

DR HUGH PHILLIPS

*The Cognitive Psychology of Shopping
and In-Store Marketing*



Foreword by Richard Winter, President of POPAI
The Global Association for Marketing at Retail Preface

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The Cognitive Psychology of Shopping and in-store Marketing

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FOREWORD BY RICHARD WINTER

President of POPAI

The Global Association for Marketing at Retail

At no other time in recent memory has the marketing at retail industry changed so rapidly. Capital investments in point-of-purchase advertising, innovative retail formats, interactive technologies, and the shopper marketing function are increasing at rates previously unseen. Likewise, the proliferation of theories and research about buying and shopping habits – backed by billions of dollars a year in in-store advertising, marketing, and promotions – is nothing short of extraordinary.

With brand marketers and retailers alike scrambling to get their heads around shopper marketing it appears that the in-store medium is the new Holy Grail that marketers are quickly trying to integrate into their marketing activities. After all, battles may be won in more traditional outlets such as print, online, and broadcast media, but the war is won in-store at the point of purchase.

And to win at the shelf marketers are finding that a robust shopper marketing program, which includes product displays, packaging, digital signage, and myriad other components, has become an integral part of the marketing war chest. But with all the excitement surrounding the potential of shopper marketing there remains one question on everybody's mind: does it really work?

The short answer is that all signs point to yes. In fact, in 1995 POPAI pioneered a Consumer Buying Habits Study that demonstrated nearly 70% of purchase decisions were made in-store, and as you read through this book it should come as no surprise that in-store marketing is one of the most powerful and persuasive mediums available to today's savvy marketer.

If the marketing community has known for so long how effective in-store marketing can be then why the sudden rush to this space? The answer is that sometimes to change long established practices you need a monumental shaking in the order of the day, and in the world of marketing that shift came from the Great Recession.

Unemployment, rising gas prices and more expensive food have put a tremendous amount of pressure on consumers, who have become extremely value driven, budget minded, list minded, less impulsive and very deal oriented – all serving blow after blow to those brands and retailers who relied on more traditional marketing mediums. As you flip through the following pages you'll become familiar with a wide-range of themes, techniques, and visual trends – all backed by research – that will provide you with a

practical and insightful understanding of how in-store marketing can succeed where more traditional forms of marketing fail.

There is little doubt that the shopper marketing train has definitely left the station. What remains for many marketers is not whether to jump on board, but how to reconfigure as fast as possible to become a player and take advantage of its opportunities. With this book by your side you have already bought a ticket on the shopper marketing express and are in route to accomplish big things with the help of marketing's most powerful medium.

Richard Winter,

September 2011

INTRODUCTION

This book outlines the cognitive psychology of shopping, that is how we process information in-store, and then shows how this can be translated into an effective in-store strategy. As such, it serves three key needs.

First and foremost it is a 'how to' book. The objective is to give professionals highly practical guidance that they can use in their careers immediately. That is solving those routine but critically important questions such as where to place products in-store, how to lay out a shelf set, design a pack or display, locate displays in-store and so on.

The second is that it provides a comprehensive foundation for current practice. The theories set out in this book have been presented at numerous conferences and training sessions. Practitioners inevitably concur with the conclusions, the 'what to do'. However, what those practitioners also say is that the book explains the rationale behind the conclusions, the why behind the what in the 'what to do'.

The final element is that because the theories contained in the book are based on well established scientific principles, it delivers a compressive and integrated view of shopper psychology and in-store marketing. Very often when we change some element of the in-store mix, we destabilise some other element and, therefore, the effect is counterproductive. By probing the underlying theory, the book offers a comprehensive overview of the dynamics of shopping. Thus, we see the store as an operating whole rather than a series of isolated incidents.

ABOUT THE AUTHOR

Dr Hugh Phillips is recognised internationally as an expert in the psychology of shopping behaviour and its application to in-store marketing. He holds a PhD in the Cognitive Psychology of Shopping. This is his fourth book and he has also published many articles on the topic of shopping and in-store marketing. He is a well know conference speaker and trainer. He has taught Consumer Behaviour and Market Research at a number of universities including McGill University, Montreal. He is employed as In-Store Scientist by Pareto of Toronto Canada. He can be contacted at info@hughphillips.info



Dr Hugh Phillips, PHD

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CONTENTS

CHAPTER 1 — ‘VALUE’ IN THE MODERN RETAILING CONTEXT?

This chapter sets the context for the book. By using the ‘value equation’, value = quality/price, it outlines how ‘value’ can be created in the modern retail environment. It challenges the widely held concept that retailing is ‘all to do with price’, or even product quality. The modern customer is looking for more – the shopping experience. Thus, ‘value’ incorporates not only the quality of the goods on offer but also the purchasing environment – the convenience, the hassle, the time spent, the store ambience/atmospherics, the range, and so on. Being ‘intangibles’, these do not fit easily into traditional management styles, but in the modern retailing sector mastering them is essential to ‘value’ – and thereby success.

