



# In-store marketing: a strategic perspective

In-store  
marketing

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Received November 2009  
Revised October 2010  
Accepted October 2010

## Abstract

**Purpose** – The purpose of this paper is to examine two key dimensions of in-store marketing, namely in-store promotions and price markdowns. These seem to be the two most important aspects of in-store marketing, though other dimensions such as retail personal service are also worthy of study.

**Design/methodology/approach** – A sample of 287 New Zealand clothing and shoe retailers was studied. Survey questions included the perceived importance of in-store promotions and price markdowns. The aim was to explain these perceptions in terms of marketing strategies, threat of competition and environmental uncertainty.

**Findings** – The results indicate that a discount marketing strategy, environmental uncertainty and emphasis on price-promotions are key to explaining retailers' perceptions and use of specific in-store marketing activities. In addition, seven key marketing activities were found to distinguish high- and low-performance retailers with respect to in-store promotions.

**Practical implications** – The study has highlighted strategic aspects of in-store marketing, by focusing on two key components of in-store marketing, namely in-store promotion and price markdowns. The findings should provide much needed advice to retailers on the use of sales promotion tools in different environmental settings.

**Originality/value** – This paper should prove valuable to academic researchers and retailing managers (particularly to those in smaller countries), owner-operated retail outlets, and chain stores.

**Keywords** New Zealand, Retailers, Marketing strategy, Prices, Stores and supermarkets

**Paper type** Research paper



Asia Pacific Journal of Marketing and  
Logistics  
Vol. 23 No. 2, 2011  
pp. 165-176  
© Emerald Group Publishing Limited  
1355-5855  
DOI 10.1108/13555851111120470

## Introduction

The global economic recession has negatively impacted retail sales through slow growth and fickle shoppers. This has resulted in heavy discounting and substantial in-store promotions, improving sales but not profit (Ben-Shabat *et al.*, 2010; Deloitte, 2010). Thus, the importance of an appropriate in-store marketing strategy is particularly relevant to academics and practitioners at this time.

Small entrepreneurial firms often lack sophisticated marketing capabilities, being limited by a lack of resources and dependant on owner/entrepreneur orientation (Carson and Gilmore, 2000; Merlo and Auh, 2009; Walsh and Lipinski, 2009). As a consequence, small firms face problems in handling their marketing activities (Reijonen, 2010). Such deficiencies in marketing often prevent many small firms from performing and competing as well as they might (Molian and Birley, 1994). For the past decade in-store marketing has been heralded as a hot new promotional development for manufacturers. Manufacturers have gradually been switching from above the line mass media advertising to a variety of below the line promotions, including competitions and other push marketing options. This trend reflects the ongoing disenchantment with mass media advertising based on the difficulty of measuring its effectiveness. However, the trend also reflects a desire by manufacturers to get closer to customers in some form of relationship marketing. Manufacturer funded in-store marketing is one means of doing that.

Retailers as well as manufacturers have a strong interest in in-store marketing (Sigue, 2008). Clearly, it does not matter whether the manufacturer or the retailer initiates the in-store marketing because by definition it is retail-based in the final analysis. The ultimate importance of the retail situation helps justify our current approach that examines the retailer's perspective of in-store marketing. However, the results will be of interest to manufacturers given their increasing emphasis on in-store marketing.

The current paper extends the retail strategy approach to promotion mix decisions by looking at:

- two key dimensions of in-store marketing, namely in-store promotions and price markdowns (Merrilees and Fam, 1997); and
- the gap in the literature regarding the potential impact of environmental uncertainty and marketing objectives (e.g. reaction to competitive pressure, quality image and in-store experience).

These seem to be the two most important aspects of in-store marketing (Fam and Yang, 2006; Jin and Kim, 2003; Dawes, 2004; Alvarez and Casielles, 2005), though other dimensions such as retail personal service are also worthy of study. From a managerial perspective, the study attempts to better understand the in-store marketing options available to retailers based on their strategic marketing objectives (e.g. high-profile marketing strategy or discount marketing strategy). A sample of 287 New Zealand clothing and shoe retailers was studied. Survey questions included the perceived importance of in-store promotions and price markdowns. The aim of this study is to explain these perceptions in terms of strategic retail factors, including marketing strategies (price and target markets), threat of competition and environmental uncertainty. The purpose of the research is to help understand what drives some, but not all retailers, to actively pursue in-store marketing?

