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# UNIT 4 UNDERSTANDING THE RETAIL CUSTOMER

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## Objectives

After reading this unit, you should be able to:

- have an understanding and familiarization with retail terminology including key retail concepts;
- know what problems and opportunities retailers face to create consumer pull;
- understand factors that influence consumer behaviour;
- have an understanding of consumer decision making processes;
- understand how various factors influence consumer behaviour and expenditure patterns;
- understand the influence of situational variables on shopping behaviour; and
- understand examples in real life case studies of growing retail players.

## Structure

- 4.1 Introduction
- 4.2 Retail Activities
- 4.3 Consumer Behaviour Patterns
- 4.4 Factors Affecting Consumer Decision Making Process
- 4.5 Stages of Consumer Decision Process
- 4.6 Types of Consumer Decision Making Process
- 4.7 Influence of Situational Variables on Shopping Behaviour
- 4.8 Consumer Images of Retail Stores
- 4.9 A Sample of a Customer Profile and Analysis
- 4.10 Summary
- 4.11 Key Words
- 4.12 Self Assessment Questions
- 4.13 Further Readings

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## 4.1 INTRODUCTION

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### Understanding retail concepts: An overview

Retailing as we all would appreciate is essentially the marketing concept of a customer-centric approach to developing and implementing a strategy. The growth of organized retailing in India across lifestyle, groceries segments etc. through various formats like convenience stores, hypermarkets, discount stores, supermarkets and malls has created distinct consumer behavioural segments that is posing a major challenge for Indian retailers like elsewhere in the world.

For the more astute retailers this presents significant opportunities to build the necessary competencies that can be leveraged for creating a viable business-consumer proposition. Thus demanding evolve best practices across all the aspects of retail operations from customer management at the front-end to



vendor management at the back-end thus communicating a consistent image of what it stand for its customers.

This brings us to the subject of understanding retailing concepts to evolve a viable and incremental strategy.

The retailing concept covers 4 broad areas which precludes strategy:

- **Customer Orientation:** Where the retailer studies consumer behaviour and buying trends and fulfills those needs.
- **Goal Orientation:** The retailer has clear goals and targets to achieve as per a given formulated strategy.
- **Value driven approach:** The retailer makes a careful study of the value of the goods to be sold and its perception in the consumer mind. Price and quality plays an important role here.
- **Coordinated effort:** Every activity within the retail space is aligned to a goal to maximize efficiency in servicing the customer and deliver value.

## 4.2 RETAIL ACTIVITIES

In order to fulfill the consumer needs, retailers undertake various business activities which add value to the offerings in their store.

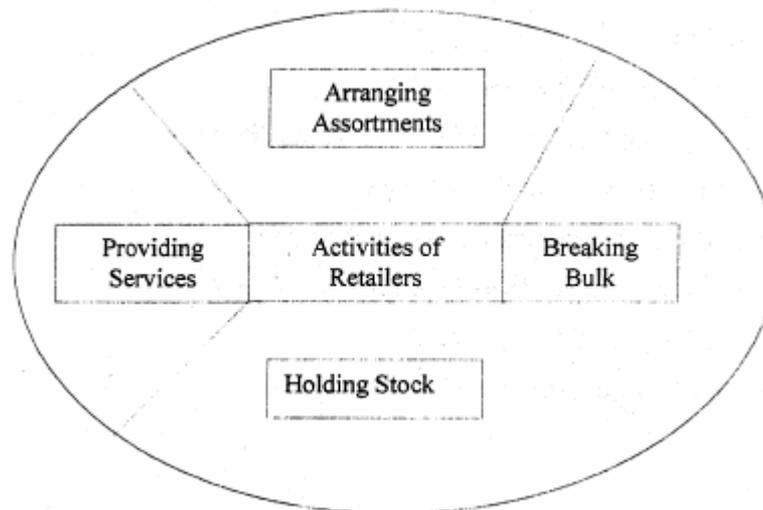


Figure 4.2

Some of the major activities are given below:

**Breaking Bulk:** Breaking Bulk is believed to derive from the French word *retailerre*, meaning 'to cut a piece off'. To reduce transportation costs, manufacturers and wholesalers typically ship large cartons of the merchandise, which are then tailored by the retailers into smaller quantities to meet individual consumption needs.

**Holding Stock:** Retailers also offer the service of holding stock for manufacturers. They maintain an inventory that allows for instant availability of the product to the consumers. It helps to keep prices stable and enables the manufacturer to regulate production. Retailers too benefit by keeping small; stock with an assurance of replenishment and can work within a budget for a month.

**Additional Services:** Providing product guarantees, after sales service and handling customer grievances are some, of the services that add value to the product at the retail point. Retailers fulfill orders, promptly process, deliver and install products.



