

RETAIL FUTURES:

The Good, the Bad and the Ugly of
the Digital Transformation



EDITED BY

Eleonora Pantano

Retail Futures

The ubiquitous presence of (mobile) technology has dramatically changed our daily lives and will continue to do so in the future. It has affected many domains of society. Retailing and shopping is no exception. Shifts in shopping behaviour and new technologically driven shopping experiences present new strategic and operational challenges for retail management. However, new technology also generates new opportunities for increasing profits and/or improving service delivery. The availability of person(al) information creates a new playing field for the interaction between retailers and their customers.

Despite the recent interest of academia in the potential and problems of new technology in retailing and shopping behaviour, current knowledge is still limited and highly fragmented. This book, with contributions from leading, mainly European, scholars on this topic is a timely and welcome addition to the literature which reduces the gap in our knowledge. Particularly interesting are the thought-provoking chapters on the future of retailing and new ethical issues that emerge.

I think this book is critical reading for everyone interested in retailing and technology. The balance between theory, empirical findings, showcases and reflection makes it a highly valuable source of information for academics and practitioners alike.

Professor Soora Rasouli, Co-editor Journal of Retailing and Consumer Services, Professor of Urban Planning, Technical University of Eindhoven

This book is a timely, invaluable resource for academic researchers, students and practitioners trying to come to terms with rapid changes in the retail technological landscape. Writing about future technology is notoriously difficult and material becomes dated very quickly, but this book navigates the reader confidently through the minefield with case studies and evidence-based evaluations of technological progress and consumer responses. This book is an excellent contribution to contemporary thinking and presents a coherent, convincing exposition of how technology is changing the world of retailing and shopper behaviour. It has an accessible style that makes it a good read for the general as well as the specialist reader. I strongly recommend this book to anyone interested in how technological changes will affect retailing and shopping.

Professor Charles Dennis, Professor of Consumer Behaviour, Departmental Research Leader, Middlesex University London

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INVESTOR IN PEOPLE

To Matteo

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Preface

For decades, we tried to imagine the future of retailing from different points-of-view. In 2001, for the movie *Minority Report*, Steven Spielberg (in cooperation with MIT) imagined a new store where the shopping assistants were only virtual on virtual assistants (replacing human employees with avatars). In which scenario, they recognized each consumer through the retina scanner and suggested new products to buy accordingly. More recently, in 2017 James Patterson hypothesized ‘The Store’ (The Store, Random House) as an online retail giant able to control the life of American consumers, by influencing not just their preferences as customers but also those in their private lives.

More realistically, scholars predicted the future of retailing as the consequence of massive developments in technology (Grewal, Noble, Roggeveen, & Nordfalt, 2020; Inman & Nikolova, 2017; Pantano, Priporas, & Stylos, 2018), increasing usage of big data analytics (Bradlow et al., 2017), artificial intelligence (Davenport, Guha, Grewal, & Bressgott, 2020; Shankar, 2018) and changes in the retail services (Tezuka, Nada, Yamasaki, & Kuroda, 2019; Wirtz et al., 2018). Conversely, other authors tried to understand the extent to which we (as consumers) are willing to accept and use these technologies (Bertacchini et al., 2017; De Bellis & Johar, 2020; Evanschitzky, Iyer, Kenning, & Schutte, 2015), and the extent to which retailers are able to adopt them to create more pleasant and rewarding shopping experiences (Pantano & Vannucci, 2019; Van de Sanden, Willems, & Brengman, 2019).

However, studies only provide a fragmented understanding of the theory basis and practice for providing a comprehensive overview of the phenomenon. Thus, the following questions are still open:

- (1) *How will we shop in the future?*
- (2) *What are the challenges of competing in the new scenario?*
- (3) *What should we expect from consumers and retailers point of view?*

The aim of this book is to provide new approaches to retailing prompted by the increasing impact of technology and innovation. This is carried out in order to support scholars, students and practitioners to take advantages from the technology-based innovations through a more comprehensive perspective. To this end, this book provides a strong collection of theories, empirical evidence and

case study applications synthesizing the emerging studies on the innovation and technology management for retailing.

