

Institutional pressure and omni-channel strategic choice of retail enterprises

Zhifang Zhan¹, Yuhe Huang¹, Yijie Weng¹, Hui Wang^{2*}

1.School of Business Administration, Hunan Technology and Business University, Changsha 410205, China

2.College of Humanities and Management, Hunan University of3 Traditional Chinese Medicine, Changsha 410208, China

Abstract: Based on the institutional theory, this study explores how institutional pressure affects the omnichannel strategic choice of retail enterprises. The results show that mandatory pressure, imitative pressure and normative pressure all positively affect the adoption of omnichannel strategy by retail enterprises. This study expands the research perspective of omnichannel retail strategy, enriches the application of institutional theory in marketing field, and provides reference for retail enterprises to make omnichannel strategic decisions.

Key words: omnichannel strategy; Institutional pressure; Retail enterprises

I. Introduction

With the rapid development of digital technologies such as mobile Internet, big data and artificial intelligence, the retail industry is undergoing profound changes. Digitalization has led to fundamental changes in the way consumers shop, blurring the boundaries between online and offline channels, and consumers expect retail companies to provide seamless omni-channel shopping experiences. In this context, the implementation of omnichannel strategy has become an important measure for enterprises to cope with the challenges. The existing literature mainly studies omnichannel retail from the perspective of technology, and empirical research finds that in the case of more and more consistent technology environment, enterprises still have differences in strategic choices, which coincides with the viewpoint of institutional theory. Therefore, this study intends to adopt the institutional perspective to analyze how the external institutional environment affects the omnichannel strategic choice of retail enterprises.

II. Literature review

1. Omni-channel retail related research

Omnichannel retail first appeared in a research report of a retail consulting company. IDC pointed out in 2009 that omnichannel retail integrates both online and in-store channels to provide consumers with a seamless shopping experience. Rigby(2011) clearly pointed out that omnichannel retail is a strategy that combines online and offline channels to improve customer experience. Subsequently, scholars conducted research on the concept and characteristics of omnichannel retail. Brynjolfsson(2013) believes that omnichannel retail allows consumers to experience a seamless shopping process. Piotrowicz(2014) pointed out that omnichannel retail uses multiple channels such as online, mobile and physical stores. Hubner (2016) proposes that omnichannel retail removes the boundaries between all channels.

Other scholars study omnichannel retail from the perspective of motivation. Brynjolfsson(2013) pointed out that the development of information technology promoted omnichannel retail. Piotrowicz(2014) also believes that technological innovation such as mobile Internet is the main driving factor. Li Fei (2018) pointed out that omnichannel retail is driven by changes in consumer demand from a consumer perspective. In general, the existing literature mainly studies the concept, characteristics and motivation of omnichannel retail from the perspective of technology and consumer demand. In recent years, scholars have begun to pay attention to the effect of omnichannel retail, but there are not enough studies on the factors that affect the adoption of omnichannel retail.

2. Research on institutional theory

Institutional theory focuses on how the external institutional environment affects organizational behavior. DiMaggio and Powell(1983) propose three isomorphic mechanisms that influence organizational behavior convergence, including coercive pressure, imitative pressure and normative pressure. Oliver(1991) discusses how organizations respond to these pressures. Scott(1995) believes that institutional environment includes three aspects: rule system, norm system and cultural cognition system. Peng et al. (2009) put forward the institutional perspective to analyze organizational strategy choice.

Recently, some scholars try to use institutional theory to study retail-related issues. Grewal(2002) pointed out that institutional theory can explain the marketing channel problem. Dai(2020) uses the institutional perspective to study the decision of retailers to adopt unmanned stores. However, there is no research systematically applying institutional perspective to analyze the influencing factors of omnichannel strategic choice of retail enterprises.

3. Review of existing research

To sum up, the existing literature mainly studies omnichannel retail from the perspective of technology and consumers, and rarely analyzes its influencing factors from the perspective of institutions. Therefore, adopting the institutional perspective to analyze the influencing factors of omnichannel strategic choice can further expand the research in this field.

III. Model construction and hypothesis

According to institutional theory, an organization's behavior is subject to pressure or influence from the external institutional

environment. Retail enterprises, their omnichannel strategy choice will also be affected by three kinds of pressures from external institutional environment.

Coercive pressure usually comes from other organizations with power that the problem organization depends on (DiMaggio and Powell, 1983). For retail enterprises, government departments and regulatory agencies have greater power, and their policies and systems will produce coercive pressure on retail enterprises. In recent years, Chinese government departments have successively introduced a number of policies to promote the digital transformation and omni-channel construction of retail enterprises. For example, in 2019, the Ministry of Commerce and eight other ministries and commissions jointly issued the Opinions on Promoting the Continuous Upgrading of Consumption, Boosting Domestic Demand and Expanding Capacity, which clearly stated that the omnichannel construction of retail enterprises should be promoted. It can be expected that these policies will accelerate the adoption of omnichannel strategies by retail enterprises. Based on this, this study proposes the following hypothesis:

H1: Mandatory pressure positively affects the omnichannel strategy choice of retail enterprises.

