Shopper typology and multi-channel shopping preferences for groceries

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Abstract
The objectives of this exploratory research are to develop a typology of grocery shoppers and to determine what shopping channels (multi-channels) are preferred over the others for Grocery shopping. The study comprised of focus group discussions and a survey comprising of sample size of 203 respondents from Karachi, the major metropolitan city of Pakistan. These individuals were identified based on judgment. The key selection criterion was whether they did the regular household grocery or not. The results of the study are discussed. Marketers should come up with initiatives to build trust amongst the urban shoppers because of their lack of proclivity towards using other channels for grocery shopping. Integrated gender wise promotion programs at various channels will help the company improve their relationship with customers.

Introduction

Multi-Channel marketing is about using multiple channels such as mobile, internet, brick and mortar store etc. to sell your products (Rangaswamy and Van Bruggen,2005; Neslin et. al, 2006). Pakistan has seen an upsurge in the online selling of various items such as electronic goods, clothing, jewellery and other categories. Numerous online sites such as Daraaz.pk, Kaymu.pk, beopar online, Asani.co.pk Rashanlelo.pk, Araamshop.pk etc. have sprung up, enabling many manufacturers and retail brands to increase the conumer touch points. The rise in the multiple channel usage could be attributed to an increase in the mobile penetration and internet penetration.In Pakistan,there are approximately 150 million mobile subscribers (Millward, 2014) and 30 million internet users half of whom use internet via their mobile phones (WebDesk, 2013). With such exciting fluctuations in the retail settings and owing to dearth of information available in this area from the Pakistani context, a study pertaining to the usage of multiple channels and the shopper motivation related to the grocery sector was conducted. The research objectives are to determine the typology of the grocery shoppers and to determine what shopping channels are preferred over the others for Grocery shopping. The research is conducted by qualitative and quantitative research approaches. Although other researches related to shopper typologies have been conducted but this type of research has not been done with respect to the multi-channel shopping preferences from the Pakistani context. The results and implication for the managers are discussed.

Literature Review:

The shoppers are now faced with multiple options when it comes to shopping channels.The choice of channels, however, is impacted by various factors such as demographics; gender (Kuruvilla, Joshi, 2010; Kuruvilla, Joshi, & Shah, 2009;Massicottea et al., 2011; Jackson,Stoel & Brantley, 2011; Arnold, Oum, Tigert, 1983), age (Jhamb & Kiran, 2012), Occupation (Hirshman,1981). Other factors influencing store choice include perceieved risk (Hawes & Lumpkin,1986), purchase intention (Newberry,Klemz & Boshoff, 2003), ecological signals or ambience (Baker, Parasuraman, et al., 2002; Turley & Milliman, 2000), mode of transportation (Gautschi, 1981), product category (Jhamb & Kiran, 2012), product variety and quality(Sirgy et al., 2000), store image (Osman, 1993), self congruity (Sirgy, Grewal, & Mangleburg,2000). The channel choice is not stagnant. As pointed

out by Valentini, Montaguti, & Neslin (2011), that the choice of channels evolves over time as a result of the marketing efforts.A study conducted by Schoenbachler & Gordon (2002); Cheng-Chieh, Hsiu, Rebecca, & Li (2012) identified the shopper motivation behind the selection of different channels.   Other numeous shopper related studies have developed shopper taxonomies based on their shopping goals or shopping motivation (Westbrook & Black, 1985; Farrag, El Syed, & Belk, 2010; Ganesh, Reynolds, & Luckett, 2007; Mehta, Sharma, & Swami, 2013;Garg, 2007; Jarratt, 1996; Purushottam, 2011; Mortimer, 2012;Wong, Osman, Said, & Paim, 2014; Lesser & Hughes, 1986; Johnson & Raveendran, 2009; Mcgoldrick & Collins, 2007). Researches also identify consumer characterics and their channel loyalty. For instance, Kwon & Jain (2009) identify that shoppers who identify optimal level of information tend be less channel loyal. The same study points out that the shoppers check the non-traditional channels not due to the price consciousness but due to their variety seeking behavior.Moreover, from the retailer perspective, a study conducted by Muller-Lankenau, Wehmeyer, & Klien (2005) classifies the European grocery retailers based on the general marketing startegies and structures. Other than the shopper typolgies and motivation, numerous studies have been conducted from the organization's perspective and indicate the importance of multi-channel marketing for different types of organizations selling different product categories. The study conducted by Khushwaha and Venkatesan (2005) indicates that the multi-channel shopper tend to overall spend more compared to the single channel shoppers, hence, provide better financial advantage for the firm. Furthermore, oraganization can use multiple channels for multiple segments. For instance, consumers might use one channel to search for information and the other channel to purchase the product (Chatterjee, 2010). The research further indicates that the thrift-seeking consumers are more likely to avaoid channel switching transactions because it might hurt their margins; also, the retailers selling standardized products are more likely to adopt a cross channel strategy.

