

Chapter 14

Relational Proximity With Customers in the Retail Industry

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ABSTRACT

This chapter uses a theoretical background to identify and explain a new proximity concept in retail sector. In particular, adopting a marketing and management approach, an innovative type of “proximity” is presented, explaining a set of numerous elements and relationships that could link retailer, customer, and territory: “the relational proximity.” The factors useful to describe the roots of “relational proximity” between retailer and customer are presented and identified in a specific case study. The new concept of relational proximity represents the originality of this study. It explains the mood coming out from the integration between the retail value offering and its contextualization with environment, society, and contemporaneity. Following this logic, the retailers in the future will focus their competitive advantage working with the customers, building day by day their relational proximity.

INTRODUCTION

The change in consumption, the retailer’ evolution and the rise of new technologies generate the need to study new marketing and management approaches, especially in retailer-customer relationships. In fact, various authors are deepening this topic by using different views and presenting works with general perspectives on the relationship among retail, society and territory (McGee and Peterson, 2000; Megicks, 2001; Parker et al., 2007; Megicks and Warnaby, 2008).

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Among these studies, relationships, ties, links and – *in general* – closeness between individuals and organizations are identified within proximity concepts.

The organisational, geographical, institutional, cultural, cognitive, technological, psychological and social proximity are different perspectives on the same relational connection between two or more subjects (Huber, 2012; Ensign et al., 2014; Shi and Zhu, 2018; Hegde and Tumlinson, 2014; Cassi and Plunket, 2013).

In retail, practical and theoretical approaches are at most considering the concept of proximity as the geographical distance between the shop and the customer (Gilly and Torre, 1998; Gallaud and Torre, 2004). For instance, neighbourhood shops are identified as ‘proximity shops’ because of the distance between residential houses and the retailer. As per literature, when a retailer is in condition of ‘proximity’, the relationships and the chances to satisfy the customer increase because of more contact opportunities with different target around the area of influence of the shop.

However, customers – *with their new needs* – are searching for new categories of value, generating new concept of the proximity that involves much more psychological and relational meanings.

Therefore, research about geographical proximity should not only be about physical closeness between individuals, but also about the strength of ties between them in a specific place (local relationship), and the strength of the links between individual’s indifferent areas (global relationship).

This study, using a marketing and management approach, aims to identify a new proximity concept in retail sector, explaining a set of elements that could link retailer, customer and the whole environment: the relational proximity. This work, presents first the literature about the definition of proximity in several fields, second a focus on the concept of proximity in retail sector. After, eight factors characterising the latent concept of proximity are explicated and contextualized within a specific case study (Coop. fi – Italy). Finally, conclusions and future trends in research are presented.

BACKGROUND

The Concept of Proximity From Different Perspectives

The literature contributions underline that the proximity concept is analysed by different perspectives. Among the various research streams, the *geographical proximity* has a relevant role: it means the space or physical proximity between two or more subjects. It maybe the absolute distance between two actors or the subjective perspective of each operator. Small distances obviously facilitate interactions and strengthen relationships by promoting the transfer of knowledge and innovations (Gilly and Torre, 2000). In terms of social links and knowledge generation, geographical proximity is a necessary condition for effective knowledge-sharing, particularly in the case of tacit knowledge-intensive activities, such as research and development activities. In the case of codified knowledge, geographical proximity is not always a prerequisite (Maskell, 1998; Gertler, 2001; Koschatzky, 2000); at the same time activities characterised by a high cultural and geographic distance need to involve a high degree of codified knowledge. Some authors propose a concept of temporary geographical proximity (Gallaud and Torre, 2004; Hyypiä and Kautonen, 2005; Torre and Rallet, 2005). This concept implies that actors don’t need to be in constant geographical proximity but may have sufficient short meetings to build other forms of proximity - *such as organisational* - that can help a collaboration even over large distances in the long

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