

MARTIN BLOCK, FRANK MULHERN, LARRY DEGARIS, DON SCHULTZ

# RETHINKING RETAIL



**A Marketer's Guide to Decoding Consumer  
Preference through Data Analytics**

**Second Edition**



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Martin Block · Frank Mulhern · Larry DeGaris ·  
Don Schultz

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through Data Analytics

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Martin Block  
Integrated Marketing Communication  
Department  
Northwestern University  
Evanston, IL, USA

Larry DeGaris  
Medill Retail Analytics Council  
Northwestern University  
Evanston, IL, USA

Frank Mulhern  
Medill School  
Northwestern University  
Evanston, IL, USA

Don Schultz  
Northwestern University  
Evanston, IL, USA

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# A Holistic Model of Retail Marketing and Communications

Retailing is a complex system that connects manufacturers, intermediaries, a salesforce, retailers, and consumers in an integrated, networked structure that must benefit all parties. Put simply, the various players in the retailing system create a networked community with interdependent common interests. If they properly function together, they create greater value for each other and the whole system.

Figure 1.1 below graphically depicts the most important of those interactions.

The consumer should be at the center of the system for all the interactions that occur. Without the consumer or end user, neither of the other parties or players can create, share, or generate value. Nothing happens if the consumer does not react and respond to the various offers and efforts of the retail system's players because they all depend on consumers' spending. Thus, consumers are the hub of the entire retailing structure since their actions drive and influence all the other elements. Today, the system is increasingly connected and driven by data and digital communications.

This book identifies the manufacturer and its salesforce separately from the intermediaries and retailers. Our research shows that the actions of manufacturers and their sales forces largely influence consumers before they enter the retail store. Thus, we view their actions as external to the retail location.

The retailer and accompanying intermediaries, i.e., brokers, distributors, and wholesalers, influence consumers inside the store through specific activities designed to affect consumer behavior. Even in the case of online retailing, this differential identification holds. For our purposes, we consider both traditional physical retailing formats and online or e-commerce formats.

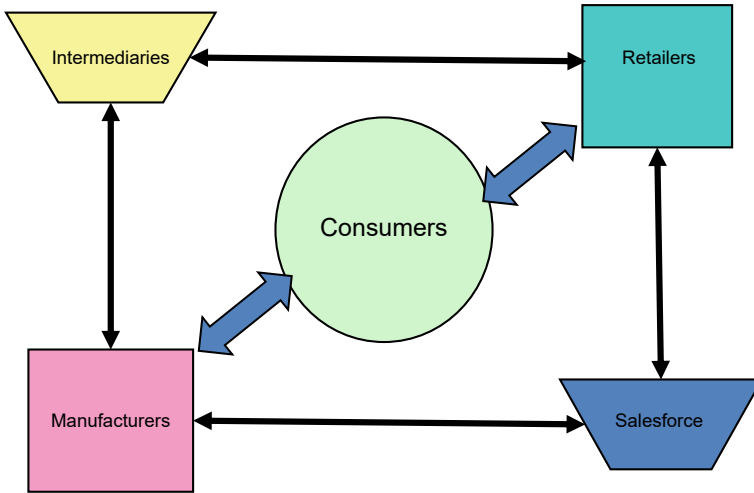


Fig. 1.1 Marketplace communication system

Surrounding the retail ecosystem is the general marketplace. This consists of many marketing and communication interfaces among all the participants and a host of other factors. For example, in today's economic climate, the actions of the government and its agencies, financial institutions, including credit card and mobile payment systems, and media significantly impact the retail marketplace. Therefore, when we talk of retailers and retailing, we must recognize that what goes on inside the retail store or on the retail website is the culmination of a host of other external forms of marketing, communication, general economic factors, and societal influences, all of which come together to influence consumers at the point-of-sale.

### STARTING WITH CONSUMERS

Since consumers drive the system, any understanding of retailing must start with them—who they are, their shopping purpose, what experience and background they bring to the retail location, what they do once they are there, and how they react to retail promotion. The challenge is that unless the retailer and manufacturer know their retail consumers, understand them and are motivated to serve them better, simply knowing what they purchase provides few insights into their motivations and limited value for retailing.

The key to retailing is learning from every interaction with customers and then using that knowledge to adapt the retail operation to improve and enhance potential consumer responses. In retailing, everything should start with consumers, for only they know what motivates them to make the purchases that dominate current point-of-sale systems.