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THE CUSTOMER EXPERIENCE

The customer experience can be an important point of competitive differentiation, driving customer satisfaction, loyalty, and financial returns. This special issue provides new approaches for evaluating and managing these experiences to improve organizational performance.

BENCHMARKING CETALL SHOPPABILITY

By Raymond Burke and Neil Morgan

The ultimate goal of retailing is to bring together supply and demand; to connect the needs and desires of shoppers with available products and services. While progress has been made managing the supply side, the news is not as good on the demand side. Merchants continue to have difficulty creating retail environments that engage shoppers and convert their desires to sales. To help address this issue, we introduce a model of "retail shoppability," which relates the physical characteristics of retail stores, departments and product categories to shopper engagement and purchase likelihood. The model is based on an analysis of almost 5,000 shoppers taking over 16,000 shopping trips to a variety of retail formats and banners selling groceries in the U.S. It reveals five general shoppability dimensions and nine specific factors that capture the quality of the customer experience, and can be used to benchmark the performance of retail chains and identify opportunities to improve shopper satisfaction, store loyalty, and chain performance.



Marketers have discovered that the retail store has a powerful impact on consumer behavior that goes beyond product assortment, pricing and promotion issues. The shopping environment that retail stores create is the medium through which consumers connect with products. It affects the time shoppers spend in the store and how they allocate their attention and money across departments and categories. Manufacturers and retailers have learned that it is to their mutual benefit to design shopping environments that effectively engage customers and help to convert both latent and expressed demand into purchase.

Yet, despite its importance, merchants continue to have difficulty creating shopping environments that connect with consumers' needs and desires. Ever expanding floorplans, product duplication, a plethora of in-store messages, and the complexity of displays and promotions make it difficult for shoppers to find what they're looking for, and limit the consideration of potentially relevant brands (Iyengar 2000, Sorensen 2009). This is especially true for grocery retailing. A study by Consumer Reports (2014) revealed that 36 percent of its subscribers felt overwhelmed by the information they had to process to shop in a supermarket. One respondent noted, "I don't want to work at the grocery store; I just want to go through the aisles, choose more easily and be on my way."

To address this challenge, manufacturers and retailers need to develop a better understanding of consumer demand and the shopping process, and design more efficient and effective shopping environments. One source of guidance is the academic literature. A large number of studies have investigated the influence of the retail environment on shopper behavior and identified a host of factors that affect consumer choice. These include store atmosphere (Baker, Parasuraman, Grewal, and Voss 2002; Turley and Milliman 2000), department and category navigation (Titus and Everett 1996), product visibility, presentation, and organization (Burke and Leykin 2014; Deng et al. 2016), service quality (Dabholkar, Thorpe and Rentz 1996), shopping convenience (Seiders, Voss, Godfrey and Grewal 2007), enjoyment (Arnold et al. 2005; d'Astous 2000), and various other factors (Machleit, Meyer, Eroglu 2005).

Another source of insight comes from the commercial world. In 2005, the Retail Industry Leaders Association (RILA) published the book Future Retail Now: 40 of the World's Best Stores, which describes a set of 40 case studies of international retailers who used innovative marketing approaches to overcome the limitations of conventional stores, and enhance the customer experience and stimulate sales. Through a combination of effective store layout, clear and consistent signage, attractive product displays and demonstrations, simple and logical product organization, engaging activities, and exceptional service, the 40 stores made it easier for shoppers to see, find and buy the desired products, discover what's new, understand the benefits and value of the products sold, manage the time and effort required to shop, and enjoy the shopping experience. Based on an analysis of these cases, Burke (2005) advanced a set of ten principles for improving the shoppability of retail stores. This case research, along with a detailed review of the academic and professional literature, provide the foundation for the benchmarking methodology presented in this article.



