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# Retailer Marketing Communications in the Digital Age: Getting the Right Message to the Right Shopper at the Right Time

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## Abstract

The evolving retail landscape in the digital age has resulted in opportunities and novel capabilities for retailers. This paper identifies four key challenges facing retailers based on insights from practitioners and academics using the customer journey framework as a guide. It then considers evidence from both practice and theory on how contemporary retailers might best innovate in the face of these challenges, to get “the right message to the right shopper at the right time.” Historically, retail was largely constrained to focus on individual touchpoints as manufacturers drove the majority of communication decisions. More recently, with the ability of e-commerce to capture the shopper decision journey more comprehensively, retailers are better able to understand what the right message would be as well as where, when, and how to deliver it to reach the most responsive shoppers to achieve the retailer’s strategic objectives in each phase of the journey. It is within this context that this paper considers the following key challenges: 1) When is the right time to communicate with a given shopper?, 2) What is the right way to communicate with a given shopper?, 3) What is the right way to leverage in-store collateral?, and 4) How do we cultivate the right long-term relationship with a shopper?

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Decades of marketing research have advanced our understanding of communication and promotion options available to

retailers. Historically, practice and thus theory, have had to treat various touchpoints separately. Specifically, retailers have been, and many still are, at the mercy of the brands they sell. That is, when promotion and communication activities are largely driven by behemoths like Unilever and Procter & Gamble, the retailer has relatively little control over the promotion and communication activities within a store and/or across the retail brand. For example, brands continue to play a big role in driving retailer choice and discovery through promotion. If shoppers are looking to purchase a particular brand or product, the company manufacturing that product can raise awareness of it being sold at

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44 a particular retailer and note other key factors in the purchase  
45 decision, such as price or promotion, that is exclusively offered  
46 at that retailer – often for a limited time to affect retailer choice.

47 As a result, retailer marketing communication began to  
48 encompass an ever-expanding set of tactics. While one supplier  
49 might charge the retailer with offering shoppers a price pro-  
50 motion, other suppliers might seek to capture shopper attention  
51 through engaging product displays. Given the fragmented nature  
52 of these communication activities, previous research has gener-  
53 ally focused on a specific retailer communication tactic (e.g.,  
54 advertising or price promotions) and the channel in which it was  
55 used (e.g., in-store vs. online; Ailawadi et al. 2009; Grewal et al.  
56 2011). We use the term “shopper” here in the way that else-  
57 where in the literature authors might use customer or consumer.  
58 We do this because, while the shopper can and will sometimes  
59 also be the consumer, many times the person who is choos-  
60 ing and purchasing a product is not the actual consumer of that  
61 product (e.g., for razor blades). Thus, it seems more accurate  
62 to refer to the person who will likely receive a retailer’s com-  
63 munications, choose the products and make the purchase as the  
64 shopper. Further, manufacturers of brands and products use the  
65 term “customer” to refer to the retailer who will be distributing  
66 their products.

67 Thus, contemporary retailers have not only become masters  
68 of a wide range of communication tools, but they have also  
69 had a front row seat to the shopper journey as they have imple-  
70 mented these tools. Traditionally, mass media outlets dominated  
71 retailers’ approach to communications because they were seen  
72 as more cost efficient – retailers could reach more people at a  
73 lower CPM, when the reality is that mass media outlets gener-  
74 ate a lot of waste from a conversion standpoint. Targeted media  
75 was generally viewed as more expensive because of the higher  
76 CPM, however, the conversion rates are greater because of the  
77 relevance factor, thus resulting in a more effective spend. Taking  
78 the notion of targeted communications a step further, examining  
79 a shopper journey enables retailers to target the right shopper, at  
80 the right point in the shopper journey with the right message.

81 As retailer power grows (e.g., Ailawadi 2001; Amato and  
82 Amato 2009), merchants are harnessing these shopper journey  
83 insights to craft value-adding shopper journeys. Not only do  
84 they have a wealth of experience on which to draw, many retail-  
85 ers obtain and use behavioral data to inform decisions around  
86 messaging and content. Retailers are particularly powerful in  
87 shaping the shopper journey in-store. For example, in the grocery  
88 channel, previously shoppers would happen upon manufacturer  
89 promotions aisle-by-aisle. As a shopper contemplates what to  
90 make for dinner, she might find De Cecco suggesting how she  
91 can recreate the feeling of eating in Italy with their high-quality  
92 pasta, while Ragu is offering her a 3-for-2 offer to signal value.  
93 These conflicting manufacturer communications can lead to  
94 “choice deferral” whereby the shopper may delay a decision  
95 because the trade-off the shopper perceives makes them feel  
96 bad (Luca 1998). This discord stems from the varying objec-  
97 tives of several manufacturer that are not fully aligned with the  
98 retailer’s (Ailawadi et al. 2009). Insight into this experience, for  
99 the shopper as part of the journey, enables the retailer to make  
100 the shopper journey more positive. In this example, the retailer

101 might use endcaps to feature price promotions and in a separate  
102 part of the store, pull together a collection of more premium  
103 brands to demonstrate how shoppers can create an authentic  
104 experience at home. Value conscious shoppers can then focus  
105 on endcaps while those looking to recreate an experience can be  
106 inspired by the indoor display.

107 Contemporary retailers are in a unique position to understand  
108 how the conflict between communications can detract from the  
109 shopping experience and miss the opportunity to serve the real  
110 needs of the time-strapped head of a household. Noting this,  
111 Walmart began featuring a weekly meal plan in their in-store  
112 flyer that proposed a plan for dinner for each day of the week for  
113 which the ingredients were on promotion. So, instead of allowing  
114 manufacturers to dictate when and how price promotions might  
115 be offered for their products, Walmart coordinated the promo-  
116 tions offered by different suppliers to create a superior shopper  
117 experience. In a similar vein, online British grocer, Ocado, has  
118 developed a feature for shoppers to search for recipes and then  
119 add the recipe’s ingredients to their basket with one click. So,  
120 rather than shoppers relying on a toll house chocolate chip pack-  
121 age to ensure they have all the ingredients for baking, the shopper  
122 can let his son review a series of cookie recipes with photos and  
123 the dad can feel confident that they will have everything they  
124 will need to make the cookies.

125 This increasingly strategic focus adopted by retailers has  
126 enabled them to build stronger brands by leveraging their under-  
127 standing of a stakeholder to deliver the right message, to the right  
128 stakeholder, at the right time. For instance, this understanding  
129 can enable retailers to identify how to add more value for both  
130 suppliers (e.g., a major focus of Walmart) and shoppers (e.g.,  
131 a major focus of H&M). In addition, e-commerce can enable  
132 retailers to personalize and/or customize a message for a stake-  
133 holder. The evolving retail landscape has resulted in a broad  
134 range of opportunities and novel capabilities for retailers (sum-  
135 marized in Table 1). COVID-19 has led to hyper-acceleration  
136 of retailer dependence on digital retailing and digital advertis-  
137 ing/marketing communications.

138 The central theme of this paper is how retailers can blend  
139 psychology with behavioral data to deliver the right message  
140 at the right time. Merging this approach with the issue of the  
141 “right shopper”, or understanding the unique needs of a given  
142 shopper, is considered toward the end of this paper. Further,  
143 we can imagine several ways of interpreting rightness in the  
144 context of retailer communications. For example, as we think  
145 about the “right message” and the “right time”, the following  
146 two interpretations come to mind.

147 One interpretation might be at the level of the retailer’s strate-  
148 gic objective and the role of the marketing message within the  
149 shopper journey. The shopper has distinct mindsets and infor-  
150 mation needs at each stage of the journey. The right message  
151 is the message appropriate to the temporal or decision stage  
152 the person is in. For instance, a marketing message with the  
153 strategic objective to encourage advocacy by shoppers is not  
154 appropriate for shoppers who are still familiarizing themselves  
155 with the retailer. Instead, for this person the more fitting strategic  
156 objective would be that of persuasion of the value proposition, so  
157 marketing messages framed with that objective are more “right.”

Table 1  
Changing features of retailer marketing communications.

