The supply chain management of shopper marketing as viewed through a service ecosystem lens

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Abstract

Purpose – The purpose of this paper is to examine shopper marketing through service-dominant logic and service ecosystem lenses. In doing so, the authors reveal challenges and opportunities for supply chain management.

Design/methodology/approach – The work is conceptual, drawing on contemporary service-dominant logic thinking.

Findings – Examination of shopper marketing reveals that it is currently stuck in goods-dominant logic and micro-level ways of thinking. By taking a macro service ecosystem view, all actors, including shoppers, are seen as resource integrators seeking resource density. The macro view highlights a significant amount of goods and information flow and variance now being added throughout shopper marketing systems.

Research limitations/implications – A guiding framework with appropriate terms defined offers new research directions and new ways practitioners can approach challenges in the industry. Research programs are suggested in the areas of facilitating resource density, examining the extent of ecosystems, measurement, mapping of resources, and creating shopper marketing innovations.

Practical implications – This study provides an alternative way of looking at problems that arise in supply chain management planning and execution of shopper marketing initiatives.

Originality/value – Few scholastic articles address shopper marketing even within marketing and essentially none do so in supply chain management despite it having significantly disrupted supply chains since 2004. This article offers an overview of shopper marketing and helps supply chain managers identify quickly how they can add value and supply chain management researchers begin to address the challenges.

Keywords Knowledge management, Supply chain management, Agility, S-D logic, Service ecosystems, Shopper marketing

Paper type Conceptual paper

Introduction

A phenomenon within the consumer goods-retailing space, called "shopper marketing", has gained significant momentum in recent years and yet few academics, including supply chain management and marketing scholars, are paying much attention to it. Literally millions of marketing and retail-targeted trade dollars are shifting to

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shopper marketing strategies and initiatives and the implications for supply chain management, brand management and retail marketing strategy are significant. Having been described as a new discipline in the fast moving consumer goods space only recently, i.e. 2004-2007 (GMA/Deloitte, 2009), shopper marketing has fundamentally altered the way in which brand manufacturers, retailers, and all supporting organizations work together to develop strategic marketing and distribution programs. As a result, it has significantly altered communication along the entire path-to-purchase from out of store through to store merchandising, thus changing shopping experiences. Although shopping behavior (Underhill, 2009) and merchandising have been research foci for decades, only recently has scholastic attention turned toward shopper marketing specifically (Shankar *et al.*, 2011). This "new discipline" has arrived with its own set of thorny challenges, some of which lie within the supply chain management domain. In fact, "winning" in this space is predominantly a supply chain opportunity as much as it is marketing.

At the same time, the emergence of a service-dominant logic (S-D logic) initially born out of marketing and expanding into other business disciplines is helping businesses and society recognize that traditional thinking is not sufficient at fully explaining and assisting commerce (Lusch and Vargo, 2006; Lusch *et al.*, 2007, 2010; Vargo and Lusch, 2004, 2008, 2011). A S-D logic is a radically different way of looking at customers, marketing, markets and distribution. In this article, we reveal some of the challenges and opportunities of shopper marketing and how it can be meaningfully reframed through the lens of S-D logic. We begin by providing a brief overview of shopper marketing and S-D logic, emphasizing relevant aspects of each to supply chain management. We then discuss how shopper marketing can be viewed as more than simply communicating with shoppers along a shopping path eventually culminating in selling more goods to shoppers at the shelf. Shopper marketing can be seen as an emergent dynamic system comprised of shifts in resource integrators, the resources being integrated and the manner in which they are being integrated. Our overall objective is to challenge conventional thinking about shopper marketing by bringing together concepts housed within S-D logic and service ecosystems that reveals the important role supply chain management plays and can play in shopper marketing ecosystems.

Shopper marketing

Shopper marketing emerged most powerfully around 2004 when highlighted by the Coca-Cola Retailing Research Council of North America. Although numerous organizations from consultants to manufacturers debate the definition of shopper marketing, a good example is:

> Shopper marketing is understanding how a brand's target consumers behave as shoppers in different channels and formats and leveraging this intelligence and equity via business-based strategies and initiatives that are carefully designed to deliver balanced benefits to all stakeholders – brands, retailers and the mutual shopper (Hoyt, 2010).