### Literature review

Many consumer decisions are not made until the consumer is in the store, with studies showing that about two-thirds of brand decisions for supermarket items were made in the store (Agnew, 1987; McIntyre, 1995). This is particularly the case for supermarket purchases, but also applies to other retail categories. The importance of in-store decisions means that it is useful for the retailer to have an understanding of factors that influence in-store decisions. The most commonly cited factors include price markdowns, in-store promotions, displays, store atmosphere, service, stock outs and store layout (Hawkins *et al.*, 1992; Merrilees and Miller, 1996; Jin and Kim, 2003; Dawes, 2004; Alvarez and Casielles, 2005). Our current focus is on the first two of these factors, though displays and store atmosphere impinge on in-store promotion.

The literature is relatively silent on strategic retail perspectives of in-store marketing. However, it has dealt with various components of in-store marketing, notably store atmospherics and spatial stock management. Store atmospherics has received reasonable attention in academic journals. The classic work in this area is Donovan *et al.* (1994). They found that pleasure induced by store environment appears to be a strong cause of consumers spending extra time in the store and spending more money than intended. Greenland and McGoldrick (1994) found that modern designs of banking had several advantages over traditional designs. These advantages included a perception of more approachability, better arrangement and a stronger image. There are quite a number of other papers, which touch on some aspect of store atmospherics, including Akhter *et al.* (1994), Bayley and Nancarrow (1998), Bennett (1998), Beatty and Ferrell (1998), Brunner (1990), Dawson *et al.* (1990), Milliman (1982), Phillips *et al.* (1997), Swinyard (1993) and Sit *et al.* (2003). Invariably, these studies use a consumer behaviour framework rather than an explicit strategic retail perspective (e.g. the influence of a discount marketing strategy on retail promotional decisions; Merrilees and Fam, 1997). For other practitioner perspectives see Williams (1994).

Spatial stock management has also received attention in academic journals. The classic work here is Dreze *et al.* (1994). Their empirical study suggested that firms usually over-allocate space to brands. Another interesting finding was the indication that position on the shelf was relatively more important than the number of facings. There are a number of other academic studies that relate to in-store marketing. Fam and Merrilees (1996), in their Australian study, made the observation that in-store marketing was more important than external marketing in retailers' promotion budgets. However, that study did not attempt to contrast the different determinants of in-store marketing from external marketing. Although in-store marketing and external marketing activities are separate and distinct, strategic marketing objectives, environmental factors and promotional objectives may help determine the appropriate marketing activity. There are also a number of other studies that have examined the retail "sale" in more detail, which is another way of conceptualising a major part of in-store marketing (Simon, 1989; Betts and McGoldrick, 1995; Merrilees and Fam, 1999; Fam, 2003).

### A strategic framework and six propositions

The literature provides some guidance as to the nature of the relationship between various determinants of both in-store marketing and external marketing, but there are some gaps with respect to the influence of marketing strategies. Perhaps, the most straightforward element is the impact of strategic market focus. An earlier study has identified three main

strategic groups, based on a cluster analysis of various items relating to marketing strategy (Merrilees and Fam, 1997). The three strategic groups include a high-profile group that caters for the mass middle markets and emphasises middle level prices, customer service and mass advertising of national brands. A second group has been labelled as a discount group with a strong emphasis on low prices in its marketing strategy. The third group is referred to as an upmarket group, with an emphasis on higher quality merchandise at higher prices. The inherent nature of these groups assists us in forming propositions. The high-profile group is very external orientated as it needs to generate a high turnover to be viable and therefore, we expect this group to place more importance to both forms of external marketing, direct mail and mass media advertising, which we denote as *P1*. In contrast, the discount group is likely to favour the cheaper forms of in-store marketing, namely in-store promotions and price markdowns. Thus, we have:

- P1.* The high-profile strategic group will have higher perceptions of the importance of both direct mail and mass media advertising.
- P2.* The discount strategic group will have higher perceptions of the importance of both forms of in-store marketing, namely in-store promotions and price markdowns.

Environmental uncertainty has been discussed in the literature for some time now, generally with respect to Porter's Five Forces and its impact on high-technology industries and market entry strategies (Bhattacharya *et al.*, 1998; Calantone *et al.*, 2010; Lapiere and Skelling, 2005). Environment uncertainty is viewed as an additional and complex business variable. What is less clear from the literature is the impact that environmental uncertainty has on the implementation of different marketing options in the retail environment. The measure that we adopt in this paper is based on three items that refer to retailer's perceptions of the external marketing environment, including consumers' tastes and preferences and competitors' mode of competition (Merrilees and Fam, 1997). We make the proposition that retailers who perceive higher levels of environmental uncertainty will prefer more direct channels where the consumer impact is more controllable and certain. We suggest that retailers are more likely to use in-store promotion than price markdowns because consumer responsiveness to price changes is highly variable. This leads us to *P3*:

- P3.* Retailers with higher levels of perceived environmental uncertainty are likely to favour in-store promotion.

