Success Factors and Challenges for E-Commerce Within the Fashion Industry

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Supply Chain Management

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Abstract

E-commerce within fashion is the worldwide most commonly purchased category of products online, with an annual revenue of 840 billion SEK in 2016. It is also one of the most mature categories in online sales, where competition has become fierce to such extent that physical stores have went out of business. Much research has been focused on certain areas within the fashion segment of e-commerce such as distribution, integration of physical and online sales channels as well as characteristics of the organizations. However, there is a dearth regarding holistic studies that investigates success factors and challenges for the whole value chain combining both support and primary activities. This thesis introduces success factors and challenges which comprises all activities for companies active within fashion e-commerce, to obtain an understanding of which factors that are important throughout the value chain.

In addition to finding relevant and current theories within the topic, the study starts with a literature review to find a relevant framework to enable a structured way of work. The chosen framework, Porter's value chain, is modified to fit the fashion e-commerce context and consists of seven areas; (1) organization, (2) human resources, (3) information technology and systems, (4) procurement, (5) warehousing, (6) marketing, sales and service, and (7) distribution. To collect empirical data, semi-structured interviews with company representatives from some of Sweden's largest fashion e-commerce retailers are conducted, as well as interviews with experts and researchers with relevant knowledge in the scope of the thesis. This data is then compared with the theories, as well as segments of the interviewed companies are also compared with each other in order to find patterns and discrepancies. The patterns and similarities act as foundation for conclusions upon the success factors and challenges within fashion e-commerce, whereas many discrepancies imply contextual differences between segments of the interviewed companies.

The findings of the thesis lead to conclusions that the retailers are well aware of that physical sales are losing shares to e-commerce and that they face great challenges related to this development, such as a re-organization of their businesses to better integrate sales channels with each other. Several success factors and challenges are found within each activity category in the value chain, and many differences between companies appear to depend on whether they are operating both physical and online sales channels or only an online sales channel. Lastly, some areas within fashion e-commerce have been identified where support from external parties in general would be suitable.

Keywords: E-commerce, Fashion, Success factors, Challenges, Omni-channel
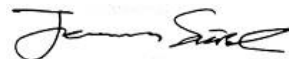
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1 Introduction

The following chapter outlines the background and purpose of this master thesis, along with research questions and limitations of the thesis.

1.1 Background

The digitalization of contemporary society is a significant and ongoing transformation that affects both business and everyday life (Hagberg et al., 2016). Retailing is one important industry in which this rapid transformation takes place and where the trade of goods and services over the internet, referred to as e-commerce, is becoming a new business practice as part of this digitalization (ibid). Initially, e-commerce was understood as simple transactions over the internet, but as digitalization evolves, its horizon has expanded from the buying and selling of products via electronic means, to a broader view including all the related activities in the organization to support the sale process (Quaddus and Achjari, 2005; Sung, 2006). The digitalization of retailing is a fast-moving development and the e-commerce sector continues to grow rapidly. During 2016, the total B2C e-commerce sales in Sweden increased by 16 per cent, corresponding to a turnover of 57.9 billion SEK, whereas the total increase in the retail industry was only 3.3 per cent (PostNord, 2017). As e-commerce continues to grow, so does its importance for the retail industry and consequently retailers need to adapt their businesses accordingly.

Although the recent hype in this development, digitalization is not a new phenomenon in retailing. The retail industry was starting to digitalize already in the 1970's through the introduction of electronic cash systems, barcodes, point of sales data and EDI, but whereas these previous changes happened "behind the scenes", the recent development including e-commerce involves the customer (Hagberg et al., 2016). The introduction of e-commerce in retail started in the late 1990's when retail companies decided to extend their business activities with an online channel, as well as there was an exponential growth of start-up companies, referred to as dot-com companies, embracing e-commerce technology (Quaddus and Achjari, 2005). However, many substantial failures were seen amongst these companies in subsequent years, including the fashion company Boo.com as one of the most dramatic victims of the dot-com burst (Crewe, 2012). Reasons for these early failures were lacking capabilities of new technology and unsustainable funding based on overexcitement (ibid), as well as inappropriate business models and bad measures of e-commerce success (Quaddus and Achjari, 2005).

In contrast to early examples, e-commerce is now considered as an unavoidable alternative for companies of the 21st century (Sung, 2006). E-commerce enables companies to reduce communication and operating costs as well as to extend their global reach (Quaddus and Achjari, 2005). Through an e-commerce channel, distance becomes less crucial which allows companies to enter new markets and communicate with customers in new efficient ways (Falk and Hagsten, 2015). Furthermore, it allows for enhanced efficiency of processes and procedures within the company (ibid). Some even believe that e-commerce will outcompete traditional physical stores and that these will go extinct in upcoming years, starting with family owned stores and shopping malls in smaller towns, which are predicted to be rebuilt as warehouses to serve e-commerce instead (Andersson, 2016). Hence, e-commerce changes the way companies interact with their customers and perform the activities and processes within their business, as well as the organizational structure to support the business (Quaddus and Achjari, 2005). Benefits from e-commerce arise from how these processes and activities are performed within the retail channel and how the changes impact the ownership, costs, and efficiency (Burt and Sparks, 2003).

Accordingly, it can be argued that the success and failure of contemporary retail companies much dependent on how they adapt their business to the digitalization and how well they succeed in e-commerce.

One sector in which e-commerce has been very successful in recent years is the fashion industry. Fashion is the biggest category in global online sales, with 58 per cent of global internet users shopping fashion products online (Statista, 2017). Further, fashion is one of the product categories with the highest spend online and with the current trend, fashion e-commerce could represent half of fashion sales already by 2025 due to high a spend amongst the younger population (Nordic E-Commerce Summit, 2015). During 2016, total online fashion sales in Sweden accounted for 9.1 billion SEK which makes it the product category with the second highest turnover online, only beaten by home electronics (PostNord, 2017). Noteworthy is however that the growth in percentages was lower than many other categories, 8 per cent, as compared with for example child products and interior decoration with 23 and 26 percent respectively, and the total increase in online sales of 16 per cent (ibid). This indicates that fashion is a relatively mature category within e-commerce with high competition and readiness for optimization of the operations. It is therefore of high interest both to business and research to find out what constitutes a successful business within this industry and what challenges that lie ahead for companies in achieving this success in fashion e-commerce now and in the future.

Success in the context of e-commerce is described by Quaddus and Achjari (2005) as depending on impeding and driving factors. The researchers argue that the success or failure in e-commerce is largely determined by a retailer's ability to minimize impediments and maximize drivers. Whereas companies perceive the obtainment of benefits related to e-commerce as success, it is found that many companies may not see the impeding factors that could undermine these benefits and thereby the success. Success in terms of obtaining potential benefits appears to be more apparent than the reduction of impediment factors. Based on this reasoning, in describing successful e-commerce, it is important to also consider challenges that need to be overcome to reach this success.

1.2 Purpose

This thesis aims to identify and examine the success factors for a well-functioning e-commerce business within the fashion industry. Furthermore, the thesis aims to examine challenges to be overcome to achieve a successful e-commerce business within this industry. Thereby, the intended contribution of this thesis is to increase the understanding of how a successful e-commerce business is achieved in the context of fashion.

1.3 Research Questions

The purpose is further specified by the following four research questions which the thesis aims to answer. The first set of questions is related to the understanding of success factors and challenges within the fashion industry.

RQ 1: Which are the success factors for e-commerce within the fashion industry?

RQ 2: What challenges and areas of improvement are fashion companies facing related to successful e-commerce?

The fashion e-commerce industry consists of several different actors, implying that the answers to the first set of questions might vary for different categories of companies. The third research question is related to these differences.

RQ 3: How do the success factors and challenges vary between different categories of companies?

Although most improvements within firms are developed and executed internally, there are areas which potentially are more suitable for collaboration with external actors. The fourth question relates to these areas.

RQ 4: In which areas do e-commerce actors within the fashion industry potentially need support and help from external parties?

1.4 Limitations

The thesis is limited to B2C e-commerce. Further, it is limited to Swedish fashion companies with a turnover of at least 200 million SEK in total. The companies can however have globally dispersed sales.

2 Methodology

The following chapter presents the methodology used to conduct this thesis. First, the research approach is described followed by sections detailing each step of the approach. Finally, the implications of the methodology on results and conclusions are discussed.

2.1 Research Approach

The study used a combination of an inductive and deductive approach. A deductive approach refers to testing and revision of existing theories, whereas an inductive approach generates theories based on research findings (Bryman and Bell, 2003). In this thesis, elements from both approaches were considered necessary in the identification and examination of the success factors and challenges for fashion e-commerce. Deductive elements were present since theories acted as a foundation for the identification of success factors and challenges which were compared with inputs from empirical findings. Inductive elements were also present as empirical findings were used to enrich research with new findings. Hence, the two approaches were used in parallel and merged when interpreting the results.

The study was of qualitative nature meaning that words, contextual understanding, and participants' points of view were preferred before numbers and statistical data (Bryman and Bell, 2003). The reason for choosing this approach over a quantitative was to attain a deeper understanding of underlying causes to a phenomenon, which makes a quantitative approach less appropriate.

The overall structure of the research approach is shown in figure 1 below. The solid lines represent the sequence in which the different steps were performed, whereas dotted lines represent the interplay between different steps that occurred in parallel. First, the purpose and research questions were defined, followed by a literature review which resulted in a theoretical framework. This framework, together with a test interview, resulted in questions for the upcoming interviews which were conducted to gather empirical data for the study. The theory and empirical data were then analyzed to be able to answer the research questions. Updates from the industry were also acquired continuously throughout the study to enable a more adequate analysis. Each step is further explained in more detail in the following sections.
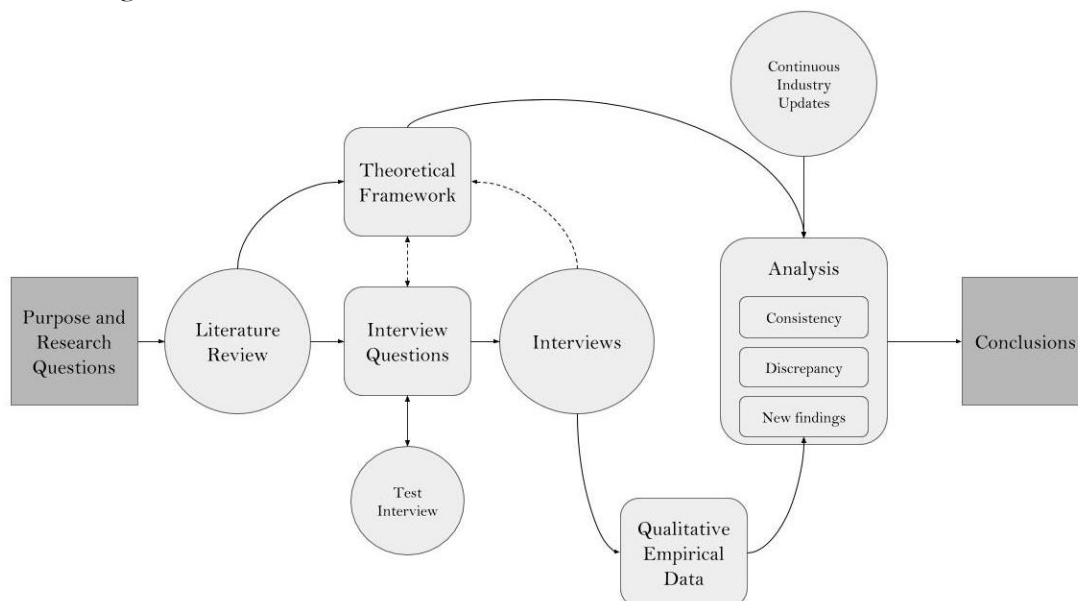
Figure 1. The research approach used in the study.

2.2 Literature Review

A literature review was conducted in order to create the theoretical framework which served as a basis for the thesis. The reviewed literature served two primary purposes, first of all to provide an understanding of the development with the fashion e-commerce business, and second to investigate success factors and challenges of importance to this industry from a theoretical perspective.

The sources used in the literature review were mainly research articles within various fields of research related to e-commerce or fashion. Evaluation of their relevance and validity was made based on publishing year, field of research, origin country and university. Furthermore, textbooks were used to review theoretical models and frameworks of relevance to e-commerce. In the search for relevant literature, databases were initially used with keywords such as "e-commerce", "fashion", "success factors", "challenges" either individually or combined. Additional searches were then made based on findings from initial search results to find related work or cited references. In addition to the academic sources of literature, news articles, published interviews and reports related to e-commerce and fashion were used as well to enhance the literature review. This was considered necessary due to the rapid development and changes in the industry, which can make relatively new research and theories outdated quickly. Furthermore, to include the most recent developments within the fashion e-commerce industry that research yet has not been able to touch upon, these sources were considered to increase the validity of the theoretical framework.

The theoretical framework of the thesis was then created based on the findings from the literature review. Since the review included information and sources from a wide range of fields, it was considered necessary to group them together with help from an existing model. Several models were reviewed for this purpose before it was decided to use the value chain (Porter, 1985) with some modifications based on other literature to better fit the context of fashion e-commerce. The use of this approach facilitated the merging of an otherwise diffuse set of information, which in turn eased the upcoming data collection and analysis.

2.3 Data Collection

The empirical data collection needed for this thesis was of qualitative nature. There are three major methods for collecting qualitative data and these are accordingly interviews, focus groups and observation (Phillips and Stawarski, 2008). Out of these, interviews were considered the most applicable for this study. Interviews are useful for capturing qualitative data that are difficult to obtain through written responses or observations, such as reaction, learning and impact data (ibid). Moreover, it may uncover success stories and information that participants might be reluctant to list in a questionnaire (ibid). It also allows for probing, explanation and clarification which increases chances of complex and complete responses (Williamson, 2002). For these reasons, the data collection was based on interviews with relevant companies and experts within the field.

The interviews were semi-structured in order to be able to follow the same standard list of questions while also allowing the following up on leads provided by the interviewees of each question (Williamson, 2002). By doing so, it was possible to combine the insights depth from unstructured interviews with the comparability of results from structured interviews (ibid).

2.3.1 Selection of Interviewees

In the selection of interviewees, the goal was to obtain a broad spectra of company representatives from the fashion e-commerce industry as well as experts from different relevant points of view to enrich the findings. Ten company representatives and three experts were selected for interviews as presented in table 1 and table 2.

In the selection of companies to contact for interviews, a long-list of relevant fashion companies was first created. Only companies currently operating e-commerce as part of their business were taken into account. From this list, a prioritization was made based on several criteria such as company size (in terms of revenue), product range, target customer group, geographical focus, and product price range, until a short-list of participating company representatives was deducted. These interviewees were from different positions in each organization respectively, however all with relevant links to the e-commerce businesses of the companies as well as a broad understanding of their overall business, such as CEO, COO, and Head of E-Commerce. Out of the experts, two were researchers and one was from the industry, all with relevant connections to e-commerce.

Table 1. The interviewed company representatives.

Company	Revenue (MSEK)	Sales Channels (online or physical stores)	Type of brands sold (internally owned or external)	Product Range	Interviewee
Cellbes	200 - 500	Online **	Internal	Apparel	CEO
Company X	> 1 000	Both	Both	Broad product range including apparel	Head of e-commerce logistics
Ellos	> 1 000	Online ***	Both	Apparel and interior decoration	COO
Fenix Outdoor E-com	500 – 1 000 *	Online	Internal	Outdoor apparel and equipment	Head of e-commerce
Gina Tricot	> 1 000	Both	Internal	Apparel (women)	Online manager
Intersport	> 1 000	Both	Both	Sports apparel and equipment	Team manager e-commerce
Lindex	> 1 000	Both	Internal	Apparel (women and children)	Digital merchandiser and controller
Na-kd	N/A	Online	Both	Apparel (women)	Co-founder
Nudie Jeans	200 - 500	Both	Internal	Apparel	Head of e-commerce
Oscar Jacobson	200 - 500	Both	Internal	Apparel (men)	Head of e-commerce

Revenue for the parent company Fenix Outdoor AB.
** The company still has mail order sales to some extent.
*** The company has a history in mail order sales.

Table 2. The interviewed experts.

Expert	Academia or industry	Field of expertise
Sharon Cullinane	Academia	Transportation and sustainability
Johan Hagberg	Academia	E-commerce and digitalization
Peter Hietala	Industry	Logistics and distribution

The interviewed companies were of different characters and to further distinguish between differences and similarities of these different companies, a categorization of them was made based on two criteria. First, whether the company has physical stores in addition to their e-commerce or not, and second, whether the company is reselling external brands in addition to their internally owned brands or not. It should be noted that all the interviewed companies sell internally owned brands to at least some extent, and that all of them have an e-commerce sales channel. The categorization of the interviewed companies based on this distinction is seen in figure 2. It primarily served as a foundation to answer the third research question regarding differences between categories of companies.
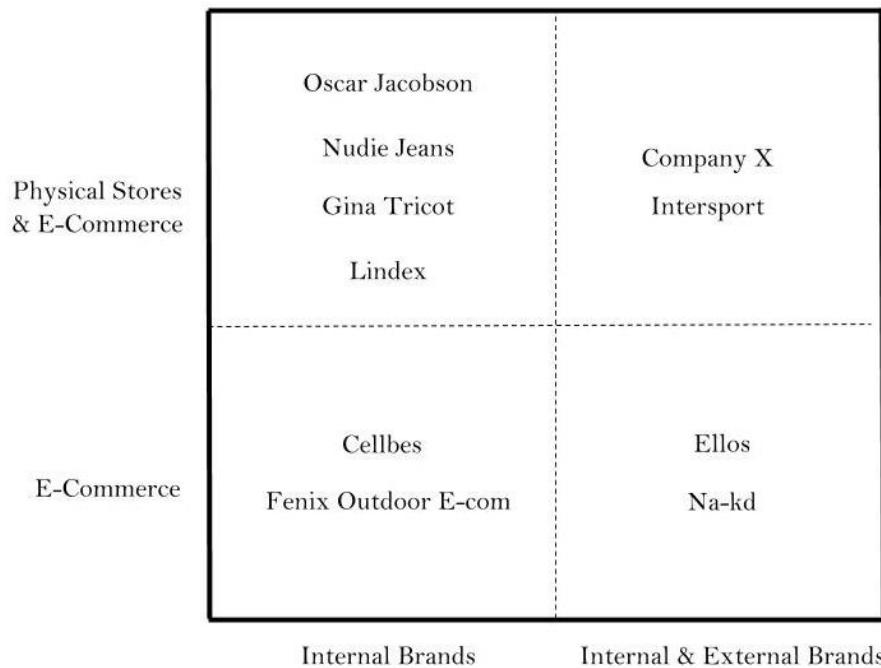
Figure 2. Categorization of the companies based on sales channels and types of brands.

2.3.2 The Interview Questions

When conducting semi-structured interviews, the use of a standard list of questions ensures that all specific issues are addressed (Bryman and Bell, 2003). Accordingly, such a standard list of questions was developed to guide the semi-structured interviews. The theoretical framework served as a basis for this development. Both general questions relevant for all the interviewed companies and more specific questions relevant to the different categories of companies (based on the categorization described in the previous section) were included.

After developing a first set of questions, a test interview was conducted with a small e-commerce actor in order to validate and revise the questions before conducting the other interviews. After this test

interview and some further discussion of the questions with some of the experts, the final set of interview questions was derived as presented in appendix A. Because of the varying range of the interviewees' positions, some questions were further adapted to the relevance for each interviewee.

2.3.3 Conduction of the Interviews

After scheduling interviews and developing questions, the conduction of the interviews began. The average duration of the interviews was between 60-90 minutes depending on the time available for the interviewee, and both authors were always present during this time. Roles were divided before each interview so that one of the authors acted as interviewer while the other was responsible for observing and asking following up questions. The interviews were held in Swedish in order to avoid impairing the interviewees from expressing themselves freely (Bryman and Bell, 2003). Further, interviewees were offered the possibility to be anonymized in the thesis report for the same reason.

