



CONCEPT STORE – A CREATIVE TWIST IN PHYSICAL RETAILING

*A study about the entrepreneurial values and the lifecycle of concept stores
in the Netherlands*

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Student: Mengyue Qin
Student number: 491275
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Supervisor: Yosha Wijngaarden
Second reader: Anna Mignosa

Abstract

The changing of the retail landscape and market uncertainty has challenged the traditional retail business, but the rise of the experience economy, as well as the creative industry, has offered new opportunities to creative entrepreneurs (Warde, 2015, 2017; Pine and Gilmore, 1999). The concept store as a creative physical retail business has emerged globally, against the online shopping trend despite the market uncertainty. The gap in academic research on concept store business practices is yet to be filled. Therefore, this thesis is dedicated to understanding the concept store as a cultural entrepreneurial practice by finding out how entrepreneurial preferences and values affect the lifecycle of concept stores. With a group of crucial literature on consumption changes and cultural entrepreneurship as the research foundation, a qualitative empirical study, which consists of 10 interviews with concept store owners and managers in the Netherlands, was carried out. The findings of this research present a new definition and typology of concept stores, as well as the connection between different value preferences and business decisions made in concept store lifecycles.

Keywords: Concept store; cultural entrepreneur; cultural entrepreneurship; creative industry; physical stores; experience economy; values in cultural economy; retail lifecycle

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Introduction

Research background

In this ever-evolving economic world, our consumption behavior is changing rapidly. Over the past 20 years, human society has experienced a technological revolution. With the invention of the personal computer, we have changed our ways of learning, working, communicating, and also purchasing. With the implementation of technology in every aspect of modern life, our world is more connected and convenient now than ever. As Sassen (2001) has mentioned, a large number of world economies “are now dematerialized and digitalized” (p.266), therefore, it is more possible than ever for goods and services to travel at great speed in this globalized world economy. As a result, the retail landscape has experienced tremendous changes. By breaking down the barrier of space and time, online shopping has almost taken over all the possible platforms of retail. Market pioneers such as Amazon and Alibaba have introduced the concept of “digital mall”, where everyone can become a digital shop owner and sell products with a minimum investment in comparison to establishing a physical store. It seems that suppliers and consumers can exchange more directly with fewer barriers or intermediates, such as shop landlords, merchant middlemen, commission agents, and commercial ads. However, intermediates did not disappear. The traditional market intermediate such as shopping malls changed its form into the digital platform itself, while the function of traditional advertising was replaced by reviews and influencers’ posts, etc. It seems that the online shop is a digital replication of physical retail shops. However, one aspect failed to be included in this process of digitalization: the physical interaction with people, goods, and spaces. In fact, parallel to the emergence of online shopping, Pine and Gilmore (1999) have identified a new stage of economic development, which is called experience economy. With this, they argue that the economic value has shifted from commodities to goods, then to services, and now to experiences.

Although consumption has become so convenient that any purchase can be just a click away, we still tend to “go out” for shopping from time to time. Is it just an old habit or “going out” and shopping in a physical store is yet irreplaceable? We might notice that a considerable amount of consumption decisions we make each day have little to do with satisfying basic physiological needs such as simple food and water. Instead, we tend to consume things that ‘make me feel good’. Machleit and Eroglu (2000) have explored customers’ emotional responses to the shopping experience, and discovered that shopping

environments can affect customers' emotions. This emotion can be critical in determining the level of consumers' satisfaction towards certain stores, companies, or brands. Shopping in a sense can be leisure or even therapy to some people. Not only because of the joy of possession but more importantly the experience: the calming atmosphere, a comforting smile, the soothing music, or simply a nice surprise (Meyer, 2006). Just like Holly Golightly in the movie *Breakfast at Tiffany's* said "When I get it¹, the only thing that does any good is to jump into a cab and go to Tiffany's. Calms me down right away. The quietness and the proud look. Nothing very bad could happen to you there".

Sachdeva and Goel (2015) argue that the most vivid memory of customers about a shopping experience is composed of the mood, feelings, and emotions they encounter in specific shopping moments. A good shopping experience is more powerful than we often imagine and could even be addictive. Thus, with the strong impact of the online shopping trend, offline stores have struggled but did not perish, because the online shopping experience is not comparable yet with which in real stores. As a result, a lot of established brands have dedicated great energy and monetary investments into building physical "experience stores", aiming to provide quality "brand experience" to their customers. Those "experience stores" are usually situated in the best locations and equipped with premium store design. For example, in 2008, Nike opened a 10,000 square foot store, which is combined with half art space and half concept store, in the Beijing 798 art district. "Our store was built as a theatre where our consumers are the audience participating in the production," according to Niketown's press release for the Chicago store. What is more, Apple stores are also great examples of using physical store spaces as an engagement platform to provide brand experience to consumers, in order to increase customer satisfaction and enhance customer intimacy and loyalty (Trevor, Haq, & Cox, 2010).

In the recent decade, a new form of physical retail stores has emerged globally alongside the changing of the retail landscape. Concept stores have emerged as physical stores that present various kinds of products, which are majorly handmade by makers or collected from designers, in a curated space (Trotter, 2016). Although the drastic changes in the consumption world have brought uncertainties and challenges to the retail market, the concept store as a physical retail business form has emerged against the online shopping trend. Therefore, I have developed a bold assumption: the two developments described above

¹ "it" here refers to the 'mean red' feeling mentioned by the character Holly Golightly in the movie - *Breakfast at Tiffany's*. The character Holly Golightly explains 'mean red' in the movie as an anxious feeling that "when you are afraid of something but you do not know what it is".

– 1) traditional stores having to ‘reinvent’ themselves due to the technological changes in consumption behavior and 2) consumers’ increasing craving for enriched shopping experience – might have led to the emergence of the “concept store” business. The “concept stores” discussed in this thesis are different from the “brand experience stores” that were initiated by highly commercialized brands and companies. The owners/funders and co-workers of a concept store usually have strong artistic backgrounds, instead of purely business-oriented. Besides, strong social value² and artistic value are expected to be identified in the business visions of concept stores, since concept stores tend to promote themselves as serving the function of local incubation platforms for creative makers and young designers while inspiring creativity and social interaction in community and society.

Merci³ is, moreover, very pleased to act as a developer or launch-pad to the young designers who, thanks to this sounding-board, can make themselves known to the many customers and international personalities who visit Merci. ... The founders decided that the proceeds of this investment would serve to fund an endowment paying for educational projects and development in south-west Madagascar. (The story of MERCI; Retrieved from <https://www.merci-merci.com/en/merci>)

Research questions

The emergence and development of this new form of physical retail business, which combines art, culture, and experience, during an unpredictable changing of the retail industry described above made us want to know more about them. However, at this moment, there is a lack of academic studies on the concept store business. We still have little understanding of how this new physical retail business with-stand the general crisis in the retail market; how have this business form evolved over recent years; what makes them thrive and perish; and what can other cultural entrepreneurs and creative workers learn from concept stores’ practices; etc. In this thesis, I hope to generate a deeper understanding of concept store business from a cultural economics perspective by trying to answer the main research question: **How do entrepreneurial preferences and values affect the life cycle of concept stores?**

² Social value refers to interpersonal relationship, social status and identity, and cultural value (Klamer, 2011).

³ Merci Paris is a popular big size high-end concept store in Paris, France.

Which allowed by firstly answering the following sub-questions:

- What is a concept store in the store owners' perspective?
- How did concept store as a business form emerge?
- What business strategies were adopted by the concept store owners?
- What are the main challenges of a concept store business?

Research objectives

By understanding this series of questions, we expect to fill up the academic gap in understanding concept store business in the context of cultural economics. As the artistic and social values involved in concept store businesses make concept stores part of the cultural economy and their owner/funder cultural entrepreneurs⁴, the academic understanding of cultural entrepreneurship and its relationship with various values will be deepened furthermore through this research. Besides, learning about entrepreneurial practice in art and culture allows practical insight for creative workers who are running or planning to run a creative business. By identifying different entrepreneurial preferences and strategies among various concept stores, the lifecycle (Davidson et al., 2002) of concept stores and its relationship with various value preferences will be studied. By studying concept store not only as a business form but also as a cultural economical phenomenon, we expect to present valuable insight to creative entrepreneurs in creative retail, while providing policymakers with a better understanding of the social and cultural impact of concept stores.

Thesis structure

The first following chapter presents an overview of academic discoveries, which concerning the main topics and theories discussed in this thesis, such as the changes in retail landscape, experience economy, concept store business and retail life cycle, cultural entrepreneurship, and values. By conducting the empirical research, which builds on 10 interviews with

⁴ The notion of “cultural entrepreneur” has been extensively studied by cultural economists. According to various scholars' researches: cultural entrepreneur is someone who distinguish new combinations in the cultural sector, and equipped with passion and skills to bring the new combination to the market; most of the them have an artistic background (Schumpeter, 1911; Peterson and Berger, 1971; Bhansing, Hitters, and Wijngaarden, 2018). We consider the founders and owners of a concept store business as they discovered the need in the market and created a new form of a business in the creative industry driving by their passion towards art and creativity.

concept store owners and managers in the Netherlands, answers to the research question and sub-questions will be presented in the findings chapter. The findings chapter starts with defining “concept store” using the highly in common elements collected from the respondents, then the lifecycles of concept store businesses will be examined chronologically alongside with the value preferences of the store owners. The findings chapter demonstrates various creative entrepreneurs’ perspectives, and to what extent do different entrepreneurial value preferences influence the life cycle of concept store business. In the conclusion chapter, the findings will be analyzed at an abstract level reflecting on the existing theories and the presumptions made in the introduction. Finally, the last chapter presents several unexpected but intriguing findings such as concept store owners’ changing attitude towards online shopping trends under the circumstance of COVID 19 pandemic, as well as the limitations and further research leads.

Literature review

In this literature review, I will first introduce the societal and economic developments that have changed the ways in which the retail sector has developed. After that, concept store as a new retail concept in creative industries will be introduced with some (preliminary) literature on how concept stores are discussed in academic, journalistic and other sources. Finally, the idea of cultural entrepreneurship and consider whether and how we can perceive concept store owners as cultural entrepreneurs will be discussed.

The change of consumption and retail landscape

The consumption behavior of human society has been extensively studied by economists, psychologists, sociologists over centuries. According to Warde (2017), there are two most influential accounts in the study of consumption: one is the economic consideration in consumption, which emphasises the utility maximization by having individuals trade in a free market autonomously; while the other one roots in the cultural perspective of consumption, which notices the emotional drive behind the consumption behavior, such as personal identity identification and expression through certain choice of lifestyle. When the economic development was at an elementary level, the motivation behind consumption behavior was simple, which was to meet physiological needs. However, consumption is an ever-evolving notion that always matches the development human's society. Therefore, when we are talking about consumption in a modern context, we have to understand where are we now with the development of human's society. In a large part of our current world, human's basic needs, such as food, shelter and clothing, are met sufficiently. And as a result, consumers' needs have switched up from basic needs to psychological needs or even partly self-fulfilment needs.⁵ Personal experience and enjoyment have become the major players in the modern consumption world (Pine and Gilmore, 1999). It is important to see the interaction between economic development, social development and the evolvement of consumption in order to

⁵ The basic needs and psychological needs were firstly mentioned as part of the Maslow's hierarchy of needs in Abraham Harold Maslow's 1943 paper "A Theory of Human Motivation". There are three levels of human's needs distinguished in order to study human's intrinsic motivation. The basic needs consist of physiological needs and safety needs, which is at the bottom of the hierarchy; the psychological needs include belongingness and love needs and esteem needs, which lies in the middle of the hierarchy; the self-fulfilment needs refer to self-actualisation, which is at the top of the hierarchy. Maslow advocates that the motivation of human will only arise to the next level when each need below is satisfied within the individuals.

understand why concept store came into existence at a time when other traditional physical retail stores were forced out of business.

Moreover, a new notion called ‘cultural turn’ was brought up by social scientists, and greatly altered our understanding of consumption. Culture was previously referring to High Culture (Williams, 1958), which only represented classic art, opera, dance or other forms of artistic craftsmanship enjoyed by higher social class. Within the cultural turn, “culture was re-designated as an integral part of everyday life, wherein could be found meaning, personal expression and identity” (Warde, 2017, p.41). The term “concept” in the so-called concept store business can be seen as a reflection of “culture turn” in modern consumption. It can mean the ideology or vision that a store wants to convey to its audiences; it can mean the lifestyle it represents by specific collection of taste in products; it can mean the social value it creates for the neighbourhood; it can mean the support it gave to the artists and makers group; etc. It could be the outcome of what happened in recent decades in cultural economy and individual consumption. We may expect that the change in consumers’ need is one of the fundamental drives behind the emerging of concept store businesses in terms of the market needs.