In this definition, "mutual shopper" refers to shoppers of high interest to both a brand manufacturer and a retailer, shoppers of mutual interest to both. A similar definition has been put forth by scholars (Shankar *et al.*, 2011). Shopper marketing is closer to brand marketing extended into retail along the lines of an earlier strategy known as "co-marketing" than it is an extension of retailers' "category management" or “merchandising” (Hoyt, 2010). While forward thinking, it is often couched in traditional, manufacturing and product-centered, i.e. goods-dominant logic (Vargo and Lusch, 2004, 2008), terms that permeate business language. Although we are uncomfortable with some of this language, in order to remain consistent with industry terms, we use them here as we examine and interpret the implications of the definition and highlight a few supply chain management challenges arising from the way shopper marketing is being conceptualized. In the process we point toward freeing shopper marketing from a goods-dominant logic and the associated lexicon. Later we will expand this thinking through the lexicon of S-D logic.

One of the hallmarks of shopper marketing is that the same “consumer” shops differently depending on her need states and as such will frequent different channels in different “shopping modes”. Marketers always knew that different shoppers were heterogeneous and this was the basis of market segmentation; often based on demographics or attitudes, interests, and opinions (AIO). But now it is recognized that any single shopper is heterogeneous across different “modes” (contexts in S-D logic) that lead to different shopping behaviors. For example, a quick fill-in trip mindset differs from an inventory stock up, convenience or exploratory shopping mindset. Consumers can also enter the same store in different shopper modes at different times and mentally move into and out of “shopping mode” within one trip. These and numerous other views of what constitute shopper marketing make this a bit of a dynamic if not confusing landscape (Stahlberg and Maila, 2010). But two aspects of shopper marketing of interest here are:

(1) the shift in focus from consumers to shoppers; and

(2) the nature of strategic collaboration among organizations focused on shoppers.

Both have implications for supply chain management.

“Consumer” vs “shopper” mindset

The preceding simple, although historically overlooked, insight that a shopper is a heterogeneous actor in the marketplace means that traditional approaches to brand management whereby strategies and tactics are driven mainly by an understanding of consumption behaviors and attitudes is necessary but insufficient for convincing shoppers to purchase offerings (goods) in a retail enterprise. In brief, it became very clear that the consumer goods industry also needed to understand shopper modes. Much of the brand equity being built outside the store through traditional brand management was not translating into sales at the shelf. Additionally, retailers sought more powerful means of differentiation. Retailers thought in terms of shoppers and brand managers thought in terms of consumers. However, what was needed was a “mutual target shopper” who was of mutual interest to a specific manufacturer’s brand (i.e. a core target consumer) as well as a specific partner retailer (i.e. a heavy loyal shopper), i.e. an overlap of two supply chain partners’ segmentation schemes. So, despite extensive research into shoppers as a subset of consumer behavior research over the years (Baker *et al.*, 1994; Chandon and Wansink, 2006; Darden and Lusch, 1983; Sorensen, 2009; Underhill, 2009; Xin *et al.*, 2009) as well as research on consumer brand perceptions as they relate to retail-specific situations, such as store brand comparisons (Ailawadi *et al.*, 2001), firms in the consumer brand and retailing contexts have found a need to rethink some of what they know concerning branding, retailing, customer research, and most relevant here, supply chain collaboration.

Strategic collaboration within the supply chain

With the emergence of shopper marketing, "retailers" and "brand manufacturers" are collaborating in more strategic ways in order to understand and serve specific shoppers. This line of thinking has changed segmentation models and market research, now usually referred to as "insights" work (Barnett, 2010). From analyzing scanner and loyalty card data, to all forms of qualitative (e.g. ethnographies, depth interviews, shop-a-longs) and quantitative methods (e.g. experimentation, surveys, modeling, neurology), insight researchers are now focused on understanding more deeply the shopper along the entire path to purchase – at home, on the go, in-store and back again.

Shopper insight research coupled with retailers demanding assistance in brand equity building for their specific stores has led to more customized, complex, short-run joint programs and initiatives. These efforts rely more heavily on different kinds of advertising agencies, and laser targeting specific shoppers and segments. Beyond what category management typically yields, we now see retailers using solution centers, information kiosks, product demonstrations, social media and many other marketing initiatives in tight collaboration with brand manufacturers in an attempt to differentiate (GMA Sales Committee, 2010; Retail Commission on Shopper Marketing, 2010). The store environment has become more critical than before primarily because a high percentage of purchase decisions are made in the store (POPAI, 2012). In short, shopper marketing has added products and variation into the system in numerous ways.

We argue that it should be disquieting that, however well-planned, the new strategies based on new shopper insight research still lack an overarching theoretical framework upon which to develop research and strategies. This is the potential that S-D logic offers.

