Small Retailers' Technology Learning Process and Business Capabilities: A Diffusion of Innovations Perspective

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Abstract
This research investigates how small retailers learn about and adopt technology in their personal lives and the transfer of this knowledge to create firm capabilities and competitive advantages.

Keywords
E-retailing, retailers, diffusion

Disciplines
E-Commerce | Entrepreneurial and Small Business Operations | Technology and Innovation

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A Diffusion of Innovations Perspective

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Keywords: E-retailing, retailers, diffusion

Electronic retailing is rapidly becoming an efficient and frequently used mode of selling and buying products and services worldwide. Reasons for growing use of the Internet by both consumers and retailers include the relative affordability of computers, the ever-increasing simplicity of computer applications, the rising availability of the Internet to consumers, and the perceived advantage of using computers and the Internet over other forms of communication and information technologies (O’Cass & Fenech, 2002; Jurison, 2000; Van den Poel & Leunis, 1999). Increasing numbers of small businesses are investing substantial resources into developing on-line retailing sites directed toward their targeted markets (O’Cass & Fenech, 2002). On-line retail sites have received considerable attention as e-retailing is thought to potentially reduce transaction costs, reduce costs of conducting business in contrast to traditional brick and mortar formats, and increase convenience to consumers for buying products and services (Olson & Boyer, 2003; Zeithaml, Parasuraman, & Malhotra, 2001).

Despite increased interest in on-line retailing and e-commerce, little is known about how small retailers are embracing the Internet and other technology, the way in which technology learning takes place for retail entrepreneurs, or the transfer and impact of technology on their firms. This research investigates how small retailers learn about and adopt technology in their personal lives and the transfer of this knowledge to create firm capabilities and competitive advantages. Technology learning through experiential means is discussed from a diffusion of innovations perspective (Rogers, 1995).

The study was conducted in collaboration with a major Midwestern retail trade association. Member mailing lists comprised the sample for this study. A total of 500 retailers were randomly selected for participation in a mail survey. A total of 123 useable surveys were received for a final response rate of 24.6%. Participating firms represented a spectrum of retailers, with apparel, jewelry and accessories, gifts, and home furnishings comprising the majority of respondents. The survey consisted of eight parts and including: personal computer experience, use of Internet and
computer technology at home and in the workplace, diffusion of technology, on-line business models and performance tracking, retailer services offered on-line, business location information, firm performance, and owner-manager demographics.

Results support that experiential technology learning generally increases personal information seeking and on-line purchasing. Findings also suggest that retailers who use the Internet for business purposes and own multiple computers also increase their commercial buying, outsourcing functions, and perceived firm efficiencies over time. However, small retailers with active websites also reported significant feelings of insecurity regarding information privacy and website management as they increased their e-commerce involvement. This concurs with Mhango, Brubacher, and Niehm (2004) who found a majority of small retailers with active websites had no means of tracking sales and managing customer information. These findings provide baseline information regarding the technology learning processes of small retail firms. Results also illuminate the unique technology needs of small retailers and provide valuable programming directives for business consultants, economic development programs, and trade organizations.

References