ELSEVIER

Journal of Retailing 85 (1, 2009) 1–14

Journal of Retailing

# Customer Experience Management in Retailing: An Organizing Framework

Dhruv Grewal[a,*], Michael Levy[b,1], V. Kumar[c]

[a] *213 Malloy Hall, Babson College, Babson Park, MA 02457, United States*
[b] *Retail Supply Chain Institute, Babson College, Babson Park, MA, United States*
[c] *J. Mack Robinson School of Business, Georgia State University, Atlanta, GA 30303, United States*

**Abstract**

Survival in today's economic climate and competitive retail environment requires more than just low prices and innovative products. To compete effectively, businesses must focus on the customer's shopping experience. To manage a customer's experience, retailers should understand what "customer experience" actually means. Customer experience includes every point of contact at which the customer interacts with the business, product, or service. Customer experience management represents a business strategy designed to manage the customer experience. It represents a strategy that results in a win–win value exchange between the retailer and its customers. This paper focuses on the role of macro factors in the retail environment and how they can shape customer experiences and behaviors. Several ways (e.g., promotion, price, merchandise, supply chain and location) to deliver a superior customer experience are identified which should result in higher customer satisfaction, more frequent shopping visits, larger wallet shares, and higher profits.


*Keywords:* Retailing; Customer experience; Retailer; Supply Chain; Macro factors; Location; Marketing metrics

Retailing research has always been one of the mainstays of the marketing field, as evidenced by the status of *Journal of Retailing* as its oldest journal, established in 1925. In line with its rich history of publishing the articles that tackle the most important and substantive issues faced by retailers and their suppliers and to foster collaboration and shared insights among researchers and practitioners, *Journal of Retailing* offers this special issue on "Enhancing the Retail Customer Experience."[2]

Understanding and enhancing the customer experience sits atop most marketing and chief executives' agendas, both in consumer packaged goods manufacturing and retailing fields and it remains a critical area for academic research. To spur greater understanding, this special issue serves as a vehicle to stimulate research on issues that affect how retailers and their suppliers can enhance the customer experience.

These issues become even more timely and important in the face of 30–40 percent stock price losses for many firms, major concerns about the sustainability of major financial institutions and the U.S. auto industry, and fluctuating energy costs. The popular press reports that retailers will close tens of thousands of stores in 2009, with several more filing for Chapter 11 bankruptcy protection in the face of the worst economic environment in more than 40 years (Blount 2009). Retailers must assess every location; if it does not produce profit, the store will not be viable. Strong promotional efforts by online retailers, including deep discounts and free shipping, have persuaded some consumers to shop, but these measures cut deeply into their profits.

Desperate measures are being taken to reverse the trend. Thus, retailers and their suppliers must do everything possible to compete for a shrinking share of consumers' wallets. Many retailers are realizing that their growth and profitability are being determined by the little things that make a big difference in customer satisfaction and loyalty; for example, easy interactions between the customers and the firm, consistency of the message across all the communication channels, providing

* Corresponding author. Tel.: +1 781 239 3902.
*E-mail addresses:* dgrewal@babson.edu (D. Grewal), mlevy@babson.edu (M. Levy), vk@gsu.edu (V. Kumar).
1 Tel.: +1 781 239 5629.

2 A thought leadership conference on Enhancing the Retail Customer Experience was held in April 2008 at Babson College. The conference received support from the American Marketing Association; Marketing Science Institute; the ING Center for Financial Services at the School of Business, University of Connecticut; Babson College's Retail Supply Chain Institute, and Elsevier.

0022-4359/$ – see front matter 
doi:10.1016/j.jretai.2009.01.001

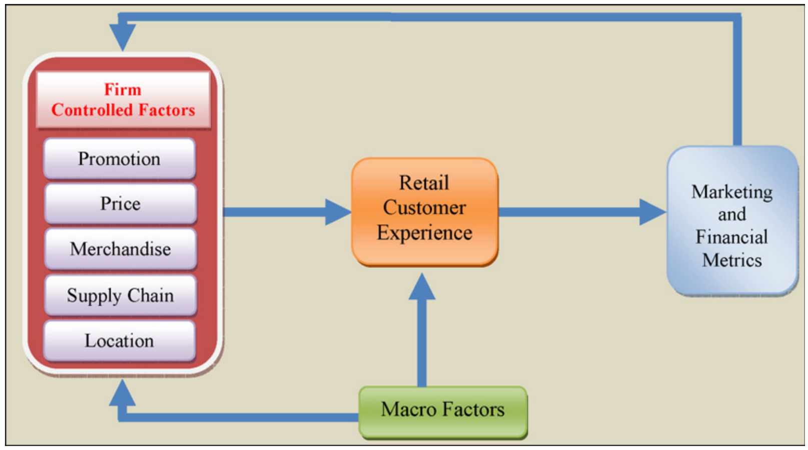


Fig. 1. Organizing structure.

multiple channels to interact and shop, and finally being responsive to customer needs and feedback.

In recent years, many articles have summarized key findings published in this journal during this decade (e.g., Brown and Dant 2008a; Brown and Dant 2008b; Grewal and Levy 2007). These reviews contain suggestions for research and practice; the articles in this special issue supplement the existing reviews by providing insights from both marketing and related fields. We present the organizing framework in Fig. 1.

Following Fig. 1, we first discuss the macro factors that affect retailers and the customer experience. The second section contains an overview of the retail customer experience, the firm controlled factors (aka: retail drivers) and marketing and financial metrics. As shown in the framework, the macro factors can affect the retail drivers as well as the customer experience. Customer experience then mediates the impact of retail drivers on retail performance. For example, articles by Puccinelli et al. (2009) and Verhoef et al. (2009) illuminate the customer side of the retail shopping equation. To provide a better understanding of retail drivers, other authors examine promotion (Ailawadi et al. 2009), price and competitive effects (Kopalle et al. 2009), merchandise management (Mantrala et al. 2009), supply chains (Ganesan et al. 2009), and location. Since none of the papers in this special issue specifically address location issues, we call for additional work in this significant area. We then examine the various metrics (Petersen et al. 2009) that can assess retail performance. Finally, insights from recent articles published in *JR* in 2008 are summarized, in Appendix A.

## The role of macro factors

For world markets in general and retailing in particular, 2008 represented a very turbulent year. Some current retailing trends result from major macroeconomic and political factors, such as dramatic gasoline price fluctuations, which influenced the cost of alternative fuels such as corn and soy, causing shortfalls in other items derived from these crops and an ensuing increase in food prices. On the consumer front, many people's savings have evaporated, primarily because of the precipitous decline in stock prices, suffering real estate markets, and increasing unemployment. Consumers thus take greater care in what they buy, where they buy, and how much they will pay. As the null entries under the column "Macro" in Appendix A makes abundantly clear, these macro factors have not received sufficient research attention.

The popular press is replete with stories about the effects of economic factors (e.g., gasoline prices, inflation, recession, unemployment, interest rates, and declining stock markets) on consumer shopping behavior. Economic and financial uncertainty also has influenced the retail environment, and several prominent retailers (e.g., Linens 'N Things, Levitz, Circuit City, Sharper Image) have either closed their doors or filed for bankruptcy protection. In such challenging economic times, customers search for value: they have not necessarily stopped shopping per se, but they are shopping more carefully and deliberately. Some purchase in similar merchandise categories but at stores that offer lower prices, such as H&M, Wal-Mart, or Costco (Capell 2008; Coupe 2008), whereas others search for products or services they perceive as special because they appear stylish, trendy, prestigious, or reflective of media hype (Mui 2008).

To create excitement in order to attract customers to their stores, and potentially increase profit margins, several prominent retailers have expanded their assortment of private label offerings. They are moving beyond the idea of private labels as being only low price/low quality alternatives to national brands. Instead, retailers provide premium private labels that sometimes exceed their national brand counterparts in quality ratings, including Wal-Mart's Sam's Choice (U.S.), Loblaw's President's Choice (Canada), Tesco's Finest (U.K.), Marks & Spencer's St. Michael (U.K.), Woolworth Select (Australia), Pick and Pay's Choice (South Africa), and Albert Heijn's AH Select (Netherlands) (Kumar and Steenkamp 2007). Another private-label alternative uses exclusive co-branding, such that the brand is developed by a national brand vendor, often in conjunction with a retailer, and sold exclusively by that retailer. For instance, JCPenney now offers lines designed by Kenneth Cole and Ralph Lauren, called Le Tigre and American Living, respectively (Mui 2008). In this context, the stores that consumers do not perceive as offering either low prices or salient attributes are the most vulnerable.

Although hardly a sufficient silver lining, researchers now have the opportunity to examine more thoroughly many of the issues discussed in the remainder of this introduction in a new light. How do consumers react differently to price promotions, merchandise assortments, or private-label offerings in an economic crisis? Can retailers take certain actions to increase patronage, both before and during a shopping experience? Does consumer cherry picking change when consumers face more difficult economic trade-offs? Will consumers continue to embrace more expensive and higher quality private-label merchandise? How should retailers alter their assortments—should they continue to experiment with new categories that previously appeared only in stores with different retail formats? Will price elasticities for substitute and complementary purchases differ during economic downturns? What innovative strategies might multichannel and online retailers use to gain greater shares of wallet? And how might retailers adjust their global sourcing strategies and the way they work with and develop relationships with their global vendors? These questions and many more depend on the macroeconomic issues that confront consumers and the retailers they serve.

