An Empirical Study on the Impact of Cyclical and Non-Cyclical Theories on Retailers Productivity, Profitability and Competitiveness

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Abstract

The retail industry is growing faster and because of the absence of a basic understanding of the concept, retailers just randomly open shops only based on area and consumer trends (Abikzar, 2017). However, these cyclic and non-cyclic theories of retailing will act as a base to create effective strategies and retail operations to sustain in the market for the long- -term (Avenal & Caprice, 2005). This study explores the concept of cyclic and non-cyclic theories of retailing about productivity, profitability and competitiveness (Buttle, 2007). It analyses the questions regarding whether the theories are practically possible to implement in the present period or not (Higon, 2010). This study is exploratory and focused on qualitatively exploring more factors of the theories. The secondary data is collected from journals, research papers and articles (Burns, 2022). Pricing strategies differ and effect the lifecycle of the retailer (Lazear, 1984). New trends are effective on the lifecycle of the retailer and their sustainable competitive advantage while the conflict creates new opportunities and unique ideas (Moore, 2022). The dynamic environment can bring loss or profit, and proper tools and strategies are to be used.

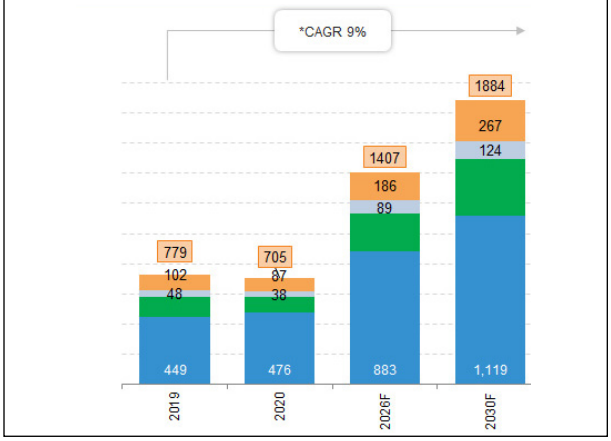
Keywords: Competitiveness, Conflict Theory, Consumer Behaviour, Dynamic Environment, New Trends, Productivity, Profitability, Pricing Strategies, Specialisation and Generalisation

Introduction

The world is constantly evolving, Retail market/industry is one of the emerging industries with constant change and innovation (Pantano, 2012). Retail is diversified through various industries and acts as a channel for many industries to succeed in the market. Retail dates back to 9000 B.C. (Shaohui & Fildes, 2017), the trade of cows and sheep was prominent in those times, over the years the retail sector evolved with the world, from small mom-and-pop shops to shopping malls and presently the e-commerce revolution in the industry (Andreasen & Tambo, 2012). The Retail industry is not just regarding goods and services sales but there are various integrations to enhance the operations of the industry, such as strategic approach, marketing approach, digital adaptability and so forth (Pantano, 2015).

Product lines have various products that are offered by the retailer and these products are related to each other or grouped accordingly to price them relevant to the market conditions and consumer behaviour (Lamberg, 2006). Generalisation and specialisation of these product lines depend on the consumer behaviour and trends present in the market (Seyman, 2020). Generalisation and Specialisation of product lines is very difficult to determine as profit generation is very much dependent on the same (Seyman, 2020).

Figure 1: Retail Market Size (US$ billion)



Source: https://www.ibef.org/industry/retail-india

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Inflation remains a pressing concern, squeezing profit margins and demanding strategic pricing adjustments. Labour shortages and supply chain disruptions continue to test adaptability, requiring innovative solutions to maintain smooth operations. These challenges are compounded by geopolitical tensions, adding further complexities to the global retail landscape. The Retail Industry is constantly changing and these changes drive retailers to adopt new strategies to sustain in the market. The new and upcoming generation can inculcate profitable strategies only if they have a thorough knowledge of the retail industry. Theories that were created in the past are the key to success.

Review of Literature

Sheetal Bansude (2022): There are many options for marketing and selling products, particularly speciality goods, in today's market. It is not required for them to shop for speciality products traditionally. It is being witnessed, technology has evolved significantly and has managed to bring the market into the palm of the consumer's hand. This makes it more difficult and advantageous for customers to purchase their products. Some findings of the research study are: (a) Product customization has the highest customer value, transaction customization has a moderate value, and decision customization has a low value. Specific product features are essential for purchasing the product, and this customer perspective pressures the manufacturer to produce the item in a customised format, as per the customer's requirement and demand, (b) The perception behaviour of web members is motivated by their desire to find dependable and non-expert personal views to communicate these ideas to others. E-business market research and brand management must be fully known of the benefits and comments to enhance customer satisfaction, new product expansion, and modernization (c) When it comes to purchasing a product, the quality of the product is a focal factor to consider. The study included consumer characteristics, and exploratory research was identified. Both psychographic normative influencing characteristics and the purchase intentions had no significant relationship with the research as a whole, but they did have a positive effect on the purchase intentions. Hence, the retailer must consider the management of speciality products to create profitability in consumer product customization (Bansude, 2022).

