Impact of Pre-Shopping Activities on Purchase Decisions at the Point of Sale

Silvia Bellini* and Maria Grazia Cardinali†

Over the past few years, retailers and manufacturers alike are increasing the attention and resources allocated to the practice of shopper marketing with the aim of influencing consumers “in shopping mode”, when they are prepared to make a choice, along and beyond the entire path-to-purchase. Environmental changes, specifically the economic crisis and the growing penetration of digital technologies, have produced significant changes in shopping habits designed to gradually reduce the effectiveness of in-store marketing levers in influencing shopping behaviour. A new scenario seems to be opening up where more planning and preparation for shopping is carried out before the customer enters the store. Our work intends to explore the relationship between pre-trip activities and shopping behaviour in-store in order to understand if marketing levers could still influence consumers’ decisions in-store or, on the contrary, if a more prepared consumer limits the effectiveness of shopper marketing by reducing impulse buying. Our findings show that pre-trip activities have increased in importance and diffusion. This phenomenon has influenced shopping behaviour in-store by reducing impulse buying and increasing planned purchases.

Field of Research: Marketing (Retailing)

1. Introduction

Over the past few years, retailers and manufacturers alike are increasing the attention and resources allocated to the practice of shopper marketing with the aim of influencing consumers “in shopping mode”, when they are prepared to make a choice, along and beyond the entire path-to-purchase. This practice, known as “Shopper marketing” (Shankar 2011), is regarded as a priority by both retailers and manufacturers around the world for its ability to influence shoppers’ decisions in store.

According to a recent market research (IGD 2012), in Italy at least two out of three purchase decisions are made in store and this data would strengthen the growing strategic importance of the point of sale and all those levers which are operated in store to influence and affect the buying behaviour of the consumer.

In the last decade, industrial companies have gradually shifted their strategic focus from a traditional marketing approach, orientated to create awareness using pull and push strategies, to a shopper marketing approach, orientated to create awareness by influences triggers in the shopping cycle in the belief that in-store marketing levers are more effective than the traditional ones (communication out of store). At the same time, grocery retailers

* Silvia Bellini, Department of Economics, University of Parma – ITALY – email: silvia.bellini@unipr.it
† Maria Grazia Cardinali, Department of Economics, University of Parma – ITALY – email: mariagrazia.cardinali@unipr.it
Bellini & Cardinali

have invested increasing marketing resources in in-store promotions with the aim of influencing buying behaviour in the store.

Recent environmental changes, specifically the economic crisis and the growing penetration of digital technologies, have produced significant changes in shopping habits designed to create a new scenario for shopper marketing. Thanks to technologies, consumers are now able to collect information out-of-store and carry out several and various pre-trip activities, such as comparison of pricing, promotions and range among different retailers. Consumers, thus, enter the store much more prepared and they are able to make shopping quickly, only looking for products they had planned to buy, guided by a digital shopping list, digital coupons or printed customized promotions.

Many authors have investigated the activities that consumers operate before entering the store and, specifically, they have focused their attention on the role of the written shopping list (Heckhausen & Gollwitzer 1987, Iyer & Ahlawat 1987, Thomas & Garland 1993, 2004). Due to the rapid penetration of Internet and mobile devices, shoppers have today new opportunities and tools for searching information and preparing their shopping. While there is a wide literature about the written shopping list and its influence on shopping decisions, fewer are the contributions that have studied how pre-trip activities are changed in the digital context and how they could influence impulse buying. Our paper addresses this major gap in existing literature by considering all the information tools (online and offline) used by consumers along the entire shopping cycle.

In the new context, important questions arise: what is the relationship between pre-shopping behaviour and in-store shopping behaviour? How does this relationship vary among store formats? Can in-store marketing levers still influence consumers as in the past or their new planning attitudes limit the impact of in-store shopper marketing? These questions are relevant both from an academic viewpoint, as emerges from the literature described below, as well as from a managerial one. On this latter point, the answers can guide decisions about how to allocate marketing budget whether out-of-store or in-store marketing activities, as well as about how to differentiate these activities among store formats.