## Consumer research and customer experience management

The key to retailing success is to understand one's customers. Firms like Information Resources Inc. specialize in providing consumer packaged goods and retailing clients consumer insights that pertain to their customer segments (e.g., geography and usage) and various marketing mix variables. Academic research into consumer behavior also can guide the models used in practice. Retail practitioners have the benefits of a rich body of consumer research focusing on the customer experience, and two articles (Puccinelli et al. 2009; Verhoef et al. 2009) in this special issue highlight key areas in this research stream.

Verhoef et al. (2009) recognize the importance of past customer experiences, store environments, service interfaces, and store brands on future experiences. They define customer experience carefully, considering it "holistic in nature and involve[ing] the customer's cognitive, affective, emotional, social and physical responses to the retailer. This experience is created not only by those factors that the retailer can control (e.g., service interface, retail atmosphere, assortment, price), but also by factors outside of the retailer's control (e.g., influence of others, purpose of shopping)" (Verhoef et al. 2009, p. 32).

Verhoef et al. (2009) also notes the need to consider customers' experiences in stores and with other channels, as well as the evolution of the total experience over time. They suggest that longitudinal research needs to be done to more fully explore whether the drivers of the retail experience are stable. It is likely that different retail drivers have differential effects at the various stages of the decision process, and as a function of the customer's experience level.

Puccinelli et al. (2009) instead focus on seven consumer behavior research domains that influence the customer experience: (1) goals, schemas, and information processing; (2) memory; (3) involvement; (4) attitudes; (5) affect; (6) atmospherics; and (7) consumer attributions and choices. They illustrate insights gleaned from each topical area, using standard consumer decision-making stages (i.e., need recognition, information search, evaluation, purchase, and post-purchase).

For example, consumer goals play an important role in determining how consumers perceive the retail environment and various retail marketing mix elements. Goals such as entertainment, recreation, social interaction, and intellectual stimulation (Arnold and Reynolds 2003) also affect the way consumers proceed through the stages of the consumer decision process. Therefore, goals and the resulting customer experiences help shape product/retailer goal-derived categories or structures (Barsalou 1991), such that consumers looking to save money may make strong associations with warehouse club stores. Goals or schemas help consumers make their shopping decisions, and a better understanding of consumer goals and related stored information in turn would help retailers develop innovative retail formats.

Another academic area of inquiry pertains to how people encode, retain, and retrieve retail information from memory (Puccinelli et al. 2009). The level of information encoding depends on the level of information processing undertaken by the consumer (Craik and Lockhart 1972), and the level of processing appears contingent on motivation, opportunity, and ability (e.g., MacInnis and Jaworski 1989). Retailers should utilize the rich memory research to devise strategies (e.g., signage) to aid consumers in making quicker associations, ranging from helping them to choose the store to shop for inexpensive toys to informing them where the toys are within the store to providing salient cues that highlight their price savings.

Research on involvement in retailing considers how retailers might motivate a disinterested consumer into becoming interested in a product or service and ultimately making a purchase. Involved consumers likely engage in greater and more elaborate thoughts about the products (Petty, Cacioppo, and Schumann 1983), which in turn prompts them to focus on key product attributes rather than peripheral cues, such as advertised reference prices (Chandrashekaran and Grewal 2003). Thus, retailers should systematically undertake in-store activities (e.g., taste tests and demonstrations) to increase consumer involvement and purchase. In-store demonstrations might increase customer involvement and lead to greater purchases of private-label merchandise because consumers may not have well-developed product expectations or their expectations may be weaker for private labels than for national brands.

Retailers already devote considerable time and effort to developing and cultivating favorable attitudes toward their stores, with the goal of increasing patronage. But recent research questions the validity of this attitude–behavior link (Park and MacInnis 2006). Additional research should focus on understanding the contextual retail factors that reinforce this link, which would ensure that a favorable attitude toward a retailer translates into actual retail sales.

Store atmospherics and the social environment are topics covered in by Puccinelli et al. (2009) and Verhoef et al. (2009). Retail environmental factors, such as social features, design, and ambience, can result in enhanced pleasure and arousal (Baker, Grewal, and Levy 1992; Mehrabian and Russell 1974). Recently self-service technologies have been introduced to supplement the social environmental factor (i.e., employee component) in stores. The use of self-service technology (e.g., self-checkout and price scanner machines mounted on a shopping cart) can influence the consumer shopping experience (Verhoef et al. 2009). Verhoef et al. (2009) highlight the need to understand the negative effects of these self-service technologies on employee morale (i.e., the fear of losing one's job) as well as the balance between the negative overall effect on the customer experience (i.e., no contact with store personnel) with the positive time-saving effects.

Other research in this area examines the sociability of retail employees; the presence and age of other consumers in the retail or service setting (e.g., Verhoef et al. 2009; Thakor, Suri, and Saleh 2008); and the effect of crowds, music, and lighting (see the review by Baker et al. 2002). Wang et al. (2007) realize the role of avatars' sociability and how it enhances consumers' pleasure, arousal, and patronage, but additional research should investigate the role of atmospheric cues in the online world.

Verhoef et al. (2009) suggest the need to better understand the role of other consumers in the shopping experience. They note that the presence of other consumers can have a negative or destructive effect on the shopping experience, for example, littering a store or restaurant or leaving a display area or an end cap a mess. Building on the work by Martin and Pranter (1989, 1991), Verhoef et al. (2009) argue that retailers and service providers should explore consumer compatibility management, which involves facilitating compatible consumers to shop or sign up for services which enriches everyone's experience (e.g., a cooking class, a health club yoga class). Finally, attribution theory-related research provides various insights into how consumers view product and service failures and how retailers and service providers can develop recovery strategies. For example, a recent article by Grewal, Roggeveen, and Tsiros (2008) suggests that service providers should compensate consumers for frequent service failures for which the firm is responsible. Brady et al. (2008) demonstrate the positive effects of brand equity in mitigating some of the negative consequences of failure. Building on this area of inquiry, retailers might tackle a host of persistent issues, including problems with products and services, out-of-stock situations, and delivery.

## The promotion experience

Literature on integrated marketing communications is vast, but research pertaining to retailing is very specific. Ailawadi et al. (2009) logically organize this body of research into manufacturer promotion decisions, as it relates to retailers, and retailer promotion: the manufacturer primarily is interested in using promotions to enhance the performance of its brands, whereas the retailer is interested in enhancing their own performance (van Heerde and Neslin 2008).

Significant research on trade promotions centers on the extent of the monetary savings passed on to consumers. Some controversy surrounds the impact of pass-through trade promotions; specifically, does a trade promotion from one manufacturer in a given period influence the promotion of another manufacturer's brand in the same period (e.g., Moorthy 2005)? The accounting records pertaining to trade promotions remain inadequate for deriving a definite answer (Parvatiyar et al. 2005). Ailawadi et al. (2009) therefore suggest further research should examine how different types of trade promotions get funded, passed through, and perform.

Consumer promotions also take several forms, including price promotions, loss leaders, and in-store displays. Meta-analyses show that the immediate increase in sales of a promoted item is substantial (Bijmolt, van Heerde, and Pieters 2005; Pan and Shankar 2008). However, brand switching as a result of consumer promotions is closer to 30–45 percent (van Heerde and Neslin 2008), far less than previous estimates of approximately 80 percent (e.g., Bell, Chiang, and Padmanabhan 1999).

A consumer promotion, such as a loss leader, on one item should increase sales of other items and overall profits, yet empirical research in this area is mixed (e.g., Walters and MacKenzie 1988 versus Gauri, Talukdar, and Ratchford 2008). Ailawadi et al.'s (2009) review indicates that consumer "cherry picking" for special prices has a relatively minor impact on retailer profits; they also conclude that not all promotions have a positive revenue impact for retailers though. Rather, the profit impact is decidedly mixed (e.g., Srinivasan et al. 2004; Steenkamp et al. 2005).

A plethora of research investigates the impact of different types of promotions on sales and profits, including the composition of flyers (Gijsbrechts, Campo, and Goossens 2003). Likewise, several articles examine the impact of framing a retail promotion, that is, how the retailer communicates the deal price to the consumer (for meta-analyses, see Compeau and Grewal 1998; Krishna et al. 2002). It would be interesting to determine how such research translates into new media, such as the Internet, e-mail, blogs, shopper marketing, social marketing, and m-commerce. For example, the nuances of how new media perform relative to traditional media remain poorly understood, so questions regarding budget allocations and the interactions among new media and between new and traditional media demand additional investigation. In the spirit of such an endeavor, Chiou-Wei and Inman (2008) use panel data to understand the drivers of online coupon redemption.

Although most retail promotions emphasize price, studies often consider them in isolation. Yet price promotion coordination is a key driver of retailer profitability (Bolton, Shankar, and Montoya 2007). Retailers and researchers alike need more information about the impact of coordinating price promotions within and across categories and across retail formats within a chain, such as Wal-Mart and Neighborhood Markets (Gauri, Trivedi, and Grewal 2008).