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SHOPPABILITY DEFINED

Shoppability is defined as the capacity of the retail environment to translate consumer demand into purchase. It consists of two elements: *shopper engagement* and *purchase conversion*. By engagement, we mean the degree to which the retail setting "activates," or makes salient, shoppers' needs and desires. When customers are engaged, the products and displays connect with their personal interests and wants, and capture and keep their attention during the course of the visit. Sometimes shoppers enter a store with very diffuse needs, and seek to browse the available merchandise. In other instances, they have specific requirements in mind, and plan to make a purchase. In either case, it's the retailer's job to bring these needs together with the available products and services; as well as to activate other potentially relevant needs while the shopper is in the store.

Once shoppers' needs and desires are engaged, the second shoppability

challenge is *purchase conversion*: turning shoppers into buyers. The retailer must provide a clear path to purchase by removing or minimizing all potential barriers and friction points. The store environment should make it easy to navigate the aisles and identify desired products, select between alternatives, and conveniently purchase the preferred items.

The shoppability concept helps to align the interests of manufacturers, retailers and consumers. From the manufacturer's perspective, shoppable stores clearly communicate the benefits and value of the brands they sell, driving revenue and profit. For the retailer, a shoppable store provides a convenient and enjoyable shopping experience that creates satisfied, loyal customers who keep coming back. And consumers benefit because the primary focus of shoppability is on creating engaging shopping experiences that efficiently and effectively satisfy their needs and desires.

While general guidelines for improving retail shoppability are helpful (e.g., Burke 2005), each retailer sells to a unique set of customers through a distinct set of channels. It's therefore important to identify the specific shoppability challenges in each retail context. We need to determine how shoppers perceive the store environment, which aspects of the shopping experience are most important, and how they affect shopper satisfaction, store loyalty, and sales. In the following section, we describe a survey-based methodology for measuring shoppability at the store and category level.

MEASURING SHOPPABILITY

Traditional measures of retail productivity (same-store sales, sales per square foot, gross margin, direct product profit, return on inventory investment, etc.) miss an important part of the retail performance puzzle. They only reflect "realized demand," as captured in the form of sales There is no assessment of lost opportunity: customers who walk into the store and leave without buying, or who buy less than what they need or want. We need to measure this "unrealized demand" and evaluate how effectively the store environment converts this demand into purchase.

The goals of the shoppability scorecard project are to (1) develop a valid and reliable tool for measuring consumer perceptions of retail shoppability; (2) evaluate the store- and category-level shoppability of leading U.S. grocery retailers; and (3) identify opportunities to improve consumer engagement, purchase conversion, shopper satisfaction, and customer loyalty. The specific scorecard items were developed based on an extensive review of prior academic and commercial studies.

The shoppability scorecard questionnaire captures detailed information about customers and their store visits, as outlined in the Appendix. It measures the purpose of the trip, the products the shopper planned to buy, and the specific categories visited, shopped and purchased. It records the allocated and actual shopping time, how the time was spent (shopping/browsing/waiting), and whether the shopper would have liked to spend more or less time in the store. Several questions tap into the

