

ISSN-0973-5054
Subscribers copy
Not for sale

Volume 13. No. 4

March - May 2019

i-manager's

Journal on Management

An endeavor to flourish empirical approach towards management practices



i-manager's

Journal on Management

About the Journal

This era of competitive business environment demands a more visionary approach to understand the various sectors and fields of business. Our incessant search in this field prompted us to launch i-manager's Journal on Management, to reflect the thoughts and knowledge of researchers and academicians to transform the outlook and notions pertaining to Management Education worldwide. i-manager's Journal on Management induce a spirit of zeal in the minds of the younger generation to move fast in this competitive world, both in educational and professional front as well.

i-manager's Journal on Management is presently in its 13th Year. The first issue was launched in 2006.

i-manager's Journal on Management is published by i-manager Publications, one of India's leading Academic Journal Publisher, publishing 28 Academic Journals in diverse fields of Engineering, Education, Management and Science.

Why Publish with us

i-manager Publications currently publishes academic Journals in Education, Engineering, Scientific and Management streams. All of i-manager's Journals are supported by highly qualified Editorial Board members who help in presenting high quality content issue after issue. We follow stringent Double Blind Peer Review process to maintain the high quality of our Journals. Our Journals target both Indian as well as International researchers and serve as a medium for knowledge transfer between the developed and developing countries. The Journals have a good mix of International and Indian academic contributions, with the peer-review committee set up with International Educators.

Submission Procedure

Researchers and practitioners are invited to submit an abstract (200 words)/Full paper on or before the stipulated deadline, along with the Title of the paper, author name, job title, organization/institution and biographical note.

Authors of accepted proposals will be notified about the status of their proposals before the stipulated deadline. All submitted articles in full text are expected to be submitted before the stipulated deadline, along with an acknowledgement stating that it is an original contribution.

Review Procedure

All submissions will undergo an abstract review and a double blind review on the full papers. The abstracts would be reviewed initially and the acceptance and rejection of the abstracts would be notified to the corresponding authors. Once the authors submit the full papers in accordance to the suggestions in the abstract review report, the papers would be forwarded for final review. The final selection of the papers would be based on the report of the review panel members.

Format for Citing Papers

Author surname, initials (s.) (2019). Title of paper. i-manager's Journal on Management, 13(4), xx-xx.

Copyright

Copyright © i-manager Publications 2019. All rights reserved. No part of this Journal may be reproduced in any form without permission in writing from the publisher.

Contact e-mails

*editor_mgt@imanagerpublications.com
submissions@imanagerpublications.com*

SUSTAINING SPECIALTY RETAILERS THROUGH CUSTOMER INVOLVEMENT: FEMALE MILLENNIALS' PERSPECTIVE

By

HARASH SACHDEV *

MONICA SACHDEV **

* Eastern Michigan University, Michigan, U.S.A.

** Oakland University, Michigan, U.S.A.

Date Received: 13/06/2018

Date Revised: 12/05/2019

Date Accepted: 07/06/2019

ABSTRACT

This study is geared towards specialty cosmetic retailers that target female millennials, but struggle to co-create value with them. Linking agency theory, consumer socialization, and governance mechanism (trust and flexibility), retailer-consumer gaps related to hedonic consumption, self-concept, and inventory are flushed out. Through semi-structured interviews with beauty specialty retail employees and millennial associates of the second author in the U.S., a cause-effect diagram, service-quality table, and Porter's Five Forces model are generated. In addition, the millennial associates responded to a pilot questionnaire (appendix) related to brand loyalty, digital interaction, employee interaction, flexibility, and trust. Using these consumer, retailer-consumer, and retailer-driven arguments, six testable propositions are suggested that may improve the productivity of cosmetic specialty retailers.

Keywords: Retailer-Consumer, Consumer Socialization, Cosmetic Specialty, E-commerce and Omnichannel.

INTRODUCTION

Millennials are consuming beauty products increasingly as they continue to enter the workforce. This buyer behaviour has opened a new growth opportunity for specialty retailers. However, unlike previous generations, millennials prefer to purchase these products from retailers who have atmospherics catering to their hedonic tastes (Stathopoulou & Balabanis, 2016). In addition, they want simplified product information and brand choices (less product complexity) to spend their money wisely in socially conscious ways. Furthermore, they seek customer service from like-minded individuals and are drawn to retailers that use digital marketing (Currid-Halkett, 2017; Kennedy, 2017; McGee, 2017).

Specialty retailers are, however, finding it challenging to respond to these needs. As per the authors' open-ended interviews with five employees/managers, each from two large specialty retail stores A and B, discussed later, large supplier and promotional agencies that control the industry insist on using product complexity to flood the market for immediate profit or threaten to abandon these

retailers by creating and using alternative marketing channels. Consequently, the focus of digital marketing connectedness is to sell the excessive inventory caused by product complexity. Douglas (2016) found specialty retailers' digital marketing connectedness to be limited to order fulfillment and promotional pricing rather than to consumer connectedness; enthusiastic millennial employees were not encouraged to present innovative digital ideas on how to engage with consumers.

As a result of these dysfunctional selling practices, only ten percent of specialty retailers have seen double-digit growth in revenues and profits in addition to being top performers in consumer loyalty and employee satisfaction. The rest have fallen into the precipice of inventory clutter (excess inventory and congested storage), high employee turnover, and rising logistics cost (Caplice & Das, 2017).

Developing supply-chains without consumer involvement may be restrictive and inconsistent with current-age retail thinking. Information about millennial consumers' consumption habits and willingness to co-create value

that may benefit such supply-chains are scarce (Koehler & Wildbolz, 2009).

The authors propose that specialty retailers should not be fearful of discarding marketing strategies that do not appeal to the millennials. By building bonding behaviors with millennials, specialty retailers may offset supplier threat, increase brand loyalty, and improve financial performance. Specialty retailers can learn from B2B organizations that face similar environmental uncertainties and use relational norms to support sales growth (Bello & Gilliland, 1997). Limited research attention, however, has been paid to this consumer issue. They refine and extend these B2B relationship approaches to retailer-consumer settings.

Using agency theory, Retailer A and B employee opinions, a pilot study, and Porter's (1985) industry analysis, propositions are developed to show how consumer socialization, trust, and flexibility bonding techniques (Kovoor-Misra & Misra, 2007; Palmatier Jarns, Beckhof, & Karder, 2009) can be extended to retail-consumer interaction in beauty supply-chains to overcome adverse selection, moral hazards, and inventory clutter. Adverse selection occurs when the agent (retailers) ignores/misrepresents the voice of the principal (consumers), who has less product knowledge. Moral hazard occurs when the technical makeover and other product complexities such as multiple SKU's are easily disguised to make low- and high-quality brands appear the same in the eyes of consumers. Singh and Sirdeshmukh (2000) suggested price signaling and trust as a way of overcoming adverse selection and moral hazards, but their study was limited to consumers' dining experiences in restaurants. The author extend these issues to consumer behaviour for beauty/cosmetic products.

In order to accomplish the research agenda, this paper unfolds the following: First, they briefly draw upon the agency theory to explain bonding behaviour model in the cosmetics industry (Figure 1). Next, the methodology is discussed. Then, they build six propositions by focusing on female millennials and cosmetic specialty retailers' buying and selling activities. Finally, the propositions and recommend strategies for mass versus prestige brands

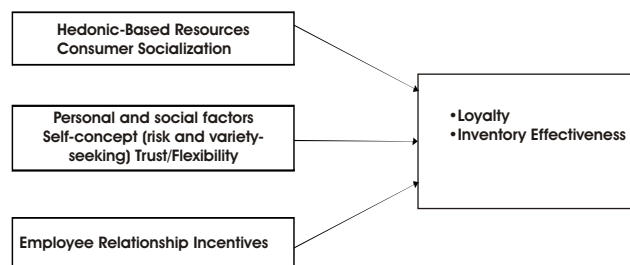


Figure 1. Bonding Behaviour Model

carried by specialty retailers are discussed.