Sales people are also employed to provide additional information on the functionality and features, usage of the product being sold. Efficient customer service is essential to make the consumers feel comfortable and important.

**Activity 1**

Pick up any three retailers in your neighbourhood and try to understand the nature of activities carried out by them. List out the activities accordingly.

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**4.2.1 Retail Customer Behaviour and Role of Services in Retailing**

In spite of the Internet making inroads in the shift of shopping behaviour, majority of the customers still prefer to purchase through stores.

Stores remain popular because of the following basic reasons:

- Need to touch and feel the product prior to buying.
- It allows social interaction and the opportunity to compare brands at one place.
- It instigates impulse buying by the look and physical feel of the product such as chocolates, snack foods and magazines.
- Customers also look for ambience and convenience in shopping.

Consumer money drives the economy, and retail is where consumers spend their money-such as in boutiques, restaurants, discount stores, and e-tailers.

Consumer shopping behaviour can be understood analysing factors such as demographic, psychological, or the lifestyle of the consumer.

Retailers are required to have better understanding of consumer benefits their perceptions and attitudes and how they influence the development of successful retail marketing strategies. Effective retailing requires an appreciation of the buying behaviour of consumers. Retailers must understand their consumers better so that they can both respond to and anticipate their needs proactively.

Some of the major criteria for the right approach to a customer need are:

- Creating the right environment
- Listening to customers
- Providing rewards to frequent buyers
- Realising the lifetime value of a customer and ensuring loyalty

The concept of life time value customers is employed in relationship building and marketing. The ongoing process of identifying and creating new value with individual customers over a lifetime of a relationship is termed as relationship marketing. This is important as it is much harder to attract new customers than it is to retain old ones. It is a blend of product, quality and services.

Most of the prominent retailers such as Shopper's Stop, Pantaloon and a host of others emerging retailers now have loyalty programmes for their regular consumers.



### 4.3 CONSUMER BEHAVIOUR PATTERNS

As you are aware that consumer behaviour follows no fixed pattern and is therefore very difficult to map. However it essentially encompasses, the study of how consumer makes decisions to use their resources like time, money and effort for buying, using and disposing goods and services.

In retail, marketers are keen to know the consumers shopping behaviour, which involves an understanding of decision variables like when where, and what to shop. These decisions variables are the factors to be considered by the retailer.

According to the consumer needs the retailer's evolve the best possible mix to attract the target consumer. The shopper's response to retail marketing mix has an impact on the firm's success in the long run.

Individual consumers consider each element of retail marketing mix in relation to their culture, attitude, previous learning and personal experiences. The consumer is influenced intrinsically by his/her needs, motives, perceptions, and attitudes and extrinsically such as family social class the culture and economic factors which affect his behaviour. These elements would help the retailers to place their retail marketing mix with their respective target segments.

It is important to know what and from where the shoppers shop and the reasons that prompt their shopping behaviour. Consumers buy products. Successful products are those that provide the tangible or intangible features necessary to realize the consumer's expectations of benefits.