Starting from these questions, our work intends to explore the relationship between pre-shopping behavior and shopping behavior in-store, with the aim to understand how pre-trip activities have changed in the new market scenario and how they influence impulse purchases. The paper is organized as follows: first, a literature review about shopper marketing and instore behavior (impulse versus planned purchases) is presented; second, methodology and hypothesis are described; finally, the two last sections are devoted to the discussion of the main results and conclusion.

2. Literature Review

Shopper marketing has been studied along two perspectives: some contributions have assumed a broad perspective by studying shopper marketing as a whole and in a comprehensive way (GMA/Deloitte 2007, Oxford Strategic Marketing 2008, Harris 2010, Retail Commission on Shopper Marketing 2010, Shankar 2011, Shankar et al. 2011), while others authors have assumed a narrow perspective focusing on one or few specific aspects included in it (Kahn & Schmittlein 1989, Chandon et al. 2002, Inman et al. 2004, Sinha & Uniyal 2005, Larson et al. 2005 and 2006, Neff 2008, Chandon et al. 2007, 2009,
In our work, we assume the definition given by Shankar et al. (2011) who defined shopper marketing as “the planning and execution of all marketing activities that influence a shopper along, and beyond, the entire path-to-purchase, from the point at which the motivation to shop first emerges through to purchase, consumption, repurchase, and recommendation”. In other words, shopper marketing differs from traditional marketing because it recognises the need to understand, activate and engage with consumers when they are in the role of shoppers.

Several studies explored the relative influence of in-store and out-of-store shopper marketing activities on purchases, showing the high degree of decision-making taken in store (Deloitte Research 2007, Inman et al. 2009, GMA 2010).

Decisions made in-store have been defined in literature as “impulse buying”, in order to distinguish them from decisions planned before shopping, hence out-of-store. According to Beatty & Ferrel (1998), impulse buying is a sudden and immediate purchase with no pre-shopping intentions either to buy a specific product category or to fulfill a specific buying task. Impulse buying must not to be confused with unplanned buying: the first is a spur-of-the-moment purchase with little thought while the latter is buying since the shopper forgot to put an item on her list. Thus, according to this definition, in our work we consider “impulse buying” as purchases decided in-store and “planning buying” as purchases decided out-of-store, during pre-trip activities in the early steps of the shopping cycle (motivation to shop, search, evaluation and category/item/brand selection).

Shopper marketing activities could influence all the shopping cycle, namely pre-trip activities and shopping behaviour in-store. While this latter area has been studied in literature during the past years, the former one has been less explored because it has known a development only recently due to environmental changes.

In particular, changes in economy and technology have highlighted the importance of pre-trip activities and the potential role of shopper marketing practice in influencing them. On the one hand, due to the global economic downturn and the associated diminished disposable income, more shoppers are now seeking more information before entering a store and evaluating more alternatives before deciding where and what to shop for. On the other hand, the deep penetration of technological developments such as digital media and mobile devices among the population has opened up new opportunities to influence shopper attitudes and behaviour (Shankar & Balasubramanian 2009), particularly in the retail environment (Shankar et al. 2010).

Environmental changes have opened up a new scenario for shopper marketing: as highlighted in recent literature (Shankar 2014), shopper marketing is today evolving, shifting from a first phase (Shopper Marketing 1.0) which addresses interesting issues primarily relating to in-store marketing, to a second phase (Shopper Marketing 2.0) that will significantly extend to out-of-store marketing, including online and mobile marketing, resulting in an integrated practice.

In this new environment, to formulate and execute effective shopper marketing strategies, managers need to better understand the complete picture of how online, offline, mobile and in-store marketing influence shoppers in the path-to-purchase-and-beyond cycle. As
suggested by Shankar et al. (2011), there is a need to evolve from focusing on in-store to focusing on all stages in the shopping cycle.

3. Research Aims and Methodology

Starting from research avenues emerged in recent literature, our work intends to explore the relationship between pre-shopping behaviour and shopping behaviour in-store, with the aim to understand how pre-trip activities have changed in the new market scenario and how they have influenced the in-store shopping behaviour.

Specifically, our work intends to verify the following hypotheses:

H1: Pre-trip activities have increased in importance and diffusion

Given the growing influence of digital media on shopping behaviour and the effect of the global economic downturn in purchasing power, our work intends to explore the first steps of the shopping cycle concerning search and evaluation, with the aim of understanding which kind of activities consumers develop in preparation for grocery shopping. We expect that pre-trip activities have increased in importance and diffusion.