Common wisdom and analytical work (Sethuraman 2006) suggests that national brands should be promoted more than private-label brands, because the national brands attract customers' attention and attract them to the store. Yet retailers promote private-label merchandise (Shankar and Krishnamurthi 2008), because they generally earn higher margins on private labels (Ailawadi et al. 2006). Shankar and Krishnamurthi (2008) provide some insights into how to price and promote manufacturer versus private-label brands.

Studying previous research on consumer promotions, Ailawadi et al. (2009) suggest several areas for further investigation. Although we know much about the sales bump caused by consumer promotions, we have a poorer understanding of the profit impact. Retailers' increased emphasis on private-label merchandise demands more work investigating the effectiveness of private-label promotions. It also seems important to identify win–win promotions for manufacturers and retailers. Because many purchase decisions take place in brick and mortar stores and as new methods for reaching consumers in stores emerge, more research should assess the effectiveness of in-store promotions to customers.

## The pricing experience

A lot rides on how a retailer sets its prices. The three other Ps create value for the seller; the fourth P of price captures value. In addition, this is the only P that earns revenue for the retailer. When retailers price a product or service too high, consumers view it as a poor value and will not buy. A price set too low may signal low quality, poor performance, or other negative attributes about the product or service. Although setting the "right" price is clearly an important retailing task, it is often treated as an afterthought, partly because it remains the least understood and therefore most difficult to manage task. Recent research demonstrates that a consumer's store price image likely results from a numerosity heuristic, such that the greater the number of low-priced products at a store, the lower is the price image among knowledgeable consumers (Ofir et al. 2008).

Kopalle et al. (2009) concentrate on the interaction between pricing and competitive effects in retailing, noting the difficulty of research into category- and store-level prices, because retailers stock thousands of items, most of which are irrelevant to any given consumer. Furthermore, because different consumers buy different market baskets, a category or store that one customer perceives as high priced may seem low priced to another. Research suggests that retailers therefore should carry some high-priced merchandise to extract rents from loyal customers and some low-priced merchandise to attract new ones, but more work is needed in this area. Moreover, the emergence of discount stores carrying fashion products and luxury brands can affect pricing in traditional retail chains (Kopalle et al. 2009).

A popular pricing strategy adopts loss leaders—items priced at or below the retailer's cost. The preponderance of loss leader activity in retail stores belies the gaps in our knowledge about its impact on traffic, sales, and profits. Although store traffic increases and sales generally increase for items used as loss leaders, these loss leaders may not influence the sales of other, non-promoted items (Walters and MacKenzie 1988), and their impact on profitability is questionable. A more definitive understanding of how loss leaders affect the sales of non-promoted items and profitability would be very useful.

Retailers increasingly undertake "format blurring" or "scrambled merchandising," because different retail formats increasingly stock similar categories (Fox and Sethuraman 2006). Consumers shop different store formats for similar merchandise categories and therefore can usually distinguish between pricing strategies within a format, such as a supermarket, or across formats, such as a department store and a specialty store (Inman, Shankar, and Ferraro 2004). Many retail formats use EDLP (everyday low pricing) and Hi-Lo (e.g., Bell and Lattin 1998; Gauri et al. 2008b; Hoch, Dreze, and Park 1994; Kumar and Rao 2006; Lal and Rao 1997; Shankar and Bolton 2004) pricing; further research should examine how prices in stores that adopt a given retail format affect sales in stores that use another format (Chu, Chintagunta, and Vilcassim 2007).

It is impossible to separate the effect of individual products, the entire assortment, and promotion on price, or vice versa. Category management encourages retailers to focus on the profitability of an entire product category rather than individual brands (Levy et al. 2004), though most such research pertains to grocery store settings. We still know relatively little about these interactions in other formats or what happens when we introduce competition into the equation.

In contrast, we know much about the impact of a price promotion for one item on the price of complementary items. A price promotion of item A may increase the sales of a complementary item B, but not vice versa (Walters 1991), and these cross-category elasticities are brand specific (Song and Chintagunta 2007). Although several theoretical studies examine optimal price bundling strategies in a competitive environment (Anderson and Leruth 1993; Jeuland 1984; Kopalle, Krishna, and Assunção 1999), additional research should empirically examine these issues. Furthermore, the ready availability of scanner data has prompted a preponderance of research pertaining to fast moving consumer goods; it would be interesting to examine the demand functions of durable goods as well.

Previous pricing research regarding private labels versus national brands suggests asymmetric sales effects, such that higher price/higher quality brands steal sales from lower price/lower quality brands when the higher tier reduces its price (Blattberg and Wisniewski 1989). In various examinations of the different features of the private label/national brand and price/sales interactions, asymmetric effects predominate (Allenby and Rossi 1991; Bronnenberg and Wathieu 1996; Pauwels and Srinivasan 2004; Sethuraman and Srinivasan 2002; Wedel and Zhang 2004). These studies again focus on grocery and drugstore formats, in which private-label prices generally are significantly lower than those of national brands. Further research should investigate the pricing aspects of private labels versus national brands using premium private labels (Kumar and Steenkamp 2007) and durable and fashion goods.

Finally, research on online and multichannel pricing takes a prominent place in modern academic journals, yet limited study addresses online pricing strategies (cf. Yuan and Krishna 2008). Much of this limited research focuses on customer reactions to different pricing strategies and shipping fees, the role of infomediaries, advertising revenues, channel interactions, and personalized pricing schedules. Yet some of the issues described herein and examined in brick-and-mortar store settings would be useful pursuits in the virtual and multichannel world. For example, how might online strategies differ from in-store strategies for similar merchandise and services? Should they differ across channels? Do consumers behave differently online? What competitive behavior effects exist?

### The merchandise and brand experience

Perhaps the most vexing problem facing retailers is the challenge of getting the right merchandise in the right quantities to the right stores at the time that customers want it. Mantrala et al. (2009) lay out a framework that highlights a series of trade-offs retailers make during the product assortment planning decision (PAP). From there, they examine retailers' current decision practices, the tools they use, and academic contributions surrounding these decisions.

To frame the problem, these authors examine three interrelated aspects of PAP. First, the most strategic decision retailers make is how many and which categories to carry (variety), which establishes the store's position and image in the marketplace. Second, and the focus of most PAP research, the assortment's depth involves how many items within a category a retailer should carry. Although we know a great deal about why it is difficult to determine an appropriate assortment depth, extant research does little to help retailers determine what exactly that assortment should be. Third, the most straightforward aspect of PAP involves establishing and maintaining a service level, or the number of individual items of a particular stock-keeping unit (SKU) a retailer should carry. Commercial solutions to the service-level aspect of PAP have been available for decades, and most multistore retailers use them.

The framework begins with an outline of the constraints facing retailers—consumer perceptions and preferences that are difficult to predict, the retailers' own constraints, such as the physical space available in a store, and environmental factors, such as the changing competitive landscape. Beginning with the consumer, Mantrala et al. (2009) examine previous research and conclude that it is difficult to predict what customers will want because they enjoy flexibility. Consumers rarely know what they really want when they buy, and then their choices change over time because they often buy now and consume later, As their goals change (see Puccinelli et al. 2009), they may not actually buy their first choice first. That is, even if a retailer has a consumer's first choice, he or she might not buy it ultimately. At the same time, too much choice can be frustrating and confusing, so retailers must balance having a wide enough assortment that consumers do not shop elsewhere, but not so wide that they are overwhelmed.

In addition to the difficulties inherent to providing consumers what they want, retailers suffer from their own constraints, not the least of which is the physical space available in their stores and the amount of money they can spend on inventory. Although space constraints become somewhat relaxed in an Internet retail environment, retailers still must decide how to balance assortment planning, variety, depth, and service level. In fact, offering too many options in an online retail environment can overwhelm a consumer. The most strategic decision, and the one least understood and represented in the academic literature, remains the variety decision, that is, how many and which categories to carry. No other assortment decision is more important in determining a retailer's market position and brand image. Some interesting research attempts to understand which and how many SKUs to carry within a category (depth) (e.g., Bultez and Naert 1988; Corstjens and Doyle 1981; Corstjens and Doyle 1983; Van Nierop, Fok, and Franses 2006), though it is not clear how this research is being used by retail practitioners.

Another interesting aspect of PAP is the degree to which retailers use private versus national brands. Following the lead of several large European retail chains, such as Tesco, many U.S. chains are increasing their private-label presence to help establish a differential advantage. Although research supports private-label merchandise (e.g., Ailawadi and Keller 2004), more research could examine the interactions between national and store brands in a retailer's assortment. It is also important to understand the role the retail brand (e.g., Victoria's Secret, Wal-Mart, and Best-Buy) has on the customers experience. (Grewal, Levy and Lehmann 2004; Verhoef et al. 2009).

Retail environmental factors always affect business decisions, though several have become particularly salient in today's retail environment. Many retailers adopt categories that traditionally were carried by retailers using other formats, such as drug stores carrying food items. This practice provides a more comprehensive assortment for customers, but it also makes it more difficult for them to distinguish one store or retail format from another. Retailers also adjust their assortments to meet changing consumer demand, such as that for green and organic products or for ethnic foods. Each of these environmental factors would provide an excellent setting for studying PAP decisions.