1. Cosmetics Supply-Chain: Agency Theory and Bonding Behaviours

Agency theory proponents claim that agents are selected by their principals to carry out the selling and distribution tasks of reaching out to the market. Because of the opposition in accomplishing each other's joint and partially conflicting goals, these exchanges get into situations of adverse selection and moral hazards. Applying agency theory to supplier-retailer relations points to controlling retailers via contracts, pricing policies, and monitoring performance outcomes.

What should retailers do when the supply side is unnecessarily creating internal environment uncertainty through product complexity? Moreover, the beauty supply network is comprised of a myriad of packaging, chemical, equipment, and financial institution that create external environmental uncertainty. Product complexity and the chances of miscommunication call for unilateral forms of control (Bello & Gilliland, 1997). However, intermingling high product complexity with high environmental uncertainty may neutralize the effect of unilateral governance (Sachdev & Bello, 2014).

Caving into suppliers' unilateral controls is resulting in marketing strategies that millennials dislike, which negatively impacts retail loyalty (Koehler & Wildbolz, 2009). The supply side is unaffected by reduced loyalty as long as there is high growth. However, specialty retailers, who make significant investments in capital outlay and supply-chain practices (storage, buying, and reselling), suffer performance-wise from these unilateral control practices (Caplice & Das, 2017).

As power asymmetry is tilting towards cosmetic suppliers,

specialty retailers do not have the bargaining power to use unilateral controls and face challenges to incorporate cooperative behaviours to overcome uncertainty (Brito & Miguel, 2017). Moreover, Anderson and Narus (1990) in their manufacturer-wholesaler study conclude that power-based control practices have limited shelf life because parties get entangled in conflict; consequently, alternate business partners are sought. Even if these retailers find large suppliers to cooperate with them in educating this industry, these practices have temporary life and eventually cave to the ineffective power asymmetry control methods (Pretty et al., 2008). Thus, any protection via vertical control (backward integration or supplier relations) is problematic because suppliers threaten bypass actions.

Based on the communication with employees of specialty retailers A and B, it was noted that low entry and exit barriers, such as those experienced by low leveraged and raw materials cost industries, and high substitution threat, comparable to those experienced by highly standardized manufacturing industries, increase product complexity including multiple brands. In addition, a plethora of new products is being launched by suppliers before existing products break-even or lose their lustre in the marketplace. Furthermore, test marketing is costly, so suppliers prefer to launch products through 'learn-by-doing' approaches. This allows the suppliers to use push strategies and power asymmetry to their advantage.

Being closest to the consumers, specialty retailers are the first to face the negative effects of inefficient inventory practices. Use of promotional selling techniques to get rid of waste deflates brand equity. What can be done in situations where consumers are willing to co-create value in an exchange that is mutually beneficial for the retailers and themselves, but such attempts are thwarted by the supply-side? Use of contracts and monitoring mechanisms with consumers are infeasible.

The author suggest that specialty retailers use personal relationships, incentives, and consumer voices to streamline the order and delivery logistics process to co-create value and reduce brand clutter (Figure 1). Through consumer bonding, specialty retailers can reduce supply-

chain ineffectiveness and promote efficiency. For example, consumer socialization is a way consumers bond with each other and identify with a company (Moschis & Churchill, Jr., 1978; Homburg, Wieseke, & Hoyer, 2009). Bilateral bonding strategies of trust and flexibility have provided relief in B2B exchanges (Bello & Gilliland, 1997; Katsekeas, Skarmecas, & Bello 2009). Consumer gratitude mediates the influence of incentives offered by retail employees (information provision and extra assistance) on trust and ultimately performance (Palmatier et al., 2009). Using pull strategies, these retailers may create situations where millennial consumers and retailers see each other as irreplaceable partners. Thereby, a strong cooperative consumer-retailer signal is sent upstream to control power asymmetry. They extend such studies to elucidate the framework.

2. Methodology

Using open-ended questions relative to employee-consumer and employee-company interaction in branding and inventory procedures, employees from one store each of retailer & A and B located in a cosmopolitan city were interviewed. These employees had at least five years of experience with the retail store's strategies and operations. They were trained about the company and competitors' beauty products. However, only retailer A provided the necessary inventory information pertaining to service- quality and Porter's (1985) five forces (Tables 2 and 3). Moreover, the authors were allowed to observe A's shelf stocking to backroom inventory process and to ask questions pertaining to loyalty and inventory effectiveness to create a cause-effect diagram (Figure 2).

Based on employee information (2016), Retailers A and B's stores were located in cosmopolitan cities or near large universities. Approximately 70 percent of their customers were millennials with 60 percent of Retailer A's visitors classified as Caucasian and Hispanics and 70 percent of Retailer B's visitors identified as Asian and Hispanics.

In 2016, Retailer A had annual sales of \$3.5 billion and partnered with 350 vendors to carry 500 brands and 20,000 SKUs. It had 700 physical stores in the U.S. It is widely known for its ability to provide an integrated shopping

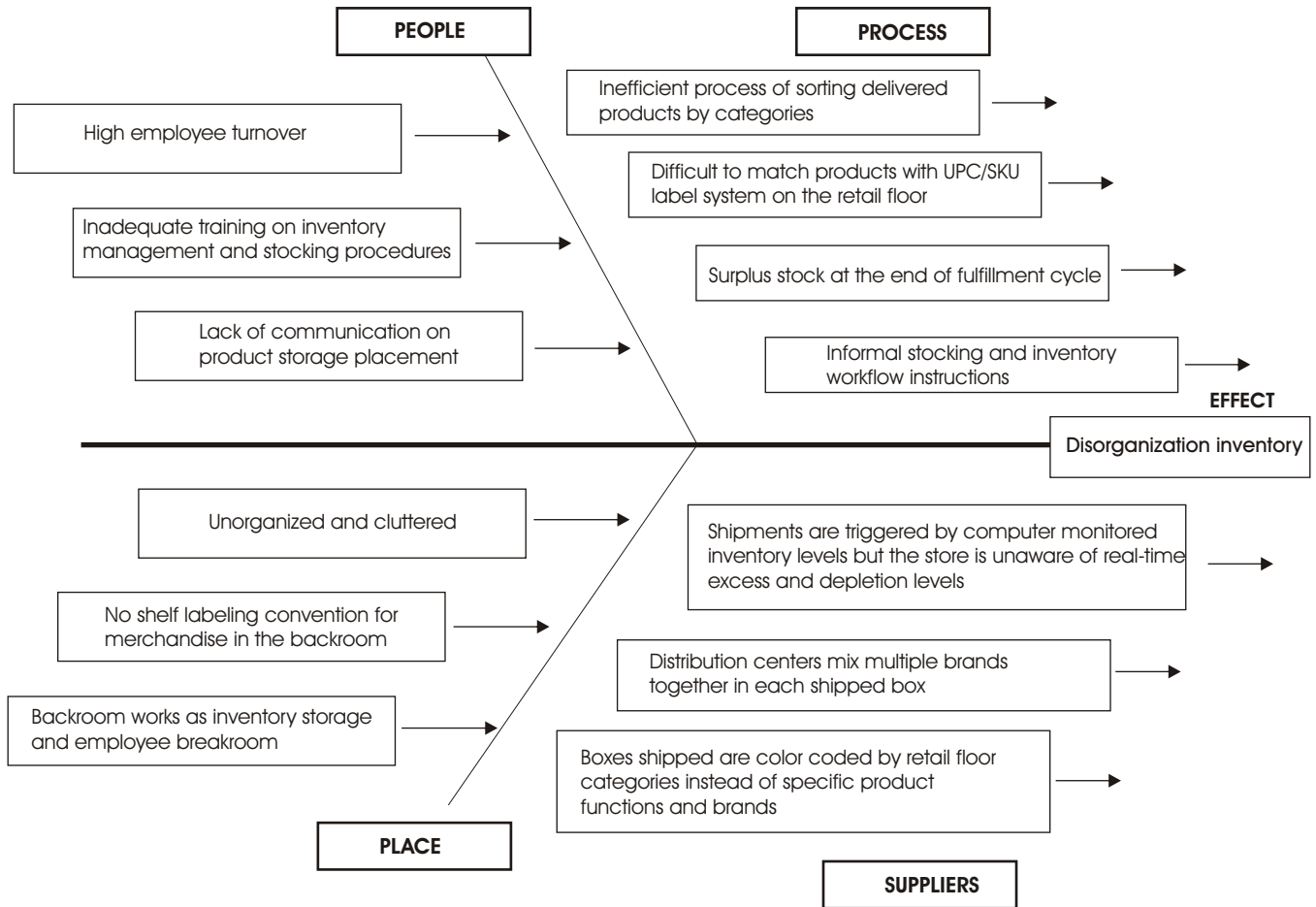


Figure 2. Cause-Effect Diagram

experience by selling prestige and mass branded cosmetics and hair care products. In addition, it operates full-service salons inside its physical stores. In 2016, retailer B had annual sales of \$ 2 billion. It partnered with a similar number of vendors to carry 300 brands and 15,000 SKUs. It had 300 physical stores in the U.S. The company offers high-end prestige beauty products. In addition, the company provides services such as in-store makeup application and a technology to match products to a consumer's skin tone and type.