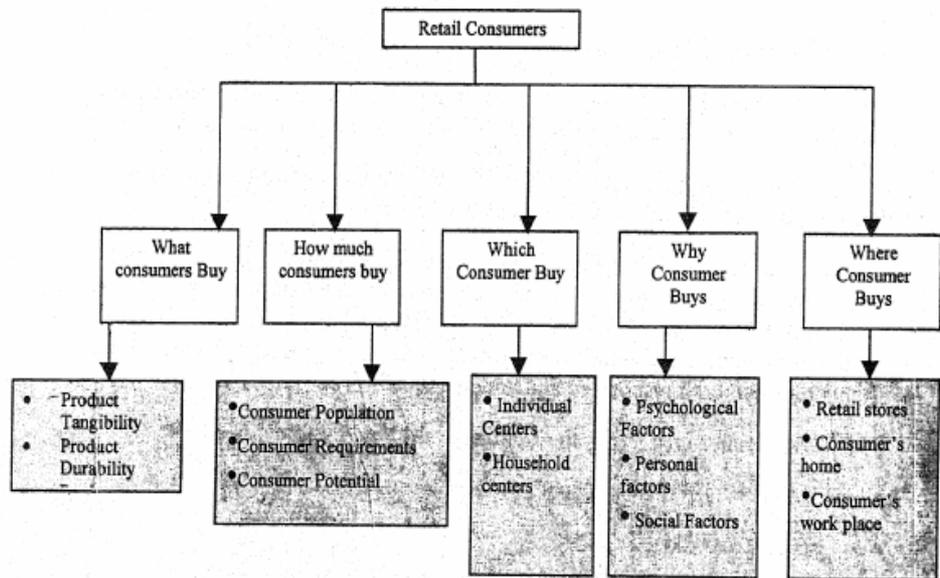


Figure 4.3: The Buying Behaviour of Retail Consumers

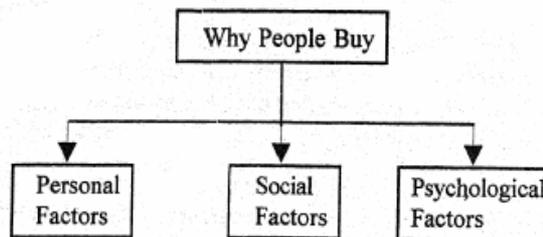


Figure 4.3.1



### Personal Factors

Personality is best defined in general terms; a general response pattern used by individual in coping with their environment.

- **Role-playing:** Shopping activities are learned behaviour and are expected or accepted as part of ones position or role, for example if your parents have been shopping at a certain store then you would prefer to shop at the same store.
- **Diversion:** It can be a diversion for the consumer from the daily routine and is a form of recreation. A visit to a mall or a shopping center is a diversion shopping as it is not your usual shopping area.
- **Self gratification:** Shopping may be motivated not by the expected utility of consumption, but the utility of their buying process itself thus ones emotional state or mood may explain why or when someone shops.
- **Learning of new trends:** Shopping provides an individual information about latest trends movements and product symbols reflecting attitude and life style. When you go window-shopping you learn new trends and styles.
- **Physical activity:** It involves a considerable amount of exercise too when you go for a walk you would also complete your shopping.
- **Sensory stimulation:** Provides sensory benefits such as touch and feel of merchandise listening to the sounds (Music) and smelling scents. When you move around a store or a shop.

### Social Factors

- **Social experience outside home:** It can help in seeking new acquaintances encounter with friends or just watching people around.
- **Communication with other's with similar interest:** It also provides opportunity for interactions with other consumers or sales people to get to know more information.
- **Peer group attraction:** Certain store may also provide a meeting place where members of peer group may gather for instance a visit to the local mall or shopping center to meet your friends or peer group.
- **Status and authority:** Shopping provides an opportunity to attain status and power by being waited.
- **Pleasure bargaining:** Shopping may offer the enjoyment of gaining a lower price through bargaining or comparison shopping or by visiting special sales offering discounts and rebates.

## 4.4 FACTORS AFFECTING CONSUMER DECISION MAKING PROCESS

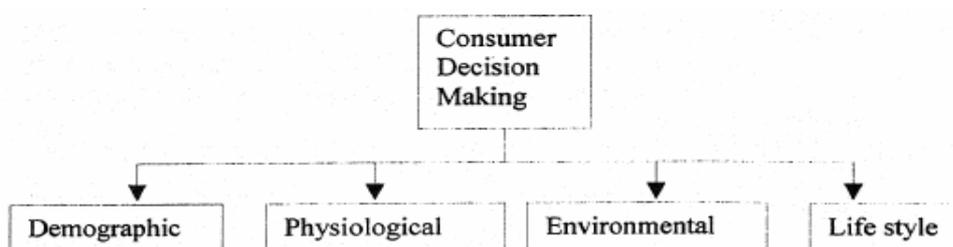


Figure 4.4



A consumer's purchase decision tends to be affected by these four factors:

**Demographic factors:** Demographic factors are unique to a person. It involves identification of who is responsible for the decision making or buying and who is the ultimate consumer. All stores have focused themselves on respective segments based on factors such as age, income family size, gender, occupation, etc. For example a designer store of garments is usually located in an up market shopping center or Mall. If this is in a low-income group residential area the store will not be viable.

**Psychological Factors:** Psychological Factors refer to the inner aspects of an individual. An understanding of consumer's psychology guides the retailer's segmentation strategy. Consumers respond differently towards the same retail marketing due to their respective motives, personality, level of involvement and attitude.

**Motives:** Motivation is prerequisite for any action this includes buying. It stimulates the need. If you have a headache buying a medicine is a motivation. The need to have the latest fashion in clothes, mobile phones etc. is also a motivation.

**Perception:** Perception is the process by which consumers attach meaning to incoming stimuli by forming mental pictures of persons, places and objects. Stimulus reception is accomplished through the five senses that is sight, sound, taste, touch and smell. The consumer feels that what he/she sees (hear, feel, taste and smell) is what they get.

**Learning:** Learning is the process of acquiring knowledge through past experiences. If you visit a store and the treatment you receive will be the criteria for repeat visits to the store. If the experience with the sales team was good then you may visit the store even if it is slightly more expensive than the store where the service was bad. Free sampling/trials etc. are also ways of making the consumer learn about a product and its attributes. If the customer sees, hears, feels, tastes or smells a product he/she learns more about the product and its attributes. A retailer must encourage a consumer to touch and feel the product so that his visit could turn into a buying experience. By offering customer satisfaction the retailer can be rest assured of having a loyal customer which is easy to retail than to generate a new customer.

