



## Retailing and consumer services at a tipping point: New conceptual frameworks and theoretical models

Justin Paul<sup>a,b</sup>, Mark Rosenbaum<sup>c</sup>

<sup>a</sup> University of Puerto Rico, San Juan, PR, USA

<sup>b</sup> Distinguished Scholar, Indian Institute of Management, Kerala, India

<sup>c</sup> Dept Chair, University of South Carolina, USA

Globalization has resulted in retailing organization confronting new challenges, across the world, as the pace of change differs across markets (Buckley and Ghauri, 2004). Indeed, this process of globalization represents an irreversible phenomenon and retailing, as we know currently know it, is changing, and will continue to change, into ways that are unimaginable. As such, technological innovations provide us with harbingers of the future, and, similar to a fortune-teller, retailing academics can only look the present to predict the future. Despite the risk of being labeled as a huckster, perhaps, we can simply state that technology is altering retailing and consumers services in various ways, irrespective of geographical location.

For example, new retailing technologies have resulted in consumers being able to obtain lower prices for many goods and services and to make informed decisions based on online reviews. Online shopping has become increasingly popular, convenient, and cost-effective around the world, causing traditional brick-and-mortar retailing to experience a so-called retail apocalypse in many localities. Technology has advanced to the point where consumer movements into marketplaces are transmitted to sellers in real-time and consumer's patterns can generate suggestions or promotions at the precise moment in which a customer journeys into a retail organization begins (Arya et al., 2019). One may speculate how the discipline's foundational models, many of which were created in the 1950's and 1960's, require dramatic modification or abandonment, due to present day technology. We posit that most consumer behavior models, theories, and conceptual frameworks are no applicable when contemporary technologies are brought into a consumer's consumption context.

Despite the apparent benefits that technology offers retailers, it has a dark side. Namely, technology has fostered the creation of new and formidable retail competitors. For instance, retailers now confront competition from online second-hand shopping sites, online

consumer-to-consumer sites, and Facebook Marketplace (Padmavathy et al., 2019). Given the pace of globalization, technology, and social, cultural, and political changes, such as changing family structures, immigration patterns, and global trade wars, consumer service-oriented academics need to study new theoretical perspectives, different conceptual understandings, paths, processes, and problems associated with contemporary retailing and consumer service industries (Bang et al., 2016; Das and Varshneya, 2017; Paul et al., 2016; Paul and Sahadev, 2018). We need a discipline that is relevant to putting forth law-like generalizations about contemporary retailing practices; however, every prediction of  $x$  and  $y$  in a retailing context is influenced by a co-variate; namely, technology.

Retailing and consumer services have undergone, and will continue to experience, revolutionary change that impacts how buyers and sellers engage in marketplace exchanges. Further, these changes are taking place in utilitarian/functional exchanges as well as in luxury, hedonic, and prestige exchanges (Baek et al., 2010; Paul, 2015). Technology is impacting marketing programs and causing retail organizations, at all sizes, and their management to respond to a changing marketplace or to face imminent demise. The retail apocalypse that characterizes the United States retail marketplace is not limited in scope, but rather, technology brings into the question the role of traditional brick-and-mortar retailing (Helm et al., 2019). Retail managers, including small and medium-sized organizations, must consider how they will use technology in their day to day operations in order to compete with retailing behemoths, such as Amazon and Alibaba.

Small and medium-sized retailers play critical roles in the retail marketplace within developing and least developed nations; however, no country is immune from technology. Thus, retailers in all domains will have to deal with challenges posed by digital retailing,

Corresponding author. University of Puerto Rico, San Juan, PR, USA.

E-mail addresses: [profjust@gmail.com](mailto:profjust@gmail.com) (J. Paul); [marosen@mailbox.sc.edu](mailto:marosen@mailbox.sc.edu) (M. Rosenbaum)

including second-hand offerings, subscription services, and shopping via mobile phones. At the present time, little is known how about how retailing technology will alter the marketplace in developing and least-developed nations; however, we surmise that its impact will be significant.

While retail organizations in industrialized nations seem to embrace self-service and robotic front-line technologies, small and medium-sized retail and service organizations provide a substantial share of current employment and future growth prospects in many countries worldwide; most notably, in developing and in least developed nations. Thus, retail managers will increasingly be confronted with having to make decisions that foster community unemployment.

As retailing academics, we know considerably little regarding how technology is impacting retailing and consumer services in developing and least developed nations (Elg et al., 2015; Rosenbaum et al., 2016). How should managers and entrepreneurs orient themselves with differing buyer characteristics; for example, technology usage and shopping preferences of consumers (Karande and Merchant, 2012; Mei, 2013)? Quite succinctly, how should academics help practitioners prepare for retailing in the future?

