores is illustrated. Regardless of what business model Magasin practices, flagship stores are strong competitors.

The coming paragraph is directed to the B-t-B competition, as it sheds light on which parameters Magasin can compete on for their B-t-B customers, and it unveils some of the reasons why individual brands choose to open the flagship stores.

Due to the direct link from the individual brand management to the flagship store, flagship stores have a greater degree of control compared to when the same brand is sold through Magasin. Magasin plans sales etc. regardless of an individual brand's own strategy. It may cause an imbalance between what happens in Magasin and what happens in the flagship store. This gives the brand a sense of inconsistency and potentially harms the brand, as consistency is a major aspect of creating positive brand equity[174].

The entry and exit barriers of flagship stores are relatively low. The product assortment is dealt with, so to find a location is actually the highest barrier so to speak. Brands considering opening a flagship store are, among other things, interested in boosting the brand value of the brand. Therefore, a flagship store cannot be located just anywhere. The neighbourhood is important because the "right" consumers have to shop there. For example a high end fashion store placed between Fætter BR and Vero Moda would not reflect high end fashion, as if it was placed between Gucci and Max Mara. Again, consistency is a key when it comes to branding and building brand value. This might heighten the entry barriers, as the right location must be available before the flagship store can open.

[174] Keller, page 318

A flagship store has an advantage as the stores are often smaller and the visitors often more homogeneous than what is seen in Magasin. Magasin holds a number of brands and product categories and these will attract different kinds of people (target groups) with different reasons to be in the department store. Due to a flagship store's limited scope and size, creating an experience is easier. This is in relation to decoration, intimate atmosphere between staff and customer.

On the other hand flagship stores are not able to compete on convenience (many brands/products under one roof), the impressive old buildings, inspirational displays made of a mix of different brands and categories or on the history and tradition that the department stores in Denmark have.

In the area where Magasin's Kgs. Nytorv department is located a number of major brands' flagship stores are found. Among these are: Gucci, By Malene Birger, Nespresso, and Peak Performance - just to name a few. Other than just being competitors, the flagship stores also add something valuable to Magasin; by being located in the area where Magasin is located in, the brands attract customers to the city.

Consumers buy branded products to reflect a certain image[175]. To make that happen one must be able to "tell" the world that you have bought a certain product. This can be done in the home or when using the product, but here the audience is rather small and often there is not a label telling others the brand. The bag is a very strong tool. This is positive for Magasin, given that the brand of Magasin is perceived positively by other consumers on the streets. However, if the brand value of a product exceeds the brand value of Magasin, a consumer most likely prefer presenting that brand instead of Magasin and here the flagship stores and their bags come to play.

[175] See consumer paragraph, page 77

To be able to show off a specific bag is not the only reason why people choose to shop in flagship stores, but it does illustrate a point regarding the competition. In relation to the B-t-C market, the competition is on brand value. For the B-t-B the competition is more related to marketing (bags can be seen as a marketing touch point, and Magasin “steals” some of that by using bags with the Magasin name on it).

The success of the flagship stores implies a strategic challenge for Magasin regarding how to attract value adding brands to its stores. If the management of flagship stores get a higher added value in their own stores than in Magasin, they surely prefer having only their own stores. Magasin must be able to provide added value to the brands in order to “convince” them to be sold through Magasin.

To sum up, flagship stores are great competitors as they are able to provide the same core product (for example a coffee maker from Nespresso), but in another, and to some consumers more attractive, setting. Secondly, the flagship stores have a great opportunity to create good experiences and build brand equity.

For the B-t-B aspect, pros and cons can be identified in regards to whether or not a company should open up flagship stores. Both Magasin and individual brands wish to present their brand in specific settings and this can turn out to be a reason why some brands choose to open up flagship stores instead of offering their products through Magasin.

4.1.3.3. Chains of stores

For some of the product categories that Magasin holds, specific chains are identified as competitors. One example is the sports department in Magasin. This department faces competition from sports chains such as Intersport and Sportmaster. For the Home department, chains such as Imerco, Inspiration, Bahne and Illums Bolighus are competitors. For toys, Fætter BR and Toys’R’Us are competitors. Lastly, Matas and Estetique are identified as some of the competitors for the cosmetics department. It is important to mention that the above is not complete and many more chains in the Danish retail industry can be recognized as competitors to Magasin.

The chains of stores are able to offer competent service as they are rather specialised in the product line they offer[176]. The marketing is often national and powerful due to the size of the chains.

On the other hand the chains can be seen as generic by the consumers as the distribution often is massive as opposed to exclusive distribution[177].

Overall, chains are not seen as competitors for each and every product category in Magasin, but still one to keep an eye on as some product categories do face massive competition from other players. For instance, Mango is a competitor to some women's wear brands whereas Biva is not viewed as a serious competitor to the Home department in Magasin.

4.1.3.4. Specialty stores/Independent stores

Competition also comes from so called specialty stores. By speciality store is meant smaller, independent stores and stores offering a limited but carefully selected assortment. What is offered is often a mixture of brands within one of a few product categories, but it may also be a mix of more product categories.

The stores are placed throughout the country and can be specialized in any type of products - from children's toys and coffee makers to women's wear and organic food.

Specialty stores are able to provide the products with a great sense of service, personal relations, a deep insight into and knowledge of the (local) customers.

Specialty stores are typically locally oriented and hence one store only adds to the competition in one city or a smaller area of Denmark. However, this type of stores is found all over the country, thus competition is regarded as nationwide and very strong.

[176] Focus group 1, appendix 6, time: 5.10, 6.25, 8.05. Focus group 2, appendix 7, Time 48.35. Focus group 3, appendix 8, time: 36.35

[177] Focus group 2, appendix 7, Time: 21.40, 22.30.

The interesting aspect is not the location or number of the specialty store. What the specialty stores are able to compete on is a key in the competitive analysis. What this kind of stores can offer is a high degree of relationship and customisation. They are able to order one specific item to a customer, which is a very high service level compared to Magasin's service level.

Entry barriers may seem rather low, but mostly one or a few people get together to open a store and barriers rise. The opening is associated with a personal risk for the owners. This personal risk is perceived higher than if Magasin considered opening another department. The owners of a specialty store are personally (as well as financially and legally) bound to the store's success or failure which may keep some from opening a store.

On the downside for speciality stores, in terms of competing with Magasin, is that their marketing budgets often are rather limited and concentrated on local communication. Secondly, many customers are busy people who do not have time to do speciality shopping (which may be linked to the growth seen in malls and online sales). They might prefer to do it quick and to have it all under one roof or at least within a limited distance – they prefer convenience[178].

Another downside for a specialty store in competing with Magasin is the access to the well-known brands. An international company, like Chanel Make Up, does not give license to sell their products to just any store. Based on the theory regarding the needed consistency when building brand value, stores selling Chanel must have a certain positioning on a national level and agents for Chanel in Denmark makes sure of that. For specialty stores (and Magasin) the competition may be non-existent for some brands, whereas it can be very strong competition in relation to other brands.

All in all, speciality stores are regarded as notable competitors. The marketing budgets and strength of negotiation is in Magasin's favour, but the specialty stores possess extensive brand/product knowledge.

[178] Source: Torben Schwabe

4.1.3.5. Malls

Malls are growing fast in Denmark. One could argue that malls and department stores offer nearly the same of having it all in one building. One reason why malls are growing compared to the rest of the market could be that these are often located outside the city centres, and where larger parking space is available[179]. Related to this is that the infrastructure to areas where malls are located is often well developed[180].

In recent years Denmark has faced a financial crisis, which has caused Danish consumers to spend less money[181]. In general, malls in Denmark are not positioned as being high class or expensive – contrary to the general opinion of department stores[182]. Compared to the Danish retail generally, malls generate better results and seem to be able to offer what consumers demand today[183].

Magasin has partly realised this competition, as small Magasin departments are placed in two malls in Denmark (Field's and Rødovre Centrum). However, this has not proved its worth to Magasin as these two are clear underperformers[184]. Further, Magasin has previously decided to close the departments in Kolding Storcenter and City 2 due to poor performance[185]. Malls (maybe except a few) and Magasin are in sharp competition on the concept and image.

The marketing of malls is the same for all the stores in the mall and is often related to special times during the year – Christmas, the yearly birthday, Sunday openings and so on. The marketing is massive, but will often be focused

[179] Often malls have their own parking lots only for the visitors to the malls. – and it is something that the malls try to use in their marketing by telling how large the parking area is. www.fields.dk, www.roedovrecentrum.dk, www.aalborgstorcenter.dk
[180] Examples are Field's, which is located next to a highway and has its own metro station aside from train and bus stops. www.fields.dk → Find Os. Rosengårdscenteret in Odense has a big parking lot and bus stops. www.rosengaardscenteret.dk → Find Vej
[181] See Danish retail turnover, page 48
[182] Perceptual maps, page 92 and appendix 13
[183] Bjerrum 3, page 11
[184] Appendix 1 (confidential)
[185] Appendix 1 (confidential)

regionally, as malls in general do not attract people from across Denmark. Malls have larger marketing budgets than for instance speciality stores, which provide larger possibilities. However, for the stores placed in malls, shared marketing can be a downside, because marketing is not always consistent with their brands' strategy, resulting in inconsistency in the branding for the individual brands in the mall. This can lead to a decrease in the brand value/equity for brands sold in a mall.

The competition from malls should be taken seriously as Danes seem to be embracing this kind of shopping. In Denmark Steen & Strøm is the company behind[186] half of all the malls in the country[187] – 18 to be exact[188]. The fact that a small country as Denmark is capable of having that many malls is interesting. Currently, Steen & Strøm does not have any malls in their pipeline, which may be linked to the financial crisis.

In the business of malls, both the entry and exit barriers are very high. Access to land, a permission to build, and getting deals with stores to be in the malls demand time, money and effort. It is rare that the large buildings used for malls can be used for anything else than housing a mall, which makes the exit barriers extremely high.

Magasin should take malls' influence on the market very seriously - the question is whether or not customers in 5 years are able to tell the difference if some malls "trade up" and Magasin stay where it is.

4.1.3.6. Hyper markets

Hyper markets such as Bilka, Føtex, and Kvickly are competitors, too. The reason for this is founded in the same macro-economic tendencies as stated above. Danes buy more and more non-food products in hypermarkets and these are offering more and more non-food products. Actually, it is estimated that in average Danish consumers

[186] Steen & Strøm manages all of them, but 15 is owned by Danica Pension, 3 owned by Steen & Strøm. www.steenstrom.com

[187] Bjerrum 6

[188] www.steenstrom.com

use half of his or hers clothes budget in supermarkets and/or hypermarkets[189]. Still, it is important to mention that it is only a limited number of the brands currently being sold in Magasin, which compete with what can be found in hypermarkets.

In relation to positioning, the hypermarkets are positioned far away from department stores and Magasin[190]. Nonetheless, the development in the Danes' usage of the hypermarkets is very interesting and Magasin should pay attention to this. In the extreme, hypermarkets could develop into close competition if they start offering more of the products that Magasin offers. Especially if Magasin in the mean time introduces cheaper products (Debenhams' private label), competition from hypermarkets have the potential to increase a lot. This would change the Magasin brand as the brand value of Magasin is reflected in the brand value of the products that Magasin offers.

Hyper markets face the same challenges regarding image as some malls do, which again is linked to the challenge of offering the right brands to the customers.

As with malls, the marketing budgets for hypermarkets are big and the campaigns are national and focused on price. They are also called "category killers" because they occasionally offer branded goods at half price[191]. If Magasin turns to provide cheaper products, the price will be one of the main competing factors. Again, this leads to a change in the brand value of Magasin as well as its positioning.

To recap, hypermarkets do posses a potential threat to department stores. However, the two concepts are different from each other and are focused on two very different aspects of running a business. Hypermarkets focus on price; department stores on quality – so far. Therefore, the competition does not currently seem to be strong or direct. Nonetheless, the consumers are the ones "deciding" who competes against whom and if Danish consumers

189 Konkurrencestyrelsen
190 Perceptual maps page 92
191 Source: Torben Schwabe and Focus group 3, appendix 8, time: 27.10

start buying more goods in hypermarkets these will into an important player. The question is whether or not this has already happened, at least for some product categories[192].

4.1.3.7. Online shopping

Online shopping is in growth. For Magasin, the competition is based on the fact that the Internet is never closed as opposed to regular stores. The consumers can shop whenever they like wherever they are. The prices are often lower online than what can be found in the brigs and mortar world as online shops can save much money on fixed costs.

The Internet provides a worldwide marketplace. On one hand this is scary for some segments, whereas others embrace these possibilities. Having such a large marketplace makes it possible for consumers to find special/exclusive/unique items. Not having the possibility of shopping online results in a limited selection of items. Competition is intensified online – and in addition to a lower price and maybe even at a favourable exchange rate.

Online stores call for competition on some other parameters than physical retail do. Examples on the new way of doing business online are the touch points at which the customers are "met". Magasin cannot "just" translate its business to the online environment, just as it cannot "convert" its offline competitors to the online market place.

Online shopping is a competitor to Magasin on just about all the product categories[193]. But offering products in an online environment takes skill if a strong brand is wanted in the future, too. The "rescue" for Magasin in this respect can be that consumers value the social aspect of shopping so much, that the online shopping will not take over completely.

4.1.3.8. Competition from other providers

To broaden the view on the competition other providers of experiences (which is one of Magasin's values and aims[194]) and where consumers spend their disposable income are included as competitors. This is done to illustrate into how many industries Magasin finds competitors within.

[192] See Response Processes paragraph, page 101
[193] Bjerrum 3, page 11
[194] Appendix 1 (confidential)

Spas, amusement parks, concerts, theatres, galleries, cinemas, travel agencies, various performances all provide experiences that are paid for by consumers. If Magasin solely competes on experience, these businesses are major competitors, too.

Aside from the experience providers, Magasin faces competition from *all others* who are capable of offering the same products as Magasin. A few more than the ones analysed above are worth mentioning. For some of the more expensive and exclusive brands, Magasin competes with second hand shops, for example be ebay.com, dba.dk or trendsales.dk. It could also be other department stores or retailers abroad where people go on holiday.

The challenge is to make a competitor analysis which uncovers all potential competitors. This challenge can be one of the reasons why Magasin faces problems today, it seem to not have realized how many competitors it actually has.

All in all Magasin faces substantial competition from a number of providers. Some are relatively easy to spot, such as other department stores, flagship stores, and specialty stores. Malls and in particular hypermarkets are the most surprising ones – at least with regards to the level of competition from hypermarkets. Online shopping is growing among Danish consumers, though the physical act of shopping is of great importance too[195]. Yet, all points to that online sale will continue to grow in the coming years. The management of Magasin will be busy keeping an eye on the competitors, both now and in the coming years.

4.2. Consumers

Companies all around the world spend vast amounts of money on consumer research. When companies choose to spend these large sums on this field, it is because they search for a deeper understanding of consumer motivation, incentives, feelings, and associations towards a certain product, service, brand, experience, or a happening. The researched object can be anything which has relevance for the company conducting the research. The research has to be done on a continuously basis as consumer behavior changes fast.

[195] See Consumer Behavior paragraph, page 77

But why is it important to possess knowledge about consumers and their behavior? When a company knows what is important to its customers, it is possible to direct marketing and the overall strategy towards the right segment. After all, customers are essential for a company's business and continual existence, as they supply the turnover to the company.

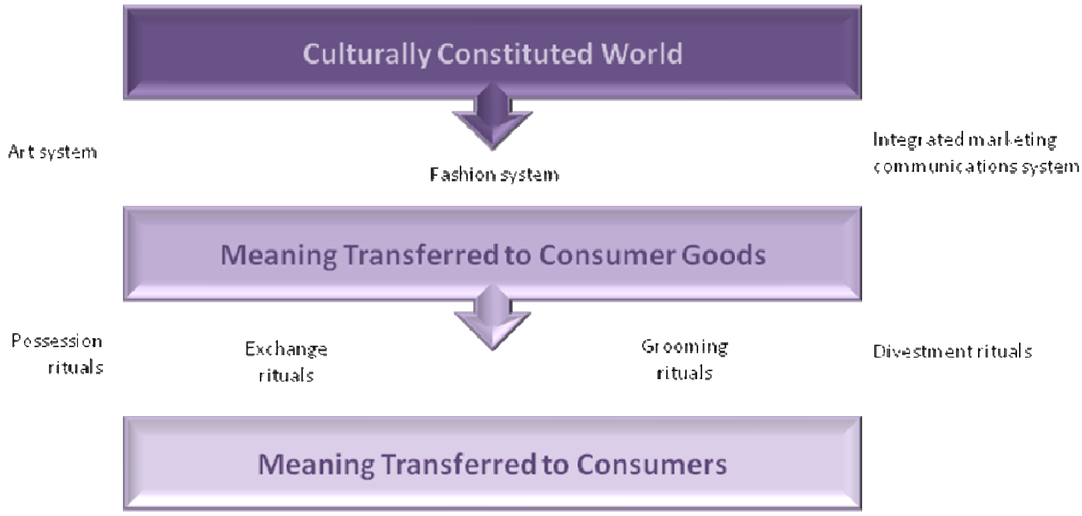
In the following paragraphs, important characteristics about consumer behavior, with special attention to shopping, are outlined. Only when main behavioral traits are identified, is it possible to develop a future strategy.

4.2.1. The Meaning Transfer Model

The Meaning Transfer Model – see figure 4.7 - is helpful when explaining why the identity of a brand and the way the brand communicates are so vital in regards to the culture it acts in and the consumers who purchase it. The model explicates how "meaning" or "value" is transferred from the culturally constituted world to the good and from the good to the consumer[196]. Every time a consumer purchases a brand, he/she purchases a small part of her/his identity –they purchase the meaning of the brand. The meaning of the brand is transferred to the consumer's identity. That particular meaning is formed within the culture of the surroundings/the context of the brand and consumers. This is the reason why knowledge about consumer behavior and culture is absolutely essential in an organization's branding strategy. If a brand does not act like consumers expect it to in order to be perceived in a certain way, the right meaning is not transferred to consumers. Before a company is able to act a specific way, it has to know what is important to consumers and how this is communicated correctly.

[196] Arnould, Price & Zinkhan, page 134

Figure 4.7 - Meaning Transfer Model



Source: Arnould, Price and Zinkhan, page 134

4.2.2. General consumer behavior trends

Consumer behavior and trends change constantly. Numerous factors cause the behavior of consumers to change, e.g. shifts in fashion, economy, environmental factors, technology, demographics, science, and globalization. Companies, people, governments and other institutions have partly control over some of the factors, but no one have the power to totally control in which direction consumer behavior moves. Therefore, companies can only govern the changes and then act from these changes.

A general knowledge about consumer behavior and trends is crucial before defining a suggestion for a future strategy for Magasin. These general trends are described in the following section.

- *Increased consumer uncertainty and fewer "value-sales" (expensive sales)*. The world is going through a financial crisis, which has had a major effect on the world's economy. Denmark too, is affected by the current crisis and it has caused Danish consumers to feel uncertain about the future and their economy. Therefore, many consumers have cut down on their consumption[197]. The unemployment rate has reached 7.9 % in the first quarter of 2010[198]. Two years earlier, in the first quarter of

[197] Danmarks Statistik, table DETA21
[198] Danmarks Statistik, table AKU2

2008, the unemployment rate was 3.4 %[199]. Relatively compared to other countries, the unemployment rate in Denmark is not fatal[200]. Yet it is a factor which impacts the consumption negatively, though most Danes have the same amount of money to spend as before the crisis[201] - some people even have a higher disposable income than they had two years ago[202]. The decrease in consumption is a result of uncertainty[203] and a potential decrease in future income. Consumers have the same needs and they purchase almost the same amount of goods. However, some of the goods bought are cheaper than the goods they used to purchase[204]. Today's consumers have fewer "value-sales", yet they still do spend money on expensive products, only less often[205].

- *Success of fast-fashion brands*. Consumers now splash out on fewer value-items. Generally, Danish consumers stick to the middle fashion market for cheaper basic items[206], such as Mango, H&M, Topshop and Zara, in relation to purchasing clothing. The decrease in consumer expenditure can partly be explained by lower prices. Also import from Asia, retail discounting and new providers cause the prices to decrease and thereby consumers to spend less money[207]. Cheap disposable fashion brands, as those just mentioned, have taken Denmark with storm[208]. The clothing and footwear markets are highly dependent on the changing seasons (winter, spring, summer and fall), which cause the Danes to go shopping by the beginning of almost every new season. The entry of fast-fashion-brands means that product lines are rapidly turned and makes it possible to introduce new lines on an almost weekly basis[209]. This has resulted in a change in shopping patterns and increased the amount of shopping even more – consumers shop more often to be updated with the newest fashion and

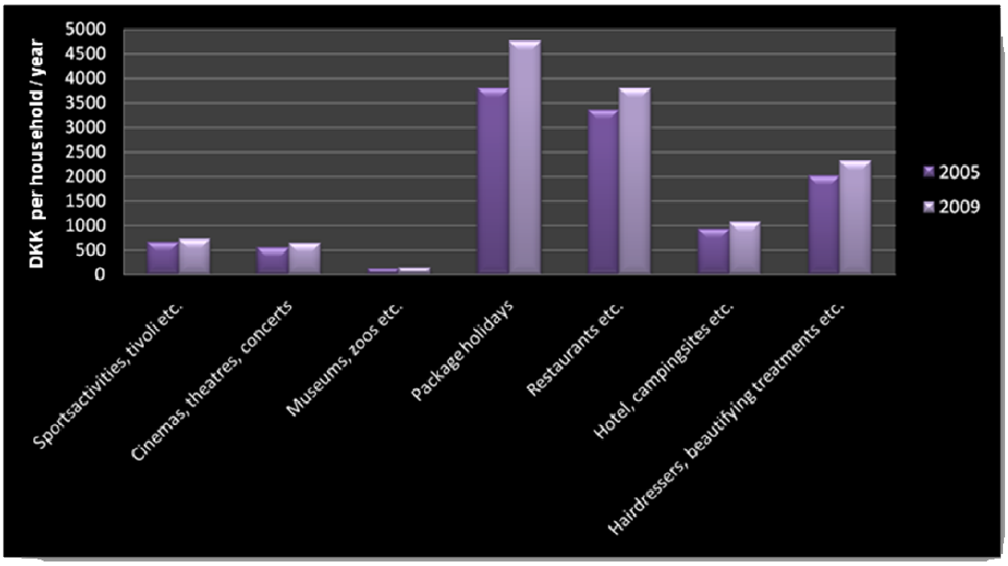
[199] Danmarks Statistik, table AKU2
[200] EU-Oplysningen
[201] Interview with Torben Schwabe, appendix 4 (confidential), time: 28.30, 29.25
[202] Euromonitor Consumer Lifestyles – Denmark, page 4
[203] Danmarks Statistik, table FORV1 and Interview with Torben Schwabe, appendix 4 (confidential), time: 28.30, 29.25
[204] Danmarks Statistik, table DETA21 and Interview with Torben Schwabe, appendix 4 (confidential), time: 28.30, 29.25
[205] Danmarks Statistik, table DETA21 and Euromonitor Consumer Lifestyles – Denmark, page 58
[206] Euromonitor Consumer Lifestyles – Denmark, page 77
[207] Euromonitor Consumer Lifestyles – Denmark, page 67
[208] Euromonitor Consumer Lifestyles – Denmark, page 68
[209] Euromonitor Consumer Lifestyles – Denmark, page 68

trends[210]. The fact that new product lines are introduced often makes it possible for cheap brands to be “special”. Even though a product is cheap, it is *not* synonymous with not being special, not being fashionable and bad quality. Because of the fast introduction of new product lines, each line is small and there are limited pieces of each item[211]. This is a characteristic, which is typical for more expensive luxurious brands. Thus, characteristics from luxury brands are transferred to cheaper fast-fashion brands and expensive designer items are regularly worn alongside cheap products[212].

- *More healthy and well-off older people*. The age of the Danish population is currently changing. In 2015, 25 % of the population will be 60 + years old[213]. In a modern environment with less physical hard work, people reach an older age and their health is good, even after retirement. Compared to older people 20 years ago, today’s elderly have lots of energy, they are healthy and well-off. They have saved up for their retirement the whole life, and are willing to spend it on private leisure and family[214]. The purchasing power of older people has increased significantly. The elderly today are very fashion-conscious. Generally, they perceive themselves as 10-15 years younger than they are[215] and they do not like to be communicated to as they were old or targeted with un-fashionable products. The increase in the amount of healthy and well-off elderly results in a rise in the demand for certain product categories. The elder increasingly demand leisure, recreation, travel and tourism services[216]. Products such as anti-aging crème, beautifying treatments, “fashion for elderly” and gifts for children and grandchildren are experiencing an increase in demand too.

[210] Euromonitor Consumer Lifestyles – Denmark, page 68
[211] Euromonitor Consumer Lifestyles – Denmark, page 68
[212] Euromonitor Consumer Lifestyles – Denmark, page 67
[213] Euromonitor Consumer Lifestyles – Denmark, page 2
[214] Euromonitor Consumer Lifestyles – Denmark, page 2+3
[215] Euromonitor Consumer Lifestyles – Denmark, page 3
[216] Euromonitor Consumer Lifestyles – Denmark, page 3

Figure 4.8 – Average consumption of chosen leisure activities, Pensioners



Source: www.statistikbanken.dk, FU10

- *Demand for convenience*. The number of older people who are willing to spend money on fashion, leisure and family has increased. Though older people are a lot healthier than old people were 20 years ago, they still do become less mobile with age[217], less mobility calls for increased convenience. Convenience is a very broad term and covers location, service level, opening hours, decoration of stores, selection of goods, possibility of getting goods delivered etc. Not only older people demand convenience. New lifestyles (see description of career minded people and singles/couples without children) require increased convenience too. The people with these lifestyles have limited time and are willing to pay for increased convenience.

- *Increase in online sales*. Closely related to convenience is the internet and online sales. The internet is a sales channel in rapid growth[218]. In particular music files, clothing and flight tickets are popular goods/services to purchase online. Online sale of food and groceries are expected to grow too[219]. In end 2009, 83 % of the Danish population had internet in their homes[220] and 50 % had purchased a product online

[217] Euromonitor Consumer Lifestyles – Denmark, page 3
[218] Euromonitor Consumer Lifestyles – Denmark, page 5
[219] Euromonitor Consumer Lifestyles – Denmark, page 6
[220] Danmarks Statistik: Befolkningens Forbrug af Internet 2009, page 17

within the last 3 months[221]. The reasons why so many Danes shop online are because of a bigger assortment, lower prices and convenience[222].

Figure 4.9 – Latest online purchase, percentage of the total Danish consumption

Source: www.statistikbanken.dk, BEBRIT07

- *Career minded consumers*. Danes have a high education level. They are very career minded, focused on life-style and they are generally becoming more egocentric[223]. Because an increasing proportion of women obtain a higher education and a successful career, they get children later and get fewer children (the average age of getting the first child in Denmark is 29.2 years old[224]) – if they do get children at all. Some people even stay single to take care of their career, socializing and meeting up with friends at cafes, bars, clubs, and restaurants. This is the lifestyle of many Danes, going out and spending money on fashion, traveling, leisure etc.; the personal consumption is high.

- *Increasing economic power from children*. Less children in a higher age leads to children with more influence. Their parents are well-off and at least one of them most likely has a successful career[225]. The career seldom stops after having children; many parents are busy

[221] Danmarks Statistik: Befolkningens Forbrug af Internet 2009, page 25
[222] Danmarks Statistik: Befolkningens Forbrug af Internet 2009, page 26
[223] Euromonitor Consumer Lifestyles – Denmark, page 2
[224] Euromonitor Consumer Lifestyles – Denmark, page 8
[225] Euromonitor Consumer Lifestyles – Denmark, page 9

and find difficulties in having time for both a career and a family life. Therefore, some parents feel bad not spending enough time with their children and they quickly become affluent to spoil their kids. Fewer children implies that fewer children's products are sold, but in return there are more value-sales and there is an emphasis on luxury products[226]. The children get involved in buying decisions very early and hence, their economic power, influence on consumption and brand consciousness are increasing. Children have begun to be conscious about their life-style. At the age of 10, the impact from friends is bigger than the impact from parents – they want what their friends got[227]. At the age of 13, many teenagers have part time jobs and a relatively high disposable income for that age. Teenagers have the possibility of buying fashionable brands, and they spend a large part of their salary to shop for the right life-style[228].

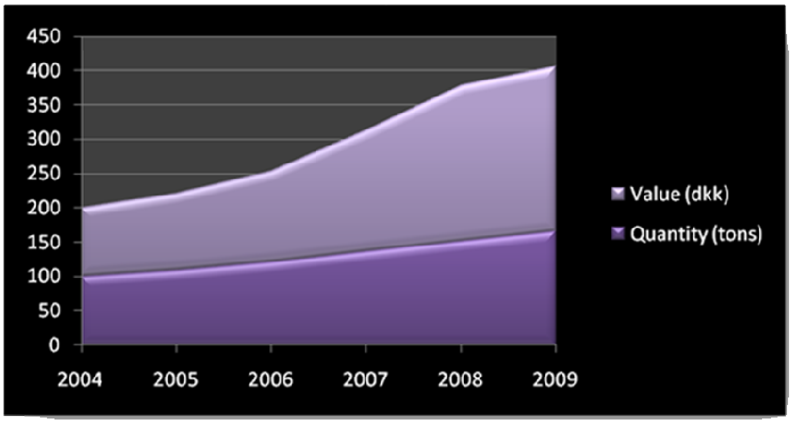
- *Creating your own individual identity*. Shopping is for leisure and it makes it possible to create an identity which consumers can be admired and recognized for by their peers/network[229]. It mirrors the personality and style a person has – or at least the personality and style the person would like to posses. The creation of identities all around the Danish society is also reflected at people's homes. The home is just as much projecting an identity as clothing and style is[230]. Consumers seek great luxury at home and are very involved in decorations of their homes. The relatively new – but extremely fast moving – phenomenon blogs and social media online underline the importance of "identity creation". Other than communicating and being updated about one's "friends", social media is a tool for creating your own individual identity and present it as you wish. The most used social media website - Facebook[231] - makes it possible to be part of specific groups and indicate to other users what you like and

[226] Euromonitor Consumer Lifestyles - Denmark, page 3 and focus group 2, appendix 7, time: 10.00
[227] Euromonitor Consumer Lifestyles – Denmark, page 21
[228] Euromonitor Consumer Lifestyles – Denmark, page 23
[229] Euromonitor Consumer Lifestyles – Denmark, page 69-70
[230] Euromonitor Consumer Lifestyles – Denmark, page 75
[231] Danmarks Statistik: Befolkningens Forbrug af Internet 2009, page 24

dislike. By doing this, consumers create the exact identity that they want to reflect to friends. The same “rules” count when shopping and purchasing items[232].

- *So natural*… Being natural, healthy, organic, eco-friendly and concerned about the environmental impact of manufacturing of goods do not sound like new trends in Denmark. However, it seems like the “all-natural” trend is in continuous growth and still is of higher importance to consumers[233]. From 2005 to 2009, the turnover of organic products sold through retail stores has more than doubled[234].

Figure 4.10 – Retail turnover for organic food (index numbers)



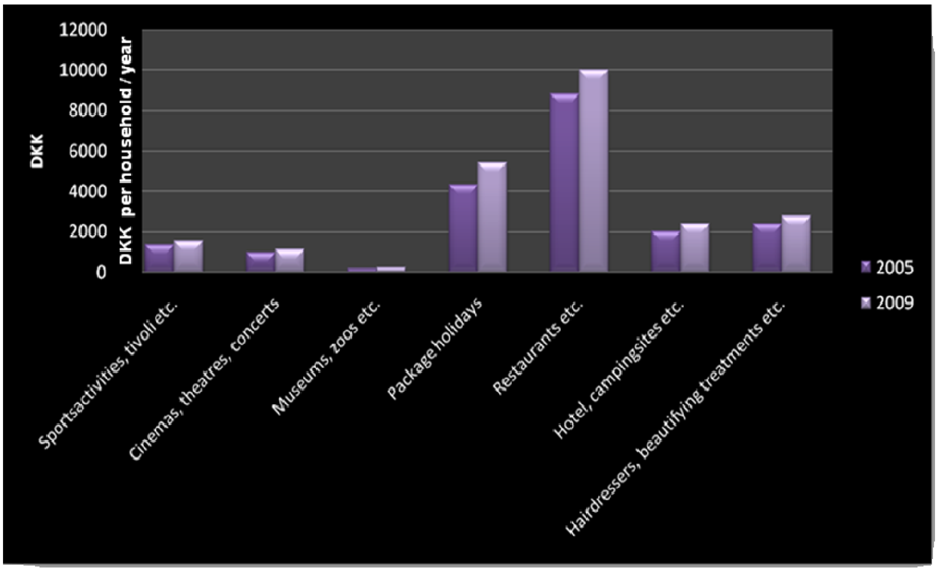
Source: www.statistikbanken.dk, OEK03

- *Personal care consciousness*. Consumers are very concerned about their own health and beauty, which has increased the demand for fitness and spa related industries, beautifying treatments, supplements and vitamin pills, natural cosmetics (without parabens and perfume) and organic food. There are less people who smoke and the personal care expenditure grew by 17.2 % from 1995 to 2008[235]. Some personal care products are expensive and the industry is affected by the economic recession. In a recession, consumers tend to stick with products they already possess or buy cheaper brands.

[232] Focus group 1, appendix 6, time: 20.20, 21.10. Focus group 2, appendix 7, Time: 17.35, 18.50, 21.10, 24.00, 49.20, 50.00, 54.15. Focus group 3, appendix 8, time: 27.50
[233] Euromonitor Consumer Lifestyles – Denmark, page 2+87
[234] Danmarks Statistik, table OEK03
[235] Euromonitor Consumer Lifestyles – Denmark, page 86

- *Enjoying life*. Danes love to enjoy life, and they do that by spending time on leisure activities, travelling, going out for a drink, going to cafes and cooking[236]. When they go out, beer, wine and brunch in the weekends are in demand. Particularly couples without children or singles spend lots of time and money cooking, going out and socializing. When they do not have time to cook and go out, ready-to-eat meals – preferable healthy, organic and environmentally correct – are in high demand. Large amount of money is spent on national holidays and special occasions/celebrations[237]. The demand for leisure and recreation has increased and there is a significant increase in travel activity[238]. The increase in traveling potentially has a negative effect on sale of luxury products in Denmark as some consumers may choose to purchase high-end sales abroad. Demand from Danish consumers potentially change as a result of inspiration from shopping experiences abroad.