Mantrala et al. (2009) framework moves from the trade-offs facing retailers, based on consumer perceptions and preferences, retailer constraints, and environmental factors, to how practitioners and academics address such trade-offs. Neither group provides much insight into the most strategic PAP decision, that is, which categories a retailer should carry. Practitioners have a good handle on how to predict sales and therefore provide an adequate service level for retail chains as a whole, but much more work is needed to fine-tune assortments by individual store. Sophisticated store-level assortment planning models that consider price elasticities, size distributions, or seasonality patterns remain in their infancy in practice and would therefore benefit from additional research (e.g., Kök, Fisher, and Vaidyanathan 2006).

Another challenging research area is developing attribute-based, rather than product-focused, approaches to PAP. Using an attribute-based approach, retailers can predict sales of new products on the basis of information about the attributes of existing products (Rooderkerk, van Heerde, and Bijmolt 2008). Most academic models apply to single-category assortment problems, though consumers generally buy multiple items in various categories, so researchers really should examine the complementarities of any market basket to optimize overall assortment (e.g., Agrawal and Smith 2003). Research on single categories inevitably ignores other marketing mix variables and environmental impacts.

These PAP decisions are based on a multitude of often unrelated factors, and our ability to take all these factors into consideration simultaneously is intractable. Yet Mantrala et al.

(2009) provide some structure to the problem, which should enable researchers to tackle these problems.

## The supply chain management experience

Whereas most of the discussion in this special issue centers on what happens at the front-end of the retail store, supply chain management occurs at the back end. For decades, retail supply chain and logistics issues seemed somehow less important than other activities such as promotion, pricing, or customer service. But this erroneous perception no longer exists. Supply chain issues, from both the more managerial partnering side and the more technical operations side, have proven important sources of competitive advantage for many retailers, particularly low-cost providers such as Wal-Mart and Zara. Ganesan et al. (2009) examine several important supply chain issues, including global sourcing practices, multichannel routes to market, and relationship-based innovation.

These authors note that with private-label merchandise, as opposed to national brands, the burden of ensuring that merchandise production adopts corporate socially responsible (CSR) policies, as well as quality and safety control issues, rest with the retailer. And most of this sourcing is done globally today. Academic research at the nexus of global sourcing and CSR is somewhat sparse (e.g., Wagner, Lutz and Weitz 2008); more research might examine the circumstances in which customers will pay more for merchandise produced in a socially responsible manner, particularly during economic downturns.

Ganesan et al. (2009) also examine several issues for hierarchical multichannel relationships, in which both manufacturers and retailers sell through multiple channels to consumers. As hierarchical multichannel relationships develop, conflict can occur between the channel members, which must compete with one another. Retailers can respond to this competitive situation by taking direct action, such as refusing to sell products that the supplier sells directly (Schoenbachler and Gordan 2002), or looking for alternative ways to service customers (Vinhas and Anderson 2005). A more positive approach would pursue a channel structure with mutual benefits, such as profit sharing (Neslin et al. 2006; Yan 2008). Ganesan et al. (2009) therefore suggest that further research should attempt to increase our understanding of how hierarchical multichannel structures affect the participants' relationships, their relative power, and their performance.

Most recent retailing innovation initiatives seem to come from sustainability initiatives designed to improve the environment, healthcare, diversity, and sourcing. Ganesan et al. (2009) investigate how relationships between retailers and their suppliers may facilitate product or process innovations. Specifically, when supply chain partners exchange information, the relationship grows stronger, and the likelihood that valuable and important information gets exchanged increases (Rindfleisch and Moorman 2001). However, the strength of relational ties may play a more important role for process than for product innovations. Ganesan et al. (2009) argue that when retailers have supply chain partners with diverse, rather than complementary, capabilities and resources, they are more likely to innovate, because the information acquired from these varied sources differs. Finally, asymmetrical dependence between the retailer and its supply chain partners should negatively affect innovations, because the weaker party guards against exploitation, while the stronger party tends to exploit opportunities without worrying about negative partner perceptions (e.g., Ganesan 1993).

## The location experience

Retailing academics and practitioners seem always to emphasize "location, location, location" as the key to success. *Journal of Retailing* has a rich history of publishing location-oriented papers (e.g., Brown 1989; Craig, Ghosh, and McLafferty 1984). These early papers provided a host of insights into location modeling, offering both analog methods (Applebaum 1966) and attraction models (Huff 1964). A detailed and insightful review of these models appears in Craig et al. (1984). Research published in *JR* in 2008 (Appendix A: three articles), in contrast, offers limited attention to this important area of inquiry.

Durvasula, Sharma, and Andrews (1992) recommend STORELOC, a store location model that incorporates managerial judgment data in addition to consumer data. Because key managers participate in the process, their buy-in to the outputs of the location model increase, namely, the identification of the best retail sites for expansion. The key store attributes and their relationships with relative competitive strength can be estimated using varied methods in this model, including conjoint or logit analysis.

Another interesting location problem involves understanding how to expand a franchisor distribution system optimally, because in some cases, that which is best for the franchisor may be at odds with the preferences of the individual franchisees. Ghosh and Craig (1991) develop FRANSYS, a franchise distribution system location model, to address this kind of problem. Another important issue related to locating franchises concerns the choice between multi-unit franchisees (MUF) versus single-unit franchisees (SUF) since the modal franchisee in the US is no longer the stereotypic mom and pop single-unit operator, but a mini chain operator (Garg et al. 2005; Kaufmann and Dant 1996). Some recent evidence suggests that even though MUF may be preferred by franchisors for reasons of rapid system growth, system-wide adaptation to competition, minimization of horizontal free-riding, and the strategic delegation of price or quantity choices to franchisees, it is the SUF that characterize their dyadic relationships with their franchisors as more relational and cooperative as compared to their MUF counterparts (Dant et al. 2009).

The age of these models clearly shows, however, the need for more research into location issues. With the greater availability of excellent geographical information systems (GIS), rich data are easily accessible. For example, GIS data supplemented with appropriate panel consumption data could enable empirical tests of a host of location models.

More recent research highlights the role of two key location factors: proximity to customers (measured in travel time) and proximity to other stores or agglomeration (Fox, Postrel, and McLaughlin 2007). For example, grocery stores appear to benefit from agglomeration with discount stores, but Wal-Mart discount stores suffer reductions in revenues when they agglomerate with grocery stores. In a different vein, Brooks, Kaufmann, and Lichtenstein (2008) demonstrate the importance of store agglomeration for multi-stop shopping trips.

An important research advance could consider the role of travel time on consumers' choices of retail formats and the related retailing implications. Because consumers value their time (Becker 1965), researchers should investigate what it might take, in terms of price savings and deals, to attract consumers to a factory outlet store (normally located some distance away) rather than a similar store in a conveniently located mall. The location decision likely has major ramifications for price, promotion, and merchandising decisions.

Prior research recognizes several different retail formats, according to pricing (e.g., everyday low price vs. high/low promotions), merchandise (wide vs. narrow) (Gauri et al. 2008b), and Internet presence (bricks, clicks, or bricks and clicks). Insights from this area of inquiry suggest that bricks still hold an advantage over clicks (Keen et al. 2004) and are likely to dominate in certain categories, such as high-end apparel and jewelry. Research also shows that consumers may use the different retail formats for different stages of the consumer decision process, such that the online store might be a great way to compare alternatives, but brick-and-mortar stores seem more suitable for purchases (Burke 2002). A systematic understanding of the role of these different formats in the consumer decision process and how retailers can best optimize their multiple channels would be a fruitful area of inquiry.

## The importance of retail metrics

As Petersen et al. (2009) cover in their contribution to this special issue, retail metrics take on great importance in the modern retail environment. These authors develop a framework that identifies key metrics on which every retail firm should focus to improve its marketing and financial performance. Their assessment of existing research suggests seven key metrics—brand value, customer value, word-of-mouth and referral value, retention and acquisition, cross-buying and up-buying, multiple channels, and product returns—that every retailer should address to improve its performance.

Competitive information, marketing information, and store- and customer-level data can relate retail strategies to outcome metrics, and though tracking these metrics admittedly represents a challenge, it is not impossible. With advances in technology and sophisticated statistical models, retailers can transform the vast amount of data they collect quickly into valuable information pertaining to the formulation and execution of marketing strategies. For example, Limited Brands and Overstock.com make frequent use of metrics, which requires them to capture data, operationalize the metrics, determine the frequency of measurement, track the metrics, conduct experiments to illustrate the benefits of any changes, create linkages between strategies and performance metrics, and disseminate the findings appropriately. Such successful implementations enable these retailers to acquire and retain profitable customers.

As consumers consider their buying choices ever more carefully before they make choices about if, and where, to spend their money, a great customer experience can significantly increase the chances that they return to the same store and spend more money, as well as the likelihood that they will tell their friends and family about it. Consumers trust recommendations from friends more than they do information from vendors, and methods of quantifying the value of this word of mouth have become available (Kumar, Petersen, and Leone 2007).

Furthermore, increasing store closings mean fewer stores overall and hence less competition. But customers still will avoid retailers on the brink of bankruptcy or those incapable of providing a good customer experience. They will continue to seek out and remain loyal to those retailers that deliver the best value and a great experience.