For example, many retailing scholars believe that traditional brick-and-mortar retailing is at a tipping point (Corkery, 2017). On one hand, retail pundits say malls are dead; yet, other academics find that some shopping centers, such as open-air lifestyle centers, may promote individual and societal well-being (Rosenbaum et al., 2016). While many brick-and-mortar retailers are ceasing operation, many e-commerce retailers, such as Amazon, Warby Parker, Bonobos, Blue Apron, and Birchbox, are building successful brick-and-mortar operations. How do we as retailing academic interpret this changing scenario? What does that mean? Is physical store retailing dead or simply changing?

Turning attention to the USA, one may speculate how the anticipated loss of 1 billion square feet of retail space will impact American consumers as well as tourists who sojourn to the USA to engage in shopping. Further, the American retail marketplace is seeing the growth of dollar stores and the loss of luxury, as the country's middle-class continues to shrink. Globally, retailers are looking to China, India, and to Middle Eastern countries to fuel luxury sales; as higher-end retailers, such as Saks Fifth Avenue and Bloomingdale's, expand in India and in Persian Gulf nations. Indeed, as we write this editorial, Dallas-based, luxury retailer, Neiman Marcus is struggling to remain viable and Chicago-based, Sears, once the world's largest retailer, is facing looming bankruptcy.

In addition to the changing retailing industry, service companies, such as Uber, Lyft, and Airbnb, have altered transportation and hospitality as we know it and created the so-called sharing economy. The global retailing and consumer service industries are rapidly changing, and these changes reflect a need for a new understanding of consumer behavior within these industries.

The purpose of this special issue is to address some of these issues by developing new conceptual frameworks, theories, or measures that explore emerging retail and consumer services practices and attempt to understand how they are influencing consumer behavior. In this issue, the authors go beyond replicating empirical studies. As editors, we attempted to select papers that extend and develop theories and models which can serve as a platform for future research. For example, topics include the following:

- Retailing via mobile phone and mobile applications
- The future of brick-and-mortar retailing
- Transforming shopping mall's space from retailing to consumer services
- Experiential retailing

Subscription retailing

Transformative service issues

The internet of things: how does the transfer of personalized information result in the creation of customized retail solutions?

Consumer wearable technology: the impact of wearable technology on retailing

The impact of technology on retailing and consumer services

The new role of the retail sales associate and service providers given the actual technology

The role of the independent mom-and-pop given technology

Brand management in services and retailing sectors

Specialized modes/formats of retailing such as franchising and vending

Going from the Internet to the physical retailing domain, and vice versa

The goal is to encourage researchers to focus on theory development rather than engaging in replicated and recycled research on the same topics. Therefore, we encouraged scholars to be creative and to use empirical and descriptive methods to construct new theories and frameworks that may act as foundational manuscripts on these topics. We encouraged researchers to draw upon MacInnis (2011), to engage in developing novel conceptual frameworks on the burgeoning topics in the retail domain. Further, we called for scholars to develop relevant and meaningful models that could be linked to managerial applications and real issues.

## 1. New retailing perspectives, Frameworks and Models

Collectively, the six papers included in this special issue offer an excellent reflection of novel topics that are of interest to contemporary retailers and their customers.

The retailing sector has transformed itself from being comprised of traditional independent small stores, to large stores and malls (El-Adly and Eid, 2016; Paswan et al., 2010; Paul, 2017). and today, into new-generation oriented channels. Strong signals are indicating the restructuring of the retail sector the closure of some traditional physical retail stores in advanced countries such as the United States. In this context, Helm, Kim & Riper (2018) develop a framework that explains how consumers evaluate the current retail landscape. The authors put forth a conceptual framework that offers consumer-derived explanations for the decline of physical stores, and the growth of online shopping, as well as, its impact on both consumers and society in general.

Customers engage and interact with retailers and brands through a multitude of online channels and touchpoints during the so-called customer journey. Lemon and Verhoef (2016) developed a three-stage model for explaining the retail customer journey (pre-purchase, purchase and post-purchase) and associated consumer behaviors at three types of touchpoints (brand-owned, partner-owned, customer-owned and social/external). In the pre-purchase stage, customers strive to satisfy needs by searching and considering different brands. In the purchase stage, customers have more confidence, they make choices, place order, and make payments. Resultantly, customer in the post-purchase stage consume products, formulate repurchase decisions, engage in merchandise returns, and essentially, create a loop back to the retailer.