Figure 4.11 – Average consumption of chosen leisure activities



Source: www.stastikbanken.dk, FU10

- *High fashion consciousness*. Danish consumers have become more fashion conscious and the preferred style is casual, even at work. The increased focus on fashion is partly due to celebrities (e.g. the four New Yorker girls from Sex & The City and celebrities who cooperate with brands such as H&M and Karl Lagerfeld, Madonna

236 Euromonitor Consumer Lifestyles – Denmark, page 23 + 110
237 Euromonitor Consumer Lifestyles – Denmark, page 108
238 Euromonitor Consumer Lifestyles – Denmark, page 112

and Stella McCartney) and increased affordability of designer brands[239]. Accessories and shoes are experienced as essential fashion items, which have caused the spending to rise within the two categories. Sale of accessories rose by 48.4 % between 1995 and 2008. Branding has become more important as brand awareness has increased. It is very trendy to mix expensive designer accessories with bargain purchases. Men too demand more accessories and fashionable shoes and clothing than ever before[240]. Fashion consciousness is also a question of security. Consumers know that certain brands are always fashionable and have/give a specific identity. Therefore, they can feel secure when purchasing certain brands, in terms of being fashionable, updated and projecting a particular style.

To sum up, there are some general factors which are characteristic for the Danish consumer behavior today.

- Fashion is important, but not necessarily expensive brands. This counts for all age groups
- Creating one’s own individual identity through fashion, homes, general behavior and online blogs and social media
- Convenience. This counts for all age groups
- Egocentric lifestyles. Fewer kids, children in a late age, postponement of marriage and staying single
- Kids with large influence on decisions and increased economic power
- Staying healthy and eco- and environmentally friendly
- Enjoying life by going out, travelling and other leisure activities

[239] Euromonitor Consumer Lifestyles – Denmark, page 33+37
[240] Euromonitor Consumer Lifestyles – Denmark, page 68+70

4.2.3. Magasin and consumer behavior

The above described consumer behavior characteristics coves a broad spectrum. The way Magasin is able to use these, are by proactively act from them. Consumer behavior changes, hence Magasin has to change too in order to stay relevant. The fact that Danish consumers like to travel and go out does not directly affect Magasin and its strategy. On the other hand, Magasin has to differentiate itself on other elements than core physical products. In relation to differentiation, knowledge about general consumer behavior and trends can be extremely valuable to possess. These characteristics could become part of what makes Magasin attractive in the future.

There are also some trends which are directly linked to shopping and what consumers demand from retailers. In later paragraphs, it is discovered how Magasin is perceived by consumers. The perception can be compared with consumer demands to conclude whether or not Magasin fulfills consumer requirements. First, consumer shopping behavior is described. After this, the general consumer behavior together with consumer shopping behavior is compared with how Magasin is perceived.

4.2.4. Shopping behavior

Magasin is a place for shopping, which is why special attention is given to shopping behavior. How people shop can give extremely valuable knowledge and can be used proactively in strategy, communication and decoration of stores. For Magasin, it is not enough to know about the general consumer behavior (how people behave in general, not only when they are shopping). General consumer behavior is essential information to possess for understanding consumers and understanding why they do as they do. But this does not give an answer to how people act when they are actually in the store i.e in Magasin. Instead, it explains why people shop where they do and why they want to purchase certain products.

Paco Underhill is an expert in shopping behavior. He is an environmental psychologist and is focused on consumer behavior inside the store through observation. He suggests that the surroundings in a store influence the behavior of consumers. A store must not only provide a product, but also a mood or atmosphere[241]. He is a research specialist within consumer shopping behavior and some of his thoughts are unified in the next paragraph.

Paco Underhill notes that the retail world has changed. What was a good store in 1995 is not necessarily a good store in 2010[242]. Consumers cannot consume the way they have done the last 25 years and they are currently on a *spending diet*[243]. The key word for retail stores today is *confidence*[244]. The more confidence consumers have to a certain store, product, brand, concept etc., the more risk are they willing to take. When the world experiences a financial crisis, the consumer confidence decreases. They start to feel unsecure about the future and they will spend less money[245]. If the confidence to a specific brand is high, this brand will not be as much economically affected as other brands/stores with a lower confidence will. Yet, consumption has to be done with a bit more common sense than it has been done before[246].

Consumers are drawn to items that make them feel safe, both personally and financially. According to Paco Underhill, consumers will never reach the same consumption level again (as the level they had before the financial crisis). The era of "bling" is over, it is bad manners to spend money on such things today[247]. People are "shopping down"; people eat at home instead of out, they are shopping at do-it-yourself stores, household budgets are trimmed and acquiring of expensive products is postponed (cars, major appliances etc.)[248].

Consumers look forward till the price level reaches a lower and maybe more reasonable level[249]. High prices have caused consumers to shop differently. For instance, there is a willingness to buy used products rather than necessarily buying new ones. However, Underhill states that the consumer confidence is looking better and he has positive feelings

[241] Underhill 9
[242] Underhill 1
[243] Underhill 2
[244] Underhill 3
[245] In Denmark, this can be sided with "Forbrugertillidsindikator"
[246] Underhill 4
[247] Underhill 4
[248] Underhill 5
[249] Underhill 4

about the future spending[250]. Maybe the retail industry is not as miserable as it appears – after all, people do still need clothes and food[251].

As mentioned, an era of one kind of consumption is over. Yet, consumers do like to look good, and they are becoming increasingly fashionable[252]. The question is: are consumers ever going to pay full price again when prices have dropped once? Consumers have become addicted to sales and fashion-consumers are evaluating what *they* think a product is worth[253]. On the other hand people want the "wow" effect when it comes to price. Value is not always about the price, it is also about the quality – and the perceived quality (the level of quality that a single consumer perceives a product to possess. Perceived quality can be different to each individual customer[254]). The challenge is how do marketers translate a quality statement into something customers understand other than the price[255]? Fast-fashion brands are already successful in translating quality into something different than price by transferring characteristics from expensive luxury brands to fast-fashion brands[256]. According to Underhill, the only things consumers will ever pay full price for again are crafts and something they really need and cannot get elsewhere. Other products that consumers would actually like to buy in a climate of conservative purchasing are *icons of affection to other people*. People need to show other people that they care, hence things with emotional contact and personal value/meaning are thriving.

There are some clear main features which distinguish stores with "shoppability" from other stores. Shoppability means the capacity to transform consumer needs and desires into purchases by offering rewarding shopping experiences[257]. From the described shopping behavior, the key features which consumers demand can be cut down to: convenience, confidence, fashion, simplicity, value-for-money, addiction to sales and last but not least good experiences. An optimal retailer has these attributes and is more likely to possess shoppability. Magasin should have these attributes too, in order to be successful today.

[250] Underhill 2 and Danmarks Statistik, table FORV1
[251] Underhill 6
[252] Underhill 6
[253] Underhill 7 and Focus group 2, appendix 7, time: 34.30. Focus group 3, appendix 8, time: 19.00, 12.50
[254] Keller, page 83
[255] Underhill 4
[256] See consumer behavior paragraph, page 77
[257] Underhill 9

Moreover, the ideal shopping situation according to Danish consumers has these attributes[258]:

- *A high service level*[259]. By this is meant helpful and friendly staff that is not too intimidating, no line-ups, no out of stock merchandise and hard to find price tags[260]. A good exchange service is important too as well as no line-ups, out of stock goods and good dressing room facilities.
- *Simplicity and convenience*. Keep it simple. The decoration of the store should be simple, "manageable" and easy to quickly get an overview of. Consumers do not like too many products in too much space[261]. Focus is essential; too many products and services make it hard to choose[262]. Yet, the assortment should not be too narrow, consumes want something to chose between.
- *Reasonable prices*. A mix of expensive products and lower priced goods is ideal[263].
- *Value for money.* Consumers want to feel that they get value for money when shopping. Value for money is not necessarily a result of cheap prices, but the value that each individual consumer evaluate a product to have. This can for instance be based in the quality, service level or brand identity.
- *Inspirational displays*. Displays inside the store should inspire customers and be a good mix of expensive and less expensive products. Also a combination of high fashion and more classical products are important.
- *Rewarding experiences*. The sum of the optimal shopping characteristics makes the ideal shopping experience. There are some clear characteristics of stores with shoppability: attractive appearance, visual simplicity and transparency and convenient and enjoyable shopping experiences[264]. Problems with shopping

[258] Focus group 1, appendix 6, time: 39.20, 40.00, 42.10, 44.25. Focus group 2, appendix 7, Time: 48.35, 50.00, 51.50, 54.15, 56.25, 57.20. Focus group 3, appendix 8, time: 46.20, 47.40, 49.00, 50.40, 51.25
[259] Underhill 4
[260] Underhill 9
[261] Underhill 6
[262] Underhill 9
[263] Focus group 2, appendix 7, time: 51.50, 54.15
[264] Underhill 9

experiences cause consumers to stop shopping or shop less frequently[265] and purchase conversion rates will drop. The joy of shopping can be traced to the brain chemical dopamine, which is associated with feelings of pleasure and satisfaction, and is released when people experience something new, exiting or challenging[266]. The better shopping experience, the more dopamine, the more pleasure and satisfaction – in short, consumers like to be inspired, surprised and getting experiences

In the next paragraphs, it is explored – through perceptual maps done by consumers and the CBBE model - how Magasin is perceived by consumers. This perception is compared with the current shopping as well as the general consumer behavior and whether or not Magasin provides an ideal shopping experience. A clear indication of Magasin's shoppability appears and benefits the suggestion for a future strategy.

4.2.5. Perceptual maps

Through the focus group interviews, it is explored how Magasin is perceived by consumers. All focus group members were asked to plot Magasin in four positioning maps together with pre-selected competitors. By doing this, an indication of how Magasin is perceived relatively to competitors appeared. The perception of Magasin is based on the following attributes: *price, quality, service level, value-for-money and impulse versus planned purchase*[267].

The perceptual maps showed that Magasin does not generally stand out on any attributes. The majority of the rankings of Magasin are rather average. And when the focus group members were asked how they perceive Magasin and which personality traits they would identify Magasin with, the answer was quite blurry (see the Customer Mind-Set paragraph for more details). Other competitors, like Louis Vuitton, Sand, Peak Performance, Zara and Illum's Bolighus, have a much clearer positioning in the market. The perception of these brands is almost identical in the individual maps that the focus group members completed. Yet, the perceptual maps give an indication of how Magasin is perceived compared to competitors.

[265] Underhill 9
[266] Underhill 9
[267] See page 20 for explanation of choice of attributes

The prices in Magasin are perceived as relatively high, despite the very bargain oriented communication that Magasin has[268]. There is a tendency that the price is perceived to be higher than the quality that consumers evaluate Magasin's products to have. Consumers see the quality as above average, while the price is more often regarded as relatively high. Several competitors are placed higher on both the price and quality axis. Ironically, some of these competitors – Irma, Tiger of Sweden, Peak Performance and Sand – are also available in Magasin's stores. This underlines how Magasin can affect another brand's image and reverse – positively or negatively. The difference in perception is interesting and the rather bad positioning of Magasin (relative to some competitors) is a result of low brand equity and confusion about the Magasin Brand[269].

Figure 4.12 – Perceptual map, price versus quality

Source: Own production

Only when Magasin is compared with malls, the quality is as high as the price. The perceived quality must be said to be significantly higher in Magasin than it is in malls. Lyngby Storcenter and Fields are the two malls which are closest positioned to Magasin in terms of quality. Also the price is perceived higher in Magasin than it is in malls. Again, many (or most) of the brands which are distributed through Magasin are also available in malls. The question is whether it is beneficial to be perceived as a brand with high prices. In the consumer analysis,

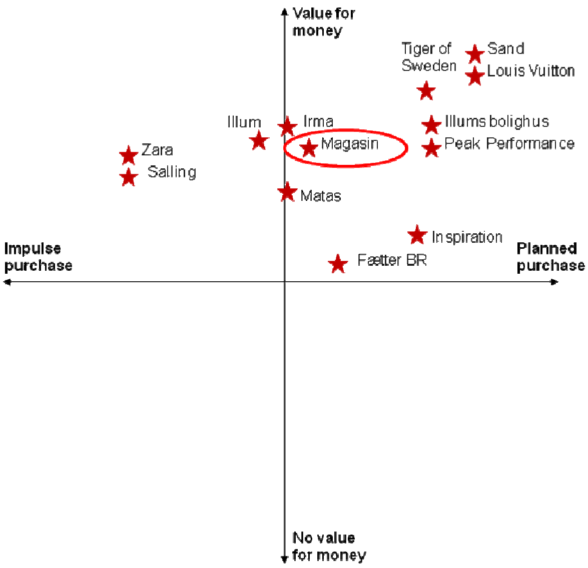
Figure 4.13 – Perceptual map (malls), price versus quality

Source: Own production

[268] See the Identity part, page 105
[269] Read more about Magasin's brand equity at page 95 and Magasin's identity at page 105

it was discovered that consumers are more price conscious. Some malls are currently experiencing great success[270] - thus their positioning may not be that bad. Additionally, other factors than price and quality are important when determining success factors. A mall can have a low score on quality, but high on convenience, which is important to consumers. Therefore, malls should not be regarded as less important competitors due to the relative positioning in the perceptual map. Malls are competitive on other factors than Magasin and, Magasin and Malls are becoming more alike in terms of concept and thereby competes on the same features.

Figure 4.14 – Perceptual map, Value for money versus planned/impulse purchase



Source: Own production

Most focus group members believe that they get value-for-money when shopping in Magasin. Magasin is placed above average on the value-for-money axis. Though this must be considered an acceptable placement, it is important to note, that many competitors are placed better on this parameter than Magasin is. There is no notable tendency towards impulse purchases or planned purchases, it seems that customers do both in Magasin. If this perceptual map is compared with the price-quality maps, there tend to be a correlation between price and impulse/planned purchases. The cheaper priced brands are often an impulse purchase while the more expensive brands are more planned purchases. This is not surprising, as more expensive brands often demand more consideration time.

The service level is recognized as medium. Few focus group members placed the service level in Magasin above average. Once again, there are several competitors, which score higher on the service level axis. Service proves important to consumers and especially a

270 Interview with Torben Schwabe, appendix 4 (confidential), time 16.20, 32.00

department store is expected to have a high service level[271]. More than half of the chosen competitors score higher on the service level axis. If Magasin does not manage to provide a high service level, or higher than competitors, it will have difficulties staying competitive. Especially remarkable is the price-service level relationship. The prices in Magasin are perceived higher than the service level. The fact that consumers believe that they get value for money in Magasin seems to be because of the quality of its products rather than because of the service level. Since Magasin's strategy is to sell cheaper brands[272], Magasin loses some positive aspects that are associated with quality brands. Even though the value for money is recognized as relatively high, the service level does not live up to the prices. This is clearly a challenge for Magasin.

Figure 4.15 – Perceptual map, price versus service level

Source: Own production

From the consumer behavior analysis, it was discovered that especially convenience, simplicity, a high service level, value for money and inspirational and good experiences are important facets when consumers shop. Unfortunately, this does not match how Magasin is perceived. The service level is not superior and the prices are relatively high. The quality is perceived as high, which indicates the reason why value-for-money is relatively high too. But as just described, there are many competitors who are regarded as possessing a higher value-for-money than Magasin. Magasin is not regarded as particularly inspirational and the shopping experience in Magasin is seen as fairly poor. The mix of impulse versus planned purchase is almost split in two. Yet, according to Magasin's customers, they rarely visit Magasin to be inspired. The CBBE Model provides a lot deeper understanding and knowledge of the consumer-brand relationship between Magasin and its customers, which is discovered next.

[271] See Definition of Department Stores, page 36
[272] Interview with Jan Helleskov, appendix 2 (confidential), time: 28.10

4.2.6. The Customer-Based Brand Equity Model

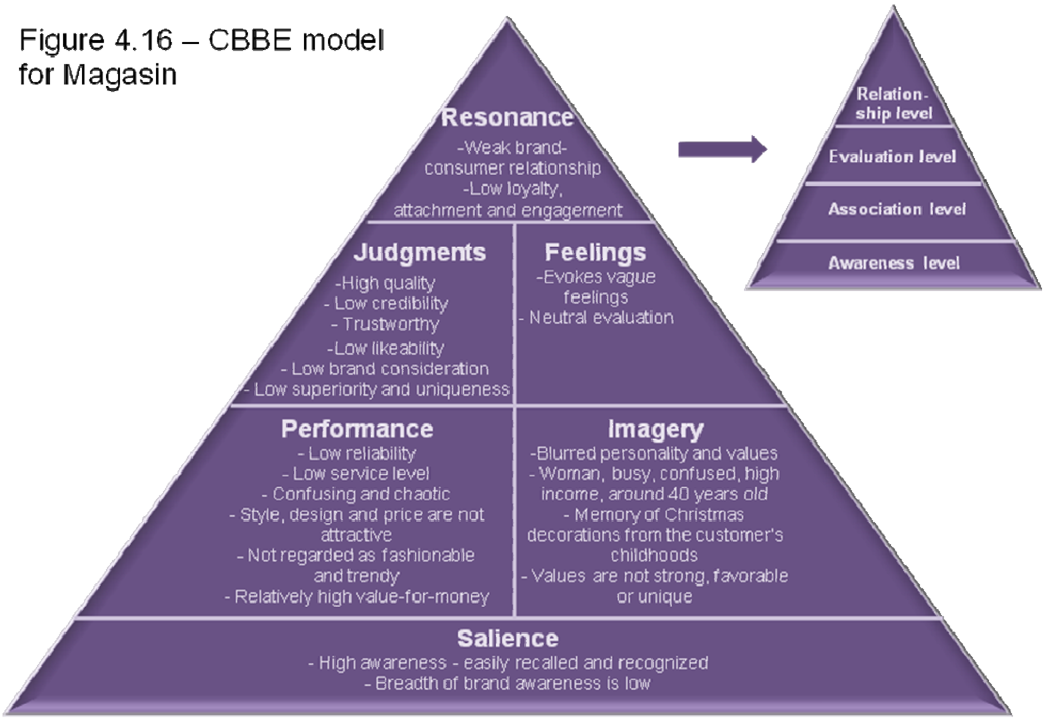
The Customer-Based Brand Equity model (CBBE model) equals the customer mind-set in the Brand Value Chain. A company has to pass the customer mind-set value stage successfully in order to reach increased economic value.

Customers go through the 6 blocks from the bottom to the top of the pyramid[273]. The first level, salience, is the awareness level and refers to how often and how easily the brand is considered[274]. It identifies the product category that the brand belongs to and the need it satisfies[275]. The next two blocks, performance and imagery, create the brand meaning and value[276]. The association level is also where Point of Parity (POP) and Point of Differentiation (POD) are created in the associations consumers carry towards a brand[277]. After associations are formed, consumers evaluate the associations negatively, positively or neutral. The last block is brand resonance and is the relationship level. This level is the maximum level a brand can reach. At this point, customers feel they are in sync with the brand[278].

Each level in the CBBE model is analyzed individually in order to see at which stage there may be challenges. Figure 4.16 provides an overview of the CBBE model for Magasin based on our findings the model is followed by a thorough explanation.

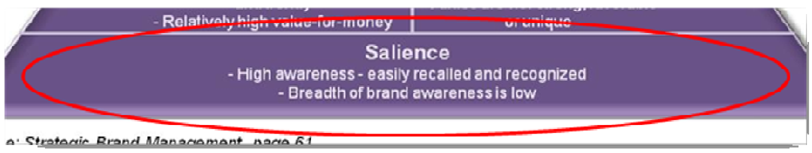
[273] Keller, page 61
[274] Keller, page 61
[275] Keller, page 61-62
[276] Keller, page 64
[277] Keller, page 67
[278] Keller, page 72

Figure 4.16 – CBBE model for Magasin



Source: Own production and Keller, page 61

- *Salience*

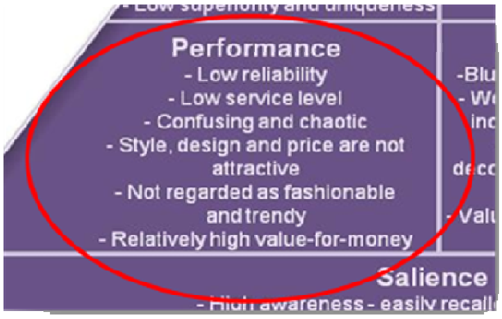


The brand is easily recalled and recognized and Danish customers are aware of which product categories are being sold through Magasin[279]. Hence, category identification and need satisfaction seem to be understood by consumers. Yet, there might still be challenges in the first block when it comes to the depth and breadth of brand awareness. Magasin is easily recalled[280], thus the depth of brand awareness is great[281]. The breadth of brand awareness measures the range of purchase and usage situations the brand is considered in. In the focus groups, we discovered that Magasin is often considered for gifts and less often for personal consumption. Other brands are considered more often (especially for personal consumption) and Magasin is often visited because of habit. This

[279] Focus groups, appendix 6-8
[280] Focus groups, appendix 6-8
[281] Keller, page 61

indicates that the breadth of awareness is low and causes that Magasin is considered less often than competitors.

- *Performance*

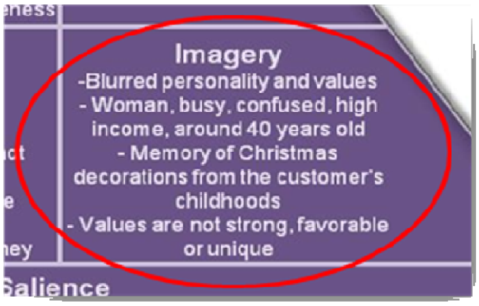


The performance is the very heart of the brand[282] and it is essential that the brand performs as it promises and as consumers expect it to (see the Meaning Transfer Model, page 78). According to Danish consumers, Magasin faces preclusions in the performance block. Neither reliability nor service level performs well[283]. Reliability and the service level are regarded as low and the shopping experience is different from time to time[284]. Magasin is even described as being confusing and a bit chaotic[285]. The service level in Magasin is described as being outright bad and sometimes none-existing[286]. Lack of staff, low service effectiveness, out of stock merchandise and confusing store decorations are some of the service aspects, which cause the service to be evaluated negatively[287]. The style, design and price of the products are not attracting either. The stores do not project that they are fashionable and trendy and competitors are way ahead within being fashionable and up-dated[288]. The price is perceived a bit high – especially when the low service level and style/design is not up-dated. Although customers feel that they do get value-for-money, the perceived value-for-money in Magasin is lower than many competitors[289]. Overall, the experience Magasin provides inside its stores is not satisfactory due to several factors. These factors are seen as very important by

[282] Keller, page 64
[283] Focus group 1, appendix 6, time: 2.30, 2.50, 17.40. Focus group 2, appendix 7, Time 39.20, 44.20, 43.20. Focus group 3, appendix 8, time: 9.40, 10.45, 38.10, 44.20
[284] Focus group 1, appendix 6, time: 2.30, 2.50, 17.40. Focus group 2, appendix 7, Time 39.20, 44.20, 43.20. Focus group 3, appendix 8, time: 9.40, 10.45, 38.10, 44.20
[285] Focus group 1, appendix 6, time: 35.20. Focus group 2, appendix 7, time: 36.05, 37.35, 37.05, 39.45, 43.20. Focus group 3, appendix 8, time: 51.30
[286] Focus group 2, appendix 7, time: 43.20, 44.20. Focus group 3, appendix 8, time: 9.40, 10.45, 38.10, 44.20
[287] Focus group 2, appendix 7, time: 43.20, 44.20. Focus group 3, appendix 8, time: 9.40, 10.45, 38.10, 44.20
[288] Focus group 1, appendix 6, time: 33.00. Focus group 2, appendix 7, time: 36.50, 39.40, 48.15, 48.35, 49.20. Focus group 3, appendix 8, time: 31.50, 33.15
[289] Perceptual maps 92

customers - Magasin faces large challenges within the dimensions: service level, being fashionable, convenience, pleasant atmosphere, price and providing good experiences which motivates and inspire customers[290].

- *Imagery*



"*Consumers often choose and use brands that have a brand personality consistent with their own self-concept*"[291]. This is the reason why the personality and intangible values are important for a brand to be successful. The self-concept can either be the actual image, but also in particular the desired image of a person[292]. When asked about Magasin's personality, the focus groups members first had difficulties answering the question[293]. It implies that the personality and values of Magasin are unclear and blurred. When they did come up with a description of the personality of Magasin, the words *woman, busy, confused, high income and around 40 years old*[294] were some of the words, which the focus groups felt described Magasin the best. Several of the focus group members especially remember the Christmas decorations in the Magasin stores and associate it with something from their childhood[295]. These associations can both be positive and negative for the Magasin brand, but it is not associated with today's Magasin and its wanted positioning as the leading department store in Denmark. The associations are more related to the past than the present. Magasin has built brand value in the past, but the associations indicate that the current positioning is weak. The values of Magasin must be said not to be very

[290] Focus group 1, appendix 6, time: 3.00, 3.40, 5.10, 6.15, 6.55, 8.10, 9.30, 12.30, 12.50, 16.15, 25.45, 30.45. Focus group 2, appendix 7, time: 39.20, 43.20, 44.20, 48.15, 48.35, 49.20. Focus group 3, appendix 8, time: 9.40, 10.45, 38.10, 44.20
[291] Keller, page 67
[292] Keller, page 67
[293] Focus group 1, appendix 6, time: 30. Focus group 2, appendix 7, time: 35.40. Focus group 3, appendix 8, time: 31.40
[294] Focus group 1, appendix 6, time: 30. Focus group 2, appendix 7, time: 36.05, 37.05, 39.20, 39.45. Focus group 3, appendix 8, time: 35.30, 37.30, 38.10
[295] Focus group 1, appendix 6, time: 8.40. Focus group 2, appendix 7, time: 40.50

strong, favorable or unique. The weak brand meaning (performance and imagery) lead to a feeble brand response.

- *Judgments*

The judgments of a brand is dependent on four factors; quality, credibility, consideration and superiority[296]. In general, the quality of the brands sold through Magasin is perceived as high quality brands[297]. As mentioned above, there are other features, which decrease the general perception of the quality, such as appearance of and experience inside the stores and the service level. Yet, the products themselves are regarded as relatively high quality. Magasin is not seen as particularly credible. Credibility is measured through expertise, trustworthiness and likeability[298]. Some competitors, like flagship stores, are according to the focus groups, regarded as having more expertise with a specific brand[299]. Magasin is seen as trustworthy, but the likeability is low – the stores are not perceived as interesting and worth spending lots of time in[300]. The poor breadth of brand awareness and the weak personality of the brand decrease the brand consideration – the number of times that Magasin is considered. Lastly, superiority is low. Magasin is not perceived as very unique (weak POD) compared to competitors[301]. Consumers do not find Magasin special and they do not see what Magasin provides that competitors do not[302]. Magasin is seen as average in the market.

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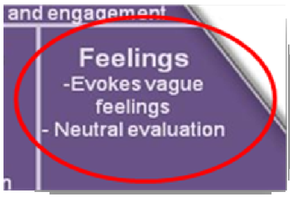
[296] Keller, page 68
[297] Focus group 1, appendix 6, time: 17.10, 7.30. Focus group 3, appendix 8, time: 28.35
[298] Keller, page 68
[299] Focus group 1, appendix 6, time: 5.10, 5.50, 6.25, 8.10. Focus group 2, appendix 7, time: 48.35. Focus group 3, appendix 8, time: 36.35, 46.10
[300] Focus group 1, appendix 6, time: 1.45, 2.20, 10.15, 11.20. Focus group 2, appendix 7, time: 2.20, 9.30, 37.35, 43.20, 47.25. Focus group 3, appendix 8, time: 36.15, 38.10.
[301] Focus group 1, appendix 6, time: 36.35. Focus group 2, appendix 7, time: 46.20. Focus group 3, appendix 8, time: 42.45
[302] Focus group 1, appendix 6, time: 36.35. Focus group 2, appendix 7, time: 46.20. Focus group 3, appendix 8, time: 42.45

- *Feelings*



Brand feelings are the feelings a brand evokes with consumers. With fashion brands, the brand feelings should emphasize social approval and self-respect[303]. This is not always the case with Magasin. Competitors are considered more often which indicates that Magasin does not provide consumers with the two feelings. In fact, it seems like Magasin itself does not really transfer strong feelings to consumers. Rather the individual brands which are distributed in Magasin transfer specific feelings[304]. The fact that Magasin does not add extra value to the brands sold in the stores is a major problem for Magasin, as this value is what Magasin is supposed to provide and to differentiate itself on. Magasin only evokes vague feelings with customers, which results in a less positive evaluation and brand response.

- *Resonance*

From the above described blocks, it can be concluded that Magasin does not pass to the customers' mind-set successfully. Within all 5 blocks, there are implications and challenges that need to be taken care of. Therefore, the relationship level is weak and the brand-consumer relationship has low intensity and activity[305]. Consumers are not loyal, they do not feel attached to the brand, it does not provide a sense of community and customers rarely engage in the brand[306].

Despite the fact that Magasin is well-known, the brand equity of Magasin is low. Magasin is far from reaching the top of the CBBE pyramid and Magasin does not provide what is important to consumers - reasonable prices, simplicity, convenience, high service level, good

303 Keller, page 70
304 Focus group 1, appendix 6, time: 17.10. Focus group 3, appendix 8, time: 42.20
305 Keller, page 68
306 Focus group 1, appendix 6, time: 6.55, 9.10. Focus group 2, appendix 7, time: 9.30, 48.35

experiences, inspiring atmosphere and fashionable items. Based on this, and the recent economic results in Magasin, the confidence to Magasin is low. According to Paco Underhill, the confidence is a key-aspect of a successful retailer and is therefore seen as a major challenge for Magasin.

Magasin needs to change the awareness, the associations, the evaluation and the relationship with the consumers. To do this, Magasin needs to know what is important to Danish consumers and their shopping behavior. This was outlaid in the general and shopping consumer behavior paragraphs. Yet, an important link is missing in order to react correctly regarding changing the customer mind-set. Magasin has to examine what motivates and influence consumers in a purchase situation and what steps do consumers go through before making a shopping decision. These elements are examined through response processes in the next paragraphs.

4.2.7. The Response Process

Some of the most important aspects of communication and the customer-brand relationship are to understand the response process the consumer goes through in moving towards a specific behavior – like purchasing a product[307]. To develop an efficient communication strategy, marketers need to know what influence consumer behavior and decisions. Obviously, it is different which response processes a consumer goes through when purchasing a car or a dress. Also within the same product category, there are differences between response processes. For instance, there is a big difference in the response process when buying a pair of jeans for 3000 DKK or a pair for 200 DKK.

The advertising agency Foote Cone & Belding has devised The Foote Cone & Belding Grid (FCB Grid). Of course, Magasin has its own image and positioning, but it is weak and diverse[308]. Some brands in Magasin appeal more to the affective than the informative part of a person and some brands call for higher involvement than others. Nevertheless, the terms high versus low involvement and thinking versus feeling are *relative terms*. The perception of Magasin decides the square that the brand is placed in.

[307] Belch & Belch, page 145
[308] See the CBBE model, page 95, and Perceptual Maps, page 92

4.2.7.1. Magasin in the FCB Grid

Figure 4.17 - The Foote Cone & Belding Grid for Magasin

	Thinking	Feeling
High involvement	Informative (thinker) Model: Learn – feel – do	Affective (feeler) Model: Feel - learn – do *Magasin*
Low involvement	Habit formation (doer) Model: Do - learn – feel *Debenhams' Private Label*	Self-satisfaction (reactor) Model: Do – feel - learn *Topshop, Pieces,, Oasis*

Source: Belch and Belch, page 153

Since Magasin has a vast amount of different brands in its product portfolio, it is difficult to place the department store in only one of the squares. Looking back in history, Magasin almost solely offered brands which were associated with exclusivity[309]. Today, Magasin is habitually associated with exclusivity and high quality[310]. Thus, the Magasin brand is placed in the *affective square* in the FCB Grid (see figure 4.17). The process consumers go through in any kind of communication/contact with the Magasin brand is the affective process: feel – learn – do. Fashion products, like most products offered in Magasin, often appeal to the right side of the brain, the emotional and feeling functions[311]. Fashion is not rational, which is why the thinking level of the FCB Grid is excluded and the feel-level is the first stage in the response process. Because most prices in Magasin are above medium, the Magasin brand is perceived as a high involvement brand (relative to other brands in the same product category). These two features, that fashion appeals to the affective part of a person and the brand is perceived as a relatively high involvement brand, gives Magasin the Affective location in the FCB Grid. This means that Magasin should emphasize feeling objectives in its communication to consumers. Emotional motives, building self-esteem and enhancing consumer's ego should be stressed. In the CBBE paragraph, it was concluded that Magasin is not successful within these fields. Magasin evokes vague unspecific feelings with consumers which are a clear disadvantage, taking the importance of these attributes into consideration.

Within the last couple of years, Magasin has introduced several cheap brands in its stores. Topshop, Pieces, Oasis and Magasin's own brand Mag's Magasin are all cheaper brands

309 See description of Magasin and Definition of the Product
310 See the CBBE Model, page 95
311 Belch & Belch, page 153

which have become a part of the assortment in Magasin. After the acquisition of Magasin by Debenhams, there will be even more cheap brands introduced in the stores, among these Debenhams' private label[312]. The location of these brands in the FCB Grid is in the low involvement squares. Some of the brands, like Debenhams private label, may even be in the low involvement thinking square; habit formation (see figure 4.17 for illustration). The reason for buying a Debenhams private label product may be purely rational and without any involvement worth mentioning. The response processes in the low involvement thinking and feeling squares are do-learn-feel and do-feel-learn, respectively. As the two response processes are low involvement, the "do" level is the first level in the response process. Consumers purchase a brand without really considering it thoroughly. The consumer-brand relationship is very different in these two categories compared to the affective square where Magasin is located in. It is complicated to communicate to consumers when the response process hierarchies are made of three different response hierarchies[313]. Of course, it cannot be avoided that some brands are more high involvement than others. All brands should at least be in the feeling squares and preferably high involvement to achieve consistency. Future communication seems to bring large challenges for Magasin with its current internal brand strategy (the mix of brands in the stores).

4.2.8. The Elaboration Likelihood Model

Cognitive response theory defines how different types of responses are evoked by touch points and how these responses relate to brand attitude (affective aspects) and behavior[314]. The way people respond to communication and the creation of attitudes and intentions are explained through The Elaboration Likelihood Model. High elaboration likelihood is often found when consumers possess high product involvement and attitude is changed by using strong arguments in communication and project a high brand differentiation. Low elaboration likelihood is typically found in low product involvement situations, and attitude change is more reliant on less resource-demanding processes and low motivation – the peripheral route to persuasion. In the previous paragraph, we found that Magasin is generally a high involvement brand. Hence, strong arguments in communication together

[312] Bjerrum 5
[313] See the Identity part, page 105
[314] Belch & Belch, page 155

with high brand differentiation are important aspects in its communication and to customers in regards to changing attitudes towards the Magasin brand.

