

Cashback in retail? Effects of promotions via app in the buying behaviour of retail consumers

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Abstract

Following the digitalization of the economy and the increase of promotions in the Marketing mix, this paper aims to evaluate the effectiveness of the new promotional format cashback in the buying behaviour of the grocery consumers. With that goal in mind, a quasi-experiment with transactional data was conducted using 132,704 tickets (test and control groups) from retailers in Brazil. The Difference-in-Differences (DiD) econometric analysis technique was used to isolate the effect of the cashback app in the buying behaviour of consumers, controlling pre-existing differences between groups and the time-lapse. Results confirmed the effectiveness of cashback, significantly elevating market share participation for the two categories, Coffee Filter and Ground Coffee, (10.5% and 13.9% respectively). However, the congruence between the type of promotion and product (utilitarian vs. hedonic) has not been confirmed as proposed by the Benefit Congruency Framework (BCF). The contribution relays on showing cashback as an effective marketing instrument.

Keywords: *cashback; mobile-apps; quasi-experiment*

Track: Retailing & Omni-Channel Management