Emerging Issues in Retailing Research

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Abstract

Retailing practice and the research resulting have experienced significant changes in recent years. This article reflects on *Journal of Retailing* articles published during our editorial tenure (2002–2007). Although *Journal of Retailing* publishes articles on many retailing topics, they have chosen four categories that they believe has had the largest impact on retailing research during that time, and the potential for the greatest contribution in the future: Growth of the Internet and e-commerce; branding and customer loyalty; service success strategies; and behavioral issues in pricing and patronage. Several illustrative studies are highlighted in each category, and directions for future research are provided.
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The impetus for this article came from a special session at the 2009 Winter AMA Conference in Tampa, organized by the current editors of *Journal of Retailing*. During the session, several past *JR* editors commented and reflected on the progression of the journal and the retailing field during their editorship, as well as the evolution of key areas that may have emerged.

For us, that meant considering how retailing research and related topics changed between 2001 and 2007—when we took over editorial responsibilities from Pete Bucklin in March 2001. We published our first issues in 2002, and proceeded to handle new manuscripts until August 2006 and revisions up to March 2007. During this exciting time, we published 164 manuscripts in total, including 130 regular articles, 20 special issue articles, 5 invited articles, and 9 editorials (Grewal and Levy 2007).

We have previously offered a detailed assessment of the contributions of the articles published during our editorship (Grewal and Levy 2007), and ensuing editorials by Brown and Dant (2008a, 2008b, 2009a) expand on that summary. We therefore can classify the articles published during 2002–2007 into several domains, as we show in Fig. 1.

In this article, we shift our focus somewhat to consider the major themes that really began to emerge during our editorship.

On the basis of our careful review, we identify these themes as follows:

- Growth of the Internet and e-commerce.
- Branding and customer loyalty.
- Service success strategies.
- Behavioral issues in pricing and patronage.

Growth of the Internet and e-commerce

Starting in the mid-1990s and continuing into the 2000s, the retailing marketplace obviously changed significantly due to the tremendous surge in the use of the Internet by virtually all consumers and business segments. The Internet has truly transformed the way consumers shop in a multitude of categories (e.g., travel, books, videos) and the way most retailers do business with their suppliers as well as their customers. More and more successful retailers are leveraging the power of the Internet in various fashions, including offering more stock-keeping units (SKUs) online (e.g., Staples), providing online customization (e.g., Dell), and publishing online flyers and promotions (e.g., CVS). Consumers use the Internet to shop more effectively (Puccinelli et al. 2009). For example, many people search online and then shop in a brick-and-mortar store, or they might test out the merchandise in a brick-and-mortar store and then order, often at a discount, from an online retailer. The complex interaction between retailers and their clients, as well as the many and varied steps of the new consumer

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decision process steps makes this area of ripe for additional inquiry.

Existing research is diverse, with attention to a host of issues, such as arousal and pleasure (Menon and Kahn 2002), the development of an e-service quality scale (Wolfinbarger and Gilly 2003), the role of antecedents of e-loyalty (e.g., customization, contact interactivity, care, community, convenience, cultivation, choice, character; Srinivasan, Anderson, and Ponnavolu 2002), a demonstration of the importance of customer satisfaction as a primary predictor of customer loyalty (Evanschitzky et al. 2004), the role of online communication (Van Dolen, Dabholkar, and de Ruyter 2007; Weathers, Sharma, and Wood 2006), and the growth in auction-related topics (e.g., Suter and Hardesty 2005).

We expect interest in e-tailing research to continue to grow. Some potential issues of compelling interest to researchers might include:

- The coordination of online and offline channels,
- The interplay between customers' online and offline activities,
- Delivering online promotional offers for shopping at brick-and-mortar stores, and
- Optimizing the use of online promotions and other nontraditional media (e.g., m-commerce and social marketing) at the expense of traditional media.

In addition, we have outlined various other research issues (Grewal and Levy 2007) in this field, including the challenges posed by privacy concerns, the determinants of consumer choice of different channels, and the effects of strong versus weak Web site designs. Overall, research into e-commerce and Internet retailing must continue to be of primary importance, since sales online are certainly here to stay.