Experience economy

Nowadays, the internet has made basic virtual interaction and exchange possible, however, on an elementary level. The physical senses of the whole experience of interaction and exchange yet cannot be achieved digitally. Therefore, when physical interaction was partly taken away from consumption experience by digital platforms, consumers have started to miss and value it. The term “Experience Economy” was firstly used in a 1998 article by Pine and Gilmore. The experience economy was identified as the next economy trend after the agrarian economy, the industrial economy, and the service economy. Pine and Gilmore (1998) argue that a business need to provide interactable experience for their customers, and the memory of the experience itself will become the desired product. Experience gradually became the most memorable expression of a brand. Offline channels make it possible to create compelling, unforgettable brand experiences, which differentiate a brand from another effectively. As Pamela Wilson of Big Brand Experience points out, “The world’s most recognizable brands offer a feeling and an experience” (Trotter, 2017). Terblanche & Boshoff (2001) have conducted research on customer satisfaction and total retail experience. Their empirical result shows that the retail environment, including personal interaction during

services, is one of the most important factors that contribute to the customers' satisfaction. Besides, the research result also shows that other physical elements such as space decoration, sound, the smell can also affect customer satisfaction effectively. Based on this result, I believe that my research object – the concept store business – is answering to the modern consumption needs towards an experience economy. Their focus on consumer experience has set them apart from traditional retail or online shopping platforms. Therefore, I aim to understand whether and how it is also their focusing on consumers' physical experiences that enable them to withstand the market challenges, thus emerge or even thrive through the economic crisis.

Besides, Hill et al. (2001) have also mentioned that personal interaction plays an important role in how customers feel. They argue that service providers need to find a role to play when encountering customers in order to enhance the customers' experience. When a business involves service providing, the workers should act in such a way that “engages each guest with each and every interaction” (p. 28), advocated by Pine and Gilmore (2013), since “turn mundane interactions into engaging encounters” (p. 38) is a crucial step for a business to take in order to thrive in the experience economy. Accordingly, a strong personal connection can be observed in some concept store, which can potentially be one of the reasons why those concept stores sustain through a longer period of time. Good consumer experience always goes along with consumer expectations (Machleit & Eroglu, 2000). The consumer is always the center of any retail business. Knowing its consumers for sure will help the store owners to form a better understanding of the success and failure of a concept store. Taste formation is essential for the consumer choices of cultural consumption. Mark Blaug (2001) has pointed out in *Where Are We Now on Cultural Economics*:

The fact that the products of cultural industries are typical ‘experience-goods’ for which tastes have to be acquired by a temporal process of consumption, sometimes leading to ‘rational addiction’, only strengthens the point that stable and identical tastes are an implausible assumption. (P. 125)

The “unstable” and “unidentical” tastes of the ever-evolving consumer group are a big risk that any retail business is facing almost every day (Blaug, 2001). But the concept store business is like a test field for taste. The nature of the concept store business has equipped the business with great flexibility and adaptability by sharing the risk with its various suppliers. And by staying close to the audiences, concept stores might be able to quickly react to the

changing taste of the market. We are going to discuss concept stores' characteristics when answering to consumers' changing taste further in the empirical research. However, do all the concept stores made a clear strategy on how to manage their customer experience, or are they just "naturally talented" in building consumer experience?

Concept Stores and retail lifecycle

Concept store businesses have rarely been studied academically, but that a wide variety of authors have discussed this phenomenon in other outlets. Chandan and Lottersberger (2013) define a concept store as "a new retail format that integrates apparel, homeware, bookstore, gallery and restaurant under a consistent brand personality and visual merchandising." Trotter (2016) mentioned that the concept store is "a shop that sells a carefully curated and unique selection of products that connect to an overarching theme. Often, they evoke a lifestyle that appeals to a specific target audience – they are inspirational. Handpicked products are pulled together from different brands and designers, and they usually span different lines, such as fashion, beauty, and homewares. In addition, the display mixes these lines and products together in an attractive fashion". To conclude the most popular descriptions of concept store that I have collected from limited preliminary studies and scattered opinions on the internet, concept store is a physical business that combines art, culture and retailing; it often presents a lifestyle or theme with curated store displays or events, which emphasis customers' experience; the products sold by concept stores are often from different brands and designers. However, it was seldomly mentioned that concept stores can also serve a function in supporting upcoming artists or benefiting societies. Throughout my early observation, some concept stores also serve as a bridge between young start-up artists/makers and their neighborhood; they are platforms, incubators for artistic start-ups, as well as a warm light of lifestyle and creativity in the neighborhood. Besides, the academic studies and literature on concept store are unsatisfying but perhaps due to the very recent development of concept store practice. Therefore, the question will be asked to the owners and creative workers in concept store businesses about their understanding of "concept store" in this empirical research. Maybe the people who initiate and run the concept store business will have various opinions about what is a concept store.

As part of the retail industry, the concept store business certainly shares some common features with retail business. When we look into the lifecycle of a concept store, we are also looking at the lifecycle of a retail store. Although little study has been done on the

lifecycle of concept store, previous researches were conducted on retail lifecycle. Davidson, Bates and Bass (2002) have identified the four stages of the retail lifecycle, which consist the innovation period, accelerated development period, maturity period and eventually the decline period. During the innovation period, the retail business often experience a rapid sales growth but low profitability level due to new retailing approaches that attracts customers but minimized investment; then the rapid sales growth continues to the accelerate development stage, during which the organization started to invest more and centralize the management style, thus the retail business start to generate more profit. However, due to the market competition and increasing new entrees, the sales growth rate of a same retail business will slow down after 8 to 10 years of market practice. At the maturity stage of the retail lifecycle, the retail business adapts a more professional management style and in order to maintain the profit. Eventually the market competition and new innovations drives the profit even lower, thus, force the business to minimalize investment and cost while actively searching for new innovation opportunities (Davidson et al., 2002). During my early investigation on the internet, concept stores with a lifespan that is longer than 10 years are rarely found, which probably because of the short history of concept store business since its emergence. Does concept store business follow the typical life cycle of retail business or does the cultural economical characteristic and different value preference of creative entrepreneurs affect its lifecycle in a prominent way? What is more, based on the retail life cycle theory, we might expect bigger challenge occurs in the later stage of a retail lifecycle, during which the market competition rises as more similar businesses come into existence. DiMaggio and Powell (1983) have identified an isomorphism⁶ phenomenon among the modern organizations and mentioned hypothesizes such as “the greater the dependency on sources of support for vital resources, the higher the level of isomorphism” (p.155); “the greater the participation or organizational managers in trade and professional associations, the more likely the organizations will become similar with each other” (p. 155) and “the greater the extent of structuration of a field, the greater the degree of isomorphic”, etc. (p.156). Will concept stores encounter a lower rate of isomorphism thanks to the diverse source of product supplies (various makers and artists) and potentially lower business professionalize level, thus, face

⁶ The term ‘isomorphism’ represents a phenomenon that a group of objects are forced to become similar with the other group of objects that are situated in the same environment or circumstance (Hawley, 1968). Under the context of commercial marketplace, DiMaggio and Powell use this term to describe the homogenization occurred among organizations and firms.

lower market competition? Will the cultural and social values and preferences of cultural entrepreneurs, to some extent, impact the lifecycle of concept store businesses?

Creative entrepreneurship and values

In this thesis, concept store business has been identified as a creative enterprise that involves culture and art in physical retail. Based on my early observation, concept store can potentially serve a significant function in promoting emerging artists and designers directly or indirectly, as well as forming communities around art lovers and artists/designers. In this case, the cultural/artistic value, social value as well as the economic value (Klamer, 2002, 2003, 2004, 2011) are all addressed in the concept store business operation. Therefore, we might tend to identify concept stores not only as a player in creative market, but also as serving a function of an agency or intermediates in the creative industry.

In the creative industry, the intermediates are also often the gate-keepers, they provide information that can potentially influence the consumers' taste, which would also help reduce the search and information cost for both consumers and producers (Towse, 2010). The concept store often serves the function of selecting relevant products for a target group, and the customers might go to a certain concept store for products that cater to their taste. Besides, according to Caves (2003), creative labors are often in need of an agent who takes care of the business operational tasks, which enables them to focus on artistic creations. As observed, the concept stores have little direct influence on what the makers or artists create, instead they provide a platform that demonstrates certain market preferences while managing the daily sales.

By identifying concept store as a culture enterprise, we can, therefore, consider it is initiated and sustained by cultural entrepreneurs. However, the role of the intermediate of cultural entrepreneurs and how they navigate between commercial gain and artistic/cultural value is unclear, therefore cultural entrepreneurs would be at the center of this empirical study. Klamer (2011) mentioned in his article *Cultural Entrepreneurship*:

The cultural entrepreneur of van de Ploeg (1999) combines artistic qualities with business sense; he or she is able to attract customers for the arts without compromising the artistic mission and artistic integrity. ... They all exemplify his wish for more economic sense in the world of the arts, for a less protective

and conservative atmosphere and less reliance on the government for financial support. (p.147)

Unlike a large number of cultural organizations or artistic practices that rely or partly rely on governmental support or public funding, the concept store business practices are often self-sufficient. The concept store owners can be artists or makers themselves who wish to meet the market together with a larger group of creative workers or business professionals with strong creative desire. Their major motivation can be simply identified as artistic intrinsic drive, while there are more elements came together and fostered the emergence of concept store business. While Klamer (2011) advocates that a good cultural entrepreneur should not be the artists themselves but people with sharp sense in market and strong background in business practice, he also mentioned that emphasis on financial gain will not sustain a cultural organization. Will different types of leadership make a difference in the business practice of concept store?

As the eyes and skills for business are emphasized as critical qualities of creative entrepreneurs, it is their motivation that sets them apart from other commercial entrepreneurs. According to Klamer (2017), everything we do in life has a purpose other than money because money or monetary profit is just a side-product created by doing the right things regarding achieve an “ideal”. The “ideal” can be their mission and vision that the businesses or practices are built on, especially in the cultural industries. Examples were easily found in the field of art and performance, piano players practice playing to achieve a better outcome of the performance, or simply enjoying the process of practicing or the fames recognized by his or her audiences. Based on that, Klamer (2002, 2003, 2004, 2011) has brought up several major values that are involved in cultural economy: social values, which are often related to interpersonal relationships and social identities; cultural values, which involve spiritual, esthetic and other values related to a meaningfulness life; and economic values, which represent financial gains and revenues that allow accesses to certain social or cultural values. Therefore, we might expect that the core value focus of the concept store business is not on money, at least in the early stage of the business. However, when the business expands, will the social value and artistic value be crowded out? Klamer (2011) pointed out that “It can compromise the cultural entrepreneur when the values of the market crowd out those of the cultural field” (p.154). That is also what I try to find out in the empirical research. The struggle with finding the balance between values has always been one of the biggest challenges in the cultural and creative industries. An important topic in cultural economics is

the dilemma between artistic value and monetary value in the businesses that involve art and culture. And of course, it also plays a role in the operation of the concept store business as cultural and artistic value has been involved. As such, this thesis will also question how concept store owners balance artistic value and economic values.

However, when it comes to business operations and strategies of a creative enterprise, it is important to explore how the shift in values affects the business operation of the concept store businesses. Although social value, as well as artistic value, are generally conveyed intentionally or unintentionally by many concept stores, it is unclear which value is majorly emphasized by the concept store owners and if the preferences in values are definite. Besides, Moore and Khagram (2004) has made a point that any successful organization (both for-profit making businesses as much as governmental agencies and non-profit organizations) must ensure that there is alignment across its (public) value proposition, organizational capabilities, and sources of support and legitimacy because organizations need a license to operate and be responsive to those who grant them that license. This theory implies that any organization operates in society is under a certain political influence that leads to the path of shared prosperity of the society. In this case, no matter what personal mission or vision of an organization is, it adds shared value in the society with some help from “the visible hand”. Does the take-off of concept store business ride alongside with its contribution to public/social value? We are going to find out and discuss the above questions after the interviews with owners and creative workers in the concept store businesses.

Methods and data-collection

As the number of concept stores is currently limited (though growing), quantitative research will not yield convincing or reliable results. Moreover, as I am interested in the in-depth perceptions and practices of concept store owners, intensive conversations with the founders/managers of concept stores about their perspective of initiating and running the concept store business are essential. Therefore, a qualitative research approach has been selected for this study. More specifically, it does so by conducting in-depth interviews. The research has been conducted in the Netherlands. As concept stores have been emerging world-widely, the Netherlands is no exception as part of the global economy. The strong economy and artistic history of the Netherlands has provided rich soil for artistic businesses and cultural entrepreneurs. Therefore, the final research region has been decided to be within the Netherlands, more specifically, in three cities of the Randstad region⁷ (see figure 1 below). I believe the number of concept stores (see figure 2 below) and the variety of concept stores in Amsterdam, Rotterdam and The Hague will provide this research with a number of interesting cases, which compliant with the requirement of my research objectives.

