



Retail Psychology





Retail Outlets

Items can be purchased from the following:

- Independent Stores
- Multi-chain Stores
- Supermarkets
- Department Stores
- Discount Stores
- Street Markets
- Auctions
- Party Selling
- Television Buying
- Vending Machines
- Door -to-Door Selling
- Mail Order



Retail Outlets

Characteristics of retail outlets include:

Independent Stores

- Small and usually family run
- Often Speciality



Multiple Chain Stores

- Owned and run by one company
- Branches in many towns-similar in design and layout
- Competitive prices due to shared advertising and bulk buying



Retail Outlets

Supermarkets

- Large self-service stores
- Specialise in groceries and household goods
- Some are run by chain stores
- May carry own brand goods-cheaper



Department Stores

- Wide range of goods



There are many ways to make you spend!

Retail Psychology is the study of consumers and the factors which influence how consumers spend.

Understanding consumers is very important to a business trying to sell and compete against other businesses.

Advertising and marketing techniques are influenced by retail psychology. Companies ensure consumer information is collected (by means of market research) so that it can be used to their advantage.



Retail Psychology

The aim of retail psychology and marketing/advertising is to increase consumer spending and impulse buying.

As consumers, it is important to be aware of how a business can influence our spending so we can remain in control of our wallet.

Some techniques are subliminal (hidden) while other techniques are more obvious.





Techniques Used in Shops

Entrance

- The area just inside the door of a large shopping store– called the dwell zone – is a key area for influencing the shopper and dragging them deeper into the shop
- Department stores often use this space for escalators and directories
- Fashion stores use it to promote “this season's look”
- In supermarkets, it's the place the "distress goods” are put e.g. flowers, newspapers, cigarettes – the items that are bought in a hurry





Shop Design

Shops expertly:

- Design their layout
- Use smells to attract attention e.g. fresh baking
- Use colours effectively
- Use sales technique such as triangular balance e.g. expensive items at eye level





Shop Design

Triangular Balance

- This works on the idea that your eye will always go to the centre of the shelf
- Retailers put the biggest, tallest products with the highest profit margin in the centre of each shelf and arrange the other sizes around them to make it look attractive
- When you look at the triangle on the shelf, your eye goes straight to the middle and the most expensive box



Shop Design

This influences impulse buying.

Examples include:

- Sweets at the till
- Umbrellas right at the door
- Special offers placed at aisle end



Supermarkets are designed so that you pass as many aisle ends as possible!



Blocking Technique

Shops deliberately place devices such as baskets and displays at the entrance of an aisle or shop so the consumer has no option but to see the items.

Examples include:

- Bargain Baskets
- New product displays





Other Selling Techniques

- **Own Brand:** Own brand items are often the same size and colour as branded products so you may pick them up instead
- **Pricing:** €1.99 gives the consumer the idea that the product is cheaper than €2
- **Music, lights and décor:** Stores require fashion sense. Playing bad music or using the wrong decor can suddenly make the whole shop feel so dated!
- **Exclusiveness:** For example, a wall display of multicoloured handbags – each placed on its own shelf, hides the fact that the shop actually has six or seven of them. It makes the consumer feel like no one else has their bag by the store's illusion of exclusivity





Displays

- The supermarkets' key weapon is the use of the eye-level display. Experiments show that when consumers walk down an aisle, they often look only at the shelves that are eye-level. So the cheap stuff e.g. nasty baked beans at 20c go on the floor
- Trick number two is the position of the bread and milk – the "destination goods". They are placed at the back and middle of the store to ensure you walk past as many other aisles as possible
- Fresh fruit and vegetables are almost always at the front door. Not only does the store seem fresh but fruit and vegetables look healthier and fresher in natural light. In contrast, meat and fish need a clean, white light, otherwise they look tired





Displays

- Lighting is crucial. Some department stores lower the lighting in the lingerie department so people feel relaxed
- Music can help in more specialist sales settings. Research at Leicester University shows that French music played in a supermarket's wine aisle boosted sales of French wine. The following day, German folk music led to German wines flying off the shelves





Other Ways of Making you Spend!

Attractive Packaging: Catches the consumer's eye and increases impulse spending

Changing Store Layout: Changing store lay out can cause consumers to search for their desired products, again increasing impulse buying

Positioning Items by Association: Placing associated items near each other results in spending e.g. wafers near ice-cream, cloths near cleaning products

Special Offers: Half price, 50% extra free, 3 for the price of 2. All these loss leaders are techniques to encourage consumer spending

Club Card Schemes: Loyalty cards and club card schemes are all designed to encourage loyalty of consumers. Points are built up, offering incentives such as money off vouchers or free coffee etc



Interesting Facts

- 65% of men who take a pair of jeans into a changing room will buy them, while only 25% of women will make that purchase. Likewise, a women shopping with a man will spend less time in that store than shopping by herself or with a child
- 50% of supermarket purchases are bought on impulse so it makes sense to have the milk and butter at back of shop so you have lots of time to see other products





Interesting Facts

- Research has found that, in a clothing store, when "feminine scents" like vanilla were introduced, sales of women's clothing increased. The same was true for men's clothing when "male" scents such as rose maroc were used
- The success of a shop depends on how the customer reacts to both the products on display and the sales environment. Younger people like the energy of bold colours whilst older people prefer more subtle palettes. Get those colours wrong and a retailer will find their customers simply won't relate to their brand





The Power of Colour

- Colour association also extends into food retailing. Many fast-food restaurants are decorated in vivid reds and oranges. These colours encourage us to eat quickly and leave - exactly what the fast-food operator wants us to do



- Luxurious brands, on the other hand favour softer colours that appear more sophisticated. In classy restaurants, they encourage us to linger and to order another coffee



Shopping Patterns

Shopping patterns have changed significantly over the past 50 years.