All interviewees gave their permission to recording of the interviews. This avoided disruption of the interviews from taking notes (Williamson, 2002) and ensured that answers were captured correctly, as well as allowed for more focus on being responsive to the interviewees' answers with follow up questions (Bryman and Bell, 2003). The interview recordings were transcribed as soon as possible after their conduction. By doing so, it was made sure that the interviewees' words were kept intact (Bryman and Bell, 2003). In some cases, additional questions were also posed through e-mail and the answers were incorporated with the transcription results.

2.4 Data Analysis

After all interviews were conducted and transcribed, the data analysis could begin. Also in this step, the theoretical framework served as an important basis for the systematic examination and comparison of results from each interviewee. Findings from each interview were first structured according to each (primary and support) activity category of the modified value chain model. In the next step, all findings within each activity category from the different interviewees were brought together and compared. With this approach, a systematic search for consistency or discrepancy amongst the interviewees as well as other interesting findings within each activity category was enabled. Finally, theoretical sources of information were incorporated as an additional dimension to the analysis to further identify consistency and discrepancy between theoretical and empirical findings. Results and findings from the analysis were then discussed and conclusions were drawn to answer the research questions.

2.5 Methodology Discussion

The used methodology has both strengths and weaknesses with implications for the results and conclusions. While it would have been of theoretical interest to review all published articles and other sources of information related to e-commerce and fashion, it would have been practically impossible. For this reason, a manageable amount of sources had to be selected for the study. As explained previously, this was done based on searches using several keywords and related sources to results from these searches. An implication from this approach might be that sources of high relevance for the study were not found, which might influence the results. The use of a theoretical model was helpful in this matter to ensure relevant sources covering all areas of interest were included, which strengthens the used approach.

In the literature review phase, non-academic sources such as news articles, published interviews and reports were used to some extent. While it can be argued that these sources of information are less

reliable than academic sources, they were necessary to cover the rapid development and changes within the context of e-commerce. Furthermore, only reliable and well-known sources within the field were used to ensure their reliability. Hence, the use of these sources strengthens the used approach.

For the empirical data collection, it would have been desirable to interview a set of additional experts from different areas of expertise. The possibility to do this was limited due to the time frame of the study and hence, only three experts were included. For this reason, there is a potential bias towards these experts' fields of expertise, which can be seen as a weakness in the conducted approach. However, since the three experts in the study all have highly relevant expertise regarding different aspects of e-commerce, in combination with representatives from ten different companies, the risk that the results would be biased towards a certain area of expertise were considered fairly low. Similarly, the fact that company representatives were from different organizational positions and roles might imply that challenges and success factors were biased towards certain aspects while other aspects were forgotten. Nonetheless, since all interviewees had a deep overall understanding of their businesses in combination with the variety of different positions, the combined empirical findings were considered as inclusive of all relevant aspects. Particularly since the modified value chain was used to ensure all aspects of interest were included.

3 Theoretical Framework

The following chapter introduces the theoretical framework for the thesis. First, e-commerce and the digitalization of retailing is described, followed by a brief description of the fashion industry in this context. Finally, the theoretical model used in the study is presented.

3.1 E-Commerce and The Digitalization of Retailing

Hagberg et al. (2016) defines the digitalization of retailing as the broad integration of digital technologies into retailing. The researchers further argue that this digitalization implies an on-going transformation of the retailing exchanges (including communication, transaction, and distribution), the retail offerings (including both products and services), the retail settings (in terms of where the retailing takes place) and the actors participating in retailing (including retailers and consumers). Although digitalization of retailing is argued to extend far beyond the concept of e-commerce (ibid), this study takes a broad view and refers to the concept of e-commerce as somewhat equivalent to the digitalization of retailing.

Several researchers study e-commerce and the digitalization of retailing from a perspective of changing business processes. For example, Burt and Sparks (2003) argue that e-commerce should be considered as a process innovation in which technology reconfigures the existing business and channel relationships as well as introduces new operations. The process innovation arises as the internet provides the ability to electronically link dispersed sources of information, to enhance data collection and usage in real-time, to replace inventory with information and to change traditional tasks and roles. Also Quaddus and Achjari (2005) stress that e-commerce is changing business processes for retailers as well as it changes their organizational structure to support the new processes.

3.1.1 The Development Towards Omni-Channel

E-commerce implies a new sales channel to retailers with physical stores, and Blazquez (2012) stresses that in most cases the online channel is part of a retailer's multi-channel offering. Similarly, Hübner et al. (2016) states that there is an increasing overlap between online and physical retailing, mainly due to traditional retailers expanding into e-commerce. Further, the importance of integrating the online and physical channels is stressed. Also Picot-Coupey et al. (2016) argue that the previously siloed nature of retail channels (i.e. online and physical) must be dismantled in order for the retailer to offer a superior brand experience for the consumer, which requires a complete transformation of the retailer's configuration. Hence, the discussion of e-commerce in terms of multi-channel approaches has in recent years shifted towards the integration of the multiple channels to become one seamless channel. This integration is referred to as an omni-channel approach (see for instance Brynjolfsson et al., 2013). Whereas a multi-channel approach means that multiple channels are operated as segregated units without operational or logistical interfaces between the channels, an omni-channel approach implies that neither customers or retailers distinguish between channels anymore as they have a common interface (Hübner et al., 2016).

The transition from a multi-channel to an omni-channel approach is far from simple. Picot-Coupey et al. (2016) study the challenges retailers face when making this shift and conclude that that the challenges are so extensive and numerous that it is impossible to move directly between the two approaches without any transition phase. The difficulty in going omni-channel is reflected in how well companies are managing to address the question. In Sweden, the omni-index measuring overall maturity of omni-channel solutions (seen both from consumers' and retailers' perspectives) is reported

to not have increased during the previous year (PostNord, 2017). Possible reasons for this non-increasing maturity in omni-channeling are explained as high costs inferred from channel integration as well as technical difficulties related to information systems. However, the same report states that customers' mindsets are prepared for shopping across channels, indicating competitive advantages for companies that succeed with omni-channel solutions. Nevertheless, an ambition to go omni-channel is indicated amongst many companies. Swedish news sites within e-commerce, such as ehandel.se, repeatedly report on omni-initiatives taken by companies. As an example, Gunnilstam (2017) reports on physical retailers aiming to expand to online sales while at the same time tying together their different channels through the use of new innovative technology in stores. Accordingly, being a successful omni-channel retailer can be argued as somewhat equal to a retailer being successful in e-commerce.

3.1.2 The Fashion Industry

Fashion is a broad term for products and markets related to style, such as clothing, shoes, and accessories, where product life cycles are short, volatility is high and predictability of demand is low (Christopher et al., 2004). However, these characteristics can vary significantly between different product segments (Hilletofth and Hilmola, 2008). Furthermore, within fashion markets availability is critical due to high proportions of impulse purchasing among customers (Christopher et al., 2004). According to the American Marketing Association's classification of products, fashion products are considered as specialty goods, based on that they have a high importance to the customers as well as they require much effort invested by the customers in the purchase (Heuer et al., 2015). Customers are less likely to search for substitutes for this type of products, as they associate product brands with certain features which leaves many substituting products irrelevant to the customer (ibid).

Crewe (2012) argues that internet technologies and e-commerce transform the fashion industry by radically changing the way fashion is created and consumed. Wei et al. (2014) state that fashion, particularly apparel, is the fastest-growing category of products within e-commerce. Anders Borg, the former Swedish Minister of Finance and now board member of Kinnevik, stated on Nordic E-Commerce Summit (2015) that one of the reasons why fashion e-commerce is such a good business is due to high entry barriers to set up these businesses in Europe. Further, he states that with the current trend, fashion e-commerce could stand for half of the overall fashion sales already by 2025. This is much due to the high spend online among the younger population as compared with the elder population.

Although positive growth prospects, the sales of fashion products online are not completely unproblematic. Based on categorization of products according to the difficulty to judge their quality online, fashion products are considered look-and-feel items, which implies high difficulty to judge the quality online and thereby requires personal inspection by the customer to make a purchasing decision (Heuer et al., 2015). The inability to inspect and try out fashion products when shopping online implies a higher perception of risk than when shopping these products in physical stores (ibid).

3.2 Success Factors and Challenges for Fashion E-Commerce

To explore the success factors and challenges of e-commerce for a fashion retailer, a companywide view is considered needed in order to include all aspects of the business. Several models and frameworks are available in literature for taking this company wide perspective of a company. Hagberg et al. (2016) take a broad perspective of retailing and suggests a four-component model which describes how retailing is transformed due to digitalization within each component (exchanges, settings,

offerings, and actors), as described in section 3.1. above. While this model is interesting for the understanding of how e-commerce affects an industry, it is less suitable for the understanding of how an individual company is successful in e-commerce since it takes a neutral point of view to the interface between the buyer and seller. Another model which instead takes a business model perspective is the business model canvas as described by Osterwalder et al. (2010), which includes how an organization creates, delivers, and captures value. The business model canvas is a tool for companies to describe, analyze and design their business models based on nine building blocks (customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure). Although these building blocks are highly relevant in the case of e-commerce, the model is focused on the strategy and value creation of an individual company which makes it very company specific and hard to use in more general terms when discussing a successful e-commerce business.

Burt and Sparks (2003) argue that e-commerce is a process innovation which transforms the traditional tasks, activities, and associated costs within the retail channel, and therefore is best studied with a process approach. The researchers further describe the retail process as comprised by five steps (1) sourcing of products, (2) stockholding, inventory, and store merchandizing, (3) the marketing effort including branding, (4) customer selection, picking and payment and (5) distribution of goods by or to the consumer. However, this process model miss out on some aspects and functions that supports the processes.

Another process oriented model is the value chain introduced by Porter (1985). He suggests that each company consists of a set of activities performed to design, produce, market, deliver and support their product. Each one of these activities can be represented using the value chain, which consists of nine activities divided into primary and support activities. While primary activities (inbound logistics, operations, outbound logistics, marketing and sales, service) are involved in the process of physical creation and delivery of the product from the seller to the buyer, the support activities (procurement, technology development, human resource management, firm infrastructure) are not directly involved in this process and simply serve as support to promote the process.

Although Porter (1985) argues that all categories of primary activities are present to some degree, his distinction is not optimal to describe the most relevant activities of fashion retailers. In order to better capture the major activities of a fashion e-commerce business, where manufacturing operations are usually outsourced to third parties (Mouwitz et al., 2013), the value chain is modified, mainly with inspiration from the processes described by Burt and Sparks (2003). The modified value chain is presented in figure 3 below.
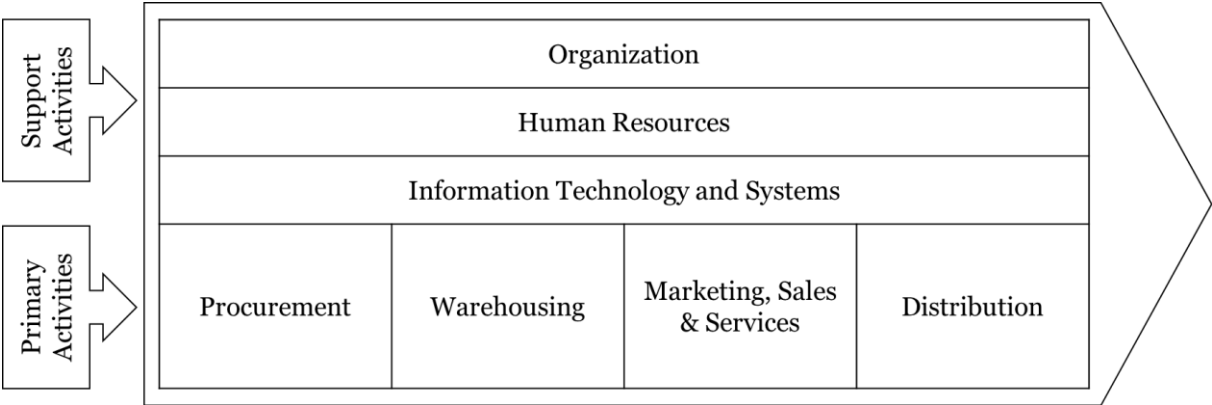

Figure 3. The value chain modified to the fashion e-commerce context.

The thesis takes this theoretical model as a basis. The rationale for each category along with its characteristics regarding success factors and challenges for fashion e-commerce is further explained below in each sub-section respectively.

3.2.1 Organization

Similarly to the activity category firm infrastructure (Porter, 1985), the activity category organization in the modified value chain consists of activities within general management and other activities which commonly support all processes throughout the value chain. The infrastructure can either be supporting several daughter companies or entities, or be solely aimed for supporting a single company and its activities.

In an interview with the e-commerce manager at a big Swedish retailer (Allhorn, 2017) the organizational challenge regarding the internal mindset for a traditional (physical) retailer in starting e-commerce is pointed out. A benefit on the other hand that is pointed out which is related to being a late entrant in e-commerce, is the possibility to think in terms of omni-channel from the start, rather than multi-channel. On a related note, Hübner et al. (2016), states that integration of sales channels is higher in new companies since they can start with integrated systems from the beginning, implying that starting from scratch is most beneficial when it comes to integration of channels.

Hübner et al. (2016) sees organization, together with IT, as the enablers for efficient omni-channel logistics. The researchers stress the importance of aligning the organizational units of the different channels (online and physical store) with a common strategy in order to succeed with omni-channel. When a new channel is added, may it be online or a physical, the organizational units can initially be separated to set up resources and processes, but over time the researchers argue that they should be integrated into one organizational unit to achieve a higher long-term efficiency.

Picot-Coupey et al. (2016) stress the numerous challenges companies face when shifting to an omni-channel strategy and argue that a transition phase is needed. It involves so many changes, especially to merge processes, systems and in particular people with different background and skills, that a systematic approach is crucial. First, the researchers state that the staff and the potential cultural issues should be addressed, where a common understanding and acceptation for the omni-channel approach is the main goal. After that, the staff together will unify the previously channel specific systems to fit both channels, within for example product management, marketing, and logistics. These major changes incur great challenges to blur departmental differences and make them not only work together, but also deliver a better customer experience where the main goal is an effortless and similar customer journey between the sales channels. The reaction from personnel regarding a new channel might at first to some extent bring shock to what will happen to them, followed by a defensive approach towards it (Burt & Sparks, 2003). It might take some time to accept the new change, and, especially for big retailers, it is extra important to have a strategic plan ready to communicate internally when starting with the new channel (ibid). However, the common view (according to Hagberg et al., 2016) today is that e-commerce is less of a threat to introduce within a company and instead something used to strengthen also the physical stores.

According to Gonzalez and Chacon (2014) there are many possible benefits of integration between functions within companies. One of them is the potential to reduce information asymmetries by providing adequate information, and in that sense IT and information systems play an important role.

The authors find that the integration in itself does not improve efficiency unless high levels of IT are used by the company, thus making technology adoption a key element in the integration.

3.2.2 Human Resources

Porter (1985) describes the human resources management activity category of the value chain as consisting of the activities involved in recruiting, training, and development of personnel to support other activities. In the modified value chain, the human resources activity category similarly includes all these activities. However, it is enhanced to not only include the personnel within the organization, but also the collective competencies needed within the organization to support the other activities.

E-commerce increases the labor productivity of retailers, which according to Falk and Hagsten (2015) could lead to a general reallocation within the industry. E-commerce requires a different set of competencies than the traditional competencies required for retailing (Wrigley and Currah, 2006), for instance when it comes to logistics, services, systems used and marketing. Furthermore, it changes the traditional retailing competencies. As a consequence of digitalization and product information online, customers shopping in physical stores are more well-informed than before, which changes the prerequisites for store personnel to be more service minded and provide more detailed knowledge about the products sold (PostNord, 2017). If store personnel competencies are not increased accordingly, customers' trust for the company is negatively affected by the customers' perception of knowing more about the products sold than the personnel do (ibid).

The fact that competencies change and new ones are required for e-commerce has big implications for companies. According to Allhorn (2017b), several Swedish e-commerce actors have expressed their concerns regarding a possible future lack in relevant competence, due to the fast development in e-commerce and that academic responses have not been able to follow the same pace. However, the author also reports on an academic initiative to counteract this scenario by initiating e-commerce focused education. In an interview with the CEO of the online fashion retailer Na-kd (Gunnilstam, 2016b), the difficulty in recruiting relevant competencies within IT-development and digital marketing is stressed. It is also mentioned that the company has focused on internal trainee solutions as a way to cope with the lacking e-commerce competence in the Swedish labor market. Furthermore, a need to re-shape current e-commerce and web related education is expressed.

3.2.3 Information Technology and Systems

Whereas Porter (1985) emphasizes technology development including the wide array of technology (e.g. know-how, procedures and technology embedded in equipment or the product itself) used within the company in his value chain, the activity category of information technology and systems in the modified value chain is a bit more narrow. It rather emphasizes the array of information technology and related systems that are used related to the e-commerce business.

According to Crewe (2012) the early failures of online fashion retailing, for instance Boo.com, were much related to immature technology and bad capacity of early websites. At this time, e-commerce fashion sites were both technically, functionally and visually unappealing to customers. Quaddus and Achjari (2005) conclude that organizations often experience "IT myopia", meaning that only potential advantages of using information technology are considered while factors impeding the achievement of its use are forgotten. Learning from these mistakes, the important role of information technology for e-commerce is evident to most companies. Although simple systems for e-commerce were used in business to business transactions many years before the introduction of internet, contemporary forms

of e-commerce require that online retailers have an advanced information system infrastructure put in place including both front-end and back-end functionality (Falk and Hagsten, 2015).

Gonzalez and Chacon (2014) state that the use of genuine and innovative information systems can increase the benefits of integration by allowing adequate and just-in-time information sharing. This increased information sharing allows better understanding of consumers' demands and the adjustment of product characteristics accordingly. However, Jobs et al. (2016) state that a majority of chief marketing officers (CMO's) feel unprepared to deal with the vast amounts of information obtained from big data, which poses a great challenge due to the growing big data and social media trend. With e-commerce comes a need for integration of information flows between different systems as well as a need to keep all systems in sync (McPherson, 2015). Information stored in different systems regarding for instance inventory levels, shipment statuses or returns must be updated and accessible in real time (ibid). According to Peleg and Lee (2006), having an effective information system infrastructure is essential for coordination of e-commerce business units and processes. Nelson et al. (2006) state that the general trend behind digitalization and e-commerce is the increasing use of modularity, which implies that information systems become more modularized and thereby require more integration of modular components to obtain desired functionality.

McPherson (2015) argues that the digital trend including e-commerce will have a continued growth and that information technology plays an increasingly larger role in how e-commerce orders are fulfilled along with this development. Similarly, as already mentioned in the context of organization, Hübner et al. (2016) view IT systems as an enabler for efficient omni-channel logistics. The researchers identify advantages of integrating different e-commerce related systems, such as that it enables cross-channel inventory management, tracking and better communication with the customers. They thereby conclude that integrated IT systems are necessary to overcome the complexity of channel-integrated processes and to offer a seamless omni-channel experience. Whereas organizational challenges are of most concern during an initial implementation of an omni-channel strategy, Picot-Coupey et al. (2016) argue that the challenge over time shifts to achieving synchronization across different touch points. The various systems used for logistics, information, sales, marketing, training, and product management then need to be unified, and in this matter financial resource constraints can be a challenge. The researchers also note that online retailers find information system related issues less challenging than retailers with physical stores as they have better developed capacities to address such issues.

Although the adaptation towards mobile devices started several years ago (as mentioned for instance by Crewe, 2012), the most recent development in e-commerce is the heavy increase in mobile commerce. During 2016, the amount of Swedish consumers who made a purchase through their mobile phone increased from 24 to 38 percentages, which is a result from the increasing adoption of e-commerce websites for mobile devices among online retailers (PostNord, 2017). According to Zaryouni (2014) fashion brands are grasping the importance of the mobile as an interface for e-commerce, and their mobile commerce adoption is thereby increasing. Many companies are taking a "mobile-first" approach and consequently the gap between features available for desktop and mobile is seen to be decreasing.

