



Full length article

Generation Z consumers' expectations of interactions in smart retailing: A future agenda

Constantinos-Vasilios Priporas^{a,*}, Nikolaos Stylos^b, Anestis K. Fotiadis^c^a Department of Marketing, Branding & Tourism, Middlesex University Business School, London, UK^b Department of Marketing, Innovation, Leisure and Enterprise, University of Wolverhampton Business School, MN Building, Nursery Street, City Campus Molineux (North), Wolverhampton, WV1 1AD, UK^c College of Communication and Media Science, Zayed University, P.O. Box 144534, Abu Dhabi, United Arab Emirates

ARTICLE INFO

Article history:

Received 25 November 2016

Received in revised form

23 January 2017

Accepted 29 January 2017

Available online 31 January 2017

Keywords:

Smart retailing

Generation Z

Consumer expectations

Consumer interactions

ABSTRACT

Retailing is witnessing a transformation due to rapid technological developments. Retailers are using smart technologies to improve consumer shopping experiences and to stay competitive. The biggest future challenge for marketing and consequently for retailing seems to be generation Z, since members of this generation seem to behave differently as consumers and are more focused on innovation. The aim of this paper is to explore Generation Z consumers' current perceptions, expectations and recommendations in terms of their future interactions in smart retailing contexts. To do so, we used a qualitative approach by conducting a series of semi-structured in depth interviews with 38 university students-consumers in the UK market. The findings showed that smart technologies have a significant influence on generation Z consumers' experiences. Moreover, this particular group of consumers expects various new devices and electronic processes to be widely available, thus offering consumers more autonomy and faster transactions. In addition, they expect the technology to enable them to make more informed shopping decisions. Interviewees also stressed the importance of training consumers how to use new smart retailing applications. In addition, some of the participants were sceptical about the effects of further advancing smart retailing on part of the job market. Relevant theoretical and practical implications are also provided.

© 2017 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

1. Introduction

In this age of Internet and communication technology retailing has become a dynamic industry. This is partly because consumers have become increasingly technology-dependent (Zhitomirsky-Geffet & Blau, 2016). As organizations continue to increase their investment in IT, they are becoming aware of the importance of IT acceptance and how its usage is a precondition for achieving higher productivity with IT (Halilovic & Cicic, 2013). As Browne, Durrett, and Wetherbe (2004) have projected, the shopping experience has vastly changed over the years and the number of consumers shopping on line has increased dramatically. Society exchanges information through smart phones, laptops and multi-touch

tablets, (Liu, Pasman, Taal-Fokker, & Stappers, 2013), while retailing employs various innovative (smart) technologies to improve the consumer shopping experience (Fotiadis & Stylos, 2016; Pantano & Priporas, 2016; Pantano & Viassone, 2015; Pantano, 2013, 2014). For example, retail chains have invested heavily in introducing self-service technologies, such as self-cash desks, informative touch points, interactive displays equipped with touch screens, digital signage and applications for mobile phones, which are supported by Radio Frequency Identification (RFID) tags. Other retailers have developed entirely virtual stores where consumers can use their phones to locate products and purchase them within the store (Pantano & Timmermans, 2014). Furthermore, age is an important factor in the new digital culture (Lee, 2009) which is why there are differences in different categories of consumers, (i.e., Generation Y, Generation Z) and in their expectations as consumers.

Against this background, we need more insights into consumers' expectations of future interactions in the smart retailing setting. The aim of this study is to explore generation Z consumers' expectations of interactions with retailers or/and products/

* Corresponding author. Department of Marketing, Branding & Tourism, Middlesex University Business School, W107 Williams Building, Hendon Campus, The Burroughs, London, NW4 4BT, England, UK.

E-mail addresses: C.Priporas@mdx.ac.uk (C.-V. Priporas), n.stylos@wlv.ac.uk (N. Stylos), Anestis.Fotiadis@zu.ac.ae (A.K. Fotiadis).

consumers in store in terms of future innovation in retail settings. The focus is on the new innovations in consumer-computer interactions that have shown already their potential to meet the present and future needs of generation Z. In addition to exploring consumers' perceptions of current smart technology applications, this empirical study centred on the following key research questions:

RQ1. What is the future of smart technology in retailing?

RQ2. What are the expectations of generation Z consumers of smart retailing?

This study contributes to the existing literature by addressing the following important gaps. First, although empirical research on smart retailing is growing (Dacko, 2016; Kim, Lee, Mun, & Johnson, 2016; Roy, Balaji, Sadeque, Nguyen, & Melewar, 2016; Vrontis, Thrassou, & Amirkhanpour, 2016), it is still limited and more studies are needed as it is a dynamic field, since the technological advancements are continuous and have an impact on the retail market and consumer experiences. Second, the epicenter of the study is generation Z, where there is a dearth of empirical studies in the field of marketing. This generation seems to be the biggest future marketing challenge, since it is the driver of innovation and change (Morgan, 2016; Wood, 2013, pp. 1–3). This generation has huge spending power and makes up a quarter of the UK population (www.campaignlive.co.uk), while it will constitute 40% of all U.S. consumers by 2020 (Empson, 2016). Thus, it is expected to heavily influence retail marketing practices both from a technological and product-specific point of view. Third, consumer's expectations and the aspiration to fulfil them form the foundations of all classical and modern marketing concepts (Baruk & Iwanicka, 2016). As expectations are consistent with the market's evolution (Steiner, Wiegand, Eggert, & Backhaus, 2016), it is important to explore Zers' expectations of the future of smart retailing, since Gen Z has more power than any previous generation to re-define production and consumption. Finally, our findings are important for researchers and practitioners alike, because little is known about generation Z as consumers and their expectations in smart retailing settings.

