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Editorial

Current issues in retailing: Relationships and emerging opportunities Introduction to the special issue from the American Collegiate Retailing Association 2005 and 2006 conferences

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ABSTRACT

Retail innovation impacts the entire marketing channel, from manufacturers to retail employees, franchisors to international distributors, and Internet marketers to final consumers. Increased global expansion, a re-emphasis on relationship building, and the explosive growth of e-commerce have transformed all facets of retailing. The papers appearing in this special issue, consisting of the best papers from the Spring and Winter conferences of the American Collegiate Retailing Association held in 2005 and 2006, capture these cutting-edge issues. The papers have gone through two rounds of a double-blind review process and been screened by one of two selection committees.

1. Introduction

The American Collegiate Retailing Association (ACRA) is an organization representing multiple facets of retailing. Its conference attendees present research that builds conceptual frameworks, examines retail questions, and educates students on various aspects of the retailing process. Our foundations draw on a diverse group of disciplines including advertising, apparel studies, business, communications, consumer affairs, design and apparel, economics, fashion design and merchandising, hospitality, human ecology, logistics, management, marketing, public relations, supply chain management, textile and apparel technology and management. ACRA scholars such as Myron Gable, Stanley Hollander, Eleanor May, and Morris Mayer provide rich frameworks, produce significant theory, and challenge academics and practitioners alike to look forward from our common roots in retailing.

In the fall of 2005 Arch Woodside, Editor of the *Journal of Business Research*, invited the ACRA to develop a special issue of cutting-edge retail research. Authors of papers presented at the Winter 2005 and Spring 2006 conferences were invited to submit their papers into our review process. The initial selection committee reviewed papers from our pool of 33 submissions and selected 12 papers that underwent a double-blind review process. After this two-stage review, the eight papers were chosen (in October, 2007) that address retail relationships and the necessity of change in order to capitalize on emerging opportunities in the retail industry.

2. Relationships in retailing: partners, performance, and profits

An era of new relationships among consumers, retailers, and their partners is emerging. Global markets and innovative forms of multichannel retailing demand a fresh look at the dynamics of today's retailing environment. By simultaneously extending their brands, their retail channels, and their markets, retailers create new ways of developing and evaluating strategies.

For instance, consumers in a growing number of global markets now choose between local, national, and global brands. As a result, consumers establish preferences based on the countries-of-origin and country-specific characteristics of products that retailers carry (Insch and McBride, 2004; Kinra, 2006). Fundamentally, country-specific brands can represent many things to consumers in various emerging global markets, including gaining desired status, emulating other (Western) cultures, or forming strong allegiances to a specific brand (Batra et al., 2000). Retailers need to understand these emerging consumer perceptions, especially in markets that are undergoing rapid change. Expanding markets, such as India, are presented with a

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growing number of choices from unbranded, locally branded, and internationally branded goods.

In their study "Factors affecting Indian consumers' purchase intention toward a U.S. brand versus a local brand", Kumar, Lee, and Kim use the cognitive-affective model of buying intentions to examine how brand strength is related to country-of-origin. Specifically, they find that Indian consumers' need for uniqueness positively influences attitudes toward American products. Furthermore, attitudes toward American products positively affect perceived quality and emotional value for a U.S. brand and negatively impact perceptions of quality and emotional value for a local brand. Emotional value is an important factor influencing purchase intention toward a U.S. brand and a local brand. Perceived quality is not a significant factor impacting purchase intention for the local brand and actually has a negative impact on purchase intention for the U.S. brand, suggesting the consumers in their study (college students) use emotional value—rather than quality—as a basis for purchase intentions. Forsythe (1991, p. 5) also concludes that consumers buy branded apparel for reasons other than assurance of quality. Furthermore, for US brands, these consumers may perceive higher quality to be unaffordable, thereby negatively impacting their purchase intention for the US brand. As international retailing continues to expand, U.S. firms marketing to consumers in India and other global markets must focus on the emotional aspects of their brand (uniqueness, lifestyle, image, etc.) in addition to quality and price.

