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Conference Report

PREPARED BY DENISE DAHLHOFF

CONSUMER RESPONSE TO THE EVOLVING RETAILING LANDSCAPE

Wharton School, University of Pennsylvania
June 22–23, 2017

Consumer Response to the Evolving Retailing Landscape

Prepared by Denise Dahlhoff, Wharton School, University of Pennsylvania

As retailing undergoes drastic change, consumers are shopping and buying in new and different ways. At this conference, leading scholars and select industry experts discussed how this changing landscape has transformed the consumer decision journey.

Denise Dahlhoff is Research Director, Baker Retailing Center at the Wharton School of the University of Pennsylvania

Background

The retailing landscape has been impacted by many changes, which have partly triggered and reinforced each other—from new and constantly advancing technological capabilities to changed customer behavior to an ever-evolving competitive landscape. These developments have posed new questions and challenges for retailers, including the need to figure out customer behavior in this new reality and to find appropriate ways to respond.

To showcase the work and thinking of leading scholars and industry experts on the changing retail landscape and to generate new research relating to consumer decision-making, the Wharton School's Baker Retailing Center at the University of Pennsylvania partnered with the Marketing Science Institute (MSI) and the American Marketing Association's Consumer Behavior Special Interest Group (CB-SIG) to organize a conference on "Consumer Response to the Evolving Retailing Landscape." The conference accompanied a call for proposals for a forthcoming special issue of the *Journal of the Association for Consumer Research* (JACR). For more information go to http://www.journals.uchicago.edu/journals/jacr/forthcoming-3.3.

The Evolving Customer Experience and Customer Journey Landscape: Views from Theory and Practice

Making a Difference with Customer Experience Management

Katherine N. Lemon, Accenture Professor, Carroll School of Management, Boston College and Executive Director, Marketing Science Institute; Frank Grillo, Chief Marketing Officer, Harte Hanks

Kay Lemon and Frank Grillo provided complementary views on customer experience and customer journey from an academic and industry perspective, respectively. This summary describes a novel customer experience framework that Kay proposed, which Frank supplemented with real-world examples and insights on Harte Hanks' approach to customer experience management to illustrate some of the concepts from an industry perspective.

Today's customer journeys are complex, thus posing a challenge for companies to manage: Customers' interactions with companies and brands before, during, and after a purchase are a diverse mixture of touchpoints in various channels and media. The combinations are countless, and customer journeys often zigzag in patterns that provide a new basis for segmentation.

To help companies identify opportunities to enhance customers' experience of their interactions along the customer journey, breaking down the overall experience into three aspects can begin to simplify this complexity: 1. *customer stage,* 2. *types of touchpoints*, and 3. *context*.

Three building blocks of the customer journey framework

1. *Customer stage*: The experience related to a customer's current purchase interest entails not only the purchase stage but also the pre- and post-purchase phases. Plus, past and future shopping experiences have to be considered.

2. *Touchpoints*: During the different phases of the purchase stage, customers experience a plethora of touchpoints that are designed and controlled by different entities. They can be grouped into four categories: brand-owned (e.g., product packaging, brand's stores and website, owned media); partner-owned (e.g., Google search engine or Apple app store where the brand can be found); customer-owned (e.g., customer mood, attitude); and externally owned (e.g., factors relating to social and other external influences on the shopper, such as other customers, peers, sites like TripAdvisor, Consumer Reports, or ResellerRatings, and external forces).

Research has shown that brands are represented in ten channels on average, only six of which are controlled by the brand. It is important for a retailer to understand what people say about the brand, in both channels the retailer does and doesn't control. One particular issue to watch out for is inconsistent messaging about the brand.

3. *Context*: Contextual aspects are the most ignored in marketing and underutilized to strengthen the customer experience. Contextual factors focus on the specific situation in which a customer's experience occurs. Context includes a customer's social relationships (e.g., with family members, friends, and fellow customers), the weather, the traffic, competitive and market forces, and even the economic and political environment (gas prices, interest rates, employment, regulatory issues).

Yet considering contextual factors can be very useful in designing an experience at critical interaction points during the customer journey—in particular, to avoid marketing messages that seem ignorant or even absurd to customers because they ignore a shopper's specific situation. Today's technology and data capabilities enable companies to consider almost any type of contextual information, which in traditional human interaction would be organically collected and directly applied to the situation.

