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Special displays as a tool for promotion and navigation

Abstract

In the present study we elaborate on a tool for visual merchandisers, namely special displays. More specifically we study asymmetric effects of having different subcategories displayed in different areas of a store. In two large field experiments we show that for some subcategories an end-cap display is needed to draw attention to the subcategory and elevate its sales. For other subcategories the sales from their primary location will be good enough even without an end-cap display. This means that, for this second group of subcategories an end-cap display located in another part of the store could help the subcategory even more. This is so because the subcategory would then get a second chance of converting shoppers who never passed the part of the store for its primary location.

Introduction

Up to 90 percent of the cues provided by an environment are digested through sight (Keerfoot, Davies, and Ward, 2003). Hence, visual stimulation and communication have long been considered important aspects of retailing (Baker et al., 2002). One highly visible type of display in stores using a grid like layout is end-cap displays. For customers walking the perimeter of a store the end-cap displays will be within their visual field for several seconds (Sorensen, 2009). Therefore, research typically shows that special displays, such as end cap displays, are among the more powerful tools in the hands of the retail industry (Ailawadi et al. 2009).

Customers rely on end-cap displays not only to decide on what to buy but also to navigate the store. Consequently, previous research has also shown that the products on display will drive attention not only to the displayed brand but also to the rest of the category (Chevalier, 1975a). In a way an end-cap display could be seen as a category sign helping the customers orienting in the store. While the isles of the store could be used as borders between categories, the end caps or other special displays could be seen as landmarks communicating which types of products could be expected to be found in its proximity (Bezawada et al. 2011, Lynch 1960). This way the fixtures in combination with the end caps and the products will create a visual district within the store layout. Hence, we hypothesize that:

H1a: An end cap display will increase the sales of the displayed product as a share of the subcategory's sales.

H1b: An end cap display will increase the sales of the subcategory as a share of the department's sales.

H1c: The sales increase for the subcategory will be greater than that from only the displayed brand.

Category specific effects

Depending on the degree to which the shopper plans to buy a product, some (impulse) products probably need more of "in-store advertising" in its primary location. That is, some subcategories probably experience a greater lift in sales if there is an end-cap display next to the shelf where the subcategory is placed than others. For instance Chevalier (1975b) showed there were differences in how effective end cap displays were in generating sales both for the product on display as well as for the rest of the brands in the category. Similarly Bezawada et al (2011) showed asymmetries in how good different categories were at driving cross-category sales. Again this shows that products vary in how much visual aid they need to enter the shopper's decision-making process. From the above follows that:

H2a: Some subcategories benefit more if a product from the subcategory is displayed adjacent to the subcategory's primacy location.

Products that are of a more planned character and hence not as dependent on being put on an end cap to remind the customer, may therefore not be as helped by an end-cap display located next to the product's primary location. However, if it is a popular product it could perhaps benefit from being put in another high traffic area. This way, by being displayed in two locations, both in its primary location but also on an end cap somewhere else in the store, the shoppers get two chances of noticing and buying it. Hence:

H2b: Some subcategories benefit more if a product from the subcategory is displayed far from the subcategory's primacy location.

Purchase frequency and ease of processing as moderators

Previous research has shown that at the individual level, purchase frequency will help explain also future behavior. The more often a customer buys a certain product the easier the need for that product is retrieved from the customer's memory (Nedungadi, 1990; van Trijp et al. 1996). And the more often the customer has purchased the product the easier a display of the product will be to "read" (Nordfält 2011). Hence:

H3a: The higher the purchase frequency, the more the customer will buy.

H3b: The easier the decision is to make, the more the customer will buy.

Method

Two large field experiments were undertaken to test the hypothesis. One experiment was run in a chain of independent grocery stores and the other in a department store chain. We used Latin square designs and several aspects were held constant across both experiments. We tested to put various products on display in either the proximity of or more distant from its prime location. We also tested the effects of different designs of the displays in a manner that was constant across the store types. Moreover we used the same measures in the questionnaires, the same observation methods, and the same ways to analyze the sales data across the studies.

Results

Our analyses so far show general support for the hypothesis above. Regarding H1 we find that the end caps generate sales increases of large magnitudes and not only for the displayed brands but also for the subcategories as a whole. Regarding H2 we find support for the notion that, as stated, some subcategories benefit more on having a display adjacent to the subcategory's primary location. On the other hand, other subcategories benefit on having a display located away from the primary location, consequently giving the product a second chance of being noted by the shoppers. As stated in H3 these processes are moderated by the shoppers' purchase frequencies of the target products and also how easy the shoppers' perceived it to be to decide on making a purchase or not.

Discussion

So far our analyses have shown results of location asymmetries that are robust across grocery retailing and department stores. Knowing how to optimally locate displays is essential for all types of retailers. Space management in grocery retailing has perhaps been studied to a somewhat greater extent than in mass merchandise retailing. In the

present study, however, the area of interest is at a level that is general enough to be relevant for all kinds of retailing. The keys to optimizing visual merchandizing are still to be found and all steps in the right direction should be followed with great interest from both practitioners and academics in the field.

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