CHAPTER 2 — THE MODERN CONSUMER

Consumers of course underpin all activities in retailing. However, modern consumers have changed radically. They are more demanding, individualistic, experience oriented and time constrained. This creates major challenges to traditional retailing practices. In particular:

- ☑ Clear segmentation is essential. Yet to be viable, most stores have to attract a wide target market. It is essential in-store to guide customers to the sectors appropriate to their market segment.
- ☑ The second major challenge is how to cope with the major increase in in-store decision making, so called impulse purchasing. However, impulse or destination purchasing is often misunderstood. Few purchases are purely impulse or destinational: most modern purchasing is a reaction to in-store stimuli, making the role of in-store factors essential both for the customers – in terms of value or the shopping experience – and the retailers / suppliers.
- ☑ The interdependency of traditional consumer marketing and modern in-store marketing is defined. The former creating demand and positioning products in the repertoire set, the latter in actualising this demand and repertoire purchasing.

These issues must be addressed in-store if the objectives of creating ‘value’ – discussed in chapter 1 – are to be achieved.

These issues must be addressed in-store if the objectives of creating “value” – discussed in chapter 1 – are to be achieved.

CHAPTER 3 — A BRIEF INTRODUCTION TO COGNITIVE PSYCHOLOGY

To understand the theory and practice of modern in-store marketing – packaging and display – a certain knowledge of cognitive psychology is essential. This chapter explains the essentially selective nature of perception. How we depend on ‘schemata’ – learned subconscious reactions to stimuli – to navigate around and make sense of our environment. It also introduces another key psychological concept – that of the ‘search light’ phenomenon. Our attention absorbs only a proportion of the stimuli striking the eye. The attention can be set on narrow scan, when it studies an object in detail or on broad scan, when it only analyses the environment at the macro level. Finally, it introduces how we build up recognition of objects in our environment. These concepts are essential to understanding how customers perceive and choose products in a modern, complex, store environment and lay the foundations for later chapters.

CHAPTER 4 — PERCEPTION OF PRODUCTS/PACKS IN-STORE

Most shopping behaviour is driven by our selective perception of the products in the in-store environment. Original research is introduced that shows how customers use selective visual ‘clues’ both to determine the quality (market positioning) of a product, and for brand recognition.

This chapter is of value in its own right. However, it also serves as a basis for understanding modern, scientific, merchandising strategies, covered in subsequent chapters.

CHAPTER 5 — WHY VERTICAL BLOCKING WORKS

This chapter links the theory of ‘visual clues’ presented in the last chapter to modern, scientific merchandising. The link is provided by the concepts presented in the ‘Brief introduction to cognitive psychology’, contained in chapter 3. It presents a classic merchandising technique – ‘vertical blocking’ – but explains, in terms of psychology, why it is effective. In this chapter, additional psychological concepts are introduced, as is more original research.

CHAPTER 6 — EFFECTIVE VERSUS ACTUAL RANGE

This chapter introduces the retail concept of the Effective Range, that part of the range, those products, which customers perceive in store and from which they make their selection. This is contrasted with the Actual Range, that which physically exists but may not be perceived by the customer. As it is not perceived, and not part of the choice, it represents no value to either the customer or the retailers and their suppliers.

Original research is introduced that shows that customers tend to allocate a certain amount of time to inspecting a particular display. In this time, they need to be exposed to

their Effective Range. The research also shows that if this can be achieved within the 'allotted time', the customer may make incremental purchases.

The chapter advances techniques for keeping the attention of customers within the area which contains their Effective Range. Again, psychological concepts are introduced to explain how these operate and their value in terms of customer perception.

CHAPTER 7 — BREAKING DOWN A RANGE

Based on the theory/concepts of how we build up recognition of objects from chapter 3, this chapter explains the basis of segmenting ranges in terms of providing contextual clues to aid customer product recognition and selection.

It introduces original research in terms of the 'sorting rule' – how customers sort out which products in a display to inspect in more detail. If this provides the basis of ordering segments of the range, that increases exposure to the 'Effective Range' and aids customer selection in general.

The chapter finishes with an explanation of the most effective strategies for displaying 'special products' – speciality products, bulk or value products – and that thorny issue of promotions. In the case of the latter, it discusses some of the latest industry practices.

CHAPTER 8 — FINDING PRODUCTS

This chapter explains how customers identify product fields in store – in particular, how they use 'signpost brands', and the psychology behind their key role in displays. It discusses in detail how they should be positioned in a display to maximise their effectiveness.