While companies have traditionally used personas, i.e., schematic profiles of customer types and segments, to develop marketing programs, this approach typically neglects these contextual variables. Consider a situation where a male shopper sets out to purchase a dress for his mother for a family wedding. The shopper doesn't fit any of the retailer's existing personas, and there is no script for this situation to serve the customer adequately. The worst approach in a situation like this is when a company applies tactics mechanically and risks appearing absurd to the customer if that approach is incompatible with this shopper's situation.

A common marketing situation where contextual information would be valuable is in retailers' widely established programs for consumers who have recently moved. To make these programs more relevant to target customers, a retailer could try to figure out the reason for a move based on the old and new addresses (e.g., is it an socio-economic upgrade, might someone be downsizing because of age or a potential divorce, might a family have had a new baby, etc.?). The customer journey could be tailored accordingly. Generally, giving more thought to contextual factors can enhance marketing programs.

Illustrating the customer journey framework

IKEA augmented reality app for furniture selection: This app helps customers visualize furniture items of interest in their home by taking a picture of the target space and virtually superimposing the pre-selected furniture items. In the customer journey framework, the app enhances pre-purchase and purchase stages (find and buy the right furniture for one's home); it's a touchpoint that IKEA owns (involving the app, catalog, and product assortment) and that makes the shopping experience easier. The contextual variables include the physical home space and interaction with family members who participate in the shopping process. To see how it works, check out this video: https://www.youtube.com/watch?v=uaxtLru4-Vw.

In sum

To simplify the complex and unwieldy customer experience—try breaking it down into three building blocks: customer stage, types of touchpoints, and context. This simplified journey framework can provide opportunities to enhance, innovate, or differentiate the customer experience.

Suggested Reading

Grillo, Frank, "Rethinking Retail: From Micro-Moments to Mega-Experiences," *The Marketing Journal*, June 22, 2017: http://www.marketingjournal.org/rethinking-retail-from-micro-moments-to-mega-experiences-frank-grillo/

De Keyser, Arne, Katherine N. Lemon, Timothy L. Keiningham, and Phil Klaus (2015), "A Framework for Understanding and Managing the Customer Experience," *Marketing Science Institute Reports Working Paper Series*, No. 15-121.

Lemon, Katherine N. and Peter C. Verhoef (2016), "Understanding Customer Experience Throughout the Customer Journey," *Journal of Marketing*, 80 (November), 69–96.

Challenges That Digitally Native Vertically Integrated Brands Are Facing / Perspectives on the Future of Retailing

Moderator: Barbara Kahn, Patty and Jay H. Baker Professor, Professor of Marketing, and Director, Baker Retailing Center at the Wharton School of the University of Pennsylvania

Panelists:
Neil Blumenthal, Co-Founder and Co-Chief Executive Officer, Warby Parker
Rachel Shechtman, Founder and Chief Executive Officer, Story
Jessica White, Executive Director of Customer, Glossier

This panel featured retailers from the Baker Retailing Center's Director's Council, a group of retail innovators mostly with a digital origin and focus that have had—along with other newer retailers—a disruptive impact on the entire industry.

Two of the retailers on this panel (Warby Parker and Glossier) are digitally native, vertically integrated brands, while Story is a unique physical store that invented the hybrid "retail media" format, a brick-and-mortar destination that combines the functions of a store and of a media outlet. The following summarizes each panelist's introduction of key features of their company and the subsequent panel discussion about omni-channel aspects of the panelists' businesses, their use of technology, and the state of the retail industry.

Warby Parker

Developed by Neil Blumenthal, Dave Gilboa, Jeffrey Raider, and Andrew Hunt during their MBA studies at Wharton, Warby Parker disrupted the prescription eyeglass market when it launched a novel online business model in 2010. The company now has estimated revenues of $250+ million and as of 2015 was valued at $1.2 billion.

At the point of Warby Parker's launch, Italy's Luxottica dominated the eyeglass industry globally with ownership of leading retail chains such as Sunglass Hut, LensCrafters, and Pearle Vision, as well as a range of top brands such as Oakley and Ray-Ban, in addition to licenses for many designer brands (e.g., Chanel, Prada, Burberry). Recently, Luxottica expanded its vertical integration—and market power—by merging with Essilor, the world's largest eyeglass manufacturer.