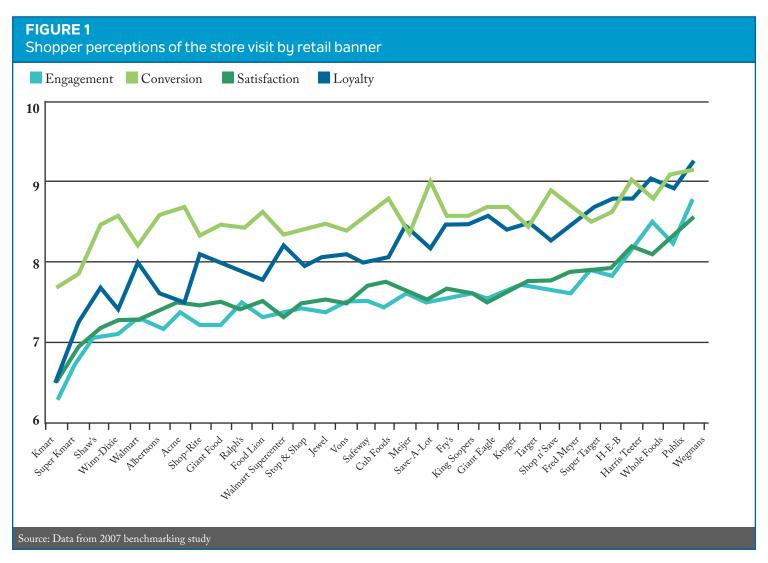
shopper's satisfaction with the trip, intentions to return in the future, and willingness to recommend the store to others (Fornell et al. 1996). The survey asks shoppers about their perceptions of engagement and conversion, as well as the actual purchase amount, and the degree of planned and unplanned purchasing. The core of the survey is a set of 93 questions about the customer's perceptions of the shopping experience. A five-point Likert scale measures respondents' agreement with 57 different statements about the store-level experience and 36 statements about the category-level experience (for one-to-two product categories per respondent). The questionnaire concludes with three open-ended questions ("What did you like most..., least..., what could be improved?") and several demographic classification items. In this application, other background data were imported from the TNS NFO panel database.

The scorecard questionnaire was used to conduct a national U.S. survey of retail shoppability with a representative sample of 4,726 shoppers from TNS NFO's online panel of 3.2 million respondents. Shoppers were screened to be the primary grocery shoppers in their households, and to shop for groceries at one or more of 46 selected stores in an average month. Participants agreed to do their shopping as they normally would, and to complete an online survey immediately after each store visit. These electronic "exit interviews" captured shoppers' trip perceptions while fresh in their minds, minimizing forgetting and improving data accuracy. Shopping trip information was collected from panelists over a one-month period, creating a diary of customer-retailer interactions (16,562 trips). These self-report data were augmented with register receipts, which were used to confirm the time and location of the shopping trip and the items purchased. The data were collected in the June/July 2007 timeframe.

The research captured data from 69 different retailers across multiple channels, including mass retailers, supercenters and supermarkets. In addition to the store-level data, information was collected for 24 different product categories representing dry food grocery items (prepackaged bread, carbonated soft drinks, canned vegetables, chips and other salty snacks, cereal, and candy), non-food grocery items (paper towels, pet food, cigarettes/tobacco, laundry detergent, household cleaners, disposable diapers), health and beauty care items (hair care, oral hygiene, analgesics, deodorant, shaving products, baby personal care), and perishable products (milk, prepared foods/meal items, fresh poultry, produce, deli, and bakery items).

SHOPPABILITY PERFORMANCE, DRIVERS, AND OUTCOMES

We organized the following discussion of results according to a set of questions that a manager might ask in the course of evaluating the shoppability of a retail chain, starting with competitive benchmarking of the chain on engagement, conversion, satisfaction and loyalty, and then drilling down to understand the individual shoppability drivers, the store-specific barriers to purchase, and other factors that might affect shoppability.



HOW WELL ARE RETAILERS ENGAGING CONSUMERS' NEEDS AND CONVERTING DEMAND TO PURCHASE?

Most consumers feel that stores provide an engaging shopping experience that connects with their needs and desires (Figure 1). All retailers scored above the midpoint (5.5) on the 10-point shopper engagement measures. Note that these stores are self-selected by shoppers, so one would expect a reasonably good match. However, there is significant variability in performance across retailers. Wegmans, Publix, Whole Foods, Harris Teeter, Target and H-E-B lead the pack, while Kmart scored at the bottom. Many of the retail banners in the middle of the distribution do well in some product categories but poorly in others.