Change in attitudes under low elaboration likelihood is often weaker and shorter term than those changed under high elaboration likelihood. High elaboration likelihood does not mean that cues (peripheral cues which do not necessarily have anything to do with the brand) are not important - rather the cues have to be reliable and are scrutinized carefully for their relevance and value[315]. Magasin uses price and bargains as primary arguments in communication. Price is a strong argument for low involvement brands - especially low involvement thinking brands. But the price is less important for high involvement brands and not what should be emphasized in branding of these brands. When the price is the center of communication, it becomes really difficult to change the attitudes towards Magasin – a price or bargain does not have any values or feelings attached to it, cheap prices appeal to rational thinking. Though a high involvement brand does have cheap prices, or a mix of low and high prices, the price should not be the center of communication.

Consumers demand value-for-money[316]. But the term value-for-money means something different to individual consumers, and the price is not automatically connected to value-for-money. Quality and brand identity are two examples of what can provide a feeling of value-for-money and high brand relevance. A certain brand identity is able to provide a customer with great value-for-money, if the identity of this brand is exactly the identity that the customer would like to possess.

Important consumer behavior trends should be stressed in Magasin's communication (and branding)[317]. Fashion, eco-friendly, brand identities, convenience, simplicity, experiences, inspiration and joy are important aspects to customers. The communications should mirror this in order to change the attitudes towards the Magasin brand.

From the focus groups, we saw that Danish customers have rather weak and somewhat neutral attitudes towards Magasin. Generally, they said that Magasin is confusing and boring to go shopping in. Magasin is moving away from being a department store to being a

[315] Arnould, Price & Zinkhan, page 640
[316] See Consumer Behavior, page 77
[317] See Consumer Behavior, page 77

building with smaller stores inside it (a mall)[318]. Also the price and service level is unsatisfactory. Magasin has to do something actively to change the attitude. If Magasin should change this perception of and attitude towards Magasin, it needs to provide customers with strong arguments and high product differentiation. This is not the case today and it is difficult to change attitudes with the wrong form of communication.

4.3. Identity

Identity is a wide term and covers areas within many fields. In this case study, identity is thought of as corporate identity; the combination of traits, tangible as well as intangible, that a brand carries[319]. A company has an identity just as a real person has where specific traits, such as gender, skills, profession, nationality, lifestyle, religion, energetic, sophisticated etc., are anchored in that one person. The particular combination of these traits is what distinguishes the person or the company/brand from others. A company can do a lot to create its own identity. However, consumers may interpret the identity of a brand differently than the identity the brand wishes to posses (see the Meaning Transfer Model, page 78). This misinterpretation, or different perception, potentially causes major challenges for a brand and the way it communicates.

Though a brand should focus on differentiating its intangible elements rather than the physical aspects (as it is utterly difficult to provide products that another competitor does not provide), the core of a retailer is its product/brand assortment[320]. No matter how well a brand is positioned, it will not last for long if the assortment is not what customers expect it to be. A brand has to deliver what it promises. The concept of a strong and aligned corporate identity deals with all aspects of a brand. The reason why corporate identity is important, and relevant in this case study, is made clear in the next paragraph.

[318] Focus group 2, appendix 7, time: 38.25
[319] Cornelissen, page 68
[320] Interview with Torben Schwabe, appendix 4 (confidential), time: 8.10

4.3.1. Corporate identity

"*A good corporate reputation, or rather the corporate identity on which it is based, is an intangible asset of the organization because of its potential for value creation, but also because its intangible character makes replication by competing firms more difficult*"[321]. The quote explains accurately why a good and strong corporate identity, henceforth called identity, is important for a brand (as the reputation of a brand is based on the identity). It is simply capable of creating economic value and being part of what differentiates a brand or company from the competition. A brand that carries a strong identity has a clear manifestation of its brand meaning in consumer's minds and it has managed to differentiate itself from competitors so that the brand is difficult to copy. A strong brand can only be obtained if the identity of the brand is *aligned*[322].

4.3.2. Brand alignment

The identities of Balmer and Greyser's toolkit, The Five Identities of the AC^{2}ID Test[323], are: Actual, Conceived, Communicated, Ideal and Desired identity. The model suggests that all brands have several identities, some internal and some external perspectives of the identity of a single brand.

Identity alignment and brand alignment are mentioned as synonymous in this case study. When we mention identity, it is the identity of a brand that is central. Therefore, the brand cannot be aligned if the identity is not, and reverse.

The five identities may have small differences without causing any significant harm for a brand, but major misalignments between the identities can cause problems for a company[324]. If for instance the actual identity is different from the conceived identity and the communicated identity is different from both of the two other identities, customers' expectations will not be met which causes bad-will among consumers. Misalignment simply means that some of the identities of a brand do not match each other.

[321] Cornelissen, page 69
[322] Balmer & Greyser, page 80
[323] Balmer & Greyser, page 75, see figure 2.7, page 29
[324] Balmer & Greyser, page 73

The question is, whether the five identities of Magasin are aligned. After an examination of each identity, this question can be answered.

4.3.2.1. The five identities of Magasin

The present case study has an external perspective. Jan Helleskov, Head of Communication in Magasin, has contributed with factual information about the brand. It is difficult to give accurate descriptions of the identities, which have an internal perspective. Especially the actual and ideal identity are difficult to outlay, also the desired identity may prove hard to describe. However, there are some signs and factors that can help determining these identities as precisely as possible. Among these are ownership, product assortment, the brand combination in the stores, interview with the Head of Communication from Magasin and Magasin's vision.

1. *Magasin's Actual Identity*. The actual identity is especially expressed through the assortment, strategy and employees. Magasin has a broad and deep assortment within all of its non-food product categories. Within each product category, there are many different brands with diverse image/reputation, design, quality, price, target groups etc. The management and ownership have changed rapidly over the last 20 years[325]. This must be a big part of the reason, why the strategy, assortment and the concept in general have changed too. The actual identity bears the mark of a brand which cannot really find its standpoint in the market and it is difficult to notice what exactly the central merits of Magasin are and its true meaning.

2. *Magasin's Conceived Identity*. The conceived identity was explored in detail in the consumer analysis. It was discovered that Magasin is perceived as having relatively high prices, high quality, low service level, confusing, a bit chaotic and somewhat conservative.

3. *Magasin's Communicated Identity.* The communicated identity of Magasin is mostly bargain oriented. Often, advertisements etc. communicates a current good offer where customers can save money on otherwise expensive brands or simply where

[325] See description of Magasin, page 41

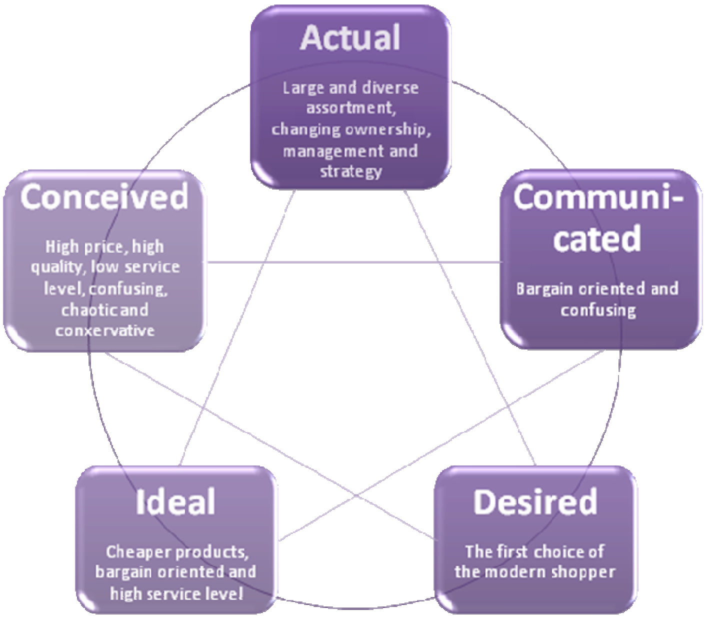
Magasin outlines, for example, 10 products at a price below 400 DKK[326]. The focus of price in Magasin's communication also becomes evident through the colors Magasin uses in its communication. These are often black, white and yellow[327]. Particularly the color yellow often used by discount brands (e.g. the Danish discount supermarket Netto has yellow and black as its main colors). Through Magasin's communication, it clearly tries to communicate that during sales Magasin is less expensive than it used to be and consumers may think it is. The uncontrolled communication is characterized by rarely being good news[328]. The uncontrolled communication is partly created by consumers, which is why the two statements are identical with some of characteristics from the conceived identity. Also the media has written tons of articles about Magasin, the bad financial results, and its unstable ownership. This has resulted in tumult, centered on the Magasin brand.

4. *Magasin's Ideal Identity.* The ideal identity is difficult to describe from an external viewpoint. Yet, it seems like the current ideal identity is to supply good products at good prices[329]. Since the takeover by Debenhams, Magasin's Strategy is to include more cheap brands in its fixed assortment[330]. The goal is to obtain successful sale of cheaper brands which are successful in Britain and Ireland. It seems Magasin would like to be the place where consumers can find a good bargain. Also, it is important for Magasin to provide a high service level, as the management has recognized that the service level is important to the customers[331].

5. *Magasins Desired Identity.* The Desired Identity is expressed through Magasin's vision: "*To be the first choice of the modern shopper*[332]".

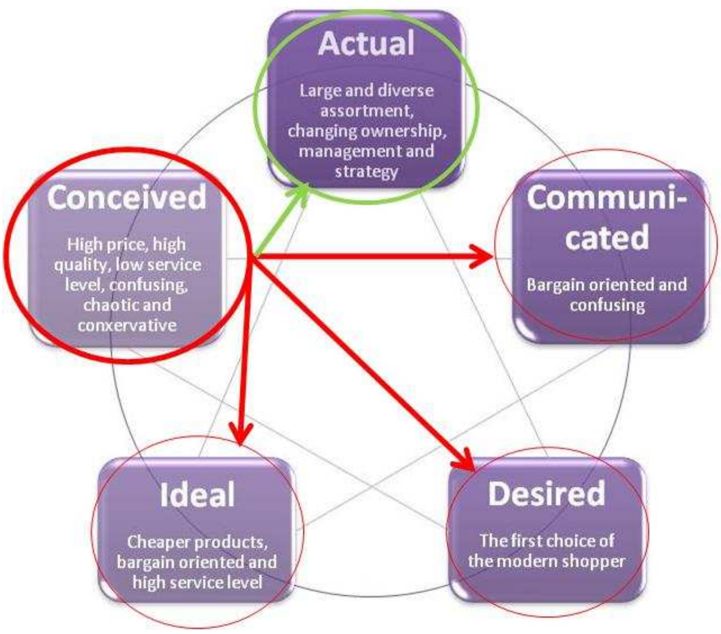
[326] Observed in Magasin, Kongens Nytorv, august 2010
[327] See examples in appendix 17
[328] Interview with Jan Helleskov, appendix 2 (confidential), time: 0.50, 49.40, 50.45
[329] Interview with Jan Helleskov, appendix 2 (confidential), time: 9.00, 13.35, 30.15
[330] Interview with Jan Helleskov, appendix 2 (confidential), time: 28.10
[331] Annual report 08/09, page 7
[332] Annual report 08/09, page 7

Figure 4.18 - The Five Identities of the AC²ID Test for Magasin



Source: Own production and Balmer and Greyser, page 3

The description of the five identities answers the question whether or not the Magasin brand is aligned. There are clear misalignments between several of the identities.



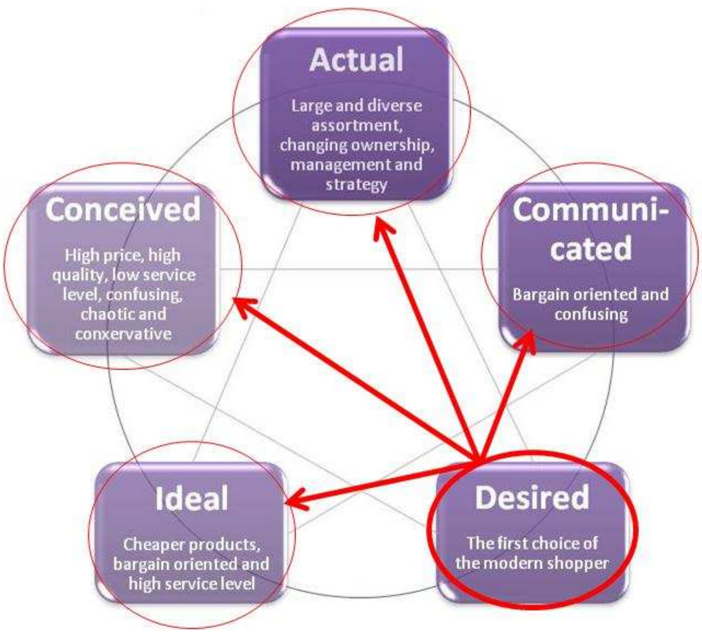
The first major misalignment is between the conceived identity and three of the other identities; communicated, ideal and desired. How consumers perceive Magasin is not aligned with what it communicates. Magasin is not particularly seen as a place for outstanding bargains. Rather, Magasin is perceived as having high quality products and relatively high prices. Communication which is linked to bargains harms Magasin as this communication is not what is expected from consumers. The associations that consumers carry towards Magasin are different than what

Magasin communicates. This mismatch causes even more confusion about the Magasin brand and ultimately diluting the brand.

The second identity that is not aligned with the conceived identity is the ideal identity. Because the ideal identity is aligned with the communicated identity, the same reason for misalignment is valid between the conceived and ideal identity. Magasin wishes to carry cheaper brands, which is in conflict with how Magasin is perceived. If Magasin implement the new product strategy, this too risks generating confusion about Magasin and what it stands for.

Finally, there is a misalignment between the conceived and desired identity. Magasin would like to be perceived as the first choice of the modern shopper. Yet, through consumer analyses, it was discovered that this is rarely the case for any segments at all. Magasin is far from being the first choice of modern shoppers.

The only identity that the conceived identity is fairly aligned with is the actual identity. Consumers seem to grasp well how Magasin actually is; chaotic, which is also the case for the stores. There seem to be small differences between the conceived and actual identity. The price is for instance perceived a bit high. Magasin carries many expensive brands, but it also sells less expensive goods which are perhaps overlooked by consumers. However, the two identities are quite aligned.



The second major misalignment is found between the desired identity and all of the other identities; actual, conceived, communicated and ideal. Misalignment between the desired and conceived identity is described above.

The desired identity differs a lot from the ideal identity. The ideal identity is centered on bargains while the desired identity is focused on fashion and being the shoppers' first choice. The misalignment between the desired and communicated identity can be explained likewise; the communicated identity also gives a lot of attention to bargains. The actual identity is not aligned with being fashionable and the first choice of modern consumers (the desired identity). Rather the actual identity is confusing.

One of the main misalignments between the desired identity and one of the other identities is found between Magasin's internal and the external world. The ideal and communicated (more precisely the controlled communication) identities are aligned, but they are not aligned with what consumes expect from and associate with Magasin. The management does not realize how Magasin is perceived and what consumers demand or expect. Magasin is not truly aware of what is important to Danish consumers. In the consumer paragraph, it was discovered that Magasin has very low brand equity and in the competition paragraph, we found that Magasin is not aware of the full scope of the competitive market. These statements fit with the misalignment of identities between Magasin internally and the conceived identity.

Furthermore, there appears to be misunderstandings between the management of Magasin and how Magasin actually is. The misalignment between the ideal and actual identities is especially expressed through the service level and the assortment. The management aims for a high service level and is apparently convinced that this is also the case[333]. Also the assortment is thought of differently in the ideal and actual identity. Magasin has to act within the scope of how it is perceived. Therefore, it has to communicate how it actually is and the ideal and desired identities have to mirror consumer behavior and their expectations to the brand.

Consistency is vital in obtaining a strong brand[334]. When Magasin from time to time changes its strategy and the way it behaves in some areas, the brand experiences inconsistency. Inconsistency makes it very hard for a brand to achieve alignment within its five identities and hence gaining high brand equity. Through the Meaning Transfer Model[335], it was

[333] Interview with Jan Helleskov, appendix 2 (confidential), time: 15.25, 21.30, 40.35
[334] Keller, page 319
[335] See page 78

described how important it is that the correct meaning of a brand is transferred to consumers. If a brand does not act the way consumers expect it to, the right meaning is not transferred to consumers. Through the corporate identity analysis, it became clear that Magasin does not act like consumers expect it to. There are major misalignments in the brand identity which is negative when building up a brand and in achieving added economic value. When we described the brand value chain earlier, it became clear that in order to gain added economic value, consumers have to pass the customer mind-set (the CBBE model) successfully. This is not possible when the marketing program is not relevant, clarified or consistent[336].

The identity misalignments are enormous challenges for Magasin. The identity analysis is closely linked to the consumer and market paragraphs. The conclusions of all three parts are summarized in a SWOT analysis.

[336] See page 95

4.4. SWOT

STRENGTHS	WEAKNESSES
• Broad product and brand portfolio	• Neglecting competitor analysis and full scope of these
• High level of recall and recognition	• Low brand equity
• High goodwill partly due to a long and proud tradition and history	• Changing owners, management and strategy - inconsistent
• Unique facilities and some unique locations	• Weak POP and POD (weak positioning)
• Possibility to mix brands, products and product categories to create synergies	• Low service level, inspiration and customer experiences
• Possibility of co-creation of brand value (co-branding	• Confusing and chaotic stores
• Much experience in running department stores	• Reactive to trends and threats
	• Misaligned identities
	• Dependent on brands sold in Magasin
	• Do not provide added value to the brands being sold through Magasin (do not give a reason for customers to go shopping in Magasin)
OPPORTUNITIES	**THREATS**
• Develop better online shop	• Increased competition (including online sales)
• Danes have a high personal consumption, and brand identity is very important.	• Some identified consumer behavior trends do not correspond to what Magasin offers
• Value does not equal expensive	• Fast fashion brands are very successful
• Broaden consumer base	• The financial crisis has caused consumers to re-evaluate their high level of consumption. Meaning and value-for-money are becoming more important
• Broaden consumption occasions	• Value does not equal expensive
• Demand for convenience (central location)	• Demand for convenience (e.g. parking lots)
• Possibility of creating powerful private label	• Consumers seek security
• Consumers seek security	

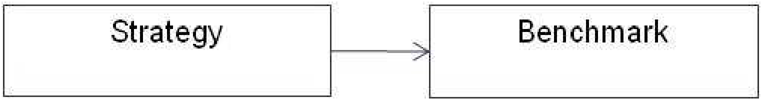
4.5. Key Challenges

Based on the findings in the analysis, which is concluded in the above SWOT, the key challenges are:

- Increase brand equity/the "Magasin value"
- Strengthening Magasin's POD and category POP

The objective of the strategy part is to come up with a suggestion for a solution to the key challenges.

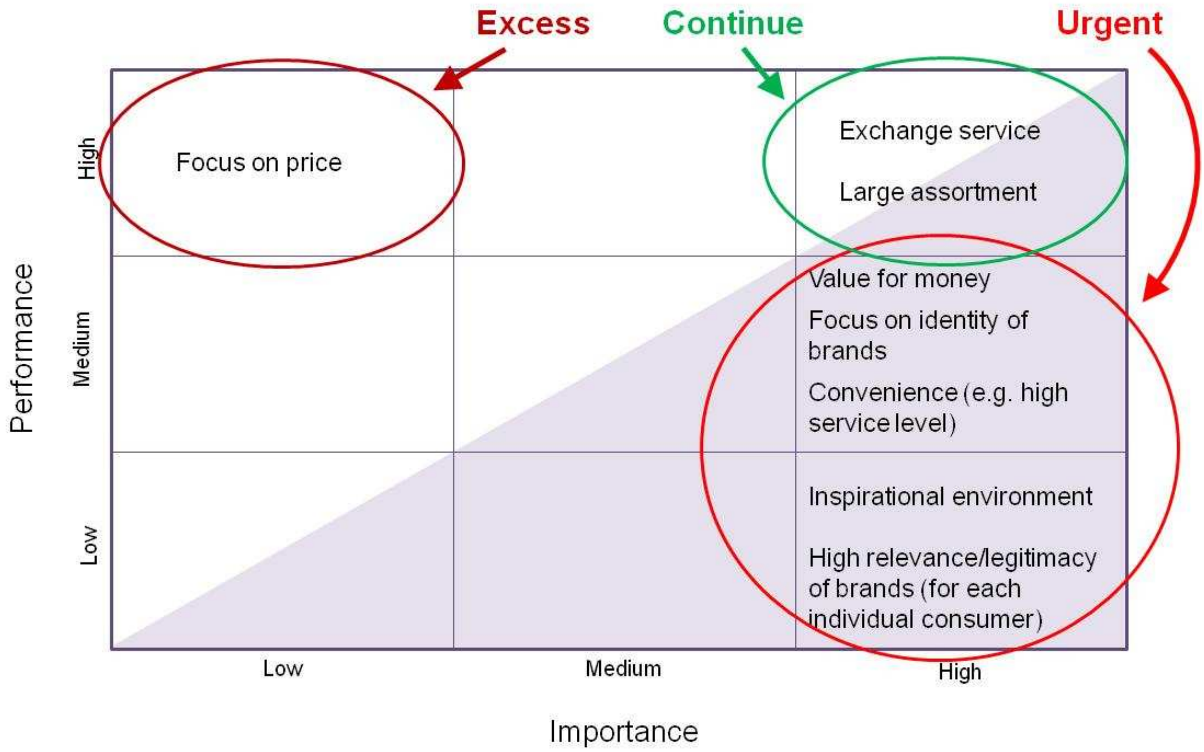
5. Strategy



5.1. Importance-Performance matrix

The importance-performance matrix provides an overview of where future attention should be put to deal with the identified challenges. Briefly, it explains what is important to consumers and how Magasin performs on certain elements which are relevant for this thesis. From the SWOT, the key challenges were formulated. In the importance-performance matrix, the SWOT and key challenges are made more operational and categorised as either urgent or excessive.

Figure 5.1 - Importance – performance matrix



Source: Own production

In the identity part, it became clear that Magasin is focused on price and bargains. However, this is not what consumers demand from Magasin. Rather they are focused on the identity of brands (both the brands which are sold in the stores and Magasin's own brand) in order to be able to create their own individual identity. The fact that Magasin should not focus on price does not mean that Magasin should not sell cheaper products. Actually, we learnt from the consumer analysis that consumers are more price-conscious than they used to be[337].

Consumers have to feel that a brand is relevant to them before they want to purchase it. The brand should add something positive to the identity of consumers – it should help build the identity that consumers seek. Therefore, the brand image/identity is important. Not only high brand relevance is needed, also brand legitimacy is crucial. By brand legitimacy is meant, that it has to be legitimate to purchase a brand, consumers need other consumers to "approve" their identity (among other things, the brands that they purchase). This is expressed through the trend of identity creation. An example is eco friendly consumers. At

[337] See page 77

some point, they sure wish to save the planet, but the majority of the eco friendly image may be to "tell others" that they care. Another example is plastic bags. The focus groups revealed that most consumers prefer to carry one bag in preference to another[338]. The last example clearly points out that legitimacy (and relevance) is important in branding.

Also an inspirational environment, a high service level, value-for-money, a large assortment and good exchange service policies are important to consumers and are all aspects that create a feeling of security around a brand – customers know, among other things, that they get a high service level and a specific brand identity, which creates a feeling of security. A large assortment and good exchange service policies are areas where Magasin performs well and should continue doing what it is doing. The other areas are actions that are urgent and need to be taken care of. The next paragraphs give a suggestion of how to handle the branding challenges that Magasin faces.

5.2. Target group

The interview with Magasin proved that Magasin sees itself as a retailer for everybody and not for a precisely defined target group as such. However, we believe that the brand would benefit from a defined target group – or rather a *key* target group. Magasin can and should not discard its history and tradition and the associations connected to it. Nonetheless, in order to secure consistency as well as a clear identity and positioning, the brand must have a key target group in mind when developing and evaluating various strategies and initiatives.

Today Magasin sees itself as a somewhat first mover, which the competitors must keep an eye on[339]. As the above analysis shows, we do not necessarily agree with this statement, but the mindset of being *an icon* does fit the suggestion for a future strategy, which is presented in the following paragraph, *Point of Differentiation*.

For consumers to evaluate the stores as iconic and a first mover require iconic and first mover customers. Therefore, we suggest that Magasin targets the career-minded, busy and

[338] Focus group 1, appendix 6, time: 18.05, 20.10. Focus group 2, appendix 7, time: 17.35, 32.30. Focus group 3, appendix 8, time: 27.50

[339] Interview with Jan Helleskov, appendix 2 (confidential), time: 2.50, 9.25, 38.40, 39.30

fashionable segment. This segment is attracted by the newest trends in a broad range of product categories. Due to Magasin's locations in the larger cities this target group fits because they will most likely work in city centres. Secondly, they are busy which is why the department store concept appeals to them – just as the opening hours do. Furthermore, the consumer analysis proved that this segment has a high income and thereby a high disposable income to spend.

Magasin must never neglect its broad appeal but in order to be positioned as a hip/iconic/first mover/fashionable brand the customers must reflect this too.

5.3. Point of Parity

Aside from having issues with differentiation (POD), Magasin also needs to improve POP. During the focus groups some consumers did draw parallels from Magasin to both hypermarkets and malls. When part of the vision of the company is to be the leading *department store*[340]*,* the issue with POP is clear to spot. Dark parallels can be drawn to the Danish warehouse Daells Varehus, which sold cheap products to Danish consumers. The warehouse went bankruptcy in 1999 because of unsuccessful sales and demand for the products. Magasin must be careful not to end like Daell's Varehus, which was run over by competitors[341].

In order to be considered as a department store, consumers must believe that Magasin actually is a department store - by living up to the department store definition[342]. The analysis pointed out that Magasin does not succeed in this today, which can be linked to misalignment of identities and the reason why consumers discard Magasin.

An example of the weak POP is that some consumers pointed out that they feel that some departments in Magasin have a low service level and sometimes they had difficulties finding

[340] Magasin annual report, page 7
[341] Appendix 16
[342] See Definition of Department Stores, page 36

a sales person for assistance[343]. One of the points in the definition of department stores is a high service level and that almost each department has an employee working when the department store is open[344]. The gap between what is expected and what is actually experienced by consumers, is part of the challenge for Magasin in terms of being considered a department store.

Other examples are the location of a number of Magasin's departments. According to the definition, department stores are large buildings on central locations. Magasin has departments in the malls Rødovre Centrum and Field's, which are located in suburban areas and hence do not live up to the definition.

The conclusions in this paragraph together with the findings in the analysis underline the importance of strengthening the POP.

Fulfilling the requirements of being a department store, and hence strengthening POP, will affect major areas like:

Competition: The competitive scope is sharpened by having less and more clearly identified competitors.

Consumers: The consumers have a clearer picture of what Magasin is and hence when to consider Magasin.

Corporate strategy: When more or less redefining ones business area the corporate strategy should be adjusted too.

Identity: Clear communication sent from Magasin makes it easier for consumers to understand the brand and by that, alignment of identities can be achieved.

[343] Focus group 1, appendix 6, time: 12.30, 12.50. Focus group 2, appendix 7, time: 43.20, 44.20, 39.20. Focus group 3, appendix 8, time: 9.40, 10.45, 38.10, 44.20
[344] Definition of department stores, page 36

The category that Magasin should belong to is: *department stores in Denmark.* Magasin has many strengths, goodwill from a long and proud history, and is part of Danish shopping culture. Therefore, Magasin should continue to be and act like a department store[345].

By establishing the POP, the competitive scope for Magasin is sharpened. In the analysis, a large number of competitors were identified. Having established the category POP helps Magasin in clearly defining competitors. For example, the competition from hypermarkets and some malls are limited for Magasin when positioning itself clearly as a department store. Positioning Magasin as a department store moves the brand away from the "red and bloody ocean" where hypermarkets, malls, and chains compete head on focusing on the price. The strategy, the various branding initiatives, the brand assortment, the locations etc will be aligned and therefore the brand achieves consistency, which is absolutely vital when building brand equity. The POP should be the foundation of whatever Magasin does. For the organisation behind Magasin, a clearly defined POP helps avoiding mistaken strategic decisions that lead to inconsistency and ultimately confused consumers and a blurred competitive landscape.

POP is of great relevancy for the consumers, as these are the ones who have to understand the POP and evaluate Magasin as belonging to the department store category. A clearly defined and communicated POP is needed for Magasin to be adequately considered by consumers and to be regarded as a relevant brand. The identity of Magasin derives from the POP and POD. A clearly defined and communicated POP improves the issues that Magasin faces in this concern; the fact that consumers are confused of which kind of retailer Magasin is. Today, consumers express a level of confusion regarding what Magasin really is and its identity. Defining *and* living the POP diminish that problem.

It cannot be stressed too much how fundamental a clearly defined and communicated (both internally and externally) POP is for a company to achieve consistency and a strong positioning in a market. For Magasin, the brand needs to get some edges sharpened, in order to fully be evaluated by consumers as a department store. Magasin's POP should be what defines a *department store in Denmark.*

[345] See Limitations page 34, the purpose is not to come up with an all new Magasin, but to adjust the strategy and leverage on the brand equity that it has already built

5.4. Point of Differentiation

When POP is strong, customers know what to expect from Magasin and hence when to consider Magasin for shopping. If Magasin is able to provide a superior concept – with strong POP and POD - which consumers and brands find relevant, the mission is completed. Based on the analysis, the hypothesis of this thesis has been verified – Magasin has not managed to differentiate its brand adequately from competitors; its Point of Differentiation (POD) is weak.

In the consumer analysis, it was discovered that Magasin is mostly regarded as a high involvement brand. A high involvement brand has to provide consumers with a high degree of differentiation and relevance in its communication[346]. This is currently not the case, why it was concluded that Magasin emphasizes the wrong underlying motivations in its communication.

POD is somewhat identical to Sustainable Competitive Advantage (SCA)[347]. While a competitive advantage is rather short-term, a sustainable competitive advantage is long-term. By having a strong SCA, the competitive advantage does not have to be reformulated constantly. Thus, a strong SCA upholds consistency.

Consistency has been a major problem for Magasin. It has been characterized by changing strategy and communication partly due to changing management and ownership. A strong POD / SCA is of great importance and something that calls for immediate action by Magasin. In the consumer analysis, we found which elements are important to consumers when shopping and also what is important from a more general consumer behavior point of view. Good shopping experiences – through a superior service level, inspirational displays and stores, high brand relevance and legitimacy, value-for-money, high fashion brands, a broad mix of brands, price and quality, simplicity and convenience - proved essential to consumers. Consumers want the wow-effect when shopping.

Magasin does have some strength, like unique facilities, its long history, high recall and recognition etc. The art of being a retailer in today's market is to comprehend what

[346] See Consumer Behavior paragraph, page 77
[347] Keller, page 142

consumers desire and then adapt to any changes. Throughout the focus groups the concept of *shopping experiences* kept coming up as something that the consumers prefer and demand. At the same time *experience* is one of the keywords/values in Magasin. The competitive analysis showed that Magasin has a number of strong competitors and it is clear that Magasin must provide something extraordinary in order to beat the competitors. Therefore, developing a strategy that emphasises the shopping experience is the main focus of the strategic proposal of this thesis. The focal point in (the new) branding is no longer the products, but which use and experience consumers get from a product[348]. This is especially true in "high end" feeling brands, and less in "low end" informative brands where the focus is more on price. Products/brands are the centre of a retailer[349] - a company has to deliver what it promises. The products/brands are parts of POP, creating good experiences are part of POD.

Consumers want experiences, the physical product can be purchased everywhere – and probably cheaper online than in the physical stores. Magasin should differentiate itself by providing good experiences by for example using its unique facilities and other strengths/assets it has as a department store.

Consumers demand and desire experiences when shopping[350]. Basically, an experience means *"An event or activity that affects you in some way"*[351] – consumers should be impressed and surprised. Consumers demand *sensations* as opposed to *benefits*, which is/was the case in the service economy[352]. Keller states that for a message to be taken in, the information has to be relevant for the consumer, it has to be distinct, and the consumer will have to believe that the company can deliver[353]. In the Importance-Performance matrix (page 116), it was outlined that brand relevance and legitimacy is very important in order for a brand to be considered. At the same time, the matrix stated that Magasin does not deliver superior positive brand relevance despite the fact that it has all the same brands as some competitors do. Yet, Magasin is not regarded as particularly relevant – it does not leave

[348] Vargo & Lusch, page 1
[349] Pine and Gilmore, page 98 and Torben Schwabe
[350] Pine & Gilmore, page 97 and focus group 1, appendix 6, time: 9.05, 25.45. . Focus group 2, appendix 7, time: 51.50, 54.15, 57.20
[351] Oxford Advanced Learner's Dictionary, *experience*
[352] Pine & Gilmore, page 98
[353] Keller, page 114-115

customers with a positive and memorable impression / experience. It needs to focus on increasing brand relevance and hence be considered in more shopping situations than it does today.

Together, POP and POD constitute Magasin's positioning. There are three vital areas which Magasin should give its future attention to in its brand strategy: Experience Economy, Consistency and Touch Points.

The food department of Magasin, Mad & Vin, has not been the main focus throughout the thesis[354]. Nonetheless, what Mad & Vin does well - quality, decoration/display, inspiration, service and experiences – are the basis of the strategy we propose for the rest of Magasin. This strategy fits what the customers demand and what Magasin already does well. By doing so Magasin achieves a superior positioning in the market, consistency is reached and parallels to the "good old days" are drawn, which is some of the strengths identified in the analysis. The strategy is difficult to copy, thus it is a SCA, as it is based on the history of Magasin which none of the competitors obviously have. The focus is no longer on price but rather on quality and inspiration, which moves Magasin away from hypermarket. Moving back to what can be sided with the original concept of a department store moves Magasin away from the competitors in the shopping centre segment. Furthermore, this concept cannot be copied by the online stores as it has to be *experienced.*

5.4.1. Experience Economy

Experience economy is suggested for a future focus in order to provide the essential added value to consumers. Consumers need to feel that they get something special for their money – the "Magasin value" must increase. Slack and Lewis has developed a model to stay competitive; Qualifiers, Order-winners and Delights[355]. Brands need qualifiers to be considered by consumers – or to qualify as a relevant brand. The concept of Qualifiers can be sided with the earlier defined POP of being a department store. Order-winners are specific elements that a brand has which make a customer purchase the brand[356]. Delights are aspects of a brand that customers are not aware of beforehand. Because customers are

[354] See Limitations, page 34
[355] Slack & Lewis, page 46, see figure 2.8, page 31
[356] Slack & Lewis, page 45

not yet aware of delights, they do not expect them[357]. Delights help creating experiences. However, a delight is only a delight until customers have experienced it. Next time the same customer purchases the brand, he/she expects the delight to happen. Then the delight becomes an order-winner and new delights have to be created. Likewise, order-winners become qualifiers when customers have experienced then enough times.

Magasin has to continuously come up with new delights in order to provide new experiences and attract customers. This leads back to the term SCA; to be able to have a sustainable (long-term) competitive advantage through experience economy, Magasin has to provide new experiences constantly.