H2: Pre-trip activities vary among store formats

Given the complexity of modern retailing, characterized by several store formats with different strategies in terms of range, communication and pricing, we expect that pre-trip activities vary among store formats, particularly between hypermarkets and Hi-lo supermarkets (formats oriented to promotional price strategies) and EDLP supermarkets (formats oriented to every-day low price strategies).

H3: Pre-trip activities influence shopping behaviour by increasing planned purchases, thus reducing impulse buying

We expect that a more prepared and aware consumer, who devotes much time searching for information out-of-store, displays more calculating behaviour, which means that he decides to buy only the products which he had planned to purchase.

H4: A profile of shopper who is very inclined to prepare and plan grocery shopping is emerging

In this phase, we intend to verify whether, indeed, there is the profile of a new kind of shopper beginning to appear, who spends more time on pre-trip activities, less time in store and the majority of that time finding the products he had planned to buy. We expect that “planning shoppers” are beginning to outnumber “impulse shoppers”.

In order to verify this hypothesis, we performed a cluster analysis on our sample with the aim to find out whether shoppers could be grouped according to similarities in preparatory activities out-of-store and shopping behaviour in-store, as described in the paragraph below. The clusters were calculated using a non-hierarchical method similar to the K-means method. It is well known that the non-hierarchical methods have solutions that depend on the ordering of the original data, which is arbitrary. We overcome that issue by averaging several K-means run at different initial positions, so that the ordering of the data is irrelevant. The clustering is performed on standardized variables, so the (eventual) effect of magnitude and scaling of the original data is negligible. The optimal number of
clusters is selected by the Kalinski index, which properly takes into account the homogeneity within each cluster and the separation between different clusters.

The data were obtained using a structured questionnaire from 1.050 shoppers. The research focused on three Italian grocery retailers operating in different store formats (EDLP supermarket, hi-low supermarket and hypermarket).

4. Findings and Discussion

In order to verify our first hypothesis, we have analysed how consumers carry out pre-trip activities before grocery purchases, exploring the amount of time devoted to a list of pre-trip activities as well as the number of diverse activities carried out.

Firstly, our research shows the growing importance of the searching information process out-of-store: 65 percent of consumers interviewed search information out-of-store while only 35 percent of them search information in-store. Secondly, the preparatory activities are not limited to the preparation of a traditional shopping list, but cover several activities: in particular, before choosing the store in which making their grocery purchases, consumers search information about pricing and promotion (48 percent of those interviewed engaged in this activity always or often), compare flyers on line (92 percent) as well as off line (22 percent), compare retailers visiting their web site (22 percent) or aggregator on line (20 percent), and prepare a written shopping list (46 percent). To summarize, driven by the need to save money and enabled by digital technologies, pre-trip activities have increased in importance and diffusion, confirming our first hypothesis (H1).

However, are these pre-trip activities carried out in the same way among store formats?

In order to answer this question, and verify our second hypothesis, we have constructed an index that synthetizes all the pre-trip activities carried out before shopping (Table 1). The index, called “preparatory index”, includes all the pre-trip activities identified above and can range from zero (if consumers do not take part in any preparatory activity) to 100 (if consumers engage in all the activities).

<table>
<thead>
<tr>
<th>Pre-trip activities</th>
<th>Weight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection of information on prices and promotions (on and off line)</td>
<td>25</td>
</tr>
<tr>
<td>Consultation leaflets (print and digital)</td>
<td>25</td>
</tr>
<tr>
<td>Comparison retailers (on and off line)</td>
<td>25</td>
</tr>
<tr>
<td>Written Shopping list</td>
<td>25</td>
</tr>
<tr>
<td>Total pre-trip activities</td>
<td>100</td>
</tr>
</tbody>
</table>

The results show a higher “preparatory index” in the hypermarket than in the other store formats analyzed (Table 2) confirming our second hypothesis according to which pre-trip activities vary among store formats depending on their strategic positioning (H2). The hypermarket, for its characteristics concerning range (wide and deep), pricing strategies (high intensity promotion), location (much time to reach the store), requires more intense pre-trip activities compared to the other store formats where the shopping can be simpler and more “time saving”.

