Understanding the Impact of Consumer–Retailer Relationship and Information States for In-Store Displays

Abstract

Research on consumer in-store shopping behavior commonly assumes that consumers have full information about marketing stimuli in the store (i.e., seeing all displays), which may not be valid in many retail settings. In this research, the authors focus on in-store displays and propose that purchase incidence behavior depends simultaneously on the consumer–retailer relationship and consumers’ information states (seeing displays and paying attention, seeing without paying attention, and not seeing displays). The authors build a hidden Markov model to capture the relationship states and extend it to account for the existence of different information states in a hierarchical Bayesian framework. The proposed framework accounts for endogeneity and individual heterogeneity and is estimated using a scanner panel data from a large U.S. grocery chain. The authors apply the model to account for six types of displays in different locations within the store (e.g., store front, store rear and secondary locations). The results demonstrate the existence of three relationship states (weak, medium, and strong) and show that marketing-mix variables in different relationship and information states have differential impacts on consumers’ purchase incidence behavior.

Short Bio

Shibo Li is an Associate Professor of Marketing and Weimer Faculty Fellow at the Kelley School of Business, Indiana University. He received a Ph.D. in Industrial Administration (Marketing) from Carnegie Mellon University. His research interests are consumer dynamics, analytical customer relationship management, digital marketing, interactive marketing, and analytical and empirical analysis of signaling models. He was recognized as a MSI Young Scholar in 2009, received the 2004 John A. Howard AMA Doctoral Dissertation Award, the 2006 CART Research Frontier Award for Innovative Research from Carnegie Mellon University, the 3M Junior Faculty Grant Award and Faculty Research Award from the Kelley School of Business, Indiana University from 2008 to 2010, and was a finalist for the 2004 John D. C. Little Best Paper Award. He also served on the editorial review board of Marketing Science from 2007-2008. His research has appeared in Marketing Science, Journal of Marketing Research, Journal of Marketing, Information Systems Research, Journal of the Academy of Marketing Science, and Journal of Interactive Marketing.