Feature	Past	Present + future	Discussion
Level of intervention	Macro – segment-level	Micro – shopper-level	Advertising decisions can now be made, deployed, and assessed at a more micro level. Modern advertising platforms allow control of different messages to different shoppers.
What is measured	Purchase	Purchase + antecedent behaviors	The only measurable response to marketing actions has oftentimes been just the final purchase transaction, but now we can measure precursor events that serve as important intermediaries, like the shopper viewing a particular product or making a comparison between two specific products. These precursor events open an important window into the shopper’s thinking at any particular point in time and allow the retailer to expand beyond transaction-oriented advertising to what can be called decision-process-influencing communication.
Control over message sequencing	Low degree of control	High degree of control	Retailers can observe and to a large measure control the sequence in which a shopper sees different marketing messages for the firm. Many e-retailers and even bricks-and-mortar stores have mobile apps where the advertiser can not only control the timing of marketing messages with respect to one another but also in relation to actions in the stores, either physically or online.
Contextual knowledge	In-store	In-store + activities and locations	Retailers can observe the context, environs, and activities of a shopper. Smartphone apps today can detect that the shopper is waiting in a queue at the checkout line and playing a video game or that he/she is passing by a particular store in a mall. These data inputs can be used to do fine targeting and allow retailers to also control the timing and execution of messages to a high degree. Especially among the modern crop of “digital native” retailers operating in the “Silicon Valley” mode, the focus is on long-term relationship-building with the shopper in the faith that this will result in better shopper experience, satisfaction and loyalty. Such firms take a more collaborative, less adversarial view on marketing communications. This in turn makes them more accepting of a particular marketing communication resulting in a decision that in the short-run lowers profit but in the longer run strengthens the relationship.
Focus	Single transaction conversion or lifecycle	Shopper experience + long-term relationship	

A second interpretation might relate to the marketing message’s execution rather than its strategic objective, specifically the marketing message’s in-the-moment match of richness or content to the richness and content desired by the shopper as a result of involvement level with respect to the product or the retailer. For example, one the co-authors of this paper reports that, during COVID-19, for many categories, shoppers appear to do what we might call a “surgical shop” – they know precisely the product they want and appear to have no appetite for any additional information about the product. However, when it comes to health and beauty categories, perhaps surprisingly, shoppers are still likely to engage in in-store kiosks and information. Thus, the right message for health and beauty brands, even now, may be one that offers more richness around product attributes. A shopper standing idle in a checkout line, or a shopper searching on the web in the focal product category may be more amenable to processing a marketing message that is rich and detailed. Therefore, such a message may be considered “right” for this shopper while it would not be right as an in aisle display for a shopper who during COVID-19 is trying to get in and out of a store as quickly as possible to minimize exposure. For this latter shopper, a low-information, non-interruptive message may be more “right.”

With better capabilities to observe the context, environs, and activities of a shopper, retailers may have a better idea of a shopper’s likely ability to process, and receptiveness to, particular marketing messages. Dating back to the 1990’s, Paco Underhill chronicled the behavior of shoppers in store using CCTV footage to document that shoppers tend to veer to the right upon

entering a store and will leave a store if merchandise is placed so close together as to lead product behind the shopper to touch the shopper (i.e., the butt-brush theory; Gladwell 1996). From a communications perspective, he found that messaging near an entrance is almost always missed as shoppers transition to being in-store (i.e., in the decompression zone theory).

Using the shopper journey as a guide, this paper discusses key developments with suggestions germane to retailer marketing communications within the shopper journey. We have distilled the stages of the Customer Journey Framework (Edelman and Singer 2015) down to three broad phases to offer a more comprehensive structure for the discussion: 1) the consider and evaluate phase, 2) the buy phase, and 3) the loyalty phase. We begin by identifying the four key challenges facing retailers based on insights from practitioners and academics working in this area. Specifically:

- 1 When is the right time to communicate with a given shopper?
- 2 What is the right way to communicate with a given shopper?
- 3 Given the sustained importance of the shopper’s in-store experience, what is the right way to leverage in-store collateral?
- 4 How do we best cultivate the right long-term relationships with a shopper?

For each of these issues, we offer the best evidence from research and practice to inform strategy. While we recognize that the four challenges cut across the shopper journey phases, we consider each challenge within the shopper journey phase where it is expected to have the greatest relevance (Table 2).

Q4

Table 2  
Unanswered questions for the future of retailer communications.

Shopper journey phase	Questions
Consider and evaluate phase	<ol style="list-style-type: none"> <li>1. When is the right time to communicate? (timing)               <ol style="list-style-type: none"> <li>a. How early or late in this phase?</li> </ol> </li> <li>2. What is the right way to communicate? (medium and message)               <ol style="list-style-type: none"> <li>a. What is the right mix of search vs. conversion communication?</li> </ol> </li> <li>3. What shopper characteristics moderate the effectiveness of innovative communication tactics?</li> </ol>
Buy phase	<ol style="list-style-type: none"> <li>1. When is the right time to communicate? (timing)</li> <li>2. What is the right way to communicate? (medium and message)</li> <li>3. What is the right way to leverage in-store collateral?               <ol style="list-style-type: none"> <li>a. What are additional opportunities for its innovative use?</li> <li>b. How can its benefits be re-generated online?</li> </ol> </li> <li>4. What retailer-side implementation factors and shopper-side characteristics affect the immersiveness of shopper experiences?</li> </ol>
Loyalty phase	<ol style="list-style-type: none"> <li>1. How do we cultivate the right long-term relationship?</li> <li>2. How do we foster shopper engagement and advocacy?</li> <li>3. How can retailers integrate or manage transaction-focused and relationship-focused communications to effect desired shopper outcomes?</li> </ol>

### The Shopper Decision Journey as a Framework for Communications Strategy and Execution

Building on earlier work articulating the shopper decision making process (see e.g., Puccinelli et al. 2009; Shankar et al. 2011), we argue for the value of understanding the shopper decision journey. This journey “encompasses the *total* experience, including the search, purchase, consumption, and after-sale phases of the experience, and may involve multiple retail channels.” (Verhoef et al. 2009, p. 32; also see Lemon and Verhoef 2016). Understanding the key objectives for the shopper in each phase of the shopper journey is crucial to understanding what the “right message” and “right time” are and can provide insights into *why* certain messages work. With the proliferation of digital communications, firms are increasingly better able to understand the shopper experience from the first point of contact to post-purchase advocacy (Grewal et al. 2020a, Grewal et al. 2020b). We should note that these stages are not strictly sequential – often a person is prompted to consider alternatives followed evaluation of a given product. For example, a person could be served a digital (or physical) communication about face masks (possibly a new type, functionality or style) that generates desire through awareness of alternatives and prompts search and purchase. For example, one of the co-authors on this paper had the experience of seeing face masks feature a pattern from a high-profile designer. After forming a negative evaluation of the product as offering poor value, she was prompted to search and purchase a less expensive patterned face mask from another online retailer.

One of the practitioner coauthors of this article reports that many brands and retailers do qualitative or quantitative exploratory research followed by trial-and-error (e.g., A/B) testing. They may pretest several broad creative approaches with the shopper to pick a winning approach, then do A/B tests on varying executions of that general approach. Some of these effects and findings from A/B testing occur often enough and reliably enough to get placed among industry “best practices.” Such best practices have evolved at a much higher rate in modern retail and digital ecosystems than in traditional retail because modern retail

practitioners have the technology and the data analytical tools to put these approaches into practice and to do so cost effectively.

Trial-and-error-based testing approaches offer empirical data with excellent external validity. In the online context, these insights can be captured quite quickly and specify the type of response the message elicits. But using a shopper journey framework to generate relevant messages may avoid testing a larger set of messages than necessary for better use of marketing resources. For example, after a shopper follows the link from a meal plan message such as “What’s for dinner?”, we can see if the shopper seeks an online delivery slot, reviews the products on promotion, or checks the opening hours of their nearest store. Using conversion funnels, retailers can choose a shopper journey goal (e.g., to get the shopper to book an online delivery slot) and then use A/B testing to identify the specific messages that get shoppers to respond with behavior in line with that goal (e.g., “delivery slots are going fast”). A/B testing can help supplement the use of the shopper journey framework.

Trial-and-error testing is deal where there is a call to action that can be measured in the immediate short term (e.g., click here for offer or purchase, sweepstakes, or product info). Messages aimed at awareness building often do not generate immediate action and therefore are harder to assess in an A/B test unless you are able to follow the shopper over a longer period of time to assess response behaviors that may occur much later (and this is typically much harder to do). Similarly, it is limited in its ability to assess a sequence of messages for several stages or interactions. This is because enumerating all combinations of message sequences can result in treatment levels too numerous to be practicable even under well-constructed designs using Latin hypercubes or fractional factorial layouts. Although A/B testing may be useful for settling on specific messages at isolated moments of truth, an understanding of the general types of messages to test can benefit from the shopper journey framework and make experimentation more practicable. Thus, the shopper journey framework can also help supplement the use of trial-and-error testing.