**Attitude:** People use their attitude to pass judgment whether is it good or bad, right or wrong. If a customer feels that a store is expensive he/she will avoid going to the store. Reliability, stability, responsibility, dependability and credibility are the all strong messages that a retailer is required to project. Emotions are extremely important as this drives buying.

Behavioral traits like:

- Workaholic
- Impulsive
- Self confident
- Friendliness
- Adaptability
- Ambitious
- Introversion
- Extroversion

Can be used as measure to represent consumer buying behaviour.

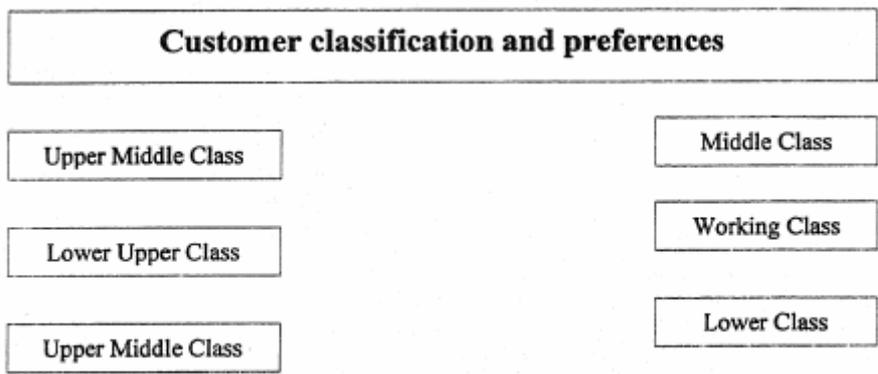


**Environmental Factors:** Environmental factors are both physical and social factors. This includes physical objects (goods and outlets), spatial relationship (location of shopping center and merchandising stores) and social factors (reference groups and opinion leaders). The environmental factors influence consumer wants, learnings, motives etc. which in turn influence affective and cognitive responses and therefore shopping behaviour of the individual.

**Social Class:** Social class is referred to as the classification of members of society into a hierarchy of distinct status and class. Social class is measured by variables such as education, occupation, wealth, and ownership of assets. Market research has established a link between social class and consumer attitudes concerning shopping behaviour.

Middle class and higher sections of society prefer to shop for grocery items once a month from a particular shop. They usually prefer stores offering variety and range of choice. Lower sections of society usually purchase on a daily basis. They are also not particular about the shop they purchase from.

Social status of an individual plays an important role even in determining the frequency of purchase. Majority of the middle class consumers prefer to buy vegetables in the morning for their freshness despite the prices being on the higher side, on the contrary the lower end sections of the society prefer to buy at dark to get benefit of low prices.



**Figure 4.1.1**

**Lifestyle:** Lifestyle refers to an individuals way/style of living as determined by his/her activities, interests and opinions. Lifestyle is considered to be highly correlated with consumers values and personality traits.

An individuals lifestyles is influenced by the social group he belongs to and his occupation or e.g., double income no-kids (DINKS) families in metros regularly shop at super malls because of limited time at their disposal and they also look for entertainment while shopping on weekends. Besides they are heavy spenders when compared to families with single income.

**Activity 2**

Make a visit to two malls/supermarkets in your location and observe the nature of consumers buying products. Then prepare a chart of the consumers as per class and other segmentation factors discussed above.

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## 4.5 STAGES OF CONSUMER DECISION PROCESS

### The Consumer decision-making process

Imagine having to buy yourself a new cell phone. The first step in this process is of course to recognize that you need a new cell phone. Though you may have an idea of which phone you would like to purchase, you probably want to do some research in order to narrow down a few alternatives.

You go online to investigate manufacturers, resellers, and independent consumer organisations, you ask friends and colleagues for advice, and you visit a few stores to check yourself.

You compare you options and finally decide to purchase what seems to be the best alternative, based on different criteria such as design, features, price, and trustworthiness of the supplier.

Once you have the phone in you possession, you assess whether it lives up to your expectations.

You might find that the phone is able to deliver what the manufacturer has promised, but the user interface seems to mismatch, and therefore you decide not to buy this brand in future.

The decision-making process can be described in five different stages:



Figure 4.5

Depending on the consequences of making a wrong decision, the complexity of this process can range from careful analysis to pure impulse. While an impulse buy, such as buying a packet of chewing gum, can take place instantaneously, complex purchases mostly stretch over a long period of time.

