

Communication of a new retail concept – the effects of Construal Level Theory and Marketing Signal Theory on the attitudes and behavior of retail customers

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Introduction

In this paper we draw up the theoretical framework for an empirical study where we intend to investigate the channel-effects a new retail concept has on the brand evaluations and shopping-behavior with the brand's customers. We also intend to study the effects of how this extension is communicated to the customers. Building on earlier research on Construal Level Theory (CLT) we believe that the difference in perceived mental distance between a digital and a physical retail concept will lead to a more abstract evaluation and more elaboration of the digital concept thus leading to more positive brand attitudes and behavior (Dahlén et al., 2011; Grant and Tybout, 2008). Based on earlier research on marketing signals (e.g. Dahlén et al., 2008; Kirmani and Rao, 2000) we also suspect that the perceived marketing effort put into the communication will lead to higher perceptions of brand ability and thus has an effect on the evaluations of the brand as well as actual in-store behavior of the customer.

We will test our hypotheses in one empirical between-subjects in-store experiment, in which participants are exposed to 1) information about a physical versus digital concept extension which 2) signals more versus less marketing effort on behalf of the sender. We measure the effects on brand ability and brand attitude as well as actual in-store behavior.

Hypotheses

Launching new retail concepts in various retail channels seem to have become customary among retailers today (Verhoef et al., 2007, Neslin et al., 2006). It is relatively common to see or read press releases or other types of communication from retailers regarding the launch of a new concept, one example being the launch of Adidas new concept called "HomeCourt" (AdidasGroup.com, 2014).

However, to our knowledge, there is little research on how the communication about these new launches affects the behavior and attitudes of the retailer's existing customers.

Research on Construal Level Theory show that consumers' perceived distance to an item affects the level of abstractness regarding the evaluation of that item. The farther the perceived mental distance the more abstract the evaluation becomes (Dhar & Kim, 2007), which in turn leads to more processing and elaboration and thus more positive brand attitudes and behavior (Dahlén et al, 2011; Grant and Tybout, 2008). Hence we hypothesize:

Greater perceived distance between the consumer and the new retail concept leads to **(H₁)** enhanced perceptions of brand ability and brand attitudes and **(H₂)** positive effects on customer in-store behavior.

Earlier studies on Marketing Signals show that consumer perceptions of extravagance and creativity in marketing communication serves as an indicator of marketing effort and lead to positive evaluations of the brand in terms of attitudes and ability (e.g., Ambler and Hollier 2004; Dahlén et al. 2008; Kirmani and Rao 2000). Such marketing signals hint that the company has put more effort into the advertising, and that it is more confident in its product, more competent and more able as a marketer.

In line with this earlier research we argue that a strong signal of marketing effort in the communication of the launch of a new retail concept leads to perceptions of increased brand ability, as consumers believe that it takes great skill and ability to develop smart and innovative solutions. These perceptions will also lead to better attitudes toward the brand, since an able brand is more liked. Similar to Dahlén et al (2008) we also argue that, by way of enhanced perceptions of brand ability and brand attitudes, greater perceived marketing effort affect also the behavior of customers. Thus, we hypothesize:

Greater perceived marketing effort in marketing communication leads to **(H₃)** enhanced perceptions of brand ability and brand attitudes and **(H₄)** positive effects on customer in-store behavior.

Method

The study will be carried out in a real retail environment during the fall of 2014. The study will manipulate 1) the channel of the new retail concept (physical store versus digital store), and 2) information about a brand's communications of the launch of a new retail concept (high versus low perceptions of effort on behalf of the sender) in a between-subjects experiment.

Participants will be exposed to communication about the launch of a new retail concept when entering a retail store, and then asked to answer questions regarding their perceptions of brand attitudes and brand ability. The effect on consumer behavior in the store will then be measured through observation of the total time spent in the store and number of departments visited. This will be complemented with the collection of sales data.

The experiment will be conducted on real customers in real time in a real department store during opening hours. The customers will be randomly assigned to one of the four conditions.

This paper aims to contribute to CLT by extending the theory to also apply to the difference in perceived mental difference between retail channels. We also aim to extend the Marketing Signal theory by replicating earlier signaling studies in a retail environment and investigating the behavioral effects of the signal of marketing effort. The study will have implications on retail marketing strategy as we intend to show that depending on how the launch of a new retail concept is communicated it might impact the attitudes and behaviors of the customer. We aim to contribute to retailers by investigating both how the concept-launch will be communicated and how the channel choice of the launch will affect a retailer's existing consumers.

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