Nicholas Moore (2022): A style of retailing that attempts to give customers a special and memorable experience is referred to as experiential retail. High levels of consumer engagement, the use of technology to improve customer interactions, and the utilisation of unusual and intriguing venues, objects, or experiences are often characteristics of experiential retail. The ability to create a pleasing and welcoming atmosphere for both workers and customers is a crucial component of experiential retail. Several elements, such as cleanliness, lighting, and good design, can help to achieve this. How successfully the store conveys the brand identity is a further crucial consideration. Brands may offer customers enjoyable, distinctive, in-person experiences that take shopping to new heights by focusing on "retailtainment" and immersive retail experiences. The retail sector is moving away from a features-and-benefits perspective and placing more of an emphasis on immersive shopping and the consumer experience with retailtainment. An example given in the article is about a cosmetic company; introducing a new item line and attracting new customers, Huda Beauty, one of the fastest-growing beauty brands in the world, operated an experiential retailing experience pop-up store in the heart of London's Covent Garden. To promote their new eye-shadow palette variant Mercury Retrograde, Huda used the area (provided by Storefront Pop-up space rental) to host a sci-fi-themed event. The pop-entire up's façade resembled a metallic mess of geometric shapes with several faces. The interior echoed this with a variety of "galactic" accents, including mirrored surfaces, and dazzling fixtures and furnishings. Hence, this is a trend that is being focused in the retail industry.

Kusumadewi and Karyono (2019): According to the current competitive environment brought about by the 4.0 industrial revolution, businesses are now required to concentrate on managing customer service by offering clients more value to remain competitive. The ability to create competitive advantage is a function of both service quality and innovation. Service quality refers to the infrastructure that is appropriate for offering services, while innovation refers to the application of new ideas to the way consumers perceive the services. Because competitive advantage success is fuelled by service quality which exceeds customer expectations, hence, this service quality in the retail sector is becoming crucial in building image and increasing competitive advantage that is sustainable. Service innovation is key to the change that businesses implement to enhance their sustainable competitive advantage by advancing the service delivery process through the innovation in new innovative service systems that incorporate technology, i.e., retail procedures and digital services components because digital innovation serves as a framework for diagnosing innovativeness.

One of the firm's competitive advantages is its ability to differentiate its product or service offerings, producing something that is thought to be one-of-a-kind and providing a line of defence against competitors. A firm's scuffle to set itself apart from its competitors is thought

to benefit greatly from service quality. Customers receive additional value as part of exceptional service, and this value contributes to competitive advantage. To be taken into consideration as a sustainable competitive advantage source is service quality. Price, quality, trustworthy delivery, product line innovations, and time are the components of competitive advantage. Hence, retailers should enhance their service quality to create a profitable sustainable competitive advantage (Kusumadewi, 2019).

Priyanka Singh *et al.* (2014): The success of a retail business is determined by its ability to respond quickly and understand consumer behaviour. Retail businesses must pay attention to consumer preferences and the elements that influence a customer's purchasing decision. According to the findings; from the retailer's perspective; walking patterns are not influenced by the change in the design pattern. More attention is focused on the store atmosphere with proper lighting, and display of products and the least focus was shown on sound and smell in the environment. Customers pay close attention to the design of a store, such as whether the layout and overall structure are reasonable, how the interior decoration is, if signs and marks are clear if the showcase of merchandise in corridor space, resource information and classification are complete and convenient. Customers consider intangible factors and service personnel's image, such as audio, noise, room temperature, clothing, and service personnel's attitude, to be important elements that impact their behaviours. All of the factors mentioned have a substantially positive effect on customer approach behaviours, implying that customer behaviours in hypermarkets are primarily influenced by environment-related factors that are very relevant to commodities. Finally, based on the findings of empirical analyses, specific suggestions and measures for creating a welcoming store atmosphere and a convenient store layout in retail stores promote retail shoppability (Singh *et al.*, 2014).

Objectives of the Study

- To ascertain the effectiveness of pricing strategies on the lifecycle of the Retailer.
- To analyse new trends in creating a sustainable competitive advantage for the retailers.
- To comprehend the relationship between conflict theory and retailer productivity.
- To analyse whether the dynamic environment leads to better generation of profits.

