



B2C smart retailing: A consumer-focused value-based analysis of interactions and synergies



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ABSTRACT

The paper transcends the simply functional and oligo-dimensional approach to smart retailing, in order to provide a comprehensive, value-based analysis of its B2C relationship. Methodologically, it is a theoretically developed conceptual work, refined through qualitative primary research. Specifically, combining narrative and meta-synthetic literature analyses with interviews it undertakes an extensive theoretical review on the subject and its peripheral and contextual factors; it identifies the value categories and individual elements, which explicitly or implicitly define the smart retailing B2C relationships and synergies; and prescriptively incorporates all into a single, provisional, value-based, multi-dimensional framework for B2C smart retailing. The findings give rise to 'value' as superior *means* of understanding the smart retailing B2C relationship and as the ultimate *ends* on both sides of the relationship; both largely consequent to the changing underlying contemporary business and consumer motivators. Additionally, smart retailing 'soft value' manifestations are delineated and proposed as particular sources of retailers' lasting and inimitable competitive advantages; while smart retailing itself is found to have outgrown its traditional role to become a holistic strategic approach to the retailing business.

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1. Introduction

1.1. Research Context, Aims and Value

Smart, technology-based interactions and synergies between businesses and consumers have already precipitated as a corner stone of the 21st century economic context. Though relatively young in age, digital technologies' sheer gravity has forced an astonishingly extensive volume of research to be dedicated to it, in a – de facto – futile attempt to keep up with its aggressive nature.

For many years, marketers and advertisers have created communication strategies based on print, radio, TV, and mainstream internet media to broadcast their marketing messages. With rapid developments in technology, the effectiveness of these traditional media has significantly decreased and newer digital channels such as e-mail, social media and mobile have emerged. Digital marketing communication techniques, especially mobile marketing – on which this paper focuses – revolutionized marketing towards primary communication goals (such as attention and trust from customers), as well as towards

wider strategic marketing challenges (such as developing lasting inimitable competitive advantages). The popularity of personal mobile devices, such as smartphones and tablets has, in fact, introduced a new form of marketing to businesses that can target a large number of people, anywhere in the world, while also furnishing businesses with relevant information about the needs, preferences and profiles of their customers; all in a timely and profitable manner. However, some research studies (see subsequent literature review) suggest that mobile marketing does not succeed as an isolated channel: it works best when integrated with other channels, such as social media, to form a cross-platform strategy or, in other words, to adopt a multi-channel marketing approach.

And while existing literature on the subject has largely adopted a more functionalistic interpretation of the subject, focusing on the explicit and more visible/tangible implications and benefits of smart technologies in the business-consumer (B2C) relationship, other scholars (e.g. Shankar et al., 2016; and Shankar, 2016) have also adopted a more holistic approach (see subsequent literature review). This research, in the context of the latter, transcends the functional and oligo-dimensional approach of many conventional works, to provide a multi-perspective analysis of the *values* involved in the retailing B2C relationship; not as a simple interaction, but as a comprehensive system.

Specifically, based on the conceptual development of theoretical considerations in existing literature, *the research aims* to develop a

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value-based multi-dimensional framework for B2C smart retailing. Towards this aim, *four distinct objectives* have been set:

1. to undertake an extensive theoretical research on existing literature on the subject and its peripheral and contextual factors;
2. to identify the value categories and individual elements, which explicitly or implicitly define the retailing B2C relationships and synergies;
3. to *descriptively* delineate their inter- and intra-relationships;
4. To *prescriptively* incorporate all into a single, provisional, value-based multi-dimensional framework for B2C smart retailing.

The *value and contribution of the research* is multifold. Firstly, it is a value-based analysis that provides an insight to the B2C relationship, including underlying motivators and implicit factors, which are unseen or underestimated by the more functionalistic works. Secondly, the research constructs a comprehensive framework that incorporates all significant categories and individual values to both sides. Thirdly, the above is constructed within the wider context of the rising consumer behavior, allowing also predictive conclusions to be drawn. Finally, the research reaches also findings pertaining to practitioners and of direct industry worth and applicability. The importance of the above, that constitutes the research's unique contribution to knowledge, pertains to the *perspective* of the process and findings that utilizes 'value' as a single 'common currency' to understanding the underlying motivators of both sides of the business-consumer relationship. Moreover, while most past research accepts the dynamic nature of the smart retailing element of the relationship, this research also perceives the consumer side as an independently dynamic (fast changing) element, reaching descriptive and prescriptive conclusions that balance the two elements within a strongly interactive synergy and an inevitable equilibrium of power and mutual respect, as the only practicable means of preserving a mutually beneficial relationship.