Also, the shopper journey should not be taken strictly as a one-way path because shoppers may flow between phases and



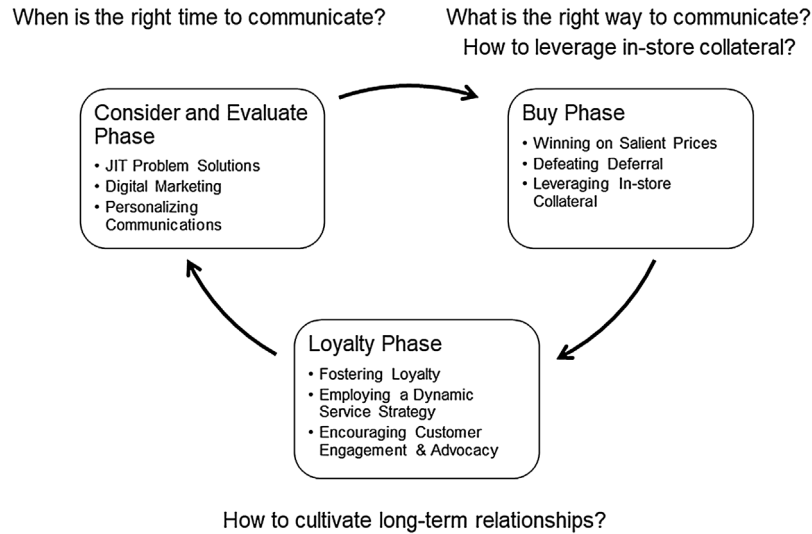


Fig. 1. Key opportunities through the shopper journey in the digital age.

stages. There are many considerations and contributing factors and there is not a linear or sequential recipe that shoppers follow. Shoppers may proceed through the sequence multiple times as they grow and adapt with retailers. Borrowing from Edelman and Singer (2015), Fig. 1 depicts how the shopper journey has evolved from one that focuses on the stages prior to purchase, to one that weighs those stages the same as those occurring post purchase. The new disruptors are offering superior journey experiences as a more robust and comprehensive retention strategy, frequently enabled by novel technologies and they place much more emphasis on the loyalty phase. Based on our research that draws on theory, empirical research, and practitioner insight, we focus on a selection of opportunities for retailers and highlight these in Fig. 1 to propose how retailers might get the right message to the right shopper at the right time.

### The Consider and Evaluate Phase

The first phase deals with knowledge acquisition and preference formation. In this phase, marketing communications' high-level strategic objective is to improve the preferences or attitudes of the shopper for the retailer as a whole entity or for the specific products offered by the retailer.

#### When is the Right Time to Communicate with a Given Shopper?

##### Just-in-time problem solutions

One piece of advice from practitioners is to use alternate media formats that support messages differing in complexity and information richness. The timing and format of message delivery are critical to shopper responses (e.g., Goldfarb and Tucker 2011). For instance, although catalog retailing has been around for a long time, George, Kumar, and Grewal (2013) provide a fresh take on how mailing policies affect profitability for multi-category catalog retailers. While catalog response rates average under 5%, more than 75% of shoppers use catalogs to at

least browse and discover products (George, Kumar, and Grewal 2013), underlining the continued relevance of these direct mail campaigns for shopper consideration in an omnichannel strategy.

Conversations with practitioners also offer insights into providing JIT value. Given a two-fold increase in single family homes and three-fold increase in dual working parents, Walmart has set their sights on time-strapped families who will pay more for problem solutions than Walmart's traditional value-conscious target (Wu 2019). For example, dynamic shelves with interactive price displays that detect rum in a shopper's basket and offer a price promotion on Coke, serving to remind shoppers to buy a mixer, is one way to offer JIT value.

Clear communication of product and service attributes can further facilitate shopper consideration and evaluation. Eighty-one percent of shoppers conduct online research before making a purchase (Morrison 2014). Shoppers are often looking for information and answers relating to a problem that points back to a product/service need. Retailers need to ensure that relevant and impactful content is available JIT to offer value. The right message is the one that answers a question the shopper has at that point in the shopper journey. For example, an email that goes out with a meal plan for the week might be likely to catch shoppers during the consider and evaluate phase, an in-store flyer that builds on that by showing the meal plan ingredients that are on offer to achieve conversion would seem the most relevant at the buy phase, and during the loyalty phase, making it easy for shoppers to share the meal plan tool and highlight its timesaving attributes, say through an incentive to share a link in a text, might be the right way to help shoppers feel helpful to friends. Clearly, the content and timing of a message must consider both the type of shopper (e.g., head of large household vs. urban professional) and how the shopper's needs are shaped by the shopper journey.

##### Digital marketing: getting online and going mobile

Online communications have attracted greater academic and retailer interest as e-commerce has grown from approximately

5% of retail sales at the beginning of 2011 to about 12% at the beginning of 2020 (with a spike to over 15% in the second quarter with COVID-19; United States Census Bureau 2020). Relatedly, the specific paths individuals take within the broader shopper journey are changing. Although individual online retail stores remain useful, the latest wave of e-commerce has been characterized by the rise of *platforms* (e.g., Amazon Marketplace) that aggregate retailers and allow shoppers to effectively visit multiple stores simultaneously, clearly a substantial change from serially searching through retailers (Kerr, O'Connor, and Schwab 2019). The shopper journey need not entirely take place in either an offline or online format, and it is increasingly common for shoppers to not just switch between formats as they transition between phases, but to embark at the outset on a hybrid offline-online journey (see also Gauri et al. 2021, this issue, on evolving retail formats). This implies that a growing share of shopper journeys are online-only or online-assisted and therefore digital marketing communications will be an important area for retailers going forward.

Some of the most important communication takes the form of shopper-to-shopper (S2S) communication. Shopper reviews have a powerful influence on the perceptions formed by other shoppers. Research finds that a one-star increase in Yelp rating leads to a 5–9% increase in revenue (Luca 2016). While price is the best predictor of objective quality, consumers weigh the average user rating twice as much as they weigh price when judging quality (De Langhe, Fernbach, and Lichtenstein 2016). The rise in social media use has also enabled retailers to observe S2S conversations through “social listening” – where a shopper’s favorite attributes of new retailer used to be shared exclusively over a garden fence, retailers can now find out what shoppers love about them by monitoring S2S communications on social networks such as hyperlocal Nextdoor.

There are also a number of newer tools that allow us to find out what is most relevant to shoppers (e.g., <https://answerthepublic.com>, <https://www.socialbakers.com>, <http://socialmention.com>, <https://www.semrush.com>). For example, Answer the Public is a free real-time tool that visually represents direct and autocomplete search questions in an image called a “search cloud” (see Fig. 2a and b). This shopper insight tool organizes Bing and Google searches into question categories such as what, where, and why. Industry experts argue that this type of insight is invaluable for search engine optimization (Wade 2020). That is, it tells retailers what shoppers are asking about in relation to their brand within a specific country at a given point in time. As we consider the shopper journey, such a search cloud can identify how retailers can maximize their relevance. Fig. 2 includes search clouds for two leading US retailers that are quite similar in format and offerings. As we look at the search clouds for each, we see a number of questions centered around the impact of COVID-19 on business operations.

A search cloud might also offer an opportunity to gauge the extent to which messages have been successfully disseminated. For instance, despite Walmart’s donation of \$20 million to hurricane relief occurring 3 years ago, this message continues to resonate with shoppers today who ask “who Walmart donated

\$20 million to.” As we compare these insights to those for one of Walmart’s leading competitors, Target, we see important differences. For example, the search cloud for Target asks “why Target is better than Walmart” suggesting shoppers might be looking for a recommendation for why they should go to Target. Fig. 2c offers additional practical takeaways from specific search terms. For example, some search terms (like who, how, and why) indicate information search with the goal of acquiring knowledge, but other search terms (like what, when, and which) indicate information search with the goal of receiving advice or recommendations. Insights like these can be used not just in search engine optimization but also in understanding other shopper word-of-mouth.

Building on this shopper insight, retailers may be better equipped to deliver the right message at the right time to the right shopper. For example, Target may want to emphasize a bulk discount on a product of superior quality to that found at Walmart. Shoppers who have adopted mobile shopping (using smartphones or tablets to compose, modify, or place orders online) place more and larger online orders that may make a bulk discount more relevant to them (Wang, Malthouse, and Krishnamurthi 2015). In-store, research finds that simply encouraging shoppers to use their mobile devices in store, leads them to reflect more broadly on their needs and remember to buy more of the things they intended (Grewal et al. 2018). Retailers can facilitate this by offering relevant, real-time communications that not only prompt phone use but may also offer an opportunity for the retailer to note how their offerings best align with the shoppers needs. For example, in-store mobile promotions may encourage the shopper to see more of the retailer’s merchandise. Mobile promotions can lead shoppers to walk farther in the store and lead to more unplanned spending (Hui et al. 2013; Sciandra, Inman, and Stephen 2019).

Retailers also have the ability to locationally targeting their mobile promotions. By doing so, mobile promotions can blend the strengths of online marketing with direct mail, while getting even closer to the holy grail of reaching the shopper at the right place and time (Fong, Fang, and Luo 2015). For instance, if retailers are able to use mobile phones to estimate the weather a shopper is experiencing, they may be better able to reach shoppers with the right message. While a typical promotion tends to work well on a sunny day, on a rainy day, a message that is framed to emphasize the negative outcomes that can be avoided, such as not missing out on a deal, will make shoppers more likely and faster to respond (Li et al. 2017). Further from an aggregate perspective, data generated by mobile devices on a *collection* of shoppers’ movement patterns can be informative of shopper responses to promotions (Zubcsek, Katona, and Sarvary 2017).