In particular, this book is organized in four main sections: (1) theoretical and technological background; (2) changes in retail management and strategies; (3) changes in consumer experience, behaviour and decision-making and (4) future challenges and direction. The first section includes three chapters investigating how technology supports retailers, the increasing adoption of robots for delivering retail services and the technology currently in use in retailing agglomerations. The second section comprises four chapters on how the technology changes retail management and strategy by focussing on digital signage, frontlines' role, responses to fake reviews and on the shift towards the omnichannel retailing. The third section embraces three chapters on changes in consumer behaviour, by investigating the extent to which the new technologies changed the online shopping behaviour, the e-retail experiences and the decision-making process. Finally, the fourth section includes three chapters on the consequences of artificial intelligence adoption in retail services, with emphasis on the ethical challenges and privacy concerns.

This collection of chapters does not expect to be exhaustive. Instead, it provides a foundation for your critical reflection and investigation of the phenomenon. It also provides some useful tools to better understand the emerging complexity within the retail sector. Tools that hopefully help you begin to answer two broad questions. What will the future of retail look like? And more importantly, is it a future you are comfortable with?

Enjoy reading

Eleonora Pantano

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Section 1

Theoretical and Technological Background

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Chapter 1

How Innovative Technology Serves the Retailer: A Store Sales Cycle Model

Tibert Verhagen and Jesse Weltevreden

Abstract

In an increasingly technology-driven retail landscape, retailers face the challenge of making the most effective decisions regarding the selection and use of innovative technology. Although previous research provides insights into the added value of technology, it does not directly guide retailers in overviewing and selecting technology that supports their sales operations. This chapter contributes to the field of retail technology studies by introducing a sales-oriented model intended to assist retailers in inventorying available technologies and making decisions regarding the selection and use of these technologies for their physical stores. The model uses an updated version of the seven steps of selling as a foundation and, in line with the resource life cycle, decision support system and self-service technology literature streams, proposes applying technology in such a way that it supports the stages of the retailer's sales process. This chapter concludes with a discussion of practical guidelines for applying the model.

Keywords: Retail technology; sales; sales decision support; retailing; store innovation; technology selection

Learning Outcomes

- Recognise that retailers need guidance in overviewing and selecting emerging digital technologies.
- Understand the role and value of emerging digital technologies in enhancing the effectiveness of in-store sales efforts.

- Understand and describe the conceptualisation of the store as a sales decision support system.
- Make use of the introduced store sales cycle model (SSCM) to help retailers inventory and select the most effective available digital technologies.

Introduction

As a result of online competition and changing consumer behaviour in the late 2010s, retail sales have become increasingly erratic and have generated generally low profit margins, which has led many physical stores to go bankrupt (Adhi, Burns, Davis, Lal, & Mutell, 2019). At the same time, driven by rapid advancements in technology (Pantano & Vannucci, 2019) and an increasing demand for and use of technology across generations (Foroudi, Gupta, Sivarajah, & Broderick, 2018), a growing number of retailers have adopted technologies to attract store visitors (e.g., location-based marketing, store window displays, loyalty apps), provide them with an enhanced shopping experience (e.g., smart dressing room, 3D mirror, robotics) and facilitate actual purchase of goods or services (e.g., digital shopping assistant, digital ticketing, mobile payments). To help retailers understand the value of emerging technologies, researchers have begun investigating the effects of technologies in physical retail settings. Except for a few studies that adopt a retailer's perspective (e.g., Inman & Nikolova, 2017; Renko & Druzijanic, 2014), however, the majority of extant studies adopt a consumer behaviour perspective; that is, they have categorised technologies in terms of their value and/or stage in the purchase decision process (e.g., Willems, Smolders, Brengman, Luyten, & Schöning, 2018), they have connected the use of technology with observable behavioural outcomes (e.g., Roggeveen, Nordfält, & Grewal, 2016) or they have examined how consumers perceive technology and how these perceptions translate into behavioural outcomes (e.g., Adapa, Fazal-e-Hasan, Makam, Azeem & Mortimer, 2020; Garaus, Wagner, & Manzinger, 2017).