In 2016, twenty-five millennial female friends of the second author that routinely shopped at Retailers A and B in a cosmopolitan city in the U.S. were contacted via Facebook to participate in a pilot study pertaining to brand loyalty, digital socialization, trust, and flexibility. Ten friends completely filled out the questionnaire items (Appendix) and committed to providing information

about their buying experiences with A and B through an open-ended discussion. The information about Retailer A and B was compared to build the propositions. Table 1 provides the results of the pilot study (correlations between the constructs).

Qualitative research using multiple data collection methods, such as semi-structured interviews, archived literature, and a pilot test to gather empirical attitudinal data are appropriate for building testable proposition

Digital Interaction	Interaction	Identification/ Commitment	Flexibility	Credibility	Brand Loyalty
Digital Interaction	1.0	0.86*	0.79*	0.86*	0.24
Identification/ Commitment		1.0	0.67**	0.76*	-0.01
Flexibility			1.0	0.79*	0.06
Credibility				1.0	-0.02
Benevolence	0.48	0.56	0.21	0.33	0.68**

*p < 0.05
 **p < 0.10

Table 1. Spearman Correlations

(Eisenhardt, 1989). Semi-structured interviews with a handful of knowledgeable participants to provide sensitive information are useful for exploratory investigation (Balmer & Liao, 2007). Through these approaches, issues pertaining to ineffective retail inventory management practices are flushed out.

3. Propositions

As millennials prefer to conduct business with retailers that involve them in co-creating value, agency theory may be applicable to their buying behaviour. Being the initiators of the transaction, consumers are considered the principal and retail employees, the agents (Singh & Sirdeshmukh, 2000). Lacking knowledge and information, consumers cannot visually differentiate between mass and premium brand's quality (adverse selection and moral hazard). Consequently, consumers look for cues as a substitute for knowledge.

Information asymmetry may be reduced through resource investment. Asset-based investment strategies that are specific to an alliance have improved B2B exchanges (Bello & Gilliland, 1997). Retailers may reduce consumer uncertainty by making asset-based investments (store layout, location, design, and shelf management), imparting brand knowledge, and providing the service-quality experience tied to consumers' hedonic consumption.

Millennials prefer shopping at retailers that provide upscale quality cues equivalent to an "at-home" experience that are seamlessly navigable (Coresight Research, 2018). They dislike in-store clutter and desire restock products to be out of sight. They enjoy shopping experiences that incorporate tongue-in-cheek humor, whether it be novel mannequin displays, playful imagery, or witty signage. Millennial shoppers like stores that invest in high-end displays that connote merchandise quality (Eddie, 2016).

Millennials want their task environment to be less stressful on their decision-making. In addition, they seek instant gratification and anything that deters their attention away from the focal product should be avoided. Even complex packaging that is difficult to process instantly disengages

millennials (Tjarks, 2018). Furthermore, they focus on the beautification attributes of a product and readily process informational cues from stores that invest in cleanliness and organized interior decor. The store atmospherics should be simple and devoid of multi-faceted wall colors. Simplified interior layouts are easier on the eyes and connote transparency (Diedrich, 2015; Eddie, 2016; Tardiff, 2017). Millennials find dark cues such as shades of black appealing and associate it with sophistication, elegance, and formality (Augustin, 2019).

Based on the pilot study, millennials prefer store atmospherics that appeal to their hedonic tastes; retail stores need to tell a story that is reflective of the aesthetic attributes of the brands they carry. Millennials like store colors depict optimism, happiness, creativity, cleanliness, and modernism. In-store displays should promote graphical images of employees using/showing products to millennials. Simplistic text fonts (e.g., sans-serif), which are creative and colorful should be used. In addition, displays should be changed regularly to reflect a company's new brands and product variety. Furthermore, retail stores should have high product visibility, be brightly lit, and have windows or simulate natural sunlight to portray transparency.

These millennials liked retailer B's non-distracting sales slogans and pictures; its brand signage had fewer graphics, which created a feeling of purity and social responsibility. Moreover, Retailer B's shelf displays were similar for all of its retail locations, which added to the shopping convenience. The foreground music played in B's stores were from artists that adhered to millennial tastes. Retailer B's store wall colors were a blend of black, white, and accents of red. Black is construed as classic, sophisticated, and elegant and red connotes power and success. Retailer A did not indulge in such store appeals, although its wall colors were pearl white, which connotes transparency and cleanliness. Retailer A's shelf displays varied from one location to the next. Retailer B was better than A at reducing adverse selection. This leads to proposition P1.

P1: Specialty retailers' investment in hedonic-based resources will enhance millennial loyalty.

Millennials learn about new products from friends, store employees, and reward programs that cater to their memorable shopping experience (Harris, 2015; Herich, 2017). Value-expressive products such as personal grooming are key socializing topics. Using these value-expressive products, women convey to society who they are and who they are not, which contributes to statements such as ... "beauty is a fundamental value that can even supersede health" (Townsend & Sood, 2012). Specialty retailers may benefit from participating in consumer socialization. The more millennials agree that beauty is associated with intelligence, social skills, ethical behaviour, or job competence, the more they consume beauty products (Townsend & Sood, 2012).

Consumer socialization is a trustworthy bonding process that requires reciprocal actions among participants. It includes consumption habits formed through life experiences, interactions with digital media, and one's references and aspirational groups, such as family, peers, and celebrities, which feeds into one's self-concept. This self-concept is expressed through purchase behaviours, such as risk-taking, variety-seeking, and loyalty to enhance one's professional and social belongingness (Moschis & Churchill Jr., 1978; Sachdev, Murphy, & Belassi, 2016).

Through socialization, consumers may feel a retailer's social connectedness (Moschis & Churchill Jr., 1978). Using college students and retail salespersons of a clothing store as a conduit to social connectedness, Dahl, Honea, and Manchanda (2005) found that when consumers' purchase expectations were not met by the salespersons, but social connectedness existed between them, guilt resulted. These consumers rewarded the salespersons by spending money during their next visit to reduce this guilt. Trust may have been built during these social occurrences for consumers to return.

Millennials are interested in co-creating value through feedback, sharing personal information, and involvement (Bedgood, 2016). In addition, instant gratification is a norm among millennials; they expect immediate results in all areas of their lives. They desire convenience, speed, and efficiency when it comes to receiving information,

communicating with others, or making a purchase. If they do not get an immediate response to their questions from a retailer's employees, they leave (Shethi, Kaur, & Wadera, 2017; Tjarks, 2018). Capturing on such service desires is advised for these retailers.

Moreover, millennials have easy access to an assortment of brands that are offered at lower price points and directly delivered to any address using Omni channels (Coresight Research, 2018). As Retailers A and B do not have exclusivity to the brands they carry, their employees generally agreed that it is easy for consumers to bypass them and buy the same brands elsewhere. These factors can contribute to moral hazards. Brand licensing may improve retailers' sales (Abbamonte, 2018).

