



Editorial

How the COVID-19 Pandemic May Change the World of Retailing

Wow! The world has changed dramatically in just a few months with the spread of the novel coronavirus, COVID-19. This pandemic has altered people's lives and wreaked havoc on the global economy. While the long-term effects of COVID-19 are yet to be determined, its immediate impact on retailing is significant. Retailers of essential goods such as food, groceries, and healthcare are experiencing increased demand opportunities for serving consumers at home, while facing challenges of inventory, supply chain management, delivery, and keeping their facility a safe environment. On the other hand, retailers of non-essential goods, such as apparel and footwear, are facing a significant drop in sales and are having to adopt new ways to reach and engage customers who are shopping from their home, just to sustain themselves. Some manufacturers and retailers are even pivoting and changing their product mix to suit the demand arising from the COVID-19 crisis (e.g., shoe manufacturers creating facemasks, spirit manufacturers using the same alcohol ingredient for producing and selling hand sanitizers during the present crisis).

While it is critical for retailers to think of the immediate, short term needs to survive in this market, it is also equally important to anticipate what the landscape for retailers will be after the pandemic. It is very likely that some of the new behaviors adopted by retailers and consumers during the pandemic may become the new-normal. For example, retailers are likely to reconsider aspects of their supply chain, inventory, and delivery systems. How can they become more efficient in providing customers what they want, when they want it? It will be critical to understand how and why changes made by retailers in these areas are successful or not successful, and if there are moderating factors that impact that outcome.

Consumers are also likely to become accustomed to new ways of shopping. For example, online grocery shopping with home delivery is likely to become more common place. Grocers will then need to determine how to make the online shopping more similar to in-person shopping such that it will encourage impulse purchases. In addition, other behaviors and past-times of consumers will shift. Consumers may become accustomed to working out at home, subscribe to online fitness classes, and be more likely to purchase an in-home exercise bike, than work out at a gym. In addition, customers may become accus-

tomed to being able to access new movie releases in their home and not want to return to movie theaters. Future academic research must therefore strive to understand the short-term and long-term impact of the pandemic on consumer behavior and provide guidance on how retailers should cope with those changes.

There will be a new economic reality resulting from this pandemic. Job losses are mounting and economies are contracting around the world. With the loss of jobs, consumer spending decreases, which in turn causes other businesses to suffer and more people to lose their jobs. Retailers that offer value-oriented brands and discount retailers are likely to benefit from this situation, at least during this economic downturn, while luxury and high-end retailers will likely suffer. It will be important for retailers to understand what consumers view as being essential and what they consider to be a luxury. It is critical for these non-essential or luxury retailers to continue building their brand and engaging with customers online.

In addition, it will be important for retailers to understand what types of experiences customers are likely to value in a store after the pandemic. Before the pandemic, many in-store customer experiences were centered on creating fun, entertainment, and engagement. After the pandemic, consumers may evaluate their experience in a store based on how clean the store is, not having to touch a screen, and whether the store is spacious enough to allow social distancing. In restaurants they may want disposable menus and significant space or even plastic barriers between tables.

Retailers must also think of their employees. How can the retailer create an environment that frontline employees feel safe working in? Will they require customers and employees to wear masks? Will retailers utilize more robots in their frontline work to reduce fears of employees and customer having to interact in close proximity?

The personalization-privacy paradox, which has been discussed in marketing over the past several years, is likely to turn into a health-privacy controversy. Will customers be willing to give up their personal data and location information to help authorities track exposure to COVID-19? Will customers accept having their temperature taken before they enter a retailer or service provider?

The COVID-19 pandemic has heaped significant misery on people around the world, affected the global economy, and changed the retail landscape. We hope this dire situation will be behind us soon. Meantime, consistent with the core mission of the *Journal of Retailing*, which publishes high-quality research that touches on any aspect of retailing – be it consumer behavior or corporate practice, we encourage researchers to submit theoretically grounded and empirically supported manuscripts related to retailing issues surrounding the pandemic.

Reflections on this Issue of JR

Despite the COVID-19 crisis, we are thankful that the academic pursuit for retail knowledge continues to proceed without interruption. In this issue, we present an insightful commentary and eight excellent articles.

Over the past year, we have instituted a new contribution in JR, wherein we request experts to comment on a topic of importance to retailing, with particular focus on future practice and research directions. In this issue, we are pleased to include a commentary on product returns by three experts. In retailing, we often focus on front-end selling and overlook the back-end returns. Product returns account for a sizable portion of total sales resulting in significant processing costs for both manufacturers and retailers. At the same time, returns are also being used as a strategic tool by retailers for increasing sales. In their commentary, three academic experts highlight recent developments in product returns from a retailer perspective, many enabled by technology, discuss their strategic implications, and identify future research directions (Robertson, Hamilton, and Jap, 2020).

The eight research articles presented in this issue are equally insightful and cover a wide range of topics including online retailing, branding, pricing, and packaging, using behavioral and analytical approaches. The hallmark of many of these articles is that they provide insights that question conventional wisdom.

