

Imitation or Development? Physical Retailers in China

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Abstract. E-Commerce is becoming increasingly important as a retailing channel especially during the COVID-19 pandemic, and large retailing companies in various industries has decided to embrace e-commerce. Nevertheless, some of the physical retailers not only managed to compete with e-commerce retailers but also gained exceptional growth even during the most stressful times of COVID-19 and yet has not received much scholarly attention. This research utilizes the concept of imitation strategy and development strategy as a theoretical lens to analyze how different attributes of the physical retailers influenced consumers' decision-making process in the early post-pandemic era. The findings show that developing physical retailers' unique attributes can be a more effective strategy when comparing to imitating e-commerce attributes. This study also discovered new consumer behavior patterns that can influence the effectiveness of the existing marketing channels and techniques. This research contributes to both academic and practical fields by developing cumulative theoretical frameworks related to physical retailing and e-commerce, and by offering corresponding strategic suggestions for retailers to obtain competitive advantage in the fast-changing retailing market.

Keywords: Physical Retailing; E-Commerce; Consumer Behavior; COVID-19.

1. Introduction

Electronic commerce or e-commerce refers to economic activities on electronic networks, primarily the internet. With the development of information technologies, e-commerce has reshaped economic and social activities over the past decades [1]. E-commerce can include B2B and B2C commercial activities such as retailing, banking, and investing [2]. While the impact of the COVID-19 pandemic on e-commerce and consumer behaviour has been studied, physical stores have received little scholarly attention [3, 4]. This paper will focus on the B2C retailing industry and discuss the influence of the pandemic and e-commerce on brick-and-mortar stores post-pandemic.

During the Covid-19 pandemic, lockdowns have forced consumers to switch to e-commerce. Increasing consumer demand has accelerated the b2c e-commerce trend, and many e-commerce players have grown. During the first quarter of 2021, Amazon's profit doubled compared to before the pandemic [5]. The rise of gig workers, commercial use of consumer data, and advances in mobile technologies have created new market opportunities that have prompted retail companies to consider e-commerce channels. Luxury brands such as Hermès, Cartier, and Gucci, which used to invest heavily in physical flagship stores, have launched e-commerce platforms with online shopping or pickup options to attract Gen Z and Millennial consumers. Benjamin and Wigand and Laudon and Traver predicted that physical stores would be forced out of business by e-commerce due to transaction cost efficiency, information quality, and consumer preferences [6-10]. E-commerce seems to be the future for b2c retailing businesses, but are physical stores doomed?

E-commerce has shaken the physical retailing industry, but not all retailers feared the retail apocalypse. Some of them evolved and gained success even during the pandemic. Taikoo Li Chengdu, a shopping complex in southwest China, reported a 21.9% sales growth in 2021 [11]. The Gucci store in this shopping complex was the global sales champion in 2021. A new shopping centre, The Hill Mall, in Changchun, a northern Chinese city, will open in 2020 when the pandemic peaks. According to its vice manager, Liu, in 2020, the Hill Mall attracted 1 million consumers and generated 20 million RMB monthly sales [12]. How did these shopping malls attract consumers during lockdowns in a country with solid e-commerce?

This paper chose to study physical stores and consumers in China for two reasons. First, e-commerce is vital to China's market. The fast-growing Chinese economy brings many technical and institutional innovations. E-commerce is one of the most critical catalysts for sustainable economic growth because it removes spatial obstacles and reduces transaction costs for business activities [13]. In recent decades, the rise of e-commerce corporations like Alibaba, JD.com, and Meituan has proven the market potential and attracted other Chinese corporations to e-commerce. These e-commerce tycoons all started in the B2C retailing industry. According to Oliver Wyman, Chinese consumers make up 20% of the global online retailing market share, the largest among other countries [14]. E-commerce is well-developed in China's retail market, and consumers have adapted to these new shopping options. Second, China is one of the fastest countries to recover from pandemic disruption and resume normal economic activities [15]. Chinese shoppers can choose between shopping options again. These conditions provide an excellent opportunity to study the research question mentioned above and understand the retailing industry's future in the post-pandemic period.

To answer the research question, this paper is organized as follows. First, a literature review on relevant e-commerce and consumer behaviour theories will be discussed to provide a foundation for the proposed theoretical frameworks. Second, methodologies and data collection process will be explained. At last, this paper will formulate a discussion to identify the contributions to the existing research and limitations of this research.