Furthermore, according to Retailer A and B's employees, millennials prefer customized, memorable services that allow them to discover something new about themselves or their surroundings pertaining to beauty. Millennials want store employees to provide the necessary information upfront as an aid in sampling a variety of colors within a product to make a more informed decision. For instance, Retailer A provides a full-service beauty salon in its facilities and offers in-store kiosks to try different brands to encourage shopping behaviour at its store. Examples of such services include hair salons, nail bars, and eyebrow studios. Retailer B lacked such experiential strategies. Based on the pilot study and Table 1, millennials liked this service experience. Consumer socialization using digital methods improved credible trust. This leads to proposition 2.

P2: Specialty retailer's service differentiation through consumer socialization will improve trustworthy relations with millennials.

When contractual governance becomes limited in its scope, supply-chain integrity is needed to resolve alliance vulnerability and complex supply-chain issues. Concepts such as customer lifetime value, customer relationship management, and sustaining a customer attest to such integrity (e.g. Kumar, Anand, & Song, 2017). "The consumers see the relationship as a means of fulfillment of a goal to which one had earlier and perhaps tentatively

committed" (Bagozzi, 1995).

Trust and flexibility are two socialization mechanisms that allow planning for uncertainties and product complexity and can be effectively implemented with minimal costs (Bello & Gilliland, 1997; Katsikeas et al., 2009; Tieman, van der Vorst, & Ghazali, 2012). Trust is the willingness of a retailer and consumer to be vulnerable based on the expectation that each party will perform trustworthy actions (Mayer, Davis, & Schoorman, 1995). Flexibility is each party's openness and agility in modifying behaviour to accommodate each other's needs.

Millennials prefer co-creating value with retailers that uphold a prior product's information to the highest standards while delivering product value and contributing to social causes. Based on Porter's five force analysis (Table 2), although millennials are seekers of variety, they do not need multiple brands or SKUs to entice purchase behaviour. On the contrary, they want a full-service beauty experience and store employees to impart credible knowledge while they try different products.

Millennials use digital platforms such as social media, blogs, and YouTube and online promotions such as digital coupons to co-create value (Herich, 2017). They also engage (i.e., think, research, and discuss) with brands and store personnel before making a purchase (Meredith, 2014). Based on store employee interviews, Retailer B practices better digitized marketing to engage millennials. It uses an in-house app to interact the shoppers who have agreed to accept personalized messages; personable digitalized assistants that represent employees offer advice to shoppers to enhance their shopping experience.

Quoting several psychologists, Palmatier et al. (2009) conclude that, "feelings of gratitude, pleasure in reciprocating, and guilt for failing to reciprocate represent well-developed, genetic-based "systems" that support reciprocal and cooperative behaviors" (p. 2). After consumers receive personalized investments from a seller (e.g., small gifts), the consumers may reciprocate via a purchase (Palmatier et al., 2009). Based on Table 1, the greater the employees identify and commit to being

part of the retailer, the better the co-creation of value through digital interaction. Such employee interaction was positively associated with credible trust and flexibility.

Trade literature reinforces the above discussions. Millennials assert that product value is the most important factor in beauty product purchases, and digital marketing (e.g. electronic coupons) is an appropriate pull strategy. They are willing to provide brand feedback to employees and also to look-alike make-up artists of a store that are knowledgeable and open to discuss beauty products (Bedgood, 2016; mindtree.com, 2016; Zaczekiewicz, 2015). This leads to proposition 3.

P3: The more the digital marketing and employee interactive forms of consumer socialization, the higher the trust and flexibility between specialty retailers and millennials.

Managing an alliance is a business expense. The retailer builds its markets by aggregating individual consumer requests. Specific consumer requests may vary, and retailers need to respond with agility and resilience. Appropriate cost-effective relationship mechanisms and transaction continuity are needed to recuperate these costs (Ivens, 2005).

Based on Table 2, the following may be noted: Given several brand choices, consumers have some power and control over retailers. Millennials have superior product knowledge and competitive information relative to what Retailer A and B provide to them. In addition, retailers should manage their product complexities to serve this market. Millennials preferred to remain loyal to Retailer A or B as long as there was information transparency, healthy relationships, and the correct amount of beauty products in stock. Because information is swiftly exchanged among millennials, Retailer A and B should use proper social connectedness such as trust and flexibility to influence them.

Altruistic behaviour builds customer value and loyalty. Using retailer cues and employee trustworthy behaviours, the consumer trusts that the products have the appropriate ingredients and quality as communicated to them by the retailer (Singh & Sirdeshmukh, 2000). Trust

Bargaining Power of the Suppliers (Low)

Because of raw material availability and the low cost and ease of manufacturing beauty products, there are few large and many small suppliers contributing to product complexity. In addition, promotional agencies and several distributors of beauty products also drive the marketing mix of this industry. Although large specialty retailers like "A" have high purchasing power, consumers are easily approachable by these suppliers and agencies through several marketing channels, keeping the retailers in check.

Bargaining Power of the Buyers (High)

The explosion of digital media has contributed to the swiftness with which information is exchanged between consumers about brand competition. Beauty trends are frequently changing to keep up with customers' modern thinking. Consumption of the trendy new product design and waste is high. Customers dictate what products remain on the shelves and which products/brands get discontinued.

In addition, many millennials prefer repeat purchase and remain store loyal as long as the retailers continue to provide transparency in information dissemination, relational exchange, and the correct beauty products. Specialty retailers provide a one-stop shop platform for these customers to purchase their preferred brands. Millennials would like retail employees to provide the necessary information to help them sample a variety of colors of a product to make a more informed decision. With respect to individual beauty brands, customer propensity to switch brands is low. If Retailer A does not carry a customer's preferred cosmetic brand, she is less likely to shop at the retailer.

- Millennials are looking for variety but not necessarily multiple branding
- Millennials are looking for the full beauty retail experience. They prefer to test multiple products and store employees to help them make decisions.

Threat to New Entrants (Low)

High marketing expenditures give large manufactures and promotional agencies the political clout to control the industry. Intense industry competition prevents new players (products and retailers) to enter the market unless they work with these large manufacturers or promotional agencies or find small niche markets. Major existing retailers have penetrated the market and with their respective established supplier networks. It is challenging to establish a credible new brand in a multiple brand/SKU market.

Competitive Rivalry (High)

Practicing differentiation using beauty retail channels exist. Ecommerce (e.g. Amazon) has imposed high threat to Retailer A. Customers are able to access a wider assortment of beauty products through online distribution at lower price points with the convenience of direct delivery. Retailer A's salon service also competes with independent full service salons; examples of such services include hair salons, nail salons, and eyebrow studios. Since Retailer A's products are not exclusive, it is easy for consumers to access them through multiple merchandisers, department stores, drug stores, and other specialty retailers.

Besides specialty retailers, the industry works under monopolistic competition. Brand and store positioning along with merchandise assortment are ways of differentiation. For example, Retailer A differentiates itself as a one-stop shop to attract the time-sensitive shoppers. Although retailers need to sell a diverse set of products to attract all segments of the population, upscale specialty stores such as Retailer A primarily target the millennials.

Other forms of differentiation include store personnel interaction, digital marketing forms of creative advertising and promotions, and delivery methods. In-store personnel (beauty advisors) that provide unbiased advice to the customers add to the shopping experience.

Broad merchandise across product categories, price points, and brands are offered for the general audience. Besides serving the premium quality needs, they carry products found in department stores, salons, drug stores and mass merchandisers (Company Annual report, 2015).

Building valuable proprietary database for understand consumer purchasing patterns to be used for digital marketing strategies and new store site selection are under consideration.

Substitute Products (Low)

Millennials do not consume substitute products (e.g. cosmetic surgery) in a major way.

makes product knowledge less costly to transfer. Besides curtailing opportunism, trust has been noted to reinforce satisfaction and promote dependent behaviours and performance in B2B settings (Katsikeas et al., 2009).

Flexibility is a source of competitive advantage as well as a normative influence (Fawcett, Calantone, & Smith, 1996). At the strategic level, it is tied to how well resources and capabilities of inter-organizations are allocated and managed to serve customer needs (businesses or consumers). At the operation level, it is tied to inventory, manufacturing, volume, storage, and target market needs (Fawcett et al, 1996). B2B studies find flexibility to drive customer retention, extension, and referrals (Hartmann & Grahl, 2011).