Store ratings on the conversion measures were generally higher than for engagement. Customers reported that it was relatively easy to shop for and buy what they wanted, with all chains except Kmart scoring above 8 on the 1-to-10 scales. Consistent with this, shoppers reported buying 89 percent of the items they planned to purchase at the category level. In addition, they reported making 17 percent unplanned purchases. These "impulse" purchases are an indicator of latent needs made salient and converted into sales by the retail

environment. Most were made during exploration and stock-up shopping trips. There appear to be opportunities to increase both the completion rate of planned purchases (from 89 to 100%) and the percentage of unplanned purchases (above 17%) through improved store shoppability.

HOW DOES THIS IMPACT CUSTOMER SATISFACTION AND LOYALTY?

Measures of shopper engagement and conversion were highly predictive of customer satisfaction and store loyalty, explaining over 60 percent of the variance in satisfaction and almost 50 percent of the variance in loyalty (Table 1). The most important variable driving both satisfaction and loyalty is how well the store connects with shoppers' needs and desires.

For many stores, "trip loyalty" in terms of shoppers' intention to re-visit the store was higher than shopper satisfaction or willingness to recommend the store to a friend. This suggests that repeat purchasing may, in part, reflect inertia rather than true loyalty, making retailers potentially vulnerable to competitive entry — including that of online retailers. It is also important to keep in mind that there are competitive choice factors driving shopper

behavior that are not incorporated into this framework, making it hard to predict loyalty from shoppability scores alone. For example, a store may be very shoppable, but a competitor next door might be even better; or a store may have low shoppability, but the customer has no other options available (Rego, Morgan, and Fornell 2013).

WHAT DRIVES THE DIFFERENCES IN STORE PERFORMANCE?

To identify the underlying dimensions of shoppability, respondents' ratings of their store visits on the 57 store-level items and 36 category-level items were analyzed using factor analysis. A principal components analysis and equimax orthogonal rotation were applied to the data from the 16,562 trips, revealing five general shoppability dimensions and nine specific factors, as summarized in Table 2.

The first of the five major dimensions is **Relevance** (F1), which reflects the degree to which the store has the products the shopper wants in stock and available at a competitive price. Stores perceived as highly relevant offer an attractive selection of quality merchandise with sufficient inventory. Their prices may not be the lowest in the marketplace, but they are considered by the shopper to be fair for the value delivered.

The second major dimension is **Transparency**: when shoppers walk into the store and through the aisles, they can see what there is to see. This dimension consists of two factors. The first is the extent to which the store enhances transparency through clear department and category identification, product organization, and product and price visibility (F2). The second is the *absence of visual and physical clutter* (F3). When clutter levels are low, shoppers are unimpeded by obstructions in the aisles, confusing signage, or too many similar products.

The third dimension is **Convenience**: the degree to which the store minimizes the time and effort necessary to shop. It consists of three factors.

TABLE 1The influence of shopper engagement and conversion on trip satisfaction and store loyalty

	Satisfaction	Loyalty
Total variance explained (R2)	60.4%	48.2%
How well did the store connect with your needs and desires?	.399**	.421**
How engaging was the shopping experience?	.331**	.260**
How easy was the shopping process?	.128**	.077**
How easy was it to buy the products you wanted?	.015*	.003

Regression coefficient significance: *p < .05 **p < .001

TABLE 2 Dimensions of shoppability

RELEVANCE	The store has in stock the products that shoppers desire at a competitive price (F1)
TRANSPARENCY	The shopping environment makes it easy for customers to see and find desired products (F2), and limits visual and physical clutter (F3)
CONVENIENCE	The store reduces shopping time and effort by providing convenient store access and parking (F4), a quick and easy store layout (F5), and fast and helpful customer service (F6)
ASSURANCE	The presentation clearly conveys the unique benefits and value of each product (F7)
ENJOYMENT	The retail experience satisfies the incidental and contextual needs of shoppers by providing unexpected surprises (F8) and a comfortable environment (F9)

Factor analysis revealed five general dimensions of shoppability and nine specific factors, labeled F1 to F9.