#### Personalizing communications

The ease and availability of reaching shoppers via specific online accounts has also led to an increase in personalized communications. Personalization involves little effort from the shopper (unlike customization, which requires shopper-provided specifications) and allows for better fit with shopper preferences and greater convenience (Aguirre et al. 2015). It

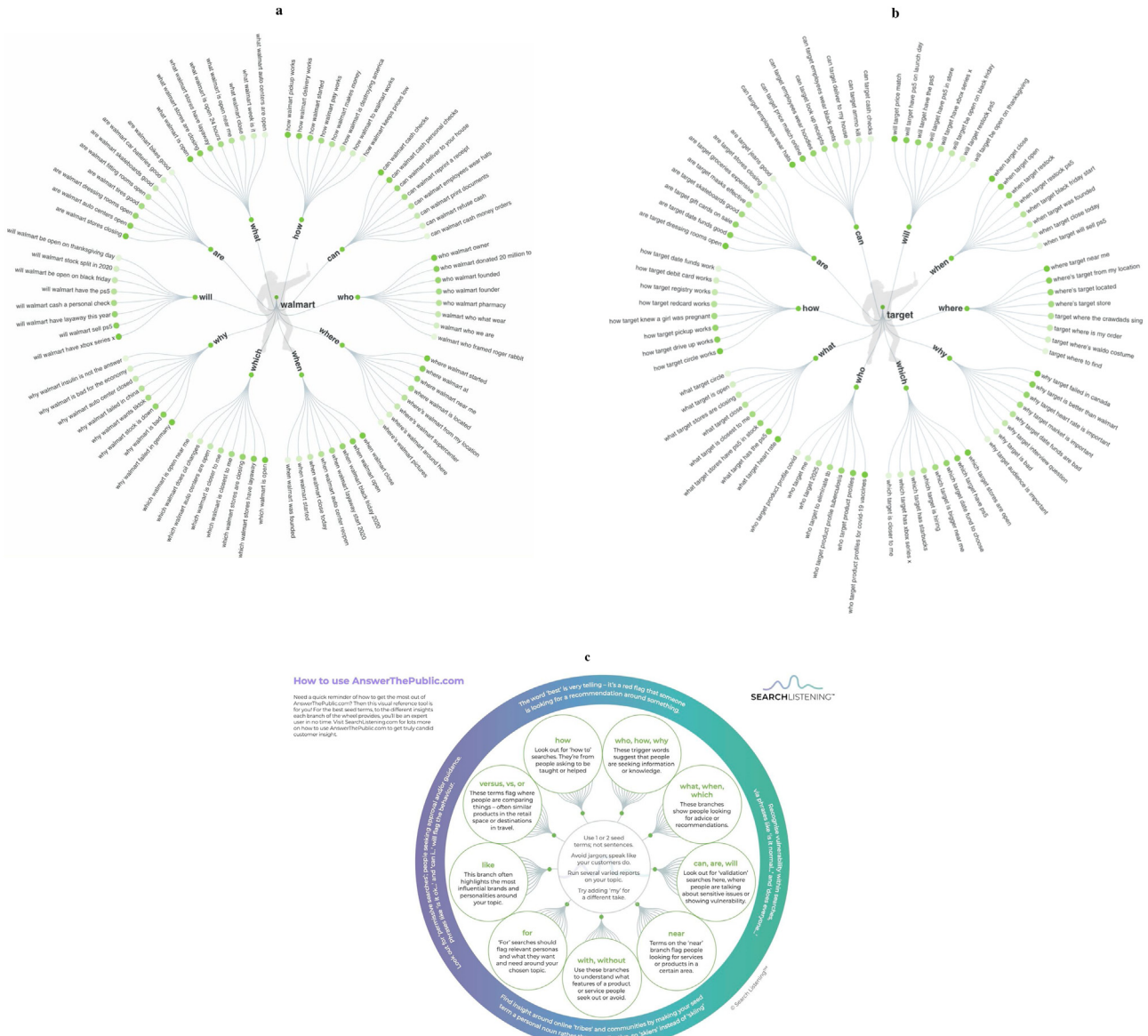


Fig. 2. (a) Example of answer the public results for Walmart. (b) Example of answer the public results for target. (c) Interpretation of answer the public results.

is recommended that retailers use care in the personalization of communications, or suffer the fate of Target who detected the pregnancy of a teenager before the teenager’s father (Kashmir 2012). Covertly collecting information can be ineffective when shoppers realize they are being targeted with tailored communications on the basis of information collected without their express consent (Aguirre et al. 2015).

To summarize and reinforce our ideas in the Consider and Evaluate phase: In the digital age, retailers need to offer just-in-time (JIT) solutions via online and mobile channels. Personalizing these communications is likely to be a key source of efficacy but is not without risks. In addition to the developments in the digital age, we are also entering a post-COVID-19 world that has accelerated the dependence of retailers and shoppers on digital platforms. In 2020, shoppers were shopping less frequently, spending less time in store, and pivoting to online

shopping (e.g., Nielsen 2020). With COVID-19 threatening (but not eliminating!) in-store communications during the Consider and Evaluate phase, having diverse communications channels will be important for retailers going forward. For example, while Google offers live data around how busy a store is, during COVID-19 lines of up to twenty people outside retailers have been commonplace. Given how time-strapped their target market is, more effectively communicating to shoppers about real-time fluctuations in store and parking lot capacity would seem to among the right messages at the right time. Further, omnichannel communications, where messaging is coordinated across channels, will make for more narratives that are more like to reach and impact shoppers as they transit across mediums if, for example, shoppers pivot from visiting the store multiple times per week to primarily obtaining information online.



## The Buy Phase

The second phase involves the shopper narrowing their consideration set down to one alternative to be purchased. In this phase, marketing communications aim to direct shoppers toward specific alternatives or to ease the decision-making process to avoid choice deferral. It is important to note the influential role of communications at the point of sale during this phase – points of sale communications can either clarify or complicate if not done correctly.

### *What is the Right Way to Communicate with a Given Shopper?*

#### *Strategically winning on salient prices*

Getting the pricing strategy right for a given shopper is critical as price has the most direct effect on a retailer's bottom line relative to all other marketing activities. Attention to the execution of the price promotion strategies employed remain critical as price promotions in one channel may cannibalize sales in another (Breugelmans and Campo 2016). Knowing when and how to offer a price promotion depends on several factors: 1) Is a price promotion right for a given shopper, 2) is the promotion offering the right message, 3) is price promotion the right way to signal value, and 4) is a value signal the right message in light of other messages being communicated.

First, retailers must consider how price and/or a price promotion fits into the shopper's decision-making process -and allow for a higher price to be preferred by some shoppers. Around the holidays, many shoppers upgrade their choice of grocery retailer presumably to spoil their family with higher quality food (Puccinelli et al., 2009). For example, a mother may be driven by kinship goals to foster connection with her grown sons by lavishing them with premium grapes out-of-season. We would expect that the shopper's decision criteria to prioritize quality signals and a higher price may even have a placebo effect rendering perception of the product as more premium (Shiv, Carmon, and Ariely 2005). In line with that logic, "willfully overpricing" a product might be especially effective when a product has valued features that justify a higher price (Bertini and Wathieu 2010). When organic lettuce and free-trade coffee were priced at an 50–80% premium, shoppers recalled nearly twice as much product information, cited more arguments in favor of buying the product, had a more passionate response to the products and were willing to pay more for them. When the products were priced at a 10% and a 190–250% premium, these effects were eliminated. Brands from Apple to SKF, the leading global supplier of bearings, moderately overprice to stimulate curiosity. Thus, for shoppers of these products, a price promotion may be unnecessary or be more persuaded by promotion that maintains a premium price.

When considering price promotion, the fit of a promotion with the shopper enhances their effectiveness (Venkatesan and Farris 2012). Retailers may want to target shoppers in specific categories or of specific brands. For example, by focusing on higher penetration categories (those bought by more households), and categories bought more frequently retailers may find

shoppers more responsive to promotions (Gauri et al. 2017). In addition, coupons are more effective for non-concentrated product categories (where shoppers are less loyal to a given brand) and for leading brands (Osuna, González, and Capizzani 2016).

The effect of price promotion on demand is quite complex and must also be informed by factors such as cross-category effects as well (Mehta and Ma 2012). We might hope that offering a promotion in one category might give shoppers license to spend more in another category, hence the popularity of "loss leader" products that forfeit margin to increase store traffic. However, promotion largely appears to increase sales only within the same category and extends to a second category only 61% of the time (Leeflang and Parreño-Selva 2012).

