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### Every step counts: When physical movement affects perceived value

Frank Mathmann<sup>a,\*</sup>, Mathew Chylinski<sup>b</sup>, E. Tory Higgins<sup>c</sup>, Ko de Ruyter<sup>d</sup>

<sup>a</sup> School of Advertising, Marketing and Public Relations, QUT Business School, Queensland University of Technology, 2 George St, 4000 QLD, Australia

<sup>b</sup> School of Marketing, Australian School of Business, University of New South Wales, Sydney, 2052 NSW, Australia

<sup>c</sup> Department of Psychology, Schermerhorn Hall, Columbia University, 1190 Amsterdam Avenue, New York, NY 10027, USA

<sup>d</sup> Faculty of Management, Cass Business School, City University London, 106 Bunhill Row, London EC1Y 8TZ, UK

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#### ABSTRACT

Physical movement is an important contextual factor during customer's decision-making. Yet, little is known about how movement can affect customer's response to mobile promotions, or how it can influence the search and evaluation of products in a retail setting. Across three studies, this research shows that physical movement improves the perceived value of products and promotions for customers with a predominant locomotion motivation. Such effects are mediated by engagement. One implication is that retailers may increase engagement for individuals with a predominant locomotion motivation by playing mobile adverts when cellular sensors indicate movement.

#### 1. Introduction

In a retail setting customers move around the physical store to find, and to try products. Physical movement is the context by which customers interact with the marketing mix. A customer may walk around a chocolate shop to find the best product; or she may physically test a pair of sneakers to see if they are worth the price. Digitization offers retailers the ability to trace the movements of their customers on an industrial scale using accelerometers, WiFi signals, and GPS built into mobile devices. Movement can be monitored within the retail space, or outside it. For instance, as the customer approaches a specific store, locationbased audio promotions on Spotify can prompt the customer to step in and have a closer look. Yet, the core of the marketing and customer research literature largely neglects physical movement. Despite emerging interest in customers' movement in the store and its influence on the decision making process as well as spending behavior (Clifford and Hardy, 2013), little is known about how value perceptions are affected by customers' physical movement. For instance, which customers value marketing communications on the go? When does movement engage customers with a brand? For which customers is physical movement related to spending? Such questions remain to be answered.

This article extends previous research by addressing two critical issues in the literature. Firstly, physical movement has not been studied explicitly in the marketing literature despite recent calls for this kind of research (Hui et al., 2013; Shankar and Balasubramanian, 2009; Varnali and Toker, 2010). The present article contributes to the marketing

literature by investigating how the interaction between physical movement and individual differences can influence customer's perception of value in aspects of the marketing mix. In particular, the article demonstrates how perception of value in advertisements and customers' willingness to pay for products are affected by this interaction of physical movements and customers' individual differences. This is interesting for retailers such as Nordstrom and Nike who trace consumers' movement using sensors that connect to customers' mobile devices (Clifford and Hardy, 2013). We show how they can identify customers for whom movement increases value perceptions. Perceived value is of high relevance to marketers as it has been found to positively affect customer loyalty (Yang and Peterson, 2004), purchase intentions (Wu et al., 2015) and trust (Chen and Chang, 2012).

Secondly, and more generally, the article contributes to recent theorizing in the marketing literature about the influence of *regulatory fit* (Aaker and Lee, 2006; Avnet and Higgins, 2003, 2006; Daryanto et al., 2010; Florack and Scarabis, 2006; Mathmann et al., 2017; Motyka et al., 2013; Pham and Chang, 2010). Regulatory fit theory proposes that when customers choose products by using decision strategies that align with their general motivations, they value products more compared with customers who do not experience this type of fit (Aaker and Lee, 2006; Avnet and Higgins, 2003, 2006; Higgins, 2000, 2006; Motyka et al., 2013; Pham and Chang, 2010). It has not been tested, however, whether physical behaviors such as customer movement per se (rather than decision making strategies) have a similar effect on regulatory fit and thereby on perceived value.

\* Corresponding author.

*E-mail addresses:* f.mathmann@gmail.com (F. Mathmann), m.chylinski@unsw.edu.au (M. Chylinski), tory@psych.columbia.edu (E. Tory Higgins), ko.de-ruyter@city.ac.uk (K. de Ruyter).

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#### 2. Theoretical background

The limited marketing literature, which considers physical movement (i.e.: displacement of a customer's physical body through space), does so only indirectly by accounting for in-store travel distance. In this stream of research, movement is typically considered a transaction cost (Hui et al., 2013; Danaher et al., 2015). The economic theories that underpin this interpretation imply that customers seek to minimize these costs (Hui et al., 2013; Danaher et al., 2015). Accordingly, the way for managers to increase value in a physical retail space is to limit unnecessary movement (Danaher et al., 2015). Researchers speculated for example that increased walking in retail environments leads to customer irritation (Hui et al., 2013) and lower mobile coupon redemptions (Danaher et al., 2015).

