CHAPTER 17

Outlet Selection and Purchase

CONSUMER BEHAVIOR
Building Marketing Strategy

Thirteenth Edition

Mc Graw Hill Education

MOTHERSBAUGH

HAWKINS

PART IV: CONSUMER DECISION PROCESS

External Influences
- Culture
- Subculture
- Demographics
- Social Status
- Reference Groups
- Family
- Marketing Activities

Internal Influences
- Perception
- Learning
- Memory
- Motives
- Personality
- Emotions
- Attitudes

Self-Concept and Lifestyle

Experiences and Acquisitions

Needs

Desires

Decision Process

Situations

- Problem Recognition
- Information Search
- Alternative Evaluation and Selection
- Outlet Selection and Purchase
- Postpurchase Processes

The Evolving Retail Scene

➢ *Internet Retailing*

   • *Characteristics of Online Shoppers*

   • *Barriers to Internet Shopping*

➢ *Store-based Retailing*

➢ *The Internet as Part of a Multi-Channel Strategy*

➢ *Mobile as Part of an Omni-Channel Strategy*

The Evolving Retail Scene

Internet Retailing

Internet retailing continues to evolve and grow as a strong retail channel:

Current Size of Internet Retailing

U.S. Internet users (millions)	288
Total U.S. (nontravel) retail expenditures online (billions)	$279
Online spending as a percent of all retail spending	11
Total web-influenced in-store sales (billions)	$1,543

The Evolving Retail Scene

Consumers shop online for reasons similar to those for shopping from catalogs:
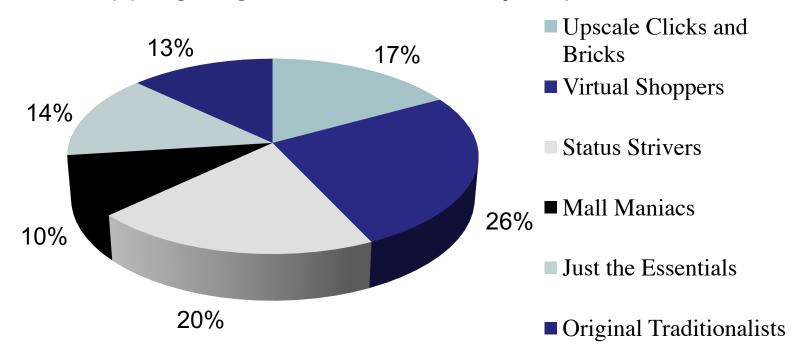
Reason	Online Shopping	Catalog Shopping
Convenience	67%	62%
Price was right	41	40
Unique merchandise	33	40
Past experience with company	28	39
Wanted product delivered	16	31
No time to go to store	13	17
Recommendation from a friend	7	7
Impulse	4	5

Source: *Catalog Age.* Reprinted with the permission of Primedia Business Magazines & Media Inc. Copyright 2001. All rights reserved.

The Evolving Retail Scene

Characteristics of Online Shoppers

Six shopping segments identified by Experian:

- Upscale Clicks and Bricks
- Virtual Shoppers
- Status Strivers
- Mall Maniacs
- Just the Essentials
- Original Traditionalists

13% 17% 14% 10% 20% 26%

The Evolving Retail Scene

Barriers to Internet Shopping

A recent study found the following reasons among those who are online who have never made a purchase:

Reason	%
Lack of "touch"	36
Don't want to give personal financial information	32
Delivery costs too high	29
Returns will be a hassle	26
Prefer to research online, buy offline	24
Feel no need to buy online	23
Can't speak to sales assistant online	14

Source: Forrester Research, 2010.

The Evolving Retail Scene

Store-based Retailing

The following are the results of a Roper survey asking consumers why they don't like shopping in stores:

Reason	Percent
Salespeople are poorly informed	74
Waiting in long lines	73
Hard time finding things	64
Parking and traffic	64
Dealing with crowds	58
Hard to get someone to wait on you	54
The time it takes to shop	38
Don't like shopping	34

Source: From Roper Reports Telephone Survey, August 2003.

The Evolving Retail Scene

Store-based Retailing

In-store shopping is perceived as neither fun nor efficient by many. Retailers are trying to enhance the experiential component through layout, music, personal shoppers, etc.