At the strategic level, retailers have an ever-growing set of options for establishing relationships with partners worldwide. A judicious selection of partner firms strengthens a retailer's global brand. In "The market and partner selection processes in international retail franchising," Doherty examines how international retailers select market and franchise partners using qualitative evidence from six UK-based fashion retailers with international franchise operations. The author uses a case study approach including documentation, observation, and interviews to examine the market and partner selection process and proposes a conceptual framework characterized by both opportunistic and strategic approaches. Interviews revolve around how the firms' international franchise networks evolved, the international retail franchising process, the process of determining markets to enter, factors influencing country choice, the process of finding a franchise partner, and the factors that influence partner choice. Contrasts are drawn between opportunistic and strategic selection of franchising partners. Firms adopting a strategic approach select a potential market before selecting a franchising partner; whereas, firms adopting an opportunistic approach select a partner before selecting a market. Findings indicate that strategic partner selection is based on financial stability, business know-how—preferably within the retail sector, a good understanding of the local market, and a shared understanding of the brand and the future of the franchise business. In some cases good site locations are also important, but overall, the major criteria on which the final decision is made is chemistry between the two franchise partners and the potential for a long-term sustainable relationship for both parties. As retail firms become more experienced, they often move from an opportunistic to a strategic process, suggesting that the market and partner selection process for international retailing evolves with increased market expansion and experience.

Manufacturers experience an analogous set of concerns when they consider alternative retailers as potential partners. Should they select or avoid large, powerful retailers when forming relationships? Experts are divided on whether large powerful retailers are harmful or beneficial to their manufacturing partners. Some analysts argue that manufacturers who ally with Wal-Mart earn little or nothing, losing their own profits while Wal-Mart reaps the benefits (Thomas and Wilkinson, 2006). In contrast, experts show that manufacturers can actually benefit when a major retailer, such as Home Depot or Wal-Mart, gain marketplace advantages over their competitors, since profits flow through the channel to all members (Dukes, Gal-Or, and Srinivasan, 2006).

In "Wal-Mart, supplier performance and market power," Mottner and Smith confront these issues in their update of prior work by Bloom and Perry (2001). Specifically, they seek to determine whether manufacturers (from 1995 onward) who have Wal-Mart as a major customer continue to exhibit lower overall profit margins than firms who do not have Wal-Mart as a major customer. They analyze both large and small suppliers using the strategic profit model to examine data obtained from a Mergent Online database from 97 firms representing the major SIC code categories sold by Wal-Mart. Their sample includes industries that constitute more than 80%of the product categories sold by Wal-Mart. For comparison, the sample also includes 79 firms, matched on SIC codes and total assets, that do not sell to Wal-Mart. When fixed effects are taken into account, the results suggest that Wal-Mart suppliers are self-selecting or are implicitly pre-screened such that Wal-Mart suppliers have a low cost strategy and lower returns are a strategic choice. That is, the relationship between Wal-Mart and suppliers is not one of dependency but rather one of partnering such that Wal-Mart provides a strategically aligned selling venue for manufacturers of low cost goods. When considering size, small firms are found to experience a lower gross margin and lower operating income, following a dependency model. However, when fixed effects for these firms are taken into account, small manufacturers experience higher turnover as a result of doing business with Wal-Mart, indicating more of a partner-type model of market power. With increasing retail consolidations, a profitable supplier-vendor relationship becomes even more critical to the success of both parties.

Retailers' relationships with both their shoppers and their employees are critical to success, and their interactions affect the satisfaction that both experience (Bitner, 1992). For instance, shoppers who respond to reduced prices, limited-time specials, and various types of promotions experience smart-shopper feelings (Schindler, 1998) as consumers enjoy receiving a discount even more when they feel responsible for obtaining it through their actions.