The key issue of how to merchandise long runs is discussed at length. This shows how customers' attention can be spread over a 'long run'. This considerably facilitates customers' ability and ease in finding products as well as maximising space utilisation and profitability.

CHAPTER 9 — THE STORE ENVIRONMENT

This chapter discusses the psychological structure and origins of cognitive maps – a key additional technique for locating products. Shoppers' possess cognitive maps of actual stores, those that they shop regularly, but also of stereotypical stores – 'typical' supermarkets, typical drug stores, etc.

They are indispensable in increasing the shopping experience and the 'value' of shopping a particular store. They also play a key role in determining the market positioning of new products. However, they are frequently abused and/or their importance ignored. In this context, certain modern 'heresies' are disabused.

CHAPTER 10 — CROWDING

This is a departure from the general theme of visual communications of the attributes of products in-store. However, crowding can easily destroy the most well designed and scientific in-store communications. In other words, crowding can negate all the precepts contained in the rest of the book.

The chapter outlines how crowding not only prevents customers finding products but also causes stress and even panic. Thus, it is highly detrimental to both the shopping experience and incremental purchasing. The chapter discusses techniques for dispersing customers around the store, to alleviate crowding and increase effective utilisation of floor space.

CHAPTER 1 – ‘VALUE’ IN THE MODERN RETAILING CONTEXT?

This chapter considers many of disparate theories of how we shop and the many and varied strategies associated with them.

You can skip this chapter if you so wish, and get straight into the exciting world of the latest theories of the psychology of shopping and its implications for display, packaging and store design. However be warned, keep this chapter at hand. Many of the theories covered in this chapter are so well ingrained in our business culture that they are quite liable to unexpectedly appear spectre-like out of the corporate cupboard to haunt you. As they say, forewarned is forearmed.

A key problem with the current theoretical base is that it is inconsistent. This is the cause of many corporate discussions, even arguments. Frequently the real difference between the two sides is that they hold – wittingly or unwittingly – fundamentally different views as to how consumers make or should make decisions. A prime example is the role of price versus service/quality. The knee jerk reaction of ninety percent of senior managers, in the face of faltering sales, is to slash price. In most cases, this unthinking reaction is commercial suicide, resulting inevitably in the subsequent departure of that senior manager. However, taking refuge in price cutting is not merely a whim but based on long established, well entrenched, economic theory. The senior manager who cuts price in the face of adversity is simply following accepted practice.

The executive who argues against the ‘it’s all to do with price’ approach will not only have to have nerves of steel but also needs to have their arguments well prepared. Whilst they are probably correct in the long term, he/she will find themselves arguing against well entrenched views. They will certainly need to be not only astute but also well prepared.

A far-sighted executive will also find themselves dragged into debates not only over price but also over other entrenched strategies. This chapter explores some of the sacred cows of marketing and retailing. This is on the basis of ‘know your enemy’- which is not only the basis of all good strategies but, more importantly, is the essential ploy behind all successful office politics.

IT’S ALL TO DO WITH PRICE

Inevitably, we have to begin with pricing. The key principle behind classic pricing theory is Supply and Demand Theory. This is simply: the more you reduce the price, the more you sell. As a panacea for faltering sales, there are a number of fatal flaws with this theory:

1. It reduces profit/margins: this not only damages the bottom line but also tends to reduce funds for investment in alternative marketing approaches or product development.

Thus, it is a short term solution that can have major negative consequences in terms of long term sustainability for the brand/retailer.

2. Often consumers/buyers will simply buy additional products to stock up. Thus, sales in the promotional period will show the requisite boost but as soon as the brand comes off promotion, sales drop as consumers use up their pantry stocks. Retailers have been known to do the same, buy the promotional stock and warehouse it, then continue to run it out after the promotion has finished.

3. A danger, particularly for premium brands, is that frequent price promotions create the image of a 'cheap' brand.

There are more issues for and against reducing price permanently or just for promotional periods – than can be covered here. Price promotion does work and can be an effective marketing tool, for all sorts of good reasons. The direction of the following sections is just to indicate some of the classic reasons against regarding it as the universal panacea.

THE VALUE EQUATION

Price is only one element in the 'value equation'. This is simply:

Value = the quality of the product / the cost of acquisition.

Inevitably, we all search to maximise the 'value' of our brands. Either offensively, to aggressively take on our competitors or defensively to guard against their encroachments on our brand franchise. This simple equation can be easily manipulated to increase 'value'. You can either reduce the cost or increase the quality. The perennial problem is not only which to focus on – cost or quality – but having decided on the route, how to execute it. As always with deceptively simple equations, they are complex to apply in practice. So let us look in more detail as to what lies behind this simple formula.

