Uncovering Electronic Cigarette Shops Retail Kinship Strategies

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Abstract
The aim of this paper is to explore how vape shops use retail kinship strategies to create a community of loyal customers. Retailing a product shrouded in rhetoric and controversial benefits is risky: a product that may wean consumers from a nasty habit proven to shorten one's life span yet is banned in Canada and restricted in Australia with a plethora of laws regulating its use. In the UK and Europe the reality is a welcoming of e-cigs as an effective tool to discourage smoking tobacco. Such a product is not only perilous and controversial but requires customised retail strategies to flourish in a kinship manner devoted to their community of customers. The UK e-cigarette industry is facing paradoxical public opinion, contentious medical reports and ever-changing governmental legislation– welcome to the UK e-cigarette market, an industry worth £913 million and 2.6 million users of vape products. (Goldsmith, 2016).

Key words: e-cigarettes, retail kinship

Track: Retailing and Distribution

Introduction

The value of this working paper is base around a discussion of retail strategies needed to survive in an emerging retail sector that is selling products with unproven and highly controversial health benefits. The research question is, how effective is *retail kinship* when electronic cigarette shops (Vape Shops) sell devises, nicotine and flavoured vaping liquids? Retail kinship has become a popular term today describing the consumers, search for retail concepts that encourage personal growth and personalization (Gutsche, 2017). E-cigs are banned in Canada and Australia have a plethora of legal regulating their use, while the UK and Europe have welcomed e-cigs as an effective tool to ween off tobacco. Medical reports have led to even more controversy with conflicting views of the merits or perils of using e-cigs (Marynak, 2017). The UK vapour market was valued at £913 million in 2015 and predicted to grow to $ 4.46 bn by 2021 (Goldsmith, 2016). E-cigs are one of the most controversial FMCG being sold today while fostering a legacy of both praise, fear, rhetoric and mystique.

Background

"E-cigarettes, known as ENDS (electronic nicotine delivery systems), or alternative nicotine delivery systems (ANDS) providing a means of inhaling nicotine vapor, potentially eliminating the need to use smoked tobacco" (Dockrell et al, 2013, p.1). Unlike tobacco cigarettes, where the smoke from burning tobacco is inhaled, the e-cigarette user inhales vapour which may contain nicotine, propylene glycol and other chemicals into their lungs (Cheney, et al., 2015) E-liquids are often flavoured, with a choice of over 7,000 flavours allowing users to *personalize* the taste and strength of nicotine which adds more mystique and controversy to the industry. The conceptual foundations of retail kinship are similar to the antecedents that motivate people to shop. Arnold and Reynolds (2003) suggest that a key motivator for people to shop is for hedonistic pleasure and have identified the six dimensions of shopping behavior as: adventure, idea shopping, role, value, social shopping and gratification. *Social shopping* allows for people to meet, interact and share their shopping experiences. *Gratification* focuses on relieving stress and the worries of everyday life and combines the elements of escapism and socialization (Ennis, 2015). These shopping dimensions have an important role since many customers visit their neighborhood vape shop to exchange stories and seek product advice. Retail kinship creates an environment to co-create the brands, taste new e-liquid flavours while being a catalyst to accelerate consumers' product confidence and knowledge. The vape shops are more than locations to 'hang out' and have evolved to become a shared experience where a collaborative relationship between store representatives and customers suggests that community experiences can double as experiences of personal growth (Xie, et al., 2017).

Methodology

Fifteen in-depth interviews were conducted with managers from vape shops in three major UK cities in May, 2017. There were also many opportunities to observe the selling processes and sales techniques of the sales representatives. This observation "provided closer access to reality" (Gummesson, 2007, p 130) and the retail kinship strategies used when interacting with customers. Data collection, analysis and interpretation of the data was completed solely by the authors of this paper. A set of structured questions to elicit managers' responses describing the retail strategies were the cornerstone of the research. The interviews were transcribed verbatim and analyzed using the qualitative software package Nvivo10 as a data management tool.

Results and Discussion

The findings clearly revealed retail kinship is an effective strategy with the goal of Vape Shops which is, *"bringing a community of people together to celebrate the freedom from tobacco and carcinogenic materials"* (Shop Manager, The Vape Lounge). The furnishing of the shops enticed patrons to share their vaping stories and experiences. Many establishments served non-alcoholic beverages and coffee - two of the vape shops were also cafes. The strategy of kinship and personalization was exemplified by these two quotes: *"the key is educating people . . . people still believe vaping is as bad or worse than smoking"* and *"we really get to know our customers, some are known as 'cloud chasers' who live to generate thick vapour, others are 'flavour aficionados' who chase the perfect vape juice or mixture and can recognise a vape juice by its smell"* (Shop Manager, 'Vaporized'). Findings revealed that many of the sales representatives did not have sales quotas or targets and instead were evaluated on customer feedback.

Other key kinship strategies included: the shop's catalyst role to accelerate the personal development of customers with product information; co-creation whereby customers felt ownership and extreme loyalty to the shop; expectations of personalization whereby flavours, nicotine levels and devices can be customized with branded products exclusive to a particular vape shop. Several of the shops held *'cloud contests'* (Jarmul, 2017) and posted photos of the contestants and winners on their web sites and in the shops. The shop design and layout was colourful, modern and inviting without being over-crowded with products. Many locations created a 'lounge and tasting bar' allowing customers to sample e-liquid flavours to influence their purchase decisions. Findings indicated as the competition in the UK continues to grow, customers are migrating to vape shops who can provide the best *vaping experience*, *taste and communal retail environment.*

Implications for Theory and Practice

The aim of this paper was to uncover electronic cigarette shops retail kinship strategies in the UK, an industry set for 39.8% compound annual growth rate by 2018 (Okcigs Org, 2017).The implications for the e-cigarette industry are twofold. Firstly, a variety of antecedents must be present to create kinship. Secondly, a welcoming retail experience led by passionate sales representatives is critical. It is the exchange of friendship and product knowledge between the customer and sales representative that creates kinship. These retail kinship strategies can be generalized to many retail environments and have proven to drive footfall. For academics the kinship concepts and practices extends the research about experiential shopping (Alic et al., 2017) and strategies to build customer loyalty and collaborative retail relationships. The following emerging topics are robust opportunities for future research 'Vaping in the work place' and the 'Need to legislate packaging design for vaping products' similar to Australian laws legislated in 2012 for *tobacco* packaging (Greenland et al., 2016) and recently in the UK, May, 2017 (Ash Org, 2017)

Reality is, the UK e-cigarette industry continues to growth despite vilifying stories. Vape shops continue to support an essential life-style for a segment of society seeking a safer alternative than tobacco. This research has affirmed that vape shops using retail kinship are applauded and acclaimed by their loyal customers who are seeking a destination retail experience based on kinship. These shops have proven to be communities of comradeship that continue to flourish despite on-going controversies that creates mystique, suspicion and rhetoric.

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