Branding and customer loyalty

When consumers enter a grocery store, a drug store, or a department store, literally thousands of SKUs, representing thousands of brands, bombard their visual field. Some of the brands are national brands, but more and more of them are store brands or private labels. Some successful retailers have
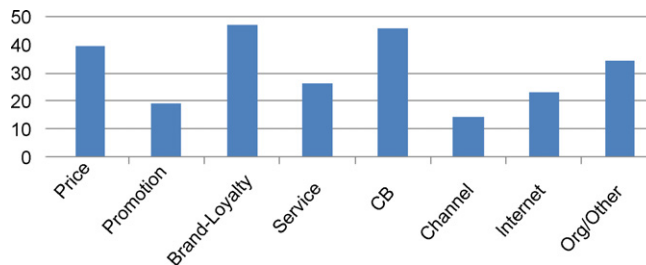

Fig. 1. Research domains of *JR* articles (2002–2007).

always carried private labels exclusively (e.g., Victoria's Secret, The Gap), while others work to increase the overall quality and importance of their existing private label brands (e.g., Kroger, Tesco, Staples, CVS, and Macy's).

At one point in time, store brands offered a low-cost, and often low-quality, alternative to national brands, but during our editorship, we saw increasing evidence of store brands with equitable quality levels coupled with 10–15% lower prices than those charged by national brands. Retailers, and thus retailing researchers, devote tremendous attention to the issues associated with developing an appropriate merchandise and brand mix (Mantrala et al. 2009); determining the relationship among quality, service, value, and satisfaction (Gomez, McLaughlin, and Wittink 2004); and enhancing customer loyalty through their brands (Petersen et al. 2009). In Grewal, Levy, and Lehman (2004), we presented a framework, which we recreate here in Fig. 2, that links key branding concepts to both value and customer loyalty.

We recreate this framework here because it ties together so many valuable concepts. At the front end, the model decomposes store image into three key branding concepts pertaining to the roles of national brands, store brands, and the store as a brand. In particular, the rise of the retailer as not just a retail outlet but also as a brand provides perhaps one of the most critical trends in the retailing field. Ailawadi and Keller's (2004) highly influential article provides an excellent overview of the research issues associated with retail branding. Past research also documents the effects of store image and brands on value and its specific components (e.g., Dodds, Monroe, and Grewal 1991;
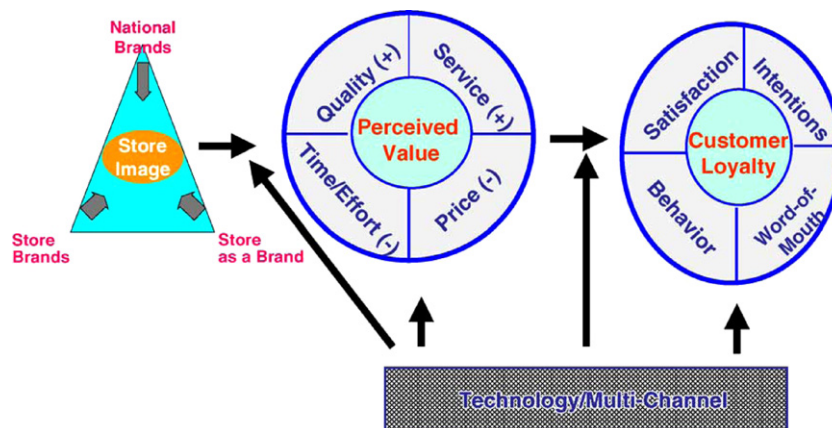

Fig. 2. Store image–value–loyalty framework.

Grewal, Monroe, and Krishnan 1998) and, in turn, the role of value on customer loyalty. More specifically, Sayman and Raju (2004) consider whether store brands affect the performance of national brands. Kumar and Shah's (2004) highly cited and oft-downloaded article provides an overview of research issues associated with customer loyalty and customer lifetime value. However, the linkages outlined in Fig. 2 need further empirical testing to confirm and support this suggested framework.

Academics and retailers will continue to be interested in exploring issues pertaining to branding and customer loyalty. Several discussions of critical research issues appear in works by Grewal, Levy, and Lehman (2004), Grewal and Levy (2007), Ailawadi and Keller (2004), Kumar and Shah (2004), Mantrala et al. (2009), and Petersen et al. (2009). However, we also want to highlight some of those issues here.

First, developing the right mix of national and store brands offers a key challenge for retailers. What happens, for example, to the retailer's image if it offers a lot of copycat brands? Or offers more national brands than store brands? Or alternatively, a wealth of high-quality store brands? In addition, researchers should investigate how retailers can ensure the mix of brands that best matches the retailer's existing or ideal overall image.

Second, in determining the proper mix that communicates value, retailers need to attend to the associated promotions, flyers, and displays their use. Value perceptions likely derive from a combination of influences, including not just price but also brand offerings and store images.

Third, retailers need further guidelines for using loyalty programs effectively to drive traffic into their stores. Furthermore, they need information about how to direct such programs strategically at the right customers to increase profitability.