Table 1: Preparatory index composition
Considering these findings, it becomes interesting to understand if a shopper who systematically makes pre-trip activities before shopping is also a more “planned shopper” who tends to use, more than ever, a shopping list (mental or written) as a guide in the store looking for those products and those brands which he had planned to purchase.

In order to understand the influence of pre-trip activities on the balance between planning and impulse buying orientation, and by doing so, testing our third hypothesis, we explored the degree of planning of grocery purchases.

Our research shows that the percentage of consumers who bought products which they have planned to buy beforehand, is higher than the percentage of those who made “impulse buying”: almost half of the shoppers interviewed had bought a products which they had planned before, because it was a necessary product or because they knew that it was on promotion; on the other hand, impulse buying accounts for 26 percent (Table 3).

These results confirm our third hypothesis: a more prepared and aware consumer, who devotes much time to a search for information (about prices, products, brands) out-of-store, shows a more planning behavior, which means that he decides to buy the products and categories which he had planned to purchase (H3).

In order to have an indicator for each customer about his degree of impulse buying, we have constructed the “impulse buying index” which can range from zero (planned purchase of product) to 100 (not planned), as shown in Table 4.

Finally, it becomes interesting to understand if a planning buying orientation is more widespread than impulse buying orientation. For this purpose, we conducted a cluster analysis taking into consideration the variables concerned with the preparatory activities out-of-store and the shopping behaviour in-store. Specifically, we have considered the following variables: the preparatory index (as shown in Table 1), the index of impulse buying (as shown in Table 4), the time spent in front of the display (in seconds) and the share of wallet (as a proxy of degree of knowledge about the store).
Table 4: Impulse buying index composition

<table>
<thead>
<tr>
<th>Degree of impulse buying</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not planned (impulse buying)</td>
<td>100</td>
</tr>
<tr>
<td>Not planned, but purchased because promoted (impulse buying influenced by promotion)</td>
<td>80</td>
</tr>
<tr>
<td>Planned purchase of product because promoted</td>
<td>60</td>
</tr>
<tr>
<td>Planned purchase of category (not of product)</td>
<td>40</td>
</tr>
<tr>
<td>Planned purchase of brand (not of product)</td>
<td>20</td>
</tr>
<tr>
<td>Planned purchase of product (I need it)</td>
<td>0</td>
</tr>
</tbody>
</table>

The cluster analysis revealed three segments of shoppers which differ according to the effort put in pre-trip activities, time in front of display, impulse/planned purchase ratio and share of wallet (Table 5).

Table 5: Cluster analysis output

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cluster 1</th>
<th>Cluster 2</th>
<th>Cluster 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparatory index</td>
<td>29,35</td>
<td>28,53</td>
<td>26,53</td>
</tr>
<tr>
<td>Index of impulse purchases</td>
<td>28,45</td>
<td>11,47</td>
<td>89,48</td>
</tr>
<tr>
<td>Time in front of display (second)</td>
<td>117,1</td>
<td>20,97</td>
<td>23,15</td>
</tr>
<tr>
<td>Share of wallet (%)</td>
<td>62</td>
<td>57</td>
<td>58</td>
</tr>
</tbody>
</table>

The first cluster consists of 9 percent of consumers who can be defined as “Working shoppers” for their high engagement in all pre-trip activities (higher preparatory index) and length of time spent in front of the display. These professional shoppers indulge in some impulse buying – possibly driven by their confidence from the amount of preparatory work they do. The second cluster consists of 62 percent of consumers who can be labelled as “Grab & Go Shoppers” for their fastest in-store shopping process. Consequently, their impulse buying is reduced to a minimum.

Finally, the third cluster consists of 29 percent of consumers, the “Fast impulse shoppers”, driven by impulse buying and little influenced by pre-trip activities. These results confirm our last hypothesis: a profile of a shopper much oriented to preparation and planning of grocery purchases is emerging (H4).

4. Conclusions and Implications

Our research finds that pre-trip activities have increased in importance and diffusion, enabled by the growing penetration of new technologies and stimulated by a change in shopping behavior due to the economic crisis. The preparatory activities are common and span a variety of online and offline tasks and customers see these activities as having an influence on their choice of store, category and brands. In-store behavior seems to be more directed by pre-trip activities than generally assumed. The increasing in pre-trip activities, in fact, has influenced shopping behavior in-store by reducing impulse buying and increasing planning purchases.