Rudowsky et al. (2019) apply the customer journey framework to explain pop-up retailing phenomena in Canada. Pop-up retailing is an important and strategic customer engagement channel for a variety of companies, brands, and communities. Although this channel was once reserved only for brands whom focused on guerrilla marketing (Baird, 2018), a diverse array of niche, emerging and mainstream companies from tech giants (e.g., Google), retailers (e.g., Sta-

ples and Nordstrom), cosmetics e-retailers (e.g., Glossier), luxury automobiles (e.g., BMW) and fashion brands (e.g., Dolce & Gabbana) have launched pop-up stores in recent years. Considering the important role of such channels, the authors have successfully mapped and modelled the pop-up retail customer journey classifying pop-ups as being either marketplace based pop-ups or brand-based pop-ups.

The subscription channel has emerged as an up-and-coming phenomenon in retailing that enables shoppers to automatically receive recurring deliveries of fast-moving consumer goods. Severin Bischof et al. (2019) in their paper titled *Curated Subscription Model: A theoretical conceptualization* put forth a theoretical model for explaining curated subscription commerce which is grounded in two archetypes at opposite ends of this dimension, namely predefined and curated surprise subscriptions, and juxtaposes them to conceptualize surprise as a retail mechanism, applying the tenets of Prospect theory (Kahneman and Tversky, 1979). Bischof et al. (2019) conclude that consumers prefer shorter delivery intervals for predefined subscriptions and longer delivery intervals for curated surprise subscriptions.

The foundations of sustainable firm performance were brought about in Dynamic Capabilities Framework, which was created by Teece (2007). The framework conceptualized a person's sensing, seizing and transforming capabilities. Sensing refers to the identification and valuation of opportunities that are related to customer needs (e.g., technology possibilities or technology development). Seizing refers to the mobilization of means and to the commitment of resources to address the identified opportunities and deploy value to customers. Transforming implied the need for firms to engage in the sensing and seizing dynamic to keep delivering value to customers and capturing value to the firm by aligning and investing in additional or existing capabilities. Oliveira et al. (2019) draw on this framework to explain how social media drives innovation in retail businesses using data from 414 firms. They show how to extend this framework for innovation in retailing through social media and develop a dynamic capability framework to set a research agenda for future research and innovation in retail businesses.

Lim (2019) examines the antecedents and outcomes of Online Group Buying (OGB), which represents a relatively new form of electronic commerce. Groupon represents an exemplar OGB retailer which emerged as a formidable new entrant into the retail market-

place. Given that consumers tend to patronize OGB organizations to save money; this retailing segment is having a profound impact on consumers' behaviors in that they expect offers-on-demand.

Consumers purchase gifts for themselves these days for different reasons, as in the case of subscription boxes. Researchers have paid scant attention to link surprise with these processes. To fill this research chasm, Gupta et al. (2019) develop a stage-based conceptual framework to demonstrate how negative and positive surprise influence the self-gifting process in the last paper titled: *Can I surprise myself? A conceptual framework of surprise self-gifting among consumers*.

## 2. Four-dimensional matrix based on problems, challenges, Threats and Opportunities (PCTO matrix)

Based on the insights from the six papers, in this section, we provide a matrix-based four dimensional model that could be used as platform or lens in future research in the area of retailing and consumer services to understand the emerging practices.

Traditional brick-and-mortar retailers face increasing levels of competition from new distribution channels, such as online stores and pop-up retail establishments. This necessitates industry analysis and business plan formulations at a grass roots level. Therefore, we propose a four-dimensional matrix grounded in terms of the problems, challenges, threats, and opportunities for retailers classifying them as traditional physical stores and new generation-oriented channels. This matrix serves as a new tool to guide and help researchers and analysts to carry out future studies and industry analysis (See the Fig. 1 below).

## 3. Open questions and agenda for future research

The papers selected collectively address some of the following questions. Nevertheless, there are still some research areas that remain largely unaddressed and demand more attention in future research. Prospect Theory, Masstige Theory, Equity Theory, Dynamic Capability Theory, Diffusion of Innovation theory etc can be used as theoretical lenses in this area of research. We encourage future retail researchers to explore the following research questions:

1. What are the micro and macro factors that determine revolutionary changes in altering paths, patterns, processes, and the pace of



Fig. 1. Four-Dimensional Matrix for Analysis grounded in Problems, Challenges, Threats and Opportunities (PCTO).

- tern, process, and pace of retailing and consumer services? How do these various factors work together to cause change?
2. What drives the retail sector today and what technological factors will drive the future of retailing?
  3. How do new retail channels, such as second-hand stores, subscription services, consumer-to-consumers sites, impact the manner in which consumers make decisions? Do new channels such as online websites and social media have an important role?
  4. How do retailing scholars map and model customer journey for temporary or pop-up retail customer journey?
  5. What kind of strategies do retailers need to formulate for survival and success?
  6. Do traditional retailing theories, which were put forth in brick-and-mortar settings, have validity in explaining consumer behavior in new retail channels?

Agarwal and Wu, 2004

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