Figure 1: The Randstad region in the Netherlands and the cities of sampling with population density



⁷ “The Randstad is a megalopolis in the central-western Netherlands consisting primarily of the four largest Dutch cities (Amsterdam, Rotterdam, The Hague and Utrecht) and their surrounding areas. With a population of 8.2 million people it is one of the largest metropolitan regions in Europe, comparable in population size to the Milan metropolitan area or the San Francisco Bay Area, and covers an area of approximately 8,287 km² (3,200 sq mi). With a population density of 1,500/km² (3,900/sq mi) it also is one of the most important and densely populated economic areas in northwestern Europe. It encompasses both the Amsterdam metropolitan area and Rotterdam–The Hague metropolitan area.” ---- Wikipedia, Randstad; last edited on 21 February 2020, at 00:18 (UTC)

Figure 2:

The numbers above were concluded based on online research.

Cases and participants

A number of 10 interviews have been carried out with founders, (ex)workers from different concept stores in the Netherlands. Thus, in total, 10 cases (concept stores) were studied. In this research, I have anonymized the names of the concept stores for the respondents' privacy. Among those 10 cases, 7 cases are selected in Rotterdam, 1 case in Amsterdam, 1 case in The Hague, and 1 case in Delft.

As mentioned above, the research sites were chosen also to be within the most urban area in the Netherlands, where, I assume, most of the newest creative business ideas were tested. Each of the concept stores' cities included in this research has a relatively large number of concept stores, but also has a mix of new and older concept stores (see basic information of studied concept stores in Table 1). Besides, the spatial and business size diversity of concept stores was also taken into account. Among the samples of concept store cases, 3 of them have expanded their business (have more than two locations), 2 of them are start-ups (no more than two years since market entry), 2 of them are already closed or about to close, 4 of them are more than one year in business and currently sustaining in one location. (See Table 2 and 3).

Table 1: General Information about 10 research cases

Cities	Concept stores	current status	total stores	life span	interviewee
Amsterdam	Happyspot	sustaining	8	2012 - present (8yrs)	Creative director
Rotterdam	Great	terminated	1	2013 - 2019 (6yrs)	Founder
	Love & future	sustaining	1	2013 - present (6yrs)	Store manager
	Swim	sustaining	6	2015 - present (4yrs)	Founder & Maker
	Victory	expanding	2	2016 - present (3yrs)	Founder
	Concept	sustaining	1	2014 - present (5yrs)	Founder
	Rubens	sustaining	1	2017 - present (2yrs)	Artistic director
	Pure	sustaining	1	2018 - present (1yr)	Founder
Delft	Insight	terminating	1	2014 - present (5yrs)	Founder
Den Haag	Moon	sustaining	1	2018 - present (1yr)	Founder

Table 2: Concept Stores with multiple locations/stores and their expanding speed over years

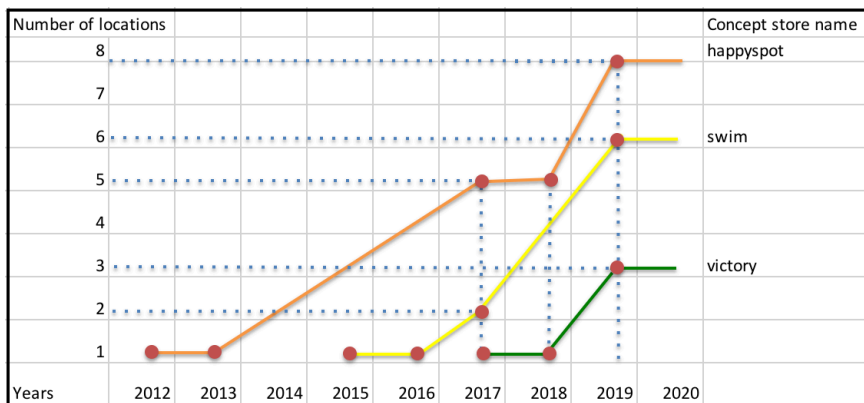
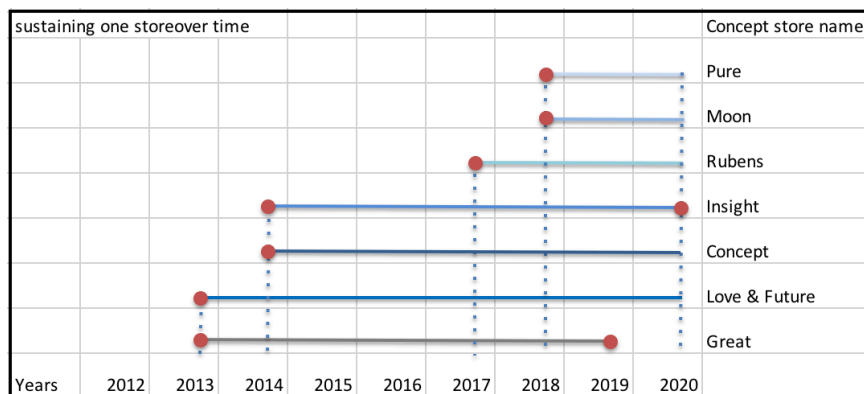


Table 3: Concept stores with only one location and life span



Moreover, the respondents should ideally be the founders of concept stores or long-term employees in management functions, thus, they will be able to provide sufficient information on the vision, mission, business operation, and history of specific concept store businesses. Therefore, in this research, I have interviewed 6 founders. Yet, as gaining access to founders was not always easy (especially in times of Corona), I also included 2 creative/artistic directors, one store manager, and a maker/concept store worker (see Table 1). As visible in table 4, three founders are equipped with a business/management education background, another three have

social work education background, and the rest have studied design or fine arts. Regarding previous working experience, half of the founders have already been entrepreneurs in other business field or started as creative entrepreneurs, the other three worked in social care or education sector, and the rest took management functions in commercial cooperation before the initiation of their concept store.

Table 4: Founders' educational & experience background and business models

Cities	Concept stores	Education background - Founders	Previous Experience - Founders	Business model
Amsterdam	Happyspot	Business	Entrepreneur	95% commercial sell
Rotterdam	Great	Business/Law + Art (co-founder)	Entrepreneur	80% commercial sell
	Love & future	Communication/Design/New media + Landscape Management	Project management + IT management	70% consignment sell
	Swim	Social work	Entrepreneur	70% consignment sell
	Victory	Art	Education	50% consignment sell
	Rubens	Social science/Art & Photography + Arts & Design (co-founder)	Commercial design	100% commercial sell
	Concept	Fashion Design	Fashion design business	80% commercial sell
	Pure	Social work	Social work/Child care	100% consignment sell
Den Haag	Moon	Art	Education/Entrepreneur	90% consignment sell
Delft	Insight	Marketing + Design (co-founder)	Account manager + Visual merchandiser	100% commercial sell

Data collection and analysis

The research data have been collected via interviews. In the very beginning, I have tried reaching out to interviewees via each stores' website and contact email, by sending messages which briefly explained my research objectives and my wish for them to participate.

However, this method did not get me many replies in the very beginning. Therefore, I had to change my approach to getting interviewees. In order to do so, I set up a more professional document, which contains a structural research invitation (see Appendix 1) and the list of my interview questions (See Appendix 2). With this piece of document in hand, I physically visited more concept stores in the neighborhood of Rotterdam. The face to face communication got me my very first interview appointment. It has boosted my confidence again and confirmed that my qualitative research method is feasible. In order to make interview appointments, I have talked to the founders, owners, and managers in person. Besides that, I also did my research on LinkedIn based on the information on the concept

stores' website, and by sending a connecting invitation on LinkedIn, I stated my wish to know more about their concept store for research purposes. Surprisingly, the reply rate on LinkedIn was higher than my expectation. I also got positive replies, which showed a high interest in my research. The process went even smoother when I started to conduct my interviews. The face to face interview also made 'snowball sampling' possible. There are 4 interviews out of 10 are snowball connections and the rest of 6 interviews are generated through my personal connections.

The interviews were conducted in various forms: face to face interviews, mobile call interviews, Skype call interviews, given different circumstances. The first half of the interviews were conducted by face to face meetings with the owners or managers inside their concept stores (Please see the functions or occupations of the interviewees in Table 1). However, in the later stage of my interview, due to the break out of the COVID-19 pandemic, people had to stay home to prevent the virus from further spreading, therefore, the face to face interview became impossible. As a result, the last half of my interviews were conducted via telephone calls and Skype meetings. Nevertheless, the switch of the interview method has had little influence on the data collection, since all the non-face-to-face interviews were still able to sufficiently cover all the interview questions and provide interesting input for the research. All the interviews were recorded by mobile devices (a smartphone and a laptop) and transformed into transcriptions for analysis. The duration of each interview ranged between 40 minutes and 90 minutes, which resulted in an average recording length of 60 minutes.

As all the interview transcriptions were coded and analyzed in the software Atlas.ti, the analysis approach I took is more of a constructive thematic analysis (Braun & Clarke, 2006), but also was inspired by grounded theory. The data analysis started with an 'open coding' method that was mentioned in grounded theory, which allowed me to code the contents of the interview transcripts (Friese, 2012). By adopting this method, I hoped to capture as many interesting points of view as possible from the corpus. After the first round of open coding (see Appendix 3), I started to group related codes into theory related themes while organizing and simplifying them. With the grouped codes (see Appendix 4), networks are built in Atlas.ti concerning different sub-question raised under the main research question, such as 'definition of concept store', 'perception of a successful concept store', 'the start of a concept store', 'the development of the business' and 'challenges faced by concept store business'. These networks elaborate on different stages of concept stores' life cycles, which will be analyzed in the findings section.

Findings

In this chapter, the findings out of the 10 interviews will be analyzed. Around the research question: “How do entrepreneurial preferences and values affect the life cycle of concept stores?”, sub-questions that concerning “the definition of concept stores”, “the initiation of concept stores”, “the business strategies of concept stores” and “the challenges faced by concept stores” were addressed to support and eventually answer the research question. The finding part is constructed chronologically concerning the lifecycle of concept store business, from the start of a concept store to the development and finally to the ending or potential ending of a concept store. And under each part, the related sub-question will be answered based on the interview results correspondently.

What? – A definition and typology of concept stores

Although the concept store has been a fashionable phenomenon and was widely discussed non-academically, the prevailing cluster of definitions was not generally favored by all the respondents. They did not (always) agree on what makes a concept store a concept store, and sometimes did not conceive themselves as such. For example, for the owners or founders who started at least 5 years ago, the idea of concept store often came later during their business practice in between art, creativity, and market, or sometimes was even presented to them by their customers. The manager of the concept store *Love & Future* mentioned,

We have never mentioned ourselves as a concept store to any customers and we didn't even want to define ourselves by the term 'concept store' but people started to come in and they would say 'oh, you are a concept store!'. Then we just accept that we are a concept store.

Nevertheless, they have overall agreed that concept stores have several specific characteristics that – taken together – distinguishes them from other forms of retail. What is more, the diverse entrepreneurial preferences in the business practices also distinguish the concept stores from each other. Therefore, distinctions between concept stores have been discovered through the interviews as well. In the following two sections, I will first present the definition of an ideal-typical concept store, then distinguish three types of concept stores based on their emphasis on different entrepreneurial preferences or values.

The Ideal-typical concept store

In this section, I will present a collection of important features that were suggested by the respondents regarding an ideal-typical concept store. By doing so, I hope to develop an overall definition of concept store drawing upon the characteristics listed below.



Words cloud 1: How do the respondents (founders/workers of a concept store) define a concept store?

❖ “A permanent store”

The idea that a concept store should be a permanent store or at least intended to be one is widely agreed among the respondents. This seems the most prominent difference between a concept store and a pop-up store. Although in practice some concept stores might have started as a pop-up store or remain one for a longer period of time. As a maker from the concept store Swim said:

And I think a pop-up store is a little bit different because for example, when we started in Rotterdam in another location, it was a pop-up store. And I think a pop-up store means that it's not permanent yet. And a concept store should be permanent. Although the concept store can be also a pop-up store.

❖ “Presenting unique products and showcasing diverse product types”

Most of the respondents advocated that a concept store should present a unique and diverse range of products. And that is also how they think the concept store is differentiated from the gift store or designers' shop. The owner of PURE concept store says:

when you go to gift stores, they have similar products. I think all the gift stores they go to the same wholesalers. But what we have is unique. You can go to the Hema, they have really nice gifts as well, but that's like mass

production. ... But you cannot buy anything that's here in another shop. What we have is unique. So that's the difference (between commercial designers' shops and concept stores).