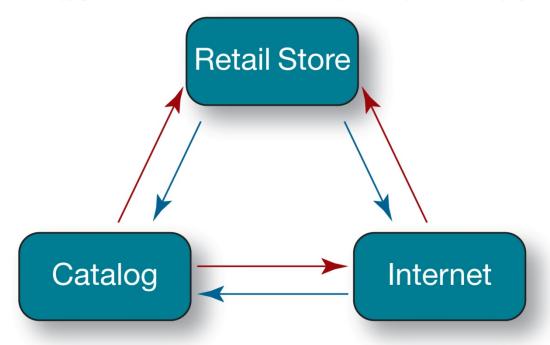*Brand stores add value by providing a fun shopping environment*

NOW WHO'S THE SPECTATOR? -KENNETH COLE

©Lars Niki.

The Evolving Retail Scene

The Internet as Part of a Multi-Channel Strategy

Most retailers utilize multiple retail channels, such as physical stores, Internet, catalogs, etc.

➤ This approach can take many forms and can be successful for a number of reasons, such as a regional in-store retail utilizing online to become national/international in scope.

➤ *Multi-channel shoppers* are consumers who browse and/or purchase in more than one channel.

The Evolving Retail Scene

Multi-Channel Shoppers Browse in One Channel and Purchase in Another

Note: Search ⟶ Buy
Red line = greater influence
Blue line = lesser influence

The Evolving Retail Scene

Mobile as Part of an Omni-Channel Strategy

Omni-channel shoppers are consumers who browse and/or purchase in more than one channel simultaneously. They are

> ➢ Digital savvy, with heavy reliance on mobile shopping apps.

> ➢ Younger Gen Yers, upscale and tech savvy Gen X and older Gen Y

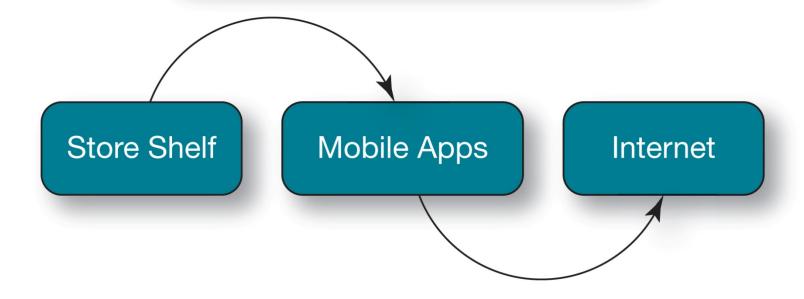> ➢ Spend 15%-30% more with a retailer than multi-channel shoppers!

SPS Helps Retailers Survive in an Omni-Channel World

YouTube Spotlight

The Evolving Retail Scene

Mobile as Part of an Omni-Channel Strategy

In-Store Omni-Channel Shopping

Store Shelf

Mobile Apps

Internet

Attributes Affecting Retail Outlet Selection

Retail outlet selection involves a comparison of the alternative outlets on consumer's evaluative criteria:

➢ ***Outlet Image***

➢ ***Retailer Brands***

➢ ***Retail Advertising***

➢ ***Outlet Location and Size***

Attributes Affecting Retail Outlet Selection

Outlet Image

Bricks-and-Mortar Image

Store Image

Dimension	Components
Merchandise	Quality, selection, style, and price
Service	Layaway plan, sales personnel, easy return, credit, and delivery
Clientele	Customers
Physical facilities	Cleanliness, store layout, shopping ease, and attractiveness
Convenience	Location and parking
Promotion	Advertising
Store atmosphere	Congeniality, fun, excitement, comfort
Institutional	Store reputation
Posttransaction	Satisfaction

Source: J. D. Lindquist, "Meaning of Image," *Journal of Retailing,* Winter 1974, pp. 29–38.

Attributes Affecting Retail Outlet Selection

Outlet Image

Online Image

Online Retailer Image

Dimension	Components
Usefulness	Good product offers and information, value, aligned with interests
Enjoyment	Fun, attractive, pleasant to browse
Ease of use	Easy to use and navigate, flexible site
Trustworthiness	Reputation, information safety and security
Style	Helpful, friendly, knowledgeable, calm
Familiarity	Advertising online and offline, general familiarity
Settlement	Fast and flexible delivery and transactions

Source: Reprinted from H. van der Heijden and T. Verhage, "Online Store Image," *Information and Management* 41 (2004), pp. 609–17.

Attributes Affecting Retail Outlet Selection

Retailer Brands

Store brands are closely related to store image, and at the extreme, the store or outlet is the brand.

> ➢Traditionally, retailers carried only manufacturers' brands, and only a few, such as Sears and Wards, developed their own brands.

> ➢Increasingly retailers such as Walmart and Target are developing and promoting high-quality brands with either the store's name or an independent name.