The first is *store access* (F4): whether the store is conveniently located and easily accessible. Contributing variables include the availability of ample parking, shopping carts and baskets, and wide doorways and aisles. The second convenience factor is *store layout* (F5), where a logical store floor plan, effective product adjacencies, and reduced walking distances make shopping quick and easy. The third is *customer service* (F6). Retailers who perform best on this factor offer fast and helpful service with a staff that is motivated and knowledgeable, and a sufficient number of open checkout lanes.

The fourth dimension is **Assurance**: the extent to which the store environment clearly communicates the unique benefits and value of each item (F7). Drivers include the provision of sufficient product information, the availability of product ratings and reviews, showcasing new products with special displays, and product sampling. Measures of employee expertise and willingness to share information also contributed to this factor.

The fifth and final dimension is **Enjoyment**, which reflects how well the retail experience satisfies the incidental and contextual needs of shoppers. During a store visit, shoppers have a variety of needs, some salient and trip-specific (such as picking up items on a shopping list), and others that are latent and enduring (e.g., desires for exploration, discovery, social interaction) or situational (e.g., hunger, thirst). The enjoyment dimension consists of two factors. The first is *surprise* (F8): the degree to which the store provides unexpected and pleasurable experiences. Stores score high on this factor when shoppers find unexpected bargains and new and fun products, and have



pleasant interactions with other shoppers. The second enjoyment factor is *comfort* (F9), where the key drivers include providing a place to sit and relax, refreshments, appealing aromas, pleasant music, and clean restrooms.

Looking across the 16,562 shopping trips, store performance on the nine shoppability factors explains almost half of the variance in shopper satisfaction and a third of the variance in store loyalty (Table 3). Not surprisingly, relevance and service are two of the most important factors, but other less obvious factors, such as the absence of clutter, are also important drivers of satisfaction and loyalty. Every shoppability factor has a significant impact on shopper satisfaction and loyalty, so none of these factors should be ignored.

TABLE 3The influence of shoppability factors on trip satisfaction and store loyalty

	Satisfaction	Loyalty
Total variance explained (R2)	47.5%	32.8%
Relevance	.366*	.298*
Convenience/Service	.301*	.203*
Lack of Clutter	.257*	.249*
Convenience/Store Layout	.222*	.135*
Enjoyment/Surprise	.219*	.204*
Convenience/Store Access	.166*	.170*
Enjoyment/Comfort	.163*	.155*
Assurance	.146*	.088*
Transparency	.110*	.125*

^{*}All regression coefficients are significant at p < .001

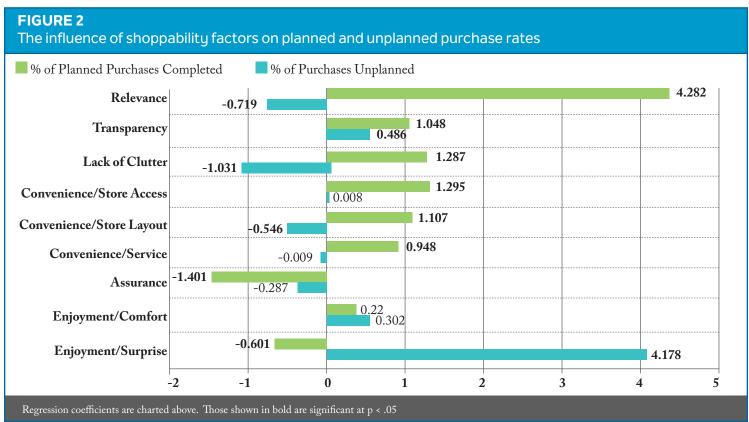
A more detailed analysis of these relationships reveals that variables associated with the *relevance*, *transparency*, and *convenience* of the shopping experience explain the most variance in the bottom half of the satisfaction