3.2.4 Procurement

One of the main differences between Porter's original value chain and the modification of it in this thesis, is the transformation of procurement from a support function into a primary function. Porter (1985) defines this activity category as the function where purchasing of input to the value chain

occurs, and is in general spread out through the company since there are so many different inputs needed, such as raw material, office equipment and machinery. However, a majority of production is outsourced in the case of fashion retailing (Shelton and Wachter, 2005). Therefore, the primary activities Porter (1985) describes as related to the operations category (such as production and testing) are much related to procurement activities for e-commerce fashion companies. Hence, in the modified value chain, the procurement activities are merged with operations activities to also include the maintaining of supplier relations, quality assurance, and design related matters.

According to Christopher et al. (2004), fashion markets demonstrate high levels of "chaos" and the demand for products within these markets is therefore difficult to forecast. To compete successfully in fashion markets, the authors further stress that three critical lead-times must be managed by the company. These are time-to-market (the time it takes for the company to recognize a market opportunity and translate it to a product or service and bring it to the market), time-to-serve (the time required to capture a customer order and deliver it to the customer's satisfaction) and time-to-react (the time required to adjust the output in response to volatile demand).

Ensuring that every product meets company standards, by working only with trusted manufacturers and making quality checks on products before they are sent out to customers, is highlighted as one of the keys to the success of online fashion retailers (Lee, 2016). The lessons learned from supplier relationships could be used to enhance other parts of the supply chain as well (Burt and Sparks, 2003). Additionally, due to the need for quick initiations and updates in the product range, companies need to potentially be able to set up new supply chains rapidly to take advantage of early moments in new trends, hence suppliers need to be well prepared for fast changes (Peleg and Lee, 2006).

In a study comparing success factors for e-commerce in both eastern and western countries, the variety of goods and services is found to be one main success factor (Sung, 2006). While the shelf space of a physical store is limited and in turn limits the range of products that can be offered by a retailer, Hübner et al. (2016) state that e-commerce allows the retailer to increase the product range with the only limitation of warehouse space and marginal costs for adding a new SKU. These costs include creating photos and product data. The researchers find that retailers expand their assortment variety as they gain experience in managing the online channel. Further, the researchers also find that companies starting an online channel usually offer a limited assortment range online to overcome the complexity of product data and pictures online, but after gaining more experience the online channel has the function of a virtual extension of the physical store space. Another way of increasing the product variety is drop shipping, where a product is shipped on behalf of a retailer directly from the supplier to the end customer (McPherson, 2015). Drop shipping is not a new concept, but has increased in popularity in recent years since it is a possibility for retailers to broaden their assortment while at the same time reducing cost and complexity (McPherson, 2015). However, implementing drop shipping requires that technology is put in place to support it, and that systems are integrated between retailers, suppliers and third party logistics providers (3PL's).

3.2.5 Warehousing

Similar to inbound logistics in the value chain (Porter, 1985), warehousing in the modified value chain refers to activities associated with receiving, storing and inventory management. However, in the modified value chain all activities taking place inside the warehouse are included in this category. This means that some outbound logistics activities such as picking and packing and preparing of orders are considered in this category as well, which is why it is preferably called warehousing instead of inbound logistics.

E-commerce requires changes in the traditional logistics set-up for fashion retailers with physical stores, which has implications for warehouse related activities. Both Graves (2013) and Hinchey (2015) highlight the differences between distribution to physical stores in bulk loads such as pallets and cases, with the fulfillment of direct customer orders which requires the picking and packing of individual items. They also both stress the reduction in time available for picking and packing activities due to the serving of customers directly instead of stores, making warehouse efficiency more crucial in fulfilling e-commerce orders. Similarly, Pedrielli et al. (2016) argue that efficient warehouse management is a key competitive advantage in fashion e-commerce. The researchers further argue that warehouse management of fashion products has several challenges due to the characteristics of the products. The variable and unpredictable demand, the short shelf-life, and the introduction of new collections instead of restocking of out-of-stock items complicates the decisions of how to store and retrieve the products in the warehouse. For these reasons, along with picking operations being the most time and labor consuming activities, the researchers explore picking strategies for fashion e-commerce companies and conclude that having a high picking density results in a high picking performance and thereby efficient warehouse operations.

Hübner et al. (2016) differentiate between different types of warehouse set-ups for retailers with both e-commerce and physical stores, depending on whether inventories of the two channels are integrated or separated as well as the integration or separation of picking for the two channels. The authors further propose that retailers with multiple channels evolve from separated to channel-integrated warehouses, and that those who have integrated their warehouses are aiming to integrate picking of the two channels.

According to Burt and Sparks (2003) changes related to stockholding, inventory and store merchandising arising from e-commerce imply a potential for retailers to reduce costs of stockholding, as less inventory is needed in e-commerce operations than in physical stores. However, Hübner et al. (2016) note that integrated management of inventories for physical stores and e-commerce (i.e. omni-channel operations) is needed in order to achieve these reduced inventory levels, at least for companies operating multiple sales channels.

Hinchey (2015) notes that many e-commerce companies across several industries are using automation technology to increase the warehouse efficiency, particularly by the use of automated picking systems which can systematically handle both cases and individual products. The author suggests several benefits of using such automated systems, such as the elimination of manual labor, less time required, increased picking accuracy, reduced product damage, and improved space utilization. An example of such a development in the fashion industry is the Nordic fashion retailer Boozt who recently decided to automate their warehouse in order to streamline their pick and pack process as well as to increase the space utilization (Gunnilstam, 2016). While Graves (2013) suggests similar benefits with automation as Hinchey (2015), he also emphasizes the heavy investments of such systems and suggests the use of an e-commerce 3PL with these systems put in place instead. He further notes that many retailers have outsourced the processing of e-commerce orders to 3PLs for reasons of experience and better equipment. Additionally, the author highlights that it is beneficial to use a 3PL in terms of flexibility for e-commerce companies with growth ambitions.

3.2.6 Marketing, Sales and Services

Marketing and sales includes activities related to enabling and inducing the customers to make a purchase, such as advertising, promotion, pricing, management of sales channels and customer

relations (Porter, 1985). In the modified value chain, this category of activities has been merged with the one for services, including activities associated with providing service to enhance or maintain the value of the product (ibid). The reason for this merging is that in e-commerce, the opportunities for the customer to talk to a salesperson and inspect the product are lacking (Ahrholdt, 2011), which is why customer service is argued to play an important role not only as a post-purchase service, but also in the marketing and sales activities.

Sales

With the emergence of e-commerce and increased availability of detailed product information online, consumers can make more well-informed purchase decisions as well as more efficiently conduct searches and compare offerings of different companies (Crewe, 2012; Loan et al., 2015; Salehi et al., 2012). While this is more convenient for the customers, this becomes a challenge for the companies when power is shifted towards the customers as a result of e-commerce (McPherson, 2015). Crewe (2012) argues that digitally mediated technologies empowers fashion customers and that large fashion organizations' relative power in the fashion industry is undermined.

Customers perceive higher risks of shopping online than in physical stores due to the inability to inspect the products personally (Ruane and Wallace, 2013; Wei et al., 2014; Heuer et al., 2015; Salehi et al., 2012). In addition, the open nature of the internet makes customers concerned about security and information saved online (Loan et al., 2015) as well as they lack trust for individual retailers online (Ahrholdt, 2011). According to Worasesthaphong (2015), trust is crucial for e-commerce transactions and in the creation of trust online, perceived reputation is an important factor. Similarly, Heuer et al. (2015) argue the importance of branding in creating trust online. Ahrholdt (2011) statistically confirms that website "signals", such as general layout, technical website quality, size of product range, data privacy and pictures, have a great influence on trust for website visitors and in turn on the conversion of visitors into customers. The researcher further argues that by improving the general layout, technical quality and data privacy of the website, an increase in conversion rates can be expected as a result from increased trust. In line with these arguments, Loan et al. (2015) stress the importance of website quality in a customer's decision of whether a company is trustable enough to make a purchase. According to PostNord (2017) reasons for Swedish consumers cancelling an order while shopping online from foreign countries was due to unexpected costs, low trust or that the retailer appeared to not deliver to Sweden. Consequently, clarity in prices and delivery options as well as trust-creating factors such as safe payment solutions are of high importance for e-commerce conversion. Consistently, Ruane and Wallace (2013) argue that online retailers need to clearly highlight when additional charges apply to avoid customers' feeling of deception. Similarly, Swedish consumers rate information clarity high when asked which characteristics that are most important in an online store (PostNord, 2017).

On top of trust related barriers, Blazquez (2012) state that the main obstacle for selling fashion online is the difficulty of translating the physical shopping experience to the online store, and that online fashion retailers need to create a superior shopping experience. Ruane and Wallace (2013) state that product descriptions and visual sensory enabling technologies are needed to create tangible shopping experiences online. Similarly, Wei et al. (2014) argue that item relevance is not enough for a successful e-commerce website, and that user engagement as well as an enjoyable and inspiring web shop experience is equally important. The authors argue that the goal is not only that the consumers find what they are searching for, but also to have the consumers like what they find. According to Loan et al. (2015) online apparel retailers have to put more efforts in improving and enhancing website technologies in order to improve the online shopping experience.

Wei et al. (2014) state that since consumers require sensory experience for fashion products, images play a key role for online shopping as there are no physical items available to inspect. Product images have the capability of conveying visual information to the buyer, that is not possible to provide in text. In addition, images are powerful in persuasive communication as they are stated to easily grab people's attention and affect their emotions. The researches further analyze user preferences of different visual fashion product representations online, and find that pictures including human models are the most effective in online sales. Also Zoghbi et al. (2016) argue that images and textual descriptions play a key role for online fashion sales. The authors highlight the high potential in the ability of translating textual searches into visual results for e-commerce search, particularly for the fashion sector. Today, systems built for recognizing clothing attributes in visual data are extremely rare, but the development of such technology would enable companies to organize and provide more relevant content to the customer, which would facilitate a more personalized shopping experience. Kim (2002) defines personalization as *"delivering to a group of individuals relevant information that is retrieved, transformed, and/or deduced from information sources"*. Personalization can be powerful in handling information overload and in making the content on the website more relevant for the individual customer and establishing a more personal relationship with the customer (Liang et al., 2012).

Personalization towards individual customer requires that companies understand and know their customers. Graves (2013) argue that the understanding of how consumers shop online and across channels is critical to the success of online fulfillment. Consumers increasingly use the internet to browse for information and make their selection, try out and test products in physical stores, acquire discounts from social media and eventually make the purchase online from a mobile device. Similarly, McPherson (2015) stresses the importance of understanding the customer experience from a fulfillment perspective and that logistics should be seen as part of the customer experience. For retailers serving several markets, the e-commerce website must be tailored to each market that it serves to meet the interests and characteristics of the different consumer groups (Wrigley and Currah, 2006). In a study of fashion e-commerce customers' behaviors in different countries, Blazquez (2012) concludes that there is no homogeneity among online fashion customers, with the practical implication that companies need to design non-domestic websites taking characteristics of national consumers into consideration. This adds further complexity for companies in understanding the different behaviors and characteristics of their customers. According to Asha and Rajkumar (2016), 60 per cent of active internet users today have at least one profile in a social network such as Facebook or Twitter. The information about customers that can be obtained from these social networks can help online retailers shape their offerings and marketing to better fit the personal needs of their customers, for instance by providing personal recommendations based on the customer's navigational patterns.

From a website point of view, Salehi et al. (2012) state that e-commerce success is obtained from website information convenience, which in turn depends on the information provided on the website as well as the website's design and degree of personalization. A successful website is described as having a simple and concise design, providing relevant content only and with intuitive navigation. The authors suggest that a convenient website will increase customer satisfaction and thereby make them more loyal. Lai et al. (2014) state that convenience, determined by the time and effort saved by the consumer during the purchase process, is one of the most important factors influencing the purchase decision online. By helping the customer make a more efficient decision, and thereby save time and effort, the perceived convenience can be increased. The authors further propose that retailers who manage to offer their customers convenience during the purchase process online will be successful in e-commerce.

In many cases, e-commerce is part of a multi-channel offering (Blazquez, 2012). Although the physical store has some self-evident benefits that are very difficult to replicate in web shops, such as the instant receival of the product, the ability to touch and feel the product, and the ability to talk to a salesperson (PostNord, 2017), Loan et al. (2015) note benefits related to convenience and availability of e-commerce. Similarly, Swedish consumers mention convenience and the ability to shop regardless of physical distances as main benefits of shopping online (PostNord, 2017). Although shopping online is notably different than shopping offline (Ruane and Wallace, 2013), customers expect to receive a consistent service and experience regardless of which channels and touchpoints they use (Picot-Coupey et al., 2016). Similarly, Anderson (2016) state that customers are getting used to finding a store both online and in physical form. Hence, omni-channel sales are of increasing importance to e-commerce sales as an increasing amount of companies weave together their physical and online offerings, for instance as reported by Gunnilstam (2017). Also online retailers without any physical stores might therefore benefit from enhancing their e-commerce with physical stores, for instance through the use of pop-up stores as described by Picot-Coupey et al. (2016). The researchers suggest that a pilot test of physical sales in the form of a pop-up store is helpful to manage the strategic organizational shift towards omni-channel.

Marketing

Having an e-commerce website per se will not automatically generate e-commerce sales (McPherson, 2015). Rather, the retailers need to lead their customers to the websites through both traditional and modern marketing techniques such as Instagram, Facebook, and Twitter (ibid). According to PostNord (2017), internet is the dominating marketing channel for Swedish online retailers today. Google is the most important channel to drive sales while social media is building the brand. The brand is in the end what makes the retailer stand out in the diverse marketing landscape, and internally owned brands play an important role in standing out as well as increasing profitability (ibid). Burt and Sparks (2003) similarly argue that corporate branding might become more important as an effect of e-commerce, and that companies will use a higher spend on the brand.

Social media has increased the consumer involvement in fashion creation and reproduction (Crewe, 2012). Wei et al. (2014) stress the importance of engaging and inspiring fashion customers online. Related to creating an engaging and inspiring experience, there is a new trend in how retailers market themselves online. According to Björkman (2017), there are many examples of companies that have successfully created a hype around their brand online and in social media, by focusing on being unique and inspiring with a personal and fun tonality. The author stresses the importance of a strong brand, since it cannot be copied as compared with logistics or technology. This trend started with smaller indie-brands, but has spread to established retailers who are now trying to catch up. Companies are also to a greater extent using personalization to match their advertisement and promotions with targeted customers' individual needs and preferences (Liang et al., 2012).

PostNord (2017) notes that while companies view social media as one of the most important communication channels online, customers on the other hand do not share this view. However, the fact that companies are more aware of the unconscious information gathering and influence induced by social media than consumers is stressed as a possible explanation to the conflicting views. In their study of young female behaviors online, Ruane and Wallace (2013) find the importance of social media for fashion e-commerce. Social networking sites are important information sources to guide fashion purchases and the participants of their study view them as similar to company owned websites. Thus, traditional sources of influence are enhanced through social media. Another form of social media of increasing importance to online fashion retailers is fashion blogs and influencers (Crewe, 2012; Allhorn, 2017 c). Using influencers is shown to be a successful marketing strategy, particularly

towards female consumers. However, the retailers must be careful in how they use influencers, since non-genuine content in social media can have a repellent effect instead (Allhorn, 2017 c).

Services

Since the opportunity to talk to a salesperson and to inspect the product are lacking when making an online purchase, Ahrholdt (2011) argue that the online sale is a bundle of different components, including not only the physical product itself, but also services concerning the product and customer. Such services are related to the initiation and completion of the purchase, the payment, the delivery, and post-purchase services, as well as data security and protection. Liang et al. (2012) similarly state that customer services play an important role in making an online business successful, particularly in the case where competition is fierce, as many companies compete based on service rather than price. Lee (2016) stress high availability of customer services, preferably around the clock for customers all over the globe, as a key to satisfied customers and thereby e-commerce success. Liang et al. (2012) stress the importance of individually personalized customer services since it generates higher perceived usefulness as compared to non-personalized services. The researches find that retailers can expect stronger positive attitudes of their customers if their customer services are personalized.

There are several tools for providing online customer services, such as help menus, online forms, and e-mail. Some companies also use social media for providing customer services (PostNord, 2017). However, the common disadvantage of these tools is the lack of real-time response. Customer service chat refers to an instant messaging application that is built into the retailer's website, which allows the customer to communicate in real time with a service agent (Elmorshidy, 2013). These live chats have become an important trend in online customer services because of the potential to interact with customers and solve their problems instantly without any time delays (ibid). It is seen as a cost-efficient way to reduce the customer's perceived risks of shopping online through increasing the social interaction as well as a means to personalize the shopping experience (ibid). Sun et al. (2015) argue that while technical features of the e-commerce website are easy for a competitor to replicate, customer services are not. Therefore, high quality in customer services compose a competitive advantage for online retailers when e-commerce becomes more mature and technical features considered as outstanding become norms. The authors further stress the importance of not only being responsive, but also showing genuine attention and care for the customers.

3.2.7 Distribution

The activity category of outbound logistics consists, according to Porter (1985) of the activities related to receiving products, handling them in warehouses and to distribute them. In the modified value chain however, only outbound logistics taking place outside of the warehouse are taken into account, and the category is therefore called distribution instead. This since distribution is the last activity when selling e-commerce products to customers, compared with a regular value chain where it is distributed to stores and consequently marketing and sales comes into play.

Distribution in B2C E-Commerce

E-commerce places new demands on distribution for retailers. While the retail store distribution is made in bulk, e-commerce requires distribution of individual customer orders, usually containing only a few or even a single item. Whereas bulk deliveries can be performed weekly to stores, distribution of e-commerce orders to customers requires more frequent and faster deliveries, sometimes even the same day, seven days a week (McPherson, 2015). Accordingly, the traditional way of handling distribution to physical retail stores is not suitable for the needs of e-commerce (Graves, 2013). Prerequisites for this new setup, in addition to some different competence, are systems that are adapted for this kind of

deliveries, which is something that has caused issues especially for retailers with a background in physical sales (Wrigley and Currah, 2006). On top of that, retailers delivering both store replenishment and e-commerce orders have to operate two different kinds of distribution flows where both need to be in operation simultaneously and in a seamless way, which also incur many integrations of systems (Hübner et al., 2016). Although retailers with a tradition in mail order sales have facilities and information technology put in place for distribution directly to consumers, Graves (2013) argue that e-commerce distribution is a significant challenge also for these companies.

Within fashion e-commerce, the vast majority of distribution is being operated by 3PL's (Burt and Sparks, 2003), a change from regular shopping where the customers visit stores to take care of the last distance of distribution themselves. Reasons for the common outsourcing in this area is due to 3PL's having equipment and facilities suited for e-commerce, as well as in general a long and relevant experience with deliveries towards end consumers (Graves, 2013). Also, the 3PL's are more prone to have over capacity, which is suitable for growing businesses such as the e-commerce industry in general (ibid). The different setup incurs costs in transportation for the retailers where it differs from company to company if the customers pays for it or not (Burt and Sparks, 2003).

Customer Aspects of Distribution

Regarding distribution's impact of the value proposition, in e-commerce, the distribution of products becomes an important part of the customer experience (Graves, 2013; PostNord, 2017), one argument being that half of customers experiencing issues with the delivery would switch retailer because of this (PostNord, 2017). In a panel discussion with several experts in e-commerce distribution (McPherson, 2015), the importance of distribution for the customer experience is stressed. Distribution is the direct link between the online retailer and the customer, and therefore the activities and services associated with fulfilling an order become a crucial part of the customer experience. Some examples of important aspects mentioned in this matter are shipment notifications, speed of delivery, the packaging and presentation of the products, personalized and relevant documentation, and post-sale customer service. In another interview with two Swedish e-commerce experts (De Lange, 2016) the importance of the deliveries as a part of the shopping experience is further stressed. The experts argue that the e-commerce purchase does not end at the click of the "purchase" button, but rather when the product is unpacked, tested, or even returned by the customer.