Since the opening of the first Magasin department store, Magasin has prioritized and been a first mover of providing excellent experiences to its customers[358]. For some reason, Magasin does not give its customers excellent experiences anymore. Ironically, *experience* is one of the words that Magasin claims is an important element in its stores. However, it is not surprising as the Identity part proved that Magasin's identity is not aligned. Magasin may claim to have a focus on providing shopping experiences, but according to our analysis this area has not been successful.

When deciding which experiences to provide, the customer analysis becomes useful. First of all, the decor of Magasin should change. As described in the POP part, Magasin has to act and look like a department store and not as other types of retailers. Therefore, Magasin ought to use its unique facilities. Very few competitors have as grand buildings as Magasin has and offer as broad and deep brand portfolio. Magasin should take advantage of its experience of running department stores, its long tradition and heritage, its brand recognition and recall and least but not last, its facilities – comprising location and impressive buildings.

When Danes shop, it is important for them to do it in an inspirational environment. Examples are inspirational displays, or "inspirational islands", made of a mix of different brands, price and quality. In Denmark, it is fashionable to mix cheap (maybe even second

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[357] Slack & Lewis, page 45

[358] See Magasin Description, page 41

hand) brands with more expensive designer brands[359] to create an individual identity. The displays in Magasin should mirror this trend and inspire consumers. This counts for all departments in Magasin – from cosmetics to home department. The inspirational displays should of course be constantly updated and well known designer, celebrities or bloggers can design the “inspirational islands” and thereby mirror their own style.

The second important step for Magasin to complete the total customer experience is a high service level. To begin with, the staff has to be present, visible, friendly and helpful, but not too intimidating. It is important to notice that there is a difference in the level of service which consumers demand, dependent on the departments. Home, cosmetics and food are departments that call for a service where staff can be more outreaching than in the clothing departments[360]. The staff should play a larger part in creating the shopping experience in Magasin. They could for example be dressed the same way to send a message of all belonging to Magasin and create consistency throughout each department, but also between the various departments located around Denmark. The customers should never get a feeling of which brands are concessions and which are consignations. This is a part of Magasin’s business and is as such not relevant for the consumer. If customers are able to see the difference between concessions and consignments, it will uphold inconsistency.

The brands in Magasin have to be relevant and legitimate to consumers – relevance is one of the requirements that have to be fulfilled to reach added economic value[361]. Relevance is based on the individual brand identities of the brands being sold through Magasin, but also Magasin’s own brand identity. The individual brands in Magasin affect the identity of Magasin a lot. Put in another way, Magasin’s identity is created through co-creation with the brands being sold in its department stores. Magasin should only offer brands which benefit the Magasin brand in the co-creation of brand equity (see more in the Consistency part, page 127). The brands –expensive as well as less expensive - that are targeted to the same segments should be placed near each other and mixed in displays around the stores to inspire the customers. In this way, the departments inside Magasin are delineated on the segments instead of the brands themselves. This supports the co-creation of brand value

[359] See the Consumer Behavior paragraph, page 77
[360] Focus group 1, appendix 6, time: 14.45, 15.30, 16.15, 17.40. Focus group 3, appendix 8, time: 44.20
[361] See the Brand Value Chain, page 24

and adds to the experience of shopping in Magasin. There should be departments that are targeted to all age groups – from children to elder people in order to be relevant to a large part of the Danish population (the consumer analysis specified that children have an increasing economic power and elderly are healthy and well off and have a high personal consumption).

The decor and brand mix are all about creating the right feelings for consumers when they enter a Magasin department store. It should emphasize feelings of fashion, inspiration and possibility of shopping for the identity that the customers demand. Creating an atmosphere that enhances feelings of fashion and inspiration provide valuable experiences to customers (the consumer analysis showed that these are valuable elements for them) – it enhances the "Magasin value". Simplicity is also essential to customers. Though customers want a both broad and deep brand portfolio, the store has to be simple and convenient to be in. For the most part, Magasin has big buildings and has the opportunity to display many products, but still space enough to avoid crowded areas. This is a very important strength for Magasin as opposed to some of the competitors. Utilizing the unique facilities that Magasin has is important. The large spaces give great opportunities to be creative in the inspirational displays in the stores.

Not only the decor and brands should create the inspirational atmosphere. Other components can help build an atmosphere of inspiration, fashion and pleasure. In the consumer analysis, it was discovered that health, going out, socializing, personal care, spas, travelling, leisure activities and enjoying life are important trends in the Danish society. Because of Magasin's locations and size of buildings, it has great opportunities to incorporate some of these components in its stores. Retail is the heart of Magasin, but secondary business areas may help create the correct atmosphere and add value to the total shopping experience. Examples could be: a well-known chef who makes tapas for the customers passing by, a wine bar, spa-related activities, make-over by a celebrity, design of inspirational islands by celebrities etc. New activities should be developed continuously in order to construct new delights and attract customers.

Only the creativity and imagination set the limits in experience economy. Pine & Gilmore claims that when performing experience economy, you are what you charge for. We do not suggest that Magasin should take a fee for entering the stores, but the idea of customers being so attracted to a store that they will pay to enter is very inspiring itself.

5.4.2. Consistency

For Magasin to increase the "Magasin value" / brand equity, it needs to be consistent. There are quite a few areas where Magasin is not consistent; the brand strategy can be pointed out as a primary example. The lack of consistency is clearly expressed through the misalignments of Magasin's identities which are found in the Identity part (page 105). The identity analysis showed how more than one misalignment is present. The ideal and communicated identities are bargain oriented. In the performance-importance matrix, a price-focus is something that Magasin does very well, but a focus that is not important to consumers. Instead of focusing on price, Magasin should focus on brand identity, relevance and legitimacy and through that create a sense of value for money. It's ideal and communicated identities would then be aligned with the desired identity. By doing the decor changes suggested above, the actual identity would also be aligned with the three later identities. The perceived identity may change as a result of a change in the decor, communication and other touch points (read about touch points in the next paragraph). With an enhanced and aligned corporate identity, it is much easier to be associated with clear and strong values – values which are important to consumers.

"They say I'm constantly screwing up.
I call it being consistent."

Source: immobilienblasen.blogspot.com

There should be alignment between all important touch points – every time a consumer somehow is in touch with Magasin, he/she should feel the "Magasin feeling". Touchpoints are treated next.

5.4.3. Touch Points

"A brand is the sum of the customer's experiences with the product or company. It is transmitted in every interaction with the customer over the lifetime of the relationship[362]". This is the reason why Magasin has to control all important brand touchpoints with customers. There are numerous touchpoints, but there seem to be three major ones:

- The stores
- The webpage
- Communication between Magasin and the consumers

5.4.3.1. The stores

The stores are an extremely important touchpoint. This is where consumers gain direct knowledge of and experiences with the brand. In the stores, there are countless smaller touchpoints – for instance the sales people, the service level, the decor, the location of the stores, the size/look of the stores, and the atmosphere. These were dealt with above and it was concluded that the decor and atmosphere should stress feelings of inspiration, fashion and pleasure. Also the salespeople (and the service level they provide) have been described – the service level needs to be high and differentiated dependent on the individual departments. In particular a good exchange service is important.

The physical frames of Magasin, which are the buildings, must also exude the Magasin value of being fashionable and inspirational. This implies that a focus must be put on maintenance of the buildings. It also implies that having departments in Rødovre Centrum and Field's is not aligned with the Magasin brand, as these are malls with a different positioning (especially Rødovre Centrum is evaluated as low quality by consumers[363]). Exactly the Magasin stores in Rødovre Centrum and Fields are low performers and are the two Magasin stores with the lowest sale per square meter[364].

[362] Hogan, Almquist, & Glynn, page 12
[363] See perceptual maps, page 92
[364] See factual sheet, page 47

5.4.3.2. The webpage

Online sale is growing and the Danes are still becoming more inclined to shop online. Magasin's webpage is a second major touchpoint. Even though not all customers purchase products online, they may search for relevant information about a brand on the internet or maybe just look for the opening hours. The Magasin webpage is the online entrance to the Magasin stores and in order to stay consistent, it has to stress the same kind of feelings as in the stores. This is very difficult as consumers only use some of their senses online (mostly the eyes), not all. For instance, it is complicated to create a specific atmosphere when a customer is at home and not actually in the store. Though this is a difficult task, it is still important. The webpage should mirror inspiration, fashion and pleasure – preferably it should also provide a good experience. Simplicity and convenience are likewise important aspects – the webpage must be easy to navigate and it should be convenient to purchase products online. Selling products online may not be part of the traditional way of running a department store. Nonetheless, it seems to part of the retail game in today's market and therefore we suggest to continuously being present online. However, it demands a well-developed webpage and consistency with the Magasin value for it to add positively to the suggested strategy. The main aspect of Magasin's business is and should continue to be offline and in the physical stores. The webpage must be so inspirational that consumers simply cannot help but to visit the stores to see the physical displays and the other experiences that Magasin can provide.

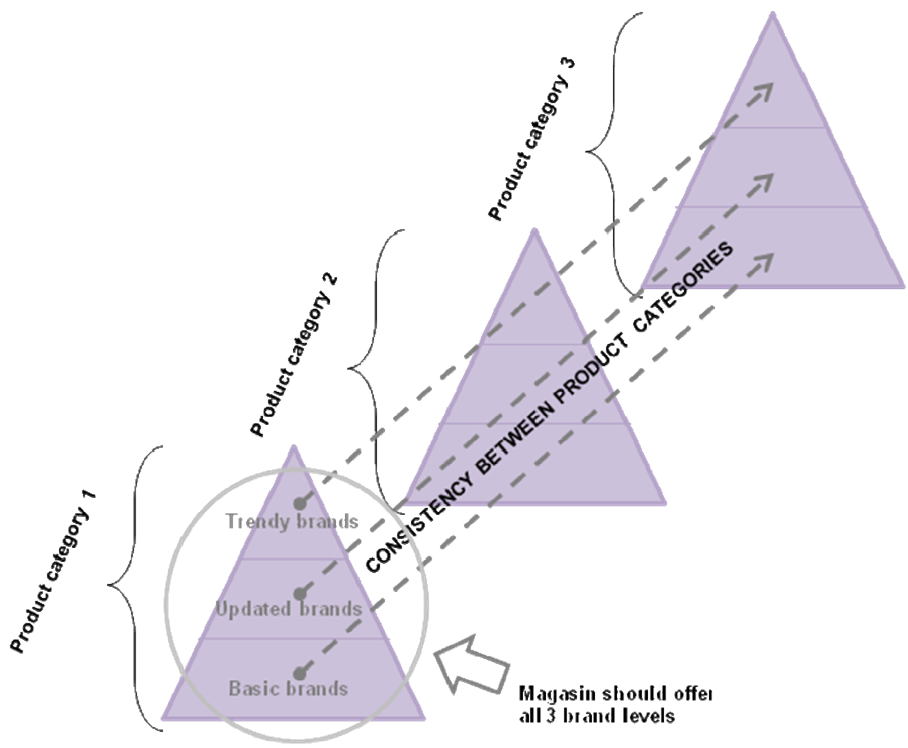
5.4.3.3. Communication

The way Magasin communicates was touched upon earlier in the strategy part. It was especially argued that the current communication is too bargain oriented and is not centred on identity as it should be. Focusing on identity makes the Magasin brand more relevant.

The communication should give strong arguments of why Magasin is a relevant brand, provide high product differentiation and stress the correct underlying motivations and feelings. The current communication mainly employs price as argumentation for shopping in Magasin. This does not correspond to what is important to consumers and what Magasin should focus on. A price focus is good if a brand is placed in the low involvement thinking square of the FCB Grid[365]. To some extent, a price focus can also be useful in the low involvement feeling square. But not where Magasin is placed (high involvement feeling). The same feelings as the stores and webpage should enhance, are the ones that consumers should feel through Magasin's communication; inspiration, fashion, pleasure and simplicity. Magasin should stay within the feeling response process. One thing is what theories suggest (for instance the FCB grid suggest that Magasin should not focus on price because of its placement in the grid), another thing is pure rational thinking. Magasin would never be able to compete solely on the price. The market is competitive and strong players compete. Examples are H&M, Zara and Tøj og Sko. Magasin does not have the size and capacity to compete with these players and risks moving into an even "redder ocean".

As described before, Magasin has to offer both cheaper and expensive luxury products in all of the product categories to provide consistency and brand relevance in all categories (see figure 5.2).

Figure 5.2 – Assortment strategy and consistency



Source: Own production, inspiration from Torben Schwabe

[365] See page 102

It also has to have the two more or less obligatory sales (winter and summer). However, sales can be communicated sophisticatedly. A sale does not have to scream out discount and low quality, but may be communicated more stylishly. An example is the clothing store COS (daughter company to H&M)[366]. The products are not particularly expensive, but it manages to keep a sophisticated and simple identity - also during sales. When COS had its summer sales, it did not put big yellow signs in its windows. It simply put the text *"We are having a bit of sale in store at the moment"*[367] in its windows. In this way, it manages to communicate that it has a sale, but it does not "lose its dignity".

The above described communication is the controlled communication. Providing good experiences also has the opportunity to affect the uncontrolled communication. When a customer experiences a delight – something surprising and something that adds value to the total shopping experience – the customer is keener on talking about the shopping experience to his/her peers. This form of uncontrolled communication is called buzz-marketing or word-of-mouth. Customers tend to trust each other more than they trust a brand, therefore word-of-mouth can be valuable for a brand[368].

5.4.4. Concrete actions

A stronger positioning creates a higher security around a brand. In that way, customers know what to expect of a brand and the brand exudes a specific identity (which for instance causes customers to trust the brand in being fashionable and updated). The concrete actions that Magasin should take to create a stronger POD/SCA and gain higher brand equity (increase the "Magasin value") are summarized below.

- Create good experiences. Construct an atmosphere of inspiration, fashion, pleasure, and surprises (experiences). Both in the stores and online. Customers demand value-for-money, provide this by giving experiences and something that they do not expect. A superior service level should be stressed and differentiated in the different departments. A good service level can for instance be achieved by hiring salespeople who are in the target group and communicates "at the same level" as customers

[366] www.cosstores.com
[367] Observed at the COS store in Copenhagen, summer 2010
[368] Belch & Belch, page 150-151

do[369]. Provide the "wow-effect" by having new delights constantly. In particular, it is important to provide something valuable to consumers in the bricks and mortar world, as the prices are often higher than the online prices. The physical stores should offer something that the customer cannot get online – like for instance a superior service level and good shopping experiences[370]. Get attention from as many senses as possible in the stores. The more stimulated a customer's senses are, the more accustomed is the customer to shop[371]. Shoppers love to touch, taste, try, smell and hear. Most unplanned purchasing is followed by one or more of these acts[372].

- Convert the decor into an inspirational playground of fashion where brands that are targeted to the same segments are placed near each other and mixed in inspirational islands. There should be a broad and deep brand portfolio and a mix of different brands, price and quality to inspire customers in different segments. The stores and webpage should be simple and convenient to use. There should be other business areas than just retail to attract customers – for example health related activities, a wine bar with a famous wine specialist or a famous chef who makes tapas for consumers passing by.
- Focus on identity in communication rather than price, Magasin is not able to compete on the price. Consumers have to feel that the brand's identities are relevant and legitimate. The communication can be much more sophisticated, even during sales periods. The communication should emphasize the correct underlying motivations and feelings (inspiration, fashion, pleasure and simplicity) and provide strong arguments and differentiation.
- Magasin has to be consistent in everything it does. By staying true to its value and history, it can leverage on its brand equity that it has already built. It should only offer brands that add positively to the brand equity of Magasin so that the co-creation of brand equity benefits Magasin.

[369] Underhill 8
[370] Underhill 2
[371] Underhill 9, page 32
[372] Underhill 9, page 32

- Provide convenience and simplicity. Make the stores comfortable to be in, by for example having lots of space and effective easy to read navigational aids[373]. The environment should be comfortable and relaxing so than customers want to stay longer[374]. Women do actually spend time reading packaging - make sure she can do this without being jostled from behind. The longer a customer stays in the store, the more she/he buys[375].

5.5 Benchmark

So, does it work, you might ask?

A focus on experiences and moving away from the though middle market means an extensive investment and the question will always be: Will it work? To answer this, we will turn to the British department store chain Selfridges & Co (referred to as Selfridges). The chain shares some similarities with Magasin. Selfridges has a long history in British retail dating back to 1909[376], a grand and beautiful flagship store in London and other department stores in large cities, and states that everybody is welcome at Selfridges[377].

At Selfridges the main focus is on experiences, entertainment, and seduction and the innovative level is very high[378]. Selfridges realizes the importance of not only getting consumers into the stores, but it also focuses on the feel-good factor[379]. No matter if the consumer is in the store for 10 minutes or for 1 hour it must be entertaining and pleasant to visit – for all types of consumers[380]. Some believe that the large bright spaces as well as the multi lingual staff play an important role[381]. Examples of how Selfridges has created experiences and seduced consumers in earlier years are:

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373 Underhill 9, page 34+35
374 Underhill 10, page 1
375 Underhill 10, page 1
376 www.selfridges.com → Information Desk → Our heritage
377 Menkes
378 www.selfridges.com → Information Desk → Our heritage
379 Menkes
380 Menkes
381 Menkes

- 1909. Display the actual aeroplane that was the first to cross water[382]
- 1911-1913. Attracting housewives by mixing exclusive and everyday goods[383]
- 1911-1913. Having charity balls with the time's hottest dance – tango[384]
- Extravagant celebrations of birthdays, for example in 1925 where television was demonstrated
- The 1970s. Selfridges was the first British department store to advertise on television

In more present days, the initiatives count[385]:

- A tattoo shop next to the hair dresser
- Artistic dildo exhibitions
- 500 naked people on the escalators, which was part of an installation art
- The World's biggest shoe destination, The Shoe Galleries, with a hip actress invited to open the gallery[386]
- Exclusive products only at Selfridges[387]
- The Wonder Room, where watches and jewelleries are placed out in the open for people to watch
- Today, everything that is dazzling, daring, stylish and cool can be found in Selfridges[388]

Selfridges is an example of a successful department store in the twenty first century, where focusing on the shopping experience is the focal point. Selfridges does make money and has actually seen an increase in turnover despite of the financial crisis[389]. In the fiscal year

[382] www.selfridges.com → Information Desk → Our heritage
[383] www.selfridges.com → Information Desk → Our heritage
[384] www.selfridges.com → Information Desk → Our heritage
[385] Kjær
[386] www.selfridges.com → What's on → The Shoe Galleries
[387] www.selfridges.com Each category has some exclusives
[388] www.selfridges.com → Information Desk → Our heritage
[389] Menkes

2007/2008 the total turnover was around £655 million - an increase of 10% compared to 2006/2007. The result in 2007/2008 was £84.1 million, an increase of 30% from the year before[390]. Selfridges has experienced a steady increase in turnover in recent years. The Wonder Room alone grew by 20% in turnover from its first to its second year[391].

The vision of the company is to be “extraordinary, inspiring, captivating and friendly”[392], which also share some similarities with Magasin’s values, but Selfridges has approached it differently – and has been successful. Therefore, Selfridges is clear evidence that a branding strategy that emphasizes experiences and consistency is able to succeed in today’s market.

6. Conclusion

Through a thorough analysis of competitors, consumers and Magasin’s identity, it became clear that Magasin has not managed to differentiate itself from competitors. Magasin does not add value to the brands being sold in its stores - Danish consumers prefer to shop somewhere else. Magasin competes for the disposable income and has an extensive list of competitors counting retailers as flagship stores, malls and hypermarkets to more indirect competitors such as leisure activities.

Creating one’s own individual identity proves important to consumers in all age groups and a high service level, value for money, convenience, simplicity, inspiration and rewarding shopping experiences are important elements in a perfect shopping situation. These consumer behavior trends do not all correspond with what Magasin offers which results in low brand equity. The consumer-brand relationship is weak as the wrong aspects are emphasized in communication as well as the brand strategy is too diverse. Communication is focused on rational rather than feeling attributes, which makes it difficult to change the attitudes towards Magasin.

[390] Menkes
[391] Menkes
[392] www.selfridges.com → Information Desk → Our heritage

Clear misalignments are found between the five identities of Magasin. The first major misalignment is between the conceived and the communicated, ideal and desired identities and the second major misalignment is between the desired and all of the other four identities. The fact that Magasin's identity is not aligned makes it difficult to obtain consistency and high brand equity.

Increasing Magasin's brand equity by strengthening its POP and POD is the key challenge. To move from the red to the blue ocean, Magasin should act and be more like a department store (strengthening POP). Experience economy, consistency and touch points are the three critical areas and where Magasin should take action to differentiate itself. Creating good shopping experiences by constantly providing new delights are essential – the experiences should be based on trends in consumer behavior. The stores should emphasize what is important to consumer and feelings of fashion and inspiration and a mix of brands, prices and quality are likewise important. Especially the stores, the webpage and communication are central touch points and should be imbued with the stated feelings and experiences and thereby accomplish consistency. Stressing brand relevance/legitimacy rather than price aligns the Magasin brand and will increase brand equity. The British department store Selfridges is successful with a similar branding strategy, thus – there is evidence that it works.

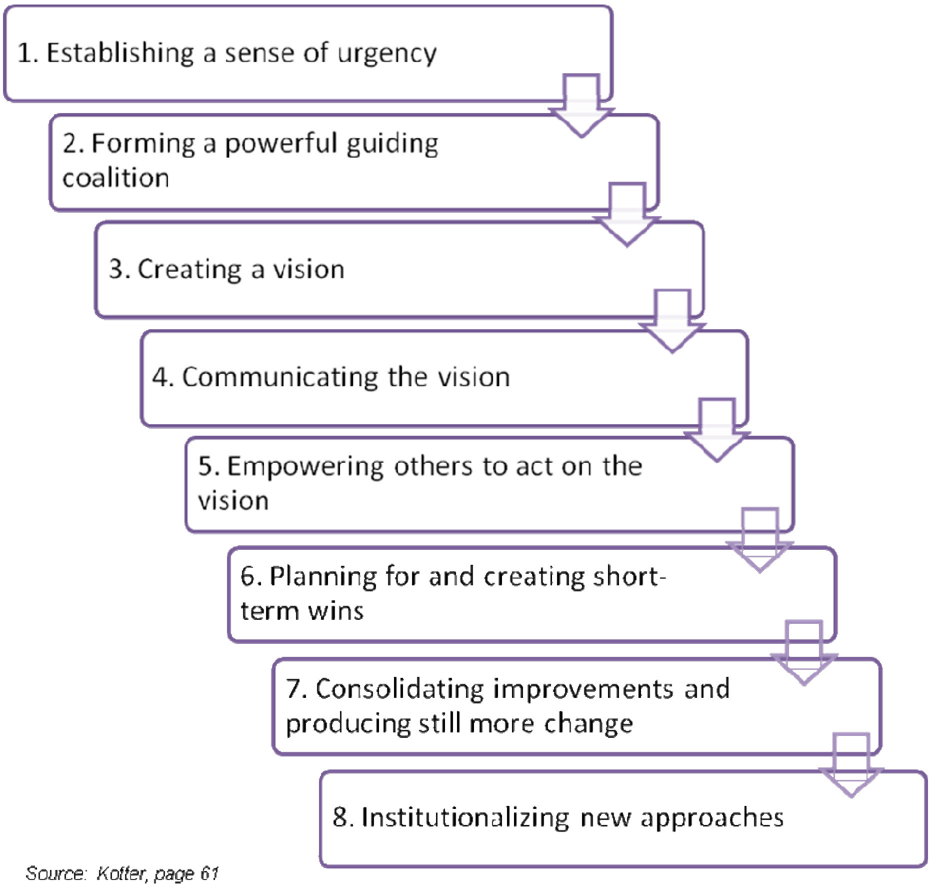
7. Implementation

The findings in the analysis has resulted in a strategy proposal that surely demands changes of the current strategy, the way Magasin is currently seeing itself, and how it views its environment.

The suggested strategy demands some changes to how Magasin "thinks". It has been important for the authors of the present thesis that the conclusions are realistic and relevant for Magasin and maybe also to other brands, which face similar troubles. In order to follow this approach, a small note on which challenges a company faces in the implementation of a strategy is included in the following.

A new strategy proposal does implicitly mean a change for a company. Having watched more than 100 companies' transformation efforts, Professor John P. Kotter[393] has identified 8 common errors in a transformation process (see figure 7.1). Going through these steps gives Magasin an insight into which challenges it faces and what to be aware of before initiating a transformation process.

Figure 7.1 – Eight steps to transforming your organization



Source: Kotter, page 61

According to Kotter, the first step in a (successful) transformation process is to ensure a *great sense of urgency* in the organisation. Implicit in this step is also that the organisation must *comprehend the need for the change*.

When researching for the thesis we interviewed Head of Communication in Magasin. Here we got the impression that for example conducting analyses of competition and studying competitors are not areas that Magasin deals with in particular. Actually, the attitude was more that it was the competitors who should be watching Magasin in order to keep up. Part

[393] Kotter

of the suggested strategy is a thorough analysis of competitors to the Magasin brand as well as a continuous competitor analysis. Hence, a gap between what is characterised as needed and urgent and what seems to be the attitude internally in Magasin were identified. It does not seem as if Magasin is really aware of the challenges facing them. The management of Magasin as well as the employees are completely aware of the financial problems facing the cooperation. **Nonetheless it seems that internally, Magasin is not aware of the brand's positioning in the market or in the eyes of the consumers. That is a huge problem for Magasin as one must understand one's own situation in order to change it[394].**

The overall aim with the present thesis has been to come up with a suggestion to a brand strategy, which we believe helps create a stronger positioning of Magasin. On top of this, our research did also point out a need for some organizational/cultural changes in order to implement this strategic proposal. The area of implementing the strategy could be interesting and useful to research further and is briefly described next.

8. Suggestion for further research

The scope of the thesis is within branding and how to increase Magasin's brand equity. However, throughout the assignment it became clear that other fields would be beneficial to scrutinize in relation to obtaining higher brand equity. It is important to notice, that only changing the brand strategy without having any concerns of other fields is not a durable solution. For instance, communication should not be changed if the rest of the organization stays the same. This is what Magasin has done and it resulted in a misaligned identity and inconsistency. The brand should lead the way for the whole organization so that all parts of the organization move the same direction and there is alignment between every little bit of a company. The implementation part reveals that there would be challenges implementing a new brand strategy. To successfully implement a new strategy, a thorough implementation plan is needed. Other areas that benefit the suggestion for a future brand strategy are Culture, Management/ Leadership and Internal marketing/branding.

[394] Kotter, page 60

The organizational culture is strongly related to how an organization behaves. Thus, it impacts the way a brand is perceived by consumers. When consumers shop in Magasin, they may interact with the staff several times. They way the staff treats the customers are to some extent dependent on the internal company culture. A high service level is mentioned numerous times as something that is very important for a department store. Despite the fact-based service level rules - like exchange service and wrapping of presents – the service level is related to how the staff act and interact with customers. This could be interesting to dig deeper into for a more thorough analysis. While the company culture deals more with the general visible behavior, values, norms and basic assumptions and is somehow unconscious, the leadership and internal marketing are conscious actions that are being taken. Yet these actions are controlled by the culture.

The analysis uncovered that the management and ownership of Magasin is characterized by change, uncertainty and turbulence. The strategy has changed a number of times and it seems like the management and owners are not truly aware of the market conditions surrounding Magasin. Investigating further into how Magasin is managed by leaders and owners gives a good understanding of, and possibility to change, the leadership form. **Internal marketing would likewise be exciting to explore further. The service level is affected by the internal unconscious culture, but it is also affected by the internal marketing and conscious actions taken to brand Magasin as a good place to work**. Therefore, it would be useful do discover how Magasin handles internal marketing - if it at all is a priority.

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10. Table of content - Appendices

Appendix 1

Magasin presentation (confidential)

Appendix 2

Interview with Jan Helleskov, Head of Communication in Magasin (confidential)

Please see enclosed DVD number 2

Appendix 3

Sum up of interview with Jan Helleskov, Head of Communication in Magasin (confidential)

Appendix 4

Interview with Torben Schwabe, CEO of Lyngby Storcenter (confidential)

Please see enclosed DVD number 4

Appendix 5

Sum up of interview with Torben Schwabe, CEO in Lyngby Storcenter (confidential)

Appendix 6

Focus group number 1 (confidential)

Please see enclosed DVD number 6

Appendix 7

Focus group number 2 (confidential)

Please see enclosed DVD number 7

Appendix 8

Focus group number 3 (confidential)

Please see enclosed DVD number 8

Appendix 9

Sum up of focus group number 1 (confidential)

Appendix 10

Sum up of focus group number 2 (confidential)

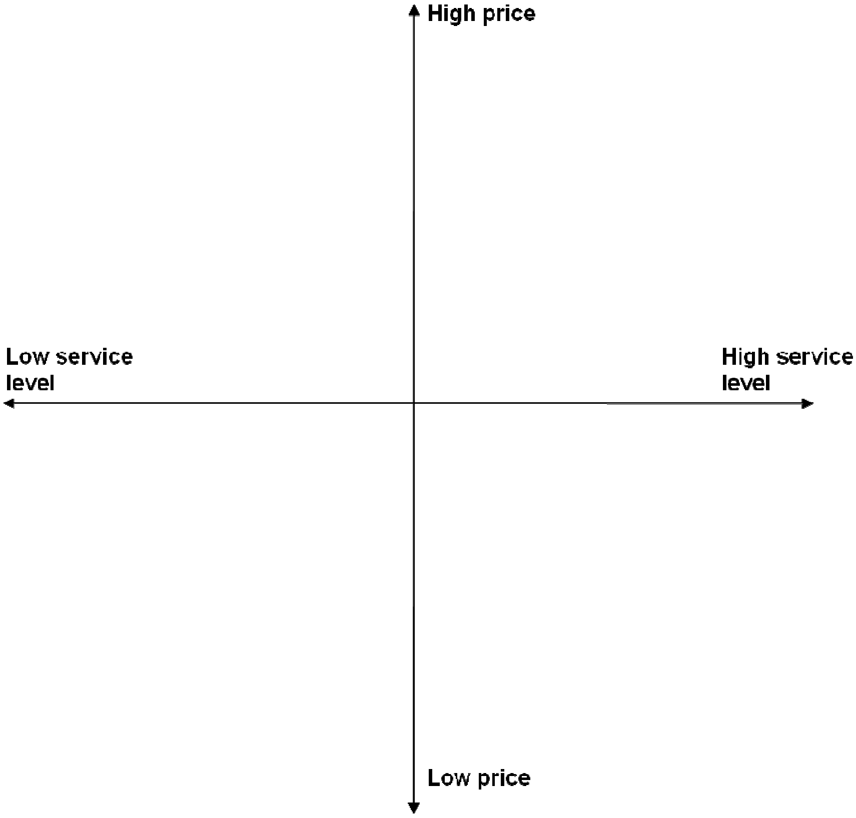
Appendix 11

Sum up of focus group number 3 (confidential)

Appendix 12

Perceptual maps

Perceptual map, price versus service level



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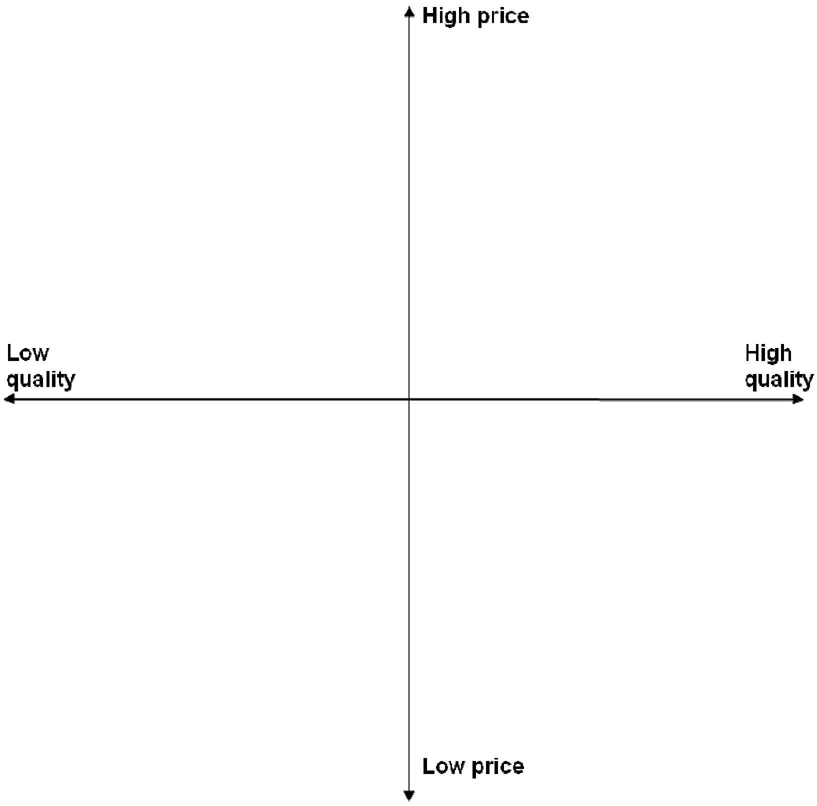
Perceptual map, price versus quality



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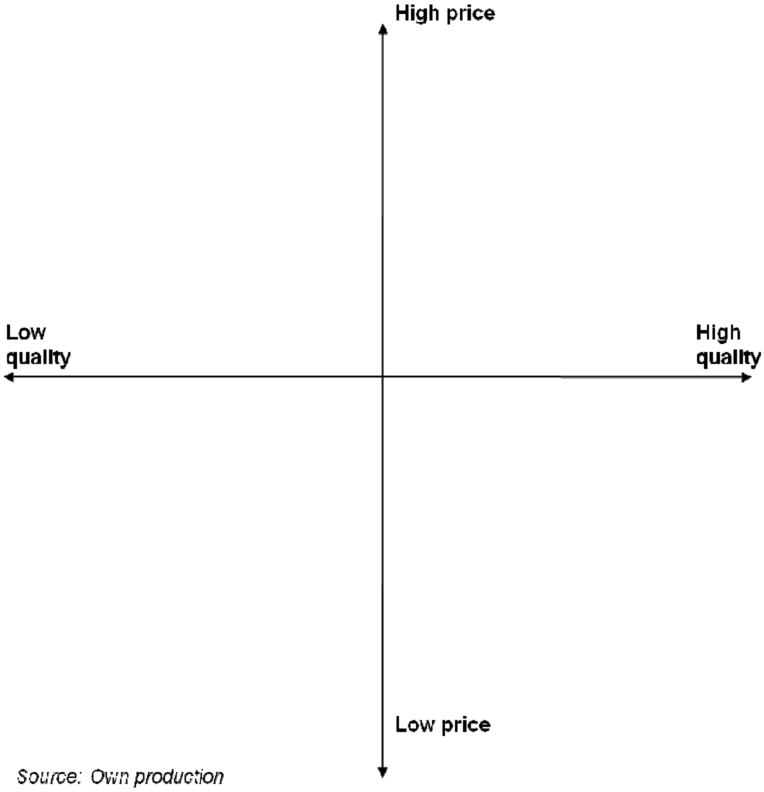
Perceptual map (malls), price versus quality