This buying process is an iterative process, where people collect information from different sources and repeatedly return to re-evaluate and compare the information they have found.

By understanding customer needs and concerns as they progress through the decision making process, marketers can build better and more successful retail marketing mix.

In the retail context, a marketer is concerned about shopping decisions such as when, what, how and from whom the consumers purchases and the frequency of purchase. Post purchase behaviour may take the form of cognitive dissonance.



**Activity 3**

You have been assigned the task of buying a music system for your home. Keeping in mind each one's interest how will you go about with the buying process.

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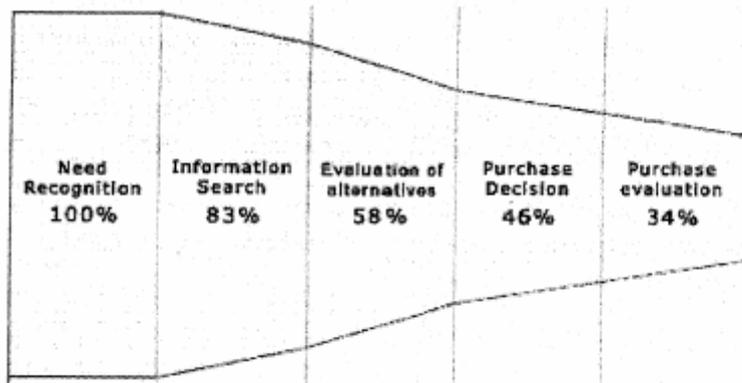
**4.6 TYPES OF CONSUMER DECISION MAKING PROCESS**

**The customer sieve and online retailing**

The Web as you will agree has turned out to be a great tool for information research, and studies show that the Internet is becoming the primary means by which people get key information. This counts for commerce in particular. People expect to be able to find information about products they are considering buying, even if a company doesn't sell its products online. Considering people's high expectations about the information and services available online, it's disturbing to see just how bad commerce web sites are at selling.

Researchers have discovered that the online buying process acts as a sieve, where customers are inadvertently filtered out at each stage of their decision-making process. Studies show that out of 100 purchase-ready customers completely intended on buying a product, only 34 will accomplish their goals.

“Commerce sites simply fail in supporting the consumer decision-making process, by not taking their customers' information needs into account”



**Figure 4.6**

At the information search stage, 9% wasn't able to find the products they were looking for because they couldn't identify the right product category or find product options using the search facility. 8% of the shoppers who succeeded in finding products gave up because the product lists didn't provide enough information to identify purchase options, or because they were confused by going back and forth between product lists and product description pages in order to decide if the products would fit their basic needs.

Researchers found that the major problems occur when customers want to evaluate their product alternatives. Only 25% of the shoppers who reached this stage proceeded to the next. Some stopped because they realized that none of



the products would fit their needs, but most because the product information was so inadequate that they couldn't tell if the products they were interested in satisfied their needs.

At the purchase stage, 13% dropped out because they didn't want to go through the required registration process or because they were disappointed by poor shipping charge policies.

A-surprisingly high amount of problems appear in the purchase evaluation stage. 11% of the shoppers are either so unhappy with a product that they return it, or didn't receive the product at all, or got the wrong product. Some of the shoppers returned a product because it wasn't what they expected, which suggests a failure in setting up the right expectations in the product evaluation stage.

### **Knowing the customers' decision-making process**

The most interesting thing about consumer decision process, is that while critical usability problems do exist in the design of the commerce site, such as users not being able to find products and bad design of checkouts, the majority of dropouts happened because of inadequate product information:

- Customers couldn't identify purchase options from the products list.
- Customers couldn't decide if the products would satisfy their needs.
- The product presentations and descriptions raised wrong expectations, -which made customers return their purchases.

Commerce sites simply fail in supporting the consumer decision-making process, by not taking their customers' information needs into account.

Designers of commerce web sites, have little chance of knowing exactly which information needs customers have when evaluating specific products. To support the customers' decision-making process, they have to 'do research in order to learn which needs and concerns they have when making a purchase decision.

Research of customer needs can be done in several ways. An effective and economical method is to collect information during a workshop with salespeople who are in contact with customers on a daily basis. Generating user profiles and scenarios is a great way of collecting this information. With a more extensive budget, interviews with customers and observations of their shopping behaviours can be conducted, in order to validate the generated profiles and scenarios.

No matter how we choose to conduct our research, there are some basic things we need to know about the customers in order to be able to support their decision-making process.

### **Information search online**

The basic prerequisites for customers to make their way through the information search stage are that they are able to find products and that they can easily identify purchase options from the product list pages.