> ➢The key to success of store brands--*high quality at a reasonable price*.

Attributes Affecting Retail Outlet Selection

Retail Advertising

Expenditure of Individuals Drawn to a Store by an Advertised Item
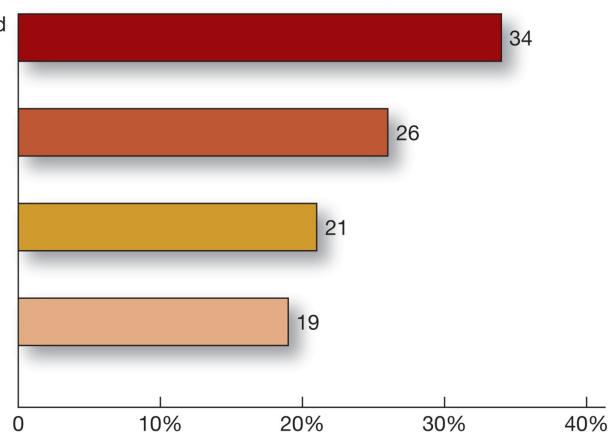
Category	Percentage
Purchased the advertised item and one or more additional items	34
Purchased only the advertised item	26
Did not purchase the advertised item but purchased one or more other items	21
Did not purchase anything	19

Attributes Affecting Retail Outlet Selection

Outlet Location and Size

Location and size play an important role in store choice.

> All else equal, consumers generally select the closest store.

> Outlet size is also important. Generally, customers prefer larger outlets over smaller outlets.

> The **retail attraction model**, or the **retail gravitation model**, is used to calculate the level of store attraction based on store size and distance from the consumer.

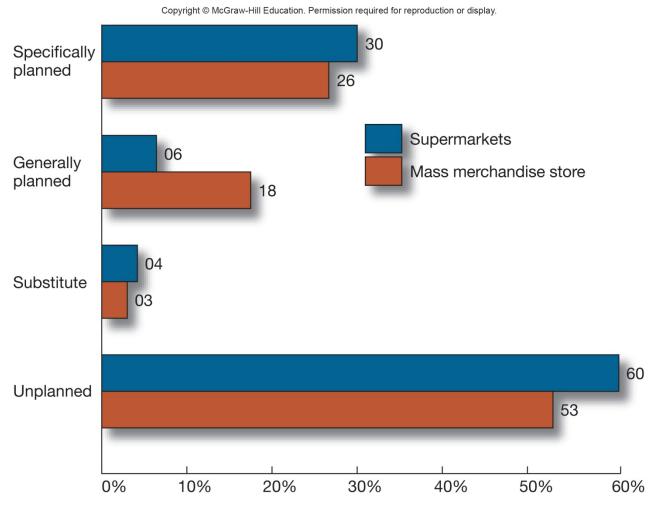# Consumer Characteristics and Outlet Choice

Two consumer characteristics that are particularly relevant to store choice:

1. **Perceived Risk**

2. **Shopping Orientation**

Consumer Characteristics and Outlet Choice

Shopping Orientation Segments

- Apathetic Shoppers 16%
- Enthusiastic Shoppers 22%
- Destination shoppers 21%
- Basic Shoppers 22%
- Bargain Seekers 20%

In-Store and Online Influences on Brand Choices

Supermarket Decisions: Two-Thirds Are Made In-Store

Category	Supermarkets	Mass merchandise store
Specifically planned	30	26
Generally planned	06	18
Substitute	04	03
Unplanned	60	53
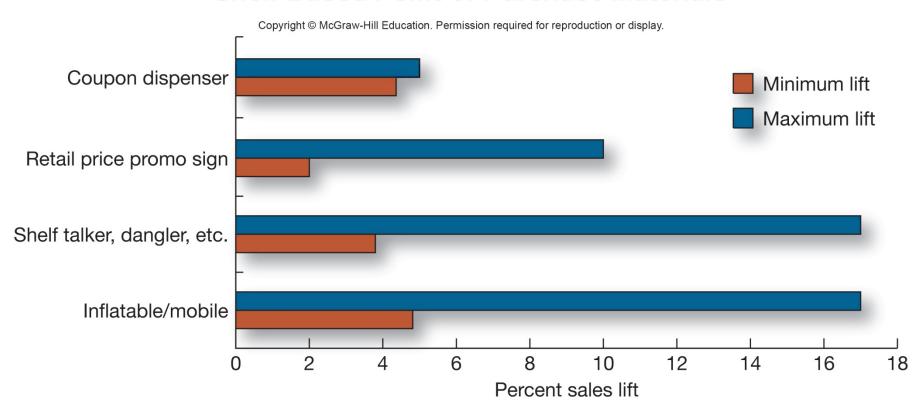
Source: *1995 POPAI Consumer Buying Habits Study* (Washington, DC: Point-of-Purchase Institute, 1995), p. 18, www.popai.com.