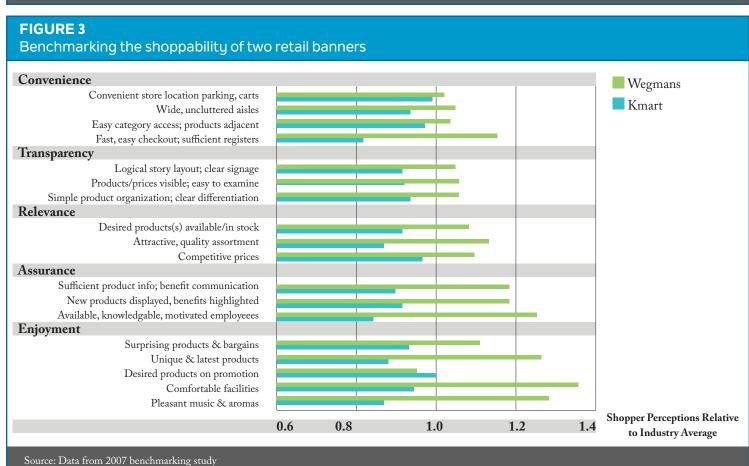
scale (below the median rating of 8.0). If a store fails on any of these "must have" attributes, it drives strong shopper dissatisfaction with the trip. The variables associated with *assurance* and *enjoyment* are better predictors of shopper delight (above 8.0 on the satisfaction scale). These "should have" attributes distinguish the retailers with the highest levels of shoppability.

We also observe that the shoppability factors play a different role in planned and unplanned buying (Figure 2). The store conditions driving a high percentage of planned purchases are the *relevance*, *transparency* and *convenience* factors. Shoppers are more likely to buy the intended items if they can easily access the store, find the products they desire in stock and at a competitive price, and check out quickly. On the flip side, *surprise* – created through unexpected bargains, promotions, and new and fun products – drives the purchase of unplanned and impulse items, while reducing the percentage of planned purchases. Physical and visual *clutter* also shifts buying from planned to impulse purchases. These findings highlight the challenges of designing a retail environment that optimizes both intentional and exploratory shopping.

WHAT ARE THE STORE-SPECIFIC BARRIERS TO PURCHASE AND OPPORTUNITIES FOR IMPROVEMENT?

Retail banners vary widely on shoppability, and there are substantial differences across product categories within each banner. Every retailer has strengths and weaknesses. Among mass retailers, Target excels at providing a comfortable, uncluttered environment with a relatively high level of service and surprising products. Kmart scores well on convenient store access, but lags other mass retailers on the speed and quality of service, product selection, inventory levels, and clutter. A similar picture emerges for supermarkets. Wegmans, Publix, Whole Foods, Harris Teeter, and H-E-B are at the head of the pack overall, but each chain can improve on one or more of the nine shoppability factors. At the other end of the spectrum, Shaw's, Winn-Dixie, Albertsons, and Shop-Rite score lower on overall shoppability, but each is above average on at least one of the nine factors. Figure 3 compares the highest and lowest performing retailers in our 2007 study on diagnostic scales representing the five shoppability dimensions. The differences are most striking on the assurance and enjoyment dimensions, where Wegmans stands out from the competition on all dimensions except price promotion.





Drilling down to individual survey items reveals specific problems and opportunities for improvement. In most cases retailers provide shoppers with the products they want in a convenient and transparent shopping environment. However, there are concerns such as clutter, employee attitude, and checkout speed. Many retail chains could improve shopper enjoyment and the communication of product value. For example, even the best stores score below 50 percent shopper agreement with the statement, "The benefits and value of each product were clearly communicated." There are also concerns about customer service.

WHAT ELSE AFFECTS SHOPPABILITY?