In contrast, regulatory mode <sup>1</sup> theory in psychology offers a fresh perspective. It suggests movement may actually be engaging for some customers, but not for others (Kruglanski et al., 2000). For example, to purchase a chocolate bar, a customer must evaluate its attributes and make a choice from the available set of alternatives. From the perspective of regulatory mode, some individuals are predominantly motivated to evaluate (so called assessors). According to regulatory mode theory (Higgins, 2012; Higgins et al., 2003; Kruglanski et al., 2000), assessors are concerned with making the right decision, for instance choosing the right chocolate (Kruglanski et al., 2000). This means that they should prioritize dedicating cognitive resources to evaluation rather than movement. Others just want to get on with it and make it happen (eat the chocolate). Those are the locomotors (Kruglanski et al., 2000). Locomotors are concerned with managing change and progressing towards the goal. This involves movement from state to state (Kruglanski et al., 2000). When locomotion orientations are stronger than assessment orientations, we can thus speak of predominant locomotors. Physical movement fits the motivational concerns of predominant locomotors because they are concerned with effecting change by moving from state to state rather than pausing for evaluation. Even when movement is predominantly a cost, as commonly argued by the marketing literature, locomotors may be less affected by its detrimental effects because the movement is a fit for them.

Despite the analogy of movement, regulatory mode studies have mostly examined movement in the psychological sense rather than actual physical movement. Actual physical movement should also result in fit for high locomotors. When the environment matches an individual's regulatory motivation it produces a "fit". Individuals experiencing fit react more favorably, or less adversely, in a given environment. Studies have shown that locomotors assign greater perceived value to objects as a result of regulatory fit. Perceived value involves an *attraction toward the outcome of the goal pursuit* (Higgins, 2006; Higgins and Scholer, 2009), and studies have measured it through willingness to pay, as well as established scales of perceived value (Mathmann et al., 2017). For instance, locomotors were willing to pay more for a reading light chosen using a sequential decision rule (e.g.: elimination by aspects) because it offered them a sense of progress towards a goal (Avnet and Higgins, 2003).

The conjecture in this article is that regulatory fit occurs not only as a result of psychological processes and decision-making strategies but also due to actual physical movement. What is interesting about physical movement, and different from decision strategies, is that physical movement requires cognitive resources that otherwise would be available for critical evaluation Lindenberger et al. (2000)). For instance, in a chocolate store, consumers must watch where they step, avoid obstacles, and navigate in addition to evaluating attributes of the chocolates. Such multitasking likely interferes with critical evaluation over and above a mere psychological process or a decision strategy. This means that high locomotors' regulatory fit with movement could not only intensify positive reactions to the decision activity from the movement but also attenuate what are often experienced as detrimental effects of the movement. Notably, in both cases the high locomotors would have a more favorable reaction to the decision activity (including less negative) than low locomotors.

When it comes to the marketing mix, customers are often exposed to advertising and product choices on the go. Walking to the shop they may hear an advertisement, and when they get there, they must traverse the store to find the product. Ikea is potentially the best (or worst - depending on your regulatory inclination) example of a retail environment where physical movement affects a sense of progress. The one-way traffic through an Ikea store favors locomotors for whom the retail environment provides regulatory fit; which in turn intensifies value of products and communications encountered in such an environment. It is expected that high locomotors will react more favorably to the physical movement required in this situation than low locomotors. Hence, the first hypothesis is that:

**H1.** Individuals with a high predominant locomotion motivation value products and promotions encountered during physical movement more positively —including less negatively —than those with a low predominant locomotion orientation.

That is, whether customers perceive value in an advertisement they hear or a product they see depends in part on the interaction effect (the regulatory fit) between the physical movement and their motivation for locomotion. Previous research explained the effect of fit on value by suggesting that when consumers pursue a goal in a way that fits their established motivations they are more engaged in the goal pursuit activity (Higgins and Scholer, 2009; Mathmann et al., 2017). Engagement is conceptualized as a state of sustained attention (Higgins, 2006; Higgins and Scholer, 2009) and has been distinguished from similar constructs such as involvement (Hollebeek and Chen, 2014). Sustained attention is instrumental to attraction toward an outcome of goal pursuit (i.e.: perceived value) because where attention goes action follows (Higgins, 2006; Higgins and Scholer, 2009). Sustained attention amplifies the salience of a pursued outcome (Scholer and Higgins, 2009). That is why the experience of engagement in a retail context should intensify consumers' value responses (Higgins, 2006). As such, engagement is part of the process that transitions regulatory fit effects to judgments of perceived value. Hence, the second hypothesis is that:

**H2.** Engagement mediates the interaction effect of physical movement and predominant locomotion (i.e. regulatory fit) on perceptions of value.

Fig. 1 illustrates the relationships expected under H1 and H2 where engagement mediates the interaction effect of physical movement and predominant locomotion on perceived value. The following studies investigate the hypothesized effects in the context of: (i) products, with actual monetary offers (Study 1) and willingness to pay (Study 2) as the measures of perceived value; and (ii) marketing communications, focusing on perceived value in mobile advertisements (Study 3).

#### 3. Study 1: movement integral to search process

Study 1 was designed to test hypothesis 1 in the context of movement that is integral to product search. Regulatory fit literature distinguishes between actions integral and incidental to intent (Motyka et al., 2013). When the intent is to purchase a product, physical movement becomes integral to that goal. A customer will deliberately search for, and approach products that promise value. Such movement can be traced in-store through customers' cellphone signals (Hui et al., 2013; Danaher et al., 2015), or manipulated through mobile coupons (Danaher et al., 2015). In line with H1, it was hypothesized that when searching for a product, physical movement will lead to greater monetary offers for selected products by customers high (vs low) in predominant locomotion motivation (H1).

<sup>&</sup>lt;sup>1</sup> Not to be confused with regulatory focus theory (Higgins, 2012), which involves promotion and prevention focus.

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