While insight and marketing collaboration changes are occurring in many retailing verticals from consumer packaged goods to home improvement, consumer electronics, health and beauty, convenience, and apparel, all as part of the shopper marketing wave, supply chains are becoming more challenged. Consider for a moment two similar retailers such as a CVS and Walgreens directly across the street from one another, as is often the case. If Walgreens wants the Panteen® brand of P&G to be involved in a unique, engaging, initiative around let us say mother's day, they certainly do not want CVS to use the same products, packaging, displays and overall initiative. Even if the products are the same in both stores, they will likely be tagged and priced differently for the initiative and for tracking ROI. There are two challenges immediately that we notice in this emergent practice. One, we have potentially added SKUs and complexity by distributing different items and displays to two nearly identical stores; that is, for a direct store distribution (DSD) firm, a driver cannot simply load twice as much of the same product onto his truck, dropping some at CVS and then some at Walgreens. For retailer-dedicated distribution networks, the complexity may not be at the truck but at the display point where similar looking products are tagged uniquely depending on where within the store it is to be shelved.

A second challenge is that what is planned back at headquarters of both retail organizations is actually executed in the store many times only 45-80 percent of the time; that is, there is a major disconnect between strategy and execution as human actors within the supply chain are unaware of the critical nature of or details of the initiative, disregard the corporate plans intentionally thinking they know what will work better at the store level, or simply cannot execute the program as planned. There are many reasons for poor execution at the store. Regardless, it is difficult to measure the ROI of an initiative if the compliance rate is unknown, and the ROI will be far less than needed if the compliance rate is low. If shopper marketing is designed to increase the effectiveness of the combined marketing budgets of manufacturers and retailers; that is, demand management, then supply chain management must balance those demand management initiatives with supply management capabilities and constraints. This in effect is the heart of demand and supply integration.

What we wish to do here is break out of this micro-level thinking though and in doing so, the goods-dominant logic as well. In terms of level of analysis, shopper insights operate at the psychological, social psychological and micro-cultural levels. Shopper marketing business insights tend to operate at the program level within a dyadic business-to-business relationship and set of budgets. And supply chain management resides at the organization-to-organization level, involving three or more firms. We tend to use terms like "shopper", "consumer", "retailer", "brand manufacturer", and "supplier" to define the actors. We need to first expand this list to include the most common actors involved in shopper marketing, then shift to a S-D logic to describe them and furthermore, extend this thinking to service ecosystems to truly see what is happening at a macro level. By doing so, the system reveals some of the possible "supply chain" capabilities that are best suited for this environment.

The actors

The "supply chain" actors from an organizational level involved in shopper marketing include brand manufacturers, retailers, brokers who act on behalf of brands or retailers, shopper marketing and promotion agencies, contractually bound and syndicated data collection firms, all of the materials and display vendors for manufacturers and retailers, and the logistics service providers moving, handling and inventorying all of the goods and displays. Within the brand manufacturer are separate brand management and account management teams both operating with distinctly different agendas and budgets creating inter-functional challenges. Shopper marketing has forced these two groups as well as supply chain management functions to work together more frequently and in different ways. In S-D logic terms, they are learning to integrate different resources in new ways. The same holds true for retailers now integrating what heretofore were different operational units.

Then there is "the shopper", who sometimes is alone while at other times is with family members or friends, who is constantly interacting with other shoppers, other consumers, and store personnel, sometimes in person while at other times through digitally mediated means such as laptops, tablet computers and smart phones, trying to solve problems in her life that the acquisition of products and services serve to alleviate. Shoppers are part of the system of resource integrators. As this view is expanded further, it becomes clear that:

- neither the supply chain nor the path-to-purchase is linear; and
- labels for the actors may constrain our thinking.

To break free from this, we need S-D logic.

S-D logic and service ecosystems

S-D logic brings core definitions to the issue and makes figural what is often left in the background. The concept of service ecosystems then adds a few critical concepts that reveal aspects of a shopper marketing network that make clear the knowledge management and supply chain imperatives for the future.

S-D logic core definitions

S-D logic represents a radical departure from the traditional goods-dominant way of thinking about supply chain management (Lusch *et al.*, 2010; Lusch, 2011). What guides S-D logic is a set of key concepts, of which the most central are described here.