Regarding the choices of delivery alternatives, there are several aspects to consider. In Sweden, the two most preferred modes of delivery are pick-up point delivery and home delivery to the mailbox (PostNord, 2017). Another variant is for the customer to pick up orders in physical stores, where a differentiation is made between click & collect and click & reserve. The distinction is that the latter utilizes the inventory in physical stores, in comparison to click & collect where the products are shipped to the store after an online purchase, inferring a possible waiting time for customers (Hübner et al., 2016). Regarding the time aspect, there are arguments from both customers (PostNord, 2017) and retailers that fast deliveries would differentiate them from competitors, however, there is a trade-off with costs that needs to be taken into consideration which is how big part of a cost increase that the customers should pay for (ibid). To shorten the delivery time, many retailers see new distribution techniques and innovations as possible solution, but also here the costs seems to be an impediment, which creates opportunities for smaller 3PL's, often startups, to come up with cost efficient alternatives (De Lange, 2016). In addition to being fast and having several choices, customers require access to information regarding the delivery status while waiting for it (PostNord, 2017). To summarize the aspect of options for customers within distribution, it is of high importance for customer satisfaction to provide them with several options to keep up with their demand (Lee, 2016).

Returns

Along with distribution, returns are of particular importance to retailers as they are a direct interaction point with the customer (Hübner et al., 2016). Considering the high degree or returns in the fashion industry (20-40 percent depending on how it is measured) there is much potential for improvement, and if a proper fit is found at first attempt there would be much to gain from both a customer and retailer point of view (McFarland, 2014). However, when returns are inevitable for some reason, a rapid process to handle and process these orders are big advantages due to the costs incurred (Graves, 2013). One notion is that a correlation has been found between having efficient (outbound) order processing times and also having an efficient return process (Hübner et al., 2016).

Regarding the dilemma of whether to charge customers for returns or not, some interesting research has been conducted. Hjort and Hellström (2014) made an experiment together with a major Swedish online retailer to understand how delivery and return policies affect consumer buying behavior. Their results show that the two policies are interrelated in different ways. Introduction of free delivery and returns both increase the order frequency, but free returns at the same time has a negative impact on the average order value. The average value of the purchased items decreases with the introduction of either one of them, whereas the introduction of both is found to have no marginal effect. Hence, if starting with free distribution when returns already are free appears to neutralize a decrease of the order value. From another study by Hjort and Lantz (2016), it has been concluded that customers offered free returns are less profitable, even in a long-term perspective. The implication is that the only financial reason to offer free returns is for the short-term gain to attract new customers. Hence, introduction of free returns should be thoroughly considered before implemented.

When it comes to differences between having both physical stores and e-commerce versus only having e-commerce, McFarland (2014) states that physical stores always will have advantage due to the fitting possibilities, but that this difference is becoming smaller due to technical solutions within e-commerce. Further, Hübner et al. (2016) state that the possibility to return products across channels is mandatory for omni-channel retailers, and although far from all retailers with omni-ambitions offer this service already, the researchers believe they will do so in the future. In-store returns of online orders is stated as a way to increase customer satisfaction as well as an opportunity for the retailer to sell additional products during the customer's visit in the store.

4 Analysis

In the following chapter, the empirical results and findings from interviews with company representatives and experts are presented and analyzed together with sources of information from the theoretical framework. In the first section, the meaning of success for companies in fashion e-commerce is discussed. In the subsequent sections, success factors and challenges within each activity category in the modified value chain are discussed and analyzed, to create a basis for answering the research questions in the next chapter.

4.1 Success Within Fashion E-Commerce

In order to find success factors for fashion e-commerce, it is first necessary to understand the meaning of success for companies within this context. When discussing success and what it means for the interviewees, there were no major differences between segments of companies, instead, most of them had similar thoughts in mind. The online fashion retailers view success as a combination of being as profitable as possible and having a high and steady growth. Which one of these aspects that is rated as most important appears to be a matter of maturity in e-commerce. When being in the initial and growth phases of e-commerce on the one hand, setting up processes and increasing sales are considered as most important for the retailers. The heavy focus on expansion will naturally lead to costs that affect profitability negatively in the short run, but hopefully will pay off in the long run when the e-commerce operations become more mature. When being in the maturity phase of e-commerce on the other hand, the retailer's focus is shifted towards profitability by further enhancing processes and making them more efficient to lower costs and increase revenues.

When disregarding financial factors, the customer's satisfaction and brand perception seems to be the most important definition of success. Connected to these two, some interviewees mention the underlying processes (both internal as well as the customer journey) as a part of success as well.

"I think it [success] is much about having the best brand experience around our products."

"In the end, of course, it is all about sales… Which we cannot achieve without satisfied customers."

"[Success is] increased revenue. Number two is to be shown to the public as a great brand."

"Success is satisfied and recurring customers. If we have a customer that likes what we do and comes back, then it is by default a success for us."

Throughout the interviews, omni-channel and the strategies and actions to become more "omni" was a frequent, recurring theme during almost all of them. Even though it is not mentioned explicitly as a definition of success, it appears very important to have integrated, seamless connections between sales channels. This infer a strong connection between omni-channel practices and being successful, at least for companies with more than one type of sales channel. Many of the actions taken in each category refer either to becoming successful in terms of generating sales, profit, and brand enhancement, or to become more omni. Therefore, in the case of operating several sales channel types, omni-channel can be viewed as one part in being successful in e-commerce. It is as well in line with what for example Johan Hagberg[1] said: *"The combination between physical and digital will be very important"*. Also Sharon

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[1] Researcher within e-commerce and digitalization

Cullinane[2] mentions the importance of omni-channel and that most companies know that they need to be "omni", but that it is a big challenge for them to achieve it in reality.

4.2 Organization

In the following section, aspects related to the activity category of organization are analyzed, as highlighted in figure 4 below. The main themes comprised are the organizational structure and view on e-commerce together with management and decision making within the company.
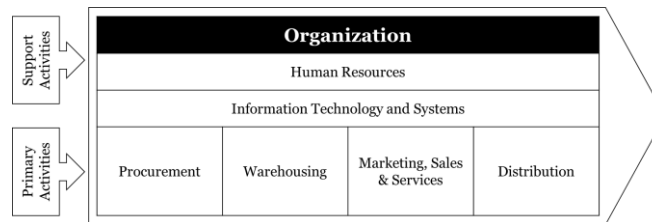
Figure 4. Organization is the focal activity category in this section.

4.2.1 Organizational Structure

The organizational structure is relatively similar for the e-commerce activities among the interviewed companies, however, primarily they differ somewhat depending on their e-commerce maturity and whether they are a relatively new company or have a history within mail order sales. Those with both physical stores and e-commerce have a combination of dedicated and integrated functions for operations and development of their e-commerce, which appears to be a trade-off between synergy and priority. Interviewees state that integrated roles and functions (people responsible for not only e-commerce activities) create better synergies between e-commerce and physical stores, but can in some cases hinder the focus and progress of e-commerce. The companies having many dedicated functions (roles with sole e-commerce focus), say this setup is preferred when a company wants to grow fast and has a less developed e-commerce business than their physical stores, it can also enable e-commerce priority within the organization. This also is stated by Hübner et al. (2016), however, he also stated that the integration of functions is best in the long term and therefore, it can be argued that companies should systematically assess when integration is feasible. This integration can incur major re-organization of companies (Picot-Coupey et al., 2016), hence it should include personnel understanding and acceptation of what changes that might come, followed by investigation of what functions and systems to be synchronized and how. One of the companies is an exception regarding how it is organized, as their e-commerce organization is fully separated from the organization of the physical stores. This is an impediment for omni-channeling as well as sharing of data between the physical and online stores.

E-commerce responsibilities are located on a high organizational level in all companies, and often the e-commerce manager or responsible person is a member of the top management team. Some companies mention that customer service or customer insight is highly connected with e-commerce activities, and therefore either have a function for this integrated with the e-commerce responsibilities or a close collaboration between these functions. E-commerce has shifted upwards in the organizations along with its increased priority for the whole business, and some companies mention this as a crucial part of their success. However, with the previous paragraph in mind, it is possible that in the future there

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[2] Researcher within transportation and sustainability

will be no e-commerce manager or channel specific manager at all, when a majority of processes and functions are so highly integrated that channel specific roles have been blurred out. Companies indicate ambitions to get there, but it is unclear when that will be the case.

It was mentioned that international companies to some extent might suffer from different maturity in e-commerce among countries, and where e-commerce is managed within each country's division there might be tension between the central organization and country divisions as a consequence. Many of the interviewed companies mention that all of their brands or country sites are running on the same base platform and have centralized management but with good collaboration with country divisions, making synergies possible as well as a more scalable business. One company that has a completely country specific setup mentions difficulties regarding synergies between brands or countries, but benefits in more autonomy running the country's e-commerce, although it is mainly beneficial for countries and brands with a well-developed market or e-commerce operations. To overcome this potential issue, the less developed brands' or countries' e-commerce could collaborate and copy best practice parts, however the specifics of the certain brand or country should not be lost during the road towards enhancing its e-commerce business. Also, such a collaboration should not be on the expense of the already well developed country division or brand. Consequently, there is a fine line on the setup of such a collaboration.

4.2.2 The Organization's View on E-commerce

All companies state that e-commerce either will increase in importance or be their core channel of sales in the future. Some companies with physical stores mention that e-commerce progress is a matter of survival for any fashion company and that internationalization will continue to increase competition.

The role of physical stores differs to some extent depending on the company's background. Companies with strong physical presence mention that the omni-channel strategy will be crucial for the organization and that it is within the physical store they can offer unique selling points (USP's) versus companies with low physical presence. Companies with no or very few physical stores tend to see the potential of physical stores as more of a brand building opportunity, with focus to either showcase products or acting as a tool for serving e-commerce customers. One notion is that one company sees their e-commerce mostly as an extra service towards their core customers, and that it does not matter that much from which channel their sales come from. Almost every interviewee mentions that the physical stores and online channels should interplay, and that it is a key task they are working with. However, it is noted that whether companies have a lot or few physical stores does not play such a big matter in how far their omni-channel efforts have been executed or not, neither if they are a reseller of external brands or only sell internally owned brands. There is, though, a notion that staff in physical stores in some cases view e-commerce as a threat to their existence, and because of this there are ongoing discussions regarding if and how to share revenues from online sales with physical stores to decrease this perceived competition and tension. As Hagberg et al. (2016) stated, this feeling is rather usual but has been overcome much today, and it is likely that this is crucial if going towards omni-channeling since the store personnel must be engaged around the transformation. Burt and Sparks (2003) mentions that it probably takes longer for more established retailers to change this view, but once they have turned it around it is fully embraced within the company. However, if being a well-established retailer starting with e-commerce during recent years, the turnaround in getting the employees acceptance might be smaller, since focus can be put directly towards omni-channel solutions (Allhorn, 2017) instead of having to induce e-commerce activities to store personnel.

4.2.3 Management and Decision Making

Regarding management and decision making, quick actions and simplicity is viewed as overall requirements in the e-commerce fashion business for the interviewed companies. Compared with physical stores or mail order catalogues, the possibility to instantly change for example assortment, prices and website layout in e-commerce makes changes highly frequent among competitors and most companies need to adapt to be on the same level.

Connected to the rapid changes, a pattern among the interviewees occurs regarding the sharing of data between different entities of the companies. With the increasing possibility of using data for decision making, it is of high importance to share this data between departments and division borders, as well as between physical stores and e-commerce. This internal integration reduces information asymmetries within the company (Gonzalez and Chacon, 2014), however, it is difficult to make use of the data without solid IT to handle it. The maturity of data sharing within the organization differs among the companies and some mention the difficulties in knowing what data to share and how, since there are such extensive amounts available. Some of the companies with physical stores and e-commerce mention that system-wise they run their e-commerce as a physical store, where for example orders from stores and consumers go into the same system. This integration is viewed as a good foundation for sharing data and knowledge between these entities, but system functionality is not always optimal for online sales.

Regarding the shift many interviewees have faced regarding inclusion of B2C in a former B2B organization, there are primarily companies with internally owned brands that mention this as a challenge. This change incurs a changed mindset from large to small orders, and from weekly or monthly orders to many daily orders. Another change regarding this shift is how to handle the increased amount of customer data when communicating directly with a vast amount of consumers instead of via a limited number of resellers. In order to manage and analyze this big amount of data, new staff competencies and technical systems are needed (as mentioned by Wrigley and Currah, 2006) that were not required in the B2B context.

The high importance of e-commerce within most interviewed companies demands that the staff is engaged around it, and this is managed in different ways. Some mention ambitious goals for the e-commerce as one factor, also that e-commerce is a top management matter, and that physical stores should take part of the revenue from e-commerce so they feel engaged to further promote omni-channeling. However, the actual process of making the organization engaged around e-commerce (or more suitably; omni-channel) transition was not discussed during the interviews.

4.3 Human Resources

In the following section, aspects related to the activity category of human resources are analyzed, as highlighted in figure 5 below. The main themes comprised are the lack of e-commerce related competencies as well as changes in competence resulting from e-commerce.
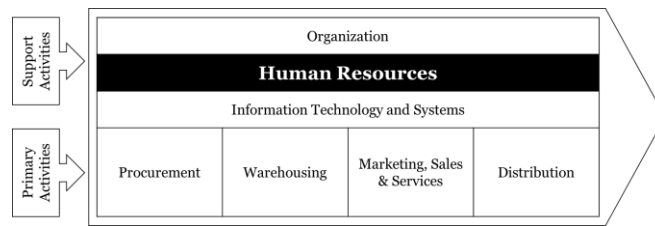
Figure 5. Human resources is the focal activity category in this section.

4.3.1 Lack of competence

The concern among e-commerce actors regarding a possible lack of competence in the future (as reported by Allhorn, 2017 b) is reflected during the interviews. A difficulty in finding and recruiting relevant competencies related to e-commerce appears to not only be a concern of the future, but also a problem that is already faced today. Regarding which kind of competence that is hard to find for the companies, many mention competencies related to digitalization. Programming, digital marketing, and general e-commerce competencies are the ones most frequently mentioned as difficult to find. These are also competencies Gunnilstam (2016 b) reports as most critical to find. One company mentions drawbacks connected to not finding competent enough programmers which has affected the progress of their e-commerce developments; *"I am not saying our current developers are bad, but if we would have had 20 really skilled developers here, our website would look totally different"*. Another company has had to learn most about digital marketing by themselves, which they state as something that *"takes a lot of time and is really complex"*. Some interviewees mention that trade-offs have to be made regarding cost of finding or hiring skilled specialists within the above-mentioned areas, versus learning the skills themselves, a task that appears to take up a lot of time and be very difficult. One interviewee puts it this way: *"even though I have worked within this area (digital marketing) for quite a while, I sometimes think it is very complex and difficult to keep up"*.

Regarding which competencies the interviewees find most important for e-commerce, these seem to strongly correlate with those that are the most difficult to find. First, IT competencies are viewed as important partly due the nature of e-commerce, that it takes place on the digital arena. Another reason mentioned is the need for integration and communication between systems, both for creating a smooth customer journey through the purchasing process, and for the synchronization of processes within the company. Second, the marketing area, especially within digital media, is viewed as an important competence for e-commerce. Just as with IT and logistics, there are rapid changes and innovations within marketing as well, and as mentioned before it is difficult to keep up with this pace. The companies need marketing personnel who knows which channels to focus on and that can cooperate to a high extent with IT staff to analyze data and rapidly take actions to steer marketing towards the right channel and adapt the message for certain target groups. A third competence considered as important is logistics skills, which is however not considered as difficult to find. Logistics competencies are important because it is viewed as an area of improvement by several of the interviewees. On the one hand, they need to optimize current distribution operations towards customers in terms of lead times and costs, and on the other hand they feel an urge to decide how to deal with innovative distribution solutions.

The fact that the most important competencies for e-commerce are scarce and difficult to find implies a critical need for e-commerce actors to focus on human resources management, in terms of securing the supply of competent staff as well as maintaining the current workforce. Internal trainee programs could become one part of the solution (Gunnilstam, 2016 b), but partnerships with other actors such as universities and consultancy firms might also be critical in this matter. This is an aspect of e-

commerce success that might not at first be as obvious as other aspects. However, not being able to acquire the relevant competencies needed would constitute a major impediment for e-commerce actors in many aspects, ranging from daily operations to development and growth.

4.3.2 Competence Related Changes

A major theme during the interviews was how fast everything changes in e-commerce, which of course has a big impact on the competence and personnel. All new possibilities and challenges that arise over a shorter and shorter time period must be evaluated with higher accuracy than before, to gain the attention of customers. Therefore, to understand customers better and adapt offerings accordingly is mentioned as very important by the companies. The biggest ingredient in this fast-changed theme is data management. It is however a competence that necessarily does not have to be a separate department or function, but can just as well be integrated within for example logistics and marketing, meaning that people working in these areas need to have at least some knowledge within data management and analysis. However, as concluded in the previous section, competence in this area is scarce and it is therefore critical for companies to secure such competence to be able to follow the fast development in e-commerce.

For retailers with physical stores, e-commerce is stated to place greater demands on physical store personnel in terms of better service and more knowledge about the products, due to more well-informed customers in general (PostNord, 2017). Many companies agree that the requirements on store personnel changes with the changing role of physical stores, but how these requirements change is not as clear. Most of the companies state that it depends on how the role of the physical stores evolves. Peter Hietala[3] on the other and believes that physical store personnel have to become the *"kings and queens of omni-channel"* as they play an important role in weaving together sales channels.

Regarding potential functions or activities that should or can be carried out by an external part, the companies have chosen to work in several ways. The three foremost factors affecting outsource versus in-house decisions in the interviewed companies are cost, lead time and quality. It is a well-known saying, and also something that the companies touched upon, that companies should focus on the things that they are best at and outsource things that other actors can do better (see for instance van Weele, 2014). Most companies have their own warehouse operations and marketing department, whereas distribution and much of system maintenance and development are outsourced. Reasons mentioned for this is due to the flexibility in scaling and the quality these third parties can offer.

4.4 Information Technology and Systems

In the following section, aspects related to the activity category of information technology and systems are analyzed, as highlighted in figure 6 below. The main themes comprised are the importance of data, the functionality of information systems as well as complexity related to how systems are integrated.

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[3] Expert within logistics and distribution

Figure 6. Information technology and systems is the focal activity category in this section.

4.4.1 The Importance of Data

Today's information systems can gather massive amounts of data regarding for example online marketing hits and customer preferences, making processing and analysis of data an important area for e-commerce actors. Many of the interviewees mention the increasing possibilities of using data in different ways, such as personalization of the value proposition and the website based on insights from customer data. The mentioned possibilities are similar to the benefits of increased information sharing stated by Gonzalez and Chacon (2014). However, many interviewees mention that the full potential is far from fully utilized today. The reasons for this vary but the underlying logic is the complexity of managing the vast amounts of data, which is also related to how information is shared within organizations. This is in line with the indication of CMO's being unprepared to deal with big data (Jobs et al., 2016). Many companies lack appropriate system support for efficient information sharing today, as well as many technical solutions to serve this purpose must be purchased or licensed from external providers, which companies state as very costly. These costs can be hard to motivate for smaller actors with a limited budget. Nonetheless, it seems like the biggest challenge with data is that the possibilities to use these kinds of data are relatively new and that the supply of competence has not been developed in the same pace.

4.4.2 Functionality of Information Systems

System support in the form of different kinds of information systems is a crucial foundation for any e-commerce business to function. Companies mention that in order to enhance the e-commerce offer, IT-systems are vital but in many cases also the main impediment due to lacking functionality of systems currently put in place. Several examples of such impediments are found during the interviews, such as checkout systems that do not support integration of physical and online stores, information systems not fully optimized for e-commerce logistics and lacking systems support for new distribution solutions.

Most retailers with physical stores mention the importance of integrating information systems for physical stores with the ones for the online store. This is as well emphasized by Peleg and Lee (2006) and McPherson (2015), where the latter author adds the real-time accessibility part as crucial to fully utilize the integration. This connects to for example sharing of revenue between physical stores and e-commerce as well as pick up in store possibilities. The integration of systems for online and physical stores seems to be a relatively large issue, as many companies mention both the technical challenges of it as well as decision related factors, such as what levels of revenue sharing between online and physical stores that is considered suitable. Hagberg mentions that the omni thinking in digitalization of physical stores is growing, and that the digitalization of fashion companies until recently more or less has been focused primarily on just e-commerce. Additionally, interviewees discuss important functions that the systems must fulfill in order to optimize omni-channel efforts, where several of them mention that it is the technical issues that set most of the boundaries. Examples of this are click and collect solutions, returnability of e-commerce orders in stores and the redeem of e-commerce coupons

and discounts in physical stores, to mention some. According to Hübner et al. (2016), IT is the enabler for efficient omni-channels, hence big efforts should be put towards solving these technical issues to become truly, or at least more, omni.