To survive these tough economic times then, retailers need to focus on the key metrics discussed by Petersen et al. (2009). Consider, for example, the metrics for product returns. More than $100 billion worth of goods get returned every year. How do retailers handle these returns, and can they create a better customer experience? If handled properly, customers who return products will not only salvage the sale but also become high value customers (Petersen and Kumar in press). Fleener and Norcia (2008) recommend three strategies for dealing with returns: greet the customers before they get to the return counter and offer to take their returns, identify why the customer is making the return, and influence the customer by suggesting or recommending products that might better meet their needs. Thus, when performed well, the return or exchange process becomes a great experience for both the customer and the store.

Finally, marketplace competition and retailers' increasing ability to process information have prompted a major shift in the focus on metrics, from backward- to forward-looking and from aggregate- to customer-level metrics. Backward-looking aggregate and customer-level metrics, such as past store profits or share of wallet, suggest retailers allocate their resources to customers who have been valuable in the past, not necessarily those who are likely to be valuable in the future. Forward-looking metrics, such as customer lifetime value (CLV; Kumar 2008b), instead can help retailers develop strategies to stimulate growth. Kumar, Shah, and Venkatesan (2006) reveal that the use of CLV as a metric for future marketing campaigns and marketing resource allocations (Kumar 2008a) can result in greater growth in customer-level profits and CLV. This increase not only ensures future profitability but also contributes to higher stock prices (Kumar and Shah in press), thereby increasing shareholder value. Gupta et al. (2004) also demonstrate the value of customer-focused metrics for shareholder value. Thus, Petersen et al. (2009) emphasize the need for not only the right metrics but also the proper implementation as a means to produce better results.

## Conclusion

The objective of this introduction is to provide an organizing framework and describe the contributions of the seven articles that comprise this special issue on retail customer experience.

We highlight some key aspects and findings from each article and discuss the important roles of macro factors and the firm controlled factors on retail customer experience. We hope these articles provide a broad-based overview of the various domains (e.g., consumer behavior, promotion, pricing, merchandise, supply chain management, location and retail metrics) of the retail customer experience and in turn provide a research catalyst for a plethora of important retailing issues. Keeping customers in the next few years will be even more important than making a sale. Shoppers are getting used to those 50–75 percent off sale signs, and that is bad news for merchants who worry they will also have to quickly slash prices on merchandise to attract customers. Retailers will have to engage their customers every day to create the long-term loyal advocates necessary to compete in these challenging times. The most important thing is to be able to identify ways to hold on to profitable customers. We have shown in this article as well as in this special issue that there are multiple paths to providing a great customer experience for retail shoppers.

## Acknowledgements

The authors appreciate the help of Britt Hackmann in organizing the thought leadership conference. The authors also appreciate the helpful suggestions of Jim Brown, Rajiv Dant, Dipayan Biswas, Dinesh Gauri, Nancy Puccinelli, Michael Tsiros and Robert Palmatier.

## Appendix A. Summary of the Journal of Retailing Publications in 2008

| Cite | Findings | Macro | CB | Promo | Price | Category/Brand | SCM | Location/Online | Metrics | Other |
|---|---|---|---|---|---|---|---|---|---|---|
| Vol. 84 (4) | | | | | | | | | | |
| Dant and Brown | Editorial emphasizing B2B vs. B2C is obsolete. | | | | | | | | | X |
| Konus, Verhoef, and Neslin | Identifies three customer segments—multichannel enthusiasts, uninvolved and store focused. Psychographic variables are demonstrated to be useful in predicting segment membership. | | X | | | | | | | |
| Ofir, Raghubir, Brosh, Monroe and Heiman | Numerosity heuristic (greater number of low price products at a store) influences the store price image for knowledgeable consumers. The availability heuristic (ease of recall of low price products) influences store price image for less knowledgeable consumers. | | X | | X | | | | | |
| Grewal, Roggeveen and Tsiros | The results of a number of studies demonstrate that firms need to offer compensation for a service recovery when they are responsible for the failure and the failure occurs frequently. | | X | | | | | | | |
| Davis and Mentzer | Trade equity (manufacturer trustworthiness) enhances the effect of brand equity on retailer dependence while reducing the effect of brand equity on retailer commitment. | | | | | | X | | | |
| Sigué | A model is presented to understand whether the manufacturer or retailer is better off (in terms of profits) when promotions (manufacturer or retailer controlled) are offered. | | | X | | | X | | | |
| Harris | The main demographic and psychographic drivers for fraudulent returns are presented. | | X | | | X | | | | |
| Xu and Kim | The effect of the serial position of the vendor on a shopping comparison site affects their vendor acceptance. Greater attention paid to listings at the beginning. | | X | | | | | X | | |
| Tuncay and Otnes | Two qualitative techniques are use to identify strategies used by consumers to manage persuasive attempts in unfamiliar consumption contexts. | | X | | | | | | | |
| Vol. 84 (3) | | | | | | | | | | |
| Brown and Lam | A meta-analysis quantifying the synergistic effect of high employee job satisfaction, leading to high service quality and in turn higher customer satisfaction. | | X | | | | | | | X |

Appendix A (*Continued*)

| Cite | Findings | Macro | CB | Promo | Price | Category/ Brand | SCM | Location/ Online | Metrics | Other |
|---|---|---|---|---|---|---|---|---|---|---|
| Gauri, Trivedi, and Grewal | Highlights key antecedents (store, market and competitive) to the use of a store following a particular pricing strategy (EDLP and HiLo), format strategy (convenience, supermarket and superstore) and/or combination strategy (price and assortment). | | | | X | X | | X | | |
| Lei, de Ruyter, and Wetzels | Demonstrates that consumer perceive greater risk for step-up vertical brand extensions (as compared to step-down). The effect is moderated by service guarantees and prior knowledge. | | X | | X | | | | | X |
| Sloot and Verhoef | Results of two studies provide insight into the effects of delisting of brands (based on their equity and market share) on store and brand switching intentions. | | | | X | X | | | | |
| Chiou-Wei and Inman | Panel analysis is used to understand drivers of redemption of electronic coupons. Education, employment and coupon face value have positive effects. Distance of consumer from the redemption location has a negative effect. | | X | X | | | | | | |
| Gremler and Gwinner | Critical incident methodology is used to identify five categories of rapport building behaviors (uncommonly attentive, common grounding, courteous behavior, connecting and information sharing). | | X | | | | | | | X |
| Lee and Rhee | An optimal guaranteed profit margin scheme is proposed for supply chain management between retailer and vendor. | | | | | | X | | | |
| Hollenbeck, Peters, and Zinkhan | Using the World of Coca-Cola brand museum as the context, the authors explain how the brand experience is enhanced. | | X | | | X | | | | |
| Vanhamme and de Bont | A consumer panel study is used to understand drivers of surprise gifts (as compared to other gifts). Design, higher price and money back guarantees were significant predictors. | | X | | | | | | | |
| Vol. 84 (2) | | | | | | | | | | |
| Brown and Dant | Editorial on what makes a significant contribution to retailing literature. | | | | | | | | | X |
| Thakor, Suri, and Saleh | Younger consumer's attitudes' to the service are reduced as a function of the age of the cohort in the service setting. | | X | | | | | | | |
| Brady, Cronin, Fox, and Roehm | Strong brand equity can help combat negative effects due to performance failure. | | | | | X | | | | |
| Koschat | A decrease in inventory decreases demand for the brand and increases demand for the competitive brand. | | | | | | X | | | |
| Koukova, Kannan, and Ratchford | Communication strategies that create awareness of the utility of the alternative bundle forms (digital and conventional) enhance the purchase probability of the joint bundle. | | | | | X | | | | |
| Mittal, Huppertz, and Khare | Developing relationship ties with customers reduces their likelihood of complaining. These results are reduced for consumers who have low information control tendencies (i.e., don't ask questions). | | X | | | | | | | X |
| Lwin, Stanaland, and Miyazaki | They highlight the effectiveness of parental mediation and government regulation strategies to reduce children under 18 disclosing sensitive information on the Internet. | | X | X | | | | | | |
| Dellaert, Arentze and Timmermans | Demonstrates that different attributes and benefits are activated as a function of the shopping category. | | X | | | | | | | |

Appendix A (*Continued*)

| Cite | Findings | Macro | CB | Promo | Price | Category/ Brand | SCM | Location/ Online | Metrics | Other |
|---|---|---|---|---|---|---|---|---|---|---|
| Duan, Gu, and Whinston | Examines the complex interrelationship between word of mouth and revenue in the case of motion pictures. | | X | | | | | | | X |
| Vol. 84 (1) | | | | | | | | | | |
| Brown and Dant | The methodological domain of JR articles (2002–2007) is summarized. | | | | | | | | | X |
| Kumar, George, and Pancras | Determines drivers (exchange characteristics, firm effort, customer characteristics and product characteristic) of cross-buying and how to increase customer lifetime value. | | | X | | | | | X | |
| Brooks, Kaufmann, and Lichtenstein | They study the utility provided in multiple stop shopping trips. Consumers prefer clustered stops. | | X | | | | | X | | |
| Burkle and Posselt | Develops a model to determine the optimal mix of franchisee-owned and franchisor-owned units | | | | | | X | | | X |
| Naylor, Kleiser, Baker, and Yorkston | Assesses the effectiveness of transformation appeals (relative to informational appeals). The effects are stronger for consumers without prior experience. | | X | | | | | | | |
| Fay | Develops an economic model for firms selling “opaque” products through intermediaries. | | | | | X | X | | | |
| Runyan and Droge | Presents a review of 20+ years of research on small retailers. | | | | | | | | | X |
| Yuan and Krishna | Explores alternative pricing strategies (fixed fee vs. all-revenue-share fee) for online shopping malls. | | | | X | | | | | |
| Warden, Huang, Liu, and Wu | Using television home shopping (THS) as a context, the study explores the metaphor of marketing-as-relationship across American, Japanese, and Chinese retailing cultures. | | | | | | | | | X |
| Total | | 0 | 19 | 4 | 5 | 7 | 6 | 3 | 1 | 11 |

## References


Agrawal, Narendra and Stephen A. Smith (2003), “Optimal Retail Assortments for Substitutable Items Purchased in Sets,” *Naval Research Logistics,* 50, 793–822.