1.2. Methodology

Methodologically the research is, inescapably, a *conceptual* one. This is partly owing to its pioneering perspective on the subject, and partly consequent to the large number of factors and forces involved; which, at this comprehensive outlook stage, must be collectively considered, but cannot be collectively empirically tested. The above is further derived from the contrast of the abundance of generic and background data versus the lack of directly specific data. Considering, thus, the aims and objectives of the research, its contextual and practical constrictions, as well as the strong human element within the system, a combination of philosophies have been applied. Namely, *positivism* and *interpretivism*, and rather naturally from there, a mixed *inductive-deductive approach*; with interpretivism and the inductive approach bearing the greatest weight (Saunders et al., 2015). To enhance the scientific nature of the research methodology, the research processes, the framework and the conclusions are being progressively developed following the stage-by-stage undertaking of scholar and practicing experts' interviews.

The *theoretical foundation* of the work rests on an extensive *narrative literature review*. This method was applied due to its suitability in critiquing and summarizing a relevant body of literature, in drawing conclusions about the topic, and in identifying gaps (Fink, 2010; Urquhart, 2011). It required significant in quality and volume research, as well as a sufficiently focused perspective; though, for practical purposes, this paper presents only the most relevant and substantive findings of the review. The theoretical part of the research, especially the more abstract aspects of it (linking marketing, strategy and consumer behaviour, to some degree) also rests on a *meta-synthesis literature review*. This method was partially applied due to its suitability in integrating, evaluating and interpreting findings of multiple qualitative research studies; in identifying common core elements and themes; and in involving, analysing and synthesizing key elements into a unified system

(Fink, 2010; Urquhart, 2011). It is also based on significant in quality and volume research, but largely rests on a smaller number of relevant past researchers' conceptual models identified to have a sufficiently focused and relevant perspective.

The conceptual and implicative developments of the paper have relied on the *combination of the theoretical with the primary findings of the research*; and have been *designed and tested through fifteen experts' interviews/reviews*. Five of these experts (three industry, two scholarly) took place simultaneously, prior to the conceptual development, and contributed in the prioritization and isolation of the critical factors, as well as their preliminary interrelation. The other ten (four industry, six scholarly) acted as post-developmental 'gate-keepers' by independently reviewing and refining the theoretical foundation and process, and conceptual framework.

2. Theoretical foundation and analysis – A narrative literature review

2.1. The evolution of digital marketing

2.1.1. The changing marketing communications' mix

The new century has seen a significantly changing B2C relationship consequent to the development of various digital technologies. This relationship however did not simply change in terms of the way, place and time that business takes place, but has essentially altered the very nature of the relationship and the wider consumer behavior context. More specifically, the world has witnessed a shift from the traditional product-dominant view to a service-dominant logic, of an increasingly intangible value (Vargo and Lusch, 2004; Vrontis and Thrassou, 2007a; Maglio and Spohrer, 2013; Pantano and Timmermans, 2014). Correspondingly, marketing practices, albeit somewhat reflexively and erratically, have adapted to the change, with digital technologies and technology-based social behavior acting as both cause and effect (Oh and Teo, 2010; Amir Khanpour et al., 2014; Blazquez, 2014; Demirkan and Spohrer, 2014; Pantano, 2014; Rese et al., 2014; Demirkan, 2015). The B2C relationship has changed functionally, but also essentially and contextually; with both the business and social frameworks of the relationship altered. The very concept of B2C interaction therefore has been redefined in terms of motivators and values, with consumers' role becoming more active and participative and the B2C relationship becoming increasingly 'symbiotic' (Zwass, 2010; Thrassou et al., 2012; Ngo and O'Cass, 2013; Pantano and Timmermans, 2014). Consequently, the traditional integrated marketing communications (IMC) mix required significant adaptation to emerging trends and new technologies, as well as to consumers' parallel changing behavioral patterns and underlying motivators (Thrassou and Vrontis, 2009; Csikosova et al., 2014; Oancea and Mihaela, 2015). Direct marketing and word-of-mouth (WOM) were found to be the primary IMC elements pertaining to digital marketing, particularly in the context of B2C smart retailing. Direct marketing is a basic form of marketing that occurs directly between marketers and customers without the presence of an intermediary (Kotler et al., 2009; Brassington and Pettitt, 2013; Jobber and Ellis-Chadwick, 2016). The emergence of Internet and Communication Technologies (ICT) has reshaped the marketing paradigm, particularly of direct marketing, and into - what is known today as - online or digital marketing; which uses the internet to link existing and potential customers with sellers electronically (Turban et al., 2009; Gilbreath, 2010; Ryan and Jones, 2012).

Direct marketing uses two categories of communication channels to address the target customers: (1) traditional channels such as direct selling, direct mail, telemarketing and telemedia, TV marketing, and (2) digital or online channels such as Search Engine Marketing (SEM), Digital Display Advertising (DDA), e-mail marketing, Social Media Marketing (SMM), and mobile marketing. Traditional marketing channels are characterized as broadcast, outbound, and one-way form of communication media, that are message-driven, didactic and overall

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