The importance of in-store marketing is likely to be influenced by the orientation of retailers to the various price-promotions that they conduct. If these price-promotions are orientated to creating as much in-store excitement as possible, then in-store activity is an end in itself and we would expect both forms of in-store marketing to be given more importance (Park *et al.*, 2006; Rajagopal, 2009). In-store promotion would appeal to the hedonistic/impulse buyer (Miranda, 2009), while price markdowns generates pleasure from a perceived deal (Shi *et al.*, 2005). This leads to *P4*. On the other hand, if the orientation of price-promotions were to create a quality image, then we would expect more emphasis on mass-media advertising, in order to widely publicise quality, and less emphasis on in-store marketing, which tends to reduce perception of quality (Farris and Quelch, 1987; Schindler and Kibarian, 2001). This leads to *P5*. Finally, competition and reaction to competitive moves is a highly dynamic situation. Speed of response is often

a primary consideration. Competitive reaction is generally restricted to short-run exchanges with price and price markdowns in particular often mentioned as the fastest way a firm can respond to competitive threats (Steenkamp *et al.*, 2005). We therefore expect a positive association between a firm having a high weighting of reacting to competitors in their price-promotion objectives and a favourable disposition to price markdowns. This leads to *P6*. Note that *P6* foreshadows the need for a short-term trade-off between in-store marketing and external marketing because the resources allocated to fighting competitors have to be funded from somewhere:

- P4.* Retailers who give higher weighting to using price-promotions to create in-store excitement will also have higher perceptions of in-store marketing.
- P5.* Retailers who give higher weighting to using price-promotions to create a quality image will favour external marketing and disfavour in-store marketing.
- P6.* Retailers who give a higher weighting to using price-promotions to react to competitors will favour price markdowns and disfavour external marketing.

### Research design

Our aim is to test the six propositions with a sample of New Zealand clothing and shoe retailers. The questionnaire consisted of attitudinal statements relating to perceptions of various promotion tools (such as in-store promotion), components of retail marketing strategy (such as emphasis on national or private brands), items relating to environmental uncertainty, items relating to different orientations of price-promotions (such as emphasis on commercial objectives, quality image, in-store excitement, competition), elements which support price-promotions (such as planning or learning from past promotions) and demographic items such as city in which the retailer is located. Likert scales were used for the perception variables, ranging from 1 if the respondent strongly disagreed with the statement or if it was very unimportant to 7 if there was strong agreement or it was very important. The questionnaire was pre-tested before being mailed to the respondents located in 20 large and small New Zealand cities.

The study participants were the managers of retail stores because they usually have the final say over the choice of promotion tools. For large retailers (with six or more outlets in the chain) the questionnaire was directed to the general managers. The sampling frame was the respective cities' Yellow Page list of clothing and shoe retail stores. Two waves of mailing, three-weeks apart, were undertaken. In each mailing, a cover letter with the university letterhead, a questionnaire and a reply paid envelope were directed to the manager of each store. There were 287 usable responses giving a response rate of 39 percent. Responses for all questions were tested for possible non-response bias using a  $\chi^2$ -test to compare early and late responses. No significant differences between the two groups were uncovered.

A secondary research objective of the study was to identify the capabilities that lead to successful application of in-store marketing, especially in-store promotions. The sample was separated into high and low performers in terms of price-promotions, based on responses to 18 promotional activity questions and performance (see Merrilees and Fam, 1999 for the complete list of activities). Only those retailers giving a high priority to in-store promotions were analysed in this stage of the study. Thus, for those retailers who have given a high priority to in-store promotion, what factors distinguish the high performers from the low performers? ANOVA analysis was used to ascertain whether there

is a significant difference between the high and low performers for any particular activity, such as having creative wall posters, coordinating media, forecasting demand, etc.

**Results**

Stage I of the study involved testing the determinants of in-store promotions and price markdowns. We have compared these determinants with those of mass media advertising and direct mail in order to contrast them. Table I shows the multiple regression results for the two in-store marketing activities (in-store promotions and price markdowns) as well as the two external marketing activities (direct mail and mass media advertising).