COST

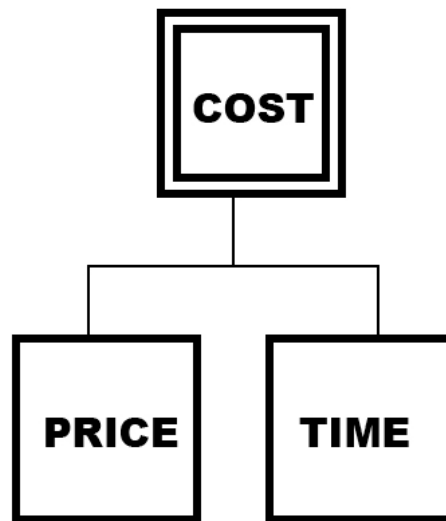
The modern world has been frequently typified as 'money rich, time poor'. Thus, in today's world the 'cost' of acquisition is not just the ticket price but also the personal cost in terms of our time and effort.

"Consumers no longer feel guilty about taking advantage of time-saving alternatives. They now embrace a convenience lifestyle, supported by products that save them time to

enjoy their lives and families.” Kim Feil, Division President Worldwide Innovation, Information Resources Inc.¹

In fact, we have seen the growth of convenience meals, of convenience stores and in fact the convenience of just about everything. There is another element which we can manipulate, other than price to increase our ‘value’. This is to offer the consumer a time saving. Saving the customer time is an alternative to cutting price: this reduces the ‘personal cost’ of goods to the consumer and thereby increases their ‘value’. Thus in our simple equation, cost now has (at least) two components, the cost in terms of the price and the cost in terms of our time.

The deceptively simple ‘value equation’ can now be expanded.



HASSLE

The non-monetary cost to us is not just in terms of time but also the emotional wear-and-tear of shopping – called normally “hassle” or effort. Reducing this cost in shopping is, for example, often the benefit promised by electronic innovations in retailing:

Hassle-Free Shopping

Your guide to the best holiday gifts on the web.

¹ Cited in The Shape of Convenience – the Next 5 years © srcg ltd 2002

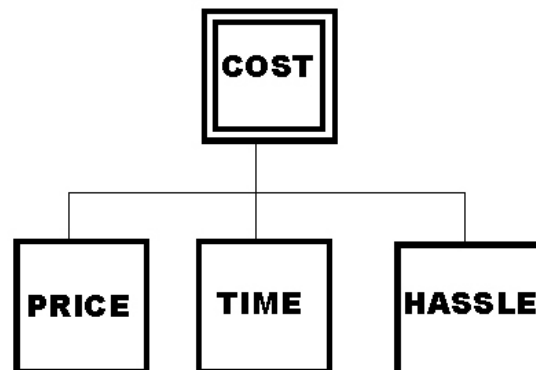
Stressed about your long holiday shopping list? Help is here. We found the web's best shopping sites – featuring fantastic gift ideas as well as tight security and delivery in Canada. You'll find 60 sites here. And the best part: now you'll have time to compile your own Christmas wish list!²

THE MICROSOFT SMARTER RETAILING INITIATIVE (SRI)

SRI focuses on three key concepts - Smarter Shopping, Smarter Selling, and Smarter Operations. It offers a comprehensive solutions framework for the next generation of retail innovation - all based on customer satisfaction and improved performance in retail outlets.

"We are excited to offer innovative technology as part of the unique shopping experience," says Canipe. "We want to offer hassle-free shopping solutions and a retail experience customers will appreciate."³

As will be seen later, shopping can be fun but also stressful and tiring. It requires both physical and mental effort. Both of these represent a further non-monetary or human cost factor involved in our purchase decision making.



Thus, there is a further element to be added to the ‘cost’ side of the equation – hassle or the mental and emotional effort of sourcing and deciding.

The list of non-monetary costs can be extended almost indefinitely. Other elements could include:

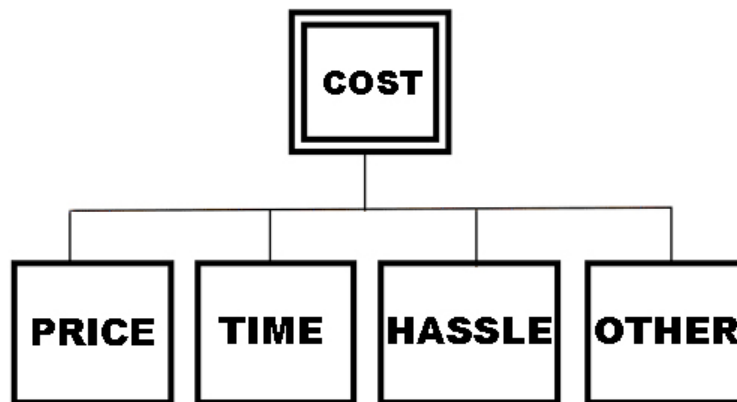
☀ Credit terms.