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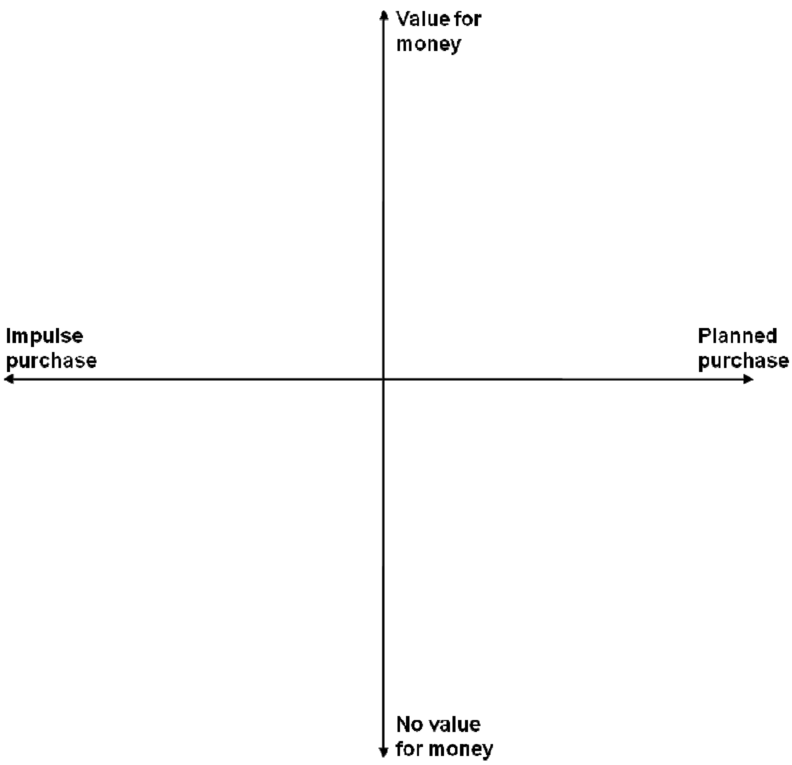
Perceptual map, Value for money versus planned/impulse purchase



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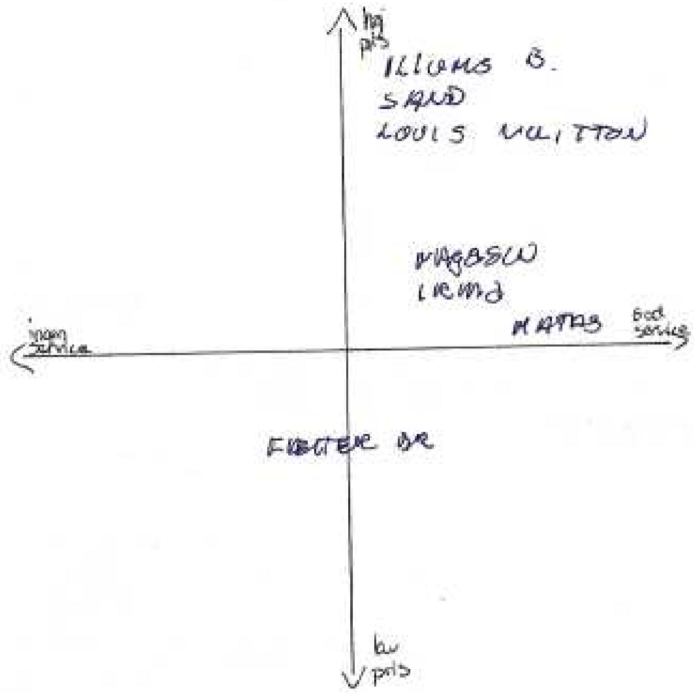
Appendix 13