2. Literature Review and Theoretical Framework

2.1 Physical Retailing Stores

First, this section will focus on physical retailing stores. In the past two decades, scholars have agreed that e-commerce is becoming increasingly important in retailing, but their attitudes toward physical retailing vary [16-19]. Scholars who believe physical stores will not disappear in the future have two schools of thought on their future. The first school of thought believes physical stores should imitate e-commerce. Levary and Mathieu, Rigby, and Poncin and Mimoun argue that the advantages of digital retailing are growing as technological innovations flood the market [16, 17, 20]. To change consumer perception and behaviour, physical retail stores must redesign their approach from scratch. They should imitate and adopt e-commerce attributes like multi-channeling, digital technologies, and a wide selection of goods.

Multi-channeling can increase consumer access to goods and decrease store inventory costs. Adopting information technologies such as data analysis and digital marketing helps physical stores improve multi-channelling and raise consumer awareness. These steps help physical retail stores offer a broader selection of goods, a competitive advantage of digital retailing. The second group of scholars, including Carmona and Lecointre-Erickson, believe brick-and-mortar stores should develop their unique competitive advantages, such as tangibility, atmosphere, and face-to-face interaction, as well as leisure [19, 21]. Tangibility influences consumer purchasing behaviour and is essential in marketing. While online retailing platforms invest heavily in technologies and tools to increase tangibility for consumers, physical stores can increase tangibility more effectively and with lower costs because they provide immediate access to goods. Physical stores can influence consumer perception and behaviour with atmospherics, whereas digital retailing can't be on screens. Face-to-face interaction is a unique advantage of physical stores. Interacting with retail workers and friends during shopping is a social opportunity for consumers. As online shopping becomes more convenient, leisure may be a significant reason to visit stores. Physical shopping can be linked to activities that can't be done online, such as walking, dining, or going to the movies. Such characteristics of physical retailers are potential sources of competitive advantages in the future because they are not replicable in e-commerce.

2.2 Consumer Behaviour & E-Commerce

More studies and research on e-commerce and consumer behaviours are compared to physical stores. In recent decades, there has been more scholarly attention on the impact of disruptive and constrained situations on consumer behaviour. Scholars were aware of the importance of e-commerce during stressful times, such as the SARS outbreak, the economic crisis, and the COVID-19 pandemic [22, 23, 3]. The most recent studies are by Hamilton et al. and Kirk and Rifkin [24, 25]. They described the economic limitations on consumer behaviour during stressful times based on resource scarcity, choice restriction, social comparison, and environmental uncertainty. Their framework emphasizes that consumer reactions during stressful times follow three temporal phases. In the first phase, reacting, consumers perceive the potential threat of the pandemic and try to regain control.

Hoarding essential goods, an unusual consumer behaviour observed globally during the COVID-19 pandemic, showed consumers' intention to regain control when they perceive a potential threat such as future product availability [3]. According to the prospect theory, consumers in the reacting phase will reject safety behaviours such as social distancing and wearing facemasks because they avoid losing freedom and control of their lives during regular times [26]. As they learn more about the situation, the perceived risk of reactive behaviour rises. Then, consumers will enter the coping phase and adopt new behaviours with a lower perceived threat, such as remote social connections, indoor entertainment, and e-commerce. Based on Roger's innovation adoption model, the pandemic forced most consumers to adopt online shopping, including the late majority and laggards who were reluctant to do so before the pandemic [27, 28]. The adapting phase describes long-term changes in consumer habits. Consumers will get used to collecting product information online, social distancing, and home-delivery products. Such long-term consumer habit changes will continue influencing consumer behaviour after the pandemic. The React-Cope-Adapt (RCA) framework provides a clear view of how consumer behaviour changed during the pandemic and can be a starting point when studying post-pandemic consumer behaviour.

This paper proposes that the long-term influence of the adapting phase on consumer behaviour can be analyzed under Tversky and Kahneman's anchoring heuristic [26]. They argue that decision-makers are biased toward an initially presented value when making a judgment. The initial reference point is called the anchor. In the adapting phase, the anchor is gradually changed for consumers who decide between online and physical shopping. Before the pandemic, consumers, especially those who had not tried e-commerce channels before, considered offline shopping as the anchor when they were introduced to e-commerce options. Their offline shopping experience was the most relevant information that could help them estimate the value of the new option. Such conscious anchoring could lead to cognitive bias, which exaggerates the disadvantages of e-commerce, such as intangibility, delivery time, quality of services, and information security compared to offline shopping experiences, leading to a higher perceived risk of purchasing goods online. When offline shopping was unavailable during pandemic lockdowns, consumers were forced to shop online regardless of their preferences. More information about e-commerce appeared in the media, and consumers gained personal experience from online shopping. They may find e-commerce disadvantages less unacceptable. More importantly, offline shopping is no longer their only reference point when deciding on shopping options. When the lockdown ends and offline shopping becomes optional again, consumers' decision-making process will be less biased by the anchoring effect because they have more information based on external and internal factors to judge shopping option preferences.