Most of the respondents try to make them as unique collections as possible. Besides, in the store you can find cards, jewelry, ceramics, soaps, furniture, clothes, etc., some concept store even has a barbershop or gallery inside. Most of the time they are unique because they are limitedly produced by artists or makers. Some concept stores even mentioned that they highly prefer handmade products because that makes them undoubtedly original. According to the answers of interviewees, we know that having a unique collection of various types of products or even service is what they want to achieve as a concept store.

❖ “Shops in shop & Concepts in the concept”

This feature in a way is noticeable in most of the concept stores. There are always more than 5 brands and/or more than 10 makers being presented in a regular concept store that I have been to in order to conduct this research. The founder of Moon says: “We tell people who ask what is a concept store that a concept store is a shop with a special concept. ... little shops in one shop with the same concept.” For the maker from the concept store *Swim*, the definition is “Several concepts inside of several concepts. Each of us has a little corner. It's a concept. It's a mix of several stories, several ideas. So, several artisans, forms of arts under the same roof.”

❖ “A Lifestyle”

The focus on creating or promoting a certain lifestyle was widely mentioned in the interviews. A group of respondents advocates that the idea of concept store does not define products but should represent a lifestyle. People go to concept stores to look for lifestyle inspiration while the action of going to concept stores already defines a specific lifestyle. Krishna (2011) has advocated that consumers' purchase decisions have strong associations with certain lifestyles, and product choice was often made to elaborate on one's identity. Therefore, marketers can benefit from communicating the correct lifestyle to the specific target customer group. It is likely that this advantage has been noticed by the creative entrepreneurs who are eager to express their own lifestyles and play parts in this commercial trend. The founders of concept store Insight explain their business logic as:

You focus on one target group and you add a style. For us, it was really about ourselves. We said everything that we sell must be in our house, we have to wear it because otherwise, people wouldn't believe it. I think a concept store is a lifestyle. A concept that you create for different target groups. We made an agreement that we fully focus on our own taste, if it doesn't work, we can always make it more commercial and for the mainstream. But first, we want to try if our style works. And it did.

The lifestyle not only means the way one chooses to lead one's life but also says a lot about one's identity or taste (Warde, 2017). Michael (2017) mentioned that a choice in lifestyle is shown through one's choice in music, art and fashion; and through choosing a specific piece of music/art or certain fashion item, consumers found a way to express their identity. "Fashion can symbolize very high levels of cultural capital and prestige, while mass fashion is often seen as a superficial form of expression, associated with mass consumption." (Michael, 2017, p. 205) Concept stores not only differentiate themselves from mass fashion by presenting handmade or exclusive designed products but also represent lifestyles that differentiate their audiences and empower them with their choice of lifestyle. For example, the concept store Insight is targeting the girls who are not afraid to be themselves; the concept store Moon wants to inspire people to live bolder by presenting creative objects with bright colors and innovative styles.

❖ "A creative platform"

As a result of the interviews, the purpose of being a platform for arts and creativity occurred in most of the concept stores' initial vision that they started with. Most of the interviewees (9 out of 10) have pointed out that their store, or the store that they are working for, serves the function as a creative platform. Sometimes the idea of having a platform evolves over another business plan. The founder of CONCEPT explained the initial idea when she started her very first fashion brand store:

I was searching for a store for myself, just for my brand, and the whole platform vibe in my head was an idea for in ten years, because it feels like such a big thing. I was just starting my business and I didn't know how to lead a whole platform with a lot of collaborations. But it was in my planning.

But what does a “creative platform” mean? Who is this platform for? For the owner of the concept store PURE, “it should be a platform for those small creative companies or makers who want to start as I started somewhere. A platform for creative people.” For the manager of Love & Future, “a concept store is really like an umbrella for them (the makers and young artists) that gives support and where you make each other stronger.” Caves (2003) advocated that due to their ‘*Art for arts’ sake*’ mindset, the artists often need another partner in the business in order to sell or operate in the market. The concept store is not only a shop where sells makers’ product, but also an agency like intermediate for start-up artists and makers. Since most of the makers and artists have a job besides their artistic creation, as mentioned by most of the respondents, they can hardly stand alone. Given this circumstance, the concept store will not only offer the artists and makers a place to sell but also offers them professional help in curating, marketing, financing, and daily administration (Caves, 2003). Therefore, the existence of the concept store allows them to focus on their creation in the limited time after their day-job.

A number of respondents emphasized a strong vision to provide help to people who have passions for art and creativity by showcasing and promoting their creation to the market. Having the functionality of providing a creative platform for start-up makers and artists and giving them the opportunities to meet and test the market is, for them, one of the fundamental differences between a concept store and a designers’ shop or buyer’s store. However, the concept stores that were studied in this thesis are more community platforms where local makers or artists seek for peer-support. The ‘incubator’ and ‘umbrella’ character of a concept store makes it a business model between a non-profit foundation and a commercial enterprise. Being able to select products to sell and handling sales on behalf of creative workers demonstrate two important roles of a creative enterprise – gatekeeper, and intermediate (Caves, 2003; Towse, 2010). By selecting artists or makers to present, the concept store sets the standard of good creative product and decides what is “worthy presenting” to the market. However, among the concept stores studied in this thesis, the social value was prominently pronounced by a number of concept stores. They tend to emphasize the foundation character of the store in a community-based context. The selection procedures of products and makers are also highly dependent on the owner’s taste in comparison to artistic value or market preferences. However, another type of concept store, which focus on exclusive curation and selection of products, might present higher artistic standard in terms of not only being a bridge between the artists/makers and their potential audiences but also acting as a gatekeeper or an industry-standard itself (Towse, 2010). In

regards to different types of concept stores, I will further explain in the next subsection ‘Three types of concept store’.

To wrap up this subsection, all the respondents have their own emphasis on one or more features mentioned above, but taken together, we can roughly summarize the definition of an ideal-typical concept store as “a physical store space, which serves a function of creative platform for a larger number and variety of artists and makers who create unique and original products to meet the market and support each other; while promoting certain lifestyle/concepts via product selection and curation.” This definition differs from the existing definition of concept store majorly by emphasizing its supportive functions towards the artists and makers. However, concept stores also differ among themselves by emphasizing one or few features. These differences will be explored further in the next section.

Three types of concept stores

Through the conversations with the interviewees, I have distinguished three types of concept stores. Each type shares some features of an ideal-typical concept store while especially emphasizing one or two features based on the founders'/owners' preference or values in business. In this thesis, I distinguish them in terms of social value, economic value, and artistic value (Klamer, 2011).

The first type emphasizes social value most, the second type primarily focuses on commercial value, while the third type is assumed to be highly engaged in artistic value (see Table 5). As we can see in Table 6, 7 and 8, the first type concept store – *creative platform store* highly stresses the personal connection in the business and the importance of being a creative platform, which is primarily focusing on supporting local creative makers and local artistic start-ups. This type of concept store tends to enhance consumers' physical shopping experience mainly through human interaction in the store (Hill et al., 2001). The second type concept store – *collective lifestyle store* mostly focuses on lifestyle curating with a selection of products that were tested by the market preference in order to obtain a decent amount of profit. This type of concept store provides consumers experience in terms of meeting their expectations in searching for a certain lifestyle (Machleit & Eroglu, 2000; Michael, 2017). The third type concept store – *high-end curated store* highly emphasis on the exclusive selection and highly inspirational curation of emerging high-end creative product, which mostly stands for high artistic value and recognition. This type of concept store focuses on

Table 8: Differences in business strategy of three types of concept store

Concept store Types	store names	Financial goal		Business structure			Business model	
		self-sustaining	Profit seeking	one/two person store	task specialized	corporated	consignment	resell
#1	Pure	x		x			x	
	Moon	x		x			x	
	Love&Future	x		x			x	
	Victory	x			x		x	x
	Great	x			x		x	x
#2	Concept	x			x		x	x
	Swim		x		x		x	x
	Happyspot		x			x		x
	Rubens		x		x			x
	Insight		x		x			x
#3	Merci		?			x		x
	The Store		?			x	?	x
	Colette		?		x	?		x
	x bank		?			x	?	x
	Juttu		x			x		x

This thesis has majorly studied the first two types of concept stores due to time and space constraints. The third type – *high-end curated store* – is not exactly covered by the cases studied in this research because reaching out to specific respondents was infeasible during the outbreak of COVID-19 pandemic and the travel restrictions in Europe. Instead, the idea of the *high-end curated store* was mostly generated from the conversations with the *collective lifestyle store* owners, as most of them mentioned *high-end curated stores* as their favorite concept store cases. Therefore, I could roughly draw an image of the *high-end curated store* from the descriptions of the respondents as well as the information gathered online. For example, the creative director of the concept store *Happyspot* describes his favorite concept stores as:

For me, they are all inspiring on a personal level, for example, they do not focus on young designers, instead, they only have private labeled products but for me, it's just inspiring to be in their surroundings. They really present such a lifestyle concept as a whole.

The distinctions made between concept stores not only represent different 'branches' of concept stores but also suggest potential different developmental business lifecycles. In the next sections, I will further discuss the drivers behind the different types of concept stores, and how those different drives direct them towards different business strategies and eventually growth or termination of business. From the next part, the findings are going to look at different life cycles of the different types of concept stores: the start, development, and termination. Due to the insufficient information on *high-end curated stores*, the following sections will only intensively explore *creative platform stores*' and *collective lifestyle stores*'

practices. However, it is worth mentioning that the lines between types of concept stores can be blurry. Several concept store cases studied in this research can fall in between *creative platform store* and *collective lifestyle store* based on certain features evaluated. Therefore, when discussing the motivations or strategies of those concept stores, we will focus on the features that fall into each type of concept store category instead of the stores themselves.

Why? – The start of a concept store business

In this section, we dive into the motivation and initial values behind the initiation of concept stores. A concept store is a business form that was born in challenging times. Economic depression and the online shopping trend brought down countless retail businesses with physical shops. But they say: “When a door is closed, a window will be open.” The changing of the retail landscape and rising experience economy (Pine and Gilmore, 1999) do bring new opportunities. In this part, both the external circumstance and the entrepreneurs’ intrinsic motivations will be analyzed in order to understand the entrepreneurs’ decision of starting a concept store business. Different initiatives were found throughout interviews with the founders of different types of concept stores. Will this division in business drives lead to completely different business decisions later?

“I miss the creative part”

The creative intrinsic drive – *creative platform store & collective lifestyle store*

Not surprisingly, the strong creative intrinsic drive can be easily identified in almost all the creative entrepreneurs who I have talked to in this research, no matter which three types of concept stores they have initiated. As Klamer (2017) argued, the monetary reward is never a sole drive in any creative business. Indeed, “You cannot become rich with this. But this is what I like to do,” says the owner of the concept store *Pure*. Just like artists enjoy creating art because they enjoy the creative process as much as the end result; the creative entrepreneurs worked on their business as if it’s an artistic production, they enjoy being creative setting up the business, decorating it, and being surrounded by it.

A considerable number of respondents once held humdrum positions in commercial or governmental corporations before they start their concept store businesses. Most of the

concept store founders mentioned that their monthly income has significantly decreased running a concept store in comparison to which from having a daily job. However, it did not stop them from pursuing creative freedom despite less monetary rewards.

I miss the creative part. And I was looking for a way to earn my money by making art or making products. 6 years ago, I stopped working as a manager and then I made a lot of products, I sold them on markets but also online, via the webshop. (The owner of concept store *Victory*)

I really miss the creative part of my life. I was raised like you have to do all your education and then work with a bank. And for my parents that was happiness but for me, it wasn't, I was really not happy. So, I quit my job and I was traveling through Asia. And then I started to think I really want to do something creative. (The co-owner of concept store *Insight*)

The founders of two different types of concept stores have shared the story of their journey towards concept store business above. Clearly, their passion and intrinsic longing for creativity are deeply rooted in the decision of initiating a concept store business. Scott (2012) has mentioned that cultural entrepreneurs tend to engage in creative activities despite low monetary return either to achieve exposure or to fulfill their creative needs. Therefore, we might assume that the two different types of concept stores have the same creative intrinsic drive in their business motivation but were carried out with slightly different business conception, which might lead them to diverse business practices.

“Stronger together”

Risk-sharing among creative labors – *creative platform store*

The changes are often forced by challenges. When the retail market is experiencing challenges, the businesses within must find a way to quickly react to the challenges and change accordingly. When I ask retail business owners to name the biggest challenge they have faced or experienced in the past decades, they would mostly say the emergence of online shopping. Under this circumstance, retail business owners need to come up with strategies to survive. Some concept store owners think that the business form of concept store was, to some extent, forced by the challenge of online shopping.