Service. The term "service" (singular) is a transcending concept that captures both of the more traditional terms "goods" and "services". The plural "goods and services" imply units of output or what firms have thought they traditionally make and sell. However, "service" implies a process, rather than an output. It is the process of applying one actor's skills and competences (resources) for the benefit of another actor (the beneficiary). Service can be provided directly, such as someone coming over to your house making, baking and serving you a pizza. Or service can be provided indirectly through a good, such as a pizza, that is prepared in a food processing plant, transported to a retailer, stored in a refrigerated storage device and then purchased by you, taken home, put in the oven, served and eaten. The good (frozen pizza) thus can be viewed as a container or delivery mechanisms for service. A third way to provide service is to teach you how to make and serve a pizza.

Co-creation. One of the key concepts of S-D Logic is that value is co-created. Value co-creation has two aspects to it and we can illustrate it with the pizza example. The aspect most scholars jump to is co-design/co-production. This occurs when customers are actively involved in helping design and even manufacture/assemble firm output (e.g. products). When customers complete production themselves (e.g. assembly), they are co-producers. For instance, one could go to the store and purchase a pizza making kit that includes the spices, sauces, and the flour to make the dough. The customer then uses this kit in her kitchen to co-produce the pizza.

A second, more-abstract aspect of co-creation is the notion that value is not embedded inherently within a product; such as the pizza. Product offerings only have value upon use. If a product has essentially no value until a consumer uses it to achieve a desired goal, then by definition, the customer has to be a co-creator of value. Thus, it is in the process of taking, preparing, serving and consuming the pizza where the value is created. And note that there can be quite a few other resources integrated which we did not mention that result in co-created value.

Resources. In the lexicon of S-D logic, resources are anything that can be drawn on for support by an actor. Therefore, resources can be either tangible or intangible but often are some combination. For instance, we tend to think of a good as a tangible resource but often it is tied to a brand which is intangible in its meaning. For example, DiGorno Pizza®, a Nestlé brand, leverages fresh-baked, hand-tossed imagery and brand associations meaning original, whereas, the Kashi® brand emphasizes unique and fresh vegetables, rich sauces and whole grain crusts meaning healthier and artisan. A resource does not have to be owned by an actor to draw on it for support and thus a resource can be internal or external to the actor. For instance, an actor may use their car to go to the store to purchase a pizza, but not without a roadway that is almost always a public resource and not owned by the automobile driver. Not all resources are market facing; like the public roadway, friendship and social capital are not things that can be traded in the marketplace. But we make and eat pizza with friends and families and draw on and build social capital. Finally, in S-D logic a distinction is made between operand and operant resources. Operand resources are those that require another actor or resource to act upon them to create value, whereas operant resources are capable of acting upon another actor or resource to create value. Operand resources are often tangible and static whereas operant resources are often intangible and dynamic. In the pizza illustration the ingredients in a pizza, as well as the frozen and the baked pizza are operand resources and the person using his knowledge and skills to make a pizza is an operant resource.

In summary, resources can be tangible and intangible, internal or external, market facing and non-market facing (public and private), and operand and operant. If we adopt a S-D logic perspective we start to see why pizza shopping is a much more complicated practice than most envision. In S-D logic, markets have more to do with finding opportunities for (co)creating experiences with customers than about making and selling units of output, tangible or intangible.

On being truly "customer centric"

One of the major shortcomings with the current approach to shopper marketing is that it is a highly firm centric model that, although well intentioned, is not reflective of a true "customer centric" notion. This is because shopper marketing starts with the premise that the firm (branded goods manufacturer and/or retailer) needs to supply the customer with goods and thus tailor and design their supply chain to this end. That all sounds very customer oriented, but it also implies the customer is exogenous to the firm and someone the firm needs to do something to so as to get them to purchase more goods. The customer is viewed as an operand resource; or a resource that the firm does things to, such as is common with static natural resources. In contrast, in S-D logic (Vargo and Lusch, 2004, 2008) the customer is viewed as an operant resource and endogenous to the supply chain and/or value network. Customers are dynamic actors in the value network that other actors (brand manufacturers, wholesalers, retailers) collaborate with in the co-creation of value.

