



Testing Retail Marketing-Mix Effects on Patronage: A Meta-Analysis

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Abstract

Retailers have always worked to establish close relationships with customers through the retail marketing mix. Thus, the literature has a long tradition of testing the effects of various instruments on retail patronage. This meta-study synthesizes prior research into one comprehensive framework. We use 14,895 effect sizes reported by more than 239,000 shoppers from 41 countries extracted from 350 independent samples, to test the impact of 24 marketing-mix instruments on retail patronage. Specifically, we investigate the direct and indirect effects of these instruments on store satisfaction, word of mouth, patronage intention, and behavior. Product and brand management related instruments display the strongest effects on most outcome variables, whereas price, communication, service and incentive management instruments affect only selected outcomes. Distribution management turns out to be of secondary importance. However, the effectiveness of these instruments depends on the specific shopping context (food/non-food, shopping frequency, single store/agglomeration, hedonic/utilitarian), the retail environment (gross domestic product, country innovativeness, retail sales share, retail employment, Internet era), and the employed method (participant type, study design, data source). Specifically, we reveal most differences for hedonic shopping environments and developed countries. Also, the store's advertising and atmosphere have gained importance in the Internet era, while purchase incentives, in-store orientation, and store location have lost relevance. This study contributes to a synoptic understanding of the comparable effectiveness of retail marketing instruments on retail patronage. It offers insights into the effectiveness of marketing-mix instruments and provides guidance on whether and when to invest in them. It also presents an agenda for future research on marketing-mix instruments.

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The phenomenon of retail patronage has received significant attention in the retailing literature (Pan and Zinkhan 2006). Establishing and maintaining a close relationship with customers to convert them into “patrons” still represents a key strategic aim of many firms, as doing so leads to sustainable sales and profits and, thereby, return on investments (Hogreve et al. 2017). A substantial body of research has investigated the various factors that may affect shoppers' store patronage (e.g., store atmosphere, location) and specifically examined the influence of these factors on store satisfaction, word of mouth (WOM), and patronage intention and behavior. Many of these factors are part of retailers' marketing-mix instruments. The marketing-mix represents a set of coordinated tactical instruments that reflect managerially controllable decision parameters

aimed to establish and sustain retail patronage and influence the short- and long-term performance of retail organizations in terms of sales, profits, and return on investment (Berman and Evans 2010; Hogreve et al. 2017). Understanding the effectiveness of different instruments on retail patronage helps explain why customers shop where they do.

Despite its long tradition, literature on retail marketing instruments is fragmented, and empirical findings on various instruments are often inconsistent between studies, making it difficult to offer retail managers concrete guidance on when to employ the different instruments in what contexts (Pan and Zinkhan 2006). The meta-analysis we present herein addresses this issue by synthesizing empirical findings from 350 independent samples and more than 239,000 shoppers, reporting 14,895 effect sizes between mix instruments and retail patronage. In doing so, this research addresses two issues in particular. First, the study shows that most research examines the influence of seven groups of marketing instruments on retail patronage: man-

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agement of products (e.g., product range), services (e.g., parking conditions), brands (e.g., branded products), prices (e.g., perceived value), incentives (e.g., discounts), communication (e.g., advertising), and distribution (e.g., proximity to home) (Chernev 2014). While some studies find an effect for a specific instrument, other studies report no effect for the same instrument. For example, Lumpkin and Burnett (1991) find that low-price offerings are non-significant, while Thelen and Woodside (1997) find a positive effect. To clarify the effectiveness of different instruments, this meta-study summarizes empirical research by testing the impact of 24 marketing-mix instruments on retail patronage. Integrating and testing these instruments in one framework allows us to (1) compare the instruments' relative influence on retail patronage, (2) assess potential direct and indirect effects on patronage by considering mediating effects, and (3) control for potential confounding effects not considered in studies examining only a limited number of instruments. Such a comprehensive consideration of marketing-mix instruments was postulated in early studies in the marketing discipline and grounded in the idea that the application of instruments needs to be coordinated owing to their interdependencies (Chernev 2014). A better understanding of the relative importance of different instruments should help managers allocate their financial resources more successfully across instruments. For example, Walmart spends US\$2.9 billion on advertising every year, thus implying the importance of understanding the patronage effects of this instrument (Statista 2017).