The strongest determinant of in-store promotion seems to be the objective of generating in-store excitement. If price-promotional activity is strongly orientated to generating in-store excitement, then there is a positive and very significant effect on in-store promotion. This is shown by the 0.25 beta coefficient and the *t*-value of 3.748 in column two of Table I. Price discount retailers were also more likely to have a higher perception of in-store promotion and therefore partially supports *P2*. This is shown as the 0.44 beta coefficient and the *t*-value of 1.811 in the same column of Table I. Similarly, environmental uncertainty has a positive influence on in-store promotion, with a beta coefficient of 0.38 and a *t*-value of 1.813 supporting, *P3*. These three variables were the only statistically significant influences of in-store promotion. All three influences were in the expected direction. The orientation of price-promotional activity to generating in-store excitement was also the strongest determinant of price markdowns. This is shown by the 0.28 beta coefficient and the *t*-value of 4.239 in column three of Table I. *P4* is therefore supported in full. Another major determinant of price markdowns was the orientation of price-promotions towards defensive reaction against competitors. This is shown as the 0.23 beta coefficient and the *t*-value of 4.152 in column three. Christchurch was included as a regional dummy variable, to allow for inter-regional differences.

Independent variable	In-store marketing		External marketing	
	In-store promotion	Price markdown	Mass media advertising	Direct mail
High-profile strategic group	0.20 (0.730)	-0.47 (1.751)*	0.87 (4.323)**	1.39 (3.972)**
Discount strategic group	0.44 (1.811)*	0.26 (1.075)	0.42 (2.288)*	0.30 (0.939)
Environmental uncertainty	0.38 (1.813)*	0.14 (0.668)	-0.01 (0.073)	-0.29 (1.065)
In-store "sale" objective of in-store excitement	0.25 (3.748)**	0.28 (4.239)**	0.01 (0.106)	0.16 (1.855)*
Competitive-reaction "sale" objective	0.07 (1.307)	0.23 (4.152)**	0.03 (0.824)	-0.21 (2.824)**
Quality image "sale" objective	-0.04 (0.496)	-0.15 (2.547)**	0.01 (0.206)	-0.04 (0.496)
Christchurch regional dummy	0.15 (0.502)	0.72 (2.441)*	0.662 (3.004)**	0.47 (1.231)
Constant	3.43 (9.86)**	2.57 (7.42)**	3.180 (12.28)**	3.876 (8.58)**
Adjusted <i>R</i> <sup>2</sup>	0.082	0.135	0.077	0.075

**Notes:** Significance at: \*0.05 and \*\*0.01 levels; dependent variable is the perception of the importance of a particular promotional activity measured on a seven-point Likert scale; beta values shown with absolute *t*-values in parentheses

**Table I.**  
Determinants of retailer perception of four promotional activities using multiple regression analysis

Price markdowns do seem to be higher in Christchurch, as reflected in the higher beta coefficient of this dummy variable. No other city was significant in any of the regressions. Retailers who have a higher quality image orientation in their price-promotions are less likely to use price markdowns. This is reflected in the beta coefficient of  $-0.15$  and the absolute  $t$ -value of  $2.547$ . There was also a marginally significant tendency for retailers with a high-profile marketing strategy to rely less on price markdowns, with the  $-0.47$  beta coefficient and the  $t$ -value of  $1.751$  in column three.  $P5$  is partially supported. The environmental uncertainty variable had a positive influence as expected, but it was not significant.

The two external marketing variables, mass media advertising and direct mail, were included to contrast and therefore highlight the special relationships that affect in-store marketing. Column four in Table I relates to mass media advertising. As expected, from  $P1$ , retailers with a high-profile marketing strategy were more likely to prefer mass media advertising. The relevant beta coefficient is  $0.87$  and the  $t$ -value is  $4.323$ . Price discount retailers had a lesser, but still significant influence on mass media advertising. The environmental uncertainty variable had a negative influence as expected, but it was not significant. Having a price-promotion orientated towards quality image had a positive influence as expected, but it too was not significant.

Column five in Table I relates to direct mail. As expected, retailers with a high-profile marketing strategy were more likely to prefer direct mail. The relevant beta coefficient is  $1.39$ , with a  $t$ -value of  $3.972$ . Having a price-promotion orientated towards quality image had a positive influence as expected, with a beta coefficient of  $0.16$  and was significant with a  $t$ -value of  $1.855$ . The environmental uncertainty variable had a negative influence as expected, but it was not significant. The one variable that we have not discussed is the effect of a price-promotion orientation to a defensive reaction against competitors. This is a negative relationship in column five, with a beta coefficient of  $-0.20$  and an absolute  $t$ -value of  $2.824$ .