The innovative features of Warby Parker's business model include selling frames online and at a much lower price ($95 compared to a common price point of $500+) and a strong customer orientation. This includes a focus on customer experience, which is one of the factors that sets the brand apart from competitors. For example, at the time of Warby Parker's launch, many optical stores kept frames in locked glass cases. In contrast, Warby Parker set out to be as customer-friendly as possible, innovating a home try-on program, which lets customers try on five pairs of glasses at home for five days to pick one or more favorite frames to order online (with no charge for shipping in either direction).

Warby Parker was also one of the first companies with a one-for-one giving concept, which so far has resulted in the donation of several million pairs of glasses to people in need.

When Warby Parker started opening physical stores in response to the many orders generated from customers' visits to the showroom in Warby Parker's New York office, it designed the in-store environment with customer preferences in mind. For example, frames were presented to facilitate customers' trying them on, which meant placing them at eye level and deploying full-length mirrors instead of the smaller vanity mirrors that are a typical feature of optical stores. The almost 50 Warby Parker stores have a focus on design and art, often with references to the store's location, and feature a literary theme, in line with the brand's heritage (the name Warby Parker is derived from two characters in books by American novelist and poet Jack Kerouac).

Warby Parker's online sales data has given the company guidance for where to open physical stores. In addition, as an online native and digitally oriented company, Warby Parker has applied tools commonly used in the digital world (such as A/B testing) to physical stores in order to design an optimized customer experience. The company's customer focus is reflected in high net promoter scores (NPS). They are consistently in the 80s range, compared to competitors' NPS scores ranging from the single digits to the 30s.

An important research question that the business model of Warby Parker and similar retailers raises is what these new competitors' deflationary effect is on the value of retail markets through their often lower prices, enabled by direct-to-consumer business models and other innovations.

Glossier

Like Warby Parker, Glossier is a digitally native company that originated online and recently started to add a presence in the physical world. It is a direct-to-consumer beauty brand founded by previous Vogue editorial staff member Emily Weiss, who saw a market gap for a cosmetics brand focused on women's interest in talking about beauty. Hence, a core of Glossier's brand DNA is the emphasis on content, social sharing, digital conversation, and community.

The company got its start with Emily Weiss's beauty blog "Into the Gloss," launched in 2010, which now has 2.5 million monthly users. Given the success of the blog, which generated high social online engagement, in 2014 Emily Weiss took the next step and created a four-item line of skin care products based on the collective input of the blog community regarding preferences and needs. The company later expanded to make-up items.

Like other digitally native companies, Glossier originally didn't have plans for a physical presence. But since customers want to experience the brand in real life, the company recently opened a showroom in New York, in addition to holding events in select cities. Online, Glossier's Instagram account gets a lot of traffic and there is active conversation within the community.

Story

Story is a one-of-a-kind physical store in New York. It was founded by Rachel Shechtman in 2012 based on two observations: First, there was a lot of innovation going on online but there were few innovations offline. Second, stores offer an opportunity to be a media channel ("retail media") by leveraging the store as a physical location for customers to frequent that also offers the point of view of a magazine.

The concept of Story is to curate products, events, and experiences around a theme, which changes regularly. Story's themes, 37 so far, have included Made in America, Making Things, Her Story, His Story, and Remember When. Each story is accompanied by a "letter from the editor," which is displayed at the entrance of the store. While the stories change, Story is a permanent store with a long-term lease. It is different from pop-up stores that have temporary locations.

As for the revenue model, each Story is funded by corporate sponsors that want to be associated with and support the theme of the story by displaying its products or featuring brand-related experiences in the store. Corporate sponsors have covered a broad range, including large, well-known companies such as Nickelodeon, GE, and Target and even health insurance company Cigna. Cigna's sponsorship featured the Cigna Virtual Relaxation Pod, which was very popular, with even daily visitors who took advantage of the unique tech-supported way to relax. Smaller businesses and brands have also been featured at the store. Apart from the sponsorship income, Story generates revenue from selling items at the store. Story's email list incorporates more than two million subscribers. Story wants to create a store experience that essentially offers something for every customer segment—men, women, and kids in the 5–95 year age range—in order to make it worthwhile for families to visit and spend quality time together. Story's ideal vision for each theme is to meet the interests of consumers, Fortune 500 companies, and small businesses at the same time.

Events are an important component of Story. So far, Story has organized 400 store events. The in-person interaction during events at the store has created new opportunities for attendees: Story patrons have found new jobs and relationships this way. These personal, social successes have elevated Rachel Shechtman's interest in community and social connections as part of Story's function.

