

# Added-Value Creation in Experience-Based Retail Marketing

## The Effects of Physical Store Experiences on Perceived Value and Price Acceptance

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### Background

- Digital transformation is changing the industry
- Digitalization leads to decrease of physical/offline touchpoints
- Forecast: omnichannel retail will “become the new normal”
- Seamless integration as key challenge
- Value creation shifts towards the customer
- Holistic and personalized customer experiences as differentiating factor for brands
- Store remains essential customer touchpoint for i.a. show-rooming, product examination, high value purchases, sensory and social experiences, immediate gratification
- Additional marketing potential of physical experience as source of customer understanding to improve product or service and off- as well as online interaction

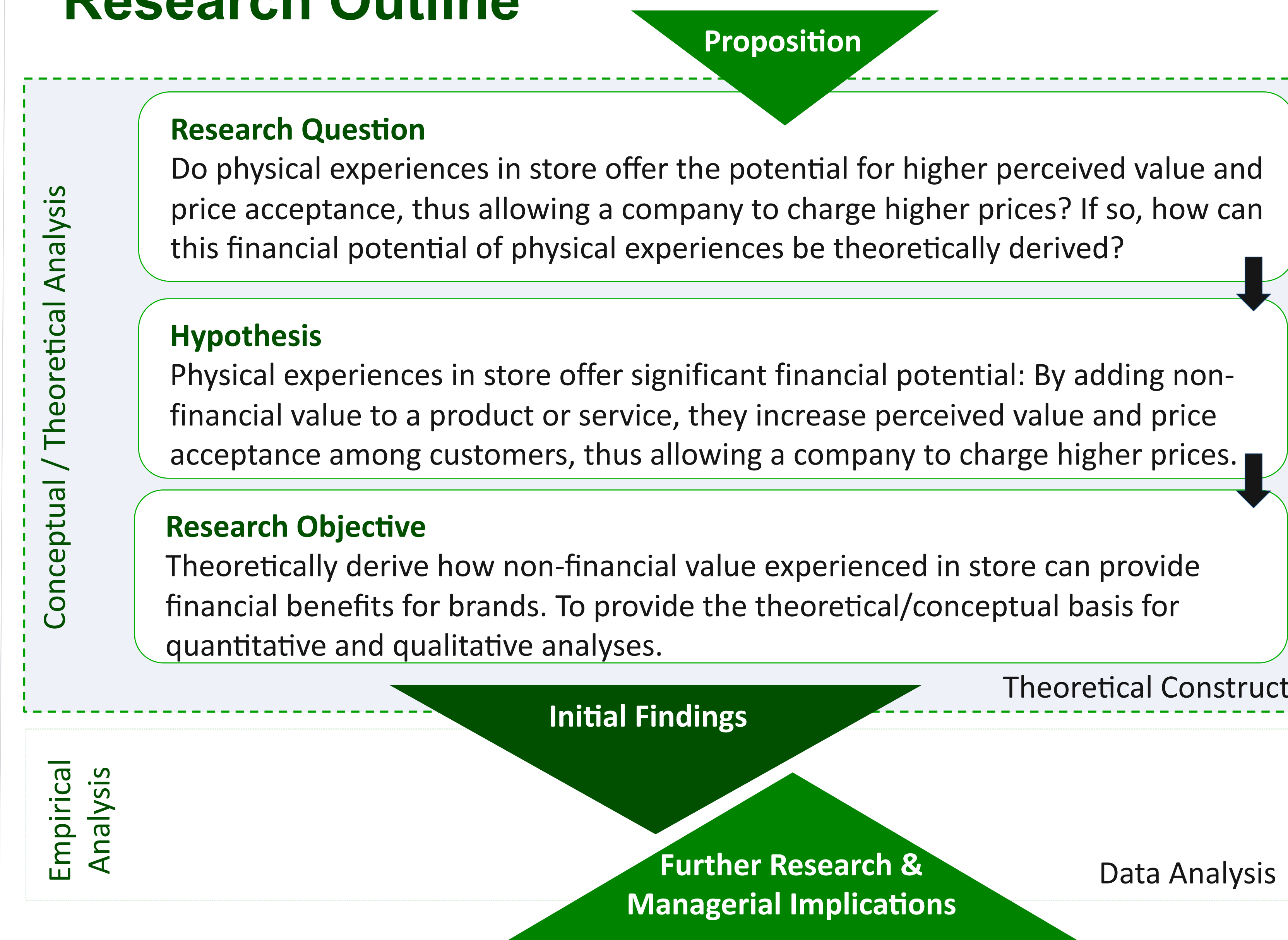
#### Proposition

The strategic use of the physical touchpoint should be a key objective in omnichannel retail theory and practice.



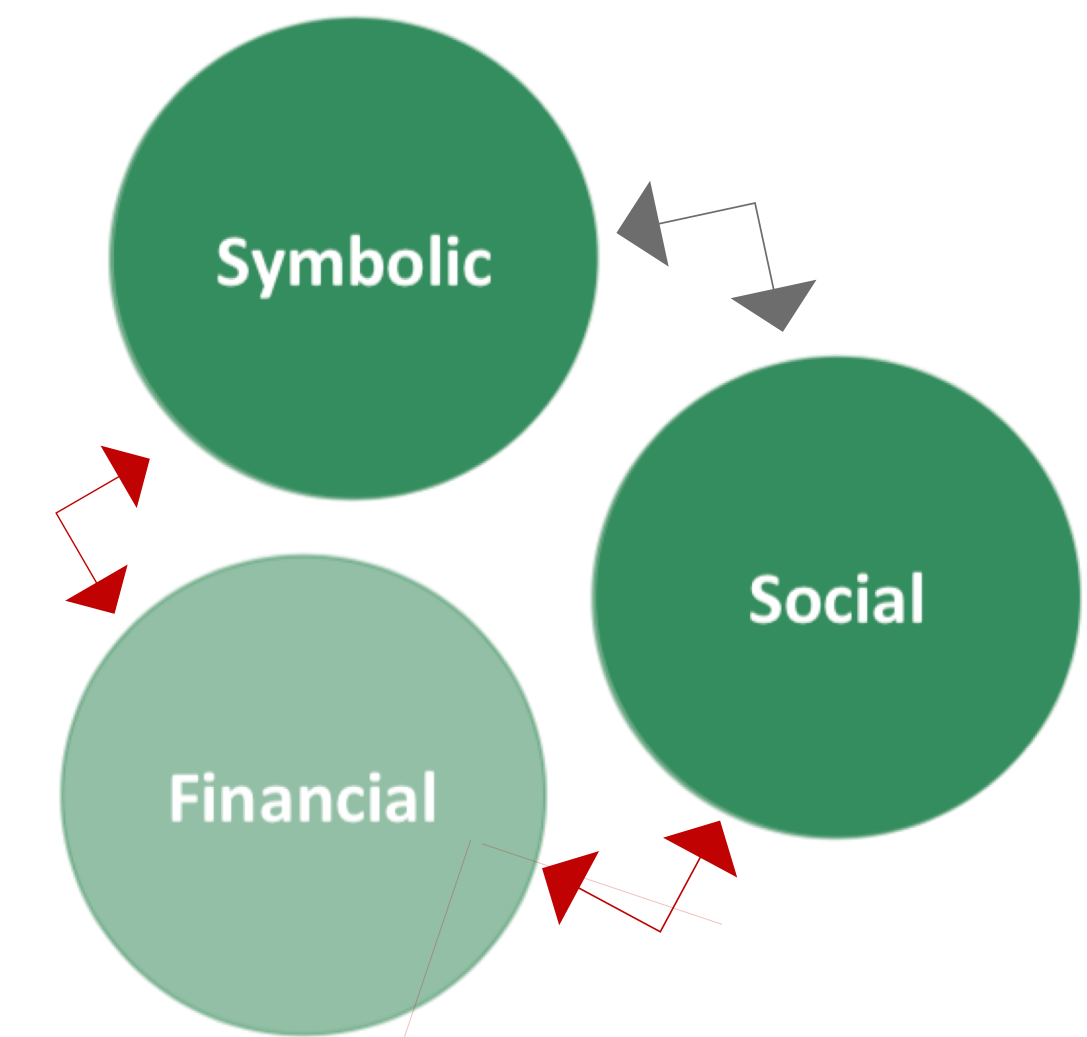
Why apply a sociological capital concept to discuss pricing issues in retail marketing?