Furthermore,Venkatesan, Kumar, & Bohling (2007) develop a customer selection framework in predicting customer behavior;Genslera, Dekimpeb, & Skieraa (2007) developed a model to assess various channels in a company's portfolio.Furthermore,a research conducted by Khushwaha and Shankar (2013) indicates that the multi-channel marketing approach works better for the hedonic product categories rather than utilitatrion products.

Research Methodology:

This exploratory study was carried out in three stages namely secondary research, focus groups and survey research. Six focus groups were conducted. Each focus group had six participants. Three focus groups comprised of house wives and the other three comprised of univeristy going students. The purpose of conducting focus groups was to determine the perceptions regarding grocery shopping and channel selection. It further helped in questionnaire design. The questionnaire was based on the focus groups and a validated instrument designed by Johnson & Raveendran (2009). The sample size for the survey comprised of 203 respondents from Karachi, the major metropolitan city of Pakistan. These individuals were identified based on judgement.The key selection determinant was whether they did the regular household grocery or not.The data analysis was done with the help of Factor Analysis and discriminant analysis.

4. Analysis and Findings

The focus groups indicated some interesting findings. When it comes to grocery shopping the housewives are the primary decision makers and are very particular about the stores they visited. They were very quality conscious and price conscious. Most of the housewives in the focus groups preferred stores which were providing one stop shopping solutions at a reasonable price. The relationship and the established trust with the retailer played a pivotal role in the channel choice. They would even order online/ telephone the brick and mortar retailer with whom the trust has been established. However, they were unwilling to try new outlets or the new channels of

distribution such as the online channels example Daraaz.pk, homeshopping.pk just because they are providing more ease and convenience. Touch and feel factor, outing and experiential elements were of crucial importance to these female shoppers. Some of them had tried new outlets such as Imtiaz and Metro due to the greater options available and discounted pricing. They differentiated the visits to departmental stores and Kiryana stores on the basis that if they want to buy huge quantity they would visit departmental stores but for regular items/stock replenishment, Kiryana stores (small convenience stores) are preferred. Most of them agreed that the quality of goods purchased from the big stores was superior to that of Kiryana stores. Focus groups of the younger target audience (university going students) pointed out similar results. Most of the respondents were reluctant to try out new channels such as online and direct marketing channels for grocery shopping. They however, showed positive inclination towards buying durable goods such as electronics and clothing items from these new channels. Grocery items, as some of the respondents' pointed out, are purchased from the trust worthy stores because the products are literally consumed and no risk could be taken in this category. There was slight variation between the males and females preferences. Some of the male respondents had done online grocery shopping but females indicated their reluctance to use these new channels for grocery.

The focus group results indicated that trust is a crucial factor in getting customers to migrate from one channel type to another or in case of existing stores making customer migrate from brick and mortar stores to other channel type. Most of these shoppers (housewives and university going students) prefer the brick and mortar's touch and feel factor. The choice of a physical store is greatly influenced by its reasonable pricing, convenient location and availability of options. For the new retailers in the brick and mortar as well as online channels sector, customer acquisition is an uphill task unless the trust factor is taken care of and the importance of online and other new channels are clearly communicated.