Although the academic contributions of these studies are undisputable, their explicit focus on consumer behaviour implies that they cannot directly guide retailers in overviewing and selecting technologies that support their primary activities – that is, selling products to consumers. The relevance of such pragmatic retailer-focused guidance is echoed in the work of Edelman and Singer (2015), who introduce what they refer to as a 'fresh way of thinking'. Instead of reactively anticipating consumers' next moves by positioning themselves in the decision-making journey that consumer themselves design, retailers should adapt their thinking and focus more on using emerging technologies to shape and innovate consumers' buying process to be more in line with their own sales and marketing interests (Edelman & Singer, 2015). As such, in this chapter, we introduce a practice-oriented model intended to assist retailers in inventorying available technologies and making decisions regarding the selection and use of these technologies for their physical stores. The model, which we term the SSCM, draws on the concepts of customers' resource life cycle (Ives & Learmonth, 1984), customer decision support systems (O'Keefe & McEachern, 1998) and self-service

technology (SST) (Meuter, Ostrom, Roundtree, & Bitner, 2000). The model uses an adapted version of the seven steps of selling (Dubinsky, 1980) as a foundation and maps possible technologies onto each of the seven steps. The model not only provides retailers with a framework that they can use to understand and choose technology but also serves the overarching purpose of advocating the use of technology in retail settings not as a goal per se but rather as cog in the overall sales machine.

In the remainder of this chapter, we first consider the conceptual background of the model by examining key concepts from the sales and decision support system literature. Then, using the literature and input obtained from an expert panel, we introduce the SSCM. We elaborate on the model, suggest guidelines for using it and conclude with limitations and recommendations for future research.

Conceptual Background

The Sales Process

Since the beginning of the 20th century, researchers and practitioners have sought to understand the process salespeople go through when selling to customers. One of the most widely accepted and well-cited frameworks discussing this process is the ‘seven steps of selling’ (Moncrief & Marshall, 2005), as introduced by Dubinsky (1980). In this framework, the sales process consists of (1) locating and prospecting customers, (2) collecting information about the prospects, (3) contacting prospects and triggering interest, (4) presenting the sales offering, (5) removing any sales objections/resistance, (6) closing the sale and (7) engaging in postsale follow-up. Although some works slightly adapt the conceptualisation, wording and composition of the seven steps, their essence still holds today and is dominant in sales theory (Moncrief & Marshall, 2005) and in most sales textbooks (Borg & Young, 2014).

As part of the conceptualisation of the sales process, researchers have addressed the evolution of various selling approaches, also referred to as sales strategies (Paesbrugge, Rangarajan, Sharma, Syam, & Jha, 2017). A rather monadic transactional approach was introduced in the early 1900s, in which the primary objective of selling was to persuade customers to buy the products offered (Borg & Young, 2014; Scott, Avila, & Talbert, 2019). In the 1980s (Moncrief, 2017), a dyadic relationship selling strategy began to gain traction (see, e.g., Spiro, Perreault, & Reynolds, 1977). The main objective of relationship selling is to become a trustworthy preferred partner, rather than a one-time supplier, by building long-term customer relationships that are beneficial to both parties engaged (Scott et al., 2019). Subsequently, alternative selling strategies rooted in relationship selling have emerged, of which adaptive selling and solution selling are the most widely mentioned in the literature (Arli, Bauer, & Palmatier, 2018; Paesbrugge et al., 2017). Whereas adaptive selling entails ‘the altering of sales behaviours during customer interaction or across customer interactions based on perceived information about the nature of the selling situation’ (Weitz, Suhan & Sujun, 1986, p. 175), solution selling, also referred to as problem-solving selling or

consultative selling, involves the salesperson working with the customer as an adviser to identify needs and devise customer-centred solutions (Moncrief & Marshall, 2005).

