



# From “foodies” to “cherry-pickers”: A clustered-based segmentation of specialty food retail customers

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## ARTICLE INFO

### Keywords:

Specialty stores  
Customer  
Cluster analysis  
Segmentation

## ABSTRACT

With the emergence of the specialty stores in the last decades, we address the following question: “*What are the main characteristics of specialty food retail customer segments?*”. Data from a sample of 597 consumers residing in the US was analyzed through two-step cluster analysis. Results suggest that specialty food customers could be segmented in “*standalone rationals*”, “*foodies*”, “*cherry pickers*” and “*indulgencers*”; being the “*foodies*” the most attractive segment since they are strongly involved with specialty food products. Therefore, specialty food retail customers cannot be seen as a homogenous group and retailers could manage specialty food stores as four different retail settings.

## 1. Introduction

Specialty food stores have experienced an increase in popularity and demand, experiencing a strong growth over the past decade (Hutchinson et al., 2006). In a context of strong price orientation by some retailers and the increasing homogeneity of products and product assortments, the specialty stores offer a distinctive retail format with high product quality, good levels of service, a wide product assortment and unique merchandise. Further, the specialty food stores could be considered a recent store format designed to fit the customers' needs through a wide product assortment, customized service and an attractive environment (Hsu et al., 2010). These stores are characterized for offering unique high-quality food products which are difficult to find in mainstream food stores (Zhao and Huddleston, 2012), providing outstanding service (Huddleston et al., 2009). In addition, specialty shopping could be considered a reaction against the impersonal coldness of supermarkets, in an attempt to impart color and fun into everyday shopping (Milligan, 1987).

However, despite the growth of new grocery retail formats, there is scarce research on addressing specialty food store customers. So, considering that previous literature has left the area of specialty food retailing unexplored, the major contribution of this study is the identification and description of the customers segments of specialty food stores, examining whether there are different segments of specialty retail customers.

## 2. Literature review

### 2.1. The S-O-R model

The Mehrabian and Russell (1974) model is one of the most influential models to explain the effect of physical environment on human behavior. These authors proposed that the environmental stimuli (S) influence the individual's emotional state (O); that in turn drives individuals' behavioral responses (R). The S-O-R paradigm (Mehrabian and Russell, 1974) has been the main theoretical framework to explain the consumer behavior in the retailing context, considering the retail environmental variables as the stimuli that influence the affective processes of consumers that determine responses consisting of behavioral outcomes.

Donovan and Rossiter (1982) were the first to apply the S-O-R model to retailing, to examine the impact of store atmosphere on consumers' perceptions and behavior, showing that the pleasure derived from physical environment influence retail outcomes. Later, Bitner (1992) developed a theoretical framework that consisted of environmental cues, that according to the S-O-R model, created cognitive, affective and physiological responses that subsequently lead to behaviors. Consequently, we assume that in the specialty retail context, food product stimuli such as food appearance, freshness and presentation compose a set of stimuli that along with physical environment may act as variables influencing consumer behavior. So, the present study applies the S-O-R framework of stimuli, consumer emotions and behavioral outcomes in the specialty retail context.

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## 2.2. Specialty food retail attributes

### 2.2.1. Environment

According to [Kotler \(1973\)](#) the store environment or atmospherics could be defined as the “conscious designing of space to product specific emotional effects in customers that enhance their purchase likelihood”. The retail store environment offers multitude of stimuli that have a significant impact on emotional responses and consumers’ behavior ([Baker et al., 2002](#)), since consumers tend to make judgments about stores on the basis of their subjective impressions of sensory attributes ([Pan and Zinkhan, 2006](#)). More precisely, the store environment influences consumers’ willingness to purchase or to stay in the store ([Mano, 1999](#)), customer evaluations of service quality ([Bitner, 1992](#)) and store patronage intentions ([Baker et al., 2002](#); [Grewal et al., 2003](#)). Likewise, the store environment can create a favorable context and generate positive emotions ([Sirgy et al., 2000](#)).

Prior research reports the elements of store environment. Following [Kotler \(1973\)](#), the store environment is made up of tangible and intangible elements such as music, lighting and furnishing. Likewise, [Bitner \(1992\)](#) highlights that store atmospherics include three dimensions: ambient conditions, the spatial layout and functionality and the store design. Recent studies consider both external and internal variables of store environment, such as window displays, equipment, furnishings, decoration or signaling ([Puccinelli et al., 2009](#)).

### 2.2.2. Distribution

The store distribution describes tangible elements present in the interior of the store, such as the store design and style, the decoration, the store layout and display and the spatial distribution. More precisely, the store layout includes the spatial distribution, facilities and furniture; while the store display is described as the design of the way in which products are presented in the store to facilitate purchasing behavior ([Bäckström and Johansson, 2006](#)). Similarly, [Berman and Evans \(2009\)](#) reported the store layout, the placement of products and the grouping of merchandise as elements of the store distribution and the space design facilitate the purchasing goals.