Gossen's Diminishing Marginal Utility (DMU) theory can also be useful [29]. It states that the marginal utility of a sound decreases as the number of goods consumed increases. Online shopping and offline shopping have different characteristics and utility levels. During the pandemic, as most consumers have 'consumed a great number of e-commerce attributes,' the marginal utility of the attributes may decrease. In contrast, consumers will value attributes online shopping can't provide. Despite the stunning collections on online grocery platforms, consumers will miss the opportunity to pick and choose fruits themselves. Scholars have observed similar behaviour patterns during the pandemic. Ferguson et al. note that the pandemic has increased recreation visits in parks and protected

areas [30]. The lockdowns reduced outdoor activity, increasing the marginal utility of recreational visits and attracting more consumers. Although the DMU theory has limitations due to its strict assumptions, it's helpful in this case for two reasons. First, online shopping and offline shopping are ordinary goods. Second, this paper studies a relatively large group of consumers, limiting the effect of abnormal behaviour from individuals.

2.3 Theoretical Framework

The relevant theories on consumer behaviour suggest that consumers follow two patterns when making shopping decisions in the early post-pandemic time. First, they are less biased by the anchoring effect, leading to a more rational evaluation of the two shopping options. Consumers may find physical stores' preliminary and immature efforts to imitate e-commerce advantages less attractive than pre-pandemic when they are subject to cognitive bias from the anchoring effect. Second, the DMU theory indicates that consumers will perceive a higher utility level from attributes that cannot be provided by digital retailing and are specific to physical shopping. This paper supports the argument of Carmona and Lecointre-Erickson in the early post-pandemic period [19, 21]. It proposes the recent success of physical retailing stores in China is due to the development of unique attributes of physical retailing. The theoretical framework is shown in figure 1 below.

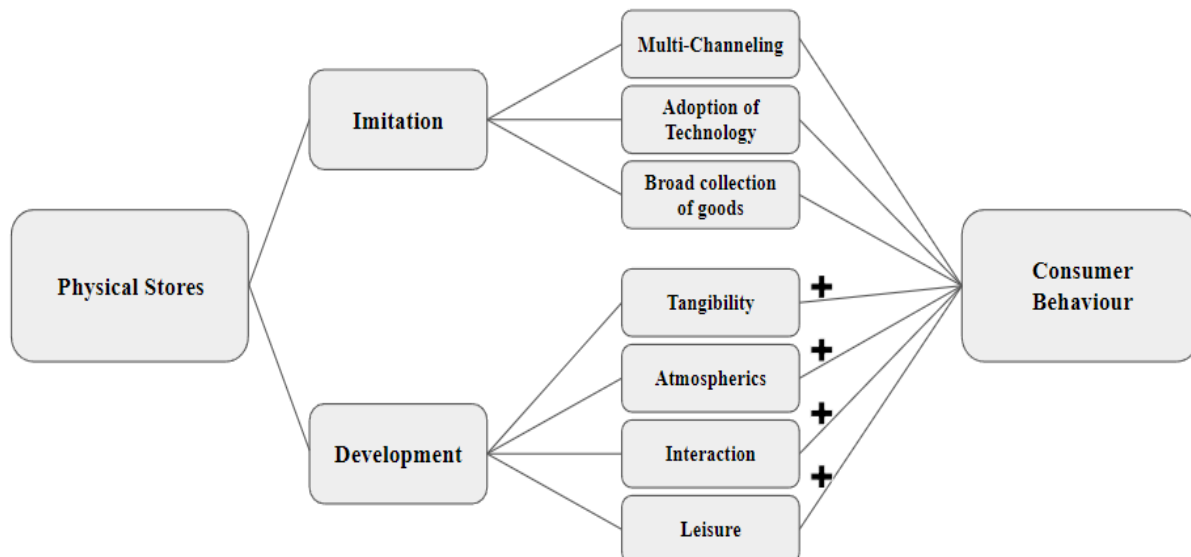


Figure 1. The Theoretical Framework of how Physical Stores Influence Consumer Behaviour.

3. Methodology

3.1 Overview

The logic of this research mainly uses abductive reasoning for two reasons. First, the research question of this paper, how did Chinese physical retailing stores gain success in the early post-pandemic era, seeks to explain an observed anomaly, and abductive reasoning is for generating explanations [31]. Second, abductive reasoning is a generative process that creates and evaluates plausible explanations for an observed anomaly [32]. This is important because this paper is about e-commerce, physical retailing, and consumer behaviour in the post-pandemic era. The abductive reasoning process helps consider relevant theories and generate creative explanations. Following the abductive reasoning process, this research uses the multi-case research methodology for the following reasons. First, the research question of this paper is a "how" question.