Furthermore, with rapid developments related to e-commerce as well as the overall digitalization of society, IT-related changes and innovations happen very fast and companies face the challenge of keeping up with this rapid pace. One company explicitly address this issue in terms of not knowing where to focus their efforts in this fast IT development, and several other companies indicate similar issues. One of the most prevalent on-going changes in IT for the e-commerce fashion actors is the increased focus on different devices, with mobile being the most dominant one. Several companies claim that the increase in sales via mobile devices is so rapid that e-commerce through these devices might soon be more important than via the traditional desktop interface, something Zaryouni (2014) states that fashion retailers in general are good at understanding and adapt to. An indication of this is the increase from 24 to 38 per cent during 2016 of Swedish consumers purchasing at least one item via their mobile (PostNord, 2017). Therefore, site management and web programming to adapt sites to other devices than desktops, along with its connections to the different information systems become of increasing importance. One interviewee put it this way: *"If a new device becomes a big medium (for online shopping) we need to keep up with the development and be there"*. The platforms where product data, order management and the website are connected seems to be either a great enabler or impediment for the companies to adapt their e-commerce business to a certain device, making this a crucial factor to manage.

In summary, from an information systems and functionality perspective, success is much related to keeping up with fast developments in information technology and being able to find the right systems to support the e-commerce business with the right functionality.

4.4.3 Complexity

The IT landscape for e-commerce actors appears to be very complex including a lot of different platforms, systems, and integrations amongst them. Hietala mentions that unsatisfactory integrations between systems and insufficient functionality might work for actors who are relatively small, but when their e-commerce business grows and becomes bigger it gets too complex, which he argues as something that prevents the pace and growth of e-commerce actors. Several researchers (e.g. Falk and Hagsten, 2015; Picot-Coupey et al., 2016) mention that e-commerce requires synchronization of several systems to obtain desired functionality. Similarly, the companies indicate that e-commerce requires the use of a wide range of independent systems that must be integrated to work together which implies a high complexity. How well the systems are connected through several integrations affects the e-commerce business and sets boundaries for the different processes throughout the business. Most interviewees have, at least to some extent, internally developed IT solutions or integrations to support the e-commerce activities, but it varies and there is no pattern in whether the company is big or small regarding the altitude of self-developed IT.

As Nelson et al. (2006) states, with the increase of e-commerce practitioners, companies specializing in modules (in this case meaning certain functions of the e-commerce) will become more frequent, to act as service providers for the e-commerce companies. A recurring discussion during many interviews were to which extent the companies are working internally with IT operations and development, versus outsourcing of these activities and buying ready-to-use systems. The conclusion is that most companies believe a combination of these alternatives works best. Most basic systems have been purchased from an external provider, due to the time-consuming development and advanced functions

these systems have. However, the adaptation for each company differs, and there is not any common practice on which entity (internal or external) that has optimized the software to suit their business. Nonetheless, advantages and disadvantages between having internal or external development have been mentioned by several companies. Internal development is viewed as the best alternative when having many individual modifications to be made and when there are many daily IT-related issues to be solved. On the other hand, these competencies are generally difficult to recruit as well as they are expensive, and furthermore issues often occur when upgrading systems with a high degree of internal development and modifications. Regarding external development, the advantages are related to scale and sharing of costs with other customers of the external provider. The major drawback in this case is the risk to prolong lead time of problem solving since the responsible personnel is often not exclusive for the e-commerce actor.

To conclude, and as some interviewees have mentioned, basic competence within IT is important to have internally as well as knowledge on what and to some extent how to modify systems for the own enterprise. However, external knowledge seems most feasible to use when having technically advanced issues or integrations to be carried out, although in early stages of e-commerce it is more common to hire some IT personnel internally if the development is going to have major impact on the way IT is handled within the division or company.

4.5 Procurement

In the following section, aspects related to the activity category of procurement are analyzed, as highlighted in figure 7 below. The main themes comprised are the procurement process, the product range and assortment as well as the relationships with suppliers.

Figure 7. Procurement is the focal activity category in this section.

4.5.1 The Procurement Process

Although the importance of short lead times to the fashion industry (as stated by e.g. Christopher et al., 2004) has been well known for a long time, e-commerce appears to increase the importance of short lead times even further for this industry, as there is a consensus among the interviewed companies that e-commerce places even greater demands on shorter lead times. Due to the fast pace of e-commerce which implies a need to be up to date with trends, the purchasing function has to act within a shorter time window, and accordingly the lead times have to be shortened from product design to a final product that can be sold via the website. Several companies also mention that seasons are displaced and shortened as a consequence of e-commerce. Hence, shortening lead times during the procurement process is a critical factor, particularly in the case of internally owned brands as it includes a design phase for the company which is not present when reselling an external brand.

In addition to reducing lead times in the process, keeping costs down is important and many of the interviewed companies use a combination of foreign and local sourcing in order to balance the trade-off between low costs and short lead times. Two of the retailers mention the need for short lead times

in product design, but also that pushing lead times too far during the design phase would lead to a bad product in terms of design and fit. To compensate for the longer lead times with mainly East Asian suppliers in initial product design, they work with additional suppliers located less far away to reduce lead times when they re-buy products that they see become popular. Another way of reducing the lead times in the design phase is to have personnel present closer to production. One of the retailers mentions that they have production offices close to foreign suppliers where some of the design activities can take place in order to reduce lead times.

In the majority of the companies, the e-commerce organization is found to have a limited impact on the procurement process, particularly when it comes to product design, which is not optimal since procurement professionals should consider all relevant business activities (see Van Weele, 2014). In most cases, especially for retailers with several sales channels or belonging to a larger group, there is a central purchasing and design organization which handles these matters whereas the e-commerce organization is solely responsible for allocation of final products in the online store. An exception is one of the internal brand companies which has reshaped the purchasing process to involve representatives from all function units and thereby managed to significantly reduce the lead time from product design into final product. By doing so, they have not only been able to cut unnecessary process steps and modifications, but also to secure a product line that better attracts both online and offline customers. This example indicates benefits of connecting the purchasing function with the other functions of the company, both in terms of assortment and lead times. However, as many companies are still not there, this can be seen as a relatively unique initiative.

Aligning the procurement process with the other processes such as sales seems appealing for the other companies as well. As an example, one of the companies with only internally owned brands mentions the importance of timing in the product range, in terms of offering the right products when the customers are ready for them. Being able to realize this timing links back to the shortening of lead times and aligning the purchasing and sales departments. Several companies also mention an important link between the procurement process and the return process. One retailer state that the design, purchasing, and quality assurance activities play important roles for the product fit and hence the return rate. Similarly, another retailer states that they are aiming to achieve the same fit for several product designs to help the customer find the right size and minimize returns, and that the realization of this involves both product design and supplier management. Also Hietala mentions the benefits of aligning purchasing with returns, for example in terms of giving signals to purchasing about returns due to bad fits in order for them to be able to take appropriate action.

4.5.2 The Product Range

Similar to Sung's (2006) finding regarding variety of goods and services as a main success factor for e-commerce, many of the interviewed companies clearly state the importance of a good product range. There is a consensus among the companies that offering the right products in terms of what is desired by the customers is a basic criterion for successful sales, regardless of sales channel. Consequently, it can be argued that the successful sales of an e-commerce company start with their procurement process and assortment development.

Three of the retailers with physical stores mention benefits of being able to offer the full product range online, which for them is not possible to do in every single physical store, and thereby extending the physical store with an "endless aisle". This is in line with Hübner et al.'s (2016) finding that e-commerce allows retailers to increase their assortment. A fourth retailer however mentions a challenge in that consumers expect an assortment ranging over several seasons online, meaning that a wider

product range must be kept in stock for online sales. Seen from another angle, another company with a history in mail order sales sees e-commerce as a possibility to adapt the product range faster than through a catalogue, which is not an extension of the product range in itself, but an extension of the flexibility in product range.

One retailer with high physical presence and a wide product range mentions the difficulty in offering their full product range online, while another retailer with tradition in mail order retailing states the opposite and believes that it is easier to offer the full product range online. The different experience and sales channels backgrounds among the two companies appears to be the main reason for these conflicting views, which indicates that the feasibility of expanding the product range through e-commerce sales depends how much experience the company has in distance sales and on how well-developed other e-commerce related processes are. This finding is much related to Hübner et al.'s (2016) finding that retailers can expand their online assortment as they gain experience in e-commerce. Relating back to the importance of a good product range for successful e-commerce sales, overcoming initial complexity and costs related to assortment expansion online therefore appears to contribute to success in terms of improving the product range.

From another point of view, some companies mention that they have some products in their product range that are exclusively offered online. Although most of the companies which operate several sales channels appear to avoid offering a web-unique product range, some indicate that this is used as a way to reduce lead times in new product introductions or that it might be a possibility in the future.

The increased popularity in dropshipping (McPherson, 2015) is not reflected among the interviewed companies. Whereas dropshipping was mentioned during several interviews as a way for the companies to expand the product range without having to keep additional products in their own warehouses, the use of this set-up appeared to be uncommon. In fact, it is mostly used by resellers with a broader product range than only fashion products, including bulky and more expensive products where benefits of not having to keep the items in store are obvious from a space utilization and tied-up capital point of view. For fashion products such as apparel, shoes and accessories, benefits are less obvious, which might be a reason why dropshipping is not more frequently used. However, one retailer mentions dropshipping as an alternative in the future but points out that the fashion industry is not ready for it yet. One reason for this might be that the required technology mentioned by McPherson (2015) might not be put in place in this industry. For internally owned brands, no indication of dropshipping intentions was noticed, which makes sense since these products then would have to be shipped directly from the producing supplier to the consumer. This would quickly become very complex from a logistics and systems perspective.

All the interviewed companies state benefits of having internally owned brands, even in the case where a main share of the product range consists of external brands. The importance of internally owned brands to profitability and standing out from competitors as stated by PostNord (2017) is hence confirmed by the companies. Internally owned brands are said to generate higher margins, but at the same time some companies stress that they require bigger investments in the design and stock purchase phase. However, the main benefit of internally owned brands according to several companies appears to be that there are no direct competitors for these products and thereby price wars in online searches can be avoided. Several companies explicitly state that they try to avoid competing with some of the "giant online retailers" since they cannot keep up with their low prices and lenient service offerings. Particularly companies reselling external brands have a hard time to keep up with these actors, and as a consequence two reselling companies mention the importance of finding a niche for their product range, linked to the targeted customer group. They both state that having a too broad

product range of external brands without a clear niche places focus on price which makes it hard to compete. Having a clear niche is also brought up as important by the companies with only internally owned brands, but from the angle of holding on to the niche and not losing grip of what the brand stands for over time. Additionally, several of the resellers of external brands mention that many of these external brands have become more difficult and selective regarding their choice of resellers due to increasing efforts to sell through their internal channels. Some of these resellers mention that they themselves also are focusing on their own internal brands, partly as a consequence of the increased competition to sell external brands.

4.5.3 Supplier Relationships

Out of the interviewed companies only one of the retailers with only internally owned brands operates production internally to some extent, motivated by the ability to better control working conditions in the factories. In all other cases production is outsourced to suppliers located in different parts of the world, and the companies have a relatively low degree of involvement in the production process in itself. Instead, they focus on managing the relationship with the suppliers and making sure that they fulfill different requirements, both in terms of product quality and working conditions. As a consequence, the procurement process and particularly supplier relationship management becomes a critical function for e-commerce companies with mainly internally owned brands, because it is during this process the products are made in collaboration with external suppliers.

The importance of close collaboration with suppliers for successful fashion e-commerce (Lee, 2016) is strengthened during the interviews. Although the overall involvement in production activities is rather low, many of the companies stress the importance of having a close collaboration with producing suppliers for strengthening the brand. Some mention the quality aspect of the products, while others stress the sustainability aspect. Long-term relationships with suppliers appear important also when it comes to reselling of external brands. However, three resellers of external brands describe a problematic development where external brands are becoming more selective in the choice of resellers and are pulling back a lot of their sales to internal channels, particularly for online sales. In other words, there is an increasing competition among reselling companies to sell products from external brands, which adds another dimension to the importance of keeping close relationships with suppliers.

Several solutions are used within the companies to manage the relationships with producing suppliers and suppliers of external brands. Many companies use a combination of direct contact with bigger suppliers and middle-hands such as agents or local offices for managing a higher amount of smaller suppliers. With the trend of major external brands focusing on selling through their own sales channels, these middlemen might play an even bigger role in the future to secure procurement from important external brands.

4.6 Warehousing

In the following section, aspects related to the activity category of warehousing are analyzed, as highlighted in figure 8 below. The main themes comprised are the warehouse operations and the way in which the warehouses are organized.

Figure 8. Warehousing is the focal activity category in this section.

4.6.1 Warehouse Operations

Scalable warehousing is an important aspect when sales is increasing, something Hietala mentions that 3PL's in general are being very good at. However, several interviewees state that they are operating their own warehouses and that it is more suitable for their business. One of them says "*due to the warehouse operations complexity, it would be difficult to outsource this function, with regards to contracts for example*". Another interviewee states a similar thought but with regards to costs being an important aspect as well: "*3PL's are very expensive and inflexible, they say no to things that are everyday activities for our warehouse operations*", implying that their setup of goods flow is complex and that a custom-made solution from an external party would not be feasible. Nonetheless, some of the interviewees use 3PL's for their warehouse operations. What they have in common is that they are relatively new to e-commerce and that their e-commerce businesses have grown a lot the past few years, though still being small in comparison with most other interviewed companies. This is in line with Graves (2013) highlighting how 3PL is the recommended choice for new actors within e-commerce. However, the author also states the experience and suitable equipment of 3PL's being a beneficial aspect of choosing 3PL's for their flexibility (no matter the maturity), which is somewhat contradictory from the interviewee stating the inflexibility and rigidity of potential 3PL's.

Almost all warehouse operations among the interviewees are manual, except for two companies who have semi-automated processes. However, possibilities and examples of some competitors' automated warehouse solutions are mentioned and named as future potential by a few companies. These companies state that there is a trend to automatize warehouses and that they might have to follow soon, even though they think that the initial investments will be very high. Graves' (2013) elaboration that 3PL's should take initial costs (and hence also the operations) for this might be the most feasible case, at least initially. After all, as Hinchey (2015) states, there are several benefits of the automation including for example less manual labor, reduced lead times and enhanced picking accuracy. The big question to solve for the e-commerce actors is probably not if to start using automated warehousing solutions, but rather when the right time is to start with it.

The challenges for e-commerce warehouse operations, as mentioned above, differ among the interviewed companies. The order handling (such as pick and pack) activities are stated to be more time pressured due to the fact that e-commerce orders are sent to consumers, as compared with physical stores which are middlemen and therefore not as demanding. Since this process has impact on the lead time, it affects the customer satisfaction and the promise towards them. As Both Graves (2013) and Hinchey (2015) stated, the change from bulk to individual order picking puts pressure towards time reduction of these activities. Also, e-commerce warehouse operations are often located inside or just next to the regular warehouse, which implies internal movement of e-commerce stock. Since the e-commerce orders have high priority and the fact that e-commerce sales are increasing, these inventory movements will become more frequent and eventually need to be re-organized. One future scenario can be to integrate the e-commerce and central inventories fully and set-up pick and pack processes that can handle both e-commerce and store replenishment orders efficiently (this will be

further elaborated in the next paragraph). One interviewee stated the importance of systems and stock levels being ready for peaks in e-commerce sales, with heavy sales days such as black Friday as examples. Pedrielli et al. (2016) imply that this readiness is something that fashion companies must comply with also over the whole year due to the generally frequent introduction of new products affecting the inventory levels. Connected to this, another interviewee mentioned the issue of staffing the warehouse during these kinds of days as difficult. The issues mentioned imply that the organizing of warehouse operations is one important aspect to focus on to fulfill the customer expectations. It is also important from the cost perspective, particularly in the picking phase, since (if being manual) this activity is the most time and labor consuming according to Pedrielli et al. (2016).

4.6.2 Organization of Warehouses

It appears that having the e-commerce and physical store replenishment inventories next door or under the same roof is the most frequent choice for the interviewed companies. The reasons for this can be due to the big difference in the order management process, with much smaller but more frequent orders in the e-commerce business. Hietala mentions that most warehouses today are still optimized for B2B operations, but a shift is expected due to the increase in e-commerce and its importance to companies. This shift is indicated by some companies as well, however they mention that they need higher volumes in their e-commerce for this to be feasible. Hübner et al. (2016) states that this is the future of warehousing set-ups for retailers with both e-commerce and physical stores, where the first step is to integrate the inventories physically and then also integrate the picking. This can be viewed as a serious effort towards becoming omni, due to the seamlessness that is the desired outcome of such a transition. The differences of the two channels might also, due to compensation effects, create efficiency for all orders and hence possibly enable shorter lead times to customers.

Several interviewees mention the difficulty in having just one or a few e-commerce warehouses, because it prolongs the delivery lead times to customers. One company with physical stores mention the possibility to use their stores as e-commerce warehouses as an interesting opportunity, since they already have some inventory in the stores this would not incur so much extra costs and they would get closer to the e-commerce customers. This effort also incurs a smaller change regarding the inventory integration part that Hübner et al. (2016) mentioned, since store inventories and their potential coverage of e-commerce customers is not as large as the case for an overall warehouse. Two of the interviewed companies without physical stores instead mention that they might need to establish additional warehouses to cope with delivery times. These two different approaches differ partly on the matter of whether companies want to open up new physical stores (and use them as warehouses for e-commerce) or if they mainly want to focus on expanding the e-commerce. Obviously there is a middle way with both opening warehouses and physical stores, but this was not elaborated by any of the companies.

4.7 Marketing, Sales and Services

In the following section, aspects related to the activity category of marketing, sales and services are analyzed, as highlighted in figure 9 below. The main themes comprised are how companies use digital marketing and social media and how they shape their e-commerce value proposition, as well as the e-commerce website, customer services and the creation of trust online.

Figure 9. Marketing, sales and services is the focal activity category in this section.

4.7.1 Digital Marketing and Social Media

The general thoughts regarding marketing and branding among the interviewed e-commerce actors is that it is increasingly important for them to know their niche, differentiating characteristics and values, and to communicate these with extreme accuracy and consistency. This finding confirms the increased importance of branding in e-commerce (Burt and Sparks, 2003). Additionally, several companies stress the importance of being relevant to the customers in this communication. Liang et al. (2012) state the importance of personalizing the value proposition to meet individual needs and preferences of customers and thereby increasing relevance. The interviewed companies similarly state that the communicated message needs to be personalized to increase perceived relevance, which can appear somewhat paradoxical to communicating with consistency. However, this personalized message should still be within the frame of the company's niche and values. Hence, it is important that the personalized and customer-adapted communication is in line with the overall communication of the company's brand.

The simultaneous need for consistent but yet personalized communication towards the customers implies an increased marketing complexity. Several companies also mention the challenge of the increasing amount of different channels through which the companies can communicate with their customers, and some particularly stress the challenge of being consistent among all these channels. Reaching out with a clear and consistent message in this complex landscape also becomes of particular importance since consumers of today use information communicated online as a major source to guide their purchasing decisions of fashion products (Ruane and Wallace, 2013). Both the challenges and possibilities with this complex marketing landscape make management of marketing activities crucial for the interviewed e-commerce actors.

There is a tendency among the interviewed companies that physical stores are more viewed as either a service that for instance allows customers to try out products and can help them in their online purchase, or as a branding effort where physical stores act as flagship stores communicating a superior brand and customer experience rather than focusing on generating physical sales. The latter view is more dominant among interviewees with no or few physical stores today, whereas those with widespread physical stores see the physical store's function as broader. The reasons why Swedish consumers prefer to make a purchase online such as convenience and lower prices (PostNord, 2017) might be a contributing factor to the decreasing importance of physical stores to retailers in terms of generating sales. However, related to the fact that customers are getting used to finding a store both online and in physical form (Andersson, 2016), it is clear that physical stores will still be important in other aspects than generating sales. One retailer without physical stores mentions pop-up stores as a possible form of physical expansion in the future. Although this retailer mainly mentions this as a branding effort, is can also be seen as an example of pop-up stores as a facilitator of the moving towards omni-channel in line with the findings of Picot-Coupey et al. (2016). This example further strengthens the future importance of physical stores as a complement to e-commerce.