² “Life and Leisure – Hassle free shopping” Chatelaine and Chatelaine.com"s December 2004 issue © Rogers Publishing Ltd.Canada.

³ Hassle-free Grocery Shopping? New Technology Makes It Real. <http://www.microsoft.com/Resources/Retail/BloomArticle.aspx>

- ☀ Availability of credit or different payment techniques.
- ☀ Transport of goods – to car or home.
- ☀ Warranties or returns policy.
- ☀ The availability and quality of technical advice.

Thus, the apparently simple ‘cost’ element in the value equation can be expanded almost indefinitely.



SUMMARY

There are many options available to increase the ‘value’ of a product by reducing the ‘cost’ element in the equation, other than just reducing the ticket price. All these make the process of acquiring the goods easier, reducing the human cost or investment made by the buyer. In fact in our affluent, time pressured, society these are frequently more popular with the customer than simply reducing price.

A simple calculation will illustrate this point. The average household in the US earned \$49,677 in 2002 ⁴and the average American worked 1792 hours per year⁵ . Thus, the

⁴ DeNavas-Walt, Carmen, Bernadette D. Proctor, and Robert J. Mills, U.S. Census Bureau, Current Population Reports, P60-226, *Income, Poverty, and Health Insurance Coverage in the United States: 2003*, U.S. Government Printing Office, Washington, DC, 2004.

⁵ OECD Statistical Compendium 2004/05

average family earns \$27.72 per hour. A 25 cent reduction thereby represents about 20 seconds working time. Now the obvious question posed is - is it worth it? Most of us now value our time considerably more than its purely monetary value.

The appeal of price as the primary marketing response is that it is the no-brainer option. It requires neither a Harvard MBA nor even an active brain cell to cut price. The problems with alternative strategies are that they require knowledge of the consumer, creativity and a modicum of intelligence. However, in the modern world they tend not only to be more effective in maintaining sales volumes but also considerably more profitable! Now, that sounds like a good bargain to me.

QUALITY

Obviously rather than cutting cost – however defined – we may well decide to focus on quality, in order to increase our ‘value’. Unfortunately, another deceptively simple definition lies in wait to trip us up. This is that ‘quality’ is the gap between customer expectations and delivery.^{6 7} If the delivery of the product or service matches or exceeds the customer’s expectations, then it is deemed to be of a good or high quality.

In the case of many basic physical products, particularly commodities, this definition is relatively easy to apply. If I manufacture nuts and bolts, my customers expect all the nuts to fit all the bolts. If they do not, then they complain, quite rightly, about the quality of my products. If only 1% do not fit then they probably have a minor complaint, 5% a reasonably strong complaint but if this escalates to 30% then my quality level is non-existent.

However, in our era of advanced technology, even for physical products the definition of both expectations and delivery can be much more complex than the world of nuts and bolts. When it comes to services, well that is a totally different ball game.

It is

- Extremely difficult to define what the customer expects.
- Even harder to measure this.
- Incorrect to assume that this will be stable over time (it can even change during the ‘service encounter’).

Despite difficulties in defining ‘quality’, pursuing it is essential for modern marketing strategies.

⁶ Zeithaml, V.A., Parasuraman, A., & Berry, L.L. (1990). *Delivering quality service: Balancing customer perceptions and expectations*. New York: Free Press.

⁷ Parasuraman, A., Zeithaml, V.A., & Berry, L.L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 70, 41-50.

THE INTANGIBLES

In consumer goods and retailing, product quality is obviously crucial. Every mission statement and strategic plan inevitably waxes on at length about this. More difficult and thereby often more neglected are the intangibles, how the product is presented and supplied to the customer.

"The reason traditional business systems did a miserable job in helping companies to grow is because they ignore so called 'intangibles', such as customer relationships," Professor Robert Kaplan.⁸

Prof. Kaplan's approach is of particular interest as it has been adopted by Tesco, one of the most successful international retailers. For example, that company states:

"Our core purpose is to create value for customers, to earn their lifetime loyalty. We deliver this through our values – 'no-one tries harder for customers' and 'treat people how we like to be treated'".⁹

We are now entering difficult or even dangerous territory for the classically trained or conservative manager. Concepts like 'intangibles' or 'treat people how they like to be treated' are ephemeral, difficult to grasp or quantify. Managers prefer the tangibles. To increase quality, they are at their happiest when they are purchasing better ingredients, reformulating products, or commissioning advertising campaigns or whatever. These can be quantified and costed, their effects can be measured and the investment justified. The manager is on familiar, defensible territory.