Large Shopping Centres: Offer a 'one stop shopping' experience with many retail outlets. Parking is usually readily available with other facilities such as crèches and restaurants

Opening Hours: The traditional 9.30 to 6.00 shopping times have greatly increased with some shops offering late and early opening times. Some even have a 24 hour service





Shopping Patterns

Consumer Information: Consumers are much more aware of their rights and the need to shop around for value for money

Payment Methods: Internet and phone buying has increased due to the availability of credit and laser cards. This has also decreased the need for consumers to carry cash

Competition: The increase in the number and variety of retail outlets has led to pricing competition





Shopping Patterns

Environmental Awareness: Consumers are more aware of the need to consider the environment. The introduction of the plastic bag levy and electrical recycling charge has forced retailers to become more environmentally aware

Nutritional Awareness: A higher awareness of nutrition has led to more detailed labels and increased availability of “healthy” meal options in take-away outlets

Hygiene Awareness: Consumers demand a high standard of hygiene in retail and food outlets, as they are now aware of the link between poor hygiene and illness

Multiculturalism: The retail and food industry have adapted products to cater for the increase of cultures living in Ireland



Consumer Research

Retail psychology and advertising techniques rely heavily on consumer research.

This includes the collection, processing and analysis of information from consumers about their needs and wants.

Benefits of Consumer Research

- Avoids over-production as seller is aware of market trends and size
- Identifies the competition
- Reduces the financial risk of launching a new business or product if it is not needed
- Gives information to allow development of new products and services
- Provides information on the consumer and allows the development of consumer profiles regarding age, income, family size etc
- It shows the seller how to best appeal to the consumer through advertising



Advertising Techniques

Advertising Techniques include:

- **Avante Garde:** The suggestion that using a product puts the user ahead of the times e.g. toy manufacturers encourage children to be the first to have a new toy



- **Facts and Figures:** Statistics and factual information is used to prove the superiority of the product e.g. Two out of three cats prefer.....



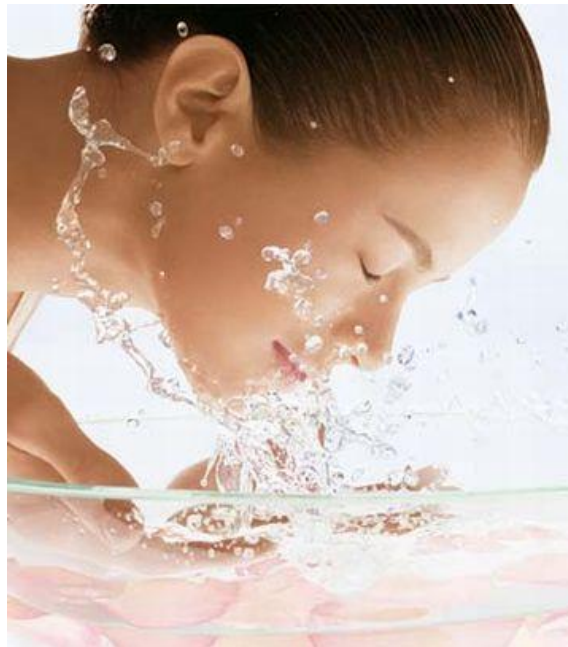
- **Weasel Words:** These words have positive meaning without actually making any guarantees e.g. a scientist or celebrity saying a diet product may help you lose weight, like the way it helped him lose weight



- **Magic Ingredients:** The suggestion of a fantastic discovery that makes a product very effective

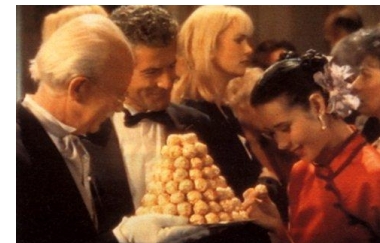


- **Patriotism:** The suggestion that purchasing a certain product shows your love for your country e.g. a company emphasising that its product is made in Ireland and all employees are Irish
- **Transfer:** Words, ideas and images with positive connotations, used to suggest the positive qualities of a product e.g. beautiful celebrities advertising skin care products





- **Plain folks:** The suggestion that a product is practical and of good value for ordinary people e.g. a cereal manufacturer showing an ordinary family sitting down to breakfast and enjoying their meal
- **Snob Appeal:** The suggestion that using a product makes the customer part of an elite group with a luxurious and glamorous life style
- **Bribery:** This makes a service or product more desirable as consumers like to think they are getting a bargain e.g. 50% off





- **Testimonial:** A famous personality endorsing a product e.g. Penelope Cruise with shiny hair



- **Wit and Humour:** Customers are attracted to products that divert the audience by giving viewers a reason to laugh or to be entertained by clever use of visuals or language