Perceptual maps, completed by focus group members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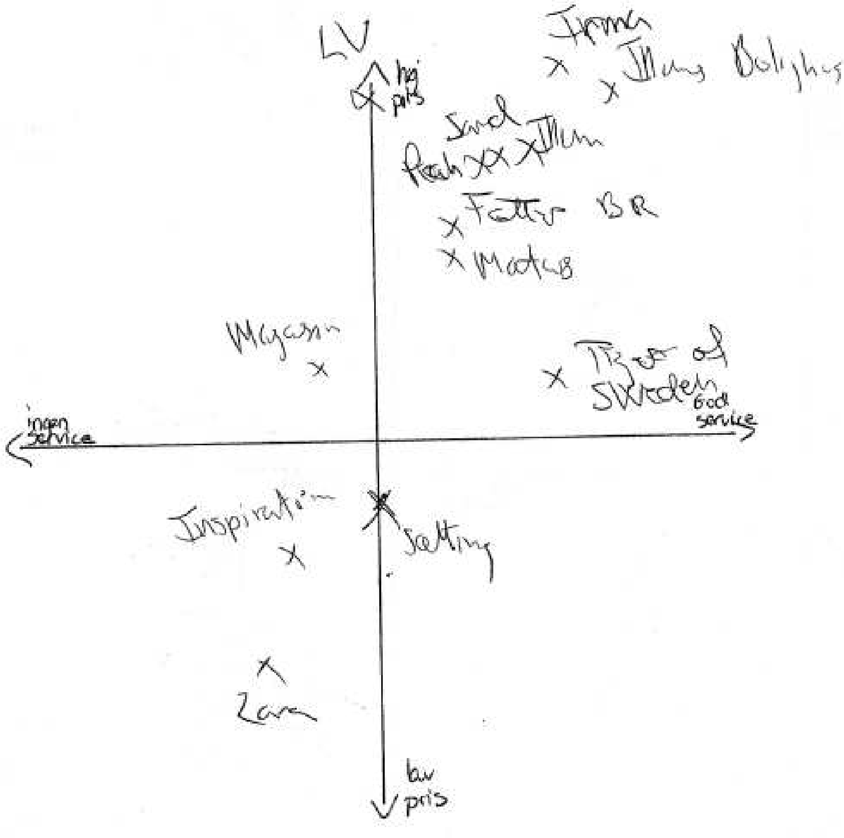
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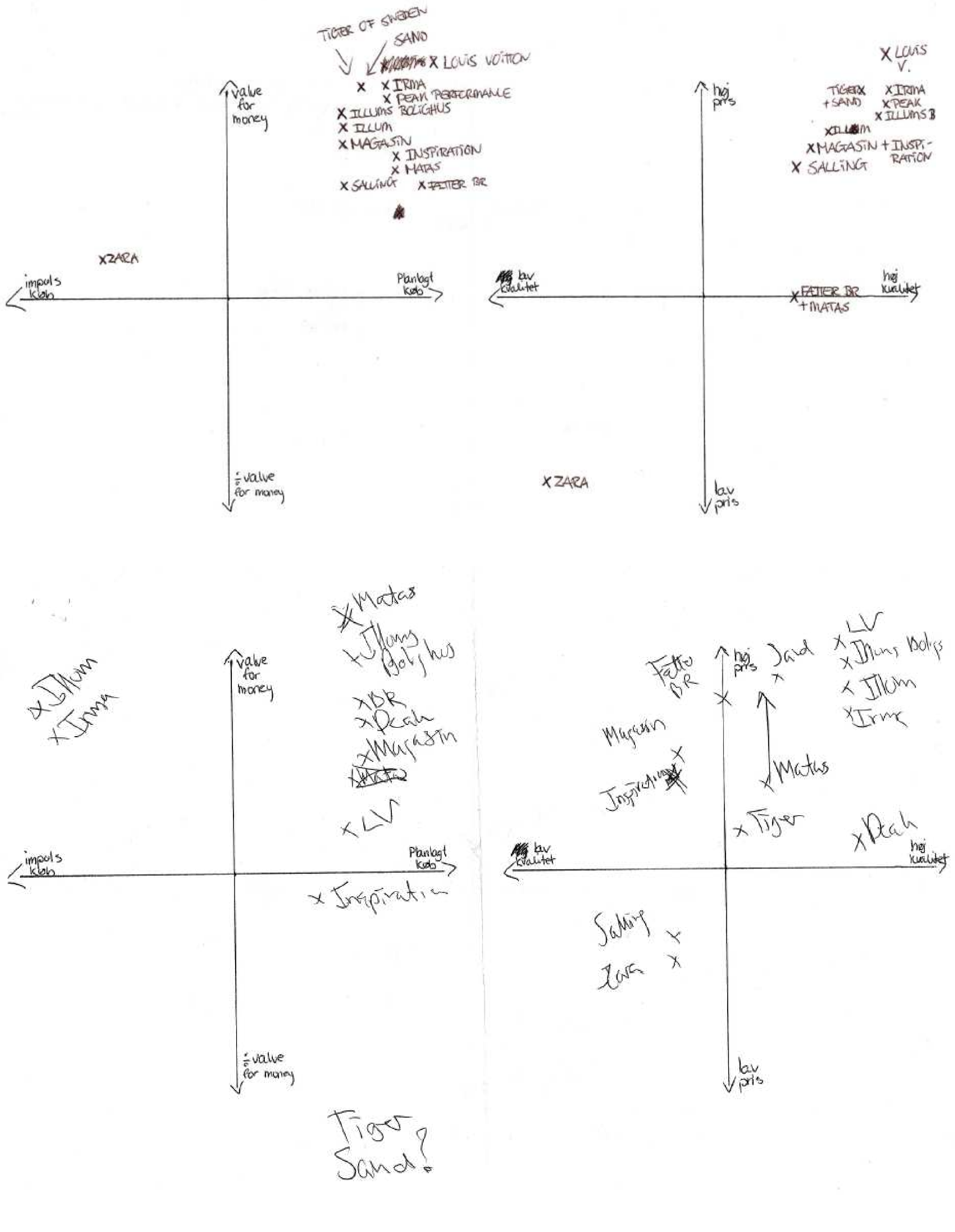
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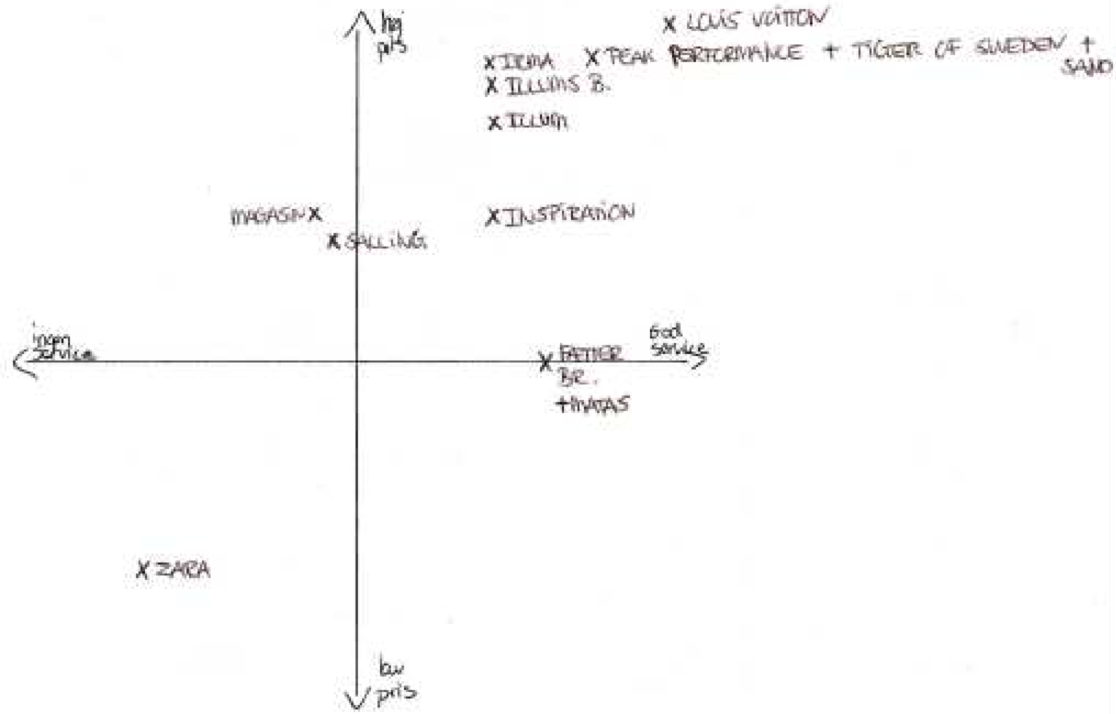
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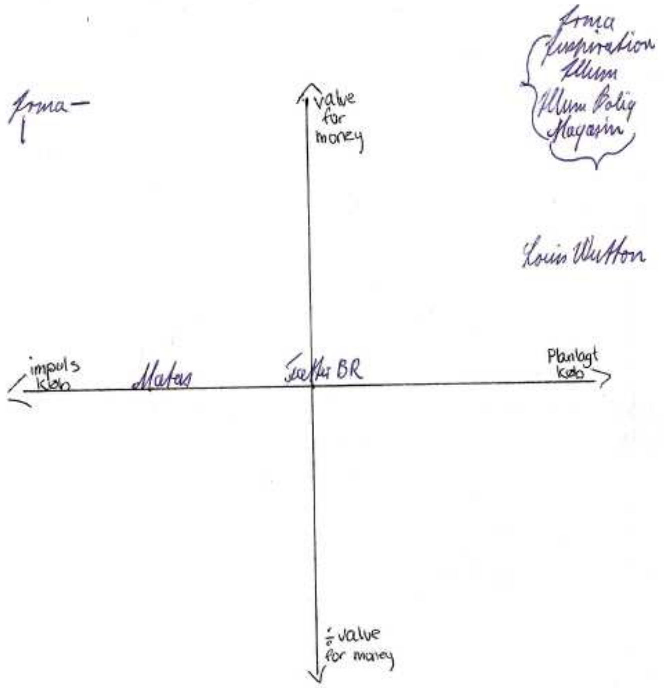
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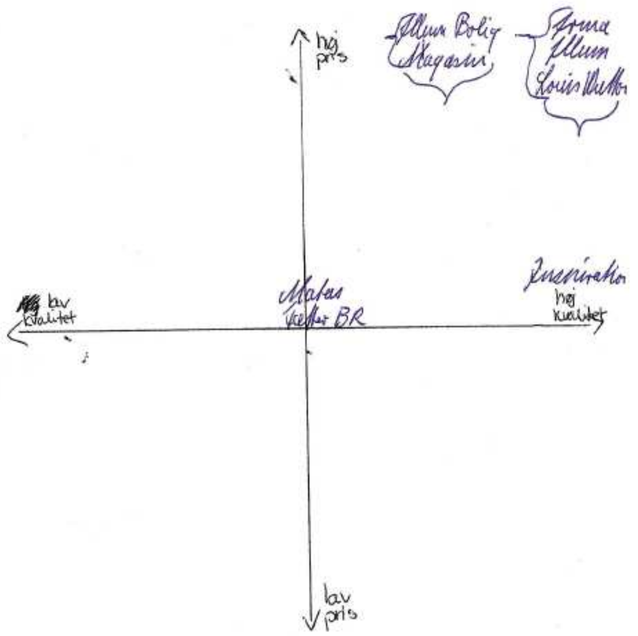
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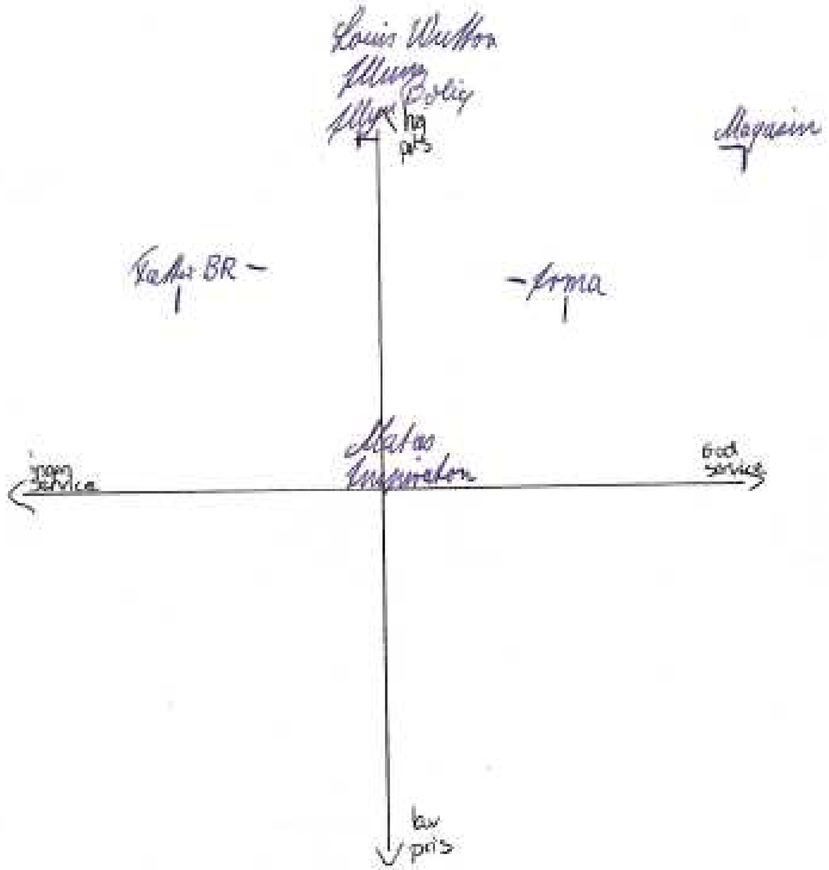
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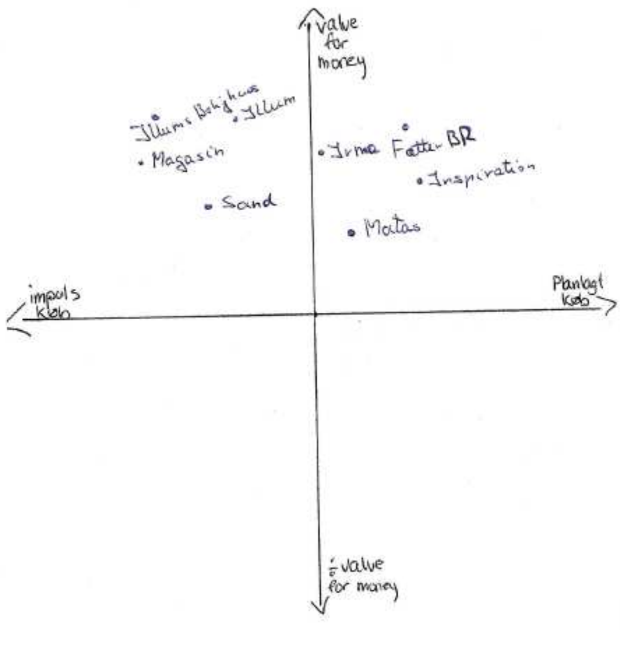
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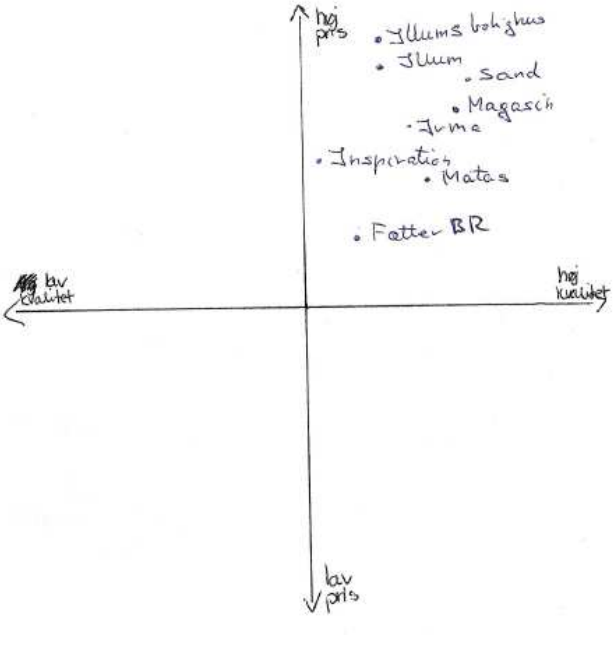
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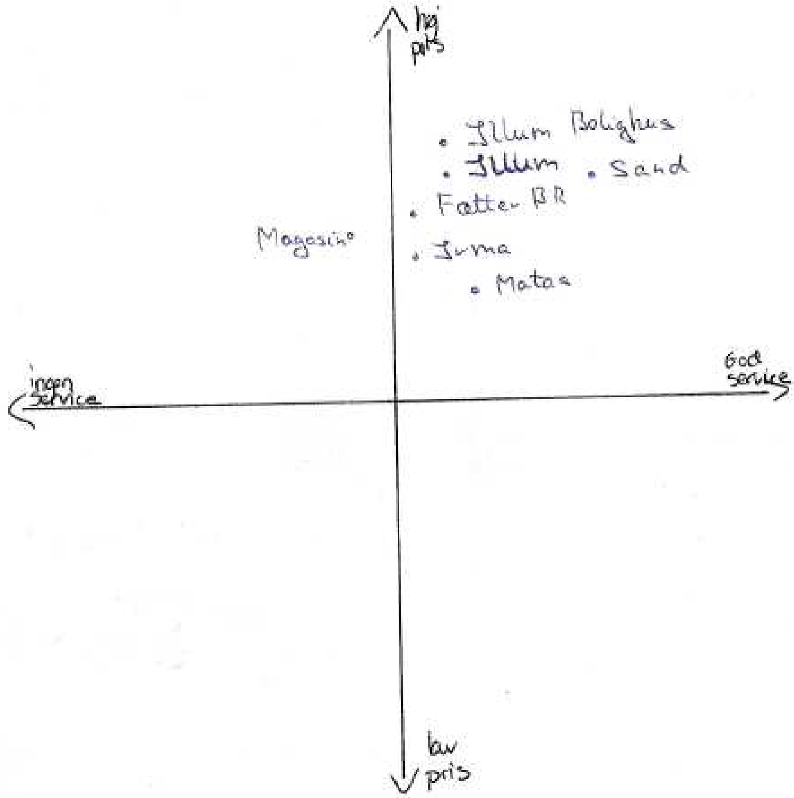
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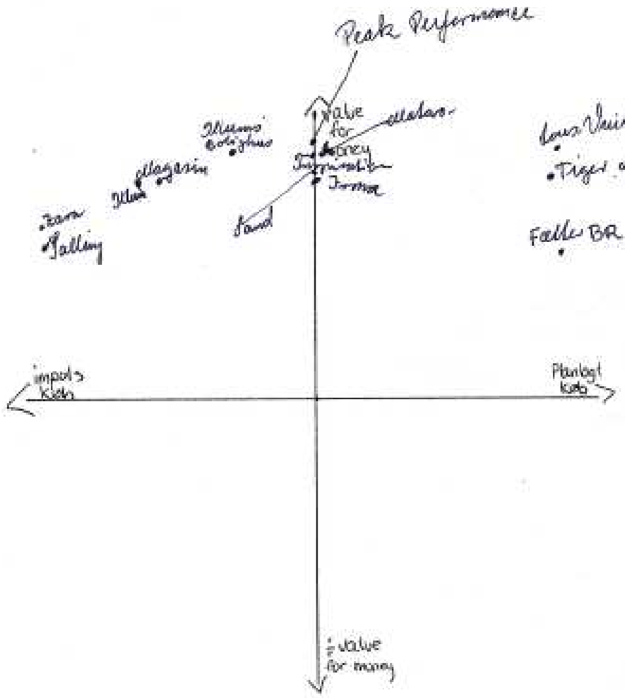
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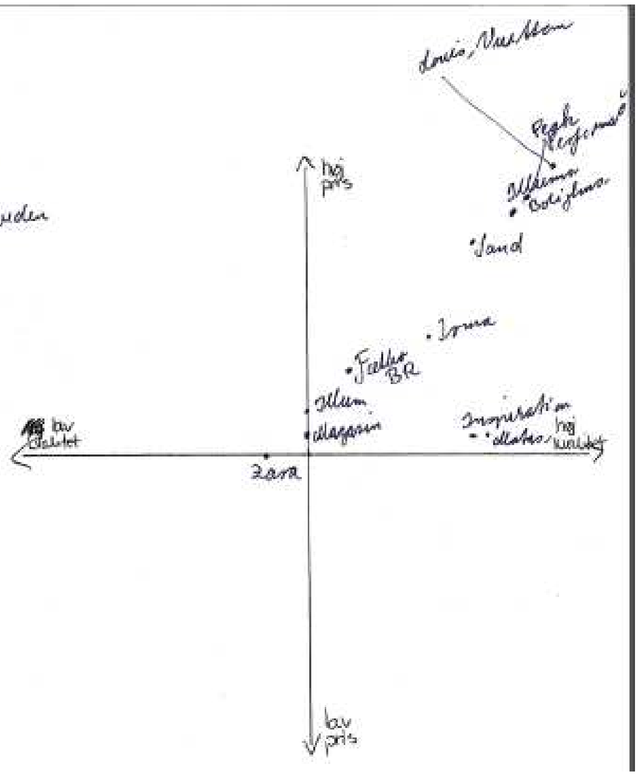
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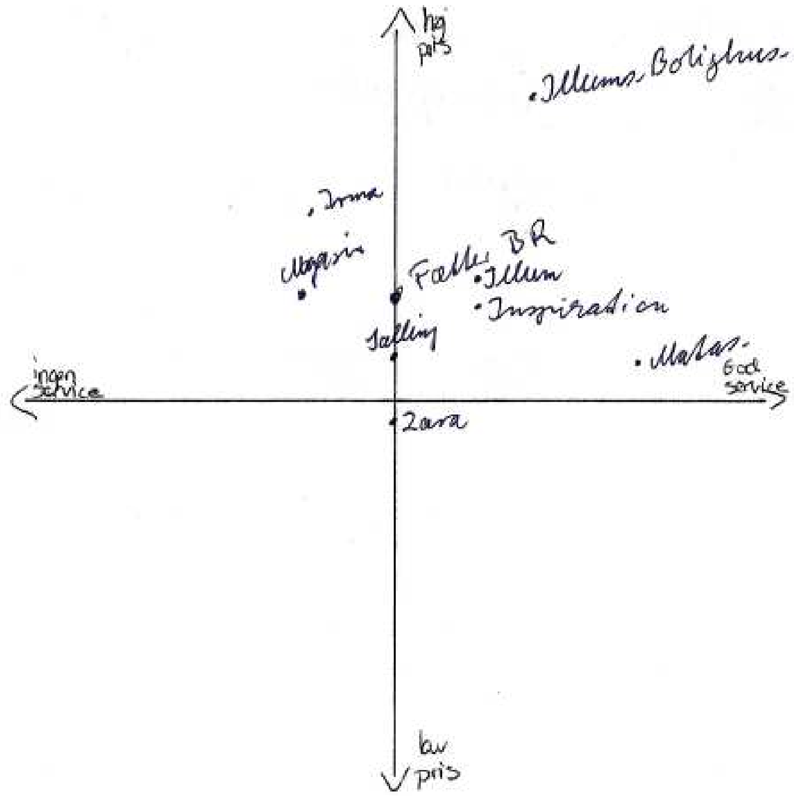
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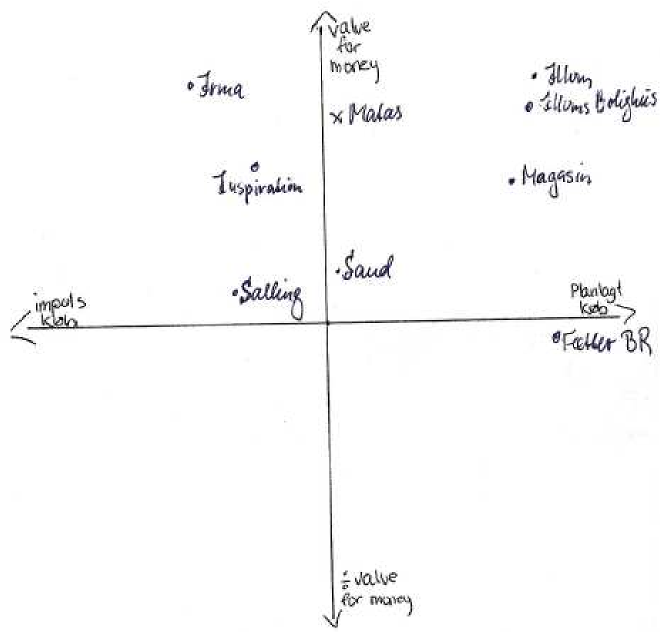
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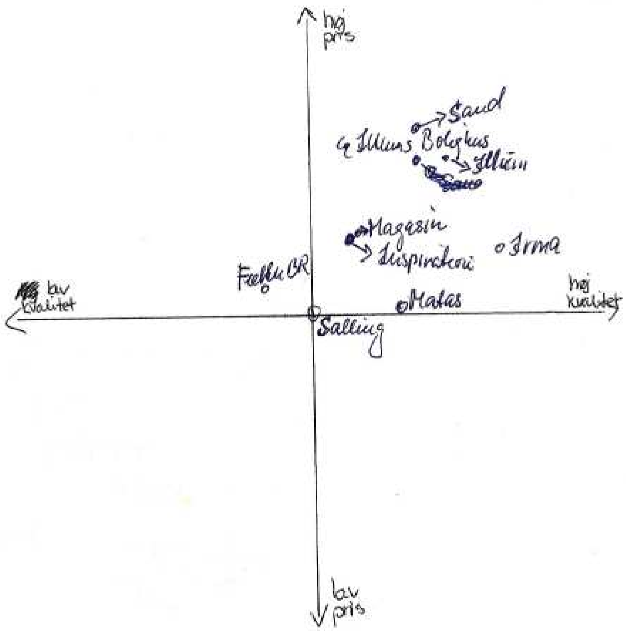
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Inspiration
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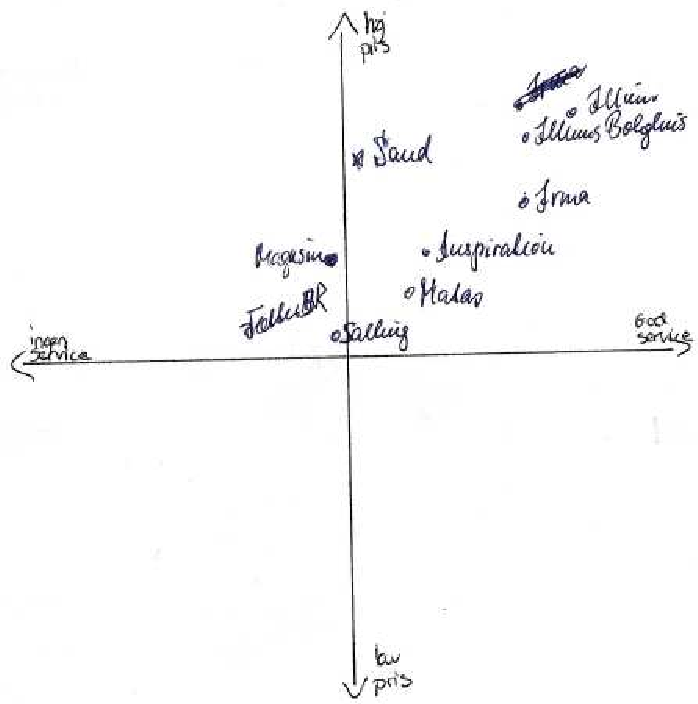
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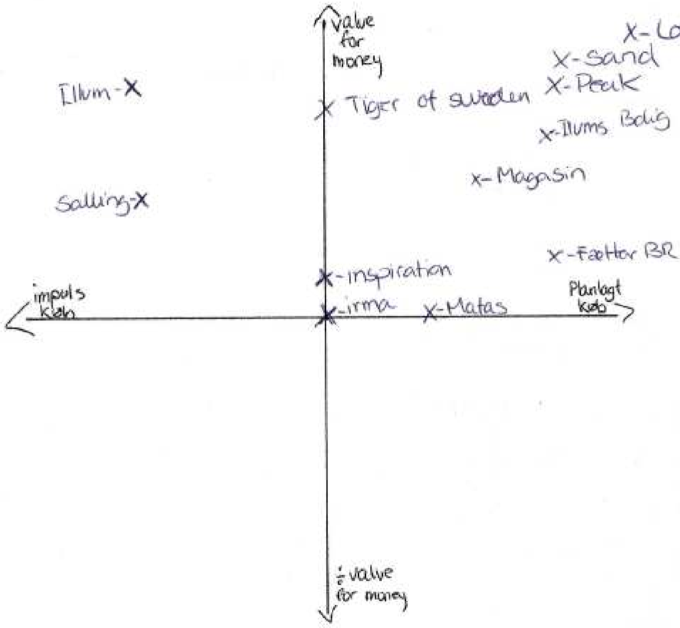
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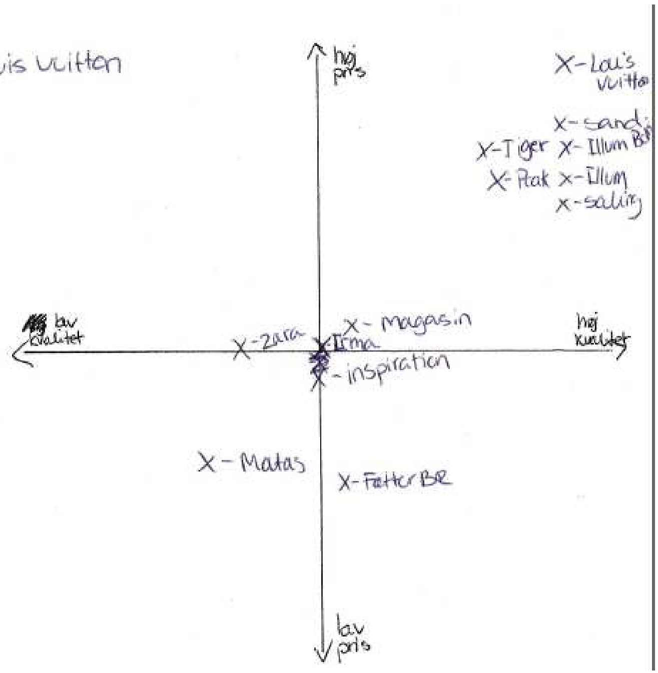
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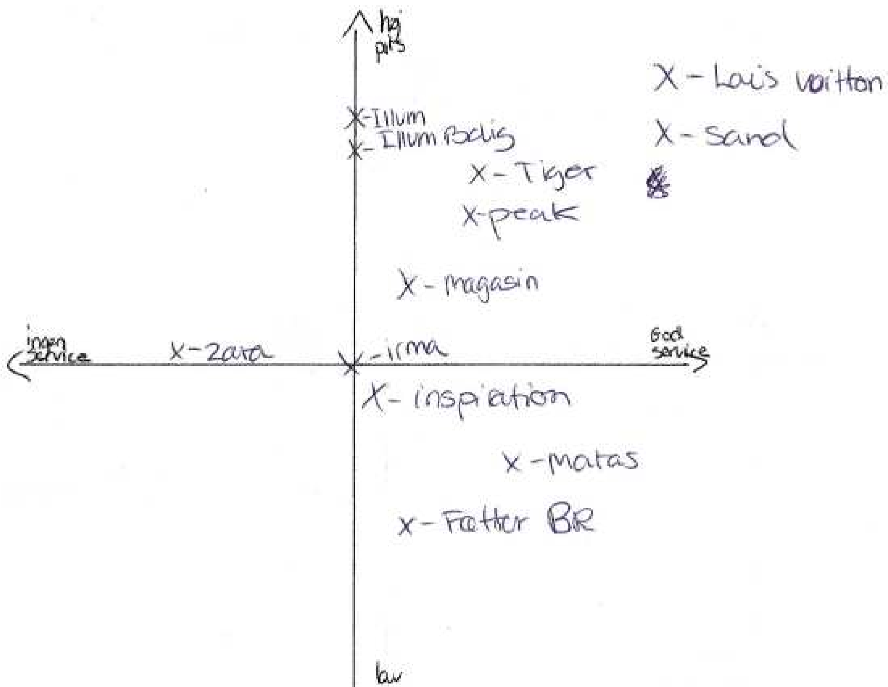
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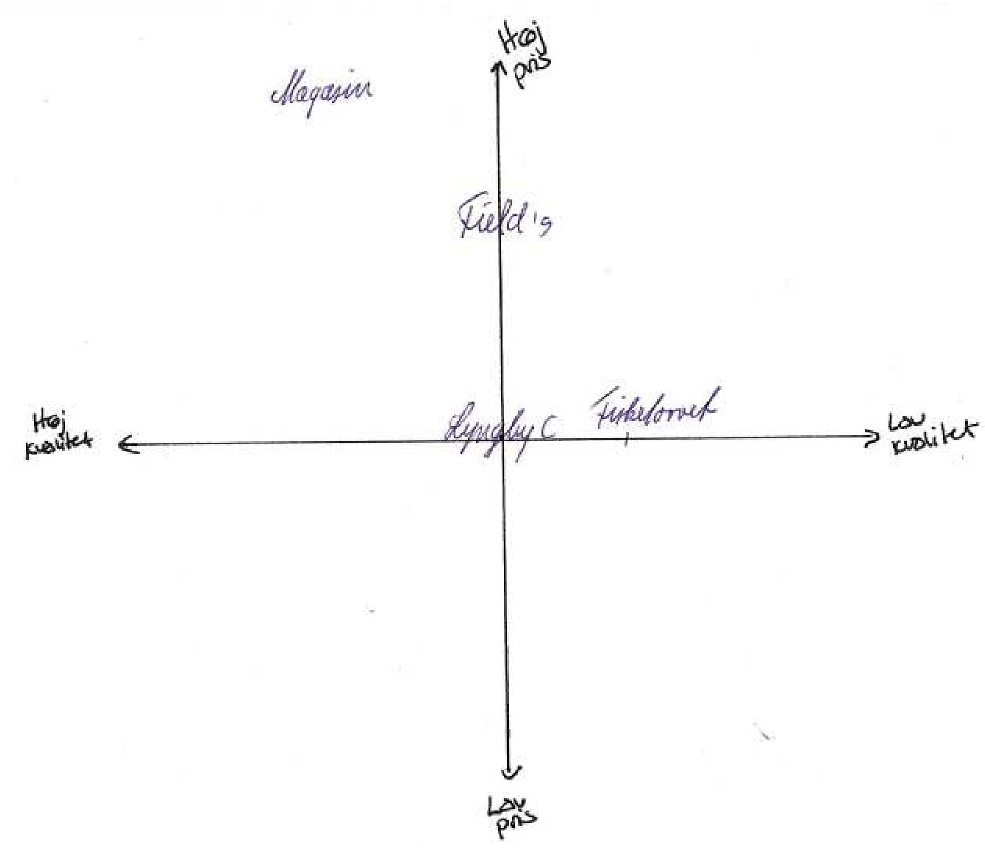
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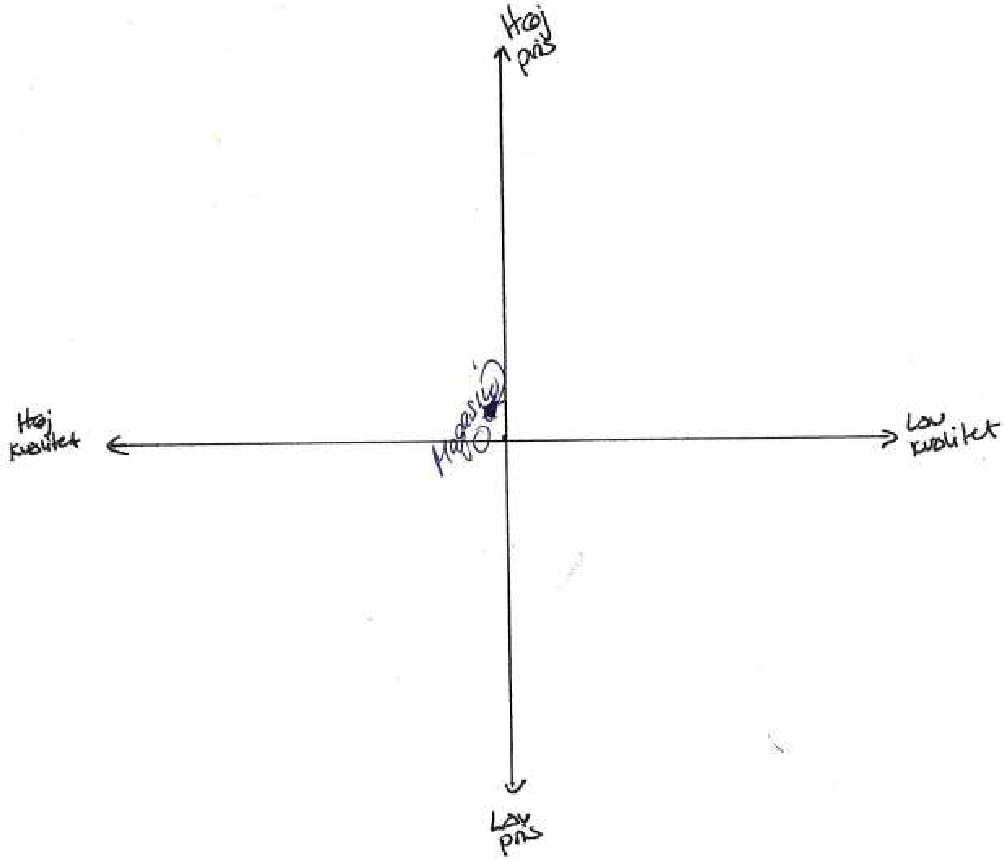
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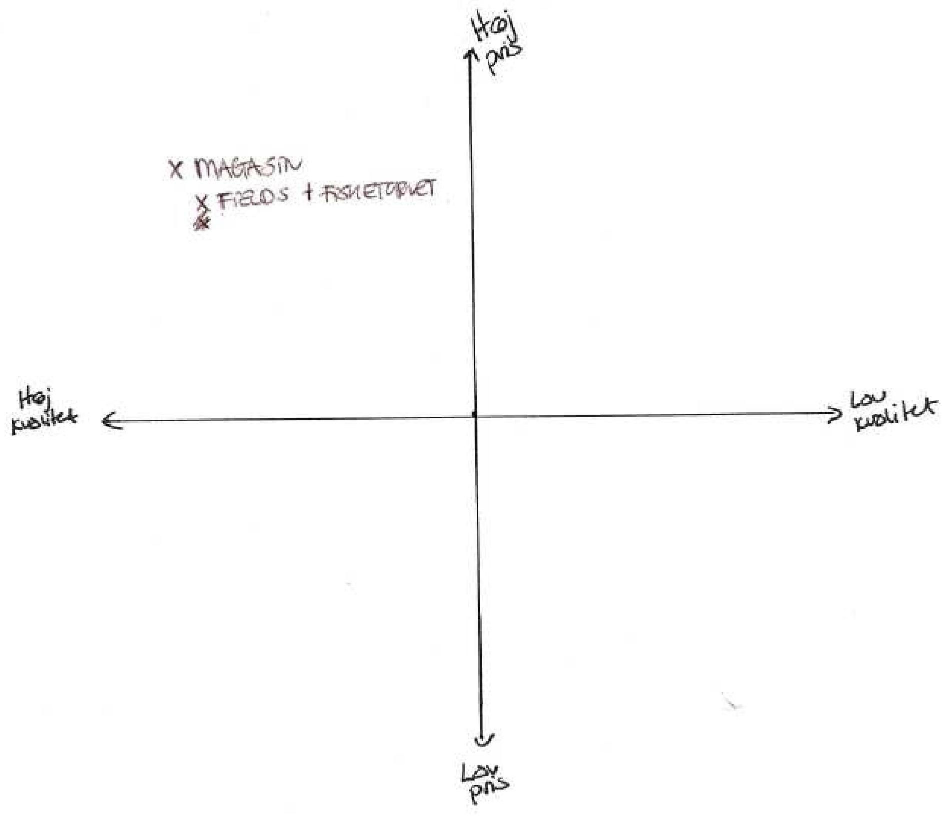
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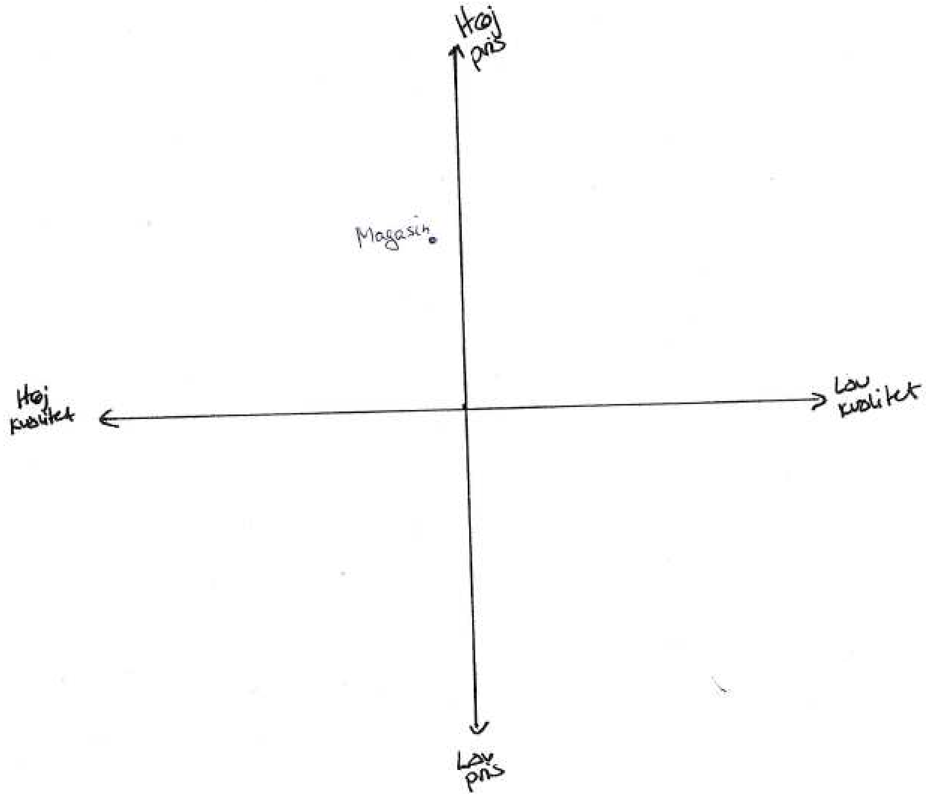
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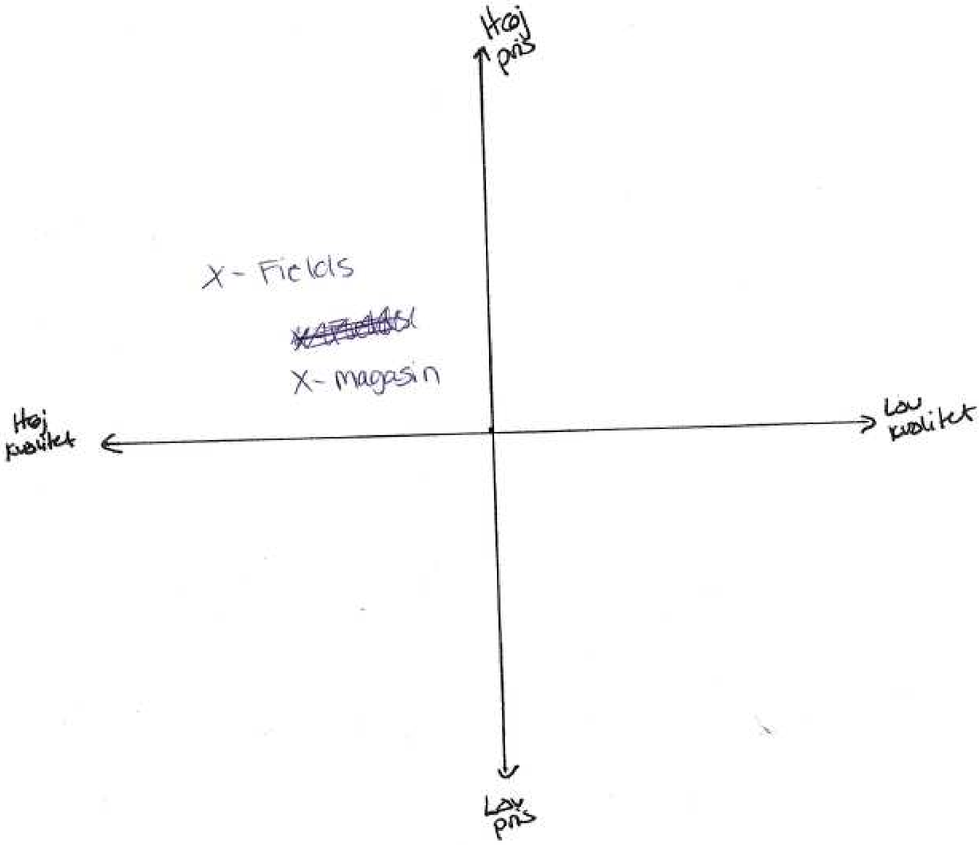
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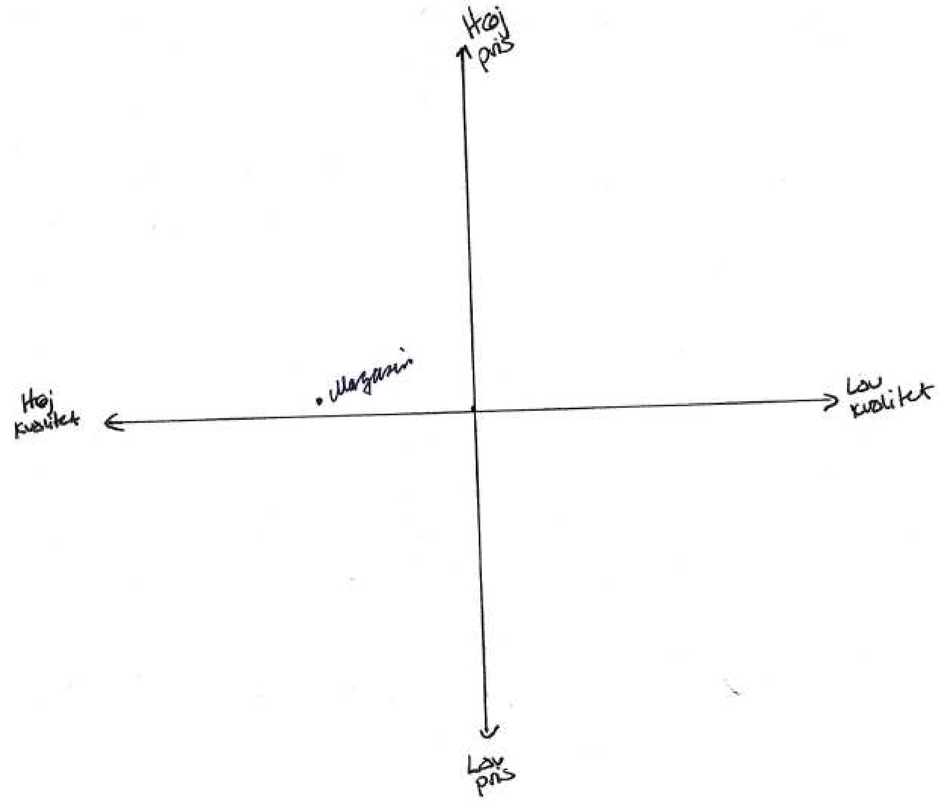
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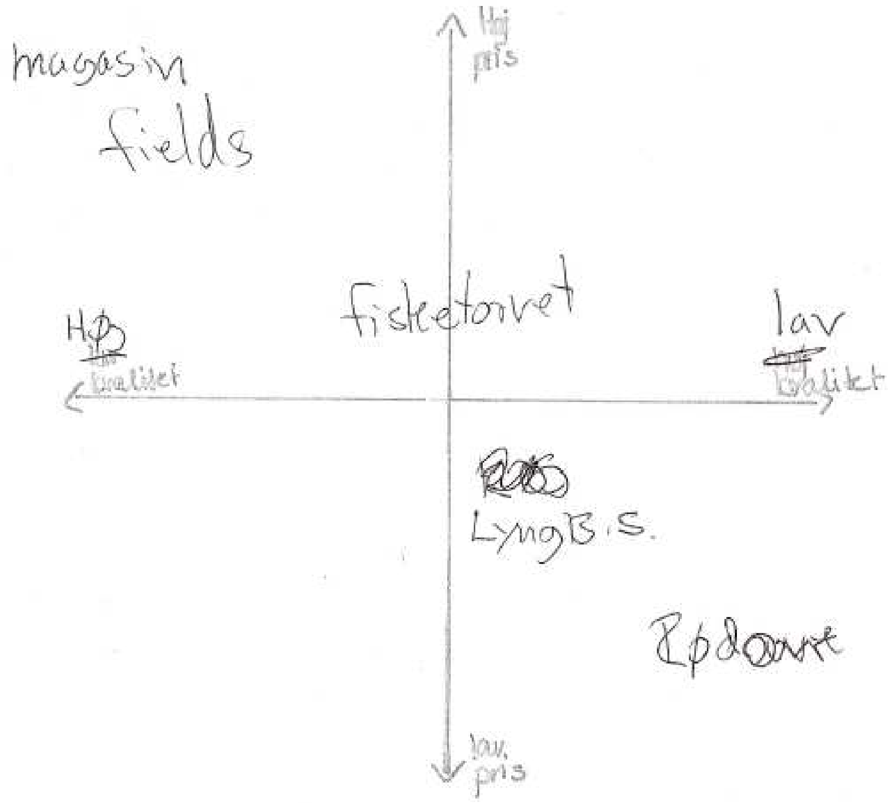
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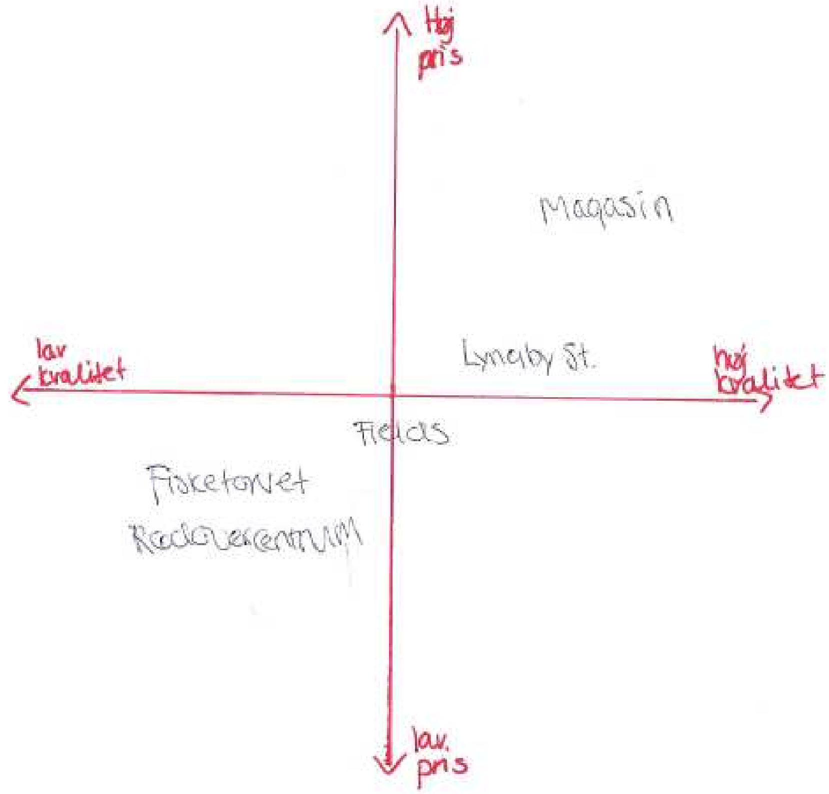
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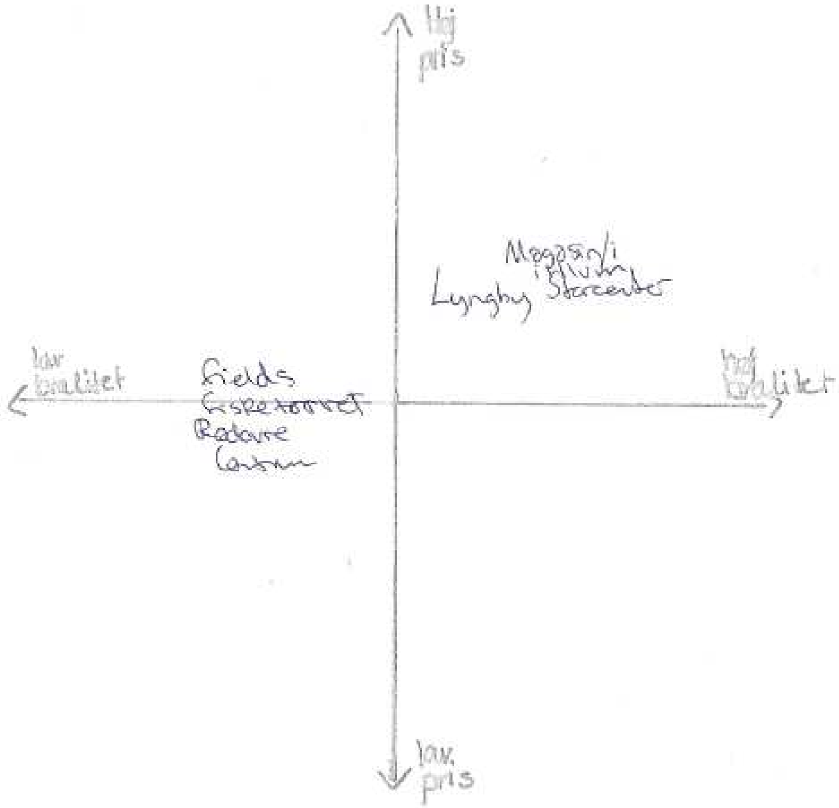
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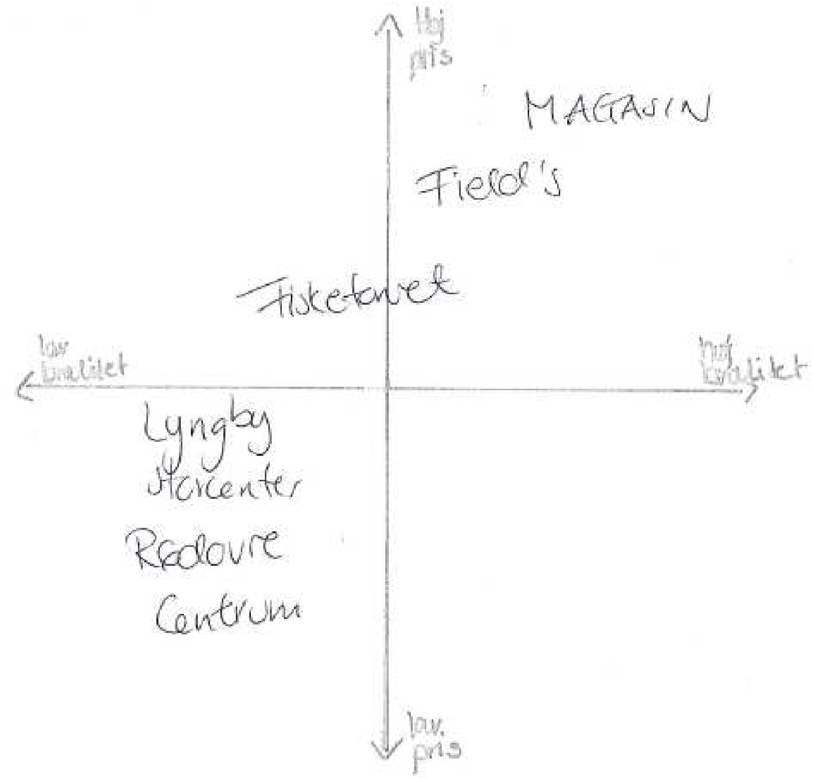
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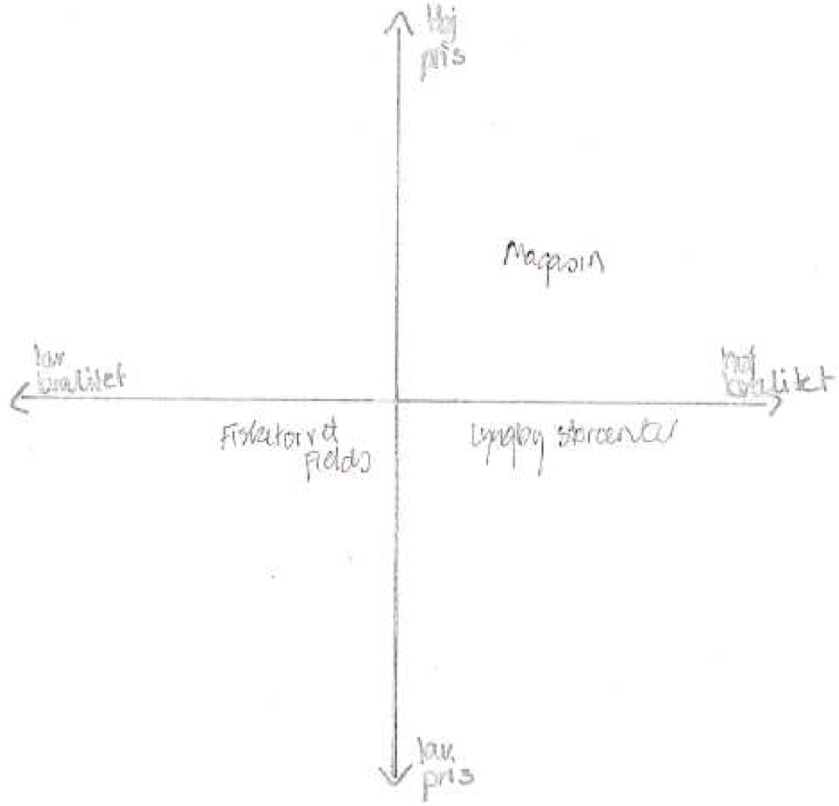
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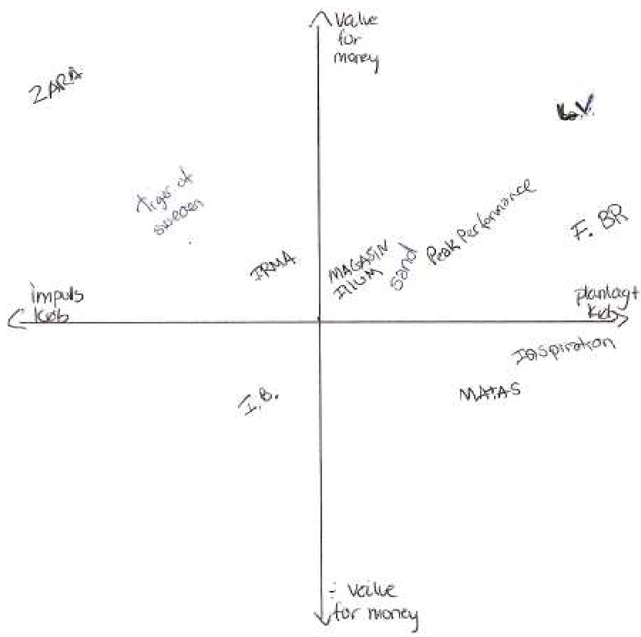
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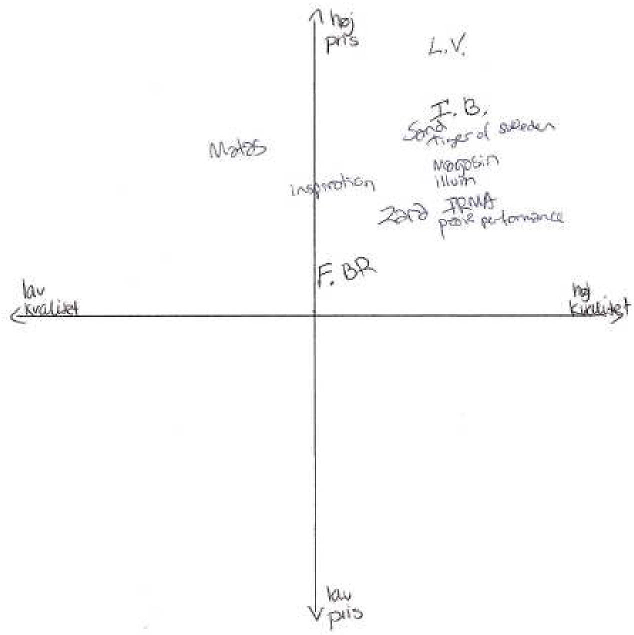
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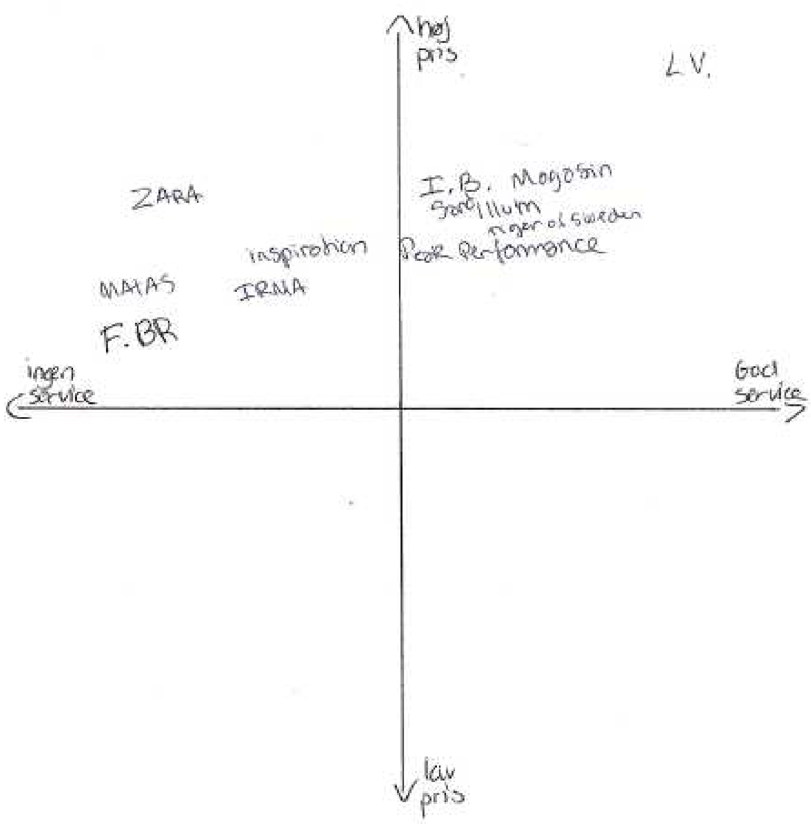
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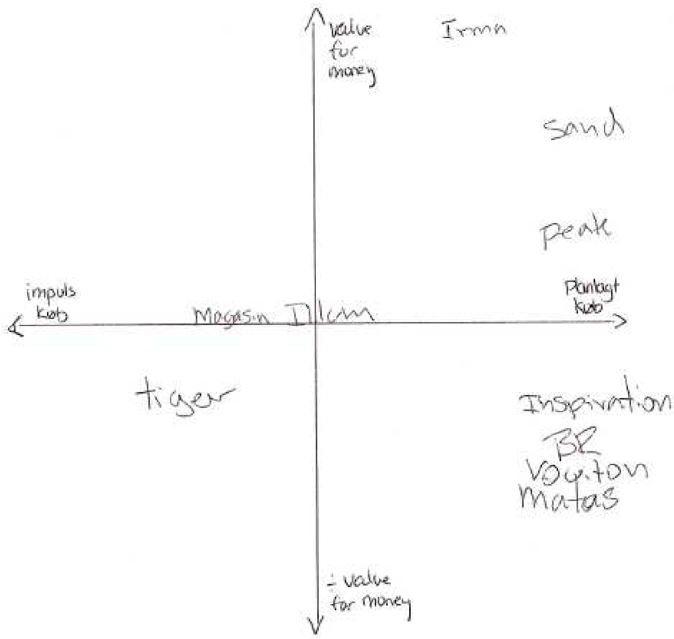
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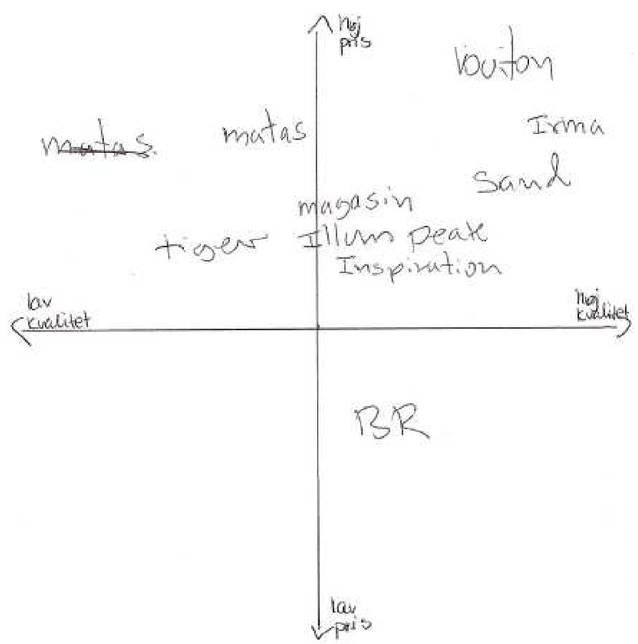
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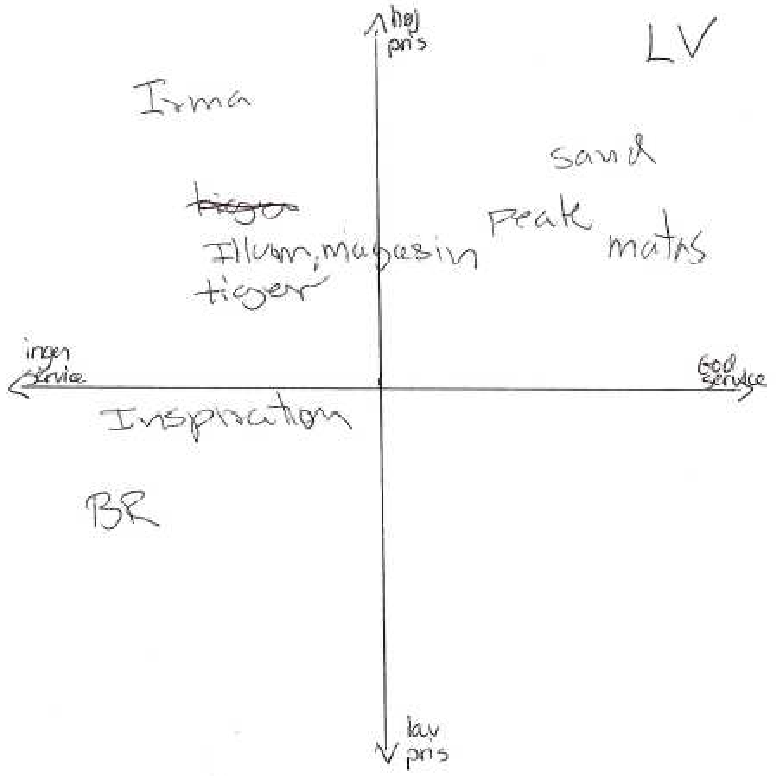
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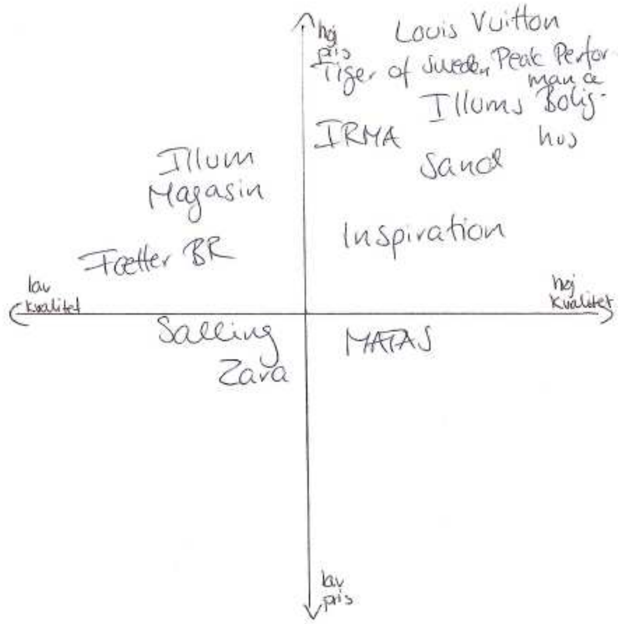
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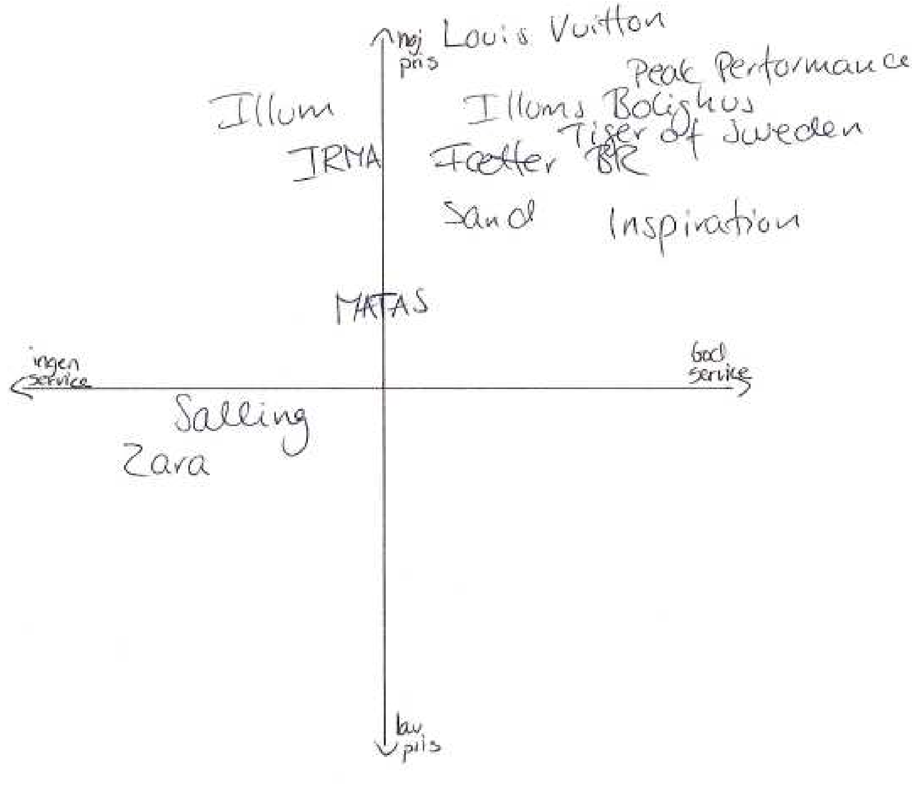