Moreover, consumers may choose to shop specific retailers based on the promotions they provide, including loyalty points. Acquiring rewards through redeeming collected points forms the basis of many redemption programs, but there has been little published research documenting when and how consumers obtain their rewards and whether repeat purchases and positive perceptions of store image also result. In their qualitative study, "It's nice to get a wee treat if you've had a bad week," Smith and Sparks find that customers may exhibit deliberate patterns of redemption related to their goals. Using their knowledge of those redemption patterns, retailers providing loyalty programs can create meaningful incentives for their customers to encourage store choice and repeat patronage. However, to develop successful loyalty programs, retailers must first understand their customers' motivations for participation in the loyalty program. The researchers conducted in-depth interviews to identify underlying motivations for redeeming points for gifts. Findings indicate that redemption schemes should be easy to understand and to use since customers frequently plan ahead toward specific redemption goals. Furthermore, customers perceive loyalty points as an opportunity to reward themselves. However, customers often fail to achieve their redemption goals due to difficulty redeeming points, switched goals, impulse-based redemptions, and/or failure to redeem on time. To enhance the effectiveness of their loyalty program in promoting positive feelings toward the retailer and re-patronage intentions, retailers must make points redemption easy and emphasize the opportunity for customers to treat themselves.

Customers are not the only retail channel members who are concerned with rewards. Retail employees, less prominent in retail studies (Bitner, 1992), are likely to behave in ways that enhance their jobs, please their customers, and earn positive evaluations from their employers. Recent theoretical developments in employment studies suggest that jobs consist of a set of task elements or building blocks that individuals evaluate and enact in meeting their responsibilities. This perspective, termed job crafting, views employees as shaping and constructing their jobs while altering job activities to better accomplish career goals (Wrzesniewsk and Dutton, 2001).

In "Generation Y employees' work experience in the retail industry," Kim, Knight, and Crutsinger utilize job crafting to examine retail employees' workplace behaviors and the impact of those behaviors on the design and execution of specific jobs, job performance, job satisfaction, and career intention. Born between 1977 and 1994, members of Generation Y comprise the youngest generation in the workforce at the present time. Numerous studies document their attitudinal differences from prior generations, with a marked emphasis on personal development and fulfillment.

Given their noted preferences for flexible work schedules and emphasis on work-life balance, Generation Y retail employees' job performance, job satisfaction, and career intentions differ from those of prior generations. The findings support this notion and reveal that Generation Y retail employees' work environment does affect their job satisfaction and, ultimately, their career intentions, consistent with previous findings about employee cohorts. However, job performance by Generation Y retail employees is negatively related to retail career intention, conflicting with findings of previous studies examining retail career intentions among other employee cohorts.

3. Emerging opportunities

Online shopping provides an opportunity for retailers to extend their markets and attract new markets. Also, the online shopping channel may provide retailers with unique opportunities for brand building and/or leveraging their brand. However, factors influencing consumers' patronage of online environments are only partially understood. Consumers may feel motivated to shop online for many reasons (Rohm and Swaminathan, 2004; Forsythe, Liu, Shannon, and Gardner, 2006). Moreover, online shoppers value both utilitarian and hedonic experiences in specific types of online shopping (Overby and Lee, 2006; Forsythe et al., 2006). However, when shoppers have disabilities, their motivations for shopping online and the attributes they look for in choosing a website may differ from other shoppers. ACRA members address these and similar issues in this special issue.

Just as brand extensions benefit from favorable associations with the parent brand (Keller and Aaker, 1992) and upscale shopping mall images can increase perceptions of quality for retail tenants (Chebat, Sirgy, and St. James, 2006), multi-channel retailers may leverage favorable brand images, extending the benefits of strong branding to new channel members. In their study, "What induces online customer loyalty toward a multi-channel retailer? Online versus offline brand images," Kwon and Lennon propose that synergy between online and offline operations can enrich customers' experiences with the retailer, strengthen the brand image of the retailer, and cultivate customer loyalty in both channels. The authors use the theory of cognitive dissonance to frame their investigation of the impact on consumers' online perceived risk and online loyalty. Because consumers have a tendency to deny the validity of information that is inconsistent with their currently held cognitions (halo effect), they are more likely to interpret the retailer's website positively when they already have a positive image of the retailer. The findings show that offline brand image exerts significant effects on online brand image which in turn explains online perceived risk and online customer loyalty. Conversely, loyal online shoppers, such as those who patronize Lands End, may extend their favorable perceptions of online and catalog brand image to a retailer's ventures into bricks and mortar locations. Thus, strong brand images provide a sustainable competitive advantage as retailers expand their multichannel networks, pointing to the increasing importance of branding a multi-channel retail environment.