Suppliers, retailers, and consumers may better influence each other by using social bonds. By making each other knowledgeable about brand strategies, they may better allocate their resources, improve financial risk, and the economy. Customer relationship tools, such as trust and normative compliance, may help in this regard because they encourage psychological bonding through social interaction (Bagozzi, 1995). If a consumer believes that a retailer is exclusively pursuing its financial business goals without properly resolving consumer needs, they will consider the retailer as practicing malevolent behaviour (Rampf, Eberhardt, Schutte, & Kenning, 2012). Based on Table 1, the greater the retailer's benevolent trust, the greater the brand loyalty. Millennials prefer shopping at retailers that use authentic and personalized content and offer flexible fulfillment and return options that are better, faster, and more memorable than competitors (Bedgood, 2016). This leads to proposition 4.

P4: The greater the trust and flexibility between retailer and consumers (a) the greater the brand loyalty and (b) the better the inventory management.

In order to better compete, specialty retailers need to strategize their stores' layouts, shelf-space, and costs by determining what consumers desire from beauty products. Given the growth of e-commerce and Omnichannel, the retail industry is in the state of flux. Increasing product complexity may not be an

Table 2. Porter's Five Forces – Industry Analysis

appropriate solution since it leads to higher inventory and requires a service level that is an exponential function of the inventory carried (Dubelaar, Chow, & Larson, 2001). Moreover, product complexity spreads retailers' resources thin to support market opportunities and serviceability.

The unnecessary task environment uncertainty (excessive SKUs) caused by the suppliers affects the respective supply-chain plant capacities, human resource allocation (manufacturing and trade skills). As a result of these actions, economies of scale problems occur due to re-allocation of management, distribution, and buying processes for unnecessary activities (Bain, 1968). Moreover, such practices may not only confuse consumers, but also increase the bullwhip effect, generate inter and intra-organizational conflict across the supply-chain, and liquidate the retailer (Ton, 2014).

Approximately 50 percent of a retailer's supply-chain cost is tied to its in-store operations. Backroom storage, congestion, and supply-chain errors are major contributors to these costs (Sternbeck & Kuhn, 2014). Based on Table 3 and Figure 2, the physical distribution of SKUs from unloading docks through the backroom to shelving units is unorganized. Given the size and number of beauty products (miniscule to large bottles), streamlining this process becomes difficult. Boxes are heavy and/or placed in high locations, making them hard to locate and reach. Limited backroom space necessitates this form of storage. Moreover, after breaking the bulk, this tedious, unorganized process results in ineffective UPC labeling and inventory tracking.

As the number of inventoried items (SKU) increases, hands-on training and collaboration become problematic. Moreover, multiple-branding practices may result in poor staffing of full and part-time employees and inventory clutter in retail locations (Ton, 2014). Retailer A and B's employees, management, and staff do not have the proper information with respect to inventory levels, shipments, and locations of each SKU. Because of product complexities and uncertainties in the types of shipments, the retailers cannot properly streamline and keep track of inventory on a real-time basis within a store. In addition, several of the beauty products (e. g., mascara

Dimensions	
Convenience	Boxes are heavy and/or placed in a high location, making them hard to reach and locate. UPC codes on retail floor shelves are sometimes missing, out of order, or hard to match with physical products. Backroom shelves are cluttered and messy; hard to identify stock availability.
Reliability	Products are shipped in boxes with color coded labels, making it easy to identify the broad category of product placement on the floor. UPC codes on the floor aren't always updated for new products. Communication is disjointed between employees and managers, adding to the inventory unawareness.
Time	Takes long time to find or stock items in the backrooms. Takes long time to match product UPC's with UPC's on the retail shelves.
Assurance	Associates not confident about their product knowledge, inventory levels, shipments, and inventory location. Inaccurate information is conveyed to customers about store stocks and shipment arrival; more formal training is needed.
Tangibles	Backroom functions as a breakroom and a stockroom, so it gets messy, cluttered, and dusty quickly. Poor space utilization.
Consistency	No orderly methods delineated on how to count and stock inventory. No system in place for applying First-In First-Out method (cosmetics have expiration dates), which contribute to profits loss and waste. Communication across employees regarding new products and where items should be placed is inconsistent.
Conformance	Retail floor shelf space aren't designed well to fit the products adequately; easy for customers to disorganize displays. Cut-out in stock room aren't ideally designed to sort and place smaller items effectively. Lack of labeling process for inventory in the stock room.

Table 3 Dimensions of Quality

and eyebrow liners) are miniscule in size and are easily misplaced or lost during the breaking apart the bulk and transporting the items to shelves or while consumers examine the products on the retail floor (Table 3).

Furthermore, approximately fifty percent of the employees are part-time and easily get dissuaded to quit their job for the lack of training and belongingness. Management does not motivate their full-time employee to properly train part-time employees nor give them time and space to collaborate and learn from each other (personal interviews). Such issues create moral hazards and adverse selection problems between upper management and front-line employees and between full

and part-time employees. Providing proper training manuals and other product-related information can serve as a quick reference for employees to better answer consumer questions.

Inventory decentralization tied to product complexity is an employee disincentive and ineffective employee empowerment strategy. Irrespective of information technology, the complexity and dynamics in sorting, assortment, and allocating products and the ratio of part-time to full-time employees make experiential learning challenging (Table 3 and Figure 2). In-store employee dissatisfaction is high because of the following issues: low employee empowerment, limited decentralized decision-making, limited employee promotion from within, limited work schedule flexibility, and no incentives for training part-time employees. Retailer A received poor service-quality scores from their employees along the service-quality dimensions of convenience, reliability, time, assurance, tangibles, consistencies, and conformance (Table 3).

Based on Table 2, competitive intensity such as types and numbers of retailers selling mass and premium beauty products is high, which demands high cooperative behaviours between retail employees and consumers to reduce switching behaviours. The greater the employees identify and commit to their workplace, the greater their credible trust and flexibility (Table 1). Retailers that invest in improving employee retention and social engagement with consumers may find their store sales to increase (Shpëtim, 2012). When front-line associates trained their peers in big-box retail chain stores, it improved sales (Ayad, 2008). Based on employee interview, Retailer B is better than A at offering employee incentives. "B" offers free in-house educational programs (i.e., technology and management courses) to their employees that are tailored to the company's goals. This leads to proposition 5.

P5: The greater the specialty retailer's relationship incentives tied to employees' managerial growth, the greater the employee's trust and flexibility.

Millennials purchase beauty products for similar reasons

(i.e., homogeneity) and prefer receiving customized digital messages (Herich, 2017). At times they would like options such as using physical stores as showrooms and then buying the products online (Shethi et al., 2017). Specialty retailers may benefit by maintaining a centralized inventory to cater to these alternate ways of purchasing products such as Omni channels. By consolidating inventory, they can avoid the cost and difficulty in training employees to manage diverse inventoried products at each store. Through this approach, specialty retailers may reduce their task environment uncertainty felt at the store level. Moreover, scalability reduces supply task redundancies that do not benefit the marketplace and improves distribution efficiency (Hearnshaw & Wilson, 2013).

Furthermore, increasing product complexities that increase the level of stocked inventory, enhance employees' logistical errors (e.g., replenishment and shelving); these factors create inventory clutter and phantom stocks (Ton & Raman, 2010). Unnecessary product complexities create task level mismanagement. For example, multiple brands are shipped in a single box; product assortments are matched by the retailer's floor signs instead of by each beauty product's function. Multiple brands of mascara kits are intermingled with eyebrow pencils, which creates phantom stocks (Figure 2 and personal interviews). This leads to proposition 6.

P6: The more the specialty retailers can centralize their inventory, the better the inventory management.

