

Chapter 14

Are Retailers' Perceptions of Their Innovativeness and Technology Similar to Those of Consumers?

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ABSTRACT

This chapter explores the relationship between retail innovativeness and the level of technological advancement as well as the ICT solutions implemented by store chains of four retail activities – e.g. grocery, textile, electronics, and furniture and decoration. Innovation may become a source of sustainable competitive advantage in the highly competitive environments where retailers have to operate. In this chapter, retailers and consumers' perceptions are compared in order to assess if retailers' expectations of their efforts in innovation and ICT investment match with consumer perceptions about these decisions. Evidence exists of significant differences in consumer perceptions and behavioral intentions. As a result, differences in consumer behaviour are found between high and low innovators that may be explained by the strong relationship between retail innovativeness and the technology implemented by the store. Notwithstanding, these findings are sensitive to the type of product sold by the store.

INTRODUCTION

Retail innovativeness, defined as the extent to which retailers in the local market adopt new merchandising or service ideas (Homburg et al., 2002), is a topic that has received scarce attention in the marketing literature up to date. In particular, innovation in marketing channels has been discussed in reference to specific areas of innovation or to single categories of subjects within channels (Musso, 2010; Musso and Druica, 2014). Most of contributions have focused on innovation in retailing as 'product innovation' for distribution companies (Dawson, 2001; Dupuis, 2000; Castaldo, 2001; Zaefarian et al., 2017), or as innovation in the supply chain (Musso, 2010; Karmeni et al., 2017), while in fact many large retailers are marketing, organizational, and open innovator, seeking to coordinate not only product and process innovation, but also innovation in their value propositions across their value networks (Reynolds, 2014; Hristov & Reynolds, 2015). In this sense, the interest of researchers has focused on technological issues, particularly those relating to information and communication technologies (ICT). However, recently academics have highlighted that a research gap still persists regarding how consumers perceive innovations in retailing (Lin, 2015; Pappu & Quester, 2016) and how retailers respond to the technology challenge (Willems et al., 2017; Pantano et al., 2018). To the best of our knowledge, little attention has been paid to the relationship between retail innovativeness and several ICT implemented by retailers or to the implications of retail innovativeness on consumer behavior.

In highly competitive environments, there may be great pressure for individual retailers to be innovative (Lin et al., 2013) in an attempt to differentiate from competitors, generate value and, ultimately, enhance consumer patronage intentions (Zolfagharian & Paswan, 2009; Lin et al., 2013; Lin, 2016). Empirical strategy research based on contingency theory has suggested that the level of dynamism in the environment created through innovativeness is a key driver of a company's strategic decisions (Miller 1988; Miller & Dröge 1986). Given the classical merchandising orientation of many retailers (Mulhern, 1997; Homburg et al., 2002), one promising way for a firm to innovate is by implementing ICT to enhance their service-oriented business strategy.

Notwithstanding, there may be differences in the importance of ICT for retail innovativeness across retailers depending on the store assortment. In this sense, following Berry and Barnes' (1987) typology, there is a distinction between high-touch retailers, i.e. characterized by a high level of personal contact with customers through personal selling and advice and customized services, and low-touch retailers which emphasize the use of self-service technologies. Since self-service is the sales system in most of the grocery, clothing and footwear retailers, it is expected that some ICT solutions, e.g. self-service technologies, to be used to a greater extent. On the other hand, for durable goods retailers, i.e. electronics/electrical appliances and furniture/decoration, higher customer involvement is expected in the purchase process and sales systems based on customization and personal selling. Thus, it can be understood that according to the type of product distributed by the retailer, there is a different degree of contact between customers and vendors and, thus, there may well be differences in the level of use of retailer technology depending on the type of retail activity.

Therefore, the aims of this paper are, first, to explore the relationship between retail innovativeness and the retailer's level of technological advancement, both from the retailer and the consumer perspective and, second, to test the existence of significant differences in consumer perceptions and behavioral intentions between retailers perceived as high innovators and those considered as low innovators. In order to take into consideration the existence of potential differences due to the retailer's assortment, four types of store chains are analyzed: grocery, textile, electronics and furniture and decoration.

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