Second, the shopper must perceive the price promotion as offering more value. Given the effectiveness of price promotion, its use to deliver a value message is widespread (Tellis 1988). However, if a product is discounted too regularly, it may become the internal reference price for the shopper. As one of the authors learned from a major beverage company that routinely discounted one of its liqueurs, it can be difficult to reinstate a regular retail price in this context. It seems, chronic price promotion eroded the liqueur's price integrity among retailers, and, presumably by extension, shoppers. As a result, the firm's price promotion no longer signaled value. Price promotions that depend on the outcome of a gamble can overcome the negative effects promotions can have on shoppers' internal reference prices while still stimulating repurchase intentions (Alavi, Bornemann, and Wieseke 2015). Using price promotion to effectively communicate value, may entail experimenting with novel approaches. It seems that promotional games (such as playing games of chance to win promotions) may be especially effective in signaling value given their positive effect on conversion rates and spending (Hock, Bagchi, and Anderson 2019). Retailers may want to consider new ways to offer a promotional price like these to better signal value.

Third, retailers should first consider other cues to value that do not entail offering a promotional price. Where the effect of price promotion is not universally beneficial, increasingly, evidence suggests that retailers would do well to look beyond promotions even when trying to communicate a value message. A number of non-price elements influence shopper perception of price and corresponding value (Hamilton and Chernev 2013). For example, if retailers are hoping to communicate more value, they might consider choosing a less centrally located store (i.e., physical attribute), more items available (i.e., assortment characteristic), and a lower service level that leads shoppers to perceive lower prices. For example, one of the co-authors observed that in a new shopping mall, the premium shops were located on a lower ground floor. As a result, a less well-known retailer offering promotional prices was often missed by their price sensitive target market. In sum, at a minimum, retailers need to exercise considerable vigilance around offering a price promotion to be sure it is the right way to communicate value to shoppers.

Interestingly, on average, a shopper remembers a price accurately less than 7% of the time even when it is on promotion. Further, 23% of the time they cannot even estimate the price

of an item they have already put in their basket (Dickson and Sawyer, 1990). Instead, it seems shoppers may perceive value simply because a promotion is being offered. Thus, a price promotion need not necessarily represent a significantly reduced price. Moreover, shoppers may rely on cues associated with price promotion to judge value. Research finds that men, but not women, will judge a retailer who features prices in red as offering better value, even when the price is no lower or even described as a promotion (Puccinelli et al. 2013). Anecdotal evidence suggests that price sensitive shoppers may make a point to remember the price of a staple (e.g., a pound of butter), and use that as a litmus test for retailer value. As a result, ensuring the retailers price is competitive on those more salient prices for shoppers would seem important, while, using promotion on non-salient prices would seem unnecessary to signal value.

Innovation in this area has focused on dynamic pricing strategies that recognizes the variability in price sensitivity across shoppers and occasions. While retailers must remain vigilant around shoppers' perception of fairness when different prices are charged for the same product based on the shopper's willingness to pay (e.g., Haws and Bearden 2006), this risk can be mitigated by highlighting differences between transactions (Weisstein, Monroe, and Kukar-Kinney 2013). For example, manufacturers are increasingly featuring a higher regular retail price on packaging that is applied by convenience stores and discounted by mass merchandisers, capturing the value of convenience and the resultant reduction in price sensitivity on the part of the shopper.

Fourth, when offering a price promotion, retailers will want to ensure that this value signal does not conflict with other signals the retailer is sending that might lead to less favorable perception of a product and/or choice deferral. For example, if the retailer is signaling high quality and good value at the same time, this can cause a conflict for the shopper. One implication could be that the shopper perceives the product as faulty or substandard. That perhaps the chocolate on offer has gone off or if it is a novel product, that the taste is bad. A second implication of retailers sending conflicting signals is that it can cause an internal conflict for the shopper and lead the shopper to defer the choice. One of the authors recently went into to a premium grocery store on New Year's Eve with the goal of indulging in high quality snacks for her family. Unusually, within many of the high-end retailer's categories, items were deeply discounted, most likely due to excess inventory resulting from reduced store traffic during Covid. As a result, the shopper was repeatedly faced with a conflict between optimizing on product quality versus value. Should she choose the croissants in the more high-end packaging reminiscent of an upscale bakery or the ones that are reduced. Had the retailer placed all the discounted items in a single section of the store, it would have allowed shoppers to choose the most appropriate area based on their shopper priorities and reduce the risk that promotions are wasted on shoppers who aren't price sensitive. In the next section we will talk in more depth about choice deferral and highlight the breadth of strategies retailers might use to defeat it.

### Defeating deferral

When making a purchase decision, the shopper's task is to narrow the consideration set to a single alternative. The challenging and cognitively demanding nature of this task is often exacerbated by factors such as the number of items the shopper must choose, for example in a grocery setting. If anyone has ever needed to buy groceries outside their home country, they will know how exhausting it can be to be stripped of your habitual buying options and/or familiar brands. Alternatively, choosing a single high-priced product may entail more risk due to the expense of selecting the wrong product. Research suggests that retailers must be careful to select the right assortment to defeat choice deferral.

The first assortment strategy entails reducing the size of the choice set, or the number of products on offer in a given category. Reducing the choice set can lessen information complexity and the overload of processing trade-offs across multiple attributes. This may be especially true for shoppers unfamiliar with the category (Wilson et al. 1989). Shoppers less familiar with category may have less well articulated knowledge of how to prioritize a product's attributes. For example, shoppers unfamiliar with TVs might not know how to prioritize 8 K over 4 K resolution. Thus, a smaller assortment such as what a shopper might find at Costco, for example, where the options might vary on more basic attributes such as size, price and image quality would make the decision easier for the shopper

The second assortment strategy to avoid choice deferral entails designing the assortment so there is one choice alternative with a considerably higher preference level than the other items. Doing this makes the task of narrowing easier and the choice is largely an outcome of the shopper's knowledge-seeking and the retailer's previous marketing communications. The right assortment size will likely be a function of the shopper's knowledge of the category. When Dell first began selling direct to consumers, their assortment catered, and arguable still does, to shoppers with considerable knowledge of computers, who know how they prioritize features such as type of processor, memory and graphics options. In contrast, Apple stores cater to shoppers that know comparatively less about computers. In both cases, the right assortment is the one that offers a clear winner – that is, an option that is clearly superior as a function of the attributes that are important to the shopper. For example, if a shopper is presented with a 13" MacBook Air for \$1,000 that has the virtually the same features as the 13" MacBook Pro for \$1300 and a 16" MacBook Pro that has more storage but half the battery life of the previous two for \$2,400, the MacBook Air would seem to be the best choice – it is the least expensive and paying more does not clearly get a superior product. If the assortment does not make it clear to the shopper which choice is best, the shopper is likely to engage in choice deferral, or delaying the purchase to a later date (Dhar 1997). This is where the retailer's actions can help by presenting the products and comparison-facilitating information so that the shopper can more easily make the final assessment of tradeoffs to identify the best product or at least make a choice among the options rather than defer. For exam-

723 ple, on the Apple website they have a compare tool identifies the  
724 differences between products across six categories.

725 Managing assortments is an important task for retailers from  
726 the standpoint of helping shoppers avoid choice overload (e.g.,  
727 Chernev, Böckenholt, and Goodman 2015; Iyengar and Lepper  
728 2000), but the options available to retailers go beyond category  
729 management, as we note later with our discussion of product  
730 layouts. These “context effects” are well-demonstrated in  
731 what are called the attraction or decoy effect and the compro-  
732 mise effect (Wollschlaeger and Diederich 2020). These ideas are  
733 developed further in the theory of reason-based choice (Shafir,  
734 Simonson, and Tversky 1993), in which the authors argue shop-  
735 pers attempt to construct reasons that justify picking a given  
736 alternative. The alternative for which the strongest supporting  
737 reasons can be identified is the alternative that will ultimately  
738 be chosen. Context effects, however, may not hold when brand  
739 names are diagnostic in determining choice (Sinn et al. 2007).

740 Note that the theory of reason-based choice has important  
741 implications for how the retailer should present search results  
742 to the shopper. The first products that many retailers’ feature  
743 on a webpage or app are often those scoring highest on a given  
744 criterion (e.g., quality). As a result, the shopper sees several  
745 products that are similarly desirable, making the choice more  
746 difficult, leading to choice deferral. Rather than present shop-  
747 pers with a set of items all with high expected preference levels,  
748 reason-based choice theory would argue that the retailer should  
749 present a product set with only one product with a high expected  
750 preference level and feature less attractive products for the rest  
751 of the set. For example, “suppose you are considering buying a  
752 compact disk (CD) player and have not yet decided what model  
753 to buy. You pass by a store that is having a 1-day clearance sale.  
754 They offer a popular SONY player for just \$99, and a top-of-the-  
755 line AIWA player for just \$169, both well below the list price”  
756 (Shafir, Simonson, and Tversky 1993). In this scenario 27% of  
757 shoppers buy the AIWA player, 27% of shoppers buy the SONY  
758 player, while 46% wait until they learn more about the various  
759 models. That is, the greatest proportion of shoppers defer the  
760 choice. In contrast, if the store offers “a popular SONY player  
761 for just \$99, well below the list price, and an inferior AIWA  
762 player for the regular list price of \$105”, 73% of shoppers buy  
763 the SONY player, 3% of shoppers buy the AIWA player and 24%  
764 wait. Thus, in the latter scenario, one alternative makes choice  
765 justification easy and the shopper, therefore, becomes comfort-  
766 able with her decision to buy the product. Yet, this process  
767 risks displaying largely-unpreferred products to the shopper,  
768 underscoring a tension between immediate transaction-focused  
769 communication versus relationship-focused communication.