In fact, when faced with the need to address the intangibles, the habitual reaction of the classically trained manager is to reduce them to tangibles. For example, when faced with the problem of cluttered, difficult to shop stores, the instinctive managerial reaction is often to invest in say, signage. New signs, despite the fact that they are rarely read, are both conventional and tangible. The potentially more effective routes of say, a radical range review or drastic re-merchandising, being intangibles involve risk, creativity and investment in time and effort. As such, they constitute those notorious organisational round pegs that cannot be neatly and effortlessly slotted into the square holes of conventional management thinking.

The value equation

Returning to the value equation discussed earlier,

$$\text{Value} = \frac{\text{the quality of the product}}{\text{the cost of acquisition.}}$$

⁸ Blakely R (2004) "Revealed : the secret of Tesco's success" Times 18 2004

⁹ Tesco Annual review 2004

we can now start mapping out the ‘quality’ factor in the equation.



As promised, the next few next sections will shed more light on that mysterious box entitled ‘intangibles’.

EXPERIENTIALISM OR THE SHOPPING EXPERIENCE

Despite its fancy name, the concept of experientialism simply means that the public can and do derive satisfaction or pleasure from shopping over and above the economic interchange.

The classic, oft quoted, comment comes from Tauber, written as far back as 1972:

‘Why do people shop?. The most obvious answer ‘because they want to buy something’ can be the most deceptive one and reflects a marketing myopia.¹⁰

In this article, Tauber goes on to list a number of possible motivations for shopping over and above that of product acquisition or, as he says, because we “want to buy something”.

Subsequent authors have developed his ideas, to develop a whole raft of social and psychological benefits sought by us when we are shopping. These include:

- **Social – shopping with friends or family.**
- **Diversion – when bored or lonely.**
- **Sensory stimulation – colours, sounds, smells, etc.**

¹⁰ Tauber E.M. (1972) Why people shop Journal of Marketing 36 October p46-59.

- **Cultural – the opportunity to identify with or join a particular group; this could be to share with others who have the same interests or a different group that we find interesting – a farmers’ market, antiques fair or similar event/activity.**
- **Fantasy and fun – browsing, window shopping, a few minutes away from everyday reality to fantasise about purchases currently beyond reach.**
- **Bargaining – in the Middle and Far East haggling is traditionally an integral part of the buyer-seller relationship. In Western societies, people substitute this with hunting down a bargain, beating the system, or displaying, if only to themselves, their financial acumen.**
- **Status – joining in with an aspirant group, sometimes referred to as the ‘carrier bag effect’, by which means people label themselves as a group member.^{11 12 13 14}**

Thus a key factor in shopping is the environment in which we purchase. It can satisfy or frustrate these socio/psychological needs. For example, we may prefer to shop in a department store than at a discounter or in a farmers’ market than a supermarket. The choice is not necessarily based just on the quality of the products bought but also on the quality – to us – of the shopping experience.

Therefore, there is an inherent value in shopping in a congenial environment: one that satisfies our needs, not only for products but also for that ephemeral ‘shopping experience’. It has been shown that clothes bought in a department store are seen as having a higher ‘value’ than those purchased at a discount clothes outlet.¹⁵

We can now start flushing out the ‘intangibles’ box in the Quality factor in the value equation.

¹¹ Westwood R.A. and Black W.C. (1985) "A motivation-based shopper typology" Journal of Retailing 61 (1) p78-103.

¹² Holdbrook M.B. and Hirschman E.C. (1982) "The experiential aspects of consumption: consumer fantasies, feelings and fun" Journal of Consumer Research 9 p132-140:

¹³ McGrath M. A., Sherry, J. F. and Heisley D. D. (1993) "An ethnographic study of an urban periodic marketplace: lessons from the Midville Farmer's Market" Journal of Retailing 69 (3) p280-319:

¹⁴ McGrath, M. A. (1989) "An ethnography of a gift store: trappings, wrappings, and rapture" Journal of Retailing 65 (4), p421-449:

¹⁵ Groppe A. and Bloch B. (1990) "An investigation of experience-orientated consumers in retailing" The International Review of Retail, Distribution and Consumer Research 1 (1) p101-118.



Of course, the appeal of different shopping environments and their inherent 'shopping experiences' varies by individual. Certain stores that appeal to certain types of customers may have less appeal to others. Many and varied typologies or profiles of the different types of shoppers have been produced. However, they all agree that there is a continuum between the efficient, task oriented, shopper on the one hand and those who like to indulge themselves in the 'experiential' aspects of their shopping trip on the other. ¹⁶

Motivations or styles of shopping will even vary according to the nature of the shopping trip.¹⁷ The same person might be a recreational shopper when browsing an antiques market, a technical shopper when buying a computer and a highly efficient shopping machine in the supermarket. The author has even found that shoppers will vary their 'mood and mode' of shopping in different areas of the same store. In certain sections, they want to be indulged by and enjoy the shopping environment – say when purchasing beauty products – in others they require ruthless efficiency – for example, when buying canned groceries.