Even before the present COVID-19 crisis, online retailing was in an upward trajectory facilitated by digital e-payment. In this context, conventional wisdom suggests that consumers are less willing to part with their (observable) physical cash for buying than with their (non-observable) e-payment. Therefore, cash payment results in more price discounts than non-cash payments. Contrary to this belief, Xu, Chen, and Jiang (2020) find that cash payment led to a higher selling price than e-payments under certain conditions. They further investigate and explain this result through consumers' mental imagery and desire for money.

The growth of online retailing has also given rise to growth in online piracy or selling of fake goods, because it is more difficult to inspect a product thoroughly in online as opposed to offline shops. Again, conventional wisdom suggests that genuine retailers should invest heavily to combat these fake retailers and inform consumers. In an interesting analytical article, Sun, Zhang, and Zhu (2020) show that, especially when the production costs are high, the genuine retailer may benefit from the segmentation and marketing efforts of the "fake" retailer. So, the

authors advise genuine retailers not to overspend on combating efforts.

Along with online retailing, luxury goods retailing has also been trending upward. No longer are such goods privileged purchases of the rich and the elite, but they have also made inroads among the middle- and lower- class consumers. Single-brand and multi-brand luxury stores, especially on the web, have been catering to the wide range of luxury consumers. Desmichel and Kocher (2020) find that multi-brand store consumers tend to engage in more brand/price comparisons because the stores have larger assortments compared to single brand consumers. Therefore, they suggest that multi-brand luxury store managers should take greater effort to promote hedonic shopping experience among consumers to make them less price-sensitive and improve the profitability of the stores.

Three articles provide insights into retail pricing in different settings. Firms and retailers increase price of goods due to cost, competitive, demand, or other extraneous reasons. Consumers, however, may or may not view these price increases as being "fair," thus affecting their purchase behavior. This fairness perception may be mediated by the consumers' perception of the firm's market power. Lu et al. (2020) study the role of market power in consumers' price fairness perception and identify when price increases by firms with high market power may be deemed fair and when they will not be.

From perception of price increases for fairness, we transition to perception of price decreases for Fairtrade goods. Fairtrade goods are those that are procured to help farmers and local communities, and these goods are generally higher priced. Marketers of Fairtrade goods engage in occasional price cuts to move products. However, such price cuts may be viewed with suspicion because the discounts take away money designed for social purposes. Kim and Han (2020) find that consumers more committed and involved with fair trade, and hence likely to be loyal to such goods, tend to question the price discount on these grounds. Whereas, less involved consumers of Fairtrade goods may view the price discount positively. The implication is that discounts especially aimed at involved consumers should provide justification to mitigate its potential negative impact, an important insight for cause marketing.

Is it better for retailers to adopt partitioned (separate) pricing of actual price and surcharges or combined pricing? The answer to this question depends on what kind of products are being sold! Choi, Madhavaram, and Park (2020) find that, compared to combined pricing, partitioned pricing increases hedonic purchases, but not utilitarian purchases. This dichotomy happens because consumers considering a hedonic purchase tend to feel guilty about spending money on unnecessary pleasure, and partitioned pricing reflecting lower actual prices is used as a vehicle to justify the spending and alleviate the guilt. So, partitioned pricing is better when selling hedonic goods.

In addition to pricing, packaging and package shapes have been actively researched from a retailer perspective. Chen et al. (2020) find an interesting result. They show that products in a tall, slender package are more likely to be categorized as high-end (high brand status) than those in a short, wide package, and hence are more likely to be chosen in a retail setting. This effect

is driven by a “Shape-SES” lay theory that a person’s body shape is associated with his or her socioeconomic status – tall being more attractive and reflective of status.

Sometimes, mundane style changes may not be so mundane when it comes to its impact on retail choice. Mead, Richerson, and Li (2020) demonstrate that promotional texts written using right-slanted fonts can influence consumers’ mental imagery and affect their behavioral intentions to respond to the promotional offer. Their findings are robust across different retail categories (restaurants, online retailers, and department stores), brands (fictional and actual), and promotion types (discounts and cashbacks), thus providing retailers with a new and simple tool to increase the effectiveness of their promotional advertising.

We wish our readers happy reading of the commentary and the eight articles published in this issue. We also hope our initial insights about the implications of the COVID-19 crisis on retailing spur some ideas, and that the articles included in this issue both inform you about retail theory and practice, and encourage you to pursue more research in retailing. Most importantly, we hope that you and your loved ones are safe and healthy while dealing with the anxieties and realities resulting from the COVID-19 pandemic.

Remembering a colleague

Finally, we are deeply saddened to announce that the journal has lost an active and highly-respected editorial review board member, Michael (Mike) Dorch, who passed away late last year at the age of 63 after a brief battle with pancreatic cancer. Mike touched many lives through his family and work with Clemson University. He was also a versatile researcher interested in many aspects of retailing including Consumer Behavior, Organizational Theory, Resource Utilization, Research Design, and Data Analysis. We are thankful for his services to JR, as an active Editorial Review Board member. His reviews were always

constructive and helpful both to authors and to editors. We will miss him.

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