I think the need started when people are buying online. And the small retailers weren't able to stand up against the big brands. And they started to combine different shops in one and make a shop that's stronger together and with stuff that you can't regularly find on the internet. And they try to make it really unique,

says the founder of concept store *Moon*. As we found out in the previous sections, concept stores often work with numbers of artistic start-ups and young designers, especially *creative platform stores*. With a strong sense of creative community involved in their business, the products are majorly sold in consignment⁸. Instead of identifying this type of concept store as cultural intermediates or gatekeeper (Caves, 2000; Scott, 2012), which carefully select and promote the works of artists, I see more prominent features of the creative incubator in *creative platform stores*, which mainly focus on providing opportunities for creative start-ups. While providing a financial-pressure-friendly environment for the artistic start-ups, the cash-flow pressure of the store owners has also been considerably reduced. Because the stores do not have to purchase all the products and resell them, the initial investment in the business has dropped drastically. The owner of concept store *Victory* states:

It (selling in consignments) gives me less risk in retail. Because if it is just my store with my product, I need to have a lot of liquid money to constantly buy stuff. And now, half of the product I don't have to buy, they just come here. ... If I really have difficulties having liquid money to buy stuff, you don't see it, because I am a full store. ... So, in difficult times, I think this is the business model that really works.

In some cases, the creative makers who are selling in a concept store also contribute a small amount of administration fee or rent to the store owner. Therefore, when a concept store has 40 makers then the rent and energy cost could also be efficiently shared among the makers instead of being paid solely by the store owner. The owner of concept store *Victory* also elaborated on the benefits of this business model by mentioning how can it help concept stores withstand financial difficulties and economic crisis,

⁸ Selling in consignment means that the shop doesn't purchase the products that are standing in the shop, instead, the shop will get a percentage of the price sold and the makers get the rest. For example, says the owner of concept store *Victory*: "I am like, borrowing them from the maker, and if I sell it, then a part of the money is for them and a part of the money is for me. 85% goes to the maker and 15% to me, to the store."

I literally share the rent with other makers. ... I already covered my monthly fixed cost, because we share the rent. And I think that's why this concept (of concept store) started when the markets went down. ... Still now, there are a lot of stores that have difficulties, here in the street, some are closed because they don't survive. Why do we survive? Because we are financially more stable.

A large amount of risk was not only taken away from the concept store owner but also from the part-time makers and artists. As Caves (2003) mentioned, artists or other creative workers prefer to have creative freedom without being troubled by the economic aspect of dealing with the market. Most of the makers and artists who are presented by *creative platform stores* are part-time creative works who like to make some creative products due to artistic intrinsic drive while having a daily job that pays the bill. Therefore, when the makers and artists stand alone, they have very little chance to meet the market due to limited publicity. In this sense, the *creative platform store* still plays the functional role of intermediaries and gatekeeper regarding enabling the transaction between makers and their audiences (Caves, 2000; Scott, 2012). However, the founders of *creative platform stores* are often among the creative workers who present a strong artistic value. Instead of emphasizing the commercial rationale, *creative platform stores* focus more on social benefit and artistic freedom, which allow creative workers to benefit from each other, thus, together they benefit from the market in a financially stable environment. But (there is always a but), will this initiative lead to growth for both concept stores and creative makers?

“They want to be surprised”

Mending the gaps in the market – *collective lifestyle store*

In facing the market challenges, *creative platform stores* choose to minimize the market risk and achieve financial stability by working together with the local creative labors. However, the second type of concept store entrepreneur is those who saw the opportunities in challenges. Some creative entrepreneurs started their concept store businesses in crisis because the rent was lower due to the fact that a large amount of the physical retail shops was out of business. But more importantly, they realized the new potential in physical store again

while online shopping is prevailing. Creative entrepreneurs, as well as consumers, realized that online shopping would be an ideal shopping method only when you know exactly what you need or looking for, but shopping does not and will never stop there because shopping has long transformed from a simple purchase action to an experiential enjoyment (Warde, 2005). Since the rise of experience economy has offered a new opportunity to the retail business and creative industry, it seems that whoever provides unique and sense-stimulating experience would draw the attention of unsatisfied consumers (Pine and Gilmore, 1999; Trotter, 2017). The creative director of *Happyspot* also pointed it out in the interview,

... despite the fact that online shopping is very comfortable and easy, shopping stays one of the top things that people like to do in their free time. ... And I think people are more into having all their senses stimulated. ... they want to be surprised more because everything is becoming more of a grey area. I can imagine that for concept stores it's a very competitive feature that they offer this kind of experience part.

The creative entrepreneur behind this rationale found the gap in the experience economy and tried to fill it with creative curation and experienceable lifestyles. However, curation and presenting are only half of the experience, while the unique products presented contribute to the other half of the overall shopping experience. Therefore, we can identify that some concept stores came into existence in order to take part in filling the gap between the homogenized creative market and the unsatisfied shopping expectation (Pine and Gilmore, 1998). Besides, it was mentioned by respondents that they wanted to change the product homogenization situation in the traditional retail market due to mass productions. The owner of the concept store *Rubens* explains:

I was a bit shocked that everything you see or you can buy (in the shops) is very similar to one and another. You see the same clothing, you see the same labels always, ... And in a house construction shop, you can buy the same chair as you can buy in a furniture shop. My colleague and I wanted to sell stuff that is a bit more original. In the process of making, but also that it's not for sale everywhere.

As a group of creative entrepreneurs identified the unsatisfied consumers' demands, some creative entrepreneurs noticed the missing platform for the growing local creative

supply. Some of the concept store owners pointed out that the Netherlands is definitely not one of the pioneers in the development of the modern creative industry in comparison to regions such as London, Paris, Berlin, or New York. The founder of the concept store *Concept* had years of experience overseas, and for her, the gap in the creative industries in the Netherlands is her opportunity. She mentioned that “The Netherlands is always a bit slower in comparison to London. I took everything back and started my own brand and that went quite fast in the beginning.” What is more, in the Netherlands, a lag was identified not only in terms of creative production but also in terms of the supporting facilities in the market. The founder of the concept store *Great* mentioned that he and his business partner discovered the expanding need from the creative industry and there was a gap between the creative products and the market. Therefore, providing a platform for the thriving creative industry in Rotterdam became the initial business idea of their concept store:

Back then, the creative industry, so to speak, in Rotterdam, which was quite small, but it was really thriving, since the past crisis, actually. ... there's so much being made, so many nice products and design and art or all around us. But it's never really visible unless you are really into this creative scene or very well connected. ... So, we came up with the idea of curating a platform with all those local artists, designers, craftsmen and promote them to a broader audience.

Being able to distinguish new combinations in the cultural and creative sector and presenting new combinations with passion and skills to the market are among the essential features of a creative entrepreneur (Schumpeter, 1911; Peterson & Berger, 1971; Klamer, 2011). The founders of *collective lifestyle stores* often have strong entrepreneurial quality in identifying market needs and opportunities, which directly or indirectly leads to the emerging of their concept store businesses in the Netherlands. Nevertheless, the eyes for market opportunities and innovative ideas alone do not make a creative entrepreneur or concept store owner. As Klamer (2017) advocated that everyone has an intrinsic drive beyond monetary rewards, there must be one for the creative entrepreneurs as well, which is powerful enough to motivate them to start a concept store business.

By now, we have formed a better picture of where did “concept store” as a business idea come from, including different business rationales behind two types of concept stores. In the business rationale behind the *creative platform store*, sharing a community-like platform

among local makers and part-time artists, helping each other minimizing cost and risk in the creative market have pronounced a strong inclination towards social value, which might lead to higher social value focused business strategy. On the other hand, *collective lifestyle stores* emerged basing on a well-founded market logic, where the imbalanced supply and demand called for new combinations (Schumpeter, 1911; Peterson & Berger, 1971; Klamer, 2011). Therefore, I assume the strong economical ideology behind *collective lifestyle stores* can potentially result in a more business-oriented concept store. In the next section, we will find out the possible connections between the business rationales and the business strategies, which can directly affect the lifecycle of concept stores.

How? – The strategies towards business goals

As mentioned in the section of “Three types of concept store”, the owners of different types of concept stores have different preferences in terms of business success, which potentially directs their business strategies. During the interviews, the respondents have described their version of a successful concept store and what business strategies they have adapted to achieve that. The major criteria of a successful concept store given by the respondents can be roughly summarized into three categories as well, which are social success, financial success, and artistic success. For the owners of *creative platform stores*, the platform success and customer appreciation appear to be the most prominent elements of success; while the owners of *collective lifestyle stores* emphasize more on healthy business growth and cultural impact. In this section, different business rationales and strategies of concept stores will be analyzed.



Words cloud 2: How do the respondents define a successful concept store?

“Change constantly, innovate constantly”

Unique content is everything – *creative platform store & collective lifestyle store*

“It all has to do with marketing, PR, and communication and we don't really have a budget for marketing. So, we've never put an advertisement anywhere” says the creative director of *Happyspot*, “for us, it's very important to stay relevant for certain influencers or bloggers or magazines, who are going to keep publishing about us because they think we are interesting.” Luckily, social media not only provides everyone a channel to express themselves but also provides more marketing possibilities for business. We are in the era when everyone can be a content creator and a curator on social media, and the concept stores see that and try to take full advantage of it. While most owners of *creative platform stores* use social media platforms to share their own content, *collective lifestyle stores* trying to stay relevant and interesting for certain influences and bloggers in order to get free publicities from them. Social media is the major marketing channel that concept stores use to promote themselves because it is more affordable and flexible to change.

I was surprised when the founder of *Great* told me that big media platforms and international magazines like The New York Times, The Guardian and Financial Times all did free publicities for his concept store, while he was proud but open about how did *Great* achieve that. “when those big platforms that wrote about the rise and shine of Rotterdam. We were always part of the story.” He says, “they always wrote it(*Great*) down as one of the must-go-to places when you visit Rotterdam.” Those influential articles are not commercial publishes, thus, they cannot be paid to publish, according to the founder of *Great*, which makes them more powerful than any other commercial advertisement. A good concept, which with the vision to contribute to the city and its people will attract free publicity for the business and eventually benefit the business itself (Moore and Khagram, 2004; Klamer, 2017). “I think it's all about selecting the right content to make an interesting collection, and that's where it all starts. ... And that was also one of our biggest assets, our content, and concepts” said the founder of *Great*.

Having a strong and unique concept and innovate constantly in terms of content creation is one of the things that *creative platform store* and *collective lifestyle store* both agree on. In comparison to designer shops, which most likely to dedicate to one style and one theme for a longer period of time, concept stores praise change, which can stimulate the

customers' sense and give every time a unique shopping experience. That is also something could bring free publicities because people get impressed and inspired each time.

I think the innovation part they do very well. They always come with new ideas, new concepts to stimulate the senses. For example, the concept store Merci in Paris always has a little exhibition space when you just come into the store. They always do something with a very contemporary topic there. I remember they had a plastic garbage recycle installation and this going-back-into-nature installation with all real trees. I think those things are what I like about them. (The creative director of *Happyspot*)

However, the differences between *creative platform store* and *collective lifestyle store* can still be distinguished in terms of their preference in changes. For *creative platform stores*, the changes are majorly being made based on the store owners' personal taste; while for *collective lifestyle stores*, the changes can be more market-oriented. As the owner of Insight said, "(we are) not afraid of change. You should really listen to the people and the market because the style changes all the time."

"To make everybody happy"

Personal connection centered – *creative platform store*

Creative platform stores tend to situate themselves in the community they are in. They offer products made by local makers, which have relatively lower prices that most people in the neighborhood can afford. And most *creative platform stores* present themselves in an approachable manner thus, everyone can feel comfortable in the store (Machleit, K. A., & Eroglu, S. A. 2000). "Special atmosphere and slow shopping experience are what matters to make shopping in a physical store better than online shopping." Says the founder of *Victory*. And the physical experience of shopping builds on personal interactions with customers (Terblanche & Boshoff, 2001; Hill et al., 2001; Pine & Gilmore, 2013), which means the customer service in a store that can enhance customers' experience on a personal level. *Creative platform stores* value how the customers feel in their store. The manager of the concept store *Love & Future* perceives that the recognition defines the success of a concept store. In his opinion, his store is successful when the customers keep coming back; when

people start to talk about a store; when people walk away with a smile. “It's more of a good experience that for me, counts.” says the manager of *love & Future*. Pine and Gilmore (2013) have advocated that the workers in the business that involves customer should act in the customers’ presence in order to engage and enrich customers’ experience. While for the *creative platform store* owners, it was not an act, instead, it was in their intrinsic drive that they want to interact and provide a good experience to the customers. They enjoy doing so because it also provides a good experience for them – the owners themselves. Most owners of *creative platform stores* maintain a very intimate relationship with the business operation. They are the store manager, accountant, strategist, merchandiser and the marketer in one. Some *creative platform stores* also hire store managers to improve their in-store services. But in general, they prefer to stay close to the daily operation and to their customers. Most of them find being present in the store and build a personal connection with customers important (Pine and Gilmore, 2013). The owners of *creative platform stores* are in general very social, they enjoy talking to their customers and even encourage the interactions among customers themselves. In this case, the concept store feels more of a social platform than a creative platform and that, perhaps, is the main goal of *creative platform stores*. The owner of the concept store *Pure* mentioned:

I always talk to everyone who walks into my store. Sometimes it can be very busy here, and I am always on my own. ... And when it is busy and all the tables are taken then I will encourage people to share a table, and they liked it. People who don't know each other start to connect with each other. That's what I love.