Imitative pressure mainly comes from the organization's imitation of other successful or legitimate organizations (DiMaggio and Powell, 1983). In retail, strategies and models adopted by some leading or industry "benchmarking" companies tend to be imitated by others. With the advent of the mobile Internet era, e-commerce enterprises such as Alibaba and Jingdong have taken the lead in proposing and practicing the "new retail" strategy, which has led the direction of change in the entire retail industry. New retail emphasizes breaking through the barriers of online and offline channels and providing integrated consumption experience. Therefore, "new retail" is actually an upgraded version of omnichannel retail. It can be seen that the pressure of imitation from dominant enterprises and benchmarking enterprises will prompt more retail enterprises to choose omnichannel strategy. Based on this, this study puts forward the following hypothesis:

H2: Imitative pressure positively affects the omnichannel strategy choice of retail firms.

Normative pressure is mainly derived from sociocultural cognition and expectation (DiMaggio and Powell, 1983). In today's society, mobile Internet technology and digitalization are generally regarded as an important means to promote economic development, and omnichannel digitalization has become a broad consensus of all walks of life. In the retail industry, there are constantly experts and scholars in the industry and the media calling on retail enterprises to carry out digital transformation and realize omni-channel development, otherwise they will be eliminated. These positive views from professional institutions and the publicity of public opinion have generated strong normative pressure, requiring retail enterprises to adopt omnichannel strategy. If the enterprise does not adopt omnichannel strategy, its legitimacy will be questioned by the outside world. Based on this, this study proposes the following hypothesis:

H3: Normative pressure positively affects the omnichannel strategic choice of retail enterprises.

IV. Research and design

1. Variable operationalization definition

The core variables of this study include mandatory pressure, imitative pressure, normative pressure and omnichannel strategic choice. Coercive pressure refers to the influence of government policies and regulatory forces on firms' strategic choices; Imitative pressure refers to the influence from the success model of industry benchmark enterprises; Normative pressure comes from the expectations of professional institutions and public opinion. Omnichannel strategic choice refers to the state in which an enterprise implements a digital retail strategy that integrates multi-channel technology and resources. The measures for each variable are developed according to the definition and with reference to previous relevant research.

2. Questionnaire design and sample selection

First of all, the scale in the questionnaire was designed according to the definition of variables, using five-point Likert scoring, and organizing experts to discuss and modify the scale. Then, a small sample pre-survey was carried out, and the questions were further optimized and improved according to the results of the pre-test. Finally, a formal questionnaire was formed and distributed through various channels. The research objects are traditional retail enterprises in China. Firstly, stratified random sampling method was used, and then simple random sampling was carried out in each layer to select sample enterprises. A total of 500 questionnaires were sent out, and 420 valid questionnaires were collected, with a recovery rate of 84%.

V. Empirical test

1. Sample descriptive statistics

Through descriptive statistical analysis, the basic information of the sample is understood. The results show that: from the perspective of region, the eastern region accounted for the largest proportion of enterprises, 57.3%; The central region followed, accounting for 28.1%; Enterprises in western regions accounted for 14.6 percent. In terms of enterprise size, those with 100 to 500 employees accounted for the largest proportion, 41.2 percent; Those with 500-1,000 employees accounted for 34.7 percent; Large companies with more than 1,000 employees accounted for 24.1 percent.

2. Reliability and validity analysis

SPSS statistical software was used to analyze the reliability and validity of each variable. The results showed that the KMO values of all variables were greater than 0.7, and the Bartlett sphericity test passed, indicating that the samples were suitable for factor analysis. In addition, the factor load of each item is greater than 0.5, and there is no cross load. Finally, the Cronbach's α coefficient of each variable was calculated. All α coefficients were greater than 0.8, indicating that each variable had good internal consistency. To sum up, the variable scale has good quality.

3. Hypothesis testing

AMOS 24.0 software was used to conduct path analysis of the research model. First, the overall fit of the model was evaluated. The results showed that $\chi^2/df=2.127$, which was less than 3; RMSEA=0.059, less than 0.08; CFI=0.924, TLI=0.903, both greater than 0.9. The fitting index showed that the model had good overall fit. Then the research hypothesis is tested. The model estimation results show that: the path coefficient of influence of coercive pressure on omnichannel strategy selection is 0.201, $P<0.001$, which is supported by hypothesis H1; The path coefficient of imitative pressure is 0.372, $P<0.001$, assuming H2 support; And the path coefficient of normative pressure is 0.167, $P<0.01$, assuming H3 is supported. To sum up, mandatory pressure, imitative pressure and normative pressure all have a positive and significant impact on omnichannel strategic choice of retail enterprises.

VI. Conclusion

Based on institutional theory, this study explores how coercive pressure, imitative pressure and normative pressure affect the omnichannel strategic choice of retail enterprises. The research shows that the three institutional pressures have a positive impact on the adoption of omnichannel strategy by retail enterprises. This study suggests that enterprises should pay attention to various institutional pressures and actively adapt to the external environment; Pay attention to the strategy of benchmarking enterprises in the industry, imitate and learn; Pay attention to policy orientation and social expectations, and actively promote digital transformation. There are some limitations in this study. Longitudinal data sampling can be considered in the future, and mediation variables and condition variables can be introduced to improve the model and conduct detailed research.

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About the author:

Name: Zhan Zhifang Date of birth: 1975-10 Gender: Male Native Place: Taojiang, Hunan Degree: Doctor Title: Professor, Hunan Technology and Business University Research direction: Marketing Channel

Corresponding author Name: Wang Hui Date of Birth: 1975-11 Gender: Female Native Place: Taojiang, Hunan Degree: Doctor Title: Associate Professor, Hunan University of Traditional Chinese Medicine Research direction: Marketing Strategy of Traditional Chinese Medicine

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