Regarding channels to advertise and communicate in, almost all bring up social media and search engines. Common denominators with both social media and search engine marketing mentioned by several companies is the possibility to quickly measure and scale or adjust campaigns. The increased importance of social media to fashion e-commerce (Ruane and Wallace, 2013) is confirmed during interviews, as well as the new trend in how retailers market themselves online is observed (Björkman, 2017). In social media, Facebook is stated to be the dominant channel and one interviewee says they need to keep track of the user terms every day in case something would change. The increased importance of influencers and fashion bloggers as reported by Crewe (2012) and Allhorn (2017 c) is also mentioned by some retailers. The maturity in social media differs among companies depending on the target customer group, where those with a younger audience are very active and the other way around for those with slightly older customers. However, the usage of social media increases for people of all ages so the companies with an older target customer group mention that they need to adapt to this quickly to not lose ground. It is therefore clear that the adequate use of various kinds of social media is important for successful fashion e-commerce.

The importance of Google for e-commerce (PostNord, 2017) is also evident among the interviewed companies. Regarding search engines, the Goliath is Google. Through Google the companies either pay for marketing (Search Engine Marketing, SEM) or optimize their websites to get a high ranking (Search Engine Optimization, SEO). Most interviewees are using both of these methods to some extent. Yet, it is highlighted that especially SEO is very advanced and it is difficult to find experts within the field without paying a lot for it. SEM is similar but opposite, it is easy but can cost a fortune if the companies want to be related with a certain word in online searches.

In addition to digital marketing through SEO/SEM, more traditional advertising mediums, such as catalogues and TV, are still used by several of the companies, but also here the medium is changing more towards being online. Most magazines, catalogues and newspapers exist online and the same goes for TV channels. The fact that these traditional mediums move online makes the effect of them more measurable and flexible as compared with their traditional physical forms, although still not as flexible as social media or search engines.

4.7.2 The Value Proposition

The e-commerce value proposition not only includes the product sold by the company via electronic means to the customer in itself, but also all related services as well as the customer experience throughout the online purchase (Ahrholdt, 2011; McPherson, 2015). Hence, there is a wide array of possibilities to shape the value proposition, which is also something that should be done with careful consideration. The wide array of possibilities becomes even wider in symbiosis with physical stores, and similar to the reported initiatives of Swedish retailers to connect physical and online stores (Gunnilstam, 2017), many of the interviewed companies indicate ambitions to enhance their value proposition by weaving together their channels. The interviewed e-commerce actors perceive the demands on the value proposition extremely high. The main reasons mentioned behind this is the wide range of competing offerings available just some clicks away at any competitor, but the increased power of consumers as an effect of digitalized fashion sales (Crewe, 2012) might also be an important contributing factor.

Most companies state that the price competition is fierce within the fashion industry, especially in e-commerce. Several companies therefore try to steer away from competing mainly on price and therefore put weight on many of the other possibilities to shape the e-commerce value proposition. Most interviewed companies believe that there are few competitors that can survive by focusing on

offering the lowest prices. Examples of aspects that are important in shaping the value proposition, other than simply the product and its price, are payments, deliveries, pick-up possibilities, returns, services and expert knowledge. The width mentioned makes it difficult to choose how to shape and what to include in the value proposition, and to enable every possible alternative would be practically impossible as well as extremely expensive. One retailer explicitly states that the possibilities are so great that it becomes challenging for them to know what to focus on, whereas another retailer mentions the difficulties related to pricing and how to charge for different aspects of the offer.

A majority of Swedish consumers rank the importance of choices regarding payment options and deliveries as very high (PostNord, 2017). Similarly, the possibility for the customer to make choices is mentioned by several companies as an important aspect in the value proposition. Including options regarding different aspects of the offer is argued as something that increases the overall perceived attractiveness of the value proposition to the customers. Hietala mentions that only a few options can be sufficient, because *"the customers like to have options, even though they are prone to prefer only one option in most cases"*. This implies that the possibility for the customer to choose between several alternatives (for instance regarding services, delivery, or payment) is an aspect of the offering which can be more important than the offered alternatives themselves, which is important for the companies to keep in mind when shaping their value propositions.

Three issues that many of the interviewees talk about regarding the value proposition are knowing what the customers want, communicating the value proposition with clarity, and what to include or exclude in the value proposition. The importance of understanding customers and knowing what they want as stressed by several authors (e.g. Graves, 2013; McPherson, 2015) is equally stressed by the companies. According to the companies, knowing what the customers want is to a large extent enabled by collecting and analyzing data on customer patterns, to consequently be able to offer the options that are most sought for by the target customer group. Some companies indicate that it is more important to clearly state what is included in the value proposition and to make customers aware of what to expect, rather than to offer everything the customers want. This supports information clarity as an important aspect to consumers shopping online (Ruane and Wallace, 2013; PostNord, 2017). In that sense, clarity becomes a critical aspect of the e-commerce value proposition which relates much to what is communicated in marketing as well as to website design and content. Regarding what to include or charge extra for, it is for the companies a matter of conversion rate versus cost and to some extent sustainability (at least regarding delivery and return options).

4.7.3 The Website

In e-commerce, the place of selection and purchase is through the website, hence the management of the website is essential for successful sales. When the interviewees talk about characteristics of their desired website, an overall pattern is found. Almost all of them talk to some extent about simplicity and convenience for the customers, confirming the importance of information clarity, ease of navigation and convenience for a successful e-commerce website (Lai et al., 2014; Salehi et al., 2012; PostNord, 2017). While detailed information is important to guide customers in the purchase (Salehi et al., 2012), providing too much information could instead confuse the customer and impede the purchase. Therefore, all information that plays a role in the customer's purchasing decision needs to be displayed and communicated intuitively without requiring extra clicks or efforts from the customer. Something that could add complexity in creating user friendly and convenient websites is the fact that customers within different markets are not homogenous, implying a need for multiple websites to serve different markets (Blazquez, 2012). Some companies mention having websites adapted to their different markets, but no related challenges are brought up. However, it can be said that the creation of a

convenient and user friendly website for fashion e-commerce might be more complex than it first seems, particularly when several markets will be served.

In addition to simplicity and convenience, many interviewees state that an inspiring and engaging website is important as well, particularly for the customer experience. This could be related to the need to replicate the social and sensory experience of shopping which otherwise is lost when customers shop online instead of in physical stores (Ruane and Wallace, 2013). Furthermore, it relates to Wei et al.'s (2014) argument that relevance is not enough for a successful fashion e-commerce website, and that an engaging and enjoyable shopping experience is equally as important online as in a physical store. One retailer with only internally owned brands sees this as one of their most important tasks and something that adds a great brand value. "Deep content" (referring to informative and/or inspiring articles and videos) is here integrated with the shopping aspect of the website to enhance the brand experience. Another mentioned benefit of incorporating deep content into the website is higher rankings on Google when used properly.

In addition to the above-mentioned characteristics, some companies also mention more specific website features that they think will have a big impact on their e-commerce in the future. One of them is plug-ins and tools for fitting and size estimations. This can either be in a very descriptive and informative manner as well as the uploading of pictures or use of a web camera to receive an augmented picture of the garment on the body. Videos and pictures of the garment on a model is also mentioned as something that can increase even more in importance, although already important today (as argued by e.g. Wei et al., 2014), both in terms of inspiration and size estimation. However, no features related to the potential ability to translate textual searches into visual results and vice versa as studied by Zoghbi et al. (2016) are mentioned. Whether this is because such features are not desired by the companies, or something that lies too far ahead in the future for companies to consider is hard to tell from interview results. What can be said however is that both textually and visually communicated information plays a key role for fashion e-commerce websites.

A final feature mentioned is the integration of various social media into the website, such as Instagram, Facebook, or Pinterest. This is related to the replication of the social experience of shopping (Ruane and Wallace, 2013). Social media can be used both to let customers share pictures of the garments outside of the website, but also to let customers interact with each other directly on the website by discussing, inspiring or informing on how they use the garments, their opinions about sizes and looks and to communicate with the company in forums or chats.

In terms of assortment on the website, e-commerce has some potential benefits compared with physical stores which some interviewees talked about. One is the possibility to adapt what to show and where to show it on the website depending on the availability of the products. This enables steering of the sales and balancing in the warehouses in terms of minimizing stock-outs and overstocking. Another feature is the possibility for customers to conveniently browse between all products. Companies with a wide variety of products mention this as a benefit of e-commerce as compared with physical stores. A final feature mentioned is the possibility to personalize what products that are shown to each customer based on their shopping history and other available customer data. Just as Liang et al. (2012), the interviewed companies see personalization as a way to make the content and products displayed on the website more relevant for the customers. Some companies argue that this can help increase the conversion rate a lot. However, the achievement of this feature is technically advanced and most interviewees state that their current solution is far from satisfactory in this matter.

4.7.4 Customer Service

In line with Liang et al. (2012) and Sun et al. (2015), the interviewed companies agree that customer services are important for successful e-commerce, and most of them value their customer service as much more than a post-sale service function. Reasons for this are much related to that salespersons and direct communication with the customer is replaced with a website interface in e-commerce sales (Loan et al., 2015). Some of the interviewees from companies without physical stores emphasize the importance of great customer service due to the lack of physical presence. The customer service function has therefore become more integrated with other functions in some of the companies, to collect input regarding for instance design issues and the shaping of the offer as well as website development.

Most companies, even those with physical stores, see a potential of integrating for example customer service chat functionality into the website. Elmorshidy (2013) argues that this is a cost-efficient way to offer customer services in e-commerce. While companies partially agree with this view, they simultaneously believe that such a service comes with an obligation to have high availability and professionality, something that many express as both expensive and complex. One reason for this is the fact that many e-commerce customers are shopping outside regular office hours, which then would demand the online retailers to hire customer service personnel also during evenings and hence cost more. Another potential issue is that if customer service staff is unavailable outside office hours, many questions might not be answered until the following day, something that could have a negative impact on customer satisfaction. Sun et al. (2015) stress the importance high quality customer services in terms of showing genuine care, something that might also be a contributing factor to why the companies are hesitant and believe a chat would be costly. Although none of the interviewed companies use a customer service chat in their websites today, the use of social media in a similar matter (PostNord, 2017) is applied by several companies, which implies that the challenges for implementing a customer service chat also on the website might not be as major as many companies believe. Furthermore, as Lee (2016) stresses 24-hours availability of customer service as a key to e-commerce success, it might be worth the while for companies to overcome these challenges.

The companies with physical presence view their stores as important in providing customer service, and see it as a unique selling point compared to e-commerce actors without physical stores. Staff in physical stores are in many cases also seen as promoters of e-commerce, to make sure the customers are aware of the full range value proposition of these companies.

4.7.5 Trust

Several authors state the importance of trust in e-commerce transactions (e.g. Ahrholdt, 2011; Loan et al., 2015; Worasesthaphong, 2015) as consumers perceive higher risks and uncertainties associated with shopping online than in physical stores. Consequently, companies need to create a sense of trust online, which mainly is communicated through their websites. When it comes to creating this trust, four aspects are found to be of special importance to the interviewed companies. First, the companies with either a long history in physical or mail order sales mention how their well-established and strong brand has helped them a lot when expanding into e-commerce, among other things in terms of proving to online customers that they are a trustful and serious actor. Also companies with a shorter history similarly state that creating a strong brand is important for creating trust. This confirms branding as important for e-commerce trust (Heuer et al., 2015). It also relates to Worasesthaphong's (2015) statement that the company's reputation influences trust online. Together, this implies that it is not only important for the e-commerce retailer to have a strong brand, but also a good reputation related

to it. Satisfied customers who spread positive thoughts about the brand can therefore be argued as an important factor in this aspect.

Second, several of the companies mention the importance of offering the right payment alternatives and that partnering up with relevant actors in this matter appears to increase the perceived trustworthiness. Payment solutions are similarly stated by PostNord (2017) as an important factor related to trust. What is considered to be the "right" payment alternatives is much related to the alternatives that are the most common and preferred within each market, something that a few companies stress as very different from country to country. Third, and similar to the previous aspect, the offered distribution and delivery alternatives play an important role in creating trust, particularly in terms of assuring the customer that they will get the product as promised. Also here, partnerships with relevant and trustworthy actors is stated to increase the perceived trust.

Finally, clarity regarding terms and conditions, services, prices, additional costs etc. throughout the entire purchasing process and customer experience is stressed by many companies as an important aspect inducing trust. This is in line with Ruane and Wallace (2013) and PostNord (2017) where clarity is stressed as an important trust-related factor.

In addition to the above-mentioned aspects, some of the retailers with physical stores also mention that their physical presence helps them in creating trust, since customers can turn to their physical stores if they have any questions, encounter any problems, or want to inspect the products before making the purchase. In other words, the higher perceived risks when shopping online as compared with physical stores (Heuer et al., 2015) appear to be reduced when an online retailer also has physical stores. Companies without physical stores are aware of this and try to compensate by focusing their efforts on customer services and the enhancement of the other trust-related factors.

4.8 Distribution

In the following section, aspects related to the activity category of distribution are analyzed, as highlighted in figure 10 below. The main themes comprised are the transition of distribution from B2B to B2C, customer oriented distribution and innovative distribution solutions as well as returns.
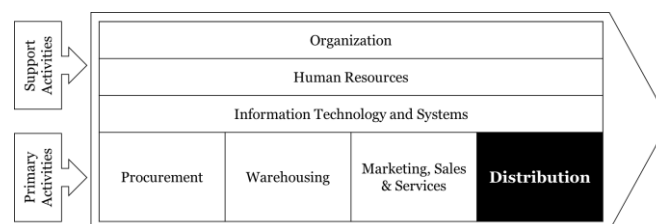
Figure 10. Distribution is the focal activity category in this section.

4.8.1 The Transition of Distribution from B2B to B2C

None of the interviewed companies operate the distribution activities including delivery of e-commerce orders in-house, but instead they use different forms of 3PL-service providers for this purpose. This is not surprising as fashion products are well suited for traditional means of transportation since they are neither perishable or fragile. Hagberg elaborates around this by saying *"Clothes have distribution characteristics which make them very convenient to send by mail, it is logistically very simple"*. Similarly, Cullinane states that fashion products are easy to distribute as they are well suited for standard packing. During the interviews, no apparent coherence is found in the choice of 3PL distribution

providers among the companies. Some indicate that they make the choice of 3PL based primarily on cost while others stress the offered delivery alternatives as the determining factor. Some use several 3PLs for different markets or delivery methods, while others use only one. As stated by Graves (2013), it is very common for e-commerce retailers to outsource the distribution, however he states the experience in direct-to-customer deliveries as a main reason. For an individual e-commerce retailer to operate distribution implies (at least for national or transnational sales) a large fleet of vehicles, cross-docking centers and systems for routing and planning, that would require both vast amounts of knowledge, staff, and capital to eventually be feasible. The conditions for managing distribution internally could perhaps be if operated on a smaller or more dense area, such as in cities, but even then pilot tryouts and ramp up investments (both timewise and monetary) would be considerably high.

As stated by Graves (2013), the big changes by distributing to individual customers instead of physical stores are mainly two things, smaller (often a few or just one item) orders and much more frequent deliveries. Hietala stresses the difference in distribution in terms of that B2B has been operated in a similar manner for decades while B2C and the direct contact towards customers places higher and more complex demands on the operations. There is no doubt that the transition from solely being a physical retailer into also including e-commerce sales changes the traditional distribution set-up for the retailers. However, none of the interviewed companies indicate challenges directly related to this transition. The retailers with physical stores state that the current distribution set-up with bulk distribution to stores and distribution of individual consignments to customers is functioning in a satisfactory way, despite the new set-up and the potential issues related to systems mentioned by Wrigley and Currah (2006). A few retailers offering pick-up in store even manage to consolidate shipments of store replenishment with pick-up in store deliveries from their warehouses, but one of them mentions that it requires additional internal sorting operations. One reason why the experienced issues with distribution in general are few, might be that the distribution flows to physical stores and individual customers are still being operated independently, something Hübner et al. (2016) however mention is starting to change. Also, a more simplified reason might be that it perhaps is the 3PL's which tackles this issue to a large extent rather than the retailers, implying that potential issues have not been communicated or noticed for the retailers to such a great extent.

For the companies with a tradition in mail order sales, the transition to e-commerce regarding distribution is not as obvious. Nevertheless, while both channels (mail order and e-commerce) involve direct-to-customer sales and distribution without any physical interaction, e-commerce places greater demand on speed. Although these retailers indicate that the distribution set-up necessarily does not change when going online, the processes and procedures within the set-up require changes due to the increased speed requirements, something also Graves (2013) touches upon. However, it can be concluded that already having experience from selling directly to customers through mail order sales is an experiential advantage when it comes to distribution.

4.8.2 Customer Oriented Distribution

It is without hesitation that the distribution is of vast importance for the customers experience within e-commerce, as stated by e.g. Graves (2013), McPherson (2015) and De Lange (2016) just to mention some. Hietala states that it is problematic that many companies see the e-commerce process as finished when the customer has made the online transaction, and forget about the following delivery, returns and customer services as an important part of the online purchase. One reason for distribution being so important is that within e-commerce, this is the direct link to the customer (McPherson, 2015). During the company interviews, several companies agree upon the importance of customer oriented distribution as a part of the value proposition. However, the realization of this is not problem-free. As

an example, one retailer mentions the difficulty in offering deliveries adapted to meet the needs of each individual customer in a profitable way. The same company also mentions the importance of the delivery for the customer experience in the online purchase, which indicates a desire to overcome the profitability issue. Several other companies also indicate that being able to fulfill customer oriented distribution is a matter of balancing between customer satisfaction and profitability. According to Cullinane, the problem is that companies and customers want different things, since what is best from a company perspective might not be the same as what is best from a customer perspective. Related to the above, Hietala argues that the implementation of "micro supply chains" is one solution to customer oriented distribution. Micro supply chains in this case implies a flexible supply chain which adapts its lead time, mode of delivery and pickup to each individual order, where the goal is that fulfillment is adapted to the individual need of each customer.

A recurring theme in all the interviews related to customer oriented distribution is the importance of choices for the customers. All interviewees mention choices in some way when discussing distribution, either in terms of being something that they know customers desire or something important that the company wishes to offer. Some even argue that the possibility for the customer to choose between different options is more important than the options themselves. The most important choices mentioned involve how, when and where the product is to be delivered along with payment options, but some also mention environmental impact as a factor to take into account. Based on the responses, it cannot be denied that providing customers with choices in distribution is viewed as something important, which is fully in line with Lee (2016) stating it is a key to customer satisfaction, and PostNord (2017) stating that four out of five customers find options regarding deliveries very important. When it comes to the realization of these choices on the other hand, many companies are lacking behind and currently only offer a very limited range of choices for the customers. Hence, the providing of choices can be seen as an important, but yet challenging matter. Hagberg is touching upon this issue and says that it can be difficult to be unique within distribution, since most new delivery options must be collaborative and shared between many stakeholders, hence the e-commerce actors can become dependent on each other within this area.

In addition to choices, another recurring theme related to distribution is the speed of deliveries, an aspect of increasing importance especially due to many foreign retailers being fairly competitive in this regard (PostNord, 2017), even within Swedish soil. This should imply that for Swedish retailers to compete with foreign retailers, they should improve the speed of delivery. Four retailers explicitly state that they are working on increasing the speed of their deliveries and others imply similar actions. One retailer even states that fast deliveries is one of their most important unique selling points. In most cases, faster deliveries are a matter of tying together different processes. For instance, one of the retailers with history in mail order sales state that faster deliveries of e-commerce orders place greater demands on efficient warehouse operations. In other cases it is a matter of having a strategical position of warehouses and working with the right 3PL-service providers, particularly for the companies with customers dispersed globally. The responses from the interviewees are in line with Hübner et al. (2016) stating that delivery time is a possible differentiating factor for retailers.