Ailawadi, Kusum L., Bari Harlam, Jacques Cesar and David Trounce (2006), “Retailer Promotion Profitability: The Role of Promotion, Brand, Category, and Market Characteristics,” *Journal of Marketing Research,* 43 (4), 518–35.

Ailawadi, Kusum L., J.P. Beauchamp, Naveen Donthu, Dinesh Gauri and Venkatesh Shankar (2009), “Communication and Promotion Decisions in Retailing: A Review and Directions for Future Research,” *Journal of Retailing,* 85 (1), 42–55.

Ailawadi, Kusum L. and Kevin Keller (2004), “Understanding Retail Branding: Conceptual Insights and Research Priorities,” *Journal of Retailing,* 80 (Winter), 331–42.

Allenby, Greg M. and Peter E. Rossi (1991), “Quality Perceptions and Asymmetric Switching Between Brands,” *Marketing Science,* 10 (3), 185.

Anderson, Simon Peter and Luc Leruth (1993), “Why Firms May Prefer Not to Price Discriminate Via Mixed Bundling,” *International Journal of Industrial Organization,* 11, 49–61.

Applebaum, William (1966), “Methods for Determining Store Trade Areas, Market Penetration, and Potential Sales,” *Journal of Marketing Research,* 3 (May), 127–41.

Arnold, Mark J. and Kristy Reynolds (2003), “Hedonic Shopping Motivations,” *Journal of Retailing,* 79 (2), 77–95.

Baker, Julie, Dhruv Grewal and Michael Levy (1992), “An Experimental Approach to Making Retail Store Environmental Decisions,” *Journal of Retailing,* 68 (4), 445–60.

Baker, Julie, A. Parasuraman, Dhruv Grewal and Glenn B. Voss (2002), “The Influence of Multiple Store Environment Cues on Perceived Merchandise Value and Patronage Intentions,” *Journal of Marketing,* 66 (2), 120–41.

Barsalou, Lawrence (1991), “Deriving Categories to Achieve Goals,” in *The Psychology of Learning and Motivation: Advances in Research and Theory*, Bower Gordon H. ed. New York: Academic Press.

Becker, Gary S. (1965), “A Theory of the Allocation of Time,” *The Economic Journal,* 75 (September), 493–517.

Bell, David R., Jeongwen Chiang and V. Padmanabhan (1999), “The Decomposition of Promotional Response: An Empirical Generalization,” *Marketing Science,* 18 (4), 504–26.

Bell, David R. and James M. Lattin (1998), “Shopping Behavior and Consumer Preference for Store Price Format: Why ‘Large Basket’ Shoppers Prefer EDLP,” *Marketing Science,* 17 (1), 66–88.

Bijmolt, Tammo H.A., Harald J. Van Heerde and Rik G.M. Pieters (2005), “New Empirical Generalizations on the Determinants of Price Elasticity,” *Journal of Marketing Research,* 42 (May), 141–56.

Blattberg, Robert C. and Kenneth J. Wisniewski (1989), “Price-Induced Patterns of Competition,” *Marketing Science,* 8 (4), 291–309.

Blount, Devetta (2009), “Thousands of Retail Stores Expected to Close in 2009,” *USA Today,*,. January 1.

Bolton, Ruth N., Venkatesh Shankar and Detra Montoya (2007), “Recent Trends and Emerging Practices in Retail Pricing,” in *Retailing in the 21st Century: Current and Future Trends*, Kraft M. and Mantrala M., eds (2nd ed.). Germany: METRO.

Brady, Michael K., J. Joseph Cronin, Gavin Fox and Michelle Roehm (2008), “Strategies to Offset Performance Failures: The Role of Brand Equity,” *Journal of Retailing,* 84 (2), 151–64.

Bronnenberg, Bart J. and Luc Wathieu (1996), “Asymmetric Promotion Effects and Brand Positioning,” *Marketing Science,* 15 (4), 379.

Brooks, Charles M., Patrick J. Kaufmann and Donald R. Lichtenstein (2008), “Trip Chaining Behavior in Multi-Destination Shopping Trips: A Field Experiment and Laboratory Replication,” *Journal of Retailing,* 84 (1), 29–38.

Brown, Stephen (1989), "Retail Location Theory: The Legacy of Harold Hotelling," *Journal of Retailing,* 65 (4), 450–7.

Brown, James R. and Rajiv Dant (2008a), "On What Makes a Significant Contribution to the Retailing Literature," *Journal of Retailing,* 84 (2), 131–6.

Brown, James R. and Rajiv P. Dant (2008b), "Scientific Method and Retailing Research: A Retrospective," *Journal of Retailing,* 84 (1), 1–13.

Brown, Steven P. and Son K. Lam (2008), "A Meta-Analysis of Relationships Linking Employee Satisfaction to Customer Responses," *Journal of Retailing,* 84 (3), 243–56.

Bultez, Alain and Philippe Naert (1988), "S.H.A.R.P.: Self Allocation for Retailers' Profit," *Marketing Science,* 7 (3), 211–3.

Burke, Raymond R. (2002), "Technology and the Customer Interface: What Consumers Want in the Physical and Virtual Store," *Journal of the Academy of Marketing Science,* 30, 411–32.

Bürkle, Thomas and Thorsten Posselt (2008), "Franchising as a Plural System: A Risk-Based Explanation," *Journal of Retailing,* 84 (1), 39–47.

Capell, Kerry (2008), "H&M Defies Retail Gloom," *BusinessWeek,*,. September 3.

Chandrashekaran, Rajesh and Dhruv Grewal (2003), "Assimilation of Advertised Reference Prices: The Moderating Role of Involvement," *Journal of Retailing,* 79 (1), 53–62.

Chiou-Wei, Zan Song and J. Jeffrey Inman (2008), "Do They Like Electronic Coupons? A Panel Data Analysis," *Journal of Retailing,* 84 (3), 297–30.

Chu, Junhong, Pradeep Chintagunta and Naufil Vilcassim (2007), "Assessing the Economic Value of Distribution Channels: An Application to the Personal Computer Industry," *Journal of Marketing Research,* 44 (1), 29–41.

Compeau, Larry D. and Dhruv Grewal (1998), "Comparative Price Advertising: An Integrative Review," *Journal of Public Policy & Marketing,* 17 (Fall), 257–74.

Corstjens, Marcel and Peter Doyle (1981), "A Model for Optimizing Retailer Space Allocations," *Management Science,* 49 (Winter), 137–44.

——————— and ——————— (1983), "A Dynamic Model for Strategically Allocating Retail Space," *Journal of the Operational Research Society,* 34 (10), 943–51.

Coupe, Kevin (2008), "Days Like These," *Chain Store Age,*,. June.

Craig, C. Samuel, Avijit Ghosh and Sara McLafferty (1984), "Models of the Retail Location Process: A Review," *Journal of Retailing,* 60 (1), 5–36.

Craik, Fergus I. and Robert S. Lockhart (1972), "Levels of Processing: A Framework for Memory Research," *Journal of Verbal Learning and Verbal Behavior,* 11 (6), 671–84.

Dant, Rajiv P. and James R. Brown (2008), "Bridging the B2C and B2B Research Divide: The Domain of Retailing Literature," *Journal of Retailing,* 84 (4), 371–97.

Dant, Rajiv P., Scott K Weaven, Ivan I. Lapuka, Brent L. Baker and Hyo Jin (Jean) Jeon (2009), "An Introspective Examination of Single Unit versus Multi Unit Franchisees," in *Proceedings of the 23rd Annual Conference of the International Society of Franchising, Paper # 20*, Grünhagen Marko ed., 1–54.

Davis, Donna F. and John T. Mentzer (2008), "Relational Resources in Interorganizational Exchange: The Effects of Trade Equity and Brand Equity," *Journal of Retailing,* 84 (4), 435–48.

Dellaert, Benedict G.C., Theo A. Arentze and Harry J.P. Timmermans (2008), "Shopping Context and Consumers' Mental Representation of Complex Shopping Trip Decision Problems," *Journal of Retailing,* 84 (2), 219–32.

Duan, Wenjing, Bin Gu and Andrew B. Whinston (2008), "The Dynamics of Online Word-of-Mouth and Product Sales—An Empirical Investigation of the Movie Industry," *Journal of Retailing,* 84 (2), 233–42.

Durvasula, Srinivas, Subhash Sharma and J. Craig Andrews (1992), "STORELOC: A Retail Store Location Model Based on Managerial Judgments," *Journal of Retailing,* 68 (Winter), 420–44.