According to Eisenhardt and Graebner, the multi-case research method is particularly suitable for answering this type of question because the technique helps researchers understand the complex nature of the situation [33]. The recent success of physical retailing stores in China is a commercial phenomenon influenced by economic and behavioural factors. Multi-case research allows researchers

to investigate the situation from multiple perspectives. Second, since there are few studies and theories on physical retailing stores, the case research method effectively develops new theories [34]. Third, the multi-case research method is appropriate when investigating a situation embedded in a specific context [33]. The case, such as the recent success of physical retailing stores, and the context, such as the early post-pandemic period, are inseparable and crucial when developing plausible explanations. Given the research question, the selected physical retailing cases and consumer interviews are subject to two conditions. First, consumers of physical retail stores should not be constrained by external limitations such as lockdowns to choose between online and offline shopping, allowing this research to investigate the factors influencing their decision-making process. Second, the potential consumer groups of the target physical stores must have similar control variables, such as income level, lifestyle, and e-commerce development level.

Under this circumstance, the selected case samples are Taikoo Li Chengdu (TLC), The Hill Mall Changchun (THM), and Wangfujing Department Store Chengdu (WDS). These three physical retail shopping malls are in Chengdu and Changchun. According to Jin et al., Chengdu and Changchun are second-tier cities with similar income and e-commerce development levels [35]. In addition, these two cities haven't had severe COVID-19 outbreaks like Shanghai. Consumers in these two cities had shopping options when this research was conducted. WDS was selected as a comparative case because it was located in the same town and commercial area as TLC. Its business has also declined due to the pandemic and e-commerce. WDC is a suitable comparative subject to investigate the research question.

3.2 Data Collection

The data collection process of this research was conducted in three steps. The observation of the anomaly, the recent success of physical retaining stores in China, was followed by research on secondary data and resources to confirm the statement. Various sources of information were employed because some target retailers do not publicly report financial information. Nevertheless, relevant information was available across multiple secondary resources, including company websites, media reports, and public presentations from the management team. This research also considers consumer awareness as an index to measure the success of the target physical retailers because, firstly, the information implying consumer awareness can be accessed through public platforms such as social media, and, secondly, consumer awareness partially reflects the potential action of visiting based on the AIDA model [36]. A summary of the vital information is shown in table 1.

Table 1. The Sample Physical Retailers in China

Physical Retailers	Observation
TLC	One of the most successful shopping complexes in China in recent years. Attracted various international brands and became the largest shopping center in southwest China. Acquired a 21.9% of sales growth in 2021 [37, 11].
THE	One of the most popular shopping centres on Chinese social media platforms. THM has stores of over 150 brands. The resort inside THM was one of the most searched resorts on the trip reservation platform Trip.com during the international workers' day vacation period in 2021. Attracted approximately 1 million consumers and generated an average of 20 million RMB monthly sales in 2021 [12].
WDS	WDS was the largest shopping centre in Chengdu before TLC was developed. Due to the impact of e-commerce, WDC's annual revenue has constantly been decreasing yearly. In 2020, during the COVID-19 pandemic, WDC's yearly revenue decreased by 68.9%, and no clear sign of recovery was shown in the following year [38].

The information obtained from these resources confirmed that some of the physical retailing stores in China had gained exceptional success, such as TLC and THM, when compared to peer stores, such as WDC, leading to the formulation of the research question, how did they do that? Then, a literature review was conducted on relevant studies and theories to confirm the theoretical lens – the success was due to the development of unique attributes. The theoretical framework suggests that it is essential to investigate how they influenced consumer behaviour to explain their success. Therefore, combining the initial research in secondary resources and the literature review designed the initial guide for consumer interviews. Meanwhile, an appropriate level of openness was maintained for new theoretical frameworks and explanations because creativity is critical for theory development in the abductive reasoning process.

Consumer data collection was conducted for the three physical retailers. The consumers interviewed in this research have all visited one of the three physical shopping malls in the past month. Twelve participants were interviewed through remote meeting software, including Zoom and WeChat, and each interview lasted approximately 30 minutes. The interview questions are based on the pre-designed interview guide shown in Appendix 1. Most of the questions were carried out as open-ended questions to invite new ideas and thoughts as they were beneficial for this research to identify new perspectives. The interviews were conducted in mandarin, the native language of the interviewees. During the interview, notes were taken by hand and recorded digitally later. Due to the geographic limitation of the researcher, the snowball sampling method suggested by Goodman was employed in the data collection process, and the first few interviewees were asked to refer the researcher to other potential participants [39]. The interviewees were carefully selected based on the control variables to increase data quality and reliability. The interviewees of each case represented all three age groups, including the teenager group (18-30), the middle age group (31-59), and the elderly group (60+), and they all have an average income level among their age groups respectively. The distribution of the interviewees is shown in the table below.