Retailers with a physical presence can make use of their store networks in distribution of e-commerce orders, by offering pick-up in store, which is also a step in the direction towards omni-channel. However, only a few of these retailers take advantage of this opportunity. While this can be seen as contradictory to the fact that all companies indicate omni-channel ambitions, it appears to be a matter of maturity, since the companies that do not offer pick-up in store are lacking systems and processes to support it. However, most of them indicate that they are aiming to overcome these problems to better connect physical stores with the one online. The pick-up in store solutions mentioned by the

companies mainly refer to so called click and collect (C&C). However, the solution of click and reserve (C&R), which is mentioned by Hübner (2016) as a development of the C&C, could potentially to a larger extent make use of both store and warehouse inventories and decrease transports between warehouses and stores.

4.8.3 Innovative Distribution Solutions

When it comes to more innovative distribution solutions and methods of delivery, the companies appear to be open to suggestions but with prudence. Some of the retailers state that they have tried or are currently trying out in-car deliveries or different kinds of courier deliveries, but seen in relation to the total amount of deliveries these are negligible. The majority of the companies state that they see innovative solutions as something important in the future and two retailers mentions that it could be used to show that the company is in the forefront, but few of them indicate that they intend to be in the forefront of innovative distribution solutions themselves. Rather, it appears to be something they would focus more on if they saw competitors do the same. Whether or not innovative distribution solutions will become an important USP for retailers in the future is hard to tell. One issue could be the incurred costs of developing new delivery solutions, which neither the customers nor retailers want to stand for (De Lange, 2016). However, there is potential for smaller actors to come up with cost efficient solutions, but it is still unclear what the solutions will look like and if they will be possible to scale up, to enable trans-national usage for international retailers.

Two retailers state that reaching a higher quality in the conventional distribution set-up is of higher importance to them than introducing new, innovative solutions. Although both these retailers have significantly different backgrounds, they have in common that they are both relatively new to e-commerce and that all their related processes have not been developed. This indicates that innovative distribution solutions for e-commerce could be a question of e-commerce maturity, since efforts have to be focused elsewhere during the introduction and growth phase. However, it is still unclear whether the more mature e-commerce retailers see any gains in focusing their efforts into solving innovative solutions. Furthermore, many of the retailers believe that innovative distribution solutions are not something they can solve in isolation, but rather as something achieved in collaboration with 3PLs, consumers and other actors, something also Hagberg stated. One interesting possible solution mentioned by one retailer without physical stores involves the collaboration with other actors with physical stores of some kind that their targeted customer group are likely to visit, such as pharmacies or grocery stores. In that way, the retailer would be able to make use of the other actors' store network without having to invest in one of their own, while at the same time reducing the number of stops for the customer. On a similar note, Hietala mentions that collaborative delivery options will probably become more frequent in the upcoming few years, with milk runs deliveries joining packages from many retailers to the consumers. Both options have the opportunity to tighten both the physical and timely gaps between consumers and the e-commerce actors, combined with a true omni feeling.

4.8.4 Returns

Cullinane points out returns as one of the biggest issues for online fashion retailers and argues that companies are mostly focused on the outbound logistics and neglect the returns. Similarly, Hietala argues that fashion retailers are generally bad at handling returns and that many companies miss out on the importance of returns for the customer experience in online shopping. In his opinion the return process has the potential to be turned into something value adding for the customer instead of simply being a cost. Also, since returns is an interaction point with the customer (Hübner, 2016), it should be high on the agenda when customer experience is improved. The interviewed companies have varying

views on returns, ranging from something that should be avoided, to something that must be made as simple as possible. However, combining the different views, there appears to be a consensus that the cause of returns such as bad fits and unfulfilled expectations is what should be counteracted, while returns should be made as simple as possible once they are considered necessary from a consumer point of view.

Several companies mention the difficulty in handling the return flow since it requires time consuming and manual inspections, and that it is a challenge for them due to high return rates. The return rate is generally high in the fashion industry due to product characteristics, as mentioned by McFarland (2014) between 20 to 40 percent, and this is also the case among the interviewed companies. To try to lower the return rate, different initiatives are taken to help the customers find the right products from the start, such as size guides, improved product descriptions, images, and guiding videos. Some retailers also mention more innovative technologies such as fit-analytics as a possible solution. However, regarding the physical fitting it can be concluded that having physical stores is clearly an advantage in this regard.

There is a consensus among the companies that there is a tough balance between costs and customer satisfaction when it comes to management of returns. As Hjort and Hellström (2014) observed, the returns and delivery costs for customers are much related, and the choice of these policies should be handled together. Some retailers also stress the negative environmental impact from returns as another aspect complicating the situation even further. Currently only one out of the ten retailers offer free online returns to customers and the company in question is aware that it is costly but considers it necessary to make customers satisfied. Also, in accordance with Hjort and Lantz (2016) a reason could be to attract new customers, since neither in the short or long term is a customer enjoying free returns profitable. The other retailers charge customers a return fee. However, some of the retailers with physical stores offer online customers free returns in store, which is found to be a successful way (Hübner, 2016 even states it as being mandatory for omni-channel retailers) of reducing return costs and improving the customer experience in the process, as well as a good way to tie together physical stores with the one online from an omni-perspective. Although being a good way to avoid sending returned products back and forth, a problem arises when the returned product is not part of the product range in the store where the product is returned. For retailers with physical stores who do not offer online returns in stores, the reason is mainly due to lack of processes and systems support.

Since e-commerce fashion retailing has a high share of returns, efficient processing of them can be highly beneficial to cut non-value adding costs (Graves, 2013), nonetheless, it is a rather new phenomenon for most retailers. Two of the retailers without physical stores have outsourced the handling of return flows to low cost countries. While this helps them keep return handling costs down, it significantly increases lead-time until the product is back in stock to be sold again. High amounts of products tied up in the return process is something Hietala along with a couple of retailers stress as problematic and something to be avoided. To have an overall strategy for the outbound processes (order handling in warehouses) and incoming returns appear successful according to Hübner et al. (2016), since there is a correlation between being efficient in both these flows. Cullinane mentions changing rooms at pick-up-points as a way to make the return process more efficient, reducing the time products are tied-up in the returns process as well as allowing better consolidation opportunities which is positive both from an economic and environmental aspect. However, she points out the issues related to finding incentives for the pick-up-point host to reserve space for changing rooms, as well as the quality of the customer experience in these changing rooms.

5 Results

With the research questions as the basis, the following chapter presents the results from the previously presented analysis. For the first and second questions, the most prominent themes throughout each activity category in the modified value chain are deduced. For the third question, the categorization of companies presented in chapter two is used as basis, whereas the fourth question is deduced through analyzing indications from theories and interviews on suitable areas for external parties to assist in.

RQ1: Which are the success factors for e-commerce within the fashion industry?
The analysis brought light to the importance of each activity category in the modified value chain model respectively for a successful e-commerce business. Before drawing conclusions upon the success factors for e-commerce within the fashion industry, it can be concluded that each activity category in itself is a success factor. In order to achieve a successful e-commerce business, all categories must be effectively put in place and managed together. However, as the analysis has disclosed, several success factors exist within each activity category. These are summarized in figure 11 as well as they are further elaborated below.

Several success factors relate to organizational matters. As e-commerce increases in importance for the business, the integration of e-commerce related function into other business functions is a success factor to achieve synergies, better collaboration, and higher efficiency in the organization. To cope with the rapid changes in digitalization and e-commerce, an organizational structure that enables a fast pace in decisions and actions is a success factor. To reach high efficiency and grasp the vast amount of possibilities, a synchronized organization with adequate interplay and sharing of information and data between all functions and sales channels is a success factor. Finally, the organization needs to understand the importance of e-commerce for their business which is why e-commerce as a top management matter with high organizational priority is a success factor.

There are also several success factors related to human resources. Due to the fast developments in e-commerce, relevant competencies change fast and therefore, maintaining and developing the human resources within the organization to stay updated is a success factor. Related to this, another success factor is the acquirement of new relevant competencies in IT, digital marketing, and both of them combined. Due to potential scarcity in recruits with relevant e-commerce competencies, securing the supply of critical competencies and human resources today and in the future is also a success factor. Finally, increasing the organizational understanding of data and related data management skills is a success factor.

When it comes to information technology and systems, there is another set of success factors. The first is to have system support providing adequate functionality for all the e-commerce related activities. Second, a flexible system structure that enables fast development and does not constitute an impediment to growth is a success factor. Related to this, well-functioning integrations and connections between systems is another success factor to facilitate change and growth. In the achievement of adequate system support, finding a good balance between internal and external development and system adaptation is also a success factor.

Related to procurement, a further set of success factors is found. The first relates to balancing between costs and lead times in the procurement process to enable fast but cost efficient product introductions and replenishment. To enhance the products and the assortment, the aligning of the procurement process with other functions and processes is a success factor. In order to secure a good assortment that generates satisfactory sales and profit, having a clear niche and including internally owned brands

in the assortment is a success factor. Related to securing a good assortment, close and mutually beneficial relationships with suppliers is the final procurement related success factor.

Success factors related to warehousing are efficient, flexible, and scalable warehouse operations as well as warehouse operations that enable the fulfillment of customer expectations. Furthermore, the integration of inventories and operations for e-commerce and physical stores is a success factor to obtain decreased overall inventory and more efficient processes.

Many success factors relate to marketing, sales and services. Having a clear niche and values as a base as well as taking all other related aspects affecting the customers' purchase decision into account is a success factor in shaping the value proposition. Another is to personalize the value proposition as well as related marketing and communication towards each target group based on data. Taking advantage of potential physical stores in branding efforts and to expand the business in a seamless manner is also a success factor. Furthermore, having a website which is simple, convenient, and informational for the customer to use is a success factor along with providing an inspiring, engaging, trust-inducing and social experience to the customer. Finally, offering high availability of customer services and having these high on the agenda is a success factor for satisfied customers and thereby e-commerce sales.

Last but not least, there is a set of success factors related to distribution. The first is to increase the speed in the fulfillment process to stay competitive. The second is to take the customer experience into consideration in distribution as well as providing several choices for the customers to have the product delivered on their terms. Furthermore, understanding and grasping the benefits of innovative distribution solutions is a success factor along with efficient management of returns and enhancement of the return process into value-adding for the customer.

Organization

- Integration of e-commerce related functions into other business functions
- An organizational structure which enables rapid actions and decision making
- A synchronized organization with interplay and between all functions and sales channels
- E-commerce has a high organizational priority

Human Resources

- Maintaining and developing the human resources within the organization
- Acquiring the relevant competencies in IT, digital marketing and both competencies combined
- Securing the supply of critical competencies and human resources
- Understanding and management of data within the organization

Information Technology and Systems

- System support providing appropriate functionality for all e-commerce related activities
- Flexible system structure that enables fast development and growth
- Well-functioning integrations and connections between systems
- Finding a good balance between internal and external development

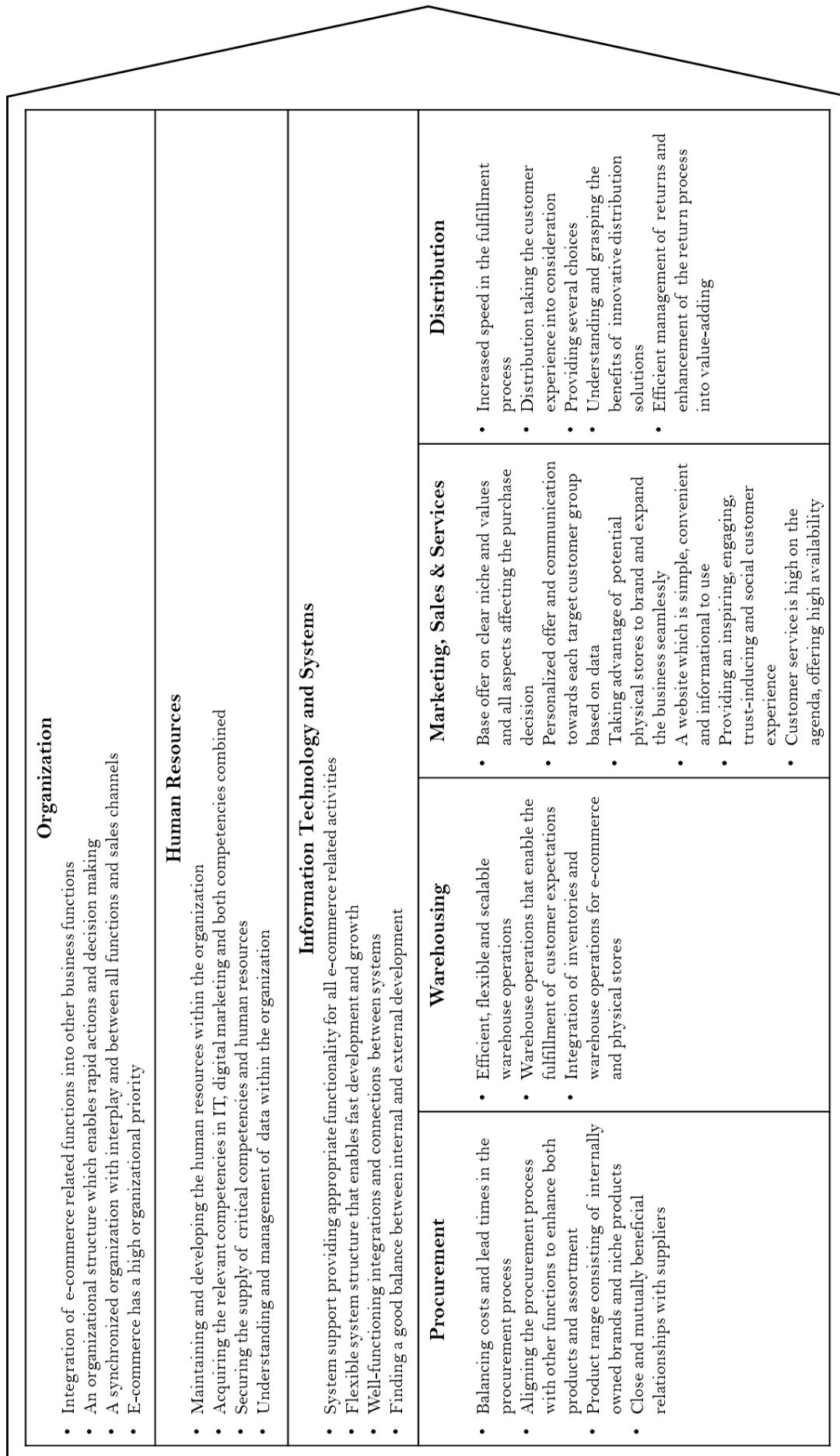| Procurement	Warehousing	Marketing, Sales & Services	Distribution
• Balancing costs and lead times in the procurement process	• Efficient, flexible and scalable warehouse operations	• Base offer on clear niche and values and all aspects affecting the purchase decision	• Increased speed in the fulfillment process
• Aligning the procurement process with other functions to enhance both products and assortment	• Warehouse operations that enable the fulfillment of customer expectations	• Personalized offer and communication towards each target customer group based on data	• Distribution taking the customer experience into consideration
• Product range consisting of internally owned brands and niche products	• Integration of inventories and warehouse operations for e-commerce and physical stores	• Taking advantage of potential physical stores to brand and expand the business seamlessly	• Providing several choices
• Close and mutually beneficial relationships with suppliers		• A website which is simple, convenient and informational to use	• Understanding and grasping the benefits of innovative distribution solutions
		• Providing an inspiring, engaging, trust-inducing and social customer experience	• Efficient management of returns and enhancement of the return process into value-adding
		• Customer service is high on the agenda, offering high availability	

Figure 11. The success factors for e-commerce within the fashion industry.

RQ2: What challenges and areas of improvement are fashion companies facing related to successful e-commerce?

Just as well as success factors exist within each activity category of the modified value chain, there are several challenges and areas of improvement related to each one of them. It should however be noted that for some actors, achieving an adequate interconnection between the activity categories is a major challenge per se. These are summarized in figure 12 and further detailed below.

Organizational challenges arise as e-commerce gains a greater importance for fashion companies. A challenge related to the ability for e-commerce growth is the allocation of enough resources and influential power to e-commerce related activities and roles within the organization. Without these, there is a risk that e-commerce is overlooked by some functions which impedes its prioritization within the organization. Related to this is the need to change people's mindset within the organization to understand e-commerce as important to the business and remove the perception of e-commerce as something constituting a threat to other sales channels. Another big challenge that must be overcome is the efficient sharing of data within the organization to be able to benefit from the vast amount of data made available through digitalization. Furthermore, impediments from contextual and maturity-related differences between countries needs to be overcome to achieve better synchronization of multi-national e-commerce processes.

Great challenges exist related to human resources and competencies. The fast development in e-commerce makes it difficult for companies to find and recruit people with relevant skills as education is lacking behind. An additional dimension is added to this channel as the most important competencies for successful e-commerce are also the ones most difficult to find, and that a most possible lack of relevant e-commerce related competencies lies ahead. Furthermore, the general level of understanding of data as well as data analysis skills is insufficient within organizations which leads to poor usage of the available data.

Related to data, system support is lacking behind and companies need to put in place adequate systems for data management and analysis. Also for other systems in general, there is lacking functionality and a vast complexity of the systems currently put in place. This has many negative consequences in terms of limiting efficiency, development, growth, and the ability to grasp new possibilities. Since changes are so rapid in the e-commerce context, keeping up with related changes in technology is another big challenge.

Although procurement does not necessarily differ that much between traditional retailing and e-commerce, e-commerce poses higher demands on short lead times. Whereas requirements of short lead times are already high in the fashion industry, e-commerce increases these requirements even further. Another procurement related challenge is for companies to overcome complexity in increasing online assortment to offer the full product range online, which requires synchronization with several other functions and tasks such as warehousing, website maintenance and creation of product information.

Warehouse operations are facing the challenge of high time pressure to fulfill customer orders in time. Furthermore, the need for very different operations to process store replenishment orders and e-commerce customer orders implies a great challenge in achieving integrated warehouse operations for e-commerce and physical stores. If warehouses and inventories are not integrated, benefits of higher availability, lower inventory levels and greater flexibility are missed out. Moreover, low efficiency in warehouse operations limits distribution related activities and impedes customer oriented fulfillment of e-commerce orders.

Competition is fierce within the fashion e-commerce industry, which sets high standards for marketing, sales and services. With all possible means of communication and competing actors in the complex marketing landscape of today, it is difficult for companies to stand out and get their message through, as well as to grasp the possibilities and decide where to focus the efforts. Trade-offs between different aspects such as cost and customer satisfaction in combination with immense possibilities complicates decisions regarding how to shape the e-commerce offer and what to include in it. Furthermore, a great area of improvement is product information, both in terms of textual, visual, and other forms of information. Finally, personalization of different kinds (e.g. website, displayed products, marketing campaigns, offered choices) has great potential, but is difficult to achieve in practice as it requires advanced data analysis and consequent actions.