Being customer centric actually means not thinking of the customer as a "customer" or as a "shopper". This counterintuitive notion is suggested because the customer is only a customer from the firm's perspective. Vargo and Lusch (2011) advocate viewing all businesses and customers in the supply chain or marketing system as actors who are resource integrators in a complex system of service provisioning and service offering; or the value network. This perspective quickly sensitizes firms to the reality that their firm or brand is only one of many players in the daily life of the resource integrating actor we often refer to as the customer or shopper. Predictably, there may be exceptions where a particular firm or brand is a very central and core part of someone's life but in the entire scheme of things any single enterprise, however attractive and compelling their offerings, is part of a network of many players and one that can often be substituted with other players. In the area of supermarket and grocery retailing, where we witness a rapid growth of shopper marketing strategies, this is probably more true. People have many food and nutrition choices and even for their most favored branded foods, they seldom worry if they do not have access to them. In almost every channel, shoppers have choices for brands and retail outlets, brick and mortar and online. What they do get anxious about is when the market and value network overall does not offer them viable solutions and experiences.

If households and individuals are not shoppers or customers and firms are not manufacturers, retailers, ad agencies or data companies, but rather resource integrating actors, what are these actors trying to accomplish? Service-dominant logic argues that resource integrating actors are seeking resource density (Normann, 2001; Lusch *et al.*, 2010). Maximum resource density is a theoretical construct anchoring a continuum of resource presence and integration – that is, rebundling resources. Maximum density is reached when, at a given time and place, an actor provides and integrates all the resources necessary to co-create the best possible value in that context (Lusch *et al.*, 2010). In a relatively competitive and open market the value network is constantly adapting to seek higher densities for the various actors in the system (often referred to as stakeholders). From this description of resource integrating actors there are a pair of concepts that need elaboration:

- the rebundling of resources; and
- "value-in-context".

Rebundling resources

A key concept from S-D logic is that we ought to generally rid ourselves of the dualistic notions of customer-supplier, business customer-consumer, or in this context "manufacturer-retailer-shopper"; every entity in a value network is a resource integrating and applying service provider and service beneficiary. This service results from constant rebundling of resources for higher density. Yes, a "customer" provides monetary compensation to "suppliers" but this is in exchange for "goods and services" that have the potential to be valuable when "consumed". A rather cursory reflection on business exchanges reveals that all actors involved in exchanges do so willingly because the resources they obtain from some other party can be integrated with other resources to create value in one's own world. So although a monetary focus may lead us to the language of "retailer" and "customer", all any actor (person or organization) does is collect resources and integrate them into processes that involve other resources to create something that has the potential to be valuable – and this logic can be applied at any level of analysis, from the social psychological to the macro-societal, and within any context, from the utilitarian to the hedonic. This is quite consistent with a network view of "supply chains" which is why value network, or "service ecosystem" (Lusch *et al.*, 2010; Vargo and Lusch, 2011) are useful metaphors beyond "supply chain" and "path-to-purchase".

Context

There is a tendency for businesses to be firm centric and to think that the value of their offering is embedded in their offerings, often referred to as "utility" (Vargo and Lusch, 2004). Consequently, utility is viewed as a homogeneous property of the firm's "products". However, the value of any (potential) resource is a function of how it is integrated with other resources to co-create value (Vargo and Lusch, 2008). This resource integration is always context dependent. Recall that resources can be market and non-market facing. If a consumer integrates a bottle of wine with a nicely prepared meal but this is eaten in a place with natural scenic beauty (such as overlooking the ocean or mountains) and with a loved one, then the wine and meal is of considerably different value. Its density has been increased because of its integration with the ocean or mountain vista and the other actors that were part of the meal and associated conversation. In a shopper marketing context, density is being increased within the store by creating an engaging "solution center" where related products are displayed in one place and effectively take the shopper mentally out of the store and into a simulated life (i.e. consumption) experience. For example, a mock family room staged with functional multi-media equipment, requires the integration of resources from all vendors involved in the program, the retailer, the agencies to attract shoppers to that specific spot, and shoppers with their friends willing to engage in a temporary mental escape from the store environment. Scale this to numerous and different programs per year per retailer nationally, include all of the data and information that need to feed and measure their effectiveness, and the willing participation of "shoppers", and the massive resource integration challenges become apparent. More importantly, manufacturers, retailers and shoppers are all in a race to increase resource density and do not realize it. Nor do they realize that different capabilities or operant resources are going to be required in order to be successful. Specifically, stepping back to view the value network as a whole, there exists a constant flow of operand resources relying on operant resources including the flow and management of information, "goods", money, and people. For this perspective, it helps to think in terms of service ecosystems.