Table 2. Interviewee Distribution (# of ppl)

	Teenager group	Middle age group	Elderly group
TLC	2	1	1
THE	1	2	1
WDC	1	1	1

3.3 Data Analysis

Data analysis was conducted concurrently with data collection to take advantage of the multi-case research method. For theory-building research, it is vital to understand each case in as much depth as feasible rather than to produce a statistical summary. Being flexible in the data collection and data analysis process allows the researcher to have the opportunity to refine the theoretical lens or to identify new insights [34]. The data analysis process followed two main steps. Within-case analysis was conducted to build familiarity with each case and generate new insights. During this step, the secondary data collected before was categorized by the themes of the theoretical framework, and the qualitative data from the interviews were coded according to these themes. This step helped the researcher to identify new elements that were overlooked during the literature review. Then, these new elements were analyzed based on the existing literature and added to the theoretical framework if relevant. In addition, logic maps were drawn for each consumer interview to visualize the connection between the mentioned topics. The second step focused on the cross-case search for patterns. To facilitate effective case comparison, two groups of visual maps were created. The first group of visual maps was based on the selected category of age groups. By comparing consumer

behaviours of different age groups, this research can analyze how the age variable influences the attractiveness of an attribute. The second group of visual maps was created to compare the physical retailers in pairs. By summarizing all the insights mentioned by the consumers of one case retailer, the researcher could pin down cross-case patterns of how successful physical retailers influenced consumer behaviour and how the underperforming physical retailer differentiates.

4. Case Description

4.1 Taikoo Li Chengdu (TLC)

TLC is a large-scale shopping centre covering 70800 square meters and is located in downtown Chengdu, Sichuan province. TLC is a unique shopping centre due to its connection to the local culture. The project was developed in 2014 around a scenic Buddhist temple built around the 3rd century CE, the Daci Temple. Although a shopping mall may seem to be a mismatch with a Buddhist temple, TLC has managed to generate an inclusive atmosphere. At the main entrance of TLC, there is the front door of the Daci Temple on the left with the ancient sculptures standing, and there is also the entrance to a Louis Vuitton show on the right. The critical factor in neutralizing the conflictual feeling is the building style. TLC is not a building complex but an open, low-density block with buildings retaining the ancient Chengdu style. TLC integrates local culture, creativity, fashion, urban life, and sustainability into its design and brings together local merchandise, clothing brands, jewellers, galleries, and restaurants. TLC's unique atmosphere is highly appraised by local consumers [40].

TLC has differentiated itself with e-commerce explicitly. Neither online shopping options nor delivery services were provided. Consumers can't purchase goods from TLC without walking into the shopping complex. Also, TLC has made a limited effort to expand its goods collection. Most of the stores only sell fashion-related or beauty products. The only comprehensive store in TLC is Muji, a Japanese brand selling expensive household products.

Nevertheless, TLC has a vast collection of restaurants. TLC has 62 restaurants serving food and dessert from all over the world. In addition, to attract consumers for leisure purposes, TLC has hosted a wide range of events. For example, in 2021, TLC hosted the Mickey Global Tour Exhibition, Audrey Hepburn exhibition, virtual reality experience activities, and local artists' shows. TLC has followed the development strategy and strived to develop its unique attributes.

4.2 The Hill Mall Changchun (THM)

THM, a shopping centre that started its business in 2019, covers 73600 square meters and is located in Changchun, Jilin province. In less than one year, THM obtained a 100% occupancy rate. It is called The Hill Mall because the main structure of the shopping centre is an artificially built indoor hill. The shopping experience at THM is similar to hiking. Consumers will climb up the mountain, but instead of trees and clouds, they will see stores and artificial landscapes. THM paid careful attention to its interior design to build an atmosphere that will attract consumers to its hiking-like shopping experience. Along the hiking routes are beautiful plants and large-scale sculptures in different styles. Except for the hiking route, THM also has an underground level designed to be a night market all day. The specially-designed light effect and the wide range of stores, including retailing, entertainment, restaurants, and bars, allowed THM to have a unique characteristic, it is open 24/7.

THM has adopted both imitation and development strategies. A large portion of the stores in THM operates in hybrid forms. Consumers can place and pick up orders at the physical stores. Also, THM has a broad collection of goods. Unlike TLC, THM has fewer luxury brands but sells more general categories of goods.