Connecting online and offline for seamless omni-channel experiences

Warby Parker has built many elements into its business model to connect its online and offline channels. Over 75% of the company's in-store sales are preceded by pre-purchase interaction on its website. To facilitate the online-offline connection and free customers from handwriting their list of favorite items, Warby Parker created a "bookmark" feature, which lets customers email themselves the list of bookmarked items to have it accessible at the store. Another tool enabling the online-offline integration is the home try-on program, where the ordering of the frames for both the try-on and actual purchase takes place online while the selection process happens offline.

Warby Parker is channel-agnostic: The company's philosophy is to focus on customers' needs and preferences and use distribution channels and communication platforms that work best for customers. During Warby Parker's lifetime, mobile has emerged as the next stage of digital commerce, as well as the growth of social media and messaging as major communication channels. Will virtual reality be next? Another in-store feature reflecting Warby Parker's customer orientation is the name of their in-house built point of sale system—"point of everything" or POE for short, which also ties to the literary theme by alluding to author Edgar Allan Poe.

For all three companies on the panel, customer interaction, communication, and engagement are the highest priorities, guiding all executional decisions.

Technology to address real customer pain points

Warby Parker invests a comparatively high share of its revenues in technology relative to other traditional retailers. The company's investments are guided by making customers' shopping experience and interaction with the company better and more convenient, i.e., new technology needs to address a real pain point rather than just signal technological leadership regarding problems that don't exist. When tackling a specific pain point with technology, it is important to monitor its impact and think about new technologies holistically. For example, when Warby Parker launched a digital try-on program, which enabled customers to upload their picture and virtually see themselves with glasses on, online conversion dropped because the software wasn't optimal (the images weren't sufficiently realistic). In this case, the specific technology didn't help customers' or Warby Parker's objectives.

Recently, Warby Parker launched a telemedicine eyewear prescription program: Their iPhone app, Prescription Check, lets eligible customers—eligibility criteria include age and state of residence—perform vision tests remotely, and licensed eye doctors review the results and issue new prescriptions. This service helps eliminate a common issue during the shopping process of needing a valid, up-to-date prescription.

Current retail landscape

The panelists discussed traditional retail models and the general state of retail. They pointed out that retail is not a uniform entity but that there are different kinds of retail formats and companies satisfying various needs—from convenience to price to experience. Given the changes in customers' expectations and the competitive landscape, there is more pressure, including on department stores, which need to rethink their traditional model and processes, as well as functional departments and staff roles. Traditional metrics such as sales per square foot also need to be adapted to the omni-channel world. Further, department stores face the "Innovator's Dilemma" of having to make a series of changes until results show while also having to keep investors happy, who have performance expectations based on prior years' track record.

Ultimately, panelists suggested, quality, service, and price are still the key things that customers are looking for. Vertically integrated retailers might be in a better position to implement changes faster since they have control over most or much of their value chain. In addition, digitally native retailers have a lot of data, which they can leverage to make improvements. For example, Warby Parker can use data on product returns to modify products if certain items experience a disproportionate rate of return.

Consumer Perspectives on Retailing

Moderator: Dipayan (Dip) Biswas, Professor of Marketing, University of South Florida and CB-SIG Vice Chair of Conference Programming

Panelists:
Susan Broniarczyk, Susie and John L. Adams Endowed Chair in Business and Professor of Marketing Administration, University of Texas at Austin
Andrea Morales, Lonnie L. Ostrom Chair in Business and Professor of Marketing, Arizona State University
Joann Peck, Associate Professor of Marketing, University of Wisconsin–Madison

Gift Registries and Consumer Decision-Making

Susan Broniarczyk, University of Texas at Austin

(The research presented and described in the following is co-authored by Morgan K. Ward, Assistant Professor of Marketing, Emory University.)

Gift giving is an important retail category with gifts making up about 10% of consumer purchases. Much more than a material transaction, gift giving involves social and emotional aspects. It can affect the relationship between gift giver and recipient and evoke anxiety or concern due to gift givers' desire to achieve the desired impressions with a well-liked gift.