4. Discussion

Most consumer research focuses on product choice as a reflection of one's self-concept. Only a few articles have focused on the reverse effect such as consuming products with high aesthetic (i.e., attractive) appeal to positively affect one's self-affirmation (Townsend & Sood, 2012). In this research, the author combine both approaches to build six propositions to illustrate how retailers and female millennials may co-create value by practicing strategies that appeal to retail employees and consumers. These forms of consumer socialization skills may improve the retailers' margins through reduced

inventory cost and waste and enhance millennial consumers' beautification experience and store loyalty.

Through Proposition 1, they propose that specialty retailers should invest in resources catering to millennials' hedonic consumption to improve loyalty. Millennials favored Retailer B over A with respect to store atmospherics, such as color, graphics, lighting, and upscale quality themes. Holbrook and Hirschman (1982) suggest that catering to consumers' hedonic tastes improves their shopping behaviour. Wakefield and Baker (1998) found retailer atmospherics designed around hedonic needs to improve consumers' store experience. This study applied agency theory to the cosmetic retail environment by illustrating store atmospherics to reduce adverse selection and moral hazard for female millennials.

Digital marketing such as social media and web-based interaction techniques need to be differentiated for mass versus prestige products. For prestige products, specialty retailers should use dynamic forms of imagery to sell prestige products. For example, they should install electronic mannequin displays and signage that readily changes to match their shoppers' tastes. Attractive packaging may be used as a hedonic cue for high-end brand selection (Tjarks, 2018). Different sets of loyalty programs may be designed for mass versus prestige brands. Redemption of points could be tied to high volume purchase of mass products and to the high price paid for prestige products. Through proposition 2 it is suggested that specialty retailers need to improve service differentiation in the direction of trust. Mobile Apps such as personal assistant may be designed for in-store experiences. By scanning a barcode in the app, consumers could receive brand reviews and pricing information for the different prestige brands available in the store. Specialty retailers should use consumer socialization as a means of strategizing their brand and service offerings. Full-service salons of these retailers may complement their sales by applying exclusive branded products on their consumers. For example, they could encourage group reservations, where friends can socialize with beauticians while salon services (eyebrows, hairstyling, nails, etc.) are performed. These forms of in-

store selling and personal interaction to co-create value may retain consumers. By demanding brand exclusivity for prestige products using such strategies may offset the power asymmetry with their suppliers.

Based on proposition 3, specialty retailers should develop socialization techniques that are positive, transparent, and memorable. Use of social identification literature that addresses the positive relationship between group identification such as shopping attributes & self-concept will benefit these retailers (Bergami and Bagozzi, 2000). Relationship investments improve inter and intra-firm productivity in B2B settings (Homburg et al., 2009; Singh & Sirdeshmukh, 2000). This extend B2B alliance literature by suggesting that specialty retailers should encourage employee interaction and use digital marketing while co-creating value with the millennials. Specialty retailers could offer a subscription box to motivate consumers to try new products on a monthly basis. Such tactics could promote beauty enthusiasts to discover new products and offer feedback.

The personal assistant mobile apps could make recommendations through interactive dialogue with the consumers. Employees could be trained to provide similar answers to questions irrespective of the store location and build flexible approaches to their digital marketing practices. For example, surprise coupons may be offered to consumers. Pop-up digital quizzes, etc. may be given at different parts of the store on a variable frequency. A retailer may offer free upgrades on an infrequent basis for mass branded products. Social forms of identification that spur excitement and improve a consumer's self-definition need also improve store belongingness (Edwards, 2005).

According to proposition 4, specialty retailers' trust and flexibility along the lines of millennial thinking will improve brand loyalty. By making consumers inclusive of their supply-chain through co-creation, the performance of specialty retailers can be improved. Value is generally created through co-production (i.e., organizations involved in manufacturing the product) or by involving value-in-use actors (Sinkovics, Kuivalainen, & Roath, 2018). Specialty retailers should focus on co-creating

value-in-use with consumers. How consumers are using the product, for how long, and under what weather conditions, should be observed.

Without some reasonable amount of relationship, the goals of the involved parties may not be achieved. In general, when systems get complex, trustful actions help cope with such situations (Thompson, 1963). Trust is needed to coordinate each party's tasks to complete a satisfactory exchange. The more the exchange partners learn how to imbibe value propositions the easier it is to build trust (Anderson & Narus, 1990). In addition, by incorporating flexibility, exchange partners favor a socialization process that fosters shared values to craft order and realize mutual gains (Bello & Gilliland, 1997). Managing price, material assortment, and delivery adjustments are effective ways of being flexible (Kim, Kim, Pae, & Yip, 2013).

Flexibility generally comes at a gain in value for one party versus an expense to the other; some signal of prolonged relationship is needed to overcome the costs of being flexible (Chu, Chang, & Huang, 2012). Brand loyalty may be a signal (Palmatier et al., 2009). Therefore, specialty retailers should ensure that sufficient brand loyalty is created to offset this cost. Trust is a good bonding agent for reciprocal actions (Palmatier et al., 2009), which may offset some of the administration costs, if properly established. Organizations benefit from trusting behaviours for value-in-use situations; it is a cash cow that does not need financial resources to be maintained (Sezen & Yilmaz, 2007). Collaboratively cultivating value-added activities is a customer-centric approach (Lusch, Vargo, & Malter 2006).

Via proposition 5, the authors suggest that incentives to employees be given through employee empowerment. Decentralized decision-making and flexible hours for training part-time employees will enhance retailers' abilities to impart trust and flexibility with consumers. Previous studies (e.g., Homburg et al., 2009) found a high employee-company identification to be positively associated with high employee-customer orientation for travel agencies. Ingene and Lusch (1999) found the amount of retail floor space and employee labor hours

allocated to a product to improve store sales. Specialty retailers should provide formalized training to its full and part-time employees and showcase stories of employees that have benefited from this process.

In order for specialty retailers to survive in this intense digital environment, collaboration with vendors, employees, and customers need to be well planned and implemented at every hierarchical level of the organization. Specialty retailers may need different types of flexibility (a) for modifying the contractual agreements with their employees and (b) for fulfilling the diverse and emergent desires of consumers.

Proposition 6 needs to be used in conjunction with Proposition 5 to complete the inventory cycle management through centralization. Syed, Mohamad, Rahman, & Suhaimi (2016) found the following factors to result in ineffective inventory management practices for a textile retail chain: fluctuating demand forecast, inventory clutter, lack of systematic inventory count system traced to unorganized inventory, no specific cycle count, and poor record-keeping. They recommended that inventory should be managed by a group of employees who are experts in this area. Findings of the study suggest that specialty retailers should centralize the slow-moving and/or high-end product lines. Fast-moving mass brands should be stored locally, and slow-moving items should be sold online only for direct shipment to a consumer.

5. Limitations

Research studies are not without their limitations and as such, this study suffers from being limited to specialty retailers that sell prestige and mass brands. Moreover, qualitative research using one's Facebook close friends and employees of two large retailers who chose to participate in the study are not without their stereotypical and group conformity problems. Redundancies in the information gathered may not be ruled out. However, the information gathered from practitioner and theoretical-oriented journals and websites do provide face and content validity to the answers obtained from semi-structured interviews and the pilot study. The typical demographic profile of these two specialty retailers, limits

the results to Asians, Hispanics, and Caucasians millennials.

Conclusion

This study provides a set of testable propositions to extend B2B alliance management to B2C cosmetic specialty retail environment. Given the influx of information technology and other digital marketing methods of communicating with the consumers, cosmetic supply-chains should be advanced to include consumers to co-create product value. Acknowledging the limitation in consumers' technical know-how of a product, they should be engaged in the value-in-use process to improve inventory management in retail cosmetic supply-chains. Co-creating value with consumers through incentives, trust, and flexibility should be the starting point for improving the sales of these specialty retailers. Consumer response function should be integrated into the entire supply-chain.

Using secondary data sources, a small convenience sample of friends, and employees (millennials) at two store outlets of two major specialty retailers, it is recommended that specialty retailers integrate consumer socialization and their integrated marketing communications strategies to co-create cosmetic value-in-use. Millennials will better respond to specialty retailers that use digital marketing tools in engaging and entertaining these consumers. Moreover, co-creation should focus on the elements of employee-company and consumer-company identification that connote trust and flexibility. All these factors will ultimately reflect upon increasing a store's brand value through active consumer involvement and brand loyalty.