Furthermore, THM has also adopted a digital marketing strategy. Due to its exceptional interior design, THM has become increasingly popular on the social platform TikTok, attracting consumers and TikTok influencers to visit THM. The digital promotion strategy helped THM to raise consumer awareness effectively. Regarding developing unique attributes, THM adopted a similar approach to TLC. They both consider leisure as a critical factor in attracting consumers. Besides the regular event,

THM also offers various entertainment activities, including pottery, theatre, glass art, craft beer club, and spas. THM is more like a scenic spot than a shopping mall as there are so many leisure activities, and it even has a resort inside.

4.3 Wangfujing Department Store Chengdu (WDS)

WDS was built in 1999, one block from TLC, covering 100000 square meters in downtown Chengdu. Before TLC and the e-commerce shockwave, WDS was Chengdu's most popular shopping mall. In 2010, WDS earned over 3 billion RMB in sales and became the sales champion among west China's shopping malls. WDS is organized as traditional department stores. WDS has five levels, each selling beauty products, women's clothing, men's clothing, and household goods. The fifth level has the first IMAX screen in Chengdu. Since 2014, the worsening market condition due to competition from peer shopping malls and e-commerce has led to a sales decline for WDS. In 2020, the pandemic COVID-19 made the situation, and WDS's sales revenue declined by 68.9% compared to the previous year.

WDS has been looking for a transformation path as sales decline. WDS's new strategy was an imitation strategy. In 2017, WDS launched its online platform, allowing consumers to place orders online for delivery or in-store pickup. WDS adopted multi-channeling and digital marketing. WDS collaborated with internet celebrities and started advertising on TikTok and WeChat. Despite embracing technology, WDS has made little effort to develop physical-store-specific attributes. WDS disregards the development strategy and is all-in on imitation.

5. Case Analysis

The primary purpose of this research is to generate insights that explain the recent success of some physical retailers and to provide strategic suggestions regarding potential practices. The two types of strategy suggested by the existing literature, the imitation strategy and the development strategy, were applied as the theoretical framework to analyze the three sample physical retailers. Based on the identification and analysis of consumers' behaviour and attitude, this research examines the effectiveness of the two suggested strategies.

5.1 Within-case Analysis

5.1.1 Taikoo Li Chengdu (TLC)

In the TLC case, the physical retailer has mainly adopted the development strategy. TLC focused on developing atmospherics, leisure, and interaction among the physical-retailing-specific attributes. The interviewees frequently mention all three attributes as attractive factors. Atmospherics is the most said attribute among them. All interviewees agreed that TLC is a shopping centre that resonates with the culture of Chengdu – relaxing and slow-paced. As the elder interviewee mentioned,

“Walking in TLC is like walking in my childhood neighbour. It is such a unique place in the busy downtown Chengdu. I enjoyed visiting there even if I don't want to purchase anything.”

This is particularly interesting because, in the existing literature, atmospherics have been mainly discussed based on their influence on consumers' perception of value [41]. However, TLC's case suggests that atmospherics can also be utilized to influence consumers from a cultural perspective. In addition, the teenage and middle-aged interviewees praised TLC's restaurants for two reasons. First, TLC is located in the centre of the city, and thus the transportation to TLC is convenient. Second, they argued that TLC offers a wide range of food choices, and the interior design of the restaurants is excellent, making TLC a perfect place for dining, an essential social activity mentioned by the interviewees. A teenage interviewee recalled,

"Our original plan was just to have dinner together at TLC, but after dinner, we decided to go for a walk, and we shopped for some clothes and beauty products."

In addition, two of the interviewees mentioned that they enjoyed physical shopping more than before the pandemic lockdowns. However, their shopping option preference depends. For example,

they now prefer purchasing daily groceries online because it's convenient, and there is no need to carry heavy bags alone. In contrast, they have decreased online shopping frequency for clothing and beauty products. They enjoyed physical shopping for these products due to tangibility and social interaction with friends and family.

5.1.2 The Hill Mall Changchun (THM)

THM follows both the imitation strategy and the development strategy. Consumers had opposite attitudes regarding THM's effort in imitating e-commerce attributes, increasing goods collections, and multi-channelling. The teenage interviewees mentioned,

"I noticed that many of THM's goods are also available online. However, I would rather make purchases online because I can easily check for customer reviews and find detailed product information before making my decision. Also, many of the products are available for next-day delivery. I don't see the point of purchasing at THM physically."

One of the middle-aged interviewees held the opposite attitude. He enjoyed the hybrid stores as they provide more tangibility. He argued,

"During the pandemic lockdowns, I had the idea to purchase a massage chair, but there are so many options online that I don't know which one to choose. I visited THM because one of the massage chair brands has a hybrid store at THM, so I went for a check and discovered that the massage chair was larger than I imagined, and I couldn't place it anywhere in my home. If I didn't see the product and made a purchase online, I would have to spend a lot of time returning my order."