Wrong assumptions and predictions about gift giving abound. They include that recipients appreciate more expensive gifts more; that recipients credit givers for a thoughtful gift (when in reality recipients reflect on less desired gifts more than on desired gifts); that unsolicited gifts are perceived as more thoughtful by recipients (when in fact recipients value explicitly requested gifts most); and that distant others appreciate socially responsible gifts (although in reality it's less than givers think). Research finds that recipients focus on the gift ownership and consumption phases while givers focus on the moment of exchange. Further, it is givers, not recipients, whose emotional closeness grows from giving a thoughtful gift. Finally, although givers are likely to give material gifts, experiential gifts are better for fostering a strong relationship.

A key issue hindering "optimized" gift giving is that gift givers lack information about the recipients' preferences. Gift registries, which retailers in various product categories offer for many occasions, address this asymmetry by letting gift recipients specify their preferred gifts and share their choices with gift givers. As much as these gift-giving facilitators provide perfect information, two important downsides are that gifts might not match the givers' identity (i.e., they are identity incongruent) and that they limit the potential to send relationship signals. The degree to which these limitations impact the relationship depends on the social proximity (close or distant friend) between the two people involved in the exchange.

A study tried to gain insights on three hypotheses about the impact of buying a gift for a close vs. distant friend that is consistent or inconsistent with gift givers' identities. The experiment asked participants to select a gift for a close vs. distant friend from a set of five coffee mugs, two of which had the logos of competing college sports team on them with which either the gift giver or recipient identified. Simulating the function of a gift registry, in one condition the gift recipient's preferred mug was indicated as the one featuring the logo of the giver's opposing college team (identity threatening), while in the other condition the recipient's preferred mug was identical with the giver's college team affinity (identity verifying).

The study found that when gift givers chose the identity-threatening gift for a close friend, they subsequently positioned it farther away from themselves—a signal of physically disassociating themselves from the gift—than in the identity-verifying condition. This was only true when the gift was for a close friend. For more distant friends there wasn't a significant difference in how near or far away from themselves givers placed the gift, regardless of whether it was identity verifying or not. Moreover, a subsequent task showed that gift givers who picked a gift for a close friend that didn't align with their own identities were much more likely to compensate for the "identity threat" by subsequently choosing a product for themselves that strongly aligned with their own identity. When giving to more distant friends, they did not display the compensation effect. In conclusion, evidently social closeness between gift giver and recipient plays a big role in the impact on givers of offering identity-verifying vs. identity-threatening gifts.

A survey showed that gift givers' two top priorities in gifting are to (1) match the recipient's preferences and (2) to indicate the degree of closeness in the relationship they have with the recipient. While these priorities are germane to both close and distant friends, these sentiments were much more pronounced for close friends. Indeed, close gift givers are especially invested in recipients' happiness and are more likely to sacrifice their own needs to please their friends. At the same time, close friends are more sensitive to the function of gifts as social signals to express intimacy. With more distant friends, there is greater emotional distance, and feelings of personal involvement are less pronounced. Moreover, givers usually have less knowledge of the recipient's preferences, which makes finding a suitable gift more difficult.

Although a pilot study confirmed that the vast majority of consumers who create a gift registry truly want even close social connections to use the gift registry (87% confirmed this for family members and distant friends/acquaintances/colleagues, and 78% confirmed it for close friends), gift givers often diverge from the registry. Close givers often experience a conflict when choosing a gift from a gift registry for a close friend. Rather than choose a gift that the recipient has directed them to buy, close gift givers are more likely to reject the registry in favor of their own personally chosen gift. They make these riskier gift choices in order to signal the closeness of the relationships they have with recipients.

An experiment confirmed the prediction that close friends are more likely to diverge from the registry. First a group of students who were designated "recipients" selected a birthday gift for themselves from a set of five different desk lamps. When participants who were designated "gift givers" were told what the recipient's preferred lamp was, 70+% of close friends selected a lamp that wasn't the gift recipient's preferred one, while less than 40% of distant friends did. (A stronger divergence from the expressed preference by close vs. more distant friends even holds in contexts with more established social norms such as weddings or housewarmings, as a separate study showed.) Interestingly, gift recipients' satisfaction with the gift was lower when close (vs. distant) friends gave a non-preferred item vs. the preferred item.

A related study suggested that gift givers' divergence from the registry, i.e., picking a gift other than the one indicated as the gift recipient's favorite, can be explained by the giver's desire to signal their relationship by picking a gift that reveals his/her familiarity with the gift recipient's taste. Notably, the choice of the non-registry gift is an explicit relational signal sent to the recipient. This is supported by a study that shows that when givers are made aware that the recipient would not be told who gave the gift (thus eliminating the relational signal), the majority of givers used the gift registry.