Thus, the shopping experience, the shop environment, is crucial to the 'value' when purchasing a product. However, this can vary from shop to shop, dependent on the type of shopper that store attracts and the mood or mode of shopping there. Even in one store, different 'departments' or product fields may need to project a different image.

ATMOSPHERICS AND IN-STORE THEATRE

The concept that the shopping environment is crucial in purchasing has been known for years but frequently misapplied. In recent years, Atmospherics and In-store Theatre have

¹⁶ G Babin B.J., Darden W.R. and Griffin M. (1994) "Work and/or fun: measuring hedonic and utilitarian shopping value" *Journal of Consumer Research* 20 (March) p664-656;

¹⁷ Carr J. "The Social aspects of shopping please or chore? The consumer perspective" *RSA JOURNAL* February 1990.

come to the fore. These are more generalised theories which claim that the in-store environment influences the shopper's mood, which in turn influences their propensity to purchase products.^{18 19} Shoppers in positively induced moods buy more and vice versa... or at least so the theory goes. The problem with this approach is that it is too general. Despite a number of research projects, it has not been possible to establish a relationship between appearance in general and purchasing.²⁰

The reason why there is no general relationship between the store environment and purchasing should be fairly obvious from the discussion in the preceding section. Firstly, any store or display design must be appropriate to the shopping occasion, the mood and the mode of shopping. Any design, however pretty or however many awards the designer has won, may not be appropriate to the customers' needs in that store. The appropriate environments for a department store, a pharmacy or a discount grocer would be totally different. Even within a store, the requirements will differ, dependent on the style of shopping in that product field/department. In other words, any store design or point of purchase materials must be appropriate to the shopping occasion. Atmospherics and In Store Theatre are not commodities; they are not bolt on goodies which automatically increases sales. Any creative execution must fulfil a specific and known role in the shopping occasion in that store or in that display.

Secondly, the store environment is only the backdrop to the shopping occasion. It is like the frame that can enhance or detract from a picture. A key tenet of retailing is 'product is hero'. Frequently, design elements or point of purchase materials dominate to the detriment of the products. This can distract customers from their avowed intention of shopping and even cause irritation. Subsequent chapters will show just how detrimental this can be.

Thus, the problem with the concepts of Atmospherics and In-store Theatre is that they lack precision. Of themselves, they are blunt instruments. The danger is that they are often bought as such, blunt hammers to crack intricate nuts. That is without consideration of what real needs they fulfil, or they are considered in isolation, without reflecting on their

¹⁸ Kotler, P. (1973) "Atmospherics as a marketing tool." *Journal of Retailing*, 49 (Winter): 48-64

¹⁹ Donovan R. and Rositer J. (1982) "Store Atmospherics: An Environmental Psychology Approach" *Journal of Retailing* 58 p 34-57.

²⁰ Tai S.H.C. and Fung A.M.C. (1997) "Application of an environmental psychology model to in-store buying behaviour" *International Review of Retail, Distribution and Consumer Research* 7 (4) p 311-337

Hackett PWM, Foxhall GR and Raaij WF 1993. "Consumers in retail environments" in *Behaviour and Environment: Psychological and Geographical Approaches* Eds. Garling T and Golledge RG p 378-399.

effect on the shopper and their shopping process. In other words, they can become an often expensive end in themselves!

SUMMARY

The shopping experience – call it what you may, experientialism, atmospherics or whatever – is important. However, it is not an end in itself. Trite phrases such as a ‘sense of balance’, ‘keep in proportion’ and ‘a means to an end’ come to mind. For the shopper, it must be appropriate to the task in hand and not cloud the issue – that is, “I am really here to shop”. Thus, both the scale and style of the shopping experience element needs to be appropriate to the style of shopping in that store and the customer’s expectations.

CONVENIENCE

The concept of the shopping experience having to be appropriate, inevitably brings us to another vaguely defined and much abused term – convenience. The confusion starts right at the outset as in English the word is ambiguous. It can mean:

- Convenient location.
- Open at convenient hours.
- Easy to shop.

Or in the modern world, just about anything. As discussed earlier, the modern consumer is so intolerant of having their time wasted, hassle, etc. that ‘convenience’ is one of those panacea words, which can be used to justify just about any strategy.