References

- [1]. **Abbamonte, K. (2018).** *Licensing 101: Brand Licensing and What Every Retailer Should Know*. Retrieved from <https://www.shopify.com/retail/licensing-101-brand-licensing-and-what-every-retailer-should-know>
- [2]. **Anderson, J. C., & Narus, J. A. (1990).** A model of distributor firm and manufacturer firm working partnerships. *Journal of Marketing*, 54(1), 42-58.
- [3]. **Augustin, S. (2019).** *Designology: How to Find Your Place Type and Align Your Life with Design*. Mango Media Publishers, Coral Gables, FL.
- [4]. **Ayad, A. (2008).** Optimizing inventory and store results in big box retail environment. *International Journal of Retail & Distribution Management*, 36(3), 180-191.
- [5]. **Bagozzi, R. P. (1995).** Reflections on relationship marketing in consumer markets. *Journal of the Academy of Marketing Science*, 23(4), 272-277.
- [6]. **Bain, J. S. (1968).** *Industrial Organization*. John Wiley & Sons, Inc., New York, NY.
- [7]. **Balmer, J. M., & Liao, M. N. (2007).** Student corporate brand identification: An exploratory case study. *Corporate Communications: An International Journal*, 12(4), 356-375.
- [8]. **Bedgood, L. (2016).** *Retail for the Millennials – How Do They Purchase and What Do They Really Want?* Retrieved from : <https://www.digitaldoughnut.com/articles/2016/june/retail-for-millennials>
- [9]. **Bello, D. C., & Gilliland, D. I. (1997).** The effect of output controls, process controls, and flexibility on export channel performance. *Journal of Marketing*, 61(1), 22-38.
- [10]. **Bergami, M., & Bagozzi, R. P. (2000).** Self-categorization, affective commitment and group self-esteem as distinct aspects of social identity in the organization. *British Journal of Social Psychology*, 39(4), 555-577.
- [11]. **Boateng, S. L., & Narteh, B. (2016).** Online relationship marketing and affective customer commitment–The mediating role of trust. *Journal of Financial Services Marketing*, 21(2), 127-140.
- [12]. **Brito, R. P., & Miguel, P. L. (2017).** Power, governance, and value in collaboration: Differences between buyer and supplier perspectives. *Journal of Supply Chain Management*, 53(2), 61-87.
- [13]. **Caplice, C., & L. Das, L. (2017).** How back-of-mind backrooms rob retailers of profits. *CSCMP's Supply Chain Quarterly*, 11(3).
- [14]. **Chu, P. Y., Chang, K. H., & Huang, H. F. (2012).** How to increase supplier flexibility through social mechanisms

and influence strategies?. *Journal of Business & Industrial Marketing*, 27(2), 115-131.

[15]. Coresight Research. (2018). *The Millennials Series: Millennials and Beauty*. Retrieved from: <https://coresight.com/?s=The+Millennials+Series%3A+Millennials+and+Beauty%2C+2018>

[16]. Currid-Halkett. (2017). *Times*, May 29, Vol.189, No.20, pp.18.

[17]. Dahl, D. W., Honea, H., & Manchanda, R. V. (2005). Three Rs of interpersonal consumer guilt: Relationship, reciprocity, reparation. *Journal of Consumer Psychology*, 15(4), 307-315.

[18]. Diedrich, A. (2015). How to Attract Millennials with Color. Retrieved from: <https://www.multihousingnews.com/post/how-to-attract-millennials-with-color/>

[19]. Douglas, M. (2016). *How specialty retailers can grow faster using digital platforms*. Retrieved from: http://www.huffingtonpost.com/matt-douglas/how-specialty-retailers-c_b_8771732.html

[20]. Dubelaar, C., Chow, G., & Larson, P. D. (2001). Relationships between inventory, sales and service in a retail chain store operation. *International Journal of Physical Distribution & Logistics Management*, 31(2), 96-108.

[21]. Eddie. (2016). UF-Witty, tidy and upscale: What millennials like in Store Design. Retrieved from: <http://news.ufl.edu/articles/2016/12/witty-tidy-and-upscale-what-millennials-like-in-store-design.php>

[22]. Edwards, M. R. (2005). Organizational identification: A conceptual and operational review. *International Journal of Management Reviews*, 7(4), 207-230.

[23]. Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532-550.

[24]. Fawcett, S. E., Calantone, R., & Smith, S. R. (1996). An investigation of the impact of flexibility on global reach and firm performance. *Journal of Business Logistics*, 17(2), 167-196.

[25]. Harris, R., (2015). How retailers can win over millennial shoppers (Survey). *Marketing*, (Oct, 13). Retrieved from

<http://marketingmag.ca/consumer/how-retailers-can-win-over-millennial-shoppers-survey-159116/>

[26]. Hartmann, E. V. I., & De Grahl, A. (2011). The flexibility of logistics service providers and its impact on customer loyalty: An empirical study. *Journal of Supply Chain Management*, 47(3), 63-85.

[27]. Hearnshaw, E. J., & Wilson, M. M. (2013). A complex network approach to supply chain network theory. *International Journal of Operations & Production Management*, 33(4), 442-469.

[28]. Herich, D. (2017). Beauty Consumers of Every Age. *The Benchmarking Company*. Retrieved from <https://www.gcimagazine.com/business/marketing/Beauty-Consumers-of-Every-Age-432676303.html>

[29]. Holbrook, M. B., & Hirschman, E. C. (1982). The experiential aspects of consumption: Consumer fantasies, feelings, and fun. *Journal of Consumer Research*, 9(2), 132-140.

[30]. Homburg, C., Wieseke, J., & Hoyer, W. D. (2009). Social identity and the service-profit chain. *Journal of Marketing*, 73(2), 38-54.

[31]. Ingene, C. A., & Lusch, R. F. (1999). Estimation of a department store production function. *International Journal of Physical Distribution & Logistics Management*, 29(7-8), 453-465.

[32]. Ivens, B. S. (2005). Flexibility in industrial service relationships: The construct, antecedents, and performance outcomes. *Industrial Marketing Management*, 34(6), 566-576.

[33]. Katsikeas, C. S., Skarmeas, D., & Bello, D. C. (2009). Developing successful trust-based international exchange relationships. *Journal of International Business Studies*, 40(1), 132-155.

[34]. Kennedy, E. (2017). I create, you create, we all create—for whom? *Journal of Product & Brand Management*, 26(1), 68-79.

[35]. Kim, S., Kim, N., Pae, J. H., & Yip, L. (2013). Cooperate "and" compete: Coopetition strategy in retailer-supplier relationships. *Journal of Business & Industrial Marketing*, 28(4), 263-275.

