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## The effects of special displays on shopping behavior

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## ABSTRACT

This study examined the unintended effects and consequences of special displays on subsequent shopping behavior. Special displays are studied as a prominent form of in-store or shopper marketing activity. Two experiments are performed using special value and natural food displays in an online simulated store environment. The impact of exposure to special displays on mind-sets and resulting product choices are tested in a shopping task. Impact on store image is also tested. A total of 896 respondents were recruited in this study. The results showed that special displays did trigger specific mind-sets that affected product choices and store image. Special value displays heightened store low-price image without lowering the high-quality image, and triggered a value-oriented mindset, among low price-conscious individuals, that made them place greater weight on price during the ensuing shopping trip. Special natural food display improved store high-quality image without decreasing the low-price image, and triggered a non-value-oriented mindset, among high price-conscious individuals, that made them place lesser weight on price during the remainder of the shopping trip. Findings suggested retailers to consider the total effects and consequences of special displays when designing and executing in-store marketing activity.

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## 1. Introduction

In-store marketing has become a dominant area of product marketing activity and investment. Annual investment for in-store marketing is estimated to be over \$50 billion, marketing resources are being shifted away from traditional media towards in-store marketing, and many organizations have developed dedicated in-store marketing teams (GMA, 2011). Approximately 76% of purchases and brand decisions are made in store (POPAl, 2012). In-store marketing can take on several forms including special products, pricing, offers, displays, communications, and service. Displays are one of the dominant and most influential forms (POPAl, 2012; Breugelmans and Campo, 2011; Castro et al., 2013).

In-store displays can be permanent or temporary. Retailers can arrange products in multiple different ways such as new or different locations in store, timing of displays, uses of cases and shelving, and product combinations. For example, Netflix combines and presents movies by genre (e.g., documentaries, action, etc.), release date (e.g., new releases, classics), or theme (e.g., holiday, sports), and supermarkets may arrange products by complete meals (e.g., taco dinner) or menus (e.g., BBQ picnic). Retailers serve multiple goals with special or themed displays and merchandising: they can build or enhance store

image, trigger impulse purchases, capture seasonal purchases, provide added value to shoppers (e.g., ideas or convenience), or motivate shoppers. An interesting practical and theoretical research question is whether these special displays influence shoppers' attitudes and behavior beyond their intended goals or purposes. For example, do special displays intended to trigger impulse purchases also influence shoppers' subsequent in-store purchase behavior? If this is true, special displays implemented to accomplish one thing may cause additional unintended positive or negative consequences. This study examines how the use of special displays, designed for one purpose, can affect consumers' subsequent purchase behavior in unintended ways. Special displays are a particular case of subcategory format where retailers create a new categorization of products based on some theme or criteria (Poyner and Wood, 2010). Examples include price, health, meal, and seasonal displays and aisles that reorganize existing products into new separate displays or merchandising sections.

For example, a popular special display in many traditional food stores is the dollar or value section. These value sections are intended to (i) improve the store's overall price image, and (ii) trigger unplanned product purchase from shoppers as they encounter the display and perceive exceptional savings. But do these value displays create a new mind-set for shoppers that affects their subsequent in-store purchase behavior?

Mind-set and categorization theories may offer a useful theoretical framework to examine potential effects of special displays; for example, how price categorization of products may induce a

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value-oriented mind-set which may subsequently affect shopping patterns, product choices, and store image.

This paper proposes a series of hypotheses to test the existence and theoretical explanation of the potential effects of special displays. It also conducts two simulated shopping experiments and present the analyses and results. The study shows that special displays do in fact trigger unintended positive and negative effects on subsequent shopping behavior. Most interestingly, individual differences in price consciousness moderate that effect. Further, we test the effect of social influence of companions on the shopping behaviors studied. Surprisingly, the analysis shows that grocery shopping may be a special case where shopping with others has minimal or no influence on purchase decisions and patterns. These findings contribute to the application and extension of categorization theory and mind-set theory into retail merchandising. They also contribute to management practice in regard to the use of special purpose displays and its unexpected impact on shoppers.

## 2. Literature review and hypotheses development

### 2.1. Categorization theory

Consumer-oriented theories of categorization date back to the mid-1980s. Since then, consumer researchers have applied categorization theory to product categories, brand categories, goal-related categories, cultural categories, product user categories, etc. (Loken et al., 2008). In consumer research, cognitive structure has been referred to as the factual knowledge that consumers use to organize product knowledge (Brucks, 1986) with the main function of organizing various products and services in ways that are easier for decision making. Category structure has been one of the most researched types of cognitive structure, especially with regard to how structures guide knowledge accumulation (Alba and Hutchinson, 1987). The development of categorical structure has been investigated at three levels: (i) basic level categories (e.g., product class: food); (ii) graded structure that exists within the category (e.g., product type: fruit and vegetables); and (iii) ad hoc or goal-derived categories (e.g., food not to eat on diet) (Alba and Hutchinson, 1987).