Results:

Based on the results of the focus group and the validated scale developed by Johnson (2009) a survey instrument was developed. The software used for the purpose of the analysis was SPSS. The results of factor analysis and discriminant analysis are given blow:

Factor Analysis. * Variables taken from the validated scale by Johnson (2009)

The method chosen for the purpose of classification of different types of shoppers was EFA. The criteria for selection was that each item should have a loading of at least .3 and each factor or construct should have at least two factor loadings.

Leisure Shoppers/fun shoppers (Alpha: .758)
I enjoy shopping for groceries.   .529
I go shopping to see what new product is available   .510
I shop because I get to know about new products or ideas   .563
I shop for pastime   .734
I go shopping whenever I am under stress.   .786
Variety-Seekers/Option seekers (Alpha: .608)
I try different things   .657
I go to a shop as I can to look at the wide variety of merchandise   .790
I would look at all the choices before deciding   .574
Social Shoppers/Socializers (Alpha: .588)
I exceed the shopping list   .493
I go shopping with my friends or family to socialize   .433
I would discuss with the with other before deciding on the purchase   .523
I generally seek help while shopping   .690
Best Price Seekers (Alpha: .54)

Lowest price offers attracts me   .691
I would try new outlets if they are offering better price.   .648
A person can save a lot by shopping for bargain   .584
Shopping when Needed Shoppers/Focused shoppers (Alpha: .516)
I tend to buy from a particular store   .414
I shop only when compelled   .575
I would shop from the nearest store.   .308
I tend to avoid crowds.   .733
I would like to finish shopping as soon as possible.   .454
Retail Assistance Seekers (Alpha: .63)
It is important to be recognized by the store's personnel   .707
I think personal contact with store personnel is important.   .784
Purposeful Shoppers (Alpha: .468)
I choose store where I find what I need   .744
I compare what I get for my money in different stores.   .714
I find myself checking the price   .553
I shop with a list   .413
Information Seekers (Alpha: .376)
I choose shop that has the best deals at the time   .584
I would collect a lot of information before I start shopping.   .407
I think it is important that there is staff to talk to in the store.   .570

The last two constructs namely purposeful shoppers and Information seekers were further removed from the analysis because of the low value of Cronbac alpha.

Discriminant Analysis.

A discriminant analysis was conducted in order to identify trends in shopper typologies and the role of typologies in choosing a shopping channel. We first attempted to discriminate based on gender on the distribution of the various shopper typologies. A total of 195 cases were analyzed (out of the 203 sample size) which comprised of 68 males and 127 females. The function was considered significant as the Wilks Lambda sig. value was 0.005 which is less than the 5% significance level. Significant differences were observed across the distributions for the typologies of "leisure shoppers", "social shoppers" and "retail assistance requires" through the test of equality of group means. The three typologies each generated a sig value less than 0.05. Upon further analysis, females identified higher on the typologies of leisure shoppers and social shoppers while males weighed heavier as retail assistance requires. The greatest difference was observed in the typology of social shoppers which generated the largest standardized canonical discriminant coefficient of 0.649. Hence, we concluded from the initial discriminant analysis that females are more likely to shop because of a social need or as a leisure activity as compared to men. Men, on the other hand, prefer shopping if they get personalized retail assistance.

A discriminant analysis of income brackets with respect to shopper typologies yielded interesting results. There were 22 cases in the "below Rs. 20,000" monthly household income, 9 cases with income of 21-35 thousand, 25 cases between 36-50 thousand, 37 cases between 51-75 thousand, 44 cases between 76-100 thousand and the remaining 66 fell in the above 100 thousand bracket. The first canonical function yielded as sig value of 0.03 making the function significant while the typology of "best price seekers" yielded a sig value of 0.01 making the typology a discriminating factor for income classes. The typology yielded a negative correlation of -0.724 with income brackets showing the decline in the typology as income bracket increases. Therefore it was concluded that, as monthly household income increases, the tendency to belong to the "best price seeker" typology decreases. A series of discriminant analysis was conducted to find patterns in discrete shopping channels being preferred by various typologies. In the first of these analyses, with responses of 42

respondents who do not shop at supermarkets being compared to the remaining 161 who do shop at the channel, it was concluded that there is no particular typology that identifies more with shopping in a supermarket. With an overall sig value of 0.726 and a Wilks Lambda of 0.974, the function was concluded to be insignificant. No particular preference of shopping at a supermarket could be identified in any of the typologies. From the near 80% positive response rate for shopping in a supermarket, we conclude that all typologies considered here do shop in supermarkets and there is no aversion to the channel in any particular typology.