Fay, Scott (2008), "Selling an Opaque Product Through an Intermediary: The Case of Disguising One's Product," *Journal of Retailing,* 84 (1), 59–75.

Fleener, Doug and Matt Norcia (2008), "Maximize Your Post Holiday Opportunities," *Retail Contrarian,*,. December 23.

Fox, Edward J. and Raj Sethuraman (2006), "Retail Competition," in *Retailing in the 21st Century: Current and Emerging Trends*, Krafft Manfred and Mantrala Murali K., eds. Berlin, Heidelberg, and New York: Springer.

Fox, Edward J., Steven Postrel and Amanda McLaughlin (2007), "The Impact of Retail Location on Retailer Revenues: An Empirical Investigation," Unpublished manuscript, Edwin L. Cox School of Business, Southern Methodist University, Dallas, TX.

Ganesan, Shankar (1993), "Negotiation Strategies and the Nature of Channel Relationships," *Journal of Marketing Research,* 30 (2), 183–204.

Ganesan, Shankar, Sandy Jap, Robert Palmatier, Barton Weitz and Morris George (2009), "Supply Chain Management and Retailer Performance: Emerging Trends, Issues, and Implications for Research and Practice," *Journal of Retailing,* 85 (1), 84–94.

Garg, Vinay K., Abdul A. Rasheed and R.L. Priem (2005), "Explaining Franchisors' Choices of Organizational Forms within Franchise Systems," *Strategic Organization,* 3 (2), 185–217.

Gauri, Dinesh K., Debabrata Talukdar and Brian Ratchford (2008), "Empirical Investigation of the Impact of Loss Leader Promotion on Store and Category Performance in Grocery Industry," Working Paper, Syracuse University.

———————, Minakshi Trivedi and Dhruv Grewal (2008b), "Understanding the Determinants of Retail Strategy: An Empirical Analysis," *Journal of Retailing,* 84 (3), 256–67.

Ghosh, Avijit C. and Samuel Craig (1991), "FRANSYS: A Franchise Distribution System Location Model," *Journal of Retailing,* 67 (4), 466–95.

Gijsbrechts, Els, Katia Campo and Tom Goossens (2003), "The Impact of Store Flyers on Store Traffic and Store Sales: A Geo-Marketing Approach," *Journal of Retailing,* 79, 1–16.

Gremler, Dwayne D. and Kevin P. Gwinner (2008), "Rapport-Building Behaviors Used by Retail Employees," *Journal of Retailing,* 84 (3), 308–24.

Grewal, Dhruv and Michael Levy (2007), "Retailing Research: Past, Present and Future," *Journal of Retailing,* 83 (4), 447–64.

Grewal, Dhruv, Michael Levy and Donald Lehmann (2004), "Retail Branding and Loyalty: An Overview," *Journal of Retailing,* 80 (4), ix–xii.

Grewal, Dhruv, Anne L. Roggeveen and Michael Tsiros (2008), "The Effect of Compensation on Repurchase Intentions in Service Recovery," *Journal of Retailing,* 84 (4), 424–3.

Gupta, Sunil, Donald R. Lehmann and Jennifer Ames Stuart (2004), "Valuing Customers," *Journal of Marketing Research,* 41 (1), 7–18.

Harris, Lloyd C. (2008), "Fraudulent Return Proclivity: An Empirical Analysis," *Journal of Retailing,* 84 (4), 461–76.

Hoch, Stephen J., Xavier Dreze and Mary E. Purk (1994), "EDLP, Hi-Lo, and Margin Arithmetic," *Journal of Marketing,* 58 (October), 16–27.

Hollenbeck, Candice R., Cara Peters and George M. Zinkhan (2008), "Retail Spectacles and Brand Meaning: Insights from a Brand Museum Case Study," *Journal of Retailing,* 84 (3), 334–53.

Huff, David L. (1964), "Defining and Estimating a Trading Area," *Journal of Marketing,* 28 (July), 34–8.

Inman, Jeffrey J., Venkatesh Shankar and Rosellina Ferraro (2004), "The Roles of Channel-Category Associations and Geodemographics in Channel Patronage," *Journal of Marketing,* 68 (2), 51–7.

Jeuland, Abel (1984), "Comments on Gaussian Demand and Commodity Bundling," *Journal of Business,* 57 (1), S231–3.

Kaufmann, Patrick J. and Rajiv P. Dant (1996), "Multi-unit Franchising: Growth and Management Issues," *Journal of Business Venturing,* 11 (5), 343–58.

Keen, Cherie, Martin Wetzels, Ko de Ruyter and Richard Feinberg (2004), "E-Tailers versus Retailers. Which Factors Determine Consumers Preferences," *Journal of Business Research,* 57, 685–9.

Kök, A.G., M.L. Fisher and R. Vaidyanathan (2006), "Assortment Planning: Review of Literature and Industry Practice," in *Retail Supply Chain Management*, Agrawal N. and Smith S. A., eds. Amsterdam: Kluwer.

Konus, Umut, Peter C. Verhoef and Scott Neslin (2008), "Multichannel Shopper Segments and Their Covariates," *Journal of Retailing,* 84 (4), 398–413.

Kopalle, Praveen K., Aradhna Krishna and João L. Assunção (1999), "The Role of Market Expansion on Equilibrium Bundling Strategies," *Managerial and Decision Economics,* 20, 365–77.

Kopalle, Praveen, Dipayan Biswas, Pradeep K. Chintagunta, Jia Fan, Koen Pauwels, Brian Ratchford, et al. (2009), "Retailer Pricing and Competitive Effects," *Journal of Retailing,* 85 (1), 56–70.

Koschat, Martin A. (2008), "Store Inventory Can Affect Demand: Empirical Evidence from Magazine Retailing," *Journal of Retailing,* 84 (2), 165–80.

Koukova, Nevena T., P.K. Kannan and Brian T. Ratchford (2008), "Product Form Bundling: Implications for Marketing Digital Products," *Journal of Retailing,* 84 (2), 181–94.

Krishna, Aradhna, Richard Briesch, Donald Lehmann and Hong Yuan (2002), "A Meta-Analysis of the Impact of Price Presentation on Perceived Savings," *Journal of Retailing,* 78, 101–18.

Kumar, Nanda and Ram Rao (2006), "Using Basket Composition Data for Intelligent Supermarket Pricing," *Marketing Science,* 25 (2), 188–99.

Kumar, Nirmalya and Jan-Benedict E.M. Steenkamp (2007), "Premium Store Brands: The Hottest Trend in Retailing," in *Private Label Strategy: How to Meet the Store Brand Challenge* Cambridge MA: Harvard Business School Press.

Kumar, V. (2008), "Managing Customers for Profit," Upper Saddle River, NJ: Wharton School Publishing.

——————— (2008), "Customer Lifetime Value: The Path to Profitability," The Netherlands: NOW Publishers Inc.

——————— and Denish Shah (in press). "Expanding the Role of Marketing: From Customer Equity to Market Capitalization," Journal of Marketing.

Kumar, V., Denish Shah and Rajkumar Venkatesan (2006), "Managing Retailer Profitability—One Customer at a Time!," *Journal of Retailing,* 82 (4), 277–94.

Kumar, V., Andrew J. Petersen and Robert P. Leone (2007), "How Valuable Is Word of Mouth?," *Harvard Business Review,* 85 (10), 139–46.

Kumar, V., Morris George and Joseph Pancras (2008), "Cross-Buying in Retailing: Drivers and Consequences," *Journal of Retailing,* 84 (1), 15–27.

Lal, Rajiv and Ram Rao (1997), "Supermarket Competition: The Case of Everyday Low Pricing," *Marketing Science,* 16, 60–8.

Lee, Chang Hwan and Byong-Duk Rhee (2008), "Optimal Guaranteed Profit Margins for both Vendors and Retailers in the Fashion Apparel Industry," *Journal of Retailing,* 84 (3), 325–33.

Lei, Jing, Ko de Ruyter and Martin Wetzels (2008), "Consumer Responses to Vertical Service Line Extensions," *Journal of Retailing,* 84 (3), 268–80.

Levy, Michael, Dhruv Grewal, Praveen K. Kopalle and James D. Hess (2004), "Emerging Trends in Retail Pricing Practice: Implications for Research," *Journal of Retailing,* 80 (3), xiii–xxi.

Lwin, May O., Andrea J.S. Stanaland and Anthony D. Miyazaki (2008), "Protecting Children's Privacy Online: How Parental Mediation Strategies Affect Website Safeguard Effectiveness," *Journal of Retailing,* 84 (2), 205–18.

MacInnis, Deborah J. and Bernard J. Jaworski (1989), "Information Processing from Advertisements: Toward an Integrative Framework," *Journal of Marketing,* 53 (4), 1–23.

Mantrala, Murali K., Michael Levy, Barbara E. Kahn, Edward J. Fox, Peter Gaidarev, Bill Dankworth, et al. (2009), "Why Is Assortment Planning So Difficult for Retailers? A Framework and Research Agenda," *Journal of Retailing,* 85 (1), 71–83.

Martin, Charles L. and Charles A. Pranter (1989), "Compatibility Management: Customer-to-Customer Relationships in Service Environments," *Journal of Service Marketing,* 3 (Summer), 6–15.