She also shared the rationale behind the decision of having her store outside of the city center. Besides the rent difference, she said, “The connection with my customers is very different, it is more personal. I could decide to go to the city center and earn may be more money but it's not what I like.” The community feeling plays an essential role in the overall experience that *creative platform stores* wanted to offer to their customers. The founder of concept store *Victory* thinks when the customers see a familiar face in the store, it strengthens the connection (Machleit & Eroglu, 2000), therefore, she tries not to change her staff too often. “Other than that, we communicate via Instagram and Facebook. And we also have a lot of workshops here,” says the founder of *Victory*, “once a month, this table is empty, you

cannot imagine. And then one of the makers is offering a workshop – ‘how to make a plate like this’. And a lot of customers like that.”

However, communication with customers is not only in one direction, as a good relationship always goes in two ways. According to the owner of *Pure*, “the people in the neighborhood still decide what will be in your shop”. For example, the concept store *Victory* brings the connection with its customers to a personal level by providing the opportunity of creating together with the makers. Sometimes their customer goes: “I really like this hat but my nephew loves elephants. Can you make this with elephants?” And most of the time, it is possible to meet this kind of customers’ requirement because the owner of *Victory* works closely with the makers. The personalized experience is what makes a store a personal place to go (Sachdeva & Goel, 2015).

As demonstrated by the practice of *Victory*, the personal connection between the store and makers/artists is equally important for *creative platform stores*. That is what makes this type of concept store a local creative platform, instead of a pure gatekeeper that controls market entry (Caves, 2003). Given the modest ambitions of part-time makers, *creative platform store* is the ideal place to be, where the competition is low and as well as the market entry. In order to support creative start-ups, *creative platform stores* often provide different contract options for start-up makers with higher profit percentage and minimal rent contribution. “When you are really a starter, I want to be a real platform for you where you can start”, says the owner of *Pure*. She also mentioned that some other concept stores are stricter with the contract and make no difference between makers, therefore, they all pay the same amount of contribution. But in *Pure*, she mentions:

If a newcomer didn't sell anything for the first month, I don't ask for any money. I would say 'Let's try another month and put it in another place, maybe it will help'. If they still cannot sell, then I say 'maybe try another place'. But when you go to a big concept store, you always need to pay. It is true that whenever you start something, you need to take the risk, but I would like to give them a chance.

The owners of *creative platform stores* strengthen the personal connections with both the makers and customers by being a bridge between them. For the founder of *Concept*, it is very important to make sure that everybody is happy and inspired, thus, everybody can gain something out of it. That's also part of her vision and mission. She describes her ideal success

as “that everybody you work with is happy”. The owners of *creative platform stores* dedicate a considerable amount of energy and emotions into the communication between makers and customers. Therefore, they are very unlikely to expand into multiple stores due to the limited attention they can spare to each store. “You can better make 3 stores really good than 10 but half good”, says the owner of *Pure*, and that is more or less the business philosophy of *creative platform stores*. As a consequence, they found it generally hard to have their store more commercialized because the intimacy with customers and makers will be hard to maintain.

In a nutshell, the social aspect of a concept store business is highly valued by *creative platform stores* in comparison to the commercial aspect and even artistic aspect. It was not only shown by the construction of the intensive personal connection (Pine and Gilmore, 2013) but also shown through their attitude towards the city. Just like the founder of Concept said, “I will have a lot of focuses but it is more about making a creative community than making a profit.” Moore and Khagram (2004) advocated that any organization that operates in a society will be under a certain political influence that leads to the path of shared prosperity of the society. The tendency of focusing on doing something back for the city and combining retail with something that they can give back to the society potentially allows the *creative platform stores* to benefit from the policy and the development of the city. However, in the operations of *collective lifestyle stores*, the economic values are emphasized more than among the operations of *creative platform stores*.

“Crossing boundary is inefficient”

Tasks specialization in operation – *collective lifestyle store*

“I think the finance part is quite challenging. So, we have someone else who does it, she is really expensive but we are really happy now. For me, to cross a boundary is not efficient.” Says the owner of *Insight*. The efficiency and structure of an organization are highly valued and stressed in the business operations of *collective lifestyle stores*. This type of creative entrepreneur focuses primarily on the rational aspect of business operation in *collective lifestyle stores*. Their business strategies address that a successful concept store should be well-organized in terms of acknowledging different business functions. The owners of smaller size *collective lifestyle stores* realized the importance of surrounding themselves with

specialists from specific disciplines, which related to the business. As the owner of *Rubens* mentioned:

... a good plan needs people on every single aspect that is important for a business. For example, you have someone taking care of the photos, you have someone on the organization, you have someone on finance. You need to construct that. ... you need to find people with the same vision and motivating each other, making collaboration with each other, I think that's more the future (of concept store).

Collective lifestyle stores often have two or more co-founders/owners who have different backgrounds and in-depth knowledge of several industries or disciplines. Often it forms a leadership structure that involves two shared power top managers of the concept store business, which is called dual executive leadership (Reid & Karambayya, 2009). Most of the time, in concept store business with a dual leadership, there is at least one co-founder with a strong business background and another co-founder with an artistic background. This leadership style can be beneficial for the cultural enterprise that often requires strong expertise in both artistic productions and commercial operations (Bhansing, 2013). The co-founder of the concept store *Great* studied business and law, and his partner in the field of arts. He elaborates on the start of their business,

that's obviously what I did and what gave me the opportunity to take off. I think a good creative entrepreneur is either from the arts itself and then finds themselves a good partner (with a business background) or learning by doing is also a possibility but that makes things a lot more difficult.”

For most of the concept stores or businesses, if not already started with dual leadership, the need for tasks-specialization often comes with business growth and expansion. Just like what was mentioned in the previous section, with the idea of opening another store, more business-related problems, such as finance, become more prominent. Unlike the owners of *creative platform stores*, those of *collective lifestyle stores* are more ambitious and eager towards expanding. Therefore, naturally, *collective lifestyle stores* can encounter more needs for task-specialization and organization restructuring. Take the example of concept store *Happyspot*, the founders of which are all with a strong business education background. When they realize that their vision lies in expanding the stores and opening more stores around the Netherlands

and maybe eventually outside of the Netherlands, they brought in a creative director to make crucial decisions on store curation and artistic operations. According to the creative director of *Happyspot*, the management structure was very horizontal in the very beginning, and as the business grew, it became a bit diagonal⁹. In a way, everybody can bring in ideas and everybody is very much involved in this process, so in that sense, the company is still horizontal. But of course, due to the growth, someone has to take responsibility and manage a group of people, “otherwise, it's getting too messy”, says the creative director of *Happyspot*.

In this section, we have discovered the different preferences lie in the two types of concept stores in terms of business strategy, which was profoundly impacted by their visions and values. According to their operational strategic preference, *creative platform stores* are more cautious towards growth and chose to stay closer to the community, which allows the stores to stay in a relatively stable status; while *collective lifestyle stores* show higher enthusiasm in business growth and expanding, which requires stronger business skills and potentially brings more risk. However, can we expect *creative platform stores* to sustain a longer business life than *collective lifestyle stores* due to lower risk? In the next section, the possible reasons behind the termination of a concept store business will be examined to find out if the likelihood of potential termination differs between the two types of concept stores.

What (potentially) leads to a termination?

Would the externalities such as financial problems or market competition be the major cause of the termination of concept stores? Or perhaps the changing of intrinsic motivations can also result in an end of a concept store business? The findings on business initiatives and strategies have shown that different types of concept stores often lead to different paths. Nevertheless, the decision of terminating a concept store business can be made as a result of a combination of various circumstances.

⁹ The word “diagonal” was mentioned by the creative director of concept store *Happyspot*, with which he refers to a management structure in between a horizontal management structure and a vertical management structure. This “diagonal” management structure allows employees to contribute and be autonomous to some extent within a cooperated organization



Words cloud 3: Where does the major challenge of concept stores come from?

“The biggest question”

Trade-offs in value – *creative platform store & collective lifestyle store*

“How can you make a good concept store sustainable without losing its artistic values. That is, of course, the biggest question,” says the founder of *Great*. The dilemma between artistic value and economic value is no doubt one of the fundamental and recurrent struggles facing by cultural entrepreneurs (Klamer, 2017). The growth and expansion of business bring changes and imbalance, not only in the management structure but also in the business strategy. Besides, adjustments need to be made in values allowing the changes to happen, which enables business growth (Davidson, et al., 2002). The business development journey of concept store *Happyspot* can be used as a representative case to elaborate on this. The creative director of *Happyspot* has shared his point of view on the challenges occurred during their business development:

For me, it was always a dream to focus on the local business and that was also part of our identity to really give local designers a platform. But that is getting harder when you expand because a lot of things have to be more automated and you lose a bit of the personal touch. This sometimes causes our identity to be reevaluated.

According to the creative director, in the last two years, *Happyspot* has been very much focused on expanding and opening new stores. According to DiMaggio and Powell (1983), organizations with bigger ambitions tend to orient themselves towards the organizations that are widely considered successful. Therefore, we can expect that the ambitious concept stores tend to become less unique when they develop. The concept store *Happyspot* has in total of 8 stores by now, and it has become a challenge for the store to still keep its content relevant to

a personal level. It is easier to copy and paste the same mode than developing each and every new branch with unique content because “reliance on established, legitimated procedures enhances organizational legitimacy and survival characteristics” (DiMaggio and Powell, 1983, p.155).

It was likely that when concept stores expand, they tend to develop a business formula that can be efficiently regenerated at different locations. According to the creative director of *Happyspot*, in order to reach the high business efficiency during the expansion, they had to eliminate unnecessary elements that were not so relevant to profit-generating, such as a lounge or an exhibition hall. Besides, the owners also realized that it is not ideal and profit-efficient to fill the store with only local designers. The expanding needs a bigger customer foundation, which can be used to boost financial gain. As a consequence, they decided to take in more commercial brands, with which a lot of people are already familiar, in order to attract a bigger audience group. This action can potentially cause isomorphism and a loss of authenticity among concept stores, due to a centralized group of resource suppliers (DiMaggio and Powell, 1983). In this sense, part of the artistic value was crowded out by the economic value when the business owner decides to prioritize the profit-generating purpose of his business (Klamer, 2011). The crowding-out in values does exist and have become a threat to the concept store business because its customers started to miss the experience part of the store, says the creative director of *Happyspot*.

As the drawbacks of too much focusing on the economic values were quickly realized by the entrepreneurs, the action is taken to shift the value focus back to artistic and social values by trying to organize more interactive events. New concepts and programs have been developed again to involve customer interaction and provide in-store experience, according to the creative director of *Happyspot*. After a long period of focusing on business expansion and economic growth, *Happyspot* wants to focus again on presenting inspiring experiences and events to its customers. It seems that there is a shift of values during the development of concept stores, especially in those ambitious ones. Klamer (2017) has acknowledged the crowding-out phenomenon among different values without mentioning the possibility of the shifting between values. When the monetary gain was in need as a means for business expansion, the market value tends to be prioritized over other values. However, this crowding-out is neither definite nor permanent, it can happen during the transition of the business. *Happyspot* has expanded to different cities and become a well-known concept store brand in the Netherlands, with a sacrifice in its core value and identity along the way. “We wanted to give a highlight to the local products. So, that also changed a bit over time, I

think.” According to the creative director of *Happyspot* who has seen the expansion journey this concept store, the current status is still not ideal because the financial gain does not fulfill the vision of the business.

... In the beginning, we had a lot of early adapters (the young, creative people who pick up trends very quickly) ... But in Amsterdam, our stores have been a bit the same in the last couple of years. I think we lost some of the early adapter group there. It's becoming a bit mainstream, which is not a bad thing. But I think we do want to focus again on getting the early adapters back into our stores. (The creative director of *Happyspot*)

Throughout the past journey of *Happyspot*, we can see several shifts in their temporary business goals and strategies. When the financial support was in need in terms of the growth, the emphasis on artistic values was tuned down to compromise. And when a round of expansion was achieved, the artistic values can be gradually brought back, in order to comply with the original mission and vision. However, it requires a lot of determination and strategizing, in the long run, to achieve a business ambition without getting lost in the market competition and surviving. A dual leadership structure may help in balancing the values over time (Bhansing, 2013). Therefore, the concept stores with co-owners might be able to take more risks and more likely to succeed in expansion than single leadership concept stores.