The level of generality of the category is also considered the basic level where within-category similarity is maximized relative to between-category similarity (Mervis and Rosch, 1981; Tversky and Hemenway, 1984). People tend to process information at the basic level since it is the first categorical structure learned in a given domain and it requires minimal cognitive effort (Rosch et al., 1976; Fiske et al., 1983). In general, traditionally retailers have organized items by product type, letting consumers expect to see products that look alike grouped together, expediting the shopping process (Poynor and Wood, 2010).

Past research has referred to the organization of a given set of items or associated information as *information presentation formats* (Bettman and Kakkar, 1977; Huffman and Kahn, 1998), *external structure* (Morales et al., 2005), *information formats* (Biehal and Chakravarti, 1982), *goal-derived categories* (Ratneshwar et al., 1996), and *subcategory formats* (Poynor and Wood, 2010). In the current study, we use the managerial term *special displays* to refer to the regrouping of a single well-defined category of items into an ad hoc and goal-derived category (e.g., money saving, health, etc.), holding the information provided for each item constant.

Research has shown that category representations are flexible, meaning consumers could form their category structure differently across various contexts or situations, and the adopted category structure depends on goals that are salient at a particular time or in a particular context (Barsalou, 1982, 1989; Ratneshwar and Shocker, 1991). Since consumer knowledge belongs to multiple categories,

it is critical to know whether a specific category representation will be activated when a consumer is exposed to a special display (Macrae and Bodenhausen, 2000).

Instead of processing specific attribute information of the target object alone, priming category information has been found to increase the relational processing, the extent to which consumers elaborate on the relationship between the category and the target object (Malaviya et al., 1999). Further, research shows that information about the category that was encountered first (e.g. cued by an ad) influences consumers' categorizations, expectations, and preferences (Loken et al., 2008), and also increases its later use (Hoch and Ha, 1986; Herr, 1989; Yi, 1990). Similar to cuing by an ad, a cuing of category information may occur from the exposure to a special display. Specific to retailing, Menon and Kahn (2002) find that stimulus or exposure in one part of a shopping experience can have carry over effects that influence subsequent shopping behaviors. Building on this theory, in this study, we propose that special displays may prime consumers to activate a specific mind-set that could have carry-over effects influencing subsequent shopping behavior

### 2.2. Mind-set theory

Mind-set theory could provide some explanations for why the exposure to a special display may produce a lasting influence on ensuing shopping behavior. A mind-set refers to the persistence of cognitive processes activated by performing a task. Once a mind-set is activated, it can be carried over to other situations and affect responses in those situations. The cognitive process of mind-set can be related to theories in knowledge accessibility (Higgins, 1996; Förster and Liberman, 2007). This stream of research proposes that cognitive procedures, like other types of knowledge, become more accessible, and are likely to be reactivated and used to make judgments and decisions in later situations, related or unrelated (Carlston, 1980; Smith, 1994). The effect of a mind-set could be one manifestation of this persistence of cognitive processes (Xu and Wyer, 2007).

Mind-set theories have only recently attracted interest in consumer behavior research (Xu and Wyer, 2007). Gollwitzer and colleagues (Gollwitzer et al., 1990; Gollwitzer and Bayer, 1999) have stimulated the mind-set application in consumer research. This stream of research argues that cognitive procedures of a mind-set may transfer or carry-over from a training (priming) task to a subsequent task (Menon and Kahn, 2002; Smith and Branscombe, 1987), which can be applied to the use of special displays in retail stores in the current study. Further, a mind-set can be triggered directly, by performing a task requiring to think about how to attain a goal, and indirectly, by simply engaging in a participative pricing exercise (Taylor and Gollwitzer, 1995).

Following this argument, special displays can be seen as a priming task that can activate consumers' certain mind-set that may be carried over to the remainder of the shopping trip. In this study, respondents will be exposed to either a special value display (i.e., dollar section) or a special natural food display as a subcategory that may activate consumers' certain mind-set, which may in turn influence subsequent unrelated or unplanned purchases. Specifically, we propose that the special value display may activate a value-oriented mind-set, resulting in more price-conscious shopping behavior, during the rest of shopping trip, while a special natural food display may trigger a quality or non-value-oriented mind-set, resulting in less price-conscious purchase behavior during the ensuing shopping trip.

### 2.3. Price consciousness

Price consciousness of shoppers is an important consideration in making strategic marketing and retailing decisions. Researchers

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