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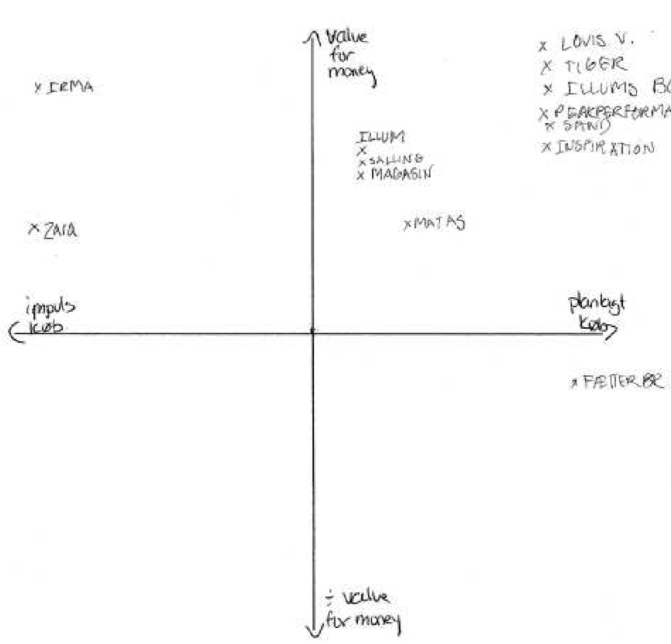
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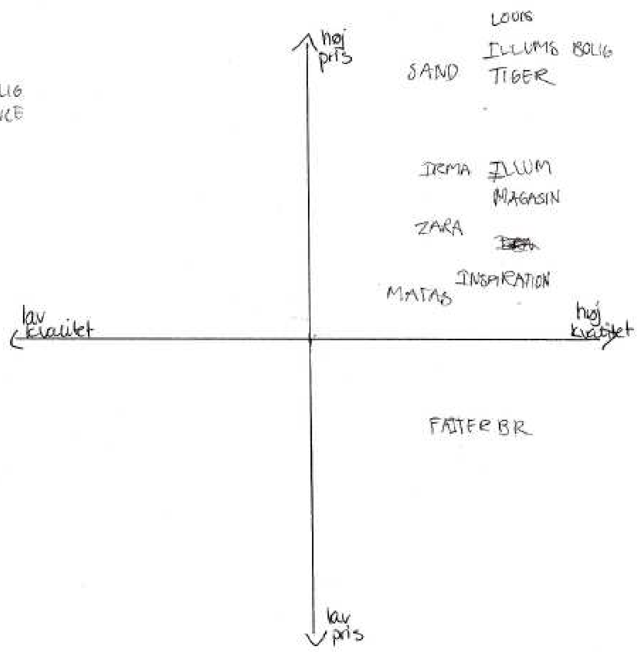
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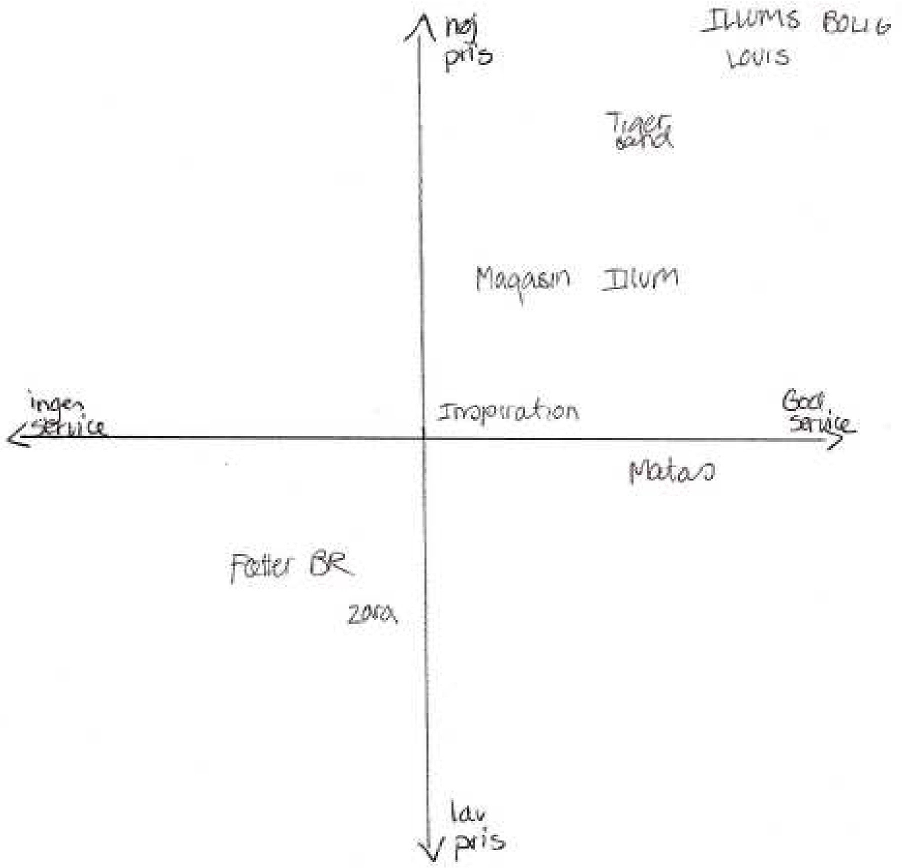
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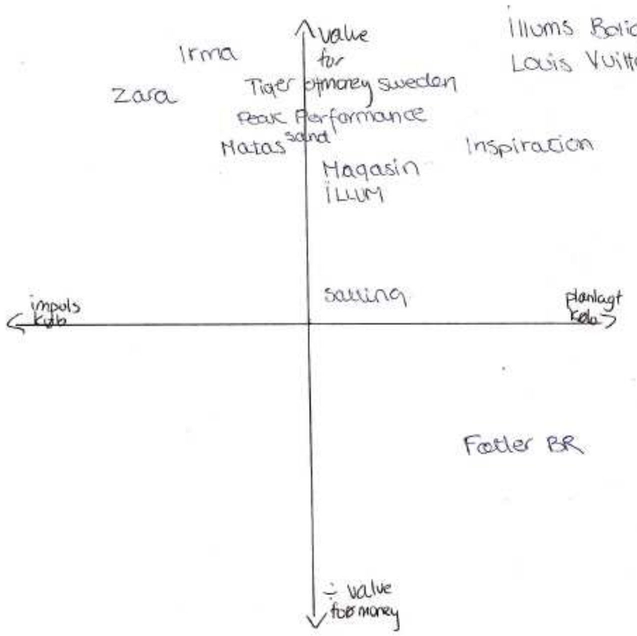
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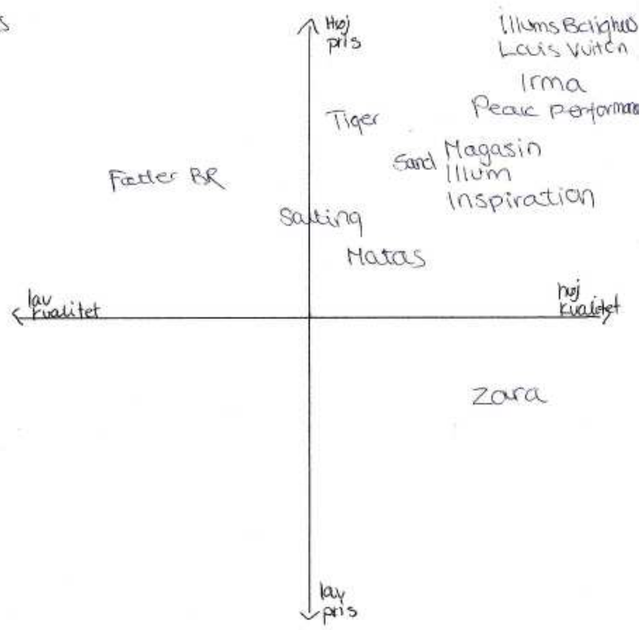
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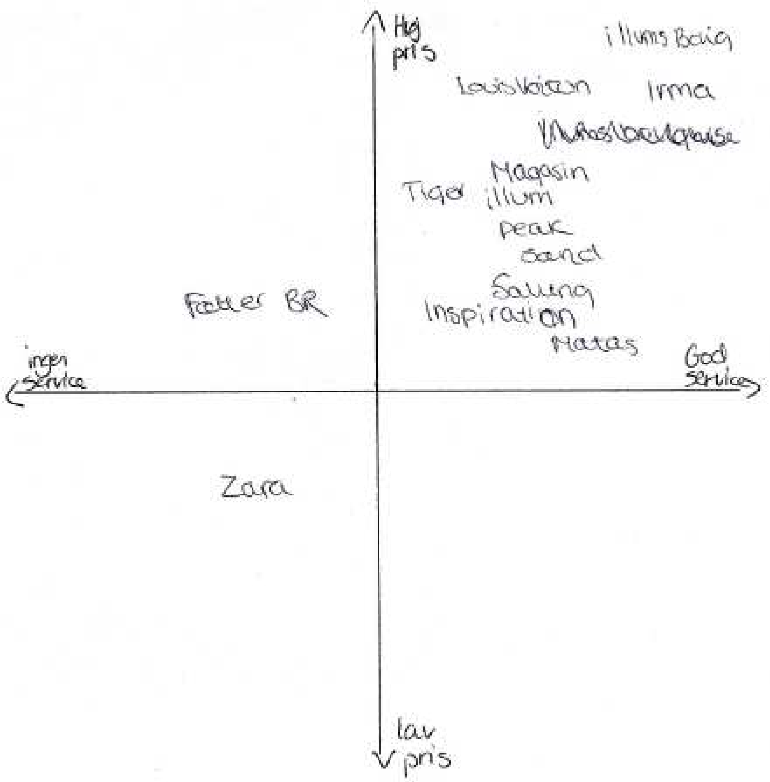
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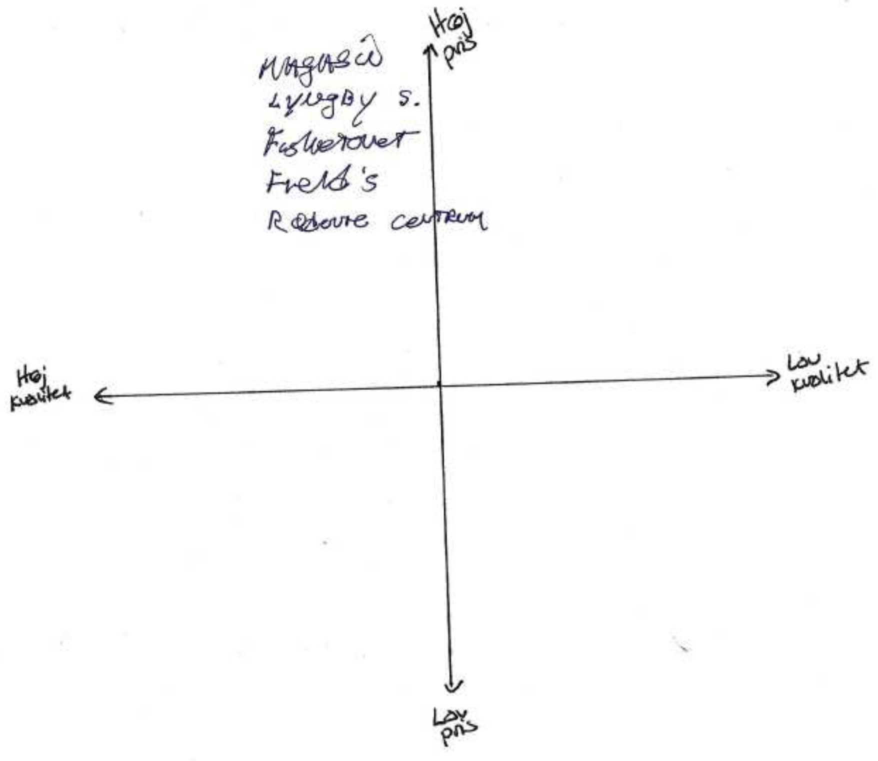
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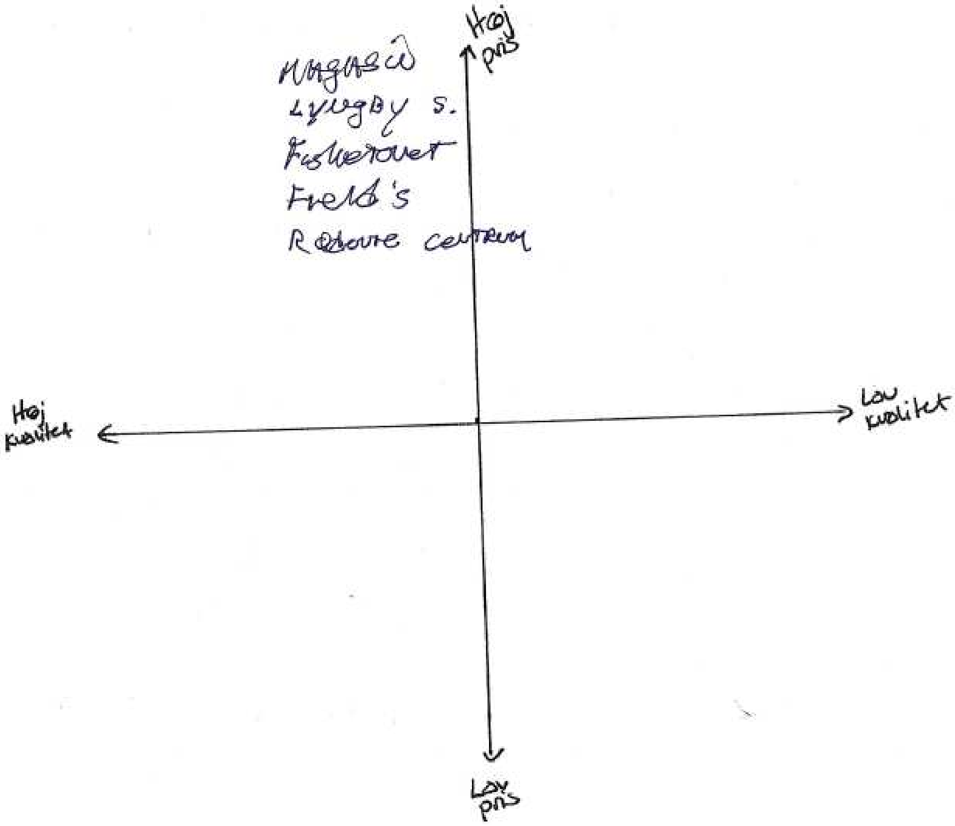
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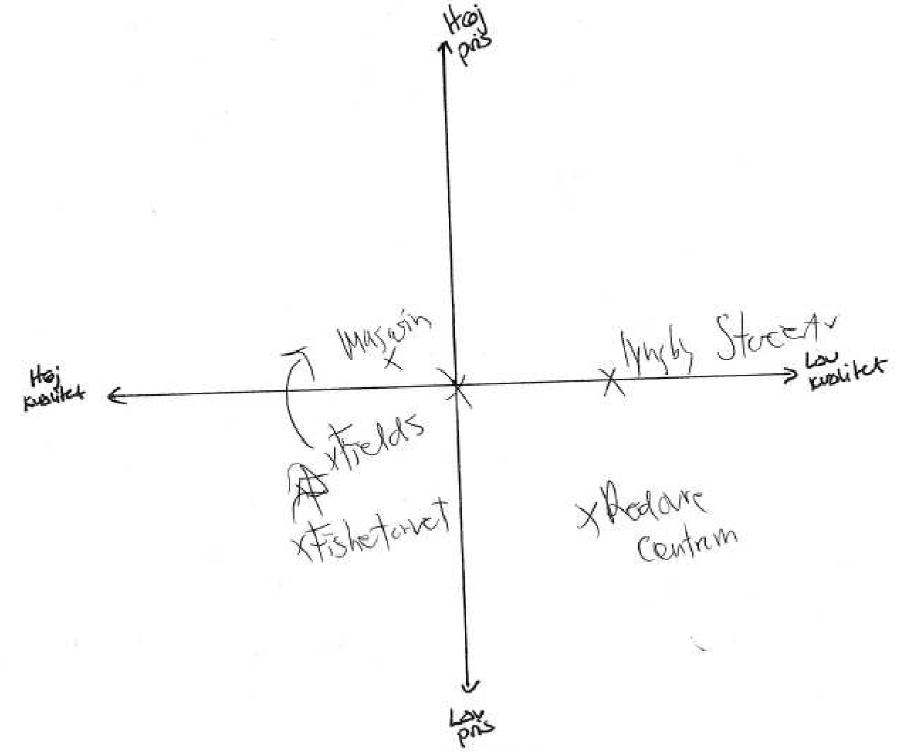
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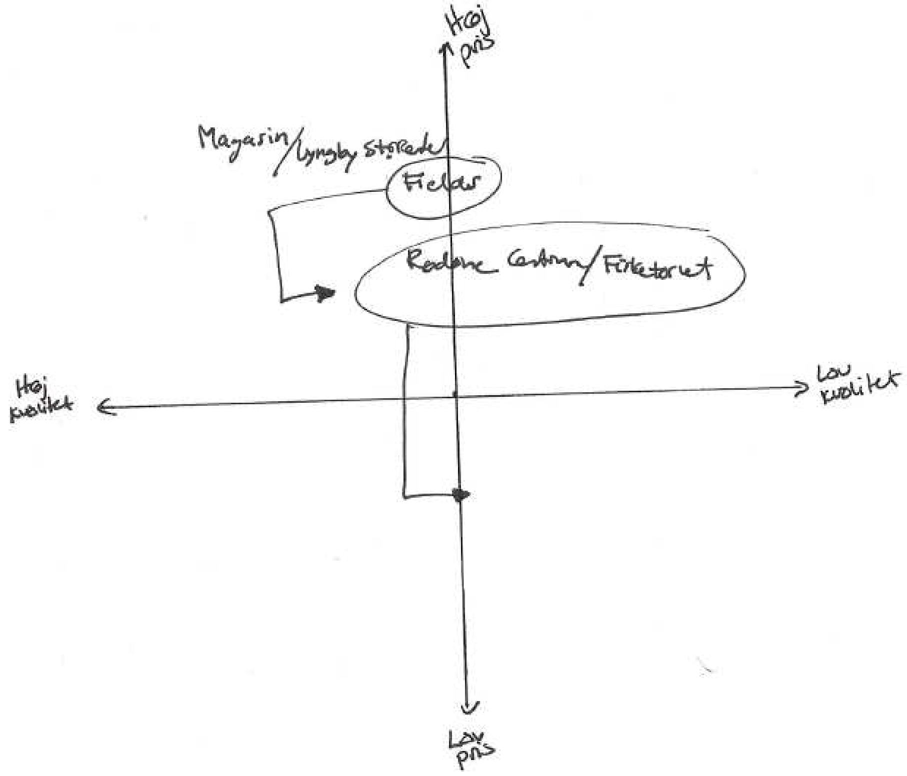
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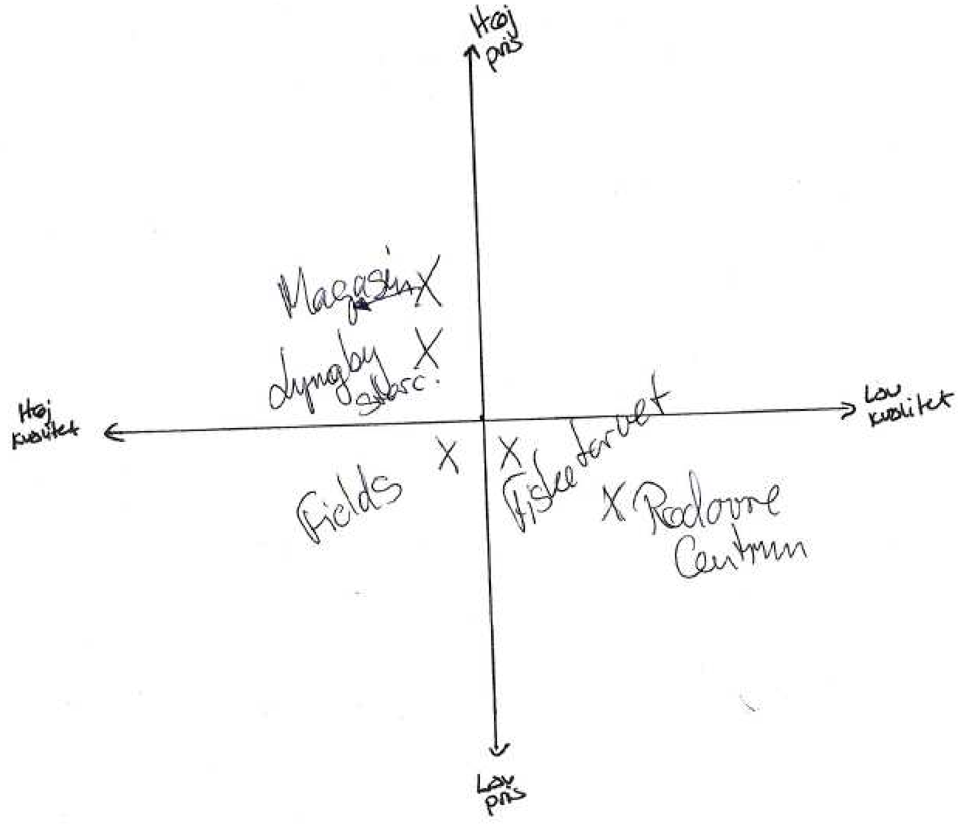
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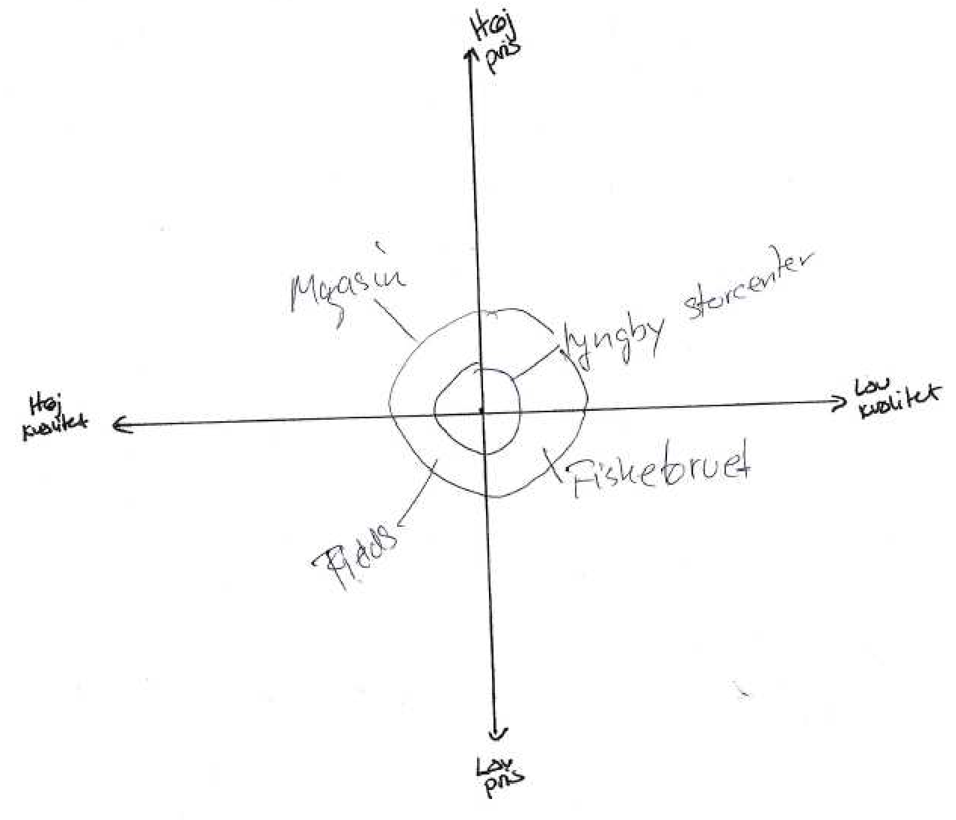
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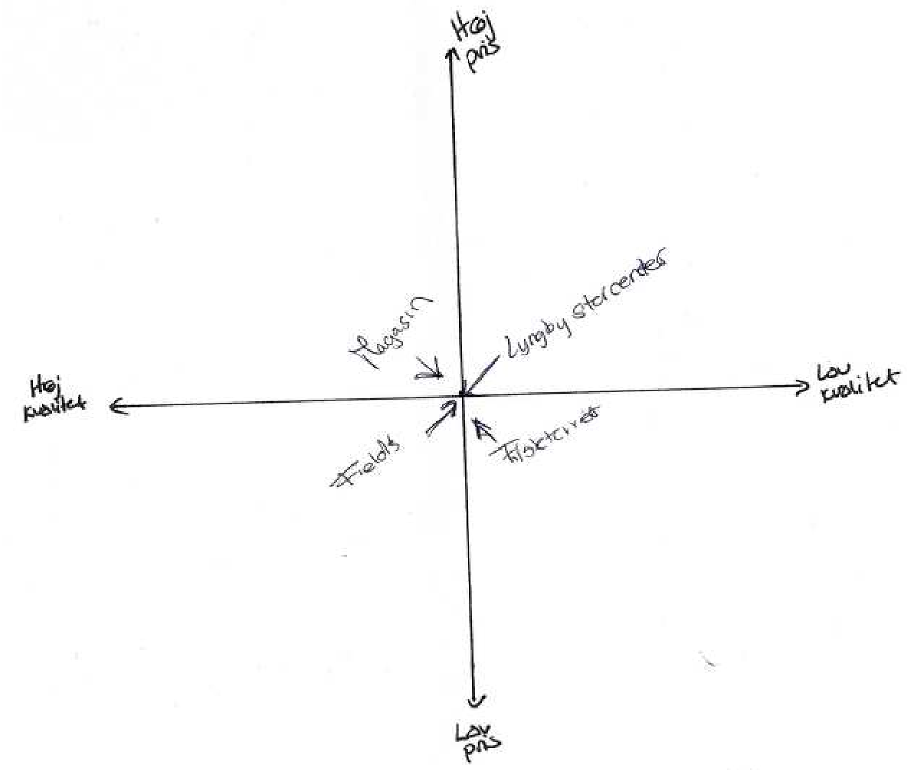
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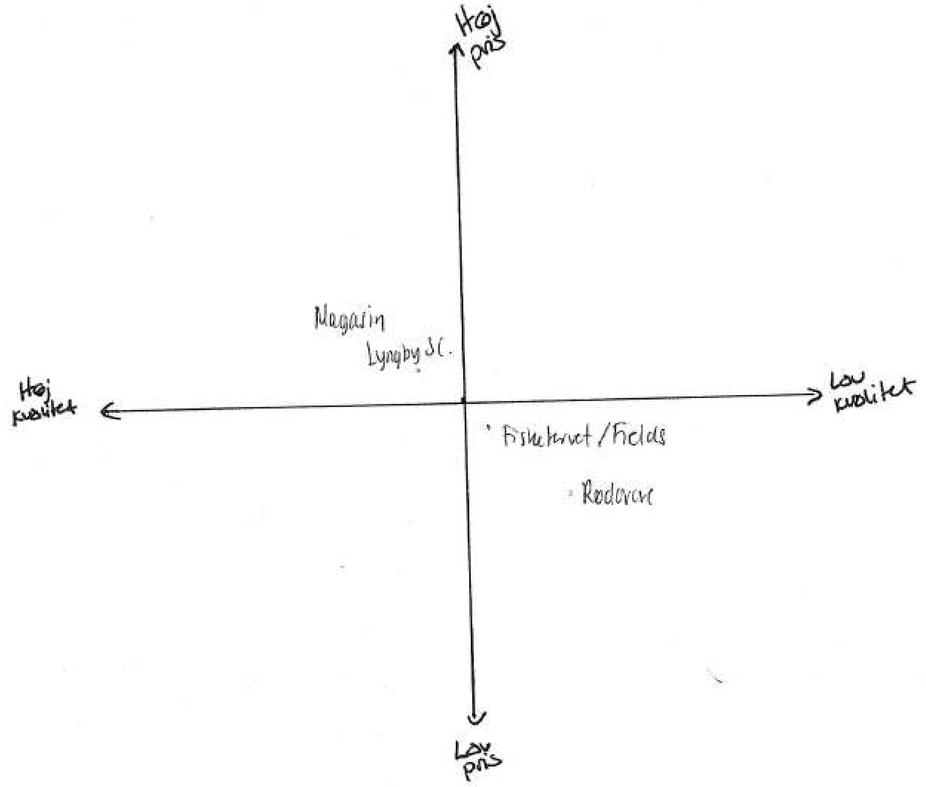
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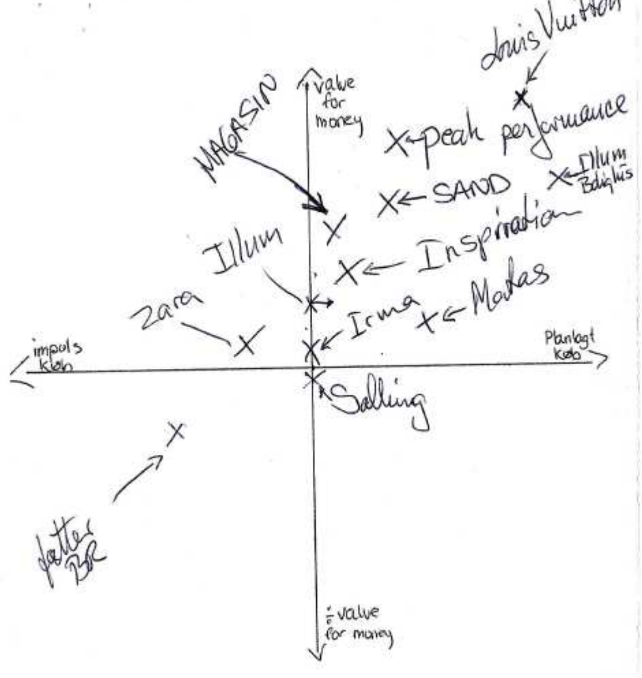
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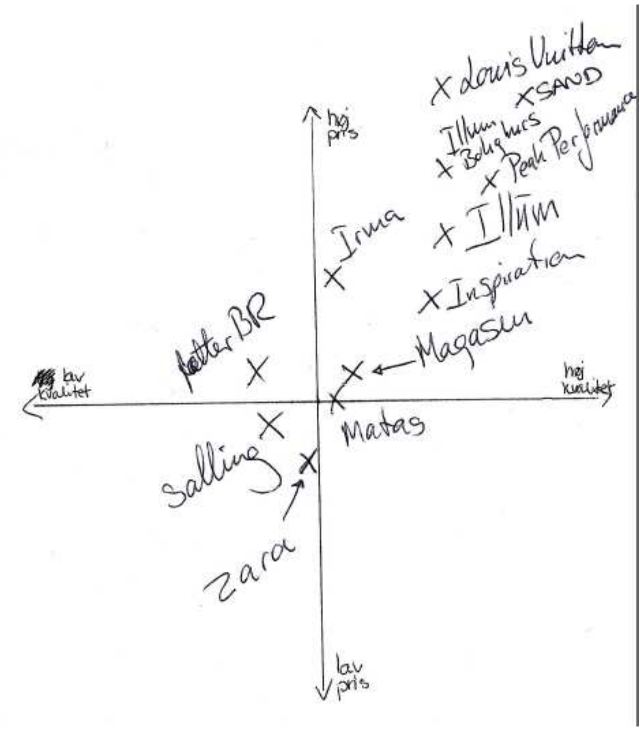
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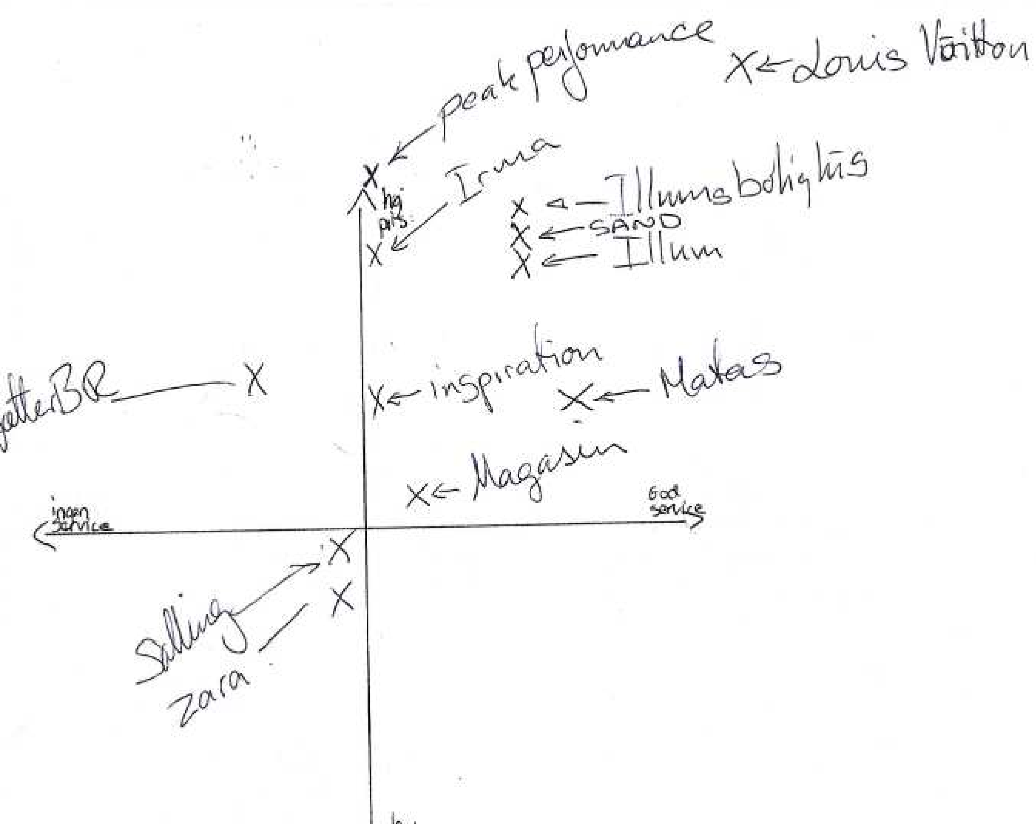
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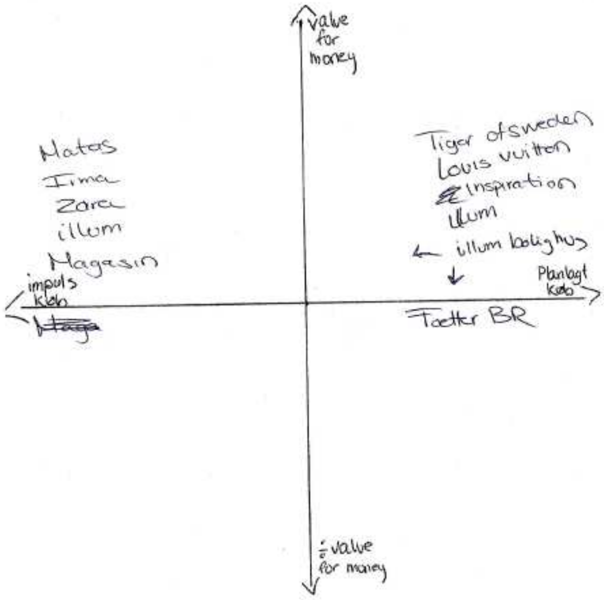
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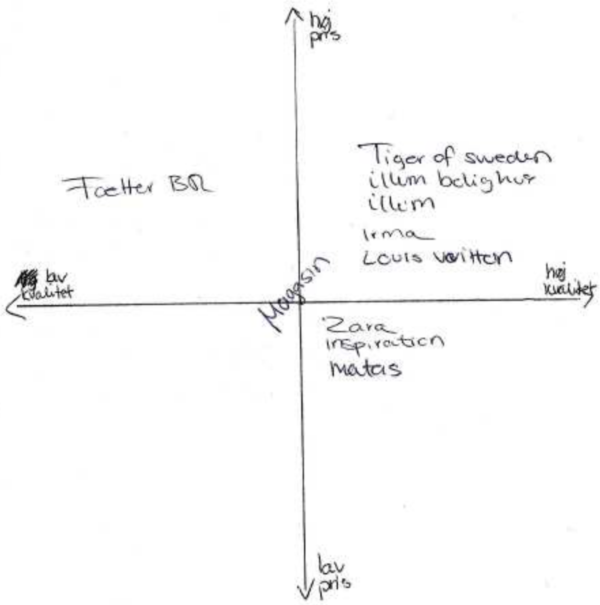
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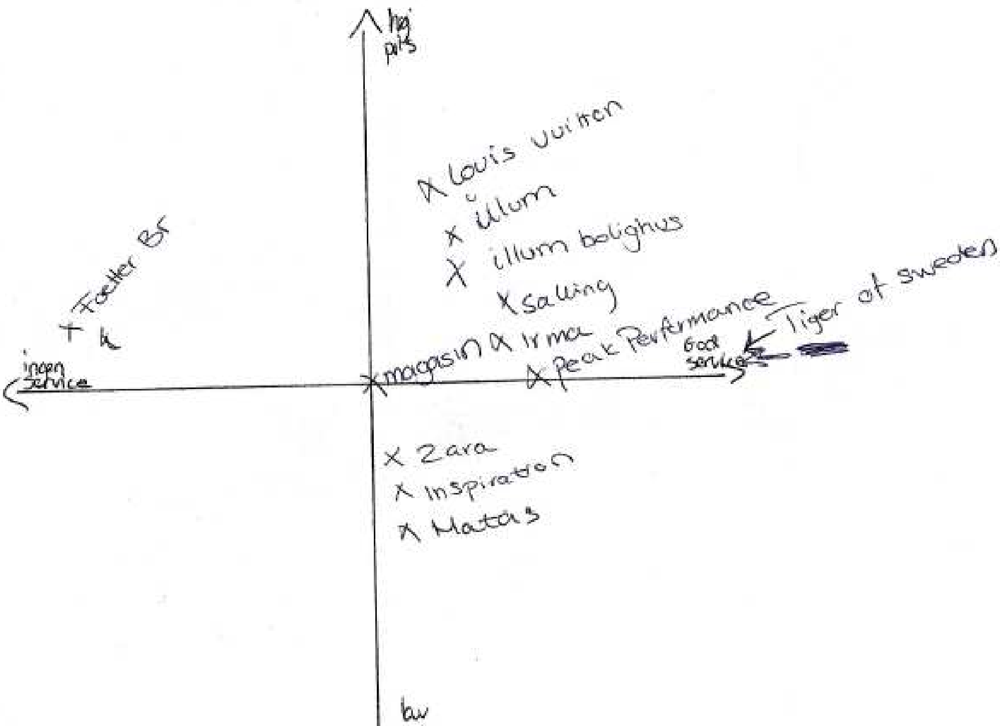
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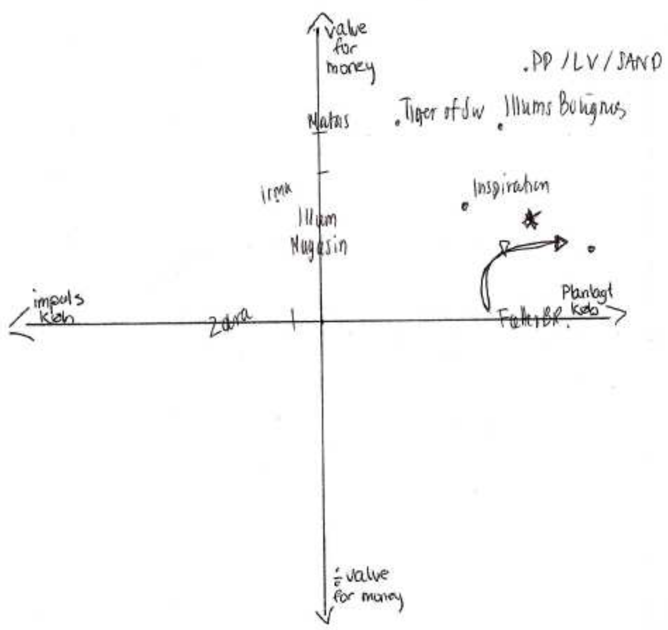
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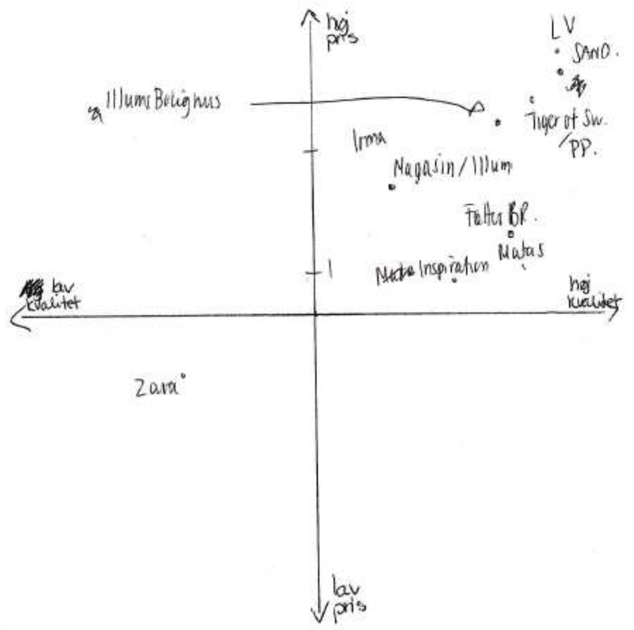
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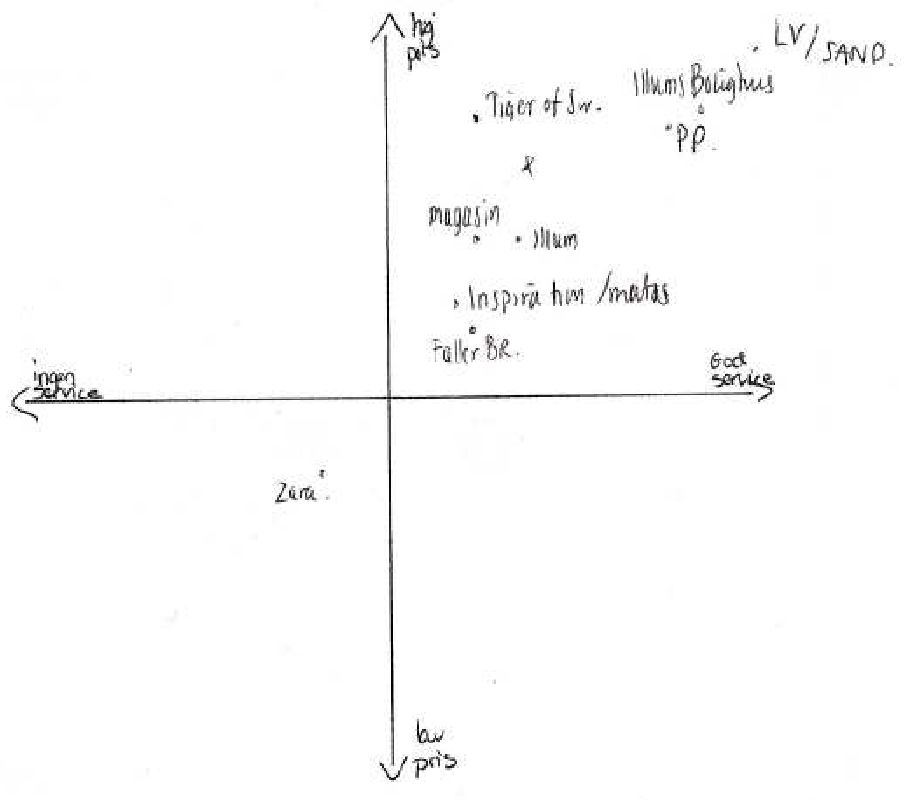
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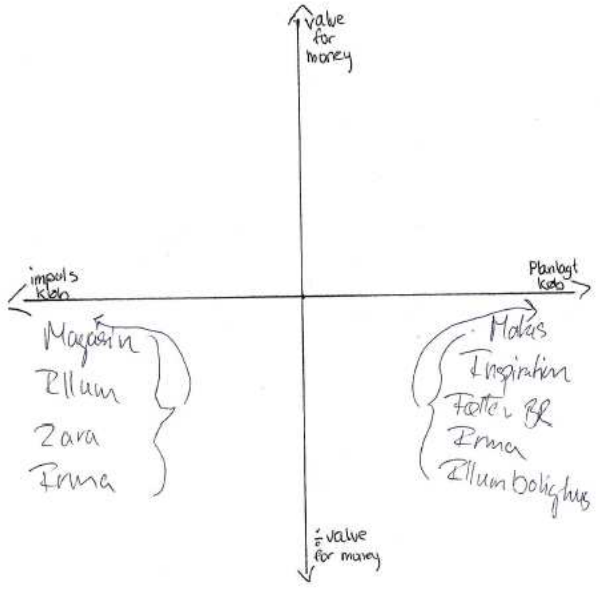
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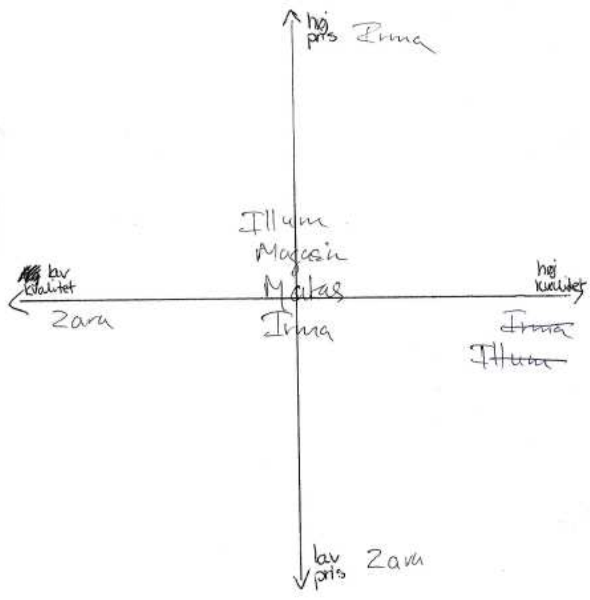
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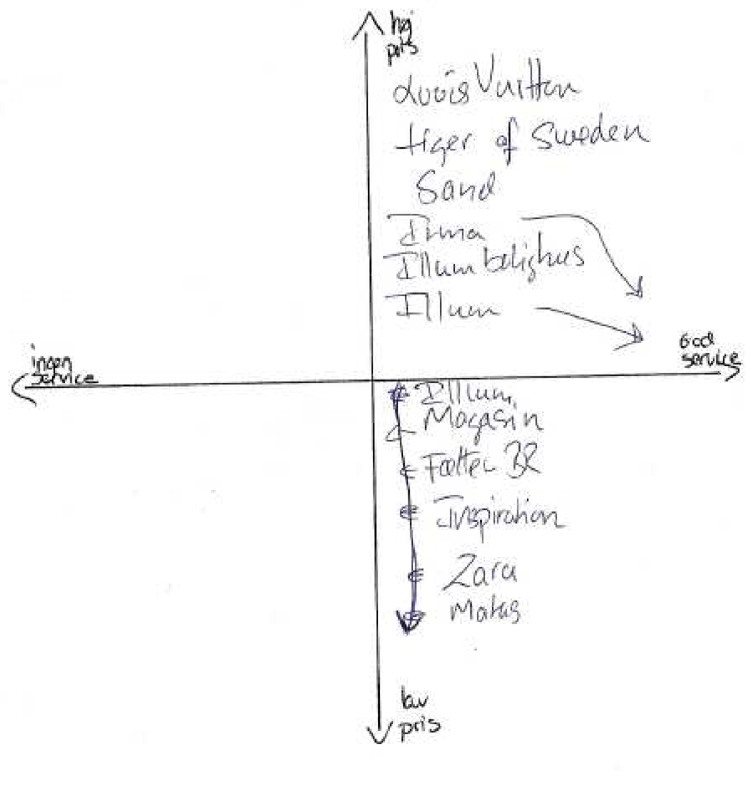
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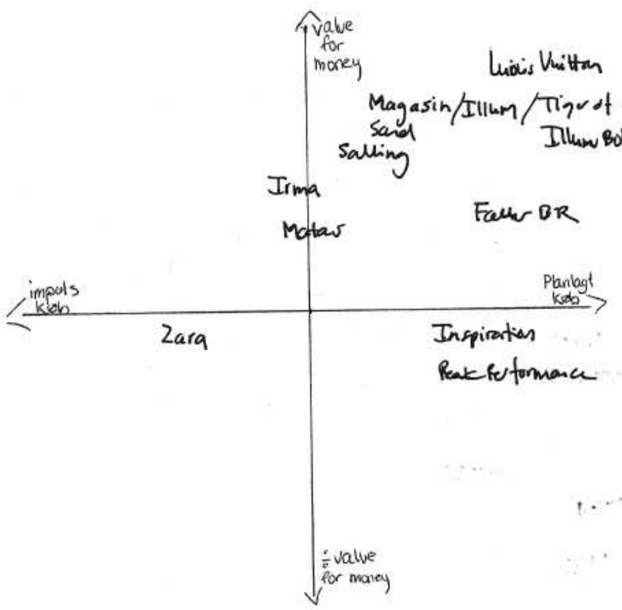
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Magasin/Illum/Tiger of Sweden
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Peak Performance
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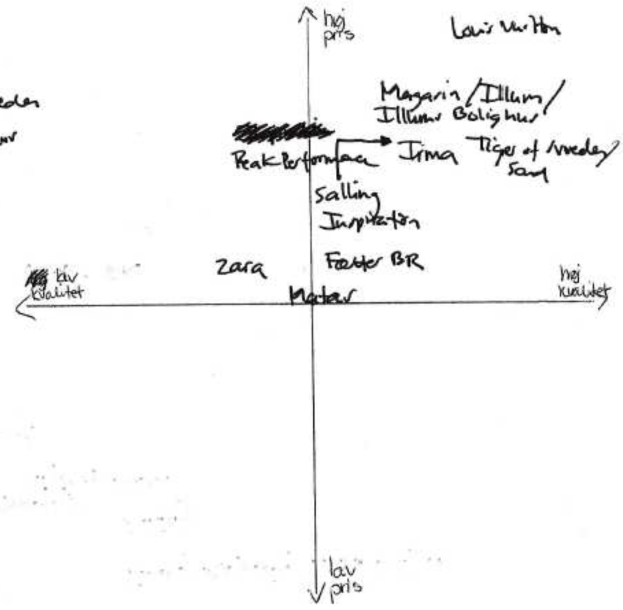
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Magasin/Illum/Illum Bolighus
Peak Performance
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Tiger of Sweden/Sand
Salling
Inspiration
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Mataw
lav kvalitet
høj kvalitet
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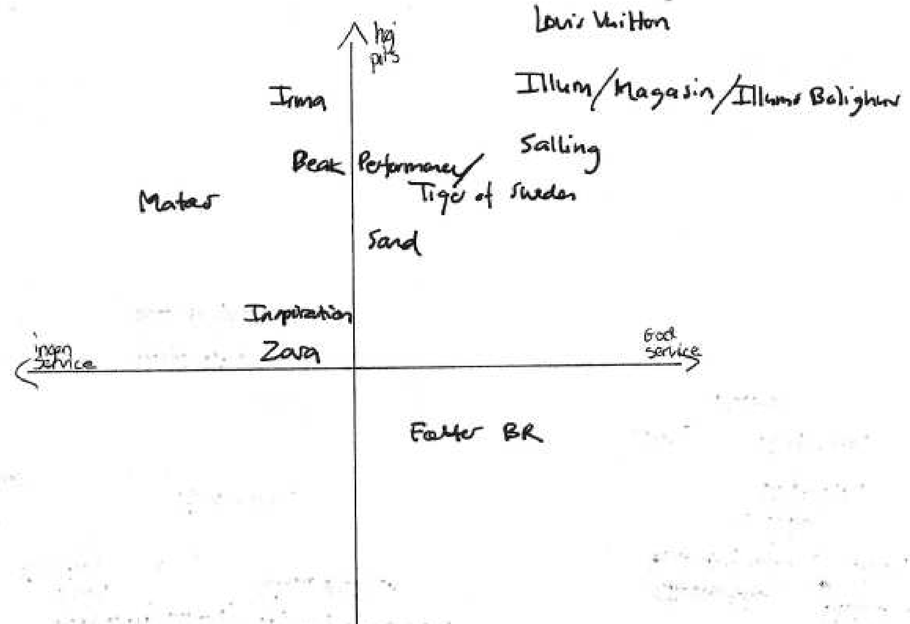
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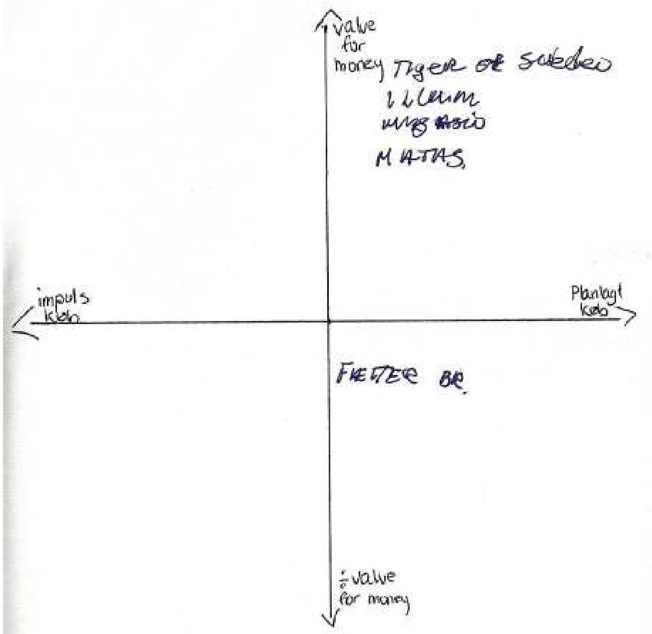
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Tiger og Søstrene
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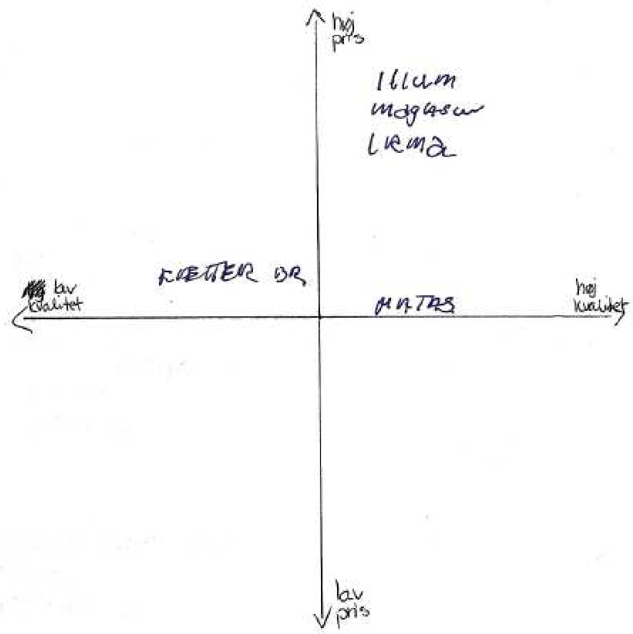
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Magasin
Lirma
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FLETTER BR
MATAS
høj kvalitet
lav pris