Second, the inconsistencies in the literature may also be due to contextual differences across studies, such as country differences. While many studies have examined retail marketing instruments in the U.S. (Baker et al. 2002), other studies have done so in country markets such as Austria (Teller and Reutterer 2008) or Taiwan (Wang 2009). Although shopper behaviors in different countries have become more similar in the past decades, some country differences may still have caused the inconsistencies in prior empirical research. For example, retail marketing instruments focusing on building relationships may work differently in less developed countries, in which social support in daily life is more important to the individual, than in developed countries (Swoboda, Berg, and Dabija 2014). Therefore, the goal of our meta-study is to shed more light on the impact of retail environment characteristics (Gross Domestic Product [GDP], country innovativeness, retail sales share, and retail employment) on the effectiveness of retail marketing instruments.

In addition to environmental differences, the study examines the influence of the shopping context (food/non-food, shopping frequency, single store/agglomeration, hedonic/utilitarian, and Internet era). While in their meta-analysis, Pan and Zinkhan (2006) examine the influence of some contextual factors (e.g., shopping mode, product type), they do not investigate other factors related to the retail environment and shopping context. A better understanding of such moderating effects would not only provide managers with guidance on the effectiveness of marketing-mix instruments and when to employ them, but also contribute to theory by clarifying the generalizability of the effects of specific instruments to the establishment of retail patronage. Kamakura, Kopalle, and Lehmann (2014, p.

121) emphasize the importance of empirical generalization by explaining that “grouping related studies (replications) can provide a more powerful test of specific theories than any single study as well as help identify boundary conditions for them.”

Literature

Conceptualization of Retail Patronage

Retailing literature often focuses on the behavioral aspects of retail patronage from a customer's viewpoint and uses the number of store visits and store choice to measure patronage (Pan and Zinkhan 2006). Nevertheless, Baltas, Argouslidis, and Skarmneas (2010) discuss a wider view of retail patronage and propose additional dimensions that describe a close relationship between customers and a retailer. Earlier work by Howell and Rogers (1981) explicitly criticizes the strong focus on the behavioral dimension for neglecting other closely related dimensions of the phenomenon, which they consider vital to understanding what actually constitutes retail patronage, such as attitudinal factors.

In general, patronage describes a close and sustainable relationship between a patron and his or her client (Waite 2012). In a retail context, the patron refers to the customer who patronizes a retailer and its store (Darden, Erdem, and Darden 1983). The concept of patronage in general, and in retailing in particular, is characterized by reciprocity between the partners in this relationship, whereby the retailer offers services to its patron and, in return, the patron displays a positive attitude and behavior toward the retailer. In addition to behavioral aspects, the literature employs several variables to measure patronage, including customer satisfaction (Babin, Darden, and Griffin 1994), patronage intention (Baker et al. 2002), and WOM (Lacey, Suh, and Morgan 2007). Consequently, we use a multi-dimensional approach to the measurement of retail patronage herein and differentiate among WOM, patronage intentions, and behavior as outcome variables. We treat customer satisfaction as an outcome variable but also consider indirect effects on other outcomes.

Evolution of Retail Patronage Research

In reviewing the patronage literature, we observe increasing attention from the beginning of the 1980s and 1990s onward and a growth in such studies. A milestone in retail patronage research is the meta-analysis by Pan and Zinkhan (2006), who were the first authors to give an overview of the determinants of retail patronage behavior. Their work synthesized empirical findings from 80 studies and differentiated between 11 marketing-mix instruments. The authors found that instruments such as atmosphere and low prices influence shoppers' patronage behavior. The current meta-analysis builds on that research and extends it in several ways. In particular, our study examines 24 instruments tested in 350 samples, with many instruments not having been meta-analyzed before. It differentiates between various patronage dimensions because of their possible influence on each other and identifies new moderators that have also not been examined previously.

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