——————— and ——————— (1991), "Compatibility Management: Roles in Service Performers," *Journal of Services Marketing,* 5 (2), 43–5.

Mehrabian, A. and James A. Russell (1974), "An Approach to Environmental Psychology," Cambridge, MA: MIT Press.

Mittal, Vikas, John W. Huppertz and Adwait Khare (2008), "Customer Complaining: The Role of Tie Strength and Information Control," *Journal of Retailing,* 84 (2), 195–204.

Moorthy, Sridhar (2005), "A General Theory of Pass-Through in Channels with Category Management and Retail Competition," *Marketing Science,* 24 (1), 110–22.

Mui, Ylan Q (2008), "Mid-Tier Retailers Try New Brands On for Size," *Washington Post,*,. August 28.

Naylor, Gillian, Susan Bardi Kleiser, Julie Baker and Eric Yorkston (2008), "Using Transformational Appeals to Enhance the Retail Experience," *Journal of Retailing,* 84 (1), 49–57.

Neslin, Scott A., Dhruv Grewal, Robert Leghorn, Venkatesh Shankar, Marije L. Teerling, Jacquelyn S. Thomas, et al. (2006), "Challenges and Opportunities in Multichannel Customer Management," *Journal of Service Research,* 9 (2), 95–112.

Ofir, Chezy, Pryia Raghubir, Gili Brosh, Kent B. Monroe and Amir Heiman (2008), "Memory Based Store Price Judgments: The Role of Knowledge and Shopping Experience," *Journal of Retailing,* 84 (4), 414–23.

Pan, Xing and Venkatesh Shankar (2008), "Meta Analysis of Regular Price, Deal, Promotional Price Elasticities," Working Paper, University of California, Riverside, CA.

Park, C. Whan and Deborah MacInnis (2006), "What's In and What's Out: Questions Over the Boundaries of the Attitude Construct," *Journal of Consumer Research,* 33 (1), 16–8.

Parvatiyar, Atul, Naveen Donthu, Tom Gruen and Fred Jacobs (2005), "Best Practices in Post Audit Recovery," Atlanta, GA: PRG Shultz.

Pauwels, Koen and Shuba Srinivasan (2004), "Who Benefits from Store Brand Entry?," *Marketing Science,* 23 (3), 364–90.

Petersen, J. Andrew and V. Kumar (2009), "Are Product Returns Necessary Evil? Antecedents and Consequences of Product Returns," *Journal of Marketing,* 73 (3), in press.

Petersen, J. Andrew, Leigh McAlister, David J. Reibstein, S. Winer Russell, V. Kumar and Geoff Atkinson (2009), "Choosing the Right Metrics to Maximize Profitability and Shareholder Value," *Journal of Retailing,* 85 (1), 95–111.

Petty, Richard E., John T. Cacioppo and David W. Schumann (1983), "Central and Peripheral Routes to Advertising Effectiveness: The Moderating Role of Involvement," *Journal of Consumer Research,* 10 (2), 135–46.

Puccinelli, Nancy M., Ronald C. Goodstein, Dhruv Grewal, Robert Price, Priya Raghubir and David Stewart (2009), "Customer Experience Management in Retailing: Understanding the Buying Process," *Journal of Retailing,* 85 (1), 15–30.

Rindfleisch, Aric and Christine Moorman (2001), "The Acquisition and Utilization of Information in New Product Alliances: A Strength-of-Ties Perspective," *Journal of Marketing,* 65 (April), 1–18.

Rooderkerk, Robert P., Harald J. van Heerde and Tammo H.A., Bijmolt (2008), "Attribute-Based Assortment Optimization," Working Paper (September), Tilburg University.

Runyan, Rodney C. and Cornelia Droge (2008), "A Categorization of Small Retailer Research Streams: What Does it Portend for Future Research?," *Journal of Retailing,* 84, 77–94.

Schoenbachler, Denise E. and Geoffrey L. Gordan (2002), "Multi-Channel Shopping: Understanding What Drives Channel Choice," *Journal of Consumer Marketing,* (19), 42–53.

Sethuraman, Raj (2006), "Private Label Marketing Strategies in Packaged Goods: Management Beliefs and Research Insights," MSI Report, 06-108.

Sethuraman, R. and V. Srinivasan (2002), "The Asymmetric Share Effect: An Empirical Generalization on Cross-Price Effects," *Journal of Marketing Research,* 39, 379–86.

Shankar, Venkatesh and Ruth N. Bolton (2004), "An Empirical Analysis of Determinants of Retailer Pricing Strategy," *Marketing Science,* 23 (1), 28–49.

Shankar, Venkatesh and Lakshman Krishnamurthi (2008), "RETPRICE: A Retailer Pricing and Promotion Decision Support Model," Working Paper, Texas A&M University, College Station, TX.

Sigué, Simon Pierre (2008), "Consumer and Retailer Promotions: Who Is Better Off?," *Journal of Retailing,* 84 (4), 449–60.

Sloot, Laurens M. and Peter C. Verhoef (2008), "The Impact of Brand Delisting on Store Switching and Brand Switching Intentions," *Journal of Retailing,* 84 (3), 281–96.

Song, Inseong and Pradeep K. Chintagunta (2007), "A Discrete-Continuous Model for Multicategory Purchase Behavior of Households," *Journal of Marketing Research,* 44 (4), 595–612.

Srinivasan, Shuba, Koen Pauwels, Dominique M. Hanssens and Marnik G. Dekimpe (2004), "Do Promotions Benefit Manufacturers, Retailers, or Both?," *Management Science,* 50 (5), 617–29.

Steenkamp, Jan Benedict E.M., Vincent R. Nijs, Dominique M. Hanssens and Marnik G. Dekimpe (2005), "Competitive Reactions to Advertising and Promotion Attacks," *Marketing Science,* 24 (1), 35–54.

Thakor, Mrugank V., Rajneesh Suri and Katayoun Saleh (2008), "Effects of Service Setting and Other Consumers' Age on the Service Perceptions of Young Consumers," *Journal of Retailing,* 84 (2), 137–50.

Tuncay, Linda and Cele C. Otnes, "The Use of Persuasion Management Strategies by Identity-Vulnerable Consumers: The Case of Urban Heterosexual Male Shoppers," Journal of Retailing, 84 (4), 487–499.

van Heerde, Harald J. and Scott A. Neslin (2008), "Sales Promotion Models," in *Handbook of Marketing Decision Models*, Bernd Wierenga ed. Amsterdam: Springer Publishers.

van Nierop, Erjen, Dennis Fok and Philip Hans Franses (2006), "Interaction Between Shelf Layout and Marketing Effectiveness and Its Impact On Optimizing Shelf Arrangements," ERIM Report Series Research in Management, Erasmus University.

Vanhamme, Joëlle and Cees J.P.M. de Bont (2008), "'Surprise Gift' Purchases of Small Electrical Appliances: Customer Insights for Retailers and Manufacturers," *Journal of Retailing,* 84 (3), 354–69.

Verhoef, Peter C., Katherine N. Lemon, A. Parasuraman, Anne Roggeveen, Michael Tsiros and Leonard A. Schlesinger (2009), "Customer Experience Creation: Determinants, Dynamics and Management Strategies," *Journal of Retailing,* 85 (1), 31–41.

Vinhas, Alberto Sa and Erin Anderson (2005), "How Potential Channel Conflict Drives Channel Structure: Concurrent (Direct and Indirect) Channels," *Journal of Marketing Research,* 42 (November), 496–504.

Wagner, Tilmann, Richard Lutz and Barton Weitz (2008), "Corporate Hypocrisy: How Consumers React to Incongruent Perceptions of Corporate Social Responsibility and What Firms Can Do About It," Working Paper, Rawls College of Business, Texas Tech University.

Walters, Rockney G. (1991), "Assessing the Impact of Retail Price Promotions on Product Substitution, Complementary Purchase, and Interstore Sales Displacement," *Journal of Marketing,* 55 (2), 17.

Walters, Rockney G. and Scott B. MacKenzie (1988), "A Structural Equations Analysis of the Impact of Price Prom," *Journal of Marketing Research,* 25 (1), 51.

Wang, Liz C., Julie Baker, Judy A. Wagner and Kirk Wakefield (2007), "Can a Retail Web Site Be Social?," *Journal of Marketing,* 71 (July), 143–57.

Warden, Clyde A., Stephen Chi-Tsun Huang, Tsung-Chi Liu and Wann-Yih Wu (2008), "Global Media, Local Metaphor: Television Shopping and Marketing-as-Relationship in America, Japan, and Taiwan," *Journal of Retailing,* 84 (1), 119–2.

Wedel, Michel and Jie Zhang (2004), "Analyzing Brand Competition across Subcategories," *Journal of Marketing Research,* 41 (4), 448.

Xu, Yunjie (Calvin) and Hee-Woong Kim (2008), "Order Effect and Vendor Inspection in Online Comparison Shopping," *Journal of Retailing,* 84 (4), 477–86.

Yan, Ruiliang (2008), "Profit Sharing and Firm Performance in the Manufacturer–Retailer Dual-Channel Supply Chain," *Electronic Commerce Research,* 8, 155–72.

Yuan, Hong and Aradhna Krishna (2008), "Pricing of Mall Services in the Presence of Sales Leakage," *Journal of Retailing,* 84 (1), 95–117.