770 *Given the Sustained Importance of the Shopper’s In-Store*  
771 *Experience, What is the Right Way to Leverage In-Store*  
772 *Collateral?*

773 *Leveraging in-store collateral*

774 Given that, at least up until the COVID pandemic, 85%  
775 of sales are still happening in-store, there is a significant  
776 opportunity for “retail activation,” making the opportunity for  
777 in-store communications to drive conversions more important

778 than through other media channels (Campbell 2019). Retailers  
779 like Walmart and Target have 300 million weekly visitors; this  
780 traffic enables, for instance, an endcap for a Monster Jam toy at  
781 Walmart to grow impressions from 180 million to 314 million  
782 in just six months across 3,500 stores.

783 Looking at 2,000 stores, Saatchi & Saatchi found that after 4  
784 weeks, an endcap generated impressions at a cost of \$1.80 CPM  
785 and after 6 weeks at a cost of \$1.15 CPM. By comparison, an  
786 online ad would cost \$5–7 CPM and a YouTube video about  
787 \$18 CPM. Retailers have to “pay to play” online whereas in  
788 store, retailers benefit from existing foot traffic that is essentially  
789 self-targeting (Campbell 2019).

790 *Choose strategic layouts.* The idea that product layout affects  
791 shoppers’ perceptions is not new (see e.g., Morales et al. 2005;  
792 Borin et al. 1994; Vrechopoulos et al. 2004). Retailers have  
793 long known the manner in which products are displayed affects  
794 interest and purchase. For instance, empirical support for this  
795 intuition was recently found for tea assortments (Lamberton and  
796 Diehl 2013). This research found that when an assortment of tea  
797 emphasizes the tea’s benefit, that is, stress-relieving, as opposed  
798 to a principal attribute of the tea, that is, black, shoppers select  
799 lower priced products. Specifically, the assortment highlighting  
800 benefits leads to a more abstract thinking and thus less distinction  
801 between products resulting in greater price sensitivity between  
802 offerings. Perhaps less obvious is the impact of subtle differences  
803 in physical location of a product. Product displays can impact  
804 perceived variety (e.g., horizontal vs. vertical; Deng et al. 2016)  
805 and perceived quality (Valenzuela and Raghuram 2009). Display-  
806 ing a product with a higher value on a quantitative attribute (e.g.,  
807 number of calories) above one with a lower value (Guha et al.  
808 2018) can lead to greater importance weights assigned to that  
809 attribute do to the ease of subtracting one value from the other  
810 when the products are displayed in this way.

811 Interestingly, retailers that invest in costly merchandising  
812 equipment, such as mannequins, may find it does not yield the  
813 anticipated return. Shoppers lower in self-esteem will evaluate a  
814 product displayed by a mannequin more negatively; given how  
815 common it is for shoppers to be low in self-esteem, at least  
816 on some occasions, an investment in mannequins would seem  
817 ill-advised (Argo and Dahl 2018).

818 *Increase in-store stopping power.* Innovation in in-store com-  
819 munications seeks to increase “stopping power” and explores the  
820 use of floor projection and interactive signage, as well as con-  
821 sidering opportunities to optimize visual search and packaging.  
822 Research documents the effects of specific signage, location,  
823 display, and packaging that impact shoppers’ perceptions. For  
824 example, in-store fliers featuring one price in red can lead shop-  
825 pers to perceive less savings (Ye et al. 2020), while featuring  
826 all of the prices in red leads some shoppers to perceive greater  
827 savings as discussed above (Puccinelli et al. 2013).

828 Innovations surrounding in-store digital displays show future  
829 promise. Our understanding of the effectiveness of these displays  
830 is in the nascent stages and finds that a number of elements  
831 impact whether digital displays are a good investment. The  
832 effectiveness of digital displays varies across retail formats



(Roggeveen, Nordfält, and Grewal 2016). Digital displays are more effective in hypermarkets than supercenters or supermarkets, and they can even be detrimental in small convenience stores. Shopping behavior is also most affected by digital displays when they display a price-related message rather than a non-price related message. Surprisingly, some in-store digital displays show that technology is often used without any benefit. For example, if we consider the case of in-store video projection we find that dynamic displays that get a shopper's attention increase sales over ordinary endcaps. However, video projections that are too mentally involving show no benefit over ordinary endcaps as they are so engaging as to distract the shopper from the task at hand (Grewal et al. 2020a, Grewal et al. 2020b; Schweiger 2019).

*Craft immersive experiences.* In-store communications are some of the most important touchpoints for brand consideration (Baxendale, Macdonald, and Wilson 2015). Effectively locating and designing displays has been and will likely remain critical (Bezawada et al. 2009; Chandon et al. 2009). Leveraging new technologies also represents an opportunity to make in-store experiences more immersive (see Shankar et al. 2021, this issue, on how technology is changing retail).

In-store, retailers have the capacity to create emotional experiences that delight shoppers and shift the utilitarian task of the weekly grocery shopping into an experiential activity that is actually enjoyable and fun (e.g., Yim et al. 2014). Collaborative firms like Ibotta and Shopkick encourage shoppers to upload their receipt for cash rewards. Real-time feedback on rewards may be more engaging for shoppers.

The use of ambient media, or advertising executed in unconventional locations designed to elicit surprise, has garnered recent attention. Hutter and Hoffman (2014) offer the striking example of walking along a sidewalk and suddenly seeing a path of real shoes leading to a shoe retailer. The use of ambient media such as a shoe path can draw attention, improve attitudes toward the ad, and drive word of mouth, with downstream consequences for purchase intention and sales (Hutter and Hoffman 2014).

*Use packaging to signal value attributes.* Certain aspects of collateral are even more important as their impact is felt online as well as in-store. Notably, subtle changes in packaging can have a dramatic effect on shopper response. For example, chocolate bars that feature a handwritten versus a standard typeface appear more humanized, enhancing the emotional attachment with the product and leading to more favorable product evaluations (Schroll, Schnurr, and Grewal 2018). Building on this, many retailers have capitalized on premium packaging for private label products (see Roggeveen et al. 2021, this issue, on merchandising strategies). Getting the packaging right enables the retailer to price these products at a premium. For example, Sam's Club finds that the color gradient, font, and imagery used in the packaging of Sam's Club brand Member's Mark can increase quality perceptions (Jervis 2019). This premium positioning can also build a brand that is exclusive to the retailer (e.g., Aldi, one of the fastest growing grocers in Europe, is the exclusive purveyor of premium Moser Roth chocolate).

In summary, in the future, retailers will need to keep winning on salient prices, find ways to defeat choice deferral, take advantage of how product displays affect shoppers, and leverage in-store collateral to best compete in the Buy phase. With the digital age and COVID-19 further changing the in-store dynamic, it will be critical for retailers to consider how they can take the benefits of their in-store collateral and re-generate them online, and to consider how their in-store approaches will need to adapt. In a post-COVID-19 world, the intersection of supply chain management with the shopper journey also becomes more salient. Shocks to demand for staples creates challenges but also offer opportunities to compete on other dimensions that may have been de-emphasized in more "normal" times. Simply having some product in stock, even if that means having fewer SKUs available, may be a competitive advantage. For example, selling multiple brands or package sizes of face masks and hand sanitizer pales in importance compared to having any available at all. Messaging around points of differentiation becomes less critical than messaging around product availability to generate conversion.

### The Loyalty Phase

The third phase involves the experiences of shoppers, post-purchase, such as follow-up service or engagement with the retailer or brand. In this phase, marketing communications' role is more facilitative to aid in the development of connections that serve as strategic advantages when the shopper embarks on the journey again.

The new crop of "digital native" retailers (i.e., those born in the digital age) approach the problem of marketing communications not as a media mix management problem but as a micro shopper-by-shopper engagement management problem. In what is called the "Silicon Valley" mode of operation, the problem is parsed out by the shopper's phase in the journey.