Research Methodology

The study being exploratory tries to bring in an in-depth understanding of the theories of retailing. The study has a mix of quantitative and qualitative methods to increase the accuracy and depth of the research. The qualitative approach enabled us to obtain a first-hand description of specific experiences. Whereas the quantitative approach will help in the use of statistical analysis for more accurate data interpretation. This method will enable the testing of hypotheses, theories, and the collection of data. Because of the objective nature of the quantitative approach, the result obtained is more reliable and is not influenced by any personal opinion or bias by the researcher. The quantitative method also facilitates the restructuring of a complex problem to a limited number of variables and dimensions that helps incomprehension of the result better. Because of its exploratory nature, this study intends to act as a foundation for further research in this area. The study is based on data collected from primary and secondary resources. The Primary data was collected via a structured questionnaire. Secondary data was collected from the websites, academic papers, websites, journals, and e-magazine available on the internet. The secondary data source in the study principally is taken within a period of the last two decades. The population dimension or size is urban Bengaluru, with the sample size being 150 respondents and the sampling technique being used is convenience sampling.

Data Analysis and Interpretation

Objective: To ascertain the effectiveness of pricing strategies on the lifecycle of the Retailer.

H0: There is no significant effect of pricing strategies on the lifecycle of the retailer

H1: There is a significant effect of pricing strategies on the lifecycle of the retailer

Table 1: Coefficients

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.325	0.278	0.536	4.767	0.000
PRICING_STARTEGIES	0.612	0.079		7.722	0.000

a. Dependent Variable: LIFE_CYCLE_OF_THE_RETAILER

Data Analysis Results

- R-value is 0.536, which is more than 0.4, hence we can conclude that a positive correlation is there between the pricing strategies and lifecycle of the retailer.
- R square value is 0.287, this value is the coefficient of determination, and hence, 28.7% of changes in the dependent variable are exclusively explained by the independent variable.
- Standard error is 0.915, hence the model is good.
- The F ratio is 59.630, which is more than 1, which means the efficiency of the model is good.
- The significance value is 0.000 which is less than 0.05, hence we can conclude that the null hypothesis will be rejected and we should accept the alternative hypothesis, which means that there is a significant impact of pricing strategies on the life cycle of the retailer. It is often perceived that brands price their products against value solely. However, it eventually becomes just as important to price in line with the market during the various phases of the product lifecycle. Otherwise, the price perception of consumers can be damaged heavily or for direct-to-consumer sellers, it will result in consumers shifting to other parties to buy the product as in the table 1.
- To analyse the effect of impact we use the following formula:
- Y = a+bX (Regression slope line), Y: dependent variable, a: constant value, b: beta coefficient/slope, X: independent variable.
- Life cycle of the retailer = 1.325 + 0.536 *Pricing strategies. This indicates that when the value of X variable (Pricing strategies) increases by one unit, then the Y variable (lifecycle of the retailer) increases by 0.536.

Objective: To analyse new trends in creating a sustainable competitive advantage.

H0: There is no significant relationship between new trends and competitive advantage

H1: There is a significant relationship between new trends and competitive advantage

- According to the table the significance value is 0.000, 0.000 is less than 0.05, which means the null hypothesis should be rejected and the alternative hypothesis should be accepted. This means new trends and sustainable competitive advantage have a significant correlation. Product innovation is a crucial factor in creating and maintaining a competitive advantage. Companies must constantly create new and better versions of their products, services, and operations if they want to stay ahead of the competition and be relevant in a market that is always changing. They can establish and retain a competitive edge in this way, outperforming their competitors and achieving sustainable growth and profitability.
- Sustaining a culture of innovation is critical to maintaining a competitive advantage in the long term. Companies that fail to innovate run the risk of becoming obsolete as competitors catch up and overtake them as in the table 2.
- The correlation coefficient is 0.570, which is near 1 and not near the value 0, hence, new trends and sustainable competitive advantage have a positive correlation.

Objective: To comprehend the relationship between conflict theory and productivity.

H0: There is no significant relationship between conflict theory and productivity.

H3: There is a significant relationship between conflict theory and productivity.

Interpretation

According to the table 3, the significance value is 0.000 which is less than 0.05, hence we can conclude a significant correlation between conflict theory and productivity. Though the strength of the correlation between the variables is quite low, it is a matter of concern for retailers to make a note of factors that can impact their productivity and to pay attention to scientific and proven factors. This confirms that

Table 2: Correlations

			NEW_TRENDS	SCA
Spearman's rho	NEW_TRENDS	Correlation Coefficient	1.000	0.570
		Sig. (2-tailed)		0.000
		N	150	150
	SCA	Correlation Coefficient	0.570	1.000
		Sig. (2-tailed)	0.000	
		N	150	150

Source: SPSS output

Table 3: Correlations

			CONFLICT_ THEORY	PRODUCTIVITY
Spearman's rho	CONFLICT_THEORY	Correlation Coefficient	1.000	0.372
		Sig. (2-tailed)		0.000
		N	150	150
	PRODUCTIVITY	Correlation Coefficient	0.372	1.000
		Sig. (2-tailed)	0.000	
		N	150	150

Source: SPSS output

numerous components are under consideration like competitive pressure, government regulations, omnichannel strategy execution and inventory management. To top the list can be the intention of the businessman to stay ahead or abreast with the developments of the industry.