- [36]. Koehler, A., & Wildbolz, C. (2009). Comparing the environmental footprints of home-care and personal-hygiene products: The relevance of different life-cycle phases. *Environmental Science & Technology*, 43(22), 8643-8651.
- [37]. Kovoora-Misra, S., & Misra, M. (2007). Managing Crises in an "Online World". *International Handbook of Organizational Crisis Management*, 85-103.
- [38]. Kumar, V., & Pansari, A. (2016). Competitive advantage through engagement. *Journal of Marketing Research*, 53(4), 497-514.
- [39]. Kumar, V., Anand, A., & Song, H. (2017). Future of retailer profitability: An organizing framework. *Journal of Retailing*, 93(1), 96-119.
- [40]. Lusch, R. F., Vargo, S. L., & Malter, A. J. (2006). Marketing as service-exchange: Taking a leadership role in global marketing management. *Organizational Dynamics*, 35(3), 264-278.
- [41]. Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of Management Review*, 20(3), 709-734.
- [42]. McGee, T. (2017). How millennials are changing retail patterns. *Forbes*. (Jan 23). Retrieved from <https://www.forbes.com/sites/tommcgee/2017/01/23/the-rise-of-the-millennial/#79a953d75f74>
- [43]. Meredith, (2014). *Understanding the new Female Consumer*. Retrieved from https://www.insightsinmarketing.com/media/1170/women2020_millennial_0514152_.pdf
- [44]. Mindtree.com (2016). *Sales Associates Play Pivotal Role in the Shopper Purchase Journey*. Retrieved from <http://possible.mindtree.com/rs/574-LHH-431/images/Mindtree%20Shopper%20Survey%20Report.pdf>
- [45]. Moschis, G. P., & Churchill Jr, G. A. (1978). Consumer socialization: A theoretical and empirical analysis. *Journal of Marketing Research*, 15(4), 599-609.
- [46]. Palmatier, R. W., Jarvis, C. B., Bechko, J. R., & Kardes, F. R. (2009). The role of customer gratitude in relationship marketing. *Journal of Marketing*, 73(5), 1-18.
- [47]. Porter, M. E., (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. The Free Press: New York.
- [48]. Pretty, J., Smith, G., Goulding, K. W. T., Groves, S. J., Henderson, I., Hine, R. E., ... & Walter, C. (2008). Multi-year assessment of Unilever's progress towards agricultural sustainability II: outcomes for peas (UK), spinach (Germany, Italy), tomatoes (Australia, Brazil, Greece, USA), tea (Kenya, Tanzania, India) and oil palm (Ghana). *International Journal of Agricultural Sustainability*, 6(1), 63-88.
- [49]. Raju, P. S. (1980). Optimum stimulation level: Its relationship to personality, demographics, and exploratory behavior. *Journal of Consumer Research*, 7(3), 272-282.
- [50]. Rampl, L. V., Eberhardt, T., Schütte, R., & Kenning, P. (2012). Consumer trust in food retailers: Conceptual framework and empirical evidence. *International Journal of Retail & Distribution Management*, 40(4), 254-272.
- [51]. Sachdev, H. J., & Bello, D. C. (2014). The effect of transaction cost antecedents on control mechanisms: Exporters' psychic distance and economic knowledge as moderators. *International Business Review*, 23(2), 440-454
- [52]. Sachdev, H. J., Murphy, M., & Belassi, C. (2016). Uruguayan buyer behaviour: Conspicuous versus inconspicuous consumption. *International Journal of Business and Emerging Markets*, 8(1), 67-93.
- [53]. Sezen, B., & Yilmaz, C. (2007). Relative effects of dependence and trust on flexibility, information exchange, and solidarity in marketing channels. *Journal of Business & Industrial Marketing*, 22(1), 41-51.
- [54]. Shethi, R. S., J. Kaur, J & Wadera, D. (2018). Purchase intention survey of millennials towards online fashion stores. *Academy of Marketing Studies Journal*, 22(2), 1-16.
- [55]. Shpëtim, Ç. (2012). Exploring the relationships among service quality, satisfaction, trust and store loyalty among retail customers. *Journal of Competitiveness*, 4(4), 16-35.
- [56]. Singh, J., & Sirdeshmukh, D. (2000). Agency and trust mechanisms in consumer satisfaction and loyalty

judgments. *Journal of the Academy of Marketing Science*, 28(1), 150-167.57.

[57]. Sinkovics, R. R., Kuivalainen, O., & Roath, A. S. (2018). Value co-creation in an outsourcing arrangement between manufacturers and third party logistics providers: Resource commitment, innovation and collaboration. *Journal of Business & Industrial Marketing*, 33(4), 563-573.

[58]. Stathopoulou, A., & Balabanis, G. (2016). The effects of loyalty programs on customer satisfaction, trust, and loyalty toward high-and low-end fashion retailers. *Journal of Business Research*, 69(12), 5801-5808.

[59]. Sternbeck, M. G., & Kuhn, H. (2014). An integrative approach to determine store delivery patterns in grocery retailing. *Transportation Research Part E: Logistics and Transportation Review*, 70, 205-224.

[60]. Syed, S. J. A. N. B., Mohamad, N. N. S., Rahman, N. A. A., & Suhaimi, R. D. S. R. (2016). A study on relationship between inventory management and company performance: A case study of textile chain store. *Journal of Advanced Management Science*, 4(4), 299-304.

[61]. Tardiff, S. (2017). *Millennials have a Favorite Color, and It's Not Pink*. Retrieved from: <https://www.elledecor.com/design-decorate/color/a9937513/millennials-favorite-color/>

[62]. Thompson, J.D. (1963). Domains of Organized

Action. In L.W. Stern (Ed.), *Distribution Channels: Behavioral Dimensions*, (pp.140-154) Houghton Mifflin Co., Boston.

[63]. Tieman, M., van der Vorst, J. G., & Che Ghazali, M. (2012). Principles in halal supply chain management. *Journal of Islamic Marketing*, 3(3), 217-243.

[64]. Tjarks, S. (2018). <https://www.brandpackaging.com/articles/86181-designing-for-millennials> (Accessed April 17, 2019)

[65]. Ton, Z. (2014). The good jobs strategy: How the smartest companies invest in employees to lower costs and boost profits. Houghton Mifflin Harcourt.

[66]. Ton, Z., & Raman, A. (2010). The effect of product variety and inventory levels on retail store sales: A longitudinal study. *Production and Operations Management*, 19(5), 546-560.

[67]. Townsend, C., & Sood, S. (2012). Self-affirmation through the choice of highly aesthetic products. *Journal of Consumer Research*, 39(2), 415-428.

[68]. Wakefield, K. L., & Baker, J. (1998). Excitement at the mall: Determinants and effects on shopping response. *Journal of Retailing*, 74(4), 515-539.

[69]. Zaczekiewicz, A., (2015). *Millennials' Top Beauty Brands*. Retrieved from <http://wwd.com/business-news/marketing-promotion/millennials-top-beauty-brands-10148834/>

Appendix Questionnaire Items

Please circle a number from 1 through 5 with the extent you agree /disagree with the following items (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree).

Brand Loyalty (Raju, 1980)

I enjoy trying different brands of beauty products for the sake of comparison.

If I could purchase all the beauty products in the world, I would probably like to try all the different brands, instead of buying a lot of the same brand.

A lot of the times I feel the urge to buy a brand of beauty product different from the one I usually buy.

I enjoy exploring several different brands of beauty products while shopping.

Digital interaction (Boateng & Narteh, 2016)

I write comments and messages on the retailer's social media pages.

My retailer's online platforms engage my attention

I contribute to conversations on my retailer's online platform.

I interact with other customers of my retailer through the internet.

Specialty Retailer/Employee interaction with you (Kumar, & Pansari, 2016)

Based on my interactions with the retailer employees:

The employees are proud of being a part of this specialty retailer.

They feel a sense of ownership toward this organization.

When someone praises the employees' store, the employee takes it like a personal compliment.

They are committed to share their knowledge of the brand with the customers. They are committed to delivering the brand promise to their customers.

Flexibility (Bello & Gilliland, 1997)

This retailer is flexible enough to handle unforeseen customer problems.

This retailer handles change well.

This retailer can readily make adjustments to meet my

needs.

This retailer is flexible in response to requests I make..

Credibility (Katsikeas et al., 2009)

This retailer does not make false claims.

This retailer is knowledgeable regarding their products.

This retailer is not open in dealing with me (R).

This retailer is honest about the problems that might arise from the product.

Benevolence (Katsikeas et al., 2009)

This retailer cares for me.

This retailer is like a friend.

This retailer has "gone out on a limb" to help me.

This retailer sides with me.

ABOUT THE AUTHORS

Harash Sachdev (Ph.D. in Marketing, Georgia State University) is a Professor of Marketing and Supply Chain Management at Eastern Michigan University. His research interests include writing cases and research papers in the areas of supply chain management and marketing management. He teaches in the areas of marketing strategy and supply chain management. He has received several best paper awards in Marketing and Supply-Chain Conferences

Monica Sachdev (MBA in Marketing and BA in Marketing from Oakland University and Michigan State University, respectively) is a multi-faceted marketing professional and an artist. She has developed marketing strategies for organizations within diverse industry sectors. Her marketing interests include branding, digital marketing, graphic design, website development, and social media.