Besides suggesting guidelines for our own gift-giving behavior, the above set of studies provides insights that marketers can leverage to improve their gifting business. Implications from the studies' findings include offering opportunities to gift givers for self-gifting to reestablish one's identity after giving a gift that appeals to the gift recipient but is inconsistent with the giver's taste, suggesting to consumers who are creating a gift registry or wish list to include items that are relationally signaling so that gift givers have a relationship signaling option, and promoting the idea of buying an additional personalized gift as a complement to a registry item. Another retailer website feature that is beneficial for gift recipients is the option to convert unwanted gifts into items that are on gift recipients' registries, which is a patent that Amazon filed in 2010.

When Beauty Backfires: Negative Effects of Aesthetic Products

Andrea Morales, Arizona State University

Marketers aim to develop products that appeal to consumers, and one way to achieve this is to make decorative products, since beauty is a desirable quality, which should generate greater sales. In fact, research has shown that product aesthetics have a positive impact: They increase people's evaluations and choice of those products. However, can products be too beautiful, making shoppers use or consume them less to preserve their prettiness and lowering the enjoyment of use or consumption?

This research looks at the paradoxical effect that product aesthetics can have: While product beauty usually has a positive impact during the shopping process, generating appeal and sales, it can dampen the use, consumption, and enjoyment of products in the post-shopping phase.

One reason for people's reluctance to consume beautiful products is the general notion that aesthetic products are the result of a greater design or production effort, so destroying the beauty by consuming aesthetic products also destroys effort. Because people value effort, they reduce their consumption to preserve the effort that made the aesthetic products beautiful in the first place. For example, although people may be hesitant to eat an intricately decorated cupcake, if they learn that the cupcakes are made easily using a baking mold, their hesitation is mitigated because they no longer feel like their consumption will destroy the effort put into the design or production process.

Two field studies involving the use of daily household products show the power of the inhibiting impact of beautiful product designs. In the first study, the amount of toilet paper sheets from two different versions of toilet paper rolls at a gym was monitored. During week one, a plain white toilet paper was dispensed, while week two featured a more ornate version featuring holiday motifs. The difference in the amount of sheets used per bathroom visit was stark: Gym bathroom visitors used almost double the amount of plain white toilet paper sheets compared to the prettier version.

A study involving napkins dispensed at a convenience store showed a similar result: Almost double the amount of customers took a plain white napkin along with their grab-n-go purchase compared to when a more decorative kind of napkin was dispensed.

The findings of product aesthetics impeding consumption and lowering enjoyment of using or consuming a beautiful object could also be shown in a study involving edible products. Study participants were randomly offered one of two kinds of cupcakes with different degrees of beauty: a cupcake featuring a smooth vs. a more elaborate rose-shaped frosting.

While people generally ate more of the cupcake the hungrier they were, people with the same level of hunger ate less of the cupcake when they were given a cupcake with the more ornate frosting than people given the plainer-looking cupcakes. Interestingly, the aesthetic appeal of the cupcake also influenced people's enjoyment of it. Like consumption, people with at least moderate levels of hunger enjoyed eating the beautifully decorated cupcake less. In contrast, people eating the plainer version of the cupcake enjoyed it more.

Another study involving plain and nicer-looking napkins confirmed two things: (1) people naturally use less of a beautiful product, and (2) people's innate assumption that more beautiful products require more effort is a main cause for this. In the experiment, people were asked to clean up an imagined coffee spill using either a plain white version of a napkin or a blue-colored one. Instinctively, people used a fraction of the number of nice-looking napkins compared to the plain version. However, when participants were told that the nicer-looking napkins took less effort to manufacture, they used more of the nicer-looking ones than previously, suggesting that aesthetics does serve as an indicator of the effort required to produce beauty, which people feel bad destroying through consumption.

This set of studies shows that paradoxically the beauty of products can backfire by evoking purchases, or a purchase interest, but decreasing actual consumption and usage satisfaction in the after-purchase phase when usage and consumption destroy beauty. These findings can be useful for various business questions such as marketing aesthetic products; nudging people to eat healthier, including eating less, by making products look aesthetically pleasing; and trying to curb consumption in the spirit of sustainability, for example, by dispensing nicer-looking instead of plain napkins.