In-Store and Online Influences on Brand Choices

Strategies used by manufacturers and retailers to influence in-store and online decisions:

1. *Point-Of-Purchase Materials*

2. *Price Reductions and Promotional Deals*

3. *Outlet Atmosphere*

4. *Stockouts*

5. *Website Functioning and Requirements*

6. *Mobile Apps*

7. *Sales Personnel*

In-Store and Online Influences on Brand Choices

Point-Of-Purchase Materials

Shelf-Based Point-of-Purchase Materials

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Source: *2001 POPAI P-O-P Measure UP: Learnings from the Supermarket Class of Trade Study* (Washington, DC: POPAI, 2001), www.popai.com.

In-Store and Online Influences on Brand Choices

Price Reductions and Promotional Deals
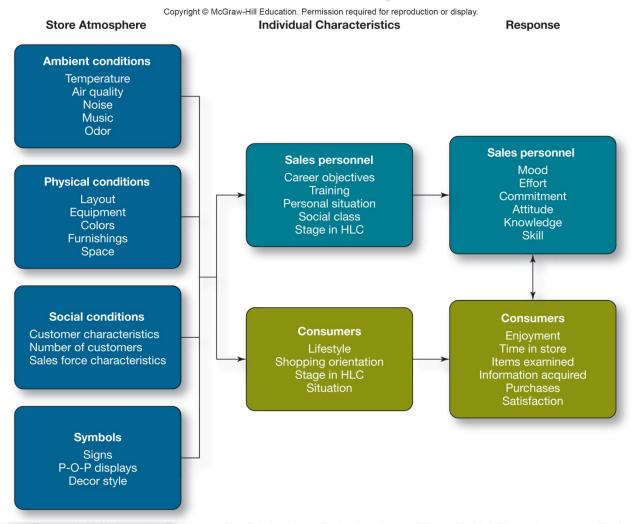
Price reductions and promotional deals

- coupons

- multiple-item discounts, and

- gifts

C. Borland/Photo Link/Getty Images

are generally accompanied by the use of some point-of-purchase materials.

In-Store and Online Influences on Brand Choices

Outlet Atmosphere

Store Atmosphere   **Individual Characteristics**   **Response**

Ambient conditions
Temperature
Air quality
Noise
Music
Odor

Physical conditions
Layout
Equipment
Colors
Furnishings
Space

Social conditions
Customer characteristics
Number of customers
Sales force characteristics

Symbols
Signs
P-O-P displays
Decor style

Sales personnel
Career objectives
Training
Personal situation
Social class
Stage in HLC

Sales personnel
Mood
Effort
Commitment
Attitude
Knowledge
Skill

Consumers
Lifestyle
Shopping orientation
Stage in HLC
Situation

Consumers
Enjoyment
Time in store
Items examined
Information acquired
Purchases
Satisfaction

In-Store and Online Influences on Brand Choices

Stockouts

Stockouts affect a consumer's purchase decision.

Three types of perceived costs:

1. Substitution costs
2. Transaction costs
3. Opportunity costs

In-Store and Online Influences on Brand Choices

Web Site Functioning and Requirements

Consumers often research online then buy in traditional stores. However, losses also occur during the online shopping process.

A DoubleClick study found the following reasons for shopping cart abandonment:

Shipping and handling costs too high	44%
Not ready to make the purchase	41
Wanted to compare prices on other sites	27
Product price higher than willing to pay	25
Wanted to save products in cart for later consideration	24

In-Store and Online Influences on Brand Choices

Mobile and Mobile Apps

Mobile marketing is clearly seen as next horizon for marketers

➢ *local mobile search is changing how consumers find stores and brands within stores*

➢ *mobile apps increasingly play role in how consumers shop, find the best deals, etc.*

In-Store and Online Influences on Brand Choices

Sales Personnel

The effectiveness of sales efforts is influenced by the interaction of

- *the salesperson's knowledge, skill, and authority*
- *the nature of the customer's buying task*
- *the customer-salesperson relationship*

In the online context, marketers are testing online sales clerks, called *avatars*, that interact with customers as they shop on their website.