Although the seven steps of selling and sales strategies are grounded in research and practice today, a consensus in the sales literature is that future evolution and effectiveness of the sales process and techniques will largely depend on the extent to which salespeople are capable of adopting and using emerging technologies such as mobile devices, social media, artificial intelligence and data analytics (Herjanto & Franklin, 2019; Román, Rodríguez, & Jaramillo, 2018; Schrock, Zhao, Hughes, & Richards, 2016). These technologies have been touted for their potential to more effectively identify customer wants (Trainor, 2012), provide more and better information about customers (Román & Rodríguez, 2015) and offer improved capabilities to create and maintain relationships with customers (Trainor, 2012). As such, these technologies increasingly will determine how salespeople connect and interact with customers, apply selling techniques and build relationships – that is, how they go through the seven steps of selling (Marshall, Moncrief, Rudd, & Lee, 2012).

The Store as Sales Decision Support System

In addition to the sales field, the information systems and marketing literature streams have addressed the influence of emerging technologies in sellers' and buyers' processes. In information systems research, Ives and Learmonth (1984) introduce the so-called customer resource life cycle. Basically, this cycle illustrates how suppliers can use technology to service the stages of their customers' decision-making process, which helps them differentiate themselves from competitors and build returning business. The life cycle view on using technology has been echoed in multiple follow-up studies, which confirm the advantages of supporting customers' online decision processes with technological functions and features, as customers can use these aids themselves to arrive at purchase decisions, which makes it a rather effective, competitive way of selling (Cenfetelli, Banbasat & Al-Natour, 2008; Cenfetelli & Benbasat, 2002; Piccoli, Brohman, Watson, & Parasuraman, 2004). O'Keefe and McEachern's (1998) seminal work draws comparable conclusions, adopting a decision support system perspective of websites to study online shopping. In particular, they advocate viewing a website as one web-based customer decision support system in which a multitude of web-based technologies can be applied to support customers as they move through the stages of their decision-making process. Such an approach not only can make for a more effective sales process, due to the richness of online technology (see Lightner, 2004), but also could lead to more efficient selling, as technological applications ensure the continuous availability of the selling actor.

In addition to the life cycle and decision support system views on using technology to facilitate sales and support buying processes, marketing scholars have introduced what is known as SSTs, defined as 'technological interfaces that enable customers to produce a service independent of direct service employee

involvement' (Meuter et al., 2000, p. 50). Although SSTs have been examined in online settings such as e-banking (e.g., Eriksson & Nilsson, 2007; Ho & Ko, 2008) and e-shopping (e.g., Bobbitt & Dabholkar, 2001; Yen, 2005), most SST research has centred on the use of technology in offline retail settings (e.g., Kaushik & Rahman, 2015; Lee, 2015; Lee & Yang, 2013; Weijters, Rangarajan, Falk, & Schillewaert, 2007), such as in-store kiosks, interactive displays, self-scanners and self-checkouts. For customers, using SSTs could facilitate their buying processes, as the technology might reduce the time required to perform certain tasks, be more convenient than alternatives, lead to a higher level of customisation and decrease waiting time (Curran, Meuter & Surprenant, 2003). For retailers, using SSTs could pay off in terms of their sales processes, as implementing the technology could improve the effectiveness of their efforts, reduce costs (Curran et al., 2003) and help them deal with fluctuations in demand (Weijters et al., 2007).