The discriminant analysis for online shopping as a channel yielded slightly better results. With only 45 respondents claiming to shop online compared to 158 stating the contrary, there was only one typology, i.e. retail assistance requires that yielded a sig value below 0.05. The standardized canonical discriminant coefficient for this typology stood at 0.763 while the correlations between this typology and shopping online stood at 0.812. It was observed that those who chose to shop online identified more with the "retail assistance requires" typology that those who did not. This could highlight the availability of assistance provided by online reviews etc. in the online shopping channel which replaces the need for retail assistance hence encouraging those of this typology to shop online more often. A third discriminant analysis was conducted for retailer website as a shopping channel. With only 33 out of 203 respondents claiming to use that channel, the function was rendered insignificant with a sig value of 0.516 and Wilks Lambda of 0.967. All typologies were also individually rendered insignificant with sig values above 0.05 in the test of equality of group means conducted through the Wilks Lambda test. Lastly, a discriminant analysis of income brackets against shopping channels yielded no significant results and, with sig values of all canonical functions as well as all typologies above 0.05, no significant discrimination could be concluded on the basis of income brackets to preference of shopping channels.

The findings of the discriminant analysis are highlighted below:

Discriminant	X	Significant Variables			
		Variable Name	Sig Value	Standardized Canonical Function Coefficient	Structure Matrix Correlation
Gender	Typologies	Leisure Shoppers	0.014	0.4	0.508
		Social Shoppers	0.003	0.646	0.619
		Retail Assistance Requirers	0.005	-0.647	-0.585
Online Channel	Typologies	Retail Assistance Requires	0.03	0.763	0.812
Monthly HH Income	Typologies	Best Price Seekers	0.001	-0.653	-0.724

Another major finding of the research is that approximately 44% of the shoppers prefer to purchase from the single channel; 22% prefer to shop from two-three channels and the rest prefer to shop from a variety of channels. The overall preference online buying and catalogues is very low. This indicates that in an emerging market like Pakistan a variety of shoppers prefer to shop from a single store format and prefer a brick and mortar store over other formats.

Discussion and Summary:

In an emerging market like Pakistan with burgeoning population, mobile phone and internet penetration, the new channel players will have to face a major challenge in terms of the prevalent shopper mind-sets specifically in the grocery shopping categories. Trust, relationship building and reputation of the stores play a crucial role in the store and channel choice. Gender differences were also found in the store and channel preferences.

From the survey research six shopper typologies were developed. Compared to males, females had a greater tendency to be leisure shoppers and social shoppers. Males tend to have a higher tendency to be retail assistance seekers. Retail assistance seekers were also more likely to be online shoppers. Income brackets did not impact shopping channel preferences. As income bracket went up, shoppers were more prone to move away from the "best price seeker" typology. As far as the implications for the marketers are concerned grocery shopping from new channels is very uncommon. In order to reduce transaction cost and make the customers migrate from one channel to another it is important that marketers work on building the trust and relationship with the current customers and further clearly communicate the benefits of moving to another channel from the same retail brand. The website design and level/quality of information shared would make up for the experiential factor in the short run. Gender wise promotion and communication program at the brick and mortar and online level will help the company's develop better long term relationship with the shoppers and may also help the company in successful customer channel migration. Other implications for marketers include the targeting and positioning strategies based on the grocery shopping typologies

Direction for future research:

The limitation of the study is that it was conducted only in one metropolitan city of Pakistan and so the results are not generalizable. Future researches can be done in other sub-urban and rural areas of Pakistan and other emerging markets for grocery and other product categories. It would be interesting to see how the channel typologies vary from region to region. Also, it would be exciting to know whether gender differences in channel choice exist in grocery/other product categories or not.

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