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Retailing Trends and Developments - Challenges and Opportunities:
Retailing Trends and Developments

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ABSTRACT

The retail environment is changing rapidly. The competition is getting tougher. Some of the developments taking place include tighter consumer spending; new retail forms; shortening retail life cycles and retail convergence; rise of megaretailers; growth of direct, online, mobile, and social media retailing; necessity of omni-channel retailing; importance of retail technology; green retailing; and global expansion of major retailers. Retailers adopt a number of measures to be successful in the short run and in the long run. The article will sensitize retailers about the requirements to be successful in the competitive retail environment. All the strategies will help retailers to develop customer relationships and grow in the competition.

KEYWORDS

Economic Downturn, Frugal Customer, Green Retailing, Omni-Channel Retailing, Retail Convergence, Retail Forms, Retail Life Cycle, Social Media Retailing

1. INTRODUCTION

The marketing environment is changing rapidly with developments happening regularly (Sheth, 2017). This is also true for retailing. Retailers operate in a harsh, competitive, and dynamic environment, which offers threats as well as opportunities. Retailing technologies need to change keeping in pace with changes in consumer demographics, lifestyles, and spending patterns (Jannarone, 2011). To be successful in the competitive environment, retailers should target their customers carefully and position themselves strongly.

Retailing includes all the activities involved in selling products or services directly to final consumers for their personal and non-business use (Edelhart, 2010). Many institutions including manufacturers, wholesalers, and retailers are involved in retailing. Retailers play an integral role in most marketing channels because the products are sold to end-users by retailers. In 2017, retailers accounted for more than $5.3 trillion of sales to final consumers (Xu & Jackson, 2019). Retailers should keep track of recent developments and plan and execute their competitive strategies. The developments which retailers should be concerned about include tighter consumer spending, new retail forms, shortening retail life cycles, retail convergence, rise of megaretailers, growth of direct, online, mobile, and social media retailing, need for omni-channel retailing, growing importance of retail

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technology, green retailing, and global expansion of major retailers (Schwartzberg, 2011). Retailers should consider all the above factors while formulating and executing their strategies.

The paper is structured as follows.

Section 2 deals with the aspects of tighter consumer spending. New retail forms are emerging, retail life cycles are getting shortened, and retail convergence is taking place. All these aspects are discussed in Section 3. Section 4 focuses on the rise of megaretailers. Direct, online, mobile, and social media retailing are growing and such aspects are discussed in Section 5. Necessity of omni-channel retailing is discussed in Section 6. New and improved technologies are applied in retail sector and such technologies are discussed in Section 7. At present, retailers are concerned about the environment and are going for green retailing. Section 8 focuses on green retailing. Retailers do not remain restricted to their countries of origin and are expanding to global markets. This is discussed in Section 9. Section 10 focuses on the discussions done throughout the paper with sub-section 10.1 focusing on managerial implications of the discussions. Section 11 concludes the paper with sub-section 11.1 focusing on contributions of the paper and sub-section 11.2 focusing on avenues of future research.

2. TIGHTER CONSUMER SPENDING

Retailers flourished for many years before the Great Depression of 2008-2009. After the recession, consumers became cautious regarding their spending habits (Murphy, 2011). So, the economic situation changed and the fortunes of many retailers turned from boom to bust. Even after the recovery of the economy, the spending habits of consumers have not changed much. Critics are of the opinion that retailers will feel the effects of changed consumer spending patterns well into the future (Chavez, 2012).

Retailers also benefit from the economic downturns. For example, when consumers cut back on their costs by becoming thrifty and spending less, those retailers who offer big discounts, benefit. Retailers like Walmart and Costco generate new business from bargain-hungry shoppers (Zimmerman, 2012). Also, price-oriented and off-price retailers such as Dollar General, ALDI, and TJ Maxx have attracted greater shares of more frugal buyers (Edelson, 2011).

Few retailers are able to detect and grab the opportunities created by tighter spending habits of individuals. For a majority of retailers, tighter consumer spending meant tough times (Murphy, 2011). During recession and in the following years, many major retailers declared bankruptcy or shut down their businesses completely. Such retailers include household names like The Sharper Image, Borders Books, KB Toys, Circuit City, and Linens N Things, to name a few. Many other retailers, from Macy's and Home Depot to Starbucks, cut down their costs by laying off employees, reducing the range of their operations, and by offering deep price discounts and promotions aimed at luring cash-strapped customers back into their stores (Schwartz, 2015).

The economy has improved at present. However, many consumers have retained their frugal spending ways. Retailers are targeting such consumers with value for many propositions (Misonzhnik, 2011). For example, Home Depot replaced its older "You can do it. We can help." theme with a thriftier theme: "More saving. More doing." (Kaplan, 2011). Retailers are also promoting their private labels to attract customers and boost sales. Private labels are more economical than established brands and retailers like Walmart, Macy's, Kroger, and Whole Foods Market are benefiting from them (Chavez, 2012). Traditional sit-down restaurants are competing with fast-casual restaurants such as Panera Bread and Chipotle by adding value offerings on their own. For example, Applebee's offers cheap meals. It offers a 2 for $20 menu i.e. two meals and one appetizer for just $20. TGI Fridays has the 474 "Where less is more" menu. The menu features right-sized portions of its signature dishes with appetizers at $4, main dishes at $7, and desserts at $4 (Edelson, 2012).

Retailers adopt a number of measures to be successful in the short run. However, they should be cautious that their short-term measures should not damage their reputation and positioning in the long run. Reducing prices drastically to generate sales may attract customers in the short run but damage brand loyalty in the long run (King, 2012). One analyst calls this "death by discount" and suggests

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