Appendix 14

Focus group questioning guide

Focus group questioning guide

Opening questions

- What is your name, how old are you, what do you do and where are you from? (create comfort zone, everybody gets to say something)

Introductory questions

- How often are you in Magasin? (how often is Magasin considered)
- How often do you buy a product in Magasin of the times you are in the department store? (do consumers actually buy products when they are in Magasin, and why do/don't they spend money in Magasin/is generating traffic a problem or is it the conversion rate)
- When have you last bought something in Magasin? Was it when you had your last visit in Magasin? (how often is Magasin considered, warm-up question)
- What did you buy? (discover which product category is popular, warm-up question)
- Why did you buy it? (occasion)
- Why did you choose Magasin? (discover potential motivation, attitudes, other important factors)

Transition questions

- Which product categories do you recall are being sold in Magasin? (do consumers know about everything what is sold in Magasin)
- How would you describe Magasin? (feelings and associations towards Magasin)
- Would you say that your associations to Magasin are mostly positive or negative? Can you explain why? (why consumer hold the associations they do)
- (Do you know Salling or Illum? What makes Magasin different from Illum or Salling?)

Substantive questions

- What kind of product do you buy the most from Magasin? (are all product categories equally important to consumers)

- Do you ever consider other product categories than the latter one? If no, why not? (is more than a few product categories considered, which are not considered)
- Where is your favorite shopping place? (competitors, favorite type of shopping)
- Can you describe the most ideal shopping experience? (motivations, trends, attitudes, feelings, important factors)
- We have gathered some competitors to Magasin. Will you please, from your own perspective, position each of them in this positioning map? (discover true positioning and identity)

Ending questions

- Does anybody have unspoken thoughts, feelings, attitudes etc.? (make sure everybody has said all they would like to say)

Appendix 15

Interview questioning guide

Interview questioning guide

1. How can you describe Magasin's concept, related to how brands rent their spaces?
2. How does Magasin make money?
3. How is each department store built up? Are they arranged in floors, brands or product categories? Focus on decoration?
4. Does Magasin share marketing with the brands sold in Magasin? How does it work? Do all 6 stores share marketing or is it individual?
5. What is Magasin's marketing/branding strategy? Which initiatives have been taken and what were the goals with these? How does Magasin ensure that these initiatives have the wanted effect? How is media selected?
6. How do you define Magasin's product? And B-t-B and BtC?
7. What is Magasin's USP?
8. What is Magasin's KPI (key performance indicator)?
9. What are Magasin's and the industry's key success factors?
10. Which position does Magasin hold in the market?
11. Who are Magasin's competitors?
12. How does Magasin differentiate from competitors (POD & POP)?
13. Do you think there is international competition? If yes, from who/how?
14. In three words, please describe Magasin
15. What is the wanted identity of Magasin?
16. What are the thoughts behind Magasin's own brand mag's magasin?
17. How is Magasin in the future and how does that differ from the Magasin we know today?

18. How has Magasin's concept evolved over time? (from the very beginning)
19. What is Magasin's take on the fact that Debenhams wants to have more cheap brands on display in Magasin?
20. What is Magasin's target group?
21. How have you experienced changes in consumer behaviour (shopping) within the last 5 years? What do consumers demand today?
22. How do you think the consumer of the future is? What is the most important for the consumer in the future?
23. How and how often do you do market research related to consumer behaviour and competition?
24. How does Magasin work towards its mission and vision?
25. What is Magasin's main challenge? What is needed in order to make money?
26. What is the conversion rate in Magasin? What is the main challenge; the level of traffic or the level of purchases?

Appendix 16

Syns- og Skønsrapport (confidential)

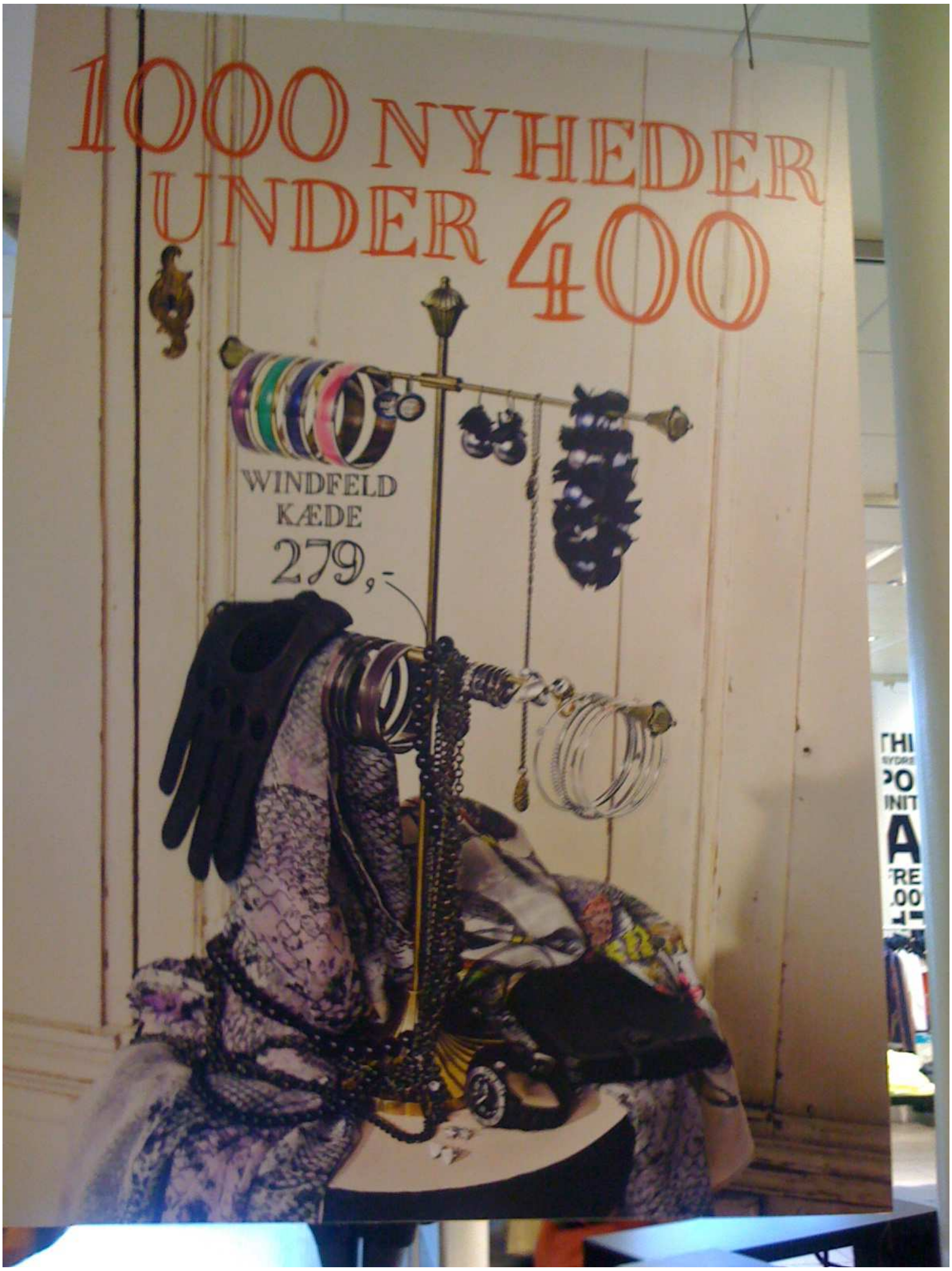
Appendix 17

Magasin communication, examples


Sale
30%
Sale
50%
Sale
Sale
Sale
Sale


Sale
50%
PÅ TUSINDVIS AF VARER
NU ENDNU FLERE
TILBUDSVARER
FRA MANDAG DEN 28. JUNI
HUSK
SHOPPESØNDAG DEN 4. JULI
SE MAGASIN.DK FOR ÅBNINGSTIDER
Magasin
AFA JCDecaux


SE MIN KJOLE
GUIDE M
Find inspiration i Magasins store udvalg af kjoler. Gå efter fine detaljer, smukke farver eller de mange print, som kjolerne bærer præg af i denne sæson.
FLÆSER
SKULDRE
DRAPERINGER
999,-
VILA
179,95
MAG'S MAGASIN
400,-
BY MALENE BIRGER
1.999,-
2.199,-
1.250,-
550,-
SAINT TROPEZ
499,95
TRULY BY PART TWO
799,-
FRIIS & CO
899,-
STYLESNOB
750,-
DYRBERG/KERN
1.000,-
SEE BY CHLOÉ
2.300,-
PILGRIM
199,-
DYRBERG/KERN
2.500,-
SIDE 27
SEE BY CHLOÉ
1.600,-


1000 NYHEDER
UNDER 400
WINDFELD
KÆDE
279,-

Appendix 18

Dansk Erhverv (confidential)