The remainder of this paper is organized as follows: First, it briefly overviews the relevant literature on generation Z and consumer expectations in relation to the new technologies. Thereafter, it describes the research methodology and discusses the key empirical findings. Lastly, it presents the conclusions as well as the relevant implications, limitations and future research avenues.

2. Theoretical background

2.1. Smart retailing background

Since 1974 when the first retail product (a pack of chewing gum) was sold via a scanner at a Marsh supermarket in Troy, Ohio, USA, many major technological innovations have revolutionized retailing (Inman & Nikolova, 2016). This is especially true of how information communication technology and smart technologies (i.e., socially interactive dressing room, virtual fitting room, interactive mirrors, in store mobile apps, etc) have transformed consumer-retailer interactions (Grewal, Roggeveen, & Runyan, 2013; Kim et al., 2016; Pantano & Priporas, 2016; Pantano & Timmermans, 2014; Pantano & Viassone, 2015; Voropanova, 2015; Yadav & Pavlou, 2014). The application of new technologies in retailing is beneficial to both consumers and retailers since these technologies can enhance consumer in-store behaviour and decision-making, improve the collection and exchange of information, provide opportunities for the development of new

products and services as well as new contacts through interactive tools between retailers and customers (Pantano & Migliarese, 2014; Pantano & Timmermans, 2014; Pantano, 2010).

Furthermore, Vrontis et al. (2016) point out that smart retailing is expectedly changing consumer behavior throughout the decision process stages (search, purchase, consumption and after-sales process) as well as becoming a vital innovative strategic approach for retailers' success. Moreover, the concept of smart retailing goes beyond the application of a modern technology to the retailing process by including a further level of "smartness" related to the employment of the technology (Pantano & Timmermans, 2014).

In the literature, there is a dearth of definitions on smart retailing, probably due to its complex nature, continuous technological advancements as well as the different shopping patterns among consumers and across generational cohorts. Recently, Roy et al. (2016, p.3) defined smart retailing as "an interactive and connected retail system which supports the seamless management of different customer touchpoints to personalize the customer experience across different touchpoints and optimize performance over these touchpoints". Starting from the notion of smart cities, Pantano and Timmermans (2014, p. 102) in their seminal work on smart retailing, emphasise that "the emerging idea of smart retailing would reflect a particular idea of retailing, where firms and consumers use technology to reinvent and reinforce their role in the new service economy, by improving the quality of their shopping experiences".

These definitions emphasize, as a key theme, the importance of enhancing customer experience. This concept is a major concern in retailing settings (Grewal et al., 2011; Verhoef, Kannan, & Inman, 2015). Although in comparison with traditional retailing, smart retailing provides a sense of flexibility (Roy et al., 2016), it is challenging as the technology advances fast and subsequently the consumer behaviour is changed by these technological developments. In the future, the retailer-consumer interface could, in several settings, be dramatically different from today's interactions.

2.2. Consumer expectations and new technologies

Consumer expectations are defined as the desires or wants of customers. Parasuraman, Zeithaml, and Berry (1988) assert that this term emphasizes that expectations have more to do with what the organizations (retailers) "should" offer and less with what they "would" offer. Consumer expectations are a very important indicator of customer perception and satisfaction and thus why retailers seek to manage customers' expectations (Mitra & Fay, 2010). For retailers, it can be said that expectations are what customers believe before they make a purchase related to their products or services. However, consumer expectations in a smart retailing setting differ as different generations tend to have different beliefs about new technologies and tools (smart technologies). As Pan and Zinkhan (2006) point out, this is the main reason why traditional retailing tools are unobservable in online markets. For that reason, over the last few years retailing has changed intensely due to the introduction of online channels and ongoing digitalization (Verhoef et al., 2015). A smart retail setting was developed that can be a beneficial way for a firm to generate greater customer and business value (Pantano & Priporas, 2016; Pantano & Timmermans, 2014). As age is known to be strongly associated with reduced access to many information technology resources and technologies as well as with limited willingness to engage with new technologies and services (Lee, 2009) it is possible that different generations will react differently to smart retailing.

Roy et al. (2016) explore the main factors that formulate customers' experience of smart retail technologies. Their results designate that smart customer experience is positively affecting

Download English Version:

<https://daneshyari.com/en/article/4937058>

Download Persian Version:

<https://daneshyari.com/article/4937058>

[Daneshyari.com](https://daneshyari.com)