Considering the aforementioned literature streams together, consensus has emerged that technology functions as a facilitator of sales and buying processes and that both retailers and customers benefit from adequately supported processes. Following our objective, herein we explicitly focus on the capabilities of technology to support the retailer's sales process. In particular, we base our study on the SST literature claiming positive effects of technology on selling efforts in physical retail settings. Rather than focussing on one particular in-store technology, however, we adopt a more overarching view and, adapting O'Keefe and McEachern's (1998) perspective of the sales process in offline retail settings, define the *store as a sales decision support system*, that is, a technology-enriched store environment that aims to support the retailer's sales process, either directly or indirectly, with the objective of increasing in-store sales efforts' effectiveness for both first-time and returning customers. In the next section, we report on an attempt to translate our conceptualisation of the store as sales decision support system into a model that aims to show retailers how technology can help in their own stores.

Method and Model Development

Using the store as sales decision support system as a conceptual starting point, we took several steps to develop our model. We first selected the seven steps of selling (Dubinsky, 1980) as a foundation for the sales process stages. Then, using overviews of retail technology (e.g., Inman & Nikolova, 2017; Pantano & Vannucci, 2019; Willems et al., 2018), we allocated technologies that could support the seller in selling activities onto each of the seven stages using a table format (cf. O'Keefe & McEachern, 1998). Next, we tested the resulting preliminary framework using a panel of 18 Dutch and Belgian experts, including six retail innovation researchers, four professionals working for retail trade associations and eight professionals working for technology providers in the retail sector. We organised a session in which the experts viewed the preliminary framework and freely commented on the steps of selling and the corresponding technologies and suggested improvements in their applicability to physical store settings.

Using the experts' feedback and suggestions, we made a few modifications in the composition and wording of the seven steps, resulting in the following adapted version:

- (1) Reach: Reach out to customers to make them aware of the store and/or its products.
- (2) Understand: Understand customers and their wants and needs.
- (3) Inspire: Inspire customers by allowing them to experience the store and/or its products.
- (4) Inform: Provide the right type, quantity and quality of product information.
- (5) Convert: Encourage customers to buy and facilitate the act of buying.
- (6) Care: Look after customers after they have made their purchases, including the delivery and instructions for the use of the product.
- (7) Expand: Continue the relationship with existing customers and/or promote the store and/or its products using positive customer experiences.

Steps 1, 2 and 4 are almost identical to [Dubinsky's \(1980\) seven steps](#), step 3 is newly added, step 5 integrates the original stages 'remove any sales objections/resistance' and 'close the sale' into one step and steps 6 and 7 split the original stage 'engage in postsale follow-up' into separate steps. The addition of step 3 was recommended not only by experts but also by literature showing the increasing relevance of inspiration in store settings (e.g., [Böttger, Rudolph, Evanschitzky, & Pfrang, 2017](#); [Manasseh, Müller-Sarmiento, Reuter, von Faber-Castell, & Pallua, 2012](#)). The decision to make step 5 one step rather than two was based on the pragmatic rationale that persuasive in-store practices are to a large extent intertwined with getting customers to actually buy. Finally, we separated steps 6 and 7 given that both customer care and relationship marketing are of such importance in store settings today that each of them needs to be captured by a single step.

In addition, the experts suggested adding, reordering and removing particular technologies. We used their input on this matter to arrive at an updated overview of technologies corresponding to the steps of the selling process. Furthermore, in line with the cyclic view of the customer's resource life cycle ([Ives & Learmonth, 1984](#)) and assumed relevance of relationship marketing in achieving sales success ([Homburg, Schäfer, & Schneider, 2012](#)), the experts recommended treating the selling process as a circle rather than a one-off sequence of steps. In line with their recommendations, we modified the framework into a cycle and added examples of the supporting technologies to it. [Fig. 1.1](#) displays the resulting SSCM.

At the heart of the model is the customer; serving the customer is central to the retailer's sales process. The circle around the customer includes the steps of selling. Retailers can use several technologies to support each step of selling, as shown in the outermost layer of the model. Although the technologies included are not exhaustive, and some could well be applied to multiple steps in the process, they do give the retailer an impression of possible options. Overall, the model is designed to help retailers identify and discuss the use of innovative technologies, as the next section elaborates.