### Research Outline



### Theoretical Concept !

The sociological capital concept by Pierre Bourdieu (1987) explains how non-financial values offer financial potential: Three equally economic capital forms (social, cultural (here: symbolic) and financial) are connected through the logic of convertibility. Thus, added social and/or symbolic value represent(s) additional financial potential from the viewpoint of marketers.



### Initial Findings / Assumptions

- According to Bourdieu's capital concept (1987), social and symbolic capital encountered in store add to the product- or service-inherent utilitarian value
- In the form of added non-financial value they justify higher perceived value
- Referring to the convertibility of Bourdieu's capital forms, the possible conversion of non-financial into financial capital verifies higher price acceptance: consumers give more financial capital to receive more non-financial value
- Concluding, the creation of non-financial value in store offers significant financial potential in theory. The offline experience is considered here as original form of interaction. Online experiences that enable the creation of symbolic and social capital (i.e. social media) might represent similar (but presumably weaker) potential.
- Furthermore, it is assumed that assumptions apply to product groups beyond luxury, all of which do not merely fulfill utilitarian values and are thus suited to be enriched with social and symbolic value.

### Research Gap in OR & CEM

#### Omnichannel Retail (OR) ...

- focuses on digital aspects of seamless integration.
- largely ignores the role of the offline channel.
- thus calls for further research on offline channel.

➤ Strategic use of the offline channel

#### Customer Experience Management (CEM) ...

- is considered crucial in OR.
- focuses on customer satisfaction, loyalty and value.
- 's focus on the concept of customer value suggests financial potential of CEM.
- largely neglects role of value/pricing.
- demands a better understanding of the antecedents, consequences and long term effects of CE.
- calls for research from other perspectives and disciplines.

➤ Financial benefits of offline experience

### Theoretical Derivation

Research points to added value (co-) creation through offline experiences. Its' financial potential must yet be examined.

- Experiences represent a specific kind of economic value
- With the value production shifting towards the consumer, experiences and services enable (additional) customer value (co-)creation
- The concept of value is experiential
- The tangible environment of the retailer has been used as item to measure brand equity
- Customer value is the subjective difference between benefits and sacrifices

Former research shows that social and symbolic value are key in offline experiences. However, their financial potential is still uncovered.

#### Social value of the offline experience ...

- through conspicuous consumption/prestige-seeking consumer behavior.
- as distinction between inside/peer and outside group.
- for group affiliation or demarcation.
- has been used as item to measure value equity.

#### Symbolic value of the offline experience ...

- through symbolic acquisition/consumption (i.e. aesthetics, associations, appreciation).
- through subjective value/hedonic consumer behaviour (i.e. emotions, self-realisation).
- through quality examination.

### Basis for further research

- Specify theoretical findings through qualitative analysis and develop propositions: Which specific factors enable the creation of added value offline? Which product categories are suitable? Which target customers are? Do online experiences offer the same/a similar potential? Can the added value created offline be multiplied through online communication and interaction (Web 2.0, Social Media etc.)?
- Test propositions in labor and field (i.a. quantitative methods, experiments) and define specific managerial implications. Ideally, develop an experience metrics framework: i.e. store setting, service aspects, product category, target customers etc.

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“While Web 2.0 is technological, its effects are sociological and little short of revolutionary in their implications for business.” Berthon et al., 2012