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Contents lists available at ScienceDirect

Journal of Retailing and Consumer Services

journal homepage: www.elsevier.com/locate/jretconser

From selling to supporting – Leveraging mobile services in the context of food retailing



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ARTICLE INFO

Article history:

Received 22 March 2013

Received in revised form

25 June 2013

Accepted 26 June 2013

Available online 2 August 2013

Keywords:

Service

Service business logic

Internet

Interaction

Mobile service

ABSTRACT

To safeguard their existence in the face of harsh competition, food retailers have shifting their attention from goods to service. In this development, mobile services have emerged as suitable venues for intensifying companies' service orientation. To address this phenomenon, the purpose of this study is to explore and analyze how mobile services are leveraged to serve customers better in the context of food retailing. With the help of 10 case examples the perspective is extended from food retailers' in-store activities to supporting customers' processes at the pre- and post-purchase stages. As a result, a tentative framework is suggested that captures the ways in which companies can use mobile services in their strategic quest to move from selling to supporting.

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1. Introduction

In the harshly competitive world of food retailing, companies seek and explore new ways to safeguard their existence. Many food retailers are faced with eroding market shares as hard discounters take larger shares of customer spend driven by the difficult economic conditions. Consequently, traditional food retailers are increasingly shifting their strategic focus from goods to service; that is, identifying new opportunities to serve their customers in ways that go beyond the traditional exchange of food retailers' goods and customers' money.

In this evolution, the internet plays a key role as it allows the effective and efficient transfer of relevant resources, such as information and knowledge, for customer use without constraints of place or time (O'Hern and Rindfleisch, 2009). A recent study by ComScore (2012) of US consumers reveals that four out of five smartphone owners use their devices to shop. However, it can be argued that companies have failed to identify the potential of the internet in broader terms as their perspective on internet utilization has remained rather limited in scope. In the context of food retailing in particular, companies have focused on generating online transactions or using the internet as yet another marketing communications channel. A recent study by the digital marketing agency, Latitude (Miloslavsky, 2010), reveals that shoppers want more

mobile tools to improve their food retailing experience. The Marketing Science Institute's research priorities also emphasize leverage of opportunities by new media (MSI Research Priorities 2012–2014). The MSI's interest in research proposals on mobile platforms, location-based services and their impact on consumers further amplifies the importance of mobile services. There is clearly a well-established demand for additional support for customers' processes related to food consumption. Food retailers have over-emphasized bricks to the detriment of clicks and have not considered the opportunities to deliver customer experience at the pre-purchase and post-purchase stages (Tynan and McKechnie, 2009; see also, Gummerus and Pihlström, 2011).

Technological advances and customer mobility have created opportunities for serving customers in ways that go beyond the traditional exchange. Companies are provided with tools to extend their focus from goods to providing customers with additional support for their own processes. For example, US department stores such as Macy's, Nordstrom, and Target have established applications that assist customers searching for suitable gifts for friends and family according to their individual preferences. Organic food retailer, Whole Foods Market, allows customers to check whether or not their preferred groceries are available or even on offer in their nearest store. Moreover, with the help of a mobile application called ShopSavvy, customers are able to scan product tags within the store and get price comparison information. Pizza Hut has developed a mobile application that helps customers design their own pizzas. What characterizes these mobile services (hereafter m-services) are companies – or customers themselves – designing and delivering solutions to help customers in their daily activities in ways that go beyond the

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company's traditional offering. Attention is shifted from transactions to providing additional support for customers' individual processes, such as coming up with an idea for a present or helping customers compare prices. Hence, m-services are not only used as a vehicle to sell more goods to customers, but its potential is harnessed to support customers' various value-creating processes in broader terms.

Specifically in the context of food retailing, various m-services have recently been introduced that readjust the companies' focus from goods toward serving customers. Through m-services (i.e. content and transaction services delivered via a mobile handheld device (Gummerus and Pihlström, 2011)), food retailers are able to influence the situational prerequisites of consumption (Rudolph and Emrich, 2009), and diversify their holistic experience designed for customers. The new m-services revolutionize the ways in which customers make decisions by giving them convenient access to a vast amount of information and providing them with applications that can be integrated into their everyday activities. Uncovering the breadth and depth of the value opportunities enabled by these m-services is critically important; companies need to know the factors driving the m-service revolution (see Woodall et al., 2007; Martin et al., 2004). Moreover, in order to go beyond single m-service attributes toward a more holistic understanding, focus should be placed on exploring and comparing the variety of different m-services and their value-creating logics. This understanding can help companies fully harness the potential of m-services in designing their strategic positioning. Consequently, pressure is exerted on both reconfiguring the role of m-services in companies' marketing activities and extending opportunities from the mere facilitation of online transactions. However, there is little or no research investigating m-services from the perspective of fueling companies' increasing service orientation and supporting customers' value-creating processes. Too often companies limit their focus to selling goods, without considering the opportunities for enhanced value creation in broader terms. To that end, the purpose of this study is to explore and analyze how food retailers leverage m-services in serving customers.

