Evaluating the Role of Electronic Commerce in Transforming the Retail Sector

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At the very dawn of the Internet era, it was prophesised that this era would ultimately represent the '*most important wave in the information revolution*' [Evans and Wurster, 1997; 70], and so it has proved to be. The world-wide web has provided a radically different and a highly effective communications channel, which offered unparalleled opportunities to individuals and organisations across the globe. More specifically, the Internet differed from prior technologies in terms of its: global reach; ease of access; ability to communicate large amounts of information, cost efficiency and ease of maintenance, as well as its enhanced interactivity, flexibility and speed [Pyle, 1996; Jones & Visayasarthy, 1998]. Very quickly, such capabilities were being harnessed in a wide variety of sectors, including defence, banking, manufacturing, healthcare and education. However, it was quickly recognised that it was amongst retailers that the most significant impacts of the Internet were likely to be experienced. Indeed, looking back at the first fifteen years of on-line retailing, it can be argued that the retail community has made very considerable headway in harnessing the Internet's power to change the way it conducts its business. The Internet's scope and interactivity has provided retailers with the opportunity to both transform their customers' shopping experience [Evanschitzky et al, 2004; Wolfinbarger and Gilly, 2003], and to strengthen their own competitive positions [Doherty & Ellis-Chadwick, 2009; Levenburg, 2005].

In the early days, the Internet was viewed primarily as a means for retailers to effect fairly basic two-way communication with their customers, but within a relatively short space of time web-sites became far more sophisticated, to the extent that they now can be used to: purchase and pay for merchandise, promote goods and services, collect market research data, and track orders [Basu & Muylle, 2003; Doherty & Ellis-Chadwick, 2009]. In so doing, the Internet has provided retailers with a highly effective mechanism for: broadening target markets, improving customer communications, extending product lines, improving cost efficiency, enhancing customer relationships and delivering customised offers [Srinivasan et al, 2002]. By and large, consumers have responded enthusiastically to these innovations [Soopramanien & Robertson, 2007], and on-line retail sales have grown significantly over the past fifteen years, and are predicted to continue rising well into the future [Ellis-Chadwick & Doherty, 2002; Ho et al, 2007].

Given the Internet's potential to radically re-configure the underlying processes of retailing, and because of the highly dynamic and innovative nature of the electronic marketplace, there has been an explosion of academic interest in the application of this new electronic phenomenon, in the retail context. It is not, perhaps, surprising that from such a highly dynamic organizational phenomenon, an equally dynamic body of literature should emerge. Moreover, because the commercial exploitation of the Internet has technical, logistical, commercial, strategic, behavioural, social and legal implications, the emergent body of literature is already extremely large and highly diverse. However, given the strong indications that Internet retailing will continue to grow well into the future [e.g. Noble et al, 2009], then there is a pressing need for this body of literature to continue to grow, in tandem, to help

track and explain its exceptional scale, scope and impacts. Moreover, as, thus far, the evolution of on-line retailing has not been entirely unproblematic, further research is required to help provide new insights into how these on-going problems and challenges might best be addressed. For example how should retailers respond to the problems of security, fraud, multi-channel retailing, privacy, supply-chain management, and above all an increasingly sophisticated and demanding customer?

Against this backdrop, our goal for this special issue of the *International Review of Retail Distribution and Consumer Research* was to deliver a coherent collection of papers that provide significant new insights into some of the specific ways in which the retail sector has been transformed by the Internet. Moreover, we sought to demonstrate how individual retail organisations have responded to the challenges posed by this new technology, and how consumer behaviour has been affected by the Internet. The call for papers attracted a very encouraging and enthusiastic response of twenty prospective research papers, from all corners of the globe. Following a very rigorous two-phase review process, these twenty papers were filtered down to the five that ultimately form this special edition. Together these papers provide a variety of perspectives and viewpoints as they try to illuminate different aspects of this complex and highly dynamic area of academic discourse. Ranging from careful statistical analyses, which deliver new insights into the behavior of customers and retailers, through to thought-provoking conceptual contributions, they provide both new tools and new interpretations. In this context, it would be invidious to arrange the papers in any specific order. It is hoped that each will be stimulating and interesting in its own right, and so the following are commended:

  i. '*Competition online and the preference ordering of offers*' - Chris Kirkbride & Didier Soopramanien: The authors of this paper use the results of an experiment, to provide important new insights into the effects of information asymmetry on the consumers' purchasing behaviour.

  ii. '*Does the online channel pay? A comparison of online versus offline information search on physical store spend*' by Sean Sands, Carla Ferraro and Sandra Luxton: This empirical paper addresses the important questions about the relationship between a retailer's web-site and their bricks and mortar operation. More specifically, they explore the extent to which the use of the Internet, by a potential consumer, for prior research will ultimately affect their in-store shopping behaviour.

  iii. '*Antecedents of internet shopping intentions and the moderating effects of substitutability*' *by* Charles Dennis, Chanaka Jayawardhena and Eleni-Konstantina Papamatthaiou: This paper makes an important contribution by exploring the impact of '*substitutability*' – that is the Internet's ability to compensate for its lack of sensory product information – upon the consumers' intention to purchase.

  iv. *Causes and consequences of "order online pick up in-store*" shopping behaviour' by Patrali Chatterjee: This paper explores the impact of different delivery solutions, which support online retailing operations. The study finds evidence that retailers with integrated store and web-based operations offering cross-channel services like order online pick up in-store are better positioned to retain consumers relative to

multichannel retailers who restrict delivery solutions. This is an important contribution, which also offers practical managerial solutions.

v. Adoption of dynamic product imagery for online shopping: does age matter? This study by Jiyeon Kim makes an important contribution through examination of the importance of age and its relevance to the TAM model in the context of online shopping. The work explores how US online shoppers in different age bands respond to use of dynamic product imagery in retail web sites.

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