Previous studies show that the store layout contributes to consumers’ positive/pleasant experiences. That is, positive emotions may arise when consumers can easily find the products they are looking for and when the layout of the store seems logical and with sufficient signs ([Jones, 1999](#)). Likewise, negative emotions may arise from store layouts perceived as jumbles or when the store is overcrowded ([Bäckström and Johansson, 2006](#)).

### 2.2.3. Store service

Retail formats that offer higher level of store service such as customer service and reduced waiting time are more appealing to customers ([Kamran-Disfani et al., 2017](#)) being the interactions with the store personnel crucial for the perception of service encounters ([Grönroos, 2000](#)). Prior studies have suggested that employees and store personnel are essential for customer satisfaction ([Oh and Kim, 2017](#)); especially when the staff offer extraordinary service, allow customers to shop without being under constant surveillance ([Jones, 1999](#)), or when makes an extra effort ([Bäckström and Johansson, 2006](#)). Similarly, service positive experiences are related to the competence, credibility and the ability of the personnel to provide helpful advices and to handle complaints ([Bäckström and Johansson, 2006](#)). Finally, the wait time, speed and accuracy of the staff is also related with customer satisfaction ([Grewal et al., 2003](#)).

Specialty store customers consider store service one of the most important determinants of store patronage ([Huddleston et al., 2009](#)), exerting the strongest influence on the shopping frequency at specialty stores ([Seock, 2009](#)). The reason is that specialty stores provide a *one-to-one* customer personalized services and higher levels of service than conventional stores ([Huddleston et al., 2009](#)). For specialty products -that demand considerable amount of shopping effort- consumers are

more likely to rely on salespeople's expertise ([Pan and Zinkhan, 2006](#)).

### 2.2.4. Products’ perceived quality

Perceived quality is a subjective notion that exists in the consumers’ minds that can be defined as the consumers’ global judgement of the product's overall excellence or superiority ([Zeithaml, 1988](#)). Because consumers impossibly can make correct judgements of the quality of products; they instead use quality attributes: taste, ingredients, naturalness and the quality of ingredients have been identified as the main attributes linked to food products’ quality in previous research. Following [Grunert \(2005\)](#) the most important food quality attributes are taste, nutritional values and packaging. Similarly, [Anselmsson et al. \(2007\)](#) highlight ingredients, nutrition information, product texture, consistency, appearance and odour as important attributes related to food product quality.

Specialty food products are characterized by their superior quality, derived from a combination of exclusiveness, processing and distinctiveness ([Murphy et al., 2002](#)), being the perceived product quality the main factor in choosing specialty food products ([Hansen, 2003](#)). Accordingly, customers perceive products at specialty stores of higher quality than products offered at conventional stores ([Huddleston et al., 2009](#)).

### 2.2.5. Assortment

The product assortment could be defined as the product variety and the number of different items in a merchandise category. The variety of products and items to choose between creates positive store experiences, while insufficient choice often contributed to the opposite ([Hsu et al., 2010](#)). The relevance of product assortment is higher for specialty stores, since these stores typically sell only one or a few closely related product lines, but offer a wide depth or selection within that line ([Friedman et al., 2011](#)) and may focus on one single product category carrying a deep line ([Friedman et al., 2011](#)). So, consumers expect to find a deep product assortment within the specific product category in specialty stores ([Zhao and Huddleston, 2012](#)). In addition, these stores carry hard-to-find and unique products, serving customers who are looking for specialized and often exclusive items that cannot be easily found in conventional grocery stores ([Kumar et al., 2011](#)).

### 2.2.6. Promotions and product information

Price promotions influence consumers’ experience positively when certain sales bargains are made, since some consumers value unexpected and spontaneous discounts and sales bargains ([Bäckström and Johansson, 2006](#)). Similarly, the main promotional activities for specialty stores are the word-of-mouth and community activities such as cooking classes and recycling events ([Hoovers, 2008](#)). Similarly, specialty food retailers are becoming increasingly aware of consumers’ growing interest in product information such as when, where and how food products have been grown or produced, nutritional information, or preparation suggestions ([Lawley and Birch, 2016](#)). And therefore, customers’ value the ability of the personnel to provide information about food products ([Bäckström and Johansson, 2006](#)).

### 2.2.7. Affordable prices

In the food retail sector, satisfaction is affected by the price level ([Huddleston et al., 2009](#); [Nilsson et al., 2017](#)). More precisely, prices influence consumers’ experience positively when perceived as good and affordable; while the perception of high prices or unfair pricing often enhanced negative experiences ([Bäckström and Johansson, 2006](#)).

Specialty food consumers do not value “*low price*” for product selection, being more quality conscious and less price-sensitive ([Huddleston et al., 2009](#)) and often spend extra money being committed to specialty food products ([Zhao and Huddleston, 2012](#)). So, what differentiates specialty stores from conventional ones is that customers do not perceive price as important as quality, assortment or services. Product quality is the key factor in specialty food store

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