The paper is structured as follows. Section 2, the theoretical background to the study is provided in the form of service as business logic, value creation and m-services. Section 3, 10 case examples are briefly discussed and analyzed to empirically illustrate the ways in which food retailers leverage different m-services, after which a tentative framework is suggested. Section 4 of the study comprises a discussion section and conclusions.

2. Theoretical background

To address the purpose of this study, the role of existing theory should not act as a theoretical straitjacket but offer guidance for addressing the study purpose (Gummesson, 2002). Prior theory is used to approach the research phenomenon and find ways of defining the research problem (Carson et al., 2001). Given the novelty of the research phenomenon, the study is characterized by discovery and description rather than prediction and control (Laverty, 2003) and it is focused on the conception of new ideas and constructs (Yadav, 2010). In that respect, two literature streams are reviewed prior to the research purpose.

First, service – both as a perspective to value creation and as business logic – has attracted a vast amount of attention due to the intensive efforts to reconfigure its role within current marketing theory (Edvardsson et al., 2005; Grönroos, 2008a, 2011; Grönroos and Helle, 2010; Vargo and Lusch, 2004, 2008). In the context of this study, understanding service as business logic is important in addressing the study purpose because it provides a theoretical lens through which to view the food retailers' recent shift in attention toward establishing new ways to serve customers better.

Furthermore, literature around customer value is briefly discussed to complement the understanding of the customer's value-creating process.

Second, m-services are understood here as mechanisms through which food retailers can enable their strategic shift toward serving their customers (see Saarijärvi, 2012). They are regarded as tools that help companies shift their attention from selling goods to supporting customers' value-creating processes in broader terms. To address the opportunities that emerge, prior research on m-services is also briefly discussed.

2.1. Service as business logic

During recent years there has been growing interest in service as a fundamental concept within marketing (Grönroos, 2008a, Vargo and Lusch, 2004, 2008). According to Vargo and Lusch (2004, 2008) and Vargo et al. (2008), goods are only transmitters of service and act as a means for the customer to benefit from the company's competences. Value for the customer is not created by the company, in that it is not embedded in goods during the manufacturing process, but is something that the customer controls (Grönroos, 2008a, 2008b; Lusch et al., 2006). For this value to be actualized the customer must continue the marketing and consumption processes by combining the resources provided by the company with other resources, such as their own capabilities to use, maintain, repair, and adapt the appliance to his or her unique needs, usage situation, and behaviors (Vargo and Lusch, 2004; Grönroos, 2008a). From the customer's point of view, these value-creating processes are used by customers to manage their own activities and are often linked to a diverse set of processes, resources, and practices that customers have in relation, for example, food consumption (Payne et al., 2008). Consequently, in addition to goods or services provided by the company, additional resources, such as information, knowledge, or special expertise, are needed to actualize the value potential of the offering (Grönroos, 2008a, 2008b). Therefore, whether customers buy goods or services as such is irrelevant. What customers buy are resources or processes that support the customer's own value creation (Grönroos, 2008a, Gummesson, 1995). Companies should not be distracted by the divide between goods and services, but should shift their attention in understanding customers' value-creating processes to where the value potential is eventually actualized (Grönroos, 2008a).

From the company's perspective, service as business logic means that the company is interested in going beyond the traditional exchange in supporting customers' value-creating processes. In this regard, interactions hold the key. Interactions are understood as situations where the actors are involved in each other's processes and have opportunities to affect each other (Grönroos, 2011) and provide additional resources for value-creating processes. Consequently, companies that aim to serve customers should establish interactions with the customers to support their value-creating processes; as such interactions permit firms to influence the customer's value actualization process. The company becomes an active participant in the customer's value-creating process instead of acting only as a passive facilitator (Grönroos and Ravald, 2011; Grönroos, 2008a). With the help of interactions the company generates opportunities to make sure customers receive the value intended (Grönroos, 2008a). In doing so, the company takes a broader perspective on the customers' creation of value than can be achieved merely through selling goods.

Recent technological advancements are very much in tune with the shift toward serving customers as they provide companies with tools to reach out to customers' contexts and customers' value-creating processes in much better ways than before. In the context of food retailing, companies are extending their focus from in-store activities toward a more holistic understanding of their

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