Thus, in order to support the customer decision-making process at this stage, we need to know:

- Which words will customers use when browsing and searching for purchase options?
- What basic information do customers need in order to identify purchase options?
- What educational information do novices need in order to decide which product criteria are important to them?



## Evaluation of Alternatives

The problem at times with consumer decision making process is that there's no one to ask if you have a question. We see how a large number of customers drop out at this stage simply because the product information was so inadequate, that they couldn't decide whether the products they were interested in would fit their needs. A commerce site for online decision making process should act as a skilled offline salesperson, and have answers ready to any question or concern that the customer might have.

Some of the critical questions that we need answers to are:

- What detailed product information does the customers need when evaluating product alternatives?
- Which product evaluation criteria will customers use and which are most important to the customers?
- Which concerns will the customers have about the products and how can we address them proactively?
- How can we encourage customers to contact the sales and support department if they have further questions?

## Purchase Decision

At this stage emphasis should be on providing the easiest possible way for the customers to carry their orders through. If the products are sold online, we should remove obstacles such as poor registration, exorbitant shipping charges if any. If products are not sold online, customers would want an easy way to find out where and how to buy, or an easy way to contact the sales department.

## Purchase Evaluation

The outcome of the post-purchase evaluation stage is a level of customer satisfaction or dissatisfaction, which is determined by the customer's overall feelings about the product and buying experience.

Besides not receiving the product at all or getting the wrong one, many customers returned their purchases because the products didn't live up to their expectations. This problem is a consequence of not encouraging accurate customer expectations at the product evaluation stage. In order to avoid this, we have to make sure that the content presenting the products set up the right expectations.

## Designing for Customer Decision-making

Once we feel confident about customers' needs and concerns, our next challenge is to decide how to present the information to the customers in a way that supports the decision-making process. Some products will benefit from comparison charts, some from interactive product demos, some needs lots of detailed product images.

## Role of Services in Retailing

Though shopping over the phone and through the Internet have increased rapidly in the past few years the majority of Indian consumers still visit stores to shop. The location of the store is also important in the consumer decision process in the retail domain. Since consumers are attracted to a particular store, retailers need to track amenities of parking, extended hours of operations, special play areas for children, wash rooms, trial rooms etc. Besides efficient customer service is required to make the customer feel comfortable and important.



**Example:** Foodworld supermarkets provide home delivery to consumers if the purchase bill is above Rs.2000/month.

Thus, on the basis of the nature of decision one can classify the purchases into three categories:

**Routine Buy:** This refers to those transactions where the buyer reorders from a regular store without any modifications and on a routine basis. For instance, newspapers, bread, milk and high frequency items are purchased from shops in the vicinity.

**Modified Rebuy:** This refers to those transactions where buyers want to modify product specifications, prices terms, or suppliers. It usually involves more time and information. For example if a particular store does not have the product a consumer wants, he/she may seek advice from the retailer concerned. In case he does not give credence to the retailers advice, he may start information search online or other sources to shortlist his purchase decision.

**New Product Purchase:** This refers to those transactions where a consumer purchases a product or considers visiting a retail store for the first time and therefore require extensive information to evaluate the decision making process.

Further, on the basis of the effort required for purchase or the level of involvement, one can categorize the nature of consumer decision making into the following four levels:

- Extensive decision making/problem solving
- Routine response
- Limited decision making, and
- Impulse buying.

These four levels are strongly correlated to the kind of product that is purchased.

The 4 levels of consumer decision making are depicted in the figure below:

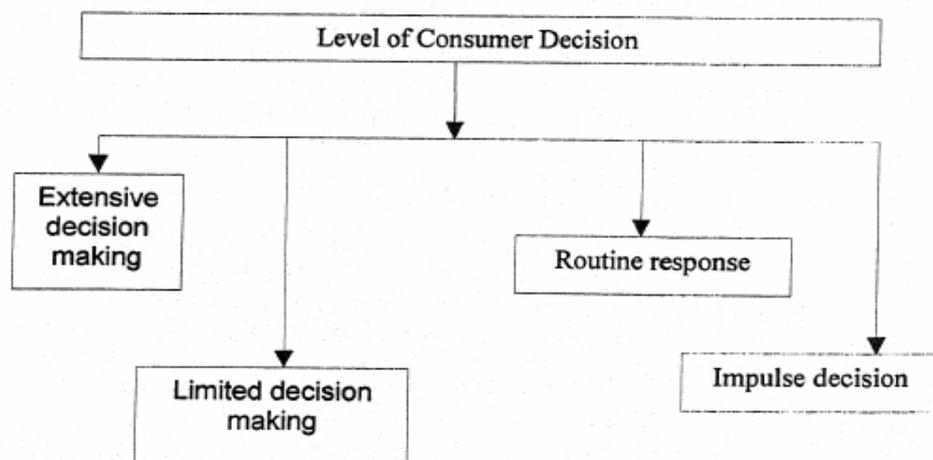


Figure 4.6.1

### Extensive Decision Making/complex High Involvement

This usually happens for unfamiliar, expensive and infrequently bought products examples include purchase decision for cars, homes, computers and education. For such transactions, an individual has to spend a lot of time seeking information



The information sources one uses for such purchase are mass media, friends and relatives, store personnel etc. For such decisions consumers go through all stages of the buying process.