#### *How Do We Best Cultivate the Right Long-Term Relationships with a Shopper?*

##### *Fostering loyalty*

The Customer Journey Model introduced the concept of the Loyalty Loop that emphasizes the importance of post-purchase advocacy as part of the shopper experience (Edelman and Singer 2015). Rather than engage in coercive strategies that lock shoppers into long term contracts, retailers are competing on optimal shopper journeys. For example, Kenneth Cole customizes their website layout based on a shoppers' prior usage, featuring more reviews for shoppers more interested in reviews and more products for shoppers looking for greater variety. Retailers have long known that developing and retaining existing shoppers is equally, and arguably more, critical than acquiring new ones. Acquisition costs are several orders of magnitude higher than retention costs (Thomas 2001) and a 1% improvement in retention leads to a 5% improvement in firm value whereas the same improvement in acquisition cost leads to only .1% improvement of firm value (Gupta, Lehmann, and Stuart 2004). Fostering shopper retention lays the important groundwork for more favor-



able S2S communications that are increasingly becoming the bedrock of successful firms.

Increasing retention (or reducing churn) falls in the broader field of customer relationship management which has led to important developments such as customer lifetime value (CLV). In the customer relationship management literature, there is a distinction drawn between behavioral loyalty and attitudinal loyalty towards firms (Kumar 2008). Attitudinal loyalty is the kind of loyalty that is deep and visceral, often born of affective factors. Attitudinal loyalty leads to behavioral loyalty, which is marked in a shopper's purchase records with the shopper's share of wallet for the firm being high. It is important to note that behavioral loyalty can exist without attitudinal loyalty, for example if the shopper's liking of the firm is relatively shallow and the shopper is buying with the firm merely because the firm's offerings are adequate. Another case where there is behavioral loyalty without attitudinal loyalty is when the purchasing is mechanical, habituated, or automated, like that of Amazon's Subscribe and Save Program: repeated buying is largely because it is on autopilot and is not necessarily indicative of strong preference. Various company-shopper relationship features are differentially related to attitudinal versus behavioral loyalty, so this distinction is critical for retailers focusing on these later phases of the shopper journey (Khamitov, Wang, and Thomson 2019).

#### Employing a dynamic service strategy

Retailers may also be well-served by using a more dynamic approach to customer service. The increasingly ubiquitous practice in the US to allow easy product returns is justified; research of 26,000 shoppers, found product returns can increase short and long-term profits by lowering the shopper's perceived risk of current and future purchases (Petersen and Kumar 2015). There is, however, heterogeneity in the effectiveness of a lenient return policy on both increasing purchase probability as well as chances of subsequent returns (Janakiraman, Syrdal, and Freling 2016). For instance, reducing shoppers' efforts (e.g., requiring an original receipt) and monetary penalties (e.g., having to pay a restocking fee) are positively correlated with purchase proclivity but do not increase returns, while being more lenient on time (e.g., extending the allowable time window for returns) and exchangeability (e.g., offering cash refunds rather than store credit) actually reduce return proclivity but do not increase purchases.

Some retailers have successfully taken a more regional approach with their return policies. For instance TK Maxx employs a dynamic return policy that takes into account regional differences in shoppers' expectations. In the US, TK Maxx (e.g., trading as TJ Maxx) has a generous return policy that allows shoppers to return a product without a receipt and thus, they impose no time limit on the return. In contrast, in the UK, TK Maxx requires a receipt and requires that returns take place within 30 days, ostensibly taking advantage of return policies adopted by competitors in this market. It would appear that even Amazon is experimenting with dynamic return policies. For example, Amazon offers limited return windows on lower priced products, while offering longer return windows for holiday purchases.

Beyond returns, we see considerable variability in shopper service expectations. For example, for high-end brands, a salesperson that rejects the shopper by showing their skepticism of the shopper's knowledge of the brand leads shoppers to have more positive attitudes and show greater willingness to pay (Ward and Dahl 2014). That is, shoppers for these brands not only don't want helpful service but actually respond better when treated badly.

#### Encouraging shopper engagement and advocacy

Attitudinal loyalty and engagement often co-evolve so that higher engagement leads to greater attitudinal loyalty and the converse holds as well. Engagement is often seen as the shopper voluntarily seeking and receiving information about the firm either directly from the firm or from influencers or other shoppers (for a full conceptual review, see Brodie et al. 2011). A stronger degree of engagement results in the shopper contributing to the information ecosystem, not just seeking and receiving information. The contribution can start with something mild like simply liking or sharing someone else's contribution, and then develop into shoppers writing full blown posts themselves. If the shopper's contributed information is positive and in favor of the firm, they essentially become an advocate for the firm.

It is also easier to reach shoppers in their social networks with the prevalence of online social media. Retailers have rapidly adopted social media as a communication channel, with positive results—using social media enhances pre-existing shopper relationships (Rapp et al. 2013). What the academic literature has to say about why shoppers post on social media is well represented by Moe and Schweidel (2014). They identify broad categories of reasons why shoppers post—to express their enthusiasm for the firm's products and services, to enhance their standing in the eyes of others by exhibiting expertise, or to altruistically help others.

Retail communications managers recognize that a good way to initiate seeking/receiving engagement is to indicate that by signing up for their mailing list or by following the firm on social media, the shopper will garner the benefits commonly sought by shoppers: learning about new offerings, promotions and discounts, closer access to management or customer service team, connections with peer shoppers who think alike and have similar needs, entertainment, or inspiration on new ideas. Successful managers tend to monitor the volume of unfollowing and try to understand the reasons underlying that. Monitoring online communities or shoppers' connections with the firm's online presence is becoming an important part of a retailer's communications strategy.

For user-generated engagement, a key role for the firm to take may be that of supporting inclined advocates by adding efficiency to what the shoppers are doing and want to do anyway: for example, offering them information, connecting them with the retail management team, giving them demo products to review and write about. They may also consider explicitly rewarding or paying advocates. Many retailers have identified the opportunity to leverage foot traffic to generate free promotion through shoppers' posts on social media. For example, Victoria's Secret offers shoppers a free gift if they post a selfie in front of a

display and show it to sales personnel. Similarly, San Francisco plastic surgeon David Mabrie offers a menu of discounts up to \$300 for various social media activities by previous patients. One of the authors was offered a £10 back off their Airbnb stay if they gave a property a 5-star rating. In essence, the shopper is being offered an incentive to advocate for the brand or product. It should be noted that these practices may not be effective at the level of the targeted shopper if they come to believe they are engaging for transactional rather than organic reasons, and these practices risk dramatically jeopardizing the relationship with other shoppers as they find out about these practices.

To summarize and reinforce some of the ideas for the loyalty phase: fostering shopper loyalty, innovating in service strategies, and encouraging engagement and advocacy, are important for the new digital age. Particularly when events such as COVID-19 disrupt business operations substantially, having a loyal and engaged shopper base offers some measure of resilience, or at least understanding, in the face of swift changes to business hours, store policies, or product availability.

### The “Right Shopper” Issue

As we indicated earlier, this paper is primarily about retail communications and so the focus has been on messaging and the timing of the messaging. Less has been said so far about the “right person” issue and we turn to that now because we should expect some interaction with the “right message” and “right time” issues.

Here too the shopper journey idea can serve as a framework to structure thinking. The “Consider and Evaluate Phase” and the “Buy Phase” are largely about customer acquisition and so the best shopper is one that finds value in products and services that the firm offers. Identifying who these prospects are requires a solid understanding of the different sources of value and how the potential shoppers assess them. To achieve this understanding, it is important to not limit ourselves to sources of functional value, like the retailer’s assortment breadth or pricing, which might be more salient in the shopper’s conscious mind, but to look also at the less functional drivers like branding, ambiance, multi-channel interactability, and service experience.

Once we have an enumeration of the potential value drivers, one can assess the heterogeneity distribution or segmentation of shoppers to give insight on which groups of shoppers have high weight on which value drivers. This assessment can be done through traditional surveys or state-choice methods like conjoint analysis (Allenby and Brazell 2016) or the more modern observed-choice methods using clickstream data and machine learning techniques (Sterne 2017). Digital native retailers have a major advantage over bricks-and-mortar stores in carrying out this kind of value-driver enumeration and segmentation in that they are able to capture data on more of the user experience environment and on more shoppers (a complete census of users rather than a survey sample). Once we have this kind of shopper segmentation one can continue on with the traditional marketing framework of Segmentation-Targeting-Positioning (STP) as described to identify the shopper segments that are the most targetable and achievable for acquisition. These prospects then

serve as the “right shoppers” for targeting of marketing communications in the first two phases of the shopper journey.

The shopper segmentation approach just described can be followed for the loyalty phase as well, but heterogeneity may be lower in this phase because the firm is now operating on a limited subset of shoppers who are likely more similar by virtue of their characteristics that led them to self-selecting as shoppers. As an illustration, the shoppers of a digital native retailer like Casper selling mattresses are more likely to be similar to each other than are shoppers in the broader population. Less heterogeneity implies that the STP approach is less equipped to identify suitable subsets of shoppers to target for marketing communications.

