The new retailer

Retailers have a potentially great impact on the surrounding society. The retail store and the assortment it carries is often the interface between a manufacturing company and the consumer. The majority of all purchase decision are influenced in in the store, meaning that the assortment provided does not only put a limit to what can be sold, but the way it is presented also influences what will be chosen from the selection. Most people visit retail stores every week. For a lot of people the social interaction in the store may be an important part of that individual’s service and social everyday experience. Retailers are also important for economical reasons; the retail sector is a big employer. The growth of retailing means that it is a driving force behind the economy in most western countries. Furthermore, retailers, with their private labels, also have huge impact on household economy and the environment.

Moreover, it has been written before and it is surely true that the game for the retailer is changing dramatically and at high speed. In this issue of JRCS three articles have been selected from the fourth Nordic Retail & Wholesale Conference (NRWC). The three articles have been selected because they capture one changing aspect each, and also because they highlight the retailer’s interplay with the surrounding society. The first two articles are about changes in the assortment. Two aspects that a modern retailer have to consider are the effects of the products on the shopper's health and how eco-friendly the products are. The first of these two papers is a field study; the second is an eye-tracking lab study. The third paper covers another very important aspect, multi channel retailing, and how new and old channels can interplay to generate success for the retailer.

Typically it is manufacturers who are associated with efforts reducing obesity by for instance developing light products. In this issue Abdulfrom, Jensen, Sommer, and Hansen take these efforts further by testing ways for a retailer to increase a consumer’s selections of healthy products. The test is run for dairy products in Danish supermarkets. They group dairy products into three subgroups; high-, medium-, and low-energy density products. In their paper they test if they can make customers buy more healthy dairy products by putting low calorie options in shelf positions normally associated with greater sales. Overall the test reveals no shifts in sales between the various test groups, however they find asymmetries in that some of the products are more responsive to the shifts in positions. Hence, the reorganization of the shelves does influence the shoppers’ decisions but not in a uniform way so that a better position generates higher sales. The authors argue that the repositioning could lead to new categorizations and that this could explain why high calorie options sell even more when they are put in a less convenient position.

To gain further insight into the decision process for ecological products Guyader, Ottosson, and Witell use eye tracking to explore effects of package, and label color on choice. Moreover they also study if ecologically associated interior details have an effect on in-store decisions. Their results imply that retailers possibly can influence the shoppers’ decision processes in several ways. For instance the results reveal that shoppers who looked more at green price tags also looked more at eco-friendly products, and were more willing to pay a premium price to get these products.
Moreover, participants who were primed to buy products for a sustainable-oriented friend paid more attention to the eco-friendly products. It was also found that at a superficial level, unless the participant was categorized as being deep green, a green package on a non-eco friendly product could steal the attention from the eco-friendly friendly product leaving it unnoticed. Hence, visual cues assisting shoppers seem to be of importance for a retailer wanting to promote the sales of an ecological assortment.

In a third article Johansson and Kask study yet another new important retail topic, namely new channels. The authors argue that new marketing channels lead to new possible retail mix combinations. To test which combinations are the best they use a configurational approach in their study of the Swedish sports retail sector. The configurations are based on sales channel (online/offline), strategy, and communication strategy (relationship versus transactional focus communicated either via online vs. offline media). Based on data from 74 retailers they find that there are natural limits to the combinations since the predicted configurations are frequently present. The results also show that the retail format (i.e. bricks versus clicks) is important for explaining differences in profit and growth. Pure click retailers are overrepresented in configurations leading to growth, and brick and mortars for cases having profit. More than that their results reveal effects of configurations regarding business strategy and the retailers’ approach to marketing communication. As the authors state in their concluding section, they manage to show that it is not the retail format that decides the financial success of the retailer, but how the firm positions itself on the market and which communication channels it chooses.

As already mentioned traditional retailers are being challenged by novelties in multiple dimensions. In some cases it is a new assortment that has to be considered in other cases it is an entirely new way of doing business. The selection of articles from the fourth NRWC following this editorial could be seen as examples of such novelties. Even though existing theories can be applied to many of the new phenomena out there we think it is of great relevance to retailers to have novelties thoroughly investigated to aid them in their business decisions.

Jens Nordfält
Head of Research, Hakon Swenson Research Foundation
Associate Professor, Stockholm School of Economics