Can a concept store sustain without growth? Looking at the studied concept store cases, there are concept stores sustaining without expanding or further commercializing. However, the research also shows that the shifts in values can happen in the practice of sustaining concept stores. It seems hard to sustain without occasionally making a concession in values for necessary financial gains, especially for small creative businesses.

I am really creative but my business partners were more business-oriented. So, when I stepped back, I saw the store became more commercial than I envisioned it. But it was also necessary because otherwise, we couldn't afford this type of crisis. ... I think for me, it is hard to see that a lot of projects became commercial but it is also for the good. (The founder of concept store *Concept*)

As stated above, making concessions in values is not natural for entrepreneurs with strong social and artistic values, but it can be crucial to the sustainability of their business practice. When concession between different values cannot be made in business collaboration, it can potentially endanger the business. “I think it's mainly because of the focus ... My partner and I had a lot of different understandings of how to how to manage the business.” says the founder of *Great*. The concept store *Great* was closed in 2019, after 6 years of glorious and inspiring history. Clearly, there is also a potential drawback of the dual leadership in business. The lack of communication and understanding between the dual leaders can bring uncertainties to the organization (Bhansing, 2013). “The business model was selling products in consignment. And I think that's one of the big failures that we didn't manage to turn around our business strategy,” acknowledged by the co-founder of *Great*. When the business practice does not match with the entrepreneurs’ expectations and the imbalance of values cannot be compensated or adjusted, the concept store owners might come to a decision that is to terminate the business practice.

“You can't do everything on your own”

Management challenge – *creative platform store*

Almost all respondents have mentioned that the concept store is a demanding business, which requires a great deal of passion and dedication from the business owners. Therefore, I was not surprised when the *creative platform store* owners mention that the development of their business bothers them the most. For *creative platform store* owners, the increasing management challenge brought by business growth is one of their biggest concerns. As mentioned in the previous sections, the business operation of *creative platform stores* is majorly about building and maintaining personal connections with customers and makers, which requires abundant personal attention and energy. Besides, the artistic mindset of this type of creative entrepreneurs often impels them to work more on the things they enjoy doing (Caves, 2003); while the strong social value preference requires them to contribute more to what is good for others (Klamer, 2017).

I think the most difficult part of having a store, in general, is that I don't have my freedom. I work very hard and I can never say that ‘I am not open’ because if I am not open then they (the makers) cannot sell. They pay the rent

and I feel the responsibility. I am needed in the store, that is the hardest part because I am restricted to this place. (The owner of the concept store *Pure*)

As the owner of *Pure* said, the fact that the store is growing more and more dependent on the owner can be a problem in the long run. Especially when the potential financial risk stops most *creative platform store* owners from seriously considering task-specialization. However, even if the finance allows it, or there are friends and families who can help with it, giving away responsibilities is never an easy decision to make for most of the *creative platform store* owners. "I think it is an important quality knowing your strong points and weakness and knowing that it's okay to ask for help and it's okay to give tasks away," says the founder of the store *Concept*,

Sometimes it is hard to let go of power in the store because it's my baby and it came from my heart and I am the one who is really passionate about it. That's really a thing. How can you tell yourself to step back sometime when you need to? Because you can't do everything on your own and at the same time stay healthy. (the founder of the store *Concept*)

Given the strong emotional connection between the owners and the stores, leaving part of the business in other persons' hands seems a reluctant decision to make. As mentioned in the previous part, the founders of *creative platform stores* enjoy the process of setting up their business as if it is an artistic creation, which makes it emotionally difficult to trust part of the business operation to someone else. Reflecting on what Caves' (2003) opinion on creative labors, we see a resemblance between the *creative platform store* owners and artistic creators. They are both unwilling to let their creating process interfere with commercial purposes (Caves, 2003). This can restrict *creative platform stores* from taking the step towards organizational professionalization. Most of the *creative platform store* owners rarely make the move towards many branches (more than three) because they realize that the increasing management pressure may require a transition in business structure, which can be highly risky. As demonstrated by the example of concept store *Swim*, which developed 6 branches in 6 different cities within 5 years, rapid business growth has created chaos in management. One of its makers thinks that the management structure of *Swim* did not catch up with the growth, "I think they need more than one shop manager, only one shop manager is too less. At this moment, there is not much structure and most of the time it's a mess."

“Retail is a bitch”

Surviving in the market competition – *collective lifestyle store*

Although the concept store is already a modified form of physical retail in facing market competition, other big market players are also changing and adapting to new market trends. The owner of the concept store *Victory* shared her concern in surviving as a physical store and she had noticed that “a lot of stores are disappearing. Because of the high rent and online shopping. In general, for (physical) stores, it's getting more and more difficult to survive.” Not only from the rising rent and online shopping trend, but the threat also comes from the traditional retail platforms, which are slowly changing their games and focusing more on local brands and shopping experiences. In this sense, not only the concept stores are experiencing isomorphism among themselves, but also the traditional retail businesses are changing towards a similar form of business by simply sourcing for the similar kind of products (DiMaggio and Powell, 1983). The creative director of *Happyspot* has acknowledged this challenge from traditional department stores:

And now a lot of big department stores also want to sell local designers. So, a lot of brands that we sell, are also available now at de Bijenkorf, which is very good, but it's also a challenge to keep the position that is still interesting for local designers to stay with us instead of immediately go to de Bijenkorf and skip us.

Since the products selected by *collective lifestyle stores* are likely to be market taste oriented, the traditional retail business and *collective lifestyle stores* potentially share part of each other's target group. However, the big traditional retail brands and platforms not only possess a larger customer group base but also a stronger financial foundation, which equips them with access to a broader range of marketing tools. A maker presented by *Swim* thinks the concept store, in general, is less competitive due to its lack of powerful marketing machine. She explains, “I think concept stores struggle a lot in ways of marketing. Because it is hard to compete with bigger brands. For example, my product (hand-made soap) cannot compete with Lush. It is impossible.”

For most *collective lifestyle stores*, in order to stay interesting to the market, they chose to invest in more exclusive products, which brings higher pressure to finance because

“a lot of designers don't want this (sell in consignments), they only do direct sales to retailers,” says the creative director of the *Happyspot*. In general, running a retail business is like a demanding and challenging game to play, and profit is hard to achieve with the increasing market competition (Davidson et al., 2002).

I think getting it all worked out in the retail business itself is really, really difficult. Retail is really a bitch. ... I would never, I thought I'd never say never, but I think I don't want to enter the retail business as a stand-alone thing again. Just in terms of making the profit. (The founder of concept store *Great*)

When it comes to financial profit or economic value, Klamer (2017) argues that although it is not the dominant drive behind an entrepreneurial quest, it is the footstone, the instrument, with which other values can be realized in the business. And concept store businesses are no exceptions. Thus, the bigger the ambition is, the more solid the financial foundation should be. In other words, the financial pressure can be potentially enlarged by the ambition of growth. However, as the increased focus on financial gain can also undermine intrinsic motivation (Klamer, 2011), the founders of the concept store *Insight* found themselves in the dilemma again: “The balance between making your money and doing what you want (is hard to achieve). Is realizing our main ambition realistic in terms of money?” For creative entrepreneurs with ambitions to reach and inspire more audiences while insisting on their originality and vision, it is definitely a struggle. However, for those who are expecting decent financial profits out of concept store businesses, it might not be the ideal business model to go for. After all, as the owner of *Insight* said, “a concept store is really nice but it's like 70 hours of work, full-time commitment, for a really low salary”.

I don't want to be constrained

A choice? – creative platform store & collective lifestyle store

The above parts have shown various challenges that concept store owners have ran into during their business practice, which might directly or indirectly influence the business decisions and some can result in the termination of the store. However, sometimes the decision of ending a business is also more of a subjective choice made by the business owners. And according to the findings mentioned in the previous sections, it seems easier for

creative platform stores to make the termination decision than *collective lifestyle stores*. Because of the risk-sharing business model, the potential losses from terminating the business have been minimized for both concept store owners and makers. On the other hand, we can also say that *creative platform store* owners ensured that their creativities are not constrained by the business. That is also a reason why they are more cautious about expanding or even task-specializing. “Because I will be responsible for other people. I still have the idea in my head that I want to be able to quit whenever I want. I don't want to be constrained with people management or finance struggles;” says the founder of concept store *Pure*, “I like the excitement of building something that works, but after that not so much.” As mentioned in the previous chapter, the founders of *creative platform stores* resemble the artistic labors themselves, who need to create and hate to be bothered by tedious management issues (Caves, 2003). It seems that a creative entrepreneur with much creativity can struggle subjecting to the tediousness of sustaining the same business model and develop a tendency to terminate the business operation.

Like what the founder of *Pure* said, most of the concept store owners see their concept store as one of their artistic creations or a way to express their creativity. Some value the process more than the outcome, therefore, they tend to stop whenever the business practice gets boring for them. However, entrepreneurs with a stronger business mindset might value the outcome more and tend to terminate the business when the business goal is reached. As the founder of the concept store *Great* mentioned,

We have made our impact. That was also the reason why we quit the project. And we were already into all kinds of other new projects, like urban development, so that we didn't have proper focus any more for this project, which led to the unfortunate decision to stop with *Great*.

Clearly, not only because the mission is completed, but also because of new ventures that they decide to terminate the concept store business (Davidson et al., 2002). The owners of concept store *Insight* are also ready to give more attention to other creative projects after being in the concept store business for 5 years, “And we can focus on our studio and we will have more freedom to do the creative agency part. We are also developing our own clothing brand now and a jewelry brand.” Those new ventures often bring new excitements in novel creative aspects, but also potentially builds on the concept store business. “The success of *Great* wasn't really business-wise. We were quite successful in terms of exposure, and in the

end, it brought a lot of opportunities. ... But financially, we had several other business successes.” says the founder of *Great*.

In this chapter, we analyzed various possible reasons for a concept store’s termination. Both *creative platform stores* and *collective lifestyle stores* face the challenge of value balancing in the cultural industry. For the *creative platform stores*, this challenge lies in making concessions in social value and artistic value in order to gain more economic value. But for *collective lifestyle stores*, the challenge is to find their way back from overly emphasized economic value to social value and artistic values. As a consequence, the *creative platform stores* tend to stay longer in the early growth or innovation stage of the business lifecycle due to the reluctance to financial growth, while the *collective lifestyle stores* tend to quickly move on the accelerated development stage with more focus on business expanding. Surprisingly, even though we expected that the business expansion would bring more risk and uncertainties to the concept store business, the cases studied in this thesis suggest that a concept store with higher ambition in business development leads to a longer lifespan than those who not.

Conclusion

This thesis aims to answer the research question: “How do entrepreneurial preferences and values affect the lifecycle of concept stores?” This question was brought up aiming to understand the concept store business in the Netherlands and the creative entrepreneurs behind it, in the context of cultural economy. This research also tempts to fill up the academic gap in concept store research. Besides, the concept store as a typical self-sustaining creative enterprise can offer valuable learnings to other creative entrepreneurs.

The first step made to answer the research question was answering the sub-question: “What is the definition of concept store?” by understanding what a concept store is from the perspective of its creators. The research found out that there are some common features that concept stores share in general, which can be summarized as “a store with various types of unique and authentic products, which are often curated into certain lifestyle and experience”. Besides, contrary to the existing (non-academic) definitions of concept stores, which tend to define concept store by typical types of products it presents (Chandan & Lottersberger, 2013) or the way it is curated (Trotter, 2016), the research finding shows that there are different types of concept stores that differ in value preferences, thus also differ in the products they presented and the business strategies they adopted. Due to different visions and missions, concept stores can have different dominant features from each other. Therefore, three types of concept stores – *creative platform store*, *collective lifestyle store*, and *high-end curated store* – have been identified and distinguished from each other based on their focused value. *Creative platform stores* often prioritize social value, which allows them to emphasize the creative incubation/community function of the store; *collective lifestyle stores* pay more attention to market value, which enables them to expand with the market opportunity; *high-end curated stores* hold high artistic and cultural value, which communicates through their exclusive selection of products and high artistic standard store curation.