**Limited Decision Making**

It happens when an individual purchases a product occasionally and is required to look for a different brand or retailer for a product one is used to because of non availability or non-performance.

**Example:** Clothes, utensils, crockery-essentially where the consumer is aware of the product class and not the brand.

**Routine Response/Programmed Behaviour**

This is observed in case of low involvement frequently purchased and generally low cost products. They require little search and decision efforts and are purchased automatically.

**Example:** buying grocery items from a particular retailer.

**Impulse Behaviour**

This relates to those purchases that do not involve any conscious planning. Examples are soft drinks which occurs due to sighting of the advertisement or the product at the outlet.

A particular product does not confine itself to one category of decision making behaviour product can shift from one category to the next. For example selecting a restaurant for dining out for someone not used to it may involve extensive decision making, but on the contrary it would be a limited decision making for someone used to frequent dining out. Therefore most of the eating joints locate their outlets at all possible destination shopping centers.

**Activity 4**

Make a visit to nearest departmental/supermarket and list down all the major categories (for e.g. snacks, home care products). Then categorise which of the products will involve the respective kind of behaviours discussed above.

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**4.6.1 Consumer Decision Rules**

Consumer decision rules as you need to understand are basically guidelines for any retailer to help tune his service/product proposition. They are classified into two categories, namely compensatory and non-compensatory.

**Compensatory Decision Rule**

On the basis of compensatory decision rule, a shopper evaluates score or brand after scores in a considered set.

**Example:** On the basis of research study while selecting a restaurant a prospective consumer will select 'Haldiram' in comparison to 'McDonalds' and 'Bikaner' on several counts of features desired as shown in table below:



## Compensatory evaluation of restaurants

Features	McDonald's	Haldiram	Bikaner
Cuisines available	5	8	8
Service	8	6	7
Price	7	9	8
Distance	7	8	4
Atmosphere	5	5	6
Total	32	35	33

**Non-compensatory Decision Rule**

This rule does not allow consumers to balance positive assessment of stores on one dimension against a negative evaluation on other dimensions. Taking the previous example: in case of restaurant selection, negative rating on atmosphere (Haldiram) would not be offset by the positive assessment of its merchandise mix (cuisines). That is to say that a consumer's choice of restaurant is preset on variety of cuisines would have dropped McDonald's out of the reckoning in this form of decision process.

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#### 4.7 INFLUENCE OF SITUATIONAL VARIABLES ON SHOPPING BEHAVIOUR

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Situational variables as you need to understand refer to all those factors particular to a time frame and place of observation which do not follow from a knowledge of personal (intra individual) and stimulus (choice alternative) attributes.

Such attributes range from store location and layout to time of day and the presence (or absence) of others. These can be classified into four distinct dimensions of situational influence:

- 1) Physical setting
- 2) Social setting
- 3) Temporal setting
- 4) Task definition

**Physical Setting:** The physical setting covers geographical location of the retail outlet but can also mean the environment in which the consumer resides to access the shopping center. There are 'far shoppers' i.e. those who travel for more than half hour to reach the destination shopping point and 'near shoppers' who take less time to travel there.

At the same time there are late shoppers who shop in the late hours of the day and early shoppers who take the morning ride to the retail outlet.

**Social Setting:** The social setting describes the presence or absence, together with their social roles, role attributes and opportunities of interaction.

The shoppers who are accompanied by others are referred to as 'social shoppers' and those who shop alone are designated as 'solitary shoppers'.

**Temporal Aspects:** This refers to the constraints such as time available for shopping and factors such as seasonal variables which is particularly visible in



the context of both fashion shopping and perishable purchases such as milk purchased normally at day time and fashion apparel at the later part of the day.

## 4.8 CONSUMER IMAGES OF RETAIL STORES

A consumer's image of a store is the summation of his attitude towards various aspects of the store. Every retail store has an individuality that differentiates it from its competitors. A retailer must devise strategies to communicate its individuality across its target segment of consumers to build confidence in its merchandise and services.

It is argued that where there is some degree of congruity of an individual's self image of a store or brand there is a strong possibility of positive behaviour towards the store.

