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Profiling the flyer-prone consumer

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ABSTRACT

The purpose of this paper is to predict the differences between highly prone and less prone consumers to store flyers in terms of their sensitivity to economic, shopping-related and demographic variables. The empirical findings show that the flyer-prone consumer's profile somehow differs from the characteristics of consumers more prone to other types of promotion and to deals in general. The managerial implications underline that including a price-discount support is not essential if manufacturers and retailers wish to increase the probability of store flyers being consulted by a consumer. Nevertheless, the credibility of flyers depends on consumers' perception of potential savings being maintained.

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1. Introduction

Each year, retailers spend millions of dollars on feature ads (Arnold et al., 2001). Feature advertising comprises printed promotion materials run by retailers to inform consumers about the availability, price and promotions of products in their assortments (Pieters et al., 2007:1815). In particular, store flyers represent one of the most important media for featuring retail and manufacturer promotions (Volle, 2001; Gijsbrechts et al., 2003; Chaabane et al., 2010). In 2002, US retailers spent \$8 billion on store flyers and 'Run of Press' advertisements (ads printed on the pages of newspapers), which represented approximately half of their total advertising spending (Bodapati and Srinivasan, 2006). In 2010 marketers spent EUR373 million on store flyers in Denmark (Jensen et al., 2014). Twelve billion copies of flyers were printed and distributed in Italy in 2011 and a similar amount in France, for an investment of one billion EUR in each country (De Camillis, 2012). In 2013, Spanish retailers spent EUR595.4 million on store flyers and 'Door-to-door' advertisements (Infoadex, 2014).

The increasing use of store flyers is due, in part, to the fact that they provide a quicker response than traditional advertising media (Burton et al., 1999). Store flyers also allow retailers to emphasise their own brands (Urbany et al., 2000). Moreover, advertising promotions in store flyers are a source of revenue for distributors from fees charged to manufacturers whose brands appear in them

(Gijsbrechts et al., 2003). New technologies and new media are also providing flyers with many opportunities (Ziliani et al., 2014). In this respect, digital flyers – i.e., the online version of the print flyer, available on the retailer website or mobile app – are being increasingly used by retailers (Ray, 2011) as a consequence of millions of households searching today for retail flyers online (Centonze, 2012; De Camillis, 2012; Vertis Customer Focus, 2013). Consumers browse these online flyers on the retailers' websites but also using the so-called 'online flyer aggregators'.¹

Recent research has concluded that the deal-proneness construct is best conceptualised at a deal-type specific level (e.g., coupon proneness, premium proneness or flyer proneness) as opposed to being conceptualised at a general level (Lichtenstein et al., 1997a). However, while deal-proneness has been widely studied in the context of coupon usage (e.g., Bawa and Shoemaker, 1987; Mittal, 1994; Harmon and Hill, 2003), rebates (e.g., Lichtenstein et al., 1997a, 1997b; Kwon and Kwon, 2007) or premiums (e.g., Prendergast et al., 2008), store flyers have been receiving unparalleled research attention. Thus, to the best of our knowledge, there is only limited past

¹ These are websites which aggregate flyers from many sectors and stores, and offer registered users free and valuable services (e.g., browsing, finding flyers of stores in a specific area, new flyer alerts and offers, saving flyers for later shopping, showcasing best offers. Their users number millions in countries such as Italy, Germany and France (Ziliani et al., 2014). There are many examples worldwide: KaufDA in Germany (<http://www.kaufda.de>), Retale in the US (<http://www.retale.com>), Bonial in France (<http://www.bonial.fr>) or Doveconviene in Italy (<http://www.doveconviene.it>). These aggregators also offer apps for being used with different mobile devices (smartphones, tablets, etc.).

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research undertaking some analysis of flyer-proneness. Schmidt and Bjerre (2003) analysed a few aspects related to consumers' attitudes and opinions toward flyers based on a descriptive-clustering process. The paper by Martínez and Montaner (2006) analysed flyer-proneness; but, they consider such aspect as a dimension of a global deal-proneness scale arising from an exploratory factor analysis. Clearly, neither of these works is capable of offering a realistic profile of flyer-prone consumers and its predictors.

Therefore, considering the widespread use of store flyers and the magnitude of the dollars spent on them (Jensen et al., 2014), there is a clear need, and thus a research opportunity, for a more in-depth exploration of the variables that specifically influence consumers' proneness to store flyers. This study aims at predicting the differences between consumers highly prone and less prone to store flyers in terms of their sensitivity to three types of variables: (i) economic variables; (ii) shopping-related variables, and (iii) demographic aspects. This research responds to Blattberg and Neslin's (1990) argument about that consumer behaviour may be related to differing response sensitivities across types of promotions, suggesting a need to distinguish among consumer responses to the type of deal.