Service ecosystems

The concept of an ecosystem as applied to business strategies involves some critical and helpful concepts (Iansiti and Levien, 2004). The notion of business ecosystems is an extension of biological ecosystems and is not intended to mean that business networks are ecosystems or should act like biological ecosystems. It merely helps to think of business networks, and in this case, those focused on shopper marketing, in terms of ecosystems as a metaphor. Biological ecosystems consist of "large numbers of loosely interconnected participants who depend on each other for their mutual effectiveness and survival" (Iansiti and Levien, 2004, p. 8). These systems are dynamic and can change in health. Refining a recent definition within S-D logic (Vargo and Lusch, 2011) a service ecosystem can be viewed as a relatively self-contained, self-adjusting system of resource integrating actors connected by shared institutional logics and mutual value creation through service exchange. S-D logic is clear in this interpretation of ecosystems. A key component of this definition that a "self-adjusting system" or in the original definition, a "spontaneously sensing and responding" network (Vargo and Lusch, 2011, p. 176) suggests the existence of knowledge flow management platforms that:

- allow actors to recognize change and state quickly; and
- are capable of shifting the flow and integration of resources quickly, i.e. responding.

This ecosystem is highly adaptive, and if not understood from a systems perspective by actors within it, could result in catastrophic blind spots for those specific actors (Adner, 2012). We will connect the first aspect of change and state awareness to the notion of a knowledge-based firm (Nonaka *et al.*, 2008) and the second aspect of responsiveness to supply chain agility (Gligor and Holcomb, 2012; Hofman and Cecere, 2005; Li *et al.*, 2008, 2009; Swafford *et al.*, 2006).

An interesting component of ecosystems are the hubs able to create keystone strategies. A keystone strategy in a business network, if developed with intentionality, involves creating operating leverage by means of a resource-sharing platform that can be scaled or in S-D logic terms, integrated, throughout a broad set of actors in the network for the health of the system (Iansiti and Levien, 2004). Another key aspect of service ecosystems is the importance of knowledge networks relied upon to integrate data, information and insights among actors such that the dynamics of the system continue (Nonaka *et al.*, 2008).

In a traditional sense organizations like Walmart or Microsoft have been cited as creating keystone strategies by creating platforms shared by many to help entire networks flourish (Iansiti and Levien, 2004). There can be multiple keystones in a system, some of which might constitute innovations that operate at the system level (Adner, 2012). Concerning shopper marketing, we put forth here a thesis where two kinds of firms can develop powerful keystone strategies – data management firms (e.g. Nielsen, SymphonyIRA Group, dunnhumby) and supply chain service provider firms. One creates platforms for integrating information throughout the network while the other creates platforms for the integration of operant resources, such as those encapsulated in human actors, related to the management of the flow and storage of operand resources, e.g. "goods".

Insights for shopper marketing and SCM

The S-D logic perspective of mutual service providing, resource integrating, density seeking, contextually specified, value co-creating actors that are endogenous to a value network suggests that all actors are a part of each other actor's supply chain/value network. No actor is at the center or end of this network because each actor is connected to other actors who are connected to others, and all actors are simultaneously center stage yet also at the edge of another actor's network. What does this mean for shopper marketing and supply chain management? Briefly, we suggest that shopper marketing and supply chain strategists need to understand practices of all actors (not only shoppers) in the value network. Second, we suggest innovative supply chain and shopper marketing strategies and tactics come from thinking of ways to facilitate an increase in resource density.

Understanding practices

In terms of practice theory (Reckwitz, 2002), S-D logic adopts "normalizing" and "representational" practices from Kjellberg and Helgesson (2007) to which we have added "integrating" practices as a third common practice that transcend their "exchange" practices. Normalizing practices capture the rules and guidelines that actors develop to guide their decisions and actions, including the governance of exchange. Institutions are often a major part of normalizing practices. Representational practices reflect how actors picture, depict or re-present and communicate with other actors (e.g. firms, customers), markets, supply chains, etc. Integrating practices are the ways that actors unbundle (e.g. specialize and exchange), rebundle and integrate market and non-market facing resources for improved density, especially including service-for-service exchange.

We could comment on any actor in the supply chain or service ecosystem, such as the shopper, retailer or brand manufacturer. Focusing on the grocery shopper, insights researchers need to answer many questions related to the normalizing and representational practices of when, how and why consumers consume and shop as they do. Similarly, we need to answer many questions related to the normalizing and representational practices of retailers as they strive to increase revenue, profits and shopper loyalty. This exercise can be applied to every actor in the shopper marketing ecosystem. Typically these questions are answered at a micro-level. Specifically, attention is on a key shopper segment, a key shopper marketing program or a key dyadic relationship between brand and a retailer. Although valuable knowledge emerges, optimizing at that level runs the risk of overlooking things happening at the system level and may even sub-optimize the system, reducing its health.