Objective: To analyse whether the dynamic environment is impacting profitability or not.

H0: There is no significant effect of a dynamic environment on profitability

H1: There is a significant effect of a dynamic environment on profitability

Table 4: Coefficients

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.512	0.304	0.556	4.965	0.000
DYNAMIC_ENVIRONMENT	0.690	0.085		8.145	0.000

Dependent Variable: PROFITABILITY
Source: SPSS output

- R-value is 0.556, which is more than 0.4, hence we can conclude that dynamic environment and profitability have a positive correlation.
- R square value is 0.310, this value is the coefficient of determination, and hence, 31.0% changes in the dependent variable are exclusively explained by the independent variable.
- Standard error is 1.041, hence the model is moderately good.
- The F ratio is 66.339, which is more than 1, which means the efficiency of the model is good.
- The significance value is 0.000 which is less than 0.05, hence we can conclude that the null hypothesis will be rejected and the alternative hypothesis will be accepted. Hence, a dynamic environment has a significant impact on profitability. A dynamic environment encompasses factors such as technological advancement, and changing customer demographics and preferences alongside government regulations. In this scenario, it is very obvious that the retail sector or the retailers have to blend themselves with the developments to grab their share of the market and better revenue generation as in the table 4.
- To analyse the effect of impact we use the following formula:
- Y = a + bX (Regression slope line), Y: dependent variable, a: constant value, b: beta coefficient/slope, X: independent variable.
- Hence, Profitability = 1.512 + 0.304 *Dynamic Environment. This indicates that when the value of the X variable (Dynamic environment) increases by one unit, then the Y variable (Profitability) increases by 0.304.

Findings of the Study

The retail industry is at a pivotal point, with technological innovations influencing many aspects of the business. Retailers who adapt to these technologies are well-positioned to thrive in the evolving landscape. The analysis outlined above also confirms the fact that

the strategies of today's retailers are way different and tactical than ever before. Pricing strategies create an ever-lasting impression of the value perceived by the customers on the retailers. Pricing policies that align with perceived value can attract and retain customers. It is also expected that the pricing strategy is in alignment with the business goals and should be specific, measurable, achievable, relevant, and time-bound.

Retailers are expected to be more entrepreneurial to create a sustainable competitive advantage in the emerging market trends. The retail industry is undergoing a massive and turbulent transformation driven by changes in consumer behaviour, technology and the broader economy coupled with the geopolitical environment.

New retail formats emerge through a dialectic process as different types of retailers compete and eventually blend to create innovative new formats. The study also equally confirms the fact that the conflict theory enhances the retailer's productivity. Also, Michael Porter has identified the threat from competitors can be kept low when the products of the retail are differentiated by understanding the trends of the market and the consumer perception is healthy about the existing product lines.

Conclusion

With the help of retail theories, productivity will be enhanced, and the factors mentioned in the findings will provide proper directions in creating effective strategic decisions. Productivity is very important to any business, and particularly retail business survives on the productivity aspect. The factors of effective merchandise planning and store layout design will be very effective.

Profitability is another important factor of any business and the enhancement of this is possible through proper implementation of the retail theories relevant to market and customer conditions. New trends and effective productivity with smooth operations will enhance the profitability of the retailer and the brand image also plays a very important factor.

Competition is always prevalent and it's inevitable, and the retailers should have strategies that provide sustainable competitive advantage to the retailer. And technological and other innovations should be enhanced which are relevant to the retailers' operations, to develop and grow the retail operations. The theories will help guide the retailer in understanding the different factors like locations, product lines, pricing strategies, conflict management, and environmental evolution concepts which are connected to the retail operations. These factors will help provide the retailer sustainable competitive advantage over the other retailers (Wilbard, 2019).

Further research can be done on areas like (a) The Rural retail industry, because it has so much potential and it is not widely discussed, (b) The theories can be linked to different industries in the market, (c) Different geographical areas can be considered to analyse the data, (d) Other retail theories besides these five can be considered or new theories and models can be created to provide a better understanding of the retail operations. There is more to be added and understood in terms of the theory's contribution towards how to better attract customer loyalty, how to engage with customers across various channels and most importantly how to drive marketing and sales together. A cross-sectional study can also be undertaken to understand the varied approaches to retaining greater customer loyalty.

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