The three meanings given above are probably the core definitions. The first two – location and opening hours, fall outside the scope of this book. ‘Easy to shop’ is a key element in subsequent chapters, therefore to cover it here would be an unnecessary and irritating duplication.

Whilst ‘convenience’ will be apparently skipped over here, this is not to devalue or underestimate its critical importance to modern shopping and store choice. The growth of on-line shopping, ‘Convenience stores’, late night opening and service station forecourt retailing are just some illustrations of its critical importance in today’s retail scene.

As shown below, one more element can now be added to the ‘Quality’ dimension in the value equation.



SERVICE

‘Service’ is of course crucial to not only retailing but every aspect of modern business. We live in a cluttered world in which the physical differences between competing products and services often seem minimal or nonexistent. Frequently, it is the way that the product or service is delivered that creates the essential differentiation in the customer’s eyes.

"We all sell the same things, and price alone isn't enough to make the difference. It comes down to service," James LeBlanc, Vice Chairman of K&B Services Inc. New Orleans. ²¹

Service is often equated with personal service, that is the quality of the contact with the staff. Positive social interaction has been found to be an important motivation for certain customers and to influence their perception of products^{22 23 24} However, this is only part of the picture. Firstly, not all customers seek interaction with the staff. Some customers avoid it, others value interaction solely when they have a specific need – information, payment

²¹ “Creating the customer service difference - drug store chains” Drug Store News, Sept 23, 1996.

²² Zeithamal V. and Gilly M.C. (1987) "Characteristics affecting the acceptance of retailing technologies: a comparison of elderly and non-elderly consumers" Journal of Retailing 63 (Spring) p49-68

²³ Forman A.M. and Sriram V. (1991) "The depersonalisation of retailing: its impact on the "lonely" consumer" Journal of Retailing 67 (2) p 226-243

²⁴ Cox D.F. (1967) "The sorting rule model of the consumer" in Risk Taking and Information Handling in Consumer Behaviour Harvard University press p324-369.

etc.²⁵ Secondly, personal service, however good, cannot overcome the problem of a store that is simply not delivering. If customers cannot find the products they want, cannot navigate around freely, have to queue excessively or whatever, no amount of innate charm or customer service training can Band Aid that situation . The store is simply dysfunctional.

A facet of service that is often neglected is the non-personal aspect of service. For example, just a two or three per cent out of stock on key lines is unacceptable to customers.²⁶ Similarly, many shoppers will simply not enter aisles blocked by crowding, reducing their shopping satisfaction and losing any chance of a sale in that aisle.²⁷From queues, to shifting the location of products, irrational location of merchandise, displays too high to reach - the list of other non-personal service shortfalls and even downright turnoffs is endless. Ironically, these are often easier and much cheaper to ‘fix’ than elements in personal service but are frequently the most neglected.

Thus, we can now add another element to the Quality dimension of the value equation.



²⁵ Groppe A. and Bloch B. (1990) "An investigation of experience-orientated consumers in retailing" *The International Review of Retail, Distribution and Consumer Research* 1 (1) p101-118.

²⁶

²⁷ Bradshaw R and Phillips H. "Bite Less - Chew More" In *Proceedings of the Market Research Societies Annual Conference 1992*

Other factors

'Quality', especially in the retail context, can be further refined, defined and developed ad infinitum. A very obvious omission from this discussion is consideration of range. This is usually the key element in any buyer's role and the core of modern category management negotiations. As will be shown, it has a crucial role not only for buyers and sellers but also for the consumer. At present, it will be discreetly filed away under 'Non personal service', to be brought out later.

SUMMARY

If you did decide to read this preliminary chapter, undoubtedly you will have recognised in it many of the arguments, subplots and hidden agendas and even the downright confusion that haunt strategic planning in today's world.

Retailing is going through yet another of its phases of profound change and reorientation. Inevitably, category management is dragged along in its wake, trying to second guess the next twist in the retail strategy saga. In a period of radical change, managers are at different stages. Consequently, there is at present a lack of consensus as to the frame of reference management should be using. The first objective of this chapter was to outline some of the many competing theories that surround the strategic planning process. This was on the basis of 'forewarned is forearmed' Hopefully, the reader will be able to identify where buyers/other managers 'are coming from' – the frame of reference they are using. This will aid them to skip over, under, or even around the competing hidden agendas that inevitably haunt strategic planning.

The second objective was more positive. This was to show the sheer range of options available at any strategic juncture. Successful strategies are often simply based on a minor reshuffling of these options. However, as has been illustrated there is often confusion over how to correctly implement these options. The following chapters will outline techniques for implementing many of these options in the key area of in-store communications. This chapter has hopefully provided the backdrop against which the value of these techniques can be assessed and their appropriateness to a particular strategic problem.