We see several things clearly when we look at a shopper marketing network as a whole using a service ecosystem lens. First, we see that the actors themselves change frequently. Leadership changes arise often between brand manufacturers, retailers and agencies, reflecting a shift in operant resources. Organizations acquire, spin off and merge often. New entrants emerge and many leave. A second is that far more unique, complex initiatives and programs have cropped up throughout the system as a result of shopper marketing than at any time in history, resulting in more unique items sometimes custom designed for specific retailer-brand partnerships and available for limited timeframes. As a result a lot more "stuff" is being created, moved around, and destroyed in the system. A third is that many actors are searching frantically for "the key insight" that will help them develop the next winning program. These insights may be about shopping actors or business actors. The amount of money flowing throughout these networks aimed simply at discovering unique insights is significant. The ability to generate insights by collecting a vast array of data on behaviors throughout the system is a key operant resource. Fourth and finally, beyond the amount of "stuff" moving, the nature of the "goods" being moved throughout the network targeted to route through a path toward specific actors is far more complex than ever before and it is changing daily.

These observations of shopper marketing ecosystems leads one to at least two conclusions. One is that the system relies on platforms for the collection and sharing of a wide variety of business and shopper data; developing such platforms can be a keystone strategy. In the world of shopper marketing likely companies would be Nielsen, SymphonyIRI Group and dunnhumby, possibly some 3PLs. Some retailers recognize this like Kroger who owns a majority share of dunnhumby USA and as such develops powerful loyalty card-based insights into shoppers at the individual as well as segment levels. Others like Target have worked to develop these capabilities in house. The more platforms are designed to share information across actors and the more those actors are dependent on the information, the more powerful the keystone strategy becomes.

A second conclusion is that the system depends on efficient and effective movement and storage of the vast array of ever-changing, limited shelf-life operand resources, i.e. "goods"; developing such distribution systems can be another keystone strategy. This expertise lies within supply chain management either in the form of a stand-alone service provider or as a competency within a manufacturer or retailer. The critical capabilities, i.e. operant resources, in the shopper marketing ecosystem are agility and resilience. Shopper marketing disrupts networks by design; it heats them up. Achieving individual actor goals requires processes that allow actors to couple and decouple quickly, learn quickly, react to new knowledge faster than ever before, and mobilize a sub-network quickly.

If actors controlling shopper and business insights/analytics have the potential to develop keystone strategies in service ecosystems, then those actors able to generate the deepest, most precise and most accurate insights the fastest, consistently will be the most valued. These knowledge flow networks need to be highly agile and resilient to disruption. Similarly, if supply chain management actors have the potential to develop keystones strategies in shopper marketing ecosystems, those that can sense changes the best and who have designed an agile distribution network will be the most valued. Supply chain agility has been described as the capability of a network of organizations to respond to changes in market and customer demand and act as one to align operations (Gligor and Holcomb, 2012). It seems that the health of a shopper marketing ecosystem demands the most agile of distribution networks with high resource density.

Facilitating increased resource density

We suggest that marketing and SCM strategies should be directed at facilitating increased resource density of all of the actors in the shopper marketing ecosystem. For example, a resource-density concept can be applied to vendors/manufacturers, brokers/agents, promotion agencies, retailers and shoppers. To do so requires one actor (or actors) to leverage market and non-market-facing resources in compelling value propositions for other actors to integrate and rebundle. This can be facilitated by understanding how rebundling resources can enable the actor to do more, and/or relieve him of certain activities, be they shopper or organizational in nature. Similarly, resource density can be improved throughout the shopper marketing ecosystem by rationalizing, in some cases increasing, and rebundling resources in the system aimed at processes for knowledge and goods flow management.

Rebundling for improved resource density is at the core of innovation. Supply chain innovations for shoppers or organizations could focus on rebundling of resources that assist in locating, transporting, storing, managing inventory of, and forecasting of operand and in some cases, operant resources. Some innovations will assist primarily one actor or actor type while others will assist the entire network. Innovations can come in the forms of mobile/digital applications, packaging, tracking/monitoring systems, transportation modes/systems and so forth. Efforts toward rebundling of resources clearly needs to keep in mind both "demand" and "supply" integration challenges (Esper *et al.*, 2010). However, supply chain management service providers who develop shared networks to deal with some of these challenges have the potential to create keystone strategies for resource alignment.