The second, third and fourth sub-questions were asked chronologically to describe the life cycles of *creative platform stores* and *collective lifestyle stores*: “How did it start?”, “How does it operate?”, and “How could it end?” The literature review supposed that the change in the retail landscape and the increasing consumers’ needs in physical experience (Pine & Gilmore, 1998) majorly resulted in the emergence of a concept store. However, the research findings suggest that creative entrepreneurs’ intrinsic motivations to create, to inspire, and to get inspired were the fundamental drives of initiating a concept store business. Klamer (2017) mentioned that the vision and mission are inevitable parts of everything that

people do. But in concept store business, the vision and mission are more than just important components of the business practices but also the strongest drives. However, the market circumstance does give creative entrepreneurs different inspirations in business. *Creative platform stores* chose to share the financial risk and provide peer support among creative labors in facing market uncertainty (Caves, 2003). *Collective lifestyle stores* chose to focus on consumers' growing interest in diverse types of lifestyles (Warde, 2017; Michael, 2017). Following different visions and missions of two types of concept stores, the findings suggested two diverse business practices, which bring different outcomes and challenges to the concept store business.

According to the research result, connections were spotted in between the entrepreneurial preferences and the life cycle of the concept store business. On one hand, the entrepreneurial value and preference orients business strategies; on the other hand, different business strategies influence or redirect the value focus. The social value focus of *creative platform stores* made it more of an instrument that enables the interaction between local makers/artists and the audiences in the neighborhood, which directs their business strategy towards building up strong personal connections between local creative start-ups and among the community they are situated in. This business vision also in a way determines that *creative platform stores* will unlikely expand into large chain stores, so that on one hand, they can maintain the personal touch of the business and on the other hand, they avoid further business risk. However, *collective lifestyle store* entrepreneurs mostly see the concept store business as an entrepreneurial quest, in which financial success is part of the business goal. This business vision often brings ambitions in business expansion, during which the commercial value was prioritized, thus the artistic and social values can be crowded-out (Klamer, 2011) in order to support the business growth. But when the periodical business expansion has achieved, the entrepreneurs will welcome the artistic and social values to return to the center of the business. However, that is yet to be confirmed over time. At least we can expect that the crowding-out is not final, and the value shifting strategy could be a solution for ambitious creative entrepreneurs who wish to grow while being authentic. Besides, the balance of the values in a creative enterprise could also potentially be achieved or at least, monitored by dual-leadership, in which executive power is divided and restricted (Bhansing et al., 2012; Bhansing, 2013). Therefore, for medium to big size concept stores, hiring professional managers or artistic directors could allow the entrepreneurial ambition to be achieved without losing the store identity; while for small size or start-up concept stores,

involving friends' and families' support in terms of business advice could help better sustaining the business.

Eventually, we cannot say that *collective lifestyle stores* will have a longer business lifecycle than the *creative platform stores*, although the tendency of termination was identified more frequently among the *creative platform store* cases studied. But we can conclude that the higher entrepreneurial ambitions in business can quickly push the business cycle of concept store to the next stage, while passionate business initiatives without long-term planning can interrupt the process of a business lifecycle in an early stage. Therefore, concept store entrepreneurs who want to lead a long business lifecycle should not be afraid of the business growth and allow the change in management to happen over time. However, as mentioned in the previous chapters, a business termination does not mean a business failure for concept store business practices, especially for the *creative platform stores* that bring positive social impact to the society. Thus, the government could provide a more favorable environment for this type of concept stores in order to indirectly support the creative scene in certain regions.

Limitations and Further research

Although 10 cases of concept store have been studied in this research, due to limited time and unpredictable circumstances, it was not feasible to bring the research to a broader spectrum in terms of nationality and types of concept stores. For example, in cities such as London, Paris, and Berlin, the concept store business has longer histories and could be in a slightly more advanced stage of business development comparing to which in the Netherlands. Initially, there are several other concept stores on the research list, which are *Merci* and *Colette* in Paris and *The Store* in Berlin. The type of concept store that is represented by these three stores is more artistic and exclusive, which can potentially add an intriguing perspective to this research and form a more complete picture of concept store business practice. Therefore, the conclusion and description drew on the concept store business in this thesis are limited due to limited numbers and types of concept store studied. Therefore, it is hard to draw a concrete conclusion regarding concept store business in general without studying the concept store practices in other regions or countries in the world. Thus, further researches will be needed in other countries and regions in order to get a broader and more complete understanding of the global concept store picture.

What is more, the business practices of *creative platform stores* do provide a new perspective on how small creative enterprises can achieve self-sustainability and potential higher resistance to the economic crisis. However, this strategy can also lead to homogenization among this type of concept stores themselves when the same group of makers or artists sell in several concept stores. How can the *creative platform stores* provide efficient support to start-up creatives without losing the unique store identity? More empirical studies are needed to explore this business model.

Last but not the least, although the concept store as a physical retail business might deliberately neglect to build online selling platforms because it wants to emphasize on physical experience and personal connections, facing the challenge of COVID-19 pandemic, some concept store owners started to rethinking about online selling platforms. They started to build up online interacting and purchasing channels as well. Since most of them are already using social media such as Instagram as their major marketing tools, Instagram has been a powerful marketing window and an important potential sales channel for concept stores. Would it be better to make social media another selling portal given the higher intimacy and interaction probability it may provide, comparing to a web-shop? Besides, as technology develops, when virtual interaction becomes more comparable to physical

experience, how would concept store change accordingly in practice? In other words, how would experience economy react to the development of the virtual reality? In order to better understand the implementations of interactive technology as well as value balancing and transforming in the concept stores, future researches are also needed in high-end artistic value-focused (the potential 3rd type concept store) store spaces such as *X-Bank*, *Merci Paris*, *The Store*, and *10 Corso Como*, etc.

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Appendix 1: Interview Invitation

CONCEPT STORE STUDIES 2020

IN THE CONTEXT OF CULTURE/EXPERIENCE ECONOMY

Cultural Economics and Entrepreneurship Studies Erasmus School of History, Culture and Communication Audrey Qin

Why? Our goal is to gain deeper insight into the concept store business. How did concept store as a business form emerged? What is the current status of concept store business? What strategies can potentially sustain the concept store business? Is there any challenge in the concept store business and how can it be tackled?

How? I am going to conduct in total 10 interviews with the founders, operators or managers of 10 concept stores in the Netherlands on their motivations and experience in starting, running and supporting concept store business. In addition, the new media marketing strategies of these concept stores will be studied via online platforms such as official website, instagram, facebook page, etc.

When? Interviews will be conducted between February 2020 and April 2020 to investigate the current state of concept store business. In this period, the new media marketing strategy study will be conducted in parallel. The final thesis and report will be finished in June 2020.

Who? Master's student Audrey Qin of the Erasmus University Rotterdam, who studies Cultural Economics and Entrepreneurship. Reach me by LinkedIn:

<https://www.linkedin.com/in/audrey-qin-71510b103/> or Email:

mengyueqin@outlook.com

Appendix 2: Topic list of interviews

Part 1: Introduction respondent

1. Can you tell me something about yourself as a creative worker/entrepreneur?
2. What are your previous education backgrounds and working experience?
3. How do they contribute to your career now?
4. What is your personal motivation for working in concept store business?
5. Do you find your current work/position fulfilling?
6. How did you end up working for/in this specific concept store?

Part 2: About Concept Store

1. How do you define a concept store?
2. How do concept stores differ from collective designer shops or pop-up stores?
3. Why did concept store as a business form come into existence in your opinion?
4. Do you think that concept store is more competitive than traditional retail store and online shopping platforms? If so, in what aspects?
5. What are your criteria of a successful concept store (e.g. in short-term or long-term, artistic value or economic value)?
6. Can you name one or two favourite concept stores of yours other than the one you work for? Why you like it/them?

Part 3: Business Strategy

1. Can you tell me a bit more about the history of this specific concept store? (e.g. When/how was it founded? How did it change over time?)
2. What is the management structure of this concept store? (e.g. Horizontal or vertical)
3. Do you have professional manager or management consultants?
4. What are the visions and missions of your concept store?
5. How do you communicate them?
6. How do you select your products and artists/designers to collaborate with?
7. What audiences are you looking for?
8. How do you reach them?
9. In what ways can customers interact with the store? (e.g. sales person, tech device, workshop, other events, etc.)
10. How do you curate the store in order to distinguish your store from other concept stores? (e.g. Product range, smell, music, experience, etc.)
11. How often do you renew the collections in the store?

12. Do you change your store layout often? Why?
13. How do you maintain your customer relationship?
14. Does your concept store have an online shop?
 - a. Where does the majority of customers purchase, online or in store?
 - b. How do you curate your online shop?
15. Can you name five most important elements you believe that can make a concept store successful?

Part 4: Challenges

1. Has your concept store ever run into difficult situations before? How did you overcome it?
2. What is the most challenging part of running a concept store? (e.g Finance, marketing, customer relation, artistic integrity, etc.)
3. Have you ever been caught in the dilemma between cultural/social value and financial/economic value?
4. Do you foresee any potential challenges for concept store business?
5. Is there anything I did not ask but what you think I should take into account when doing my master's thesis research?

Appendix 3: ATLAS.ti Report – Open codes

- Ambition
- answering to the online shopping challenge
- Artistic education background
- Artistic intrinsic drive
- Artistic over commercial value
- Artistic practice & understanding
- Artistic value
- avoid instore competition
- balance between artistic value and commercial value
- bridge between creative and audiences/markets
- business
- business advice
- business background
- business mindset
- business practice
- challenge
- challenge - COVID19
- challenge - Growth
- challenge - Homogenization
- challenge facing by whole retail
- Cluster benefit
- Collection renew rate
- Commercial value
- Commercial value over artistic value
- communication
- competition from department store
- concepts under one roof
- connection between creative & business
- Constant change
- creative platform
- cultural value
- curating
- customer appreciation
- Development - Growth
- devotion
- diagonal structure
- Differentiate strategy
- dilemma
- distinguish opportunities
- Diverse product types
- Ego
- events
- exclusive
- Experience economy
- experienced staff
- finance concern
- Finance is the bottom line/ instrument
- flaxiable to change
- flyers
- free publicity
- go with flow
- good partner
- Good service
- Handmade/original
- high-end concept store
- horizontal management structure
- inclusiveness
- innovation
- inspiring
- instagram
- Instore Experience focusing

- interdisciplinary
- intermediary/gatekeeper
- lack of personal connection
- learn by doing
- life work balance
- lifestyle
- local focus
- location is key
- makers work as staff
- Management education background
- management practice & understanding
- management structure change
- management challenge
- market oriented / taste following
- marketing
- marketing competition
- mission completed - stop
- multi-brand
- network
- new adventures - stop
- no change on business structure/strategy
- stop
- no online shop
- online shop
- Passion
- Passion in products
- permanent store
- Personal connection
- personality
- personalized experience
- positive attitude
- product purchased
- quality products
- Risk share
- sell in consignment
- shopping as a pleasure
- shops in shop
- social media
- social value
- social value over financial value
- social value's return
- Social work background
- Start - opportunity
- stealing problems
- strong concept
- sustainable
- tasks specialization
- teaching background
- theme
- trend setting
- unique content
- unique products
- vision and mission
- workshops

Appendix 4: ATLAS.ti Report – Code groups

◇ Externality

Members:

● Artistic education background ● business advice ● business background ● business practice ● challenge facing by whole retail ● Cluster benefit ● Experience economy ● finance concern ● Finance is the bottom line/ instrument ● good partner ● Management education background ● managment challenge ● marketing competition ● Social work background ○ Start - opportunity ● stealing problems ● teaching background

◇ Intrinsic drive

Members:

● Ambition ● Artistic intrinsic drive ● Artistic over commercial value ● Artistic value ● business mindset ● cultural value ● curating ● devotion ● Ego ● Experience economy ● go with flow ● lifestyle ● local focus ● mission completed - stop ● new adventures - stop ● Passion ● Passion in products ● Personal connection ● personality

◇ Outcome & Spillover

Members:

● Cluster benefit ● customer appreciation ● Development - Growth ● free publicity ● intermediary/gatekeeper ● social value's return

◇ Skills & Quality

Members:

● Artistic practice & understanding ● business practice ● communication ● devotion ● learn by doing ● market oriented / taste following ● marketing ○ positive attitude

◇ Strategy

Members:

● answering to the online shopping challenge ● avoid instore competition ● balance between artistic value and commercial value ● bridge between creative and audiences/markets ● Collection renew rate ● Commercial value over artistic value ● communication ● concepts under one roof ● connection between creative & business ●

Constant change ● creative platform ● curating ● Differentiate strategy ● Diverse product types ● events ● experienced staff ● flyers ● Good service ● Handmade/original ● horizontal management structure ● inclusiveness ● instagram ● Instore Experience focusing ● local focus ● location is key ● makers work as staff ● market oriented / taste following ● marketing ● multi-brand ● network ● no change on business structure/strategy - stop ● no online shop ● online shop ● Personal connection ● personalized experience ● Risk share ● shops in shop ● social media ● social value ● social value over financial value ● strong concept ● sustainable ● tasks specialization ● theme ● unique content ● unique products ● vision and mission ● workshops