A more promising avenue may lie with doing what many digital-native retailers do, which is to target based on the value of the shopper to the firm. There are many ways to measure this value but perhaps the most common way is through the residual customer lifetime value (RCLV), which represents the net present value of the remainder of the profit stream that can be generated from the shopper (Kumar 2008). The RCLV is different from the usual customer lifetime value (CLV) in that the latter considers the profit stream from the acquisition time-point onwards while the former considers it only from a later time-point onwards excluding the first purchase as that is what puts the shopper “on the books” to be monitored in the first place. The RCLV is a measure of the loss suffered by the firm if the shopper were to cease the relationship with the firm. Targeting messaging at the shoppers with the highest RCLV aims to minimize this potential loss (i.e., prioritize retention efforts by which repeat shoppers would be most valuable).

While this seems like a sensible strategy, it may well be sub-optimal, because it may be that the shoppers with the highest RCLV are those that like the firm so much already that they would not leave even if the firm did not direct marketing messages at them. The better approach therefore may be to target shoppers not according to RCLV itself but according to the how malleable or responsive shopper behavior is to marketing action and messaging (Bodapati 2008). Measuring the magnitude of responsiveness to digital marketing is in many companies a major activity, carried out under the labels of “incrementality analysis” or “attribution modeling” (Kannan, Reinartz, and Verhoef 2016). Incrementality analysis is useful for identifying the “right shopper” not only in the “loyalty phase” but also in the earlier “Consider and Evaluate Phase” and the “Buy Phase” as marketing communications are most *incrementally* valuable when they reach individuals who are actually susceptible to being converted by the specific communication rather than those who are not.

We should expect some interaction between optimal selection of persons for targeting communications and “right message” and “right time” issues. We did treat the issue of the “right message” in this paper, but we were concerned more with the selection of the high-level strategic goals for the messaging and ensuring fit with the “right time” as the phase of the shopper journey. While the correct selection of the high-level strategic goals is arguably what is likely of bigger consequence to the efficacy of the communications campaign, there is no denying that the

1165 lower-level issues of style and content delivery are important as  
1166 well.

1167 If the shopper has high preference for the firm's products  
1168 and services, it is of course critical that he/she be targeted as a  
1169 "right shopper", but such shoppers may be less sensitive to the  
1170 content or timing of the message. On the other hand, those with  
1171 moderate preference are more on the threshold of to-buy-or-not-  
1172 to-buy and for them the nature of the messaging may be much  
1173 more critical. Nonlinear statistical and machine learning models  
1174 can be used to identify interactions of this kind, and this may help  
1175 in identifying the right triad combinations of message, person  
1176 and time as retailers continue their advance into the digital age.

### 1177 A Research Agenda for the Future

1178 This paper outlines several strategies informed by theory and  
1179 practice to address the key challenges for retailers in identifying  
1180 the right message, at the right time for the right shopper. Many of  
1181 the ideas we brought up in this paper were articulated and orga-  
1182 nized with the use of the shopper journey framework. The right  
1183 place for the message may depend on the ability of the retailer  
1184 to offer JIT problem solutions, to compete online or via mobile  
1185 marketing, and to personalize communications. The right way to  
1186 communicate will likely involve winning on salient prices and  
1187 defeating choice deferral. Retailers need to choose product lay-  
1188 outs and displays that communicate quality and influence choice,  
1189 increase in-store stopping power, craft immersive experiences  
1190 and to utilize packaging to signal value attributes (for those with  
1191 private labels) to leverage in-store collateral. Finally, cultivat-  
1192 ing the right long-term relationships with shoppers will involve  
1193 fostering shopper loyalty, innovating in service strategies, and  
1194 encouraging engagement and advocacy. Our discussion of the  
1195 cutting-edge of retailer communications may also draw out sev-  
1196 eral additional questions for retailers and marketing researchers  
1197 that are ripe for future academic study and testing in business.

1198 In this closing section, we identify some open questions that  
1199 can be used to define a research agenda going forward.

1200 A critical question for future research relates to how best to  
1201 combine different approaches for identifying optimal messages  
1202 along the triad of message, person and time. Such optimization  
1203 is central to, ultimately, what is of most interest to retailers. For  
1204 example, there may be greater opportunity for psychological  
1205 and strategic conceptual frameworks to inform message opti-  
1206 mization. One path may lie in the use of methodologies based  
1207 on Bayesian experimental design or Wald's decision theory for  
1208 sequential inference (Wald 2013).

1209 While the correct selection of the high-level strategic goals  
1210 is arguably what is likely of bigger consequence to the efficacy  
1211 of the communications campaign, there is no denying that the  
1212 lower-level issues of style and content delivery are important as  
1213 well. One way to proceed is to start with a typology of messaging  
1214 and persuasion styles like that presented in Armstrong (2010).  
1215 The persuasion or intended attitude change mechanism may  
1216 operate through information, influence, or emotion, for exam-  
1217 ple. One can then map, according to cognitive or personality fit,  
1218 these different persuasion styles to different stages of the shop-  
1219 per journey and to different shopper segments. For instance, an

information-based persuasion style may be especially suitable  
1220 in the "Consider and Evaluate" phase and for those shoppers  
1221 who engage in more deliberative thinking. Making advances  
1222 will require a careful categorization of cognitive styles in deci-  
1223 sion making and an understanding of how consonant they are  
1224 with the different persuasion styles.

1225 Currently, many firms have teams tracking activities like per-  
1226 click advertising, affiliate marketing, referral programs, that are  
1227 transaction-focused. The same firms may have different teams  
1228 developing social media marketing, brand marketing, digital dis-  
1229 play advertising, that are relationship focused. It is important for  
1230 these firms to monitor the unified shopper experiences shaped  
1231 by these different touchpoints.

1232 Some other important questions for future research are: What  
1233 are additional opportunities for the innovative use of in-store  
1234 collateral? How can retailers re-generate the benefits of their  
1235 in-store collateral online? What shopper characteristics moder-  
1236 ate the effectiveness of innovative communication tactics? How  
1237 do retailer-side implementation and shopper-side characteris-  
1238 tics or goals affect how immersive shopper experiences can  
1239 be? How can retailers integrate or manage transaction-focused  
1240 and relationship-focused communications to best effect desired  
1241 shopper behavior outcomes?

1242 There are also research questions around the extent to which  
1243 firms should invest in advance planning for crisis management.  
1244 Management academics have for some time been predicting that  
1245 the future is likely to be more turbulent than the past (Selsky,  
1246 Van der Heijden and Ramírez 2010). The turbulence may be due  
1247 to factors like increased global connectedness (which is seen as  
1248 a precipitator of the COVID-19 health crisis), political instabil-  
1249 ity, climate change, supply chain centralization. Retailers may  
1250 be well advised therefore to not treat crises as occasional or  
1251 sporadic, and instead develop processes that anticipate and plan  
1252 for these. These plans may be informed by data analytics. Many  
1253 will likely be familiar with Walmart's meteorologists finding that  
1254 hurricane warnings predicted an increase in demand of straw-  
1255 berry Pop-Tarts (Hays, 2004). This suggests that there may be  
1256 a great deal to be learned from the existing behavioral data to  
1257 formulate the right communication strategy for a crisis.

1258 For retail communications in particular, some important  
1259 research questions are: What are the most relevant messages  
1260 during a crisis and what is the most effective delivery method?  
1261 One of the practitioner coauthors of this article reports that dur-  
1262 ing COVID-19, for most categories, shoppers were looking for  
1263 efficiency within brick and mortar to minimize their time in  
1264 store, making in-store kiosks a poor investment. To what extent  
1265 should firms customize messages to the crisis and how can they  
1266 avoid being seen as opportunistic? For example, a number of  
1267 firms appeared to use COVID-19 to gratuitously promote their  
1268 e-commerce channels. Where shoppers were not concerned that  
1269 online retailers would be closed, online retailers who sent mes-  
1270 sages saying they were open seemed inappropriate. To what  
1271 extent will a crisis like COVID-19 accelerate already in-process  
1272 changes or usher in completely new approaches to retailer com-  
1273 munications? Many firms have had to rapidly move up their  
1274 online communications strategy timelines and are desperately  
1275



1276 trying to predict the need for online communications in the  
1277 budget year to come.

1278 <sup>Q7</sup> Many of these are questions which likely will require mul-  
1279 tiple diverse perspectives. Progress may be greatly accelerated  
1280 by marketing academics working not just within the traditional  
1281 silos like shopper behavior, experimental research, quantitative  
1282 modeling, or theory building, but with cross-pollination amongst  
1283 the research styles and with retail practitioners.

1284 <sup>Q8</sup> **Uncited references**

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1286 <sup>Q9</sup> Kalbach (2020), Kotler et al. (2016) and Pancras et al. (2013).

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