Research directions

If we think of supply chain management challenges inherent within shopper marketing through the S-D logic and service ecosystem lenses, a number of research programs become evident:

- *Facilitating resource density*. Each actor in the value-creating network is providing and integrating resources. Supply chain management is largely about facilitating the transfer, storage and forecasting of demand for operand resources throughout the system. An initial set of questions lie in understanding how shopper marketing is impacting or impacted by SCM efforts to increase resource density. Secondarily, how can supply chains best create resourced density to increase agility and deal with variance. Similarly, how can an increase in knowledge management and other skills (operant resources) improve shopper marketing effectiveness?

- *Extent of the ecosystem.* Some shopper marketing ecosystems are larger, more global and more complex than others. How does the size, extent, complexity or scale of an ecosystem impact the challenges that supply chain managers face when trying to support actors' attempts to increase their resource density and as a result, their goal achievement? What is the influence of shared institutional logics, especially across traditional industry and political boundaries? Do some shopper marketing ecosystems reflect a better balance of power among the actors than others and if so, what are the effects on the entire system?
- *Measurement.* What are effective ways to measure the effectiveness and efficiency with which supply chain managers facilitate the transfer and storage of resources throughout an ecosystem of "retailers", "shoppers" and "brand manufacturers?" Do accepted and well-entrenched measures become a barrier to innovation?
- *Mapping of resources.* What resources are being integrated for what purposes by each of the integrating actors in the ecosystem? Building on that classification, what are the time and place constraints on each of these resources for actors, i.e. "shoppers", "retailers", and "brand manufacturers" in an environment where "retailers" want unique resources from "manufacturers" that differ distinctly from what their "competitors" get? How do unique and temporally limited "in-store initiatives" create demands for specialized resources as in components of the initiatives, including merchandising materials but also display location demands, inventory demands, packaging design, unique SKU identification/bar coding, unique processing at various locations, constrained resource transfer, i.e. distribution, and so forth? How does one overlay the mapping of operand resources with the intangible operant resources that often are used to actualize or mobilize static operand resources?
- *Innovation.* The challenges of resource transfer and inventory in a shopper marketing ecosystem are daunting. They will require innovative thinking to resolve in ways that address where resources reside, how they are designed to facilitate better integration, and how/when they are distributed. At its core, the system will need to become more agile and thus, responsive. Examining how this agility and responsiveness is obtained through collaborative open innovation needs more investigation.

Conclusion

Supply chain management, as it is traditionally conceptualized, includes processes that span "organizations" in support of "goods" transfer, storage and forecasting. Shopper marketing traditionally is conceptualized as a strategic relationship between "brand manufacturers" and "retailers" to extend "goods" brand equity built outside of the "retailer" all the way to the shelf in order to help the "shopper" find and purchase the "goods" she has a predisposition to buy quickly and easily. This enables her to solve the larger "consumer" problems she is trying to solve in her life, consistently, through her loyalty to specific brands and specific retailers. Supply chain managers are challenged with facilitating the transfer and storage of the correct resources at the right time, in the right place, in the right quantity in a new era of increased variance and complexity. This variance creates numerous within-organization resource integration challenges as well as inter-organizational ones. As Nonaka *et al.* (2008) point out, note that the actors in this ecosystem are human beings within units we refer to as "organizations". Management of knowledge flow among actors within and across organizations is critical. For example, the social networks of "front line" service employees of a distribution network, i.e. those executing shopper marketing initiatives within stores on behalf of brand manufacturers, must be better understood. These inter-personal social networks of front line employees extend deep into their own "supplier" organizations as well as beyond, can be quite complex, are largely about actors improving their resource density, and have a significant impact on in-store execution (Stolze, 2012).

We have tried to demonstrate the importance of an entire shift in focus from the supply chain as a goods-moving entity designed to sell more products to shoppers to a complex network of resource integrators within a service ecosystem. This alternative framework drives managers to ask different questions about supply chain management. More than viewing this as an academic exercise in linguistics, we urge readers to carefully consider our message. Dealing with all of the variance inherent in a supply or value network created by this shift toward shopper marketing requires a systems view that can most effectively be offered by supply chain managers, the discipline most comfortable with network integration challenges. Those that do it well have the potential to strategically position themselves as keystone orchestrating actors within one of the most complex and dynamic business service ecosystems seen to date. It must begin with supply chain management professionals seeking out connections with brand managers, shopper marketing managers, and retailer merchandising managers at the early stages of shopper marketing initiative development in order to have a voice in agile system design and application decisions required to support such initiatives. Currently most are not even at the table until it is far too late.

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Further reading

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