Distribution is an area of many challenges. The desired introduction of more choices for the customers in combination with new solutions in distribution adds complexity and requires changes in related processes and systems which is challenging. Furthermore, there exists a trade-off between cost efficiency and customer satisfaction which must be managed. Related to this trade-off, it is hard for companies to fulfill the increasing demand for short delivery times. At last, returns is a major area of improvement where solutions must be found to overcome the cause of returns, whereas the return process needs enhancement from being seen as a problem into becoming a value-adding process.
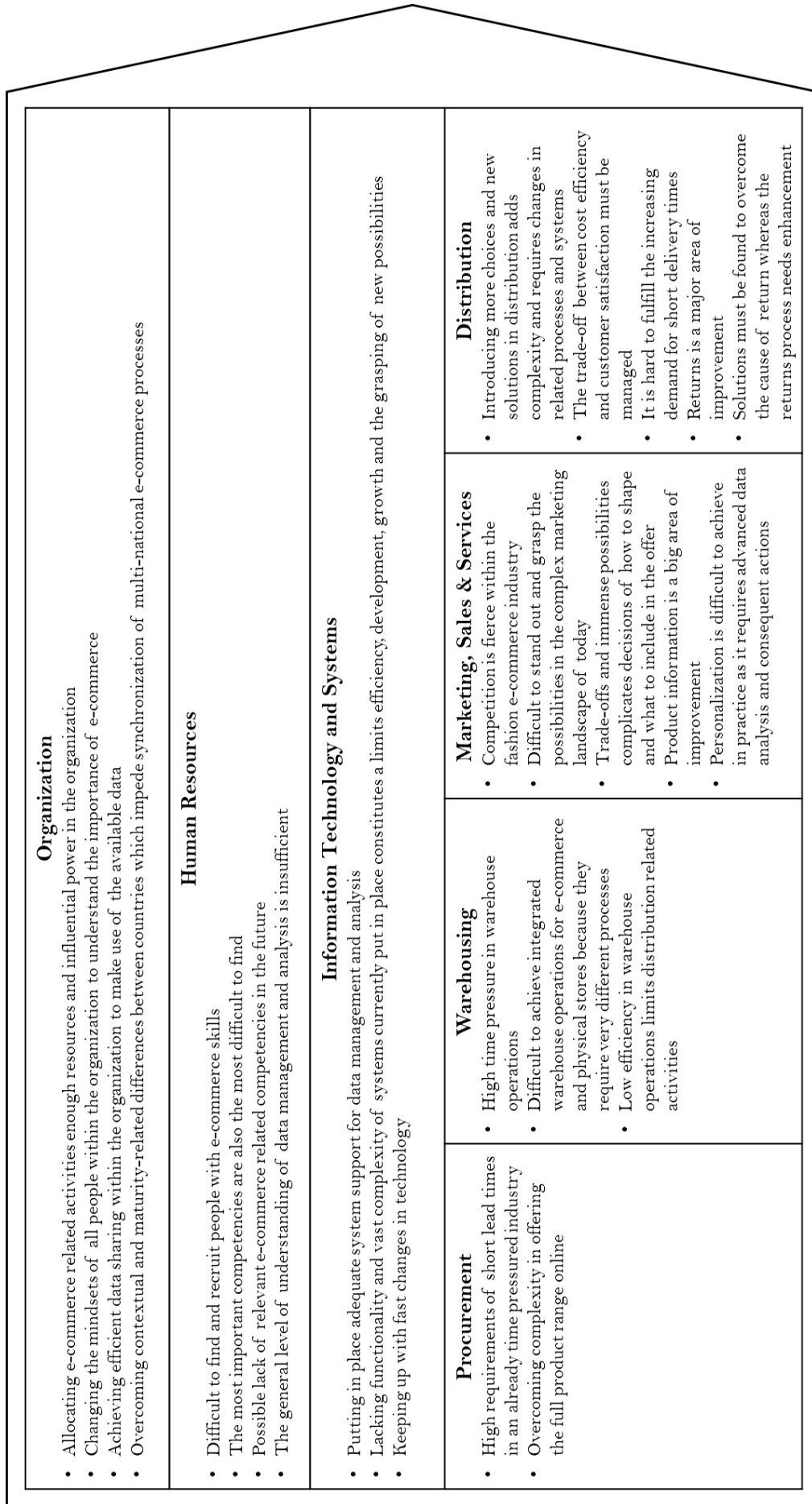
Organization

- Allocating e-commerce related activities enough resources and influential power in the organization
- Changing the mindsets of all people within the organization to understand the importance of e-commerce
- Achieving efficient data sharing within the organization to make use of the available data
- Overcoming contextual and maturity-related differences between countries which impede synchronization of multi-national e-commerce processes

Human Resources

- Difficult to find and recruit people with e-commerce skills
- The most important competencies are also the most difficult to find
- Possible lack of relevant e-commerce related competencies in the future
- The general level of understanding of data management and analysis is insufficient

Information Technology and Systems

- Putting in place adequate system support for data management and analysis
- Lacking functionality and vast complexity of systems currently put in place constitutes a limits efficiency, development, growth and the grasping of new possibilities
- Keeping up with fast changes in technology

Procurement	Warehousing	Marketing, Sales & Services	Distribution
• High requirements of short lead times in an already time pressured industry • Overcoming complexity in offering the full product range online	• High time pressure in warehouse operations • Difficult to achieve integrated warehouse operations for e-commerce and physical stores because they require very different processes • Low efficiency in warehouse operations limits distribution related activities	• Competition is fierce within the fashion e-commerce industry • Difficult to stand out and grasp the possibilities in the complex marketing landscape of today • Trade-offs and immense possibilities complicates decisions of how to shape and what to include in the offer • Product information is a big area of improvement • Personalization is difficult to achieve in practice as it requires advanced data analysis and consequent actions	• Introducing more choices and new solutions in distribution adds complexity and requires changes in related processes and systems • The trade-off between cost efficiency and customer satisfaction must be managed • It is hard to fulfill the increasing demand for short delivery times • Returns is a major area of improvement • Solutions must be found to overcome the cause of return whereas the returns process needs enhancement

Figure 12. Challenges and areas of improvement related to successful e-commerce for fashion companies.

RQ3: How do the success factors and challenges vary between different categories of companies?

To answer the question of how success factors and challenges vary between different types of companies, two major distinctions were made as presented in the methodology chapter. These distinctions were based on whether the companies were either e-commerce retailers with or without physical stores, as well as if they sold only internally owned brands or also sold external brands. In addition to these categories, some other differences based on other distinctions have been noticed which will also be presented.

E-commerce companies with and without physical stores

Regarding the organization, the main differences are regarding structure and complexity of the organizations. E-commerce retailers without physical stores usually have more flat and smaller organizations, due to the absence of store personnel and the need for handling product flows both to stores and consumers. Also, probably naturally, the view on e-commerce within the companies differ. Even though e-commerce in most cases is relatively far from being the main sales channel in terms of share, the companies with both channels in most cases view it as strategically very important. However, they sometimes struggle with keeping up in the same pace regarding changes, since they often need to take their physical channels into consideration when doing online activities. Another matter of complexity is sharing of data when having both sales channels, which can be a success factor when organized adequately, since it enables them to take advantage of insights in and from both channels. However, to get there, a systematic practice needs to be put in place which does not demand extensive time or extra work. The last organizational difference, also applied mostly to having both channels, is the transition towards omni. It is realized in these companies, and if they are successful in creating a seamless experience it might become a factor that the e-commerce retailers without physical stores might suffer from in the future. Nonetheless, the integration and synchronization of systems is a big technical issue on top of the organizational part that makes the omni-transition time consuming phase.

Regarding the assortment, online retailers without physical stores have an advantage since they only operate one channel and hence per se have their full product range online. The companies with both channels potentially make some customers dissatisfied if they do not have certain products in one of their channels, which implies that they face a bigger challenge in offering the full product range in both channels. When it comes to warehousing and order handling, the sole online retailers experience a more efficient process in general. Companies with both channels most often need to operate both channels side by side physically and set up separate processes, although integration is recommended and wanted by several interviewees and researchers. However, one benefit from having both channels is that they generally have more total sales and can leverage economies of scale to facilitate more warehouses close to their customers.

When it comes to marketing, online retailers have a challenge in physical advertisement, something those with physical store have automatically. Nonetheless, if stores are being viewed as branding opportunities, online retailers can save a lot of money by doing marketing in other, less expensive channels, which is much more adjustable than physical stores. Additionally, sole online retailers have an easier task in communicating one message, whereas those with physical stores always need to align their stores with the online branding efforts. However, by having physical presence they can potentially leave heavier footprints on customers that are almost impossible to replicate online. This is also the case for customer service, where online retailers must compensate by focusing on a truly trust-inducing and customer-centered website.

One advantage that companies with physical stores have is that they can offer their stores as an extra point of pick up, as well as consolidating those orders, which is a possibility that does not exist for the retailers without physical stores. Another aspect is the returns, also here the physical retailers have an advantage in having the ability to accept returns in their stores. However, both the pick-up in store as well as return in store solutions require processes that can be time consuming, but from a customer point of view it is a positive aspect.

Retailing of externally versus internally owned brands

The most prominent differences between retailers with only internally owned brands and who those also sell external brands are regarding procurement. The retailers with only internal brands are to a larger extent dependent on manufacturers, since their risk of procurement is not spread out to the same extent as those with external brands. Also the production lead time of all garments have to be taken into consideration for the whole product range, whereas for external brands they can be purchased from external actors' inventories within a distinctively shorter lead time. An advantage for retailers with only internally owned brands however, is the control of the brand. Competition for selling external brands have increased, and these products cannot be taken for granted to be available for sales forever. This can be managed by working closely with the suppliers of external brands that are considered to be of extra importance, but that extra effort costs in time and money, and it is something companies with only internal brands do not have to focus on.

Other contextual differences

Examples of other contextual differences are:

- Solely national retailers in general have an easier task in organizing the e-commerce operations since no international collaboration or synchronization is needed. However, this makes their market and target group limited.
- There is a bigger organizational challenge to deal with consumer data for companies who previously only were wholesalers.
- Companies with varied ages or older people as target customer groups have a more difficult time engaging their customers online in general and on social media in particular, compared to those with a young target customer group who can make use of more potential in online marketing.
- Companies with longer history have had longer time to build up a good reputation to strengthen their brand (although it could as well be a negative reputation).
- Retailers with physical stores that recently have introduced e-commerce in general have more difficulties with pick-up in store solutions, because of the relatively technical solutions, and hence they focus on common distribution alternatives in the ramp up phase.
- Maturity in e-commerce affects the focus of the company; initially there is a big focus on process development and obtaining customers, but when becoming more mature the focus shifts to be more profitable and efficient.

RQ4: In which areas do e-commerce actors within the fashion industry potentially need support and help from external parties?

To be able to develop the e-commerce fully, not all matters can be handled solely internal. During the study, in particular within the analysis of the interviews, some areas were noticed where either certain competencies were of great need or where projects appeared suitable for external parties such as consultancy firms. These areas are concluded below.

- Regarding organizational matters in multi-national companies, the difference in maturity and coordination makes it sometimes difficult to be coherent within the e-commerce operations. An external part could help to assess which parts, both regarding systems and value proposition, that eventually could be aligned between separate countries' e-commerce business.

- Some companies have mentioned the potential risk of store personnel not being engaged around the omni-channel efforts. With the assist of an external party, the incentives to turnaround this tension could be found, and become spread throughout the companies' organizations.

- When it comes to the important and critical resources of IT and digital marketing, external actors could either place consultants at the retailers' facilities, or assist in certain projects within these areas. Examples could be for example systems integration, website and platform development, data management, SEO/SEM solutions or digital media related projects.

- External parts could either assess the risk of external brand suppliers that might decrease their sales from resellers, or they could assist in managing the existing relationships.

- In terms of warehouse and distribution solutions, consultants may help retailers choosing whether to operate these activities internally or outsourced, and also how the set-up and operations of the chosen solution would be managed.

- Regarding innovative delivery solutions, in particular the costly last mile deliveries, external parties could assess potential ways to make them more efficient, either by collaborating with other retailers or logistics providers, or help setting up internally operated delivery systems.

- Consultants could help measuring the current performance of the return process and give improvement suggestions as well as setting up eventual new processes in this area, possibly connecting it to the outbound warehouse and distribution operations.

- External parties could help online fashion retailers examine their current state performance related to each one of the activity categories, to identify the occurrence or absence of the success factors, as well as find potential areas of improvements to make their business more successful.

6 Discussion

The results of the study show that there are several challenges and success factors within each activity category that can be connected to e-commerce within the fashion industry. They show that factors affecting success are strongly related to whether the retailers are operating several sales channels or only e-commerce, and some factors are also affected by the ownership of the brands that are being sold. Additionally, several areas where external competencies such as consultants can assist in development or assessment have been detected.

Regarding the consequences of the results it can be said that the thesis is one of the first (to the knowledge of the authors) to have such a holistic overview of the e-commerce business practices. The results infer general recommendations and analysis of main success factors and challenges for actors within fashion e-commerce, and can be used to examine how an individual retailer works within the area. In particular, retailers can use the thesis as a foundation for evaluating their own performances in terms of to what extent they conform to the success factors and how big the proposed challenges are to them. Regarding theoretical consequences, the modified version of Porter's (1985) value chain could be of interest for further research. The authors believe that this version could fit most e-commerce retailers no matter the products sold, but it would be of high interest to have it tested by other researchers both in the fashion industry and other contexts, to investigate whether that is the case.

The results of the thesis are considered logical with the purpose and research questions in mind. Nonetheless, there were some interesting results that to some extent appear to differ from theories and news updates, which makes them interesting for further examination. For example, an underlying theme during many interviews were the omni-channel activities and efforts, where interviewees talked about creating seamless experiences between all channels. Therefore, the authors anticipated more elaboration on progress within innovative solutions to create this omni-feeling for customers, and that companies would have come further than what appeared to be the case. Reasons for this discrepancy might be due to that the responsibilities of the interviewees were mainly directly e-commerce related, or that most such innovations and efforts still are in its cradle. A similar pattern follows the area of distribution, which was assumed to be pictured by interviewees as more complicated than it appeared. The rationale behind this difference is probably that the 3PL's are the entities dealing with more issues in this area rather than the retailers.

The thesis relates to some extent to several other studies that have examined the e-commerce industry. However, no studies taking the whole value chain into consideration in a similar manner has been found during literature search. There are studies which have looked at certain issues/areas within the e-commerce industry from a holistic view, such as omni-channeling, but they have excluded the opposite relation of the area, hence being more narrow. However, the holistic approach used in this thesis has made it difficult to have depth in the categories of the value chain, which is considered as both the main advantage and drawback of the study. For further research, it would be interesting to further examine each category in more depth within the frame of the model and considering its relations to the other categories.

To conclude the discussion some main results will be mentioned. There is no doubt that e-commerce will continue to take shares from physical sales. Retailers within the fashion industry are well aware of this and face great challenges but also great opportunities to re-organize themselves to increase profits. Since the Swedish population in general is in the forefront of using the internet, it is also probable that many innovations regarding e-commerce can be developed and tested by retailers here.

However, primarily this requires a lot of advanced digital competence, which is considered as being a very narrow resource and something that slows down the development. Finally, the interplay between physical stores and e-commerce is considered crucial for retailers operating several channels. These omni-channel efforts are most likely the basis for eventual organizational reformations for these companies, and they need to be handled while also tackling the technological issues for creating a seamless experience for the customers. This experience includes all factors influencing customers' decisions, hence they need to be considered within all categories in the value chain; whether it be organization, human resources, IT, procurement, warehousing, marketing, service, and distribution.

7 Conclusions

The aim of this thesis was to identify and examine the success factors and challenges for a well-functioning e-commerce business within the fashion industry. By analyzing and finally answering the four research questions, this aim has been fulfilled with results as presented in chapter 5.

The results show that there are several success factors related to each one of the activity categories in the modified value chain. The success factors related to the support activities are summarized as the integration of functions and channels both organization-wise and system-wise, the securing of digital competencies, and the ensuring that IT and systems provide adequate functionality for both customers and internal processes. For the primary activities, the success factors are summarized as making use of data within all primary activities to improve the processes and value proposition, customer orientation as the basis within each primary activity to offer a personalized customer experience, having a flexible supply chain enabling a variety of customer choices, achieving efficient processes, and the realization of omni-channel.

Several challenges related to each one of the activity categories have been identified as well. Out of these, the main ones related to support activities are the general lack of relevant e-commerce competencies within the labor market, the impediments from high system complexity, and the difficulty in changing the organizational view on e-commerce from something constituting a threat into something that strengthens the whole organization. The main challenges related to primary activities are the increased pressure on short lead times within all primary activities due to the fast pace in e-commerce, the difficulty in knowing what data to make use of due to the vast amount available, and the management of inefficient and frequent returns.

The results also show that the success factors and challenges vary between different categories of companies. Mainly, they vary depending on whether the companies only have e-commerce or also have physical stores as sales channels. Furthermore, they vary based on the extent to which the brands they sell are internally or externally owned. From the results, it can however not be deduced which segment that is most successful, nor if there is any of the categories that has a brighter future than the others.

Finally, several areas have been found where external actors could potentially help fashion retailers in overcoming e-commerce related challenges as well as achieving a successful e-commerce business. On a general management level, external actors could apply the modified value chain to a specific company, to help them assess within which of the activity categories most attention should be focused. Furthermore, when one or several activity categories have been identified as the main focus areas, external consultants could be of assistance to align the business with the success factors within these categories. Here, external parties can provide recommendations and help companies in the implementation of improvements that will strengthen the activity category as well as its connection to the other categories.

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Appendix A: Interview Questions

Introducing Questions

1. Which is the company's target customer group and what challenges do you see related to the behavior and expectations within this group?
    a. Are there any differences between customers and sales channels and if so, how are these managed?
2. How are sales distributed between the company's sales channel?
3. Why and when did the company decide to start an e-commerce business?

E-commerce Success

4. What does success within e-commerce mean to your company?
5. Which are the greatest challenges for your company in reaching this success?
6. Which are the most important success factors for your company in e-commerce within the fashion industry?

Organization

7. What is the company's view of e-commerce in relation to physical sales, in terms of interplay and competition?
    a. How does e-commerce relate to the corporate strategy?
    b. (E-commerce only) Since the company has no current physical sales channel, what potential benefits and risks do you see related to an expansion into such a sales channel?
8. How is the company organized and where is e-commerce located in the organizational structure?
    a. Has e-commerce affected the organizational structure in any way?
    b. Do you see any advantages or disadvantages with this organizational structure?

Human Resources

9. What competencies are needed to run and further develop the e-commerce business?
    a. What competencies are critically to keep internally and which ones are better acquired from external parties?
10. Do you see any changes in traditional competence requirements as a consequence of e-commerce?
11. What competencies do you believe are the most critical for successful e-commerce in the future?

Information Technology and Systems

12. How well do current information systems support e-commerce?
13. Has e-commerce changed the requirements on systems used and if so, how?
14. How well-connected and integrated are your systems?
    a. Do they require any manual routines?
15. To what extent does the company employ internal maintenance and development of systems, in relation to what is outsourced to third parties?
16. What are the greatest challenges related to information technology and systems for e-commerce?

Warehousing

17. How are warehouses organized and where are they located?
    a. Are warehouse operations operated internally or outsourced to a 3PL?
    b. Are warehouses for physical sales and e-commerce integrated or operated separately?
18. What is the design of the warehouse operations and the order management process?
    a. What are the typical characteristics of e-commerce orders, and how do they differ from orders in physical sales?
19. How does e-commerce affect the warehouse operations?
20. What advantages and disadvantages do you see related to your current warehouse operations?

Procurement

21. What does the procurement process look like?
    a. Has e-commerce changed the procurement process in any way (both for internally and externally owned brands)?
    b. Has e-commerce had any impact upon lead times and quantities?
22. To how great extent is the company involved with production of the products sold?
23. Have requirements placed on suppliers and other parties involved in the procurement process changed due to e-commerce?
24. What are the main advantages and disadvantages related to selling internally and/or externally owned brands?
25. Does the company employ drop shipping in any way?
26. What steps of the procurement process are most critical to e-commerce?

Marketing, Sales and Services

27. What is the e-commerce offering of the company?
28. What is the key to stand out in the diversified marketing landscape of today?
    a. Which marketing channels are considered the most important?
29. How does the company charge for the offering including all related services?
    a. What is your opinion on free deliveries and/or returns?
30. What are the most important factors for conversion on the website?
    a. What is the role of visual information such as pictures?
    b. How does the company create trust for e-commerce customers?
31. What challenges and possibilities do you experience related to providing services in e-commerce?
32. What payment solutions are used by the company?
33. What is the company's view on customer services and how are these managed?
    a. Do customer services for e-commerce and physical stores differ?

Distribution

34. What service providers are used in the fulfillment of e-commerce orders?
35. How does the distribution of e-commerce orders differ from distribution in physical sales?
    a. Are there any challenges related to operating distribution for both sales channels simultaneously?
36. What is your view on customer oriented distribution and choices for the customer in distribution?
    a. Are the abilities to fulfill customer expectations in some way impeded from the design of current processes?
37. What is your view on more innovative distribution solutions?
    a. What actor is more responsible in the breakthrough of such solutions?

38. How do you manage returns?
   a.   What are the major challenges related to returns?

Summarizing Questions
39. What do you believe has been the most crucial for your company in reaching its current state of e-commerce?
40. What do you believe will be most crucial in the future?