The elaboration and implications of these results will be discussed in the next section. Before that we will present the results of stage 2 of the project, namely to ascertain the critical success factors in in-store marketing, with special emphasis on in-store promotions. Table II shows the results for in-store promotions.

We have divided our sample into high and low performers in terms of price-promotions. This was explained in the research design section of the paper. We are also only interested in those retailers who have given a high priority to in-store promotions.

Driver	High performers ( $n = 78$ )	Low performers ( $n = 53$ )	F-ratio ( $p$ -value)
Co-ordination of in-store promotion and mass media	4.38	3.24	13.33 (0.000)**
Good co-ordination of all media	4.90	3.59	13.16 (0.000)**
Careful planning of the promotion	5.65	4.76	10.35 (0.002)**
Learning from past promotions	5.81	4.94	9.71 (0.002)**
Accurate forecasting of demand	4.73	3.68	9.13 (0.003)**
Timely availability of stock	4.80	3.67	8.38 (0.004)**
Creative wall posters	3.55	2.74	4.10 (0.044)*

**Notes:** Significance at: \*0.05 and \*\*0.01 levels; a comparison of the Likert ratings (1-7 scale, with 7 the highest) between the high-performance group ( $n = 78$ ) and the low-performance group ( $n = 53$ )

**Table II.**  
ANOVA analysis of  
price-promotion  
effectiveness drivers for  
New Zealand clothing  
and shoe retailers with  
high perceptions of  
in-store promotion

Thus, for those retailers who have given a high priority to in-store promotion, what factors distinguish the high performers from the low performers? ANOVA analysis has been used to ascertain whether there is a significant difference between the high and low performers for a particular activity.

Out of 18 activities compared (described in Merrilees and Fam (1999)), there were only seven where there was a significant difference between the high and low performers. In order of importance of the difference, these seven items were:

- (1) Good co-ordination of the specific combination of in-store promotion and mass media advertising.
- (2) Good co-ordination across all media.
- (3) Careful planning of the price-promotion.
- (4) Learning from past promotions.
- (5) Accurate forecasting of demand.
- (6) Timely availability of stock for promotion.
- (7) Creative wall posters.

When it comes to successful price-promotions by retailers with an emphasis on in-store promotions, co-ordination of the media is most important and all aspects of promotion such as creative wall posters are of some importance.

### Implications

Stage 1 of our project was to ascertain the determinants of two key in-store activities, namely in-store promotions and price markdowns, and contrast this to the determinant of two traditional forms of external marketing, namely mass media advertising and direct mail. Our findings generally conform to our a priori expectations. The retailer's marketing strategy generally has the expected influence on the four types of promotion. Retailers with a high-profile marketing strategy were more likely to prefer external marketing such as mass media advertising and direct mail. These relationships were statistically significant. Retailers with a discount marketing strategy were more likely to prefer the in-store marketing activity of in-store promotion. This relationship was statistically significant. The expected positive relationship between retailers with a discount marketing strategy and a preference for the in-store marketing activity of price markdowns did occur, but surprisingly it was not statistically significant. This might indicate that all retailers, not just the discount retailers, have to contend with seasonal surpluses, which makes sense given the fashion nature of the retail sector that we have surveyed. Indeed, the high-profile retailers who are emphasising external advertising are constantly taking risks in terms of what will sell and therefore need some price markdowns to clear unsold seasonal stock.

In terms of the relationship between environmental uncertainty on one hand, and in-store and external marketing, we had hypothesised that it would encourage in-store marketing and discourage external marketing. To a certain extent this was confirmed in our statistical results. The relevant beta coefficient was positive for both in-store marketing variables and negative for both two external marketing variables. However, only in-store promotion influence was statistically significant. Of the two external marketing variables, the environmental uncertainty negative influence was slightly



greater for direct mail than mass media advertising, though not significant. We conclude that firms perceiving greater levels of environmental uncertainty make some attempt to switch towards the more short term, controllable and certain in-store promotion and away from external marketing activities like direct mail.