2. Literature development and hypotheses

2.1. Store flyers proneness

Store flyers are a form of cooperative advertising between retailers and manufacturers, for which manufacturers pay retailers to get their products featured, and retailers combine manufacturers' ads with those for their own private labels (Pieters et al., 2007). Thus, manufacturers advertise in store flyers to achieve point-of-sale communications and a good in-store promotion (e.g., aisle-end displays, product displays) (Chaabane et al., 2010:478). Retailers typically use store flyers to promote new products, announce new stores and communicate price specials (Miranda and Kónya, 2007). In most cases the offers are 'perishable' – i.e., their utility is limited to a particular period of time (e.g., a week or ten days). Store flyers are a crucial retail promotion tool because they influence shoppers both at home and in store, at various stages of their path to purchase, and are source of marketing contributions from manufacturers who also rely heavily on such flyers to reach consumers directly (Srinivasan et al., 1995; Arnold et al., 2001).

Marketers would obviously like their existing and potential customers to have a fondness for consulting flyers regularly. In this respect, we define flyer proneness as the consumer's general tendency to use store flyers to decide the products/brands to purchase and the store to patronise. Flyer-prone consumers probably have a more favourable attitude toward store flyers as a "good consumer advice" than those who are not. Flyer proneness gives a more specific measure of consumer's response toward store flyers; such measure is very relevant given that not all consumers respond to promotion deals in the same way (Schneider and Currim, 1991; Henderson, 1994; Ailawadi et al., 2001). In this respect, the diversity of promotional tools being used is rapidly increasing; hence, to consider that the proneness of consumers to respond to them may be predicted by similar aspects is presumptuous. Therefore, the various sales promotion tools need to be individually studied (Prendergast et al., 2008).

This paper hypothesises that flyer-proneness will be influenced by several variables, including economic, shopping-related and demographic aspects. Both the popular business press and prior promotional literature suggest that these variables may be related to consumers' level of proneness toward store flyers (e.g. Garretson and Burton, 2003; Del Vecchio, 2005).

2.2. Economic variables

Promotional literature assumes that one of the main reasons for consumers seeking deals is their need to obtain price reductions and to maximise the value of money (Bellinger and Korgaonkar, 1980). Price consciousness is understood as "the degree to which the consumer focuses exclusively on paying low prices" (Lichtenstein et al., 1993:235). Price deals featured on store flyers aim to attract deal-prone customers (Burton et al., 1999) and most shoppers read flyers only to be informed of price specials that the store has to offer (Miranda and Kónya, 2007). Kwon and Kwon (2013) also suggest that price-conscious consumers explore store flyers to look for cheaper prices – frequently for the brands they are loyal to. Therefore, it seems logical that price-conscious consumers make greater use of flyers before entering the store in order to know which brand is promoted. Hypothesis H1a follows:

H1a. Consumers highly prone to store flyers will exhibit a higher level of price consciousness compared to those who are less prone to store flyers

Price-conscious consumers are individuals who ensure that they are continually informed about the prices of the brands that they normally purchase (Krishna et al., 1991). Therefore, they are more willing to make a greater effort to look for promotions (Babakus et al., 1988) and to invest time and effort in planning their shopping trips in search of special offers. Consequently, it is hypothesised that:

H1b. Consumers highly prone to store flyers will exhibit a greater willingness to spend time to save money compared to those who are less prone to store flyers

Economic benefits are tied to the product's attributes; these benefits refer to tangible product-related aspects, providing the customer with functional information. Among those functional benefits, savings and quality should be highlighted for their especial relevance (see, Chandon, et al., 2000). According to Lichtenstein et al. (1993), value consciousness is "a concern for paying low prices subject to some quality constraints". Value-conscious shoppers typically attempt to maximise the quality-price ratio of their purchases. Thus, deal-prone consumers appear to consider the costs and benefits of buying on promotion (Del Vecchio, 2005). Promotions provide the consumer with a saving feeling and reduce the pain of paying. Indeed, Zeithaml (1988) finds that some customers define value in terms of deal availability. Hypothesis H1c follows:

H1c. Consumers highly prone to store flyers will exhibit a higher level of value consciousness compared to those who are less prone to store flyers

2.3. Shopping-related variables

Sales promotions may be attractive for reasons beyond price savings (Garretson and Burton, 2003). When buying a promoted good, the consumer may obtain different hedonic benefits such as entertainment and self-expression.

Deal-prone consumers seem to enjoy the process of shopping (Schindler, 1984) and also the final outcome of saving money. For those consumers who enjoy shopping, some promotions may be amusing and increase the entertainment benefit provided by the product purchase. It can be understood, therefore, that entertainment is a main benefit for people who enjoy shopping (Martínez and Montaner, 2006). Consequently, these consumers show a higher proneness to use both in-store and out-of-store promotions (Ailawadi et al., 2001). Indeed, Beatty and Smith (1997) found that

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