Nevertheless, all interviewees gave credit to THM's various leisure activities. They all consider hanging out with friends or family and checking THM's leisure activities as one reason for their visit. In addition, THM has adopted an effective digital marketing strategy. Three out of four interviewees said they had seen short videos about THM on TikTok and felt like THM was a must-go place in Changchun. They also shot their TikTok videos or posted photos on social media to show they had visited the famous THM. THM's digital marketing strategy has utilized norms to influence consumer behaviour, which aligns with Deutsch and Gerard's normative social behaviour theory [42].

5.1.3 Wangfujing Department Store Chengdu (WDS)

WDS is a physical retailer that focuses on the imitation strategy only. WDS is the only physical retailer with a carefully designed official online shopping platform in this research. Among the three interviewees, the middle-aged consumer and the elderly consumer both hold loyalty cards from WDS, and they both mentioned that they have a personal connection with the sales at WDS. However, it seems that consumers of WDS have little awareness regarding its effort in transformation. None of the two consumers mentioned above is aware of WDS's online platform. The middle-aged interviewee explained,

"I have never considered WDS an online shopping option and have not seen any advertisement about it. I visit WDS occasionally with my family because that's the place I met with my wife. My wife often receives messages from the sales at WDS about the new collection of goods, she loves to go to WDS to check them out, but she sometimes places an order online on other platforms due to lower price."

Although WDS focused on the imitation strategy, it struggled to raise consumer awareness through an effective marketing strategy. Although the teenage interviewee was aware of WDS's content-based engagement with internet celebrities, she didn't perceive it as a critical factor that attracted her. Instead, she visited WDS due to a price-related promotion that resulted in a lower price for a perfume product when compared to online options. WDS's situation suggests that physical retailers face inherent disadvantages when competing with e-commerce through digital channels.

5.2 Cross-case Analysis

Case comparison analysis was used to identify the two strategies' influence on consumer behaviour. When comparing TLC to THM, leisure and social interaction positively influence consumer behaviour toward physical shopping in both cases. No clear evidence showed that THM's mixed

strategy of imitation and development is more effective because consumers expressed opposite attitudes toward THM's hybrid stores. Despite being in the same commercial area, TLC's development of atmospherics, leisure, and social interaction has given it a competitive advantage over WDS's imitation strategy, according to sales data and consumer attitudes. WDS and THM have both engaged in digital marketing, but THM has had more success. Nine of eleven interviewees said their attitudes toward shopping options changed during COVID-19. The changes are from three perspectives compared to pre-pandemic. First, consumers are more willing to buy groceries online. Second, they view physical shopping as leisure rather than a chore. Third, they are more likely to buy hedonic goods like clothing, jewelry, and perfume. Pandemic lockdowns have made middle-aged and older consumers more familiar with mobile technologies, leading to a more accessible consumer base for digital marketing.

6. Discussion

The primary purpose of this research is to generate insights that explain some physical retailers' recent success and provide them with some strategic suggestions regarding potential practices. The two types of strategy suggested by the existing literature, the imitation strategy and the development strategy, were applied as the theoretical framework to analyze the three sample physical retailers. Based on the identification and analysis of consumers' behaviour and attitude, this research examines the effectiveness of the two suggested strategies.

This research has investigated three physical store cases in China and analyzed the influence of their attributes on consumer behaviour in the early post-pandemic period. The findings indicate that the development of the brick-and-mortar stores' unique attributes is an effective strategy to compete with e-commerce, which is in line with Carmona's and Lecoindre-Erickson's suggestions [19, 21]. Furthermore, this paper provided evidence for Kirk and Rifkin's theory on consumer behaviour change during stressful times and revealed some specific changes relating to shopping option preference [25].

First, the research findings were consistent with the theoretical proposal that, in the post-pandemic era, consumers are less subject to the anchoring effect when making shopping options. More specifically, they are becoming more rational when assessing the benefits of the two shopping options. For example, this research found that, after the pandemic lockdowns, consumers have become more willing to purchase groceries online but less willing to buy hedonic goods online. Middle-aged and elderly consumers are considered the late majority and laggards in the market adoption of the e-commerce process. Still, after being involuntarily exposed to online shopping options during the pandemic lockdowns, they showed a higher acceptance of online shopping, especially for grocery products. As for teenage groups, three out of four consumers in this study have reported a decreased frequency of online shopping, especially for hedonic products. On the one hand, they enjoyed the physical shopping experience as a social opportunity to reunite with friends.