The pressure of competition has a major influence on in-store and external marketing choices. Retailers who have a price-promotion orientation that is heavily weighted towards defensive reaction against competitors are likely to switch their preferences from direct mail and to price markdowns. Price markdowns therefore seem to be the favoured tool for reacting quickly and decisively against actions by competitors. This rapid response tool is enabled, that is funded in the short term, by cutting back the external marketing activity of direct mail. We conjecture that direct mail is preferred as a short-term trade-off with price markdowns over mass media advertising because it is easier to adjust direct mail more quickly.

Retailers who have a price-promotion orientation that is heavily weighted towards generating in-store excitement were much more likely to prefer both in-store promotion and price markdowns in a significant way. The same orientation has a lesser effect on choosing direct mail, but virtually no effect on mass media advertising. While it stands to reason that a desire to create in-store excitement is a major driver of our two key types of in-store marketing, it is nonetheless important to highlight that this a dominant determinant. All other price-promotion orientation determinants of in-store marketing had a lesser effect and some of the more obvious ones like profit and turnover had very little effect. Therefore, it is important to note that retailers are primarily using in-store marketing to create a high-energy impact on the store shopping experience of consumers. This is seen as the *raison-d'être* of in-store marketing. In contrast, retailers with a price-promotion orientation towards a quality image of the store were significantly less likely to use price markdowns.

Stage 2 of our project was to ascertain whether there were certain activities that discriminated between high and low performers with respect to in-store promotions. This issue helps us answer the question as to what are the best practices in managing high intensity in-store marketing. With respect to in-store promotion it was determined that retailers who performed better were more likely to emphasise certain activities which were summarised in Table II. Essentially, these are the key capabilities that are required to successfully undertake in-store marketing. The dominant requirement is to be able to co-ordinate all media well. Thus, a more holistic approach is needed for successful in-store marketing. A similar analysis, not shown in detail, was undertaken for successful price markdowns. Broadly, comparable results were relevant for price markdowns as for in-store promotions, though there was slightly less importance for strong media co-ordination and a greater need for good overall promotion planning.

### Conclusions

The study has highlighted strategic aspects of in-store marketing, by focusing on two key components of in-store marketing, namely in-store promotion and price markdowns. Our prime interest has been to use multiple regression analysis to examine the strategic determinants of these two forms of in-store marketing. In general, we found that the retailer's marketing strategy, perception of environmental uncertainty and the retailer's particular orientation (that is, weighting of objectives) to price-promotions contributed to the explanation of the two in-store marketing perceptions held by retailers.

Both forms of in-store marketing are strongly driven by a desire to influence consumers by creating in-store excitement and this phenomenon can be seen as the *raison d'être* of in-store marketing. However, beyond this factor there were some clear differences in determinants. Stronger perceptions of in-store promotion are associated positively with both environmental uncertainty and a discount marketing strategy. In contrast, price markdowns are associated positively with reaction to competitive moves and negatively with both high-profile marketing strategies and a quality image emphasis in price-promotions. This pattern of similarities and differences between the two forms of in-store marketing was not fully expected a priori and therefore we now have a sharper picture of the different roles of the two forms as part of a retailer's overall in-store marketing strategy.

In-store promotion is seen as a critical element in executing a discount marketing strategy, whereas price markdowns has a wider relevance across different marketing strategies because of the need for all fashion retailers to clear their seasonal surpluses. Notwithstanding, the high-profile retailers did seek to reduce somewhat the need for price markdowns where possible.

The study has shed some interesting light on the impact of competitive moves on different types of promotion. For those retailers with a high weighting on reacting to competitors when setting objectives for price-promotions, there is a tendency to increase the emphasis on price markdowns and decrease the emphasis on direct mail. This suggests that price markdowns is possibly the fastest way of reacting to competitive moves and therefore makes it a useful counter-competitive weapon. However, this measure has to be funded even in the short term and this is the role of direct mail. Expenditures on direct mail seem to be curtailed in the short term, probably not because it is ineffective, but rather because it is the easiest of the various forms of external marketing to be changed quickly.

The study has also made a preliminary investigation of the capabilities that are needed for successful in-store marketing. Good co-ordination of the media is indicated as the key to successful in-store promotion in particular and this is consistent with the gradual move to an integrated marketing communications approach to promotion management.

Four of our six propositions were supported in full and two partially. This endorses our emphasis on the strategic drivers of marketing strategy, the objectives of price-promotions and environmental uncertainty as the key to explaining retailers' perceptions of in-store marketing. However, this needs to be replicated in other countries and with other retail categories before any claims of "generalisability" can be made.

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