Many scholars have used the technology acceptance model (TAM, Davis, 1989) to identify the factors influencing customer acceptance of online shopping. While its conceptual core centers on evaluating the usefulness and the ease of use of the technology, other scholars have proposed additions that are important to consumers such as enjoyment (Childers et al., 2001) and perceived access barriers (Porter and Donthu, 2006). In "E-shopping quality, enjoyment, trust, and consumer acceptance," Ha and Stoel examine several potential additions to improve the explanatory power of the TAM for internet shopping, including shopping quality, enjoyment, and trust. Findings show that consumers' attitude toward e-shopping is influenced by perceptions of usefulness, trust, and enjoyment, which were, in turn, determined by e-shopping quality. Perceived usefulness and attitude toward e-shopping influence the intention to shop online but not perceived ease of use. Perceived usefulness is the most powerful predictor of attitude toward e-shopping, further confirming the robustness of TAM in the context of online shopping. Furthermore, shopping enjoyment and trust play significant roles in consumers' adoption of e-shopping, suggesting that TAM should be extended to include additional constructs. These findings are consistent with other recent findings that TAM should include shopping enjoyment (Kim and Forsythe, in press) to enhance prediction of online shopping. This study provides important implications for online retailers who must keep mind the multiple needs of online shoppers.

One group of online shoppers with specific needs is shoppers with disabilities. Even though the Americans with Disabilities Act mandates equal access for the bricks and mortar setting, online access is not covered by this legislation (Baker and Kaufman-Scarborough, 2001; Baker et al., 2002; Schaefer, 2003). In "Expanding opportunities for online shoppers with disabilities," Childers and Kaufman-Scarborough examine whether consumers with disabilities shop online similarly to persons who are not disabled and whether assistive technologies may be necessary to facilitate online shopping among persons with specific disabilities. Telephone surveys of 1053 persons revealed differences and similarities suggesting opportunities for improving online access and for developing a richer understanding of the online needs of persons with disabilities. The study compares and contrasts these disabled shoppers' frequency of online shopping, the amount spent, and reasons for shopping online. As a general category, persons with disabilities shop online less frequently but spend roughly the same as other online shoppers, suggesting that there is considerable untapped potential for retailers who maintain an accessible website.

According to estimates by the Census Bureau, 54 million persons in the United States, or 20% of the population, have some type of disabling condition (McNeil, 2001). However, researchers typically aggregate all of the disabled into one overall group, rather than considering the unique needs among disability types. Childers and Kaufman-Scarborough address this problem by classifying respondents into six major categories of disabilities, identifying some differences of interest to retailers. For instance, persons with physical disabilities are less likely to shop online to save time, while persons with a hearing or physical disability are more likely to engage in online shopping to obtain better prices. Furthermore, since different types of activities are likely to present challenges related to each disability type, the notion of convenience as it relates to online shopping may have different meanings for each disability type. The findings also indicate that persons with disabilities are heavy users of the Internet, suggesting that if barriers to access were eliminated, persons with disabilities would use the Internet for shopping more heavily than other shopper groups.

4. Concluding comments

As co-editors of this special issue, we greatly appreciate the assistance provided by our selection committees. This committee of

distinguished retailing academics included the following: Barry Berman (Hofstra University), Mary Ann Eastlick (University of Arizona), Susan Fiorito (Florida State University), Jay D. Lindquist (Professor Emeritus at Western Michigan University), Robert Robicheaux (University of Alabama), Brenda Sternquist (Michigan State University), Leslie Stoel (Ohio State University), and Bart Weitz (University of Florida).

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