Service success strategies

Services research has always been important to *JR*. In 2007, we published a special issue devoted to "Competing through Service" (Bolton, Grewal, and Levy 2007), which highlighted six key strategies: leveraging fundamental sources of value that influence shareholder wealth (Lusch, Vargo, and O'Brien 2007; Verhoef, Langerak, and Donkers 2007; Wiles 2007), managing customers' perceptions of the service value proposition (Kleijnen, de Ruyter, and Wetzels 2007; Yim, Chan, and Hung 2007), customizing pricing for profitability (Tokman, Davis, and Lemon 2007), ensuring service excellence in implementation (Netemeyer and Maxham 2007; Schau, Dellande, and Gilly 2007), planning for service recovery (Hess, Ganesan, and Klein 2007), and managing the holistic service experience (including the servicescape) (Morin, Dubé, and Chebat 2007). These areas continue to demand further research and attention.

We can make this claim because the services arena, whether it involves services provided by retailers or those offered by actual service providers (e.g., hotels, airlines, amusement parks), provides a rich context for studying important substantive issues that have implications for *JR* readers. Furthermore, a host of issues remain to be explored in this context. For example, service recovery research (e.g., Grewal, Roggeveen, and Tsiros 2008) demonstrates the importance of compensation recovery

and identifies conditions in which it is less or more important. But further research is needed to determine whether service recovery might be just as effective when customers participate in the recovery process or help cocreate the service or recovery (e.g., see work on co-creation by Lusch et al., 2007). As more and more retailers add and refine services to their mix, considerably more research is needed to understand how merchandise and services can be bundled and marketed synergistically to convey value (Arnold et al. 2009; Lusch et al., 2007). As an illustration, Staples has broadened its merchandise portfolio by adding copying and computer-related services. For traditional merchandise retailers, offering the appropriate mix of merchandise and services may provide a means of differentiation from key competitors, as well as a greater customer focus orientation.

Thus, many of the issues we identified previously, in Grewal and Levy (2007, p. 449) still demand research attention; we simply cite those issues here:

- "The role of self-service technology and Web sites in shaping every aspect of the consumer decision process, from need recognition to post-purchase.
- Managing the service experience across the multiple channels, including the store, Internet, and catalog.
- Understanding the components of service recovery and their main and interactive effects on patronage.
- The role of service tactics, such as service guarantees, on customer satisfaction and loyalty."

Behavioral issues in pricing and patronage

During our editorship, we received a lot of behavioral articles focusing on pricing and patronage topics. The most important aspect of any retail or service business is the customer. That is, firms must stay customer focused and conduct research to provide their management team with insights into the evolving needs of their customers. They need to understand the critical retail drivers that can influence each stage of the consumer decision process: goals, schema, information processing, memory, involvement, attitudes, affect, atmospherics, and consumer attributions and choices (see Puccinelli et al. 2009).

In Grewal and Levy (2007, p. 450), we also cite some patronage issues that received research attention during 2002–2007, such as the effect of store image or employee interactions on patronage, the particular factors that may influence patronage by specific groups (e.g., children, disabled consumers, teens), and the connection of patronage to quality or value on satisfaction. Furthermore, we highlighted research into the influence of price, service, and money-back guarantees. Servicescape research considers the role of music, lighting, or scent as in-store environmental cues. These various research efforts employ an admirable range of methodologies, including qualitative/ethnographic, survey, experimental, and meta-analysis.

Yet as we also noted (Grewal and Levy 2007), various topics demand further research. For example, a specific pricing tactic may reflect or conflict with an overall pricing strategy;

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in either case, it could have significant effects on consumer behavior. If confronted with pricing that appears atypical of a particular retailer, consumers likely process that information in a unique way, and research should attempt to identify that method.

Similarly, prices that appear bundled versus unbundled may have distinct influences on patronage behavior. In addition, price competition likely influences not only dynamic pricing policies and their optimal implementations but also retail profitability, perhaps through consumer processing differences.

We posit that scanner and panel data could provide further insights into how consumers respond to price changes, whether perceptually or behaviorally, or perhaps how consumers choose to cherry-pick across stores. Finally, pricing and behavioral research would benefit from a combined assessment of marketing tactics, such as a consideration of how consumers process the price information contained in circulars, flyers, and displays.

Conclusion

We are proud to recognize this diversity of topics published in *Journal of Retailing* during our editorship. By highlighting four areas that emerged as particularly significant topics during 2002–2007, we also acknowledge the growth and broadened impact of *JR* research to innovative and evolving topics (Internet, branding/loyalty, services, behavioral pricing, patronage). These compelling topics continue to evolve, so even as we commend researchers for providing insights into many issues, we encourage them to continue to pursue the many remaining unanswered research questions. We hope they continue to work on these issues using a diversity of theoretical approaches and a variety of methodologies.

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