But I Want to Touch! How the Sense of Touch Can Influence Consumer Decisions

Joann Peck, University of Wisconsin–Madison

As one of our five senses, touch plays an important role in perceiving the world and making decisions. In fact, the emergence of ecommerce has highlighted the shortcoming of online channels to not allow touching and feeling products. Confirming the importance of touch in the shopping process, a 2015 global shopper study by PwC found that 60% of shoppers prefer in-store to online shopping because they are able to see, touch, and try merchandise.

In describing the sense of touch, the word *haptics* is often used. Haptics describes the active seeking and acquisition of information by the hand. Haptic properties of objects can be described by four dimensions: texture, hardness, weight, and temperature. Each of these dimensions is associated with a stereotypical hand movement: lateral motion for texture, pressure to check hardness, unsupported holding to get an idea of the weight, and static contact to figure out the temperature.

Why do people touch products in the shopping process? Generally, there are two reasons. The first is functional—touch as a means to an end. In the shopping context, consumers may want to touch merchandise to acquire additional product information visually or haptically or to complete a purchase by taking their selected items to the checkout counter. The second reason is hedonic. The motivation is more emotional, involving the enjoyment of a sensory experience, including the fun of touching something.

Apart from different purposes of touching products during the shopping process, the motivation to touch also differs from person to person and depends on the product category as well as the situation. A 12-item "Need for Touch" (NFT) scale measures individuals' preference for touch. Haptic attributes such as texture, hardness, weight, and temperature have a different importance to consumers in different kinds of product categories—think apparel or produce items versus a CD—and this can also vary by country and culture. In addition, the situation adds variables that motivate or hinder people from touching (e.g., the opportunity to touch and whether other shoppers have touched an item previously, which can generate an appealing or repelling contagion effect). To make up for an inability to touch, certain mechanisms such as clear visuals, a well-known brand name, low price, and helping shoppers to imagine touch can compensate for an inability to touch.

In a study set in a grocery store that aimed to find out how touching an item—peaches and nectarines in this case—can impact impulse purchases, researchers had three separate conditions. In one condition, a point-of-purchase sign encouraging touch ("feel the freshness") was installed. Another condition stated "see the freshness," and the final condition was a control condition with no additional store signage. Researchers observed 249 shoppers and recorded whether they touched the peaches/nectarines and how many, if any, were placed in the cart. Then they asked shoppers at the store to fill out a survey determining whether they had noticed the sign and to what extent their purchase was an impulse buy. Shoppers were also mailed a questionnaire to their home to measure, among others, their need for touch (NFT).

The shoppers that noticed the sign encouraging touching ("feel the freshness") made significantly more impulse purchases compared to shoppers in the other two conditions. Moreover, "high need for touch" shoppers had significantly higher impulse purchase rates compared to "low need for touch" shoppers. These findings suggest that touching products increases purchase likelihood and that this is particularly true for more tactile-oriented shoppers.

One explanation for the powerful impact that touching a product can have on purchase likelihood is the concept of psychological ownership. It describes the idea that the sentiments triggered by touching an object—or even just imagining touching or owning—such as knowing an object more intimately, investing oneself in the object, and being able to control it, give the toucher an emotional (rather than legal) sense of ownership. Psychological ownership is associated with the endowment effect, which expresses the idea that people value things more when they own it because of emotional attachment or the reluctance to give it up (loss aversion), among other potential reasons. It has been shown that psychological ownership increases people's willingness-to-pay for the "owned" item. At the same time, affective reactions to an item—both positive and negative—may also impact willingness-to-pay. Even government authorities have recognized the potent influence of the ownership effect: In 2003, the Illinois state attorney general's office advised holiday shoppers to be cautious of retailers that encourage them to hold objects and imagine objects as their own while shopping.

In sum, as for the role of touching products in shopping situations, individual preferences for touch, characteristics of a product category, and the shopping situation (e.g., online vs. offline channels) motivate consumers to touch products, affecting feelings of psychological ownership, confidence in assessing products as well as financial valuation and unplanned purchases. When shoppers' motivation to touch cannot be satisfied, suitable mechanisms can be deployed to compensate for the lack of touchability, such as visual aids (pictures, video) and suggestions to imagine touch, as well as a strong brand and low price.

Apart from touching products, another important stream of research in the field of touch relevant for shopping contexts is interpersonal touch, for example between sales associate and shopper, as this can have a large impact on consumers.