

# Shifting Retailer Business Strategies and Models Induced by Global Macro-Events

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## Abstract

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Global macro events are reshaping the retail landscape, necessitating new strategies and business models to navigate an increasingly complex and uncertain world. In the aftermath of the Covid-19 pandemic, retailers dealt with double-digit inflation, labor shortages, and supply chain disruptions. The International Monetary Fund forecasts that inflation could persist at high levels for an extended duration, potentially up to a decade. In the face of the most significant inflation and supply chain disturbances seen in over four decades, retailers and brands are actively seeking strategies to control costs effectively while simultaneously preserving the trust of their consumers. In addition to grappling with inflation, retailers are facing unprecedented shortages in retail labor. Approximately 60% of front-line retail workers report a lack of adequate staffing in their workplaces. This scenario is particularly evident in many large retail stores, where the workforce is often spread too thinly, hindering their ability to offer personalized recommendations and assistance to customers. Further, with climate change becoming an increasingly pressing issue, retailers are examining how adoption of sustainable practices, and changes in consumer behavior favoring eco-friendly product are influencing retail operations and strategy. Other macro-events, such as wars, political conflicts, new technology, and societal and demographic changes present additional demands on the retailers. However, existing literature lacks a comprehensive framework to understand these impacts, highlighting a significant knowledge gap in how global macro events influence retail strategies and consumer behavior. In this special session, we will examine how macro-environmental changes (like economic, political, and ecological shifts) are impacting retail businesses, especially how retailers are innovating in their business models and strategies to cope with new challenges. The special session's focus on these three papers presents substantial implications for retail academic research, each addressing different dimension of the impact of macro-events on the retail sector: 1. Impact on Retailer Business Models and Strategies (Ganesan, Mantrala, and Nim): This paper underscores the need for academic research to delve into how macro-events reshape retailer business models and strategies. It explores the extent to which these events necessitate a reevaluation of existing business models, the development of new strategic approaches, and the integration of flexibility and resilience into business planning. 2. Consumer Behavior in High Inflation (Lamey, Breugelmans, and Gelper): The second paper brings to light the importance of understanding consumer behavior in times of economic stress, particularly during high inflation. This presents an opportunity for academic research to examine changes in consumer spending patterns, shopping habits,

and brand loyalty during inflationary periods. It also opens up avenues to study the effectiveness of various retailer strategies in retaining customer trust and loyalty in challenging economic conditions. 3. Manufacturer-Retailer Collaboration in the Face of Macro-Events (Mantrala): The third paper highlights the impact of diverse macro-events, including digitalization, climate change, and post-Covid behaviors, on manufacturer-retailer relationships. This suggests a research trajectory focused on how these partnerships evolve in response to external pressures. It includes the exploration of collaborative strategies for supply chain resilience, joint initiatives for sustainable practices, and the co-creation of value in a rapidly changing retail landscape. In summary, these papers collectively suggest several key areas for future academic exploration in retail: • The need for dynamic and adaptable business models and strategies in retail. • In-depth analysis of consumer behavior under economic pressures, particularly inflation. • The evolving nature of manufacturer-retailer collaborations in response to external macro-events. • The role of innovation and technology in facilitating these adaptations. • Strategies for resilience and sustainability in the face of global changes. These areas not only provide a rich ground for academic inquiry but also offer practical insights for retailers to navigate the complexities of the current global environment.