### 4.8.1 Retail Image Dimensions

To measure the image of a retail store, it is essential to identify and aggregate the relevant consumer attitude to the merchandise displayed, sales force deployed, location of store and the price levels of the goods to be purchased.

The dimensions which shape relevant consumer attitudes for a retail store are :

1) Locational convenience which covers the following determinants:

- Access routes
- Traffic barrier
- Travel time
- Parking Availability

2) Merchandise suitability

- No of brands stocked
- Quality of line of merchandise
- Breadth of assortment
- Depth of assortment
- No of outstanding departments in the store

3) Price points

- Price of item
- Price of same item in other store
- Trading stamps or coupons and discounts

4) Sales force and service

- Courtesy, of sales force
- Reliability of advertising and match with attributes
- Billing procedures
- Adequacy of credit arrangements
- Delivery promptness and care
- Eating facilities in store



#### 5) Congeniality

- Development
- Store layout
- Store decor
- Merchandise displays
- Class of customers visiting store
- Store traffic and congestion

#### 6) Post transaction satisfaction

- Satisfaction with goods in use
- Satisfaction with returns and adjustments
- Satisfaction with price paid
- Satisfaction with accessibility of store

Retailers, can thus deduce the understanding of the store image by their target segment(s) by devising or revising their corporate objectives and store operation.

**Example:** McDonald has positioned itself as a 'family restaurant' whereas 'Big Bazaar' as a discount store overcame the image of discounted items being second at with the quality line of 'sabse sasta sabse accha' brand recognition.

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### 4.9 A SAMPLE OF CUSTOMER PROFILE AND ANALYSIS

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Customer profiles are generated through consumer research which helps a retailer in defining the target consumer segment and acquiring them by asking the following basic questions:

- When do customers like to shop?
- When do consumers like to pay credit?
- What quality of merchandise customers prefer?
- What appeals to a customer in terms of layout ?
- Who does most of the buying in homes of consumers?
- What is the income level of my average customer?
- How does the -consumer react to promotional activities and new and different merchandise?

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### 4.10 SUMMARY

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In this unit we discussed the need for understanding consumer behaviour from a retailer's perspective for designing effective marketing strategies. Then we went on to discuss the behavioural patterns and the factors influencing them ranging from factors specific to the consumer and the influence of external environment.

Further we discussed the decision-making process starting from need recognition to purchase evaluation phases. Then we went on to discuss the impact of consumer decision rules which determine the choice of consumer. Eventually the aspect of situational variables and retail dimensions that retailers need to be aware of to attract consumers has been discussed.




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## 4.11 KEY WORDS

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**AIO:** Activity, interests and opinion the psychographic variables used in market segmentation.

**Attitudes:** Positive, neutral negative feelings a consumer has about the economy, institution, offerings etc.

**Cognitive Dissonance:** Doubts that occurs after a purchase is made.

**Consumer Behaviour:** Involves the process by which person determines whether, what, how, when, what and where from to purchase goods and services.

**Consumer Decision Process:** Stages a consumer goes through in buying a product or service, need recognition, information search, evaluation of alternatives, purchase, and post purchase behaviour.

**Demographics:** Objective, quantifiable, easily identifiable, and measurable population data.

**Evaluative Criteria:** The dimensions used by consumers to compare competing brands or product alternatives.

**Evoked Set:** Those products or brands already in the memory plus those prominent in the retail segment.

**Impulse Buying:** A process that occurs when the consumer experiences a sudden urge to purchase based on same subconscious attribute.

**Involvement:** The degree of motivation to process product related information during a buying process.

**Perception:** The process by which stimuli are selected, organized and interpreted.

**Psychographics:** It focuses on how physical environment is integrated into the consumer's subjective experience.

**Reference Group:** Influence of people's thoughts and behaviour. They may be friends, family members, personalities etc.

**Value:** Represented by the activities and processes which give a differentiated image to the consumer

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## 4.12 SELF ASSESSMENT QUESTIONS

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- 1) In what ways the knowledge of consumer behaviour is essential for the success of retail strategies?
- 2) What are the factors that influence consumer behaviour in retail banking?
- 3) What are the stages of consumer decision making and its impact on retail strategies? Specify with an example.
- 4) What are the types of decision making processes? Explain with an example.
- 5) Discuss the factors which affect the nature of consumer decision making?
- 6) State the influence of situational variables on shopping behaviour in a planned shopping center?



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### 4.13 FURTHER READINGS

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*Consumer Behaviour-concepts and applications* (fourth edition) by David L. Loudon & Albert J. Della Bitta.

*Retail Management* by Chetan Bajaj, Rajnish Tuli and Nidhi V Srivastava. (Oxford University Press).

*Retailing* by Dale M. Lewison (sixth edition-Prentice Hall).