On the other hand, they are more willing to go shopping physically because, according to the existing literature, e-commerce was less capable of boosting the hedonic value through engagement, atmospherics, and interaction for products that are mainly associated with emotional purchases when compared to physical [43, 44, 45]. This research showed that consumers are becoming more aware of both the advantages and disadvantages of e-commerce, indicating a less-biased decision-making process on shopping option preference. This finding can be valuable for physical and online retailers because it provides potential explanations for the inconsistent performance of different categories of goods selling on the same platform.

Also, this research showed that to compete with e-commerce, developing physical-retailing-specific attributes can be a more effective strategy than imitating e-commerce attributes. By studying the two physical retailers engaged in imitation strategy, this paper found that the success of TLC and THM and the failure of WDS are due to two reasons. First, it is difficult and expensive for physical retailers to imitate e-commerce attributes. Although Rigby argued for the imitation strategy, he also

indicated that resource constraint is a major obstacle to the imitation strategy [17]. The case physical retailer of this research, WDS, is not prepared enough to overcome this obstacle. WDS invested heavily in its online platforms, but without matching marketing strategies, consumer awareness remained low.

In contrast, the development strategy allowed the other two physical retailers to avoid resource and technological constraints. Second, the consumer demand in the post-pandemic time showed a preference for the development strategy. Nine out of eleven interviewees mentioned that they are more interested in outdoor leisure activities and socializing with friends than in pre-pandemic time. This seems consistent with the DMU theory that the consumption of everyday goods decreases as the marginal utility of that good increases. TLC's various restaurants and THM's broad collection of leisure activities are critical factors that satisfy consumer demand and attract consumers to visit. As a result, for physical stores facing obstacles in resources, technologies, or finance, the development strategy can be more feasible and practical to implement in the early post-pandemic period than the imitation strategy.

In addition, this study found an interesting pattern that the development and imitation strategies are not exclusive to each other; instead, they can be mutually beneficial. Take digital marketing as an example. Digital marketing is an e-commerce attribute that is widely adopted by e-commerce platforms. Nevertheless, this study found that physical retailers have intrinsic advantages in digital marketing over e-commerce. THM, the case retailer with the most successful digital marketing strategy, has realized the potential and implemented procedures including content-based engagement and the use of norms in digital marketing to take advantage of its development in atmospherics and leisure activities.

In contrast, online platforms are less capable of engaging in the two types of digital marketing strategies because physical locations provide cost-effective and influential advantages. In addition, this study showed that the COVID-19 pandemic had made consumers, predominantly the middle-aged and the elderly, more accessible to digital technologies. Therefore, it is ideal that the retailers engaging in digital marketing take the age group as a factor to consider during the design process of promotion strategies in the future.

7. Limitation of the Research

This paper is taking an exploratory approach to provide preliminary insights for understanding the factors correlated with the recent success of some Chinese physical retailers. This research hopes to illuminate potential pathways to studying the fast-changing retailing market. Due to the resource constraints, this research has certain limitations. First, this study utilized semi-structured interviews to foster new insights. As a result, the qualitative interview results may be subject to bias from leading questions or interpretations. Second, the sample size of the consumer interviews is too small to represent the population. Therefore, future research is expected to consider increasing the sample size and drawing statistical conclusions regarding the explanations mentioned earlier. Third, this study failed to define the period, early post-pandemic time. To understand the longitude of the impact of the pandemic diseases on consumer behaviours, further research is expected to focus more closely on consumers' perspectives.

8. Conclusion

Physical stores remain an essential player in the retailing market, and we only have limited insights into their advantages compared to e-commerce. There is a need to increase scholarly attention on the potential of physical retailing. Thus, an investigation of three Chinese physical retailers was conducted. The results suggested that developing the physical retailers' unique attributes can be an effective and feasible strategy to compete with e-commerce. The imitation strategy can also be adapted to combine with the development strategies and exploit the value of the development strategy.

Also, consumers have experienced increasing demand for outdoor activities, including leisure and social interactions. Although this research has various limitations, potential research paths were identified. There is a need to further develop academic understandings of the situation that the pandemic COVID-19 has increased consumer accessibility through digital marketing. This topic can guide both physical retailers and digital retailers to design marketing strategies more effectively.

Appendix

Appendix 1. Interview Guide

Semi-structured interview

Interview questions for basic information

- Age Group
- Gender
- Income Level

Interview questions for consumer behaviour

- Shopping habit
 - Category of goods
 - Frequency of shopping behaviour
 - Shopping option preference
- Influence of COVID-19 pandemic
 - Behaviours during lockdowns
 - Difference between now and before the pandemic
- Attitudes toward online shopping vs. physical retailing store
 - Factors influencing shopping option choice

Interview questions for a recent physical shopping experience

- The main purpose of the visit
 - Consumer awareness
 - Attractive factors
 - Potential improvement
 - The difference when compared to online shopping
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