Given these findings, a question becomes of paramount importance: what about the effectiveness of marketing levers in influencing shopping behavior? Can in-store marketing still influence consumers as in the past or do their new planning attitudes limit the impact and the effectiveness of in-store shopper marketing levers? This question is of paramount
importance for managers in order to decide how to allocate marketing budgets to out-of-
store versus in-store marketing activities, how to differentiate these activities among store
formats and, finally, how to become more effective and efficient in managing their
products.

In recent years, the resources allocated to price promotions have increased as well as the
share of products sold in promotion. An increase in price promotions has been
accompanied by an increase in trade marketing resources designed to support in-store
marketing activities. Until today, the flyer has been the most important means of
influencing consumers’ decisions in-store, while the point of sale has been the main
medium of communication of promotional initiatives, engaging a growing share of trade
marketing resources.

Today the diminishing returns in promotions and the risk that planned buying could reduce
in-store marketing levers effectiveness raise new concerns for managers who are
wondering if it would be better to invest more resources out-of-store using a multiple media
mix (web, mobile, social, etc.) reducing investments at the point of sale. Despite changes
in shopping behavior, the point of sale will continue to have an important role in influencing
consumers’ decisions, attracting therefore investments from both retailers and
manufacturers. Retailers will continue to need industrial contributions for managing in-
store activities and promotions. At the same time manufacturers won’t be able to change
shopper’s behavior solely with out-of-store activities.

The out-of-store influence of shoppers is potentially quite substantial, and marketers have
to look for new ways to influence shoppers’ perceptions early in the shopping cycle,
without diminishing the role of the point of sale and the role of in-store marketing levers.

As pointed out by Shankar et al. (2011), a new scenario is opening up for shopper
marketing: as technology enables shoppers to increasingly use and engage with multiple
channels, looking for consistent information even during pre-trip activities, retailers may
look to innovate shopper marketing in-store in order to influence decisions of consumers
who are much more conscious and prepared that in the past, thanks to the amount of
information they have collected out-of-store, during pre-trip activities.

Today retailers have growing opportunities to influence shopper decisions in store using
technology (such as RFID, mobile technology, TV networks, virtual reality), in-store
promotional instruments, innovations in aisle-placements and shelf-space management. In
particular, new technologies are opening a new phase for promotions in-store in which
shoppers will participate more actively than in traditional promotions which are addressed
to all customers and extensively (through display and layout). Nowadays retailers can
implement customized promotions, communicated directly to shoppers through mobile
devices, which will have in the future an increasingly active role in the consumers’ choice.

5. Limits of the Study and Prospects for Future Research

Our study focuses on the relationship between pre-trip activities and shopping behavior in-
store. While there is a wide literature about the written shopping list and its influence on
shopping decisions, fewer are the contributions which have studied how pre-trip activities
are changed in the digital context and how they could influence impulse buying behavior.
Our paper addresses this major gap in existing literature by considering all the information
tools (online and offline) used by consumers along the entire shopping cycle.
Unlike previous research, we use a cluster analysis to test the increase in planning buying, since we believe that a greater preparation out-of-store, enabled by digital technologies, limits impulse purchases. Confirming our hypotheses, our study shows that pre-trip activities influences shopping behavior in-store by reducing impulse buying and increasing planning purchases.

These results, however, could be different if we study shopping behavior towards specific category or store formats. Given the diverse nature of category in terms of degree of planning, it would be interesting to understand if a more planning orientation affects purchases also in categories traditionally considered “unplanned”.

Moreover, we believe that the analysis of the phenomenon across retail formats could be an important area for future research. In our study, we have explored how pre-trip activities vary among store formats but we have not explored if this result leads to a different shopping behavior in store. It would be interesting to explore if impulse buying behavior varies among store formats or, on the contrary, the similarity among store formats neutralizes the differences in shopping behavior. Given the growing interformat competition in retailing (as studied by Cardinali & Bellini, 2014), it will not surprising if a planning buying orientation will affect all the store formats, nevertheless their differences in strategies and positioning.

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