Each product category has its own unique shoppability challenges. On the transparency and convenience dimensions, perimeter departments (e.g., produce, deli, poultry, bakery) score very well, while health & beauty care categories are harder to find and purchase. Some frequently purchased items (e.g., milk, pet food) are less accessible, so it's important to clearly identify their locations to aid search. Enjoyment and surprise were relatively low across all grocery categories. Categories with high levels of product innovation (baby care, hair care), sensory stimulation (prepared foods, candy), and unexpected bargains (poultry, detergent, soft drinks) scored highest.

Category shoppability also varies across retail banners. Retail chains differ in their effectiveness at conveying the benefits and value of products, even for center-store items like soft drinks, chips, candy and pet food. The top-rated retailers create a more engaging shopping experience by providing attractive displays with sufficient information, offering unique products, and showcasing new items. The best retailers highlight the quality and versatility of fresh ingredients (e.g., meats, produce) with product sampling and helpful service.

Shoppability also changes based on environmental conditions. As store crowding increases, shoppers perceive higher levels of clutter and lower levels of shopping convenience and service. Retailers should plan contingently for peak and typical store conditions. Frequent shoppers who are very familiar with the store environment perceive higher levels of transparency and lower clutter. Transparency drops off for the 36% of shoppers who are not as familiar with the store. Shoppers who are not at all familiar with the store are less sensitive to clutter than occasional shoppers.

IMPLICATIONS AND FUTURE DIRECTIONS

This research demonstrates that retail shoppability can be measured in a scientific way using shopper interviews, and is the most important factor driving customer satisfaction and store loyalty. The shoppability scorecard allows manufacturers and retailers to assess store and category performance on the dimensions of relevance, transparency, convenience, assurance, and enjoyment, and identify and correct deficiencies that can hurt the quality of the customer experience and financial performance. The potential benefits are significant. Supermarkets with the highest shoppability scores in the 2007 study are also some of the fastest growing and most profitable chains. For example, during the period from 2006 to 2015, the gross margin generated by the three highest scoring shoppability stores — Wegmans, Whole Foods, and Publix — jumped 144 percent, 136 percent, and 53 percent, respectively, while

Kmart, at the bottom of the shoppability scale, dropped 53 percent.

Observational research is an important complement to the survey research methods reported here. By tracking the shopper's journey and mapping the product search and selection process, firms can identify the critical touchpoints where shoppers are engaged in decision making and potentially at risk of postponing a choice due to obstacles in the shopping process.

The focus of this research has been on grocery retailing, but the shoppability concept is easily extended across a variety of business contexts. A growing number of channels (from bricks to clicks to hybrids) have emerged, fragmenting shopping patterns and accelerating competition for trips. Shoppers' expectations are changing as they embrace new technologies and become more connected. Conventional brick-and-mortar retailers are losing ground to online vendors, who provide greater assortments, more detailed product information, and more convenient fulfillment. Macy's, Sears, and J.C. Penney are just a few of the chains being forced to close stores and rethink their approach to retailing.

The shoppability model provides a platform for this reinvention, and a roadmap for how digital technology can augment the physical store environment to deliver a more relevant, transparent, convenient, assured, and enjoyable customer experience. We are already beginning to see this transformation. Retailers are installing endless aisle displays to provide an expanded selection of merchandise from a centralized inventory. Chains are adopting mobile scanning and payment solutions to allow quick and convenient checkout. Stores are evolving into product showrooms, lifestyle centers, and retail theaters that can tell an engaging brand story, boost brand equity, and drive revenues across all channels. These changes will ultimately lead to more efficient and effective environments for translating shopper demand into purchase, enhancing the overall match between demand and supply and thus benefiting the economy. However, the retail channels, chains and stores that win relative to others will be those that deliver the highest levels of shoppability.

APPENDIX

SHOPPABILITY SURVEY OUTLINE

- 1. Store name and trip purpose
- 2. Shopping time planned and used
- 3. Product categories planned, visited, shopped, and purchased
- 4. Ratings of trip satisfaction and store loyalty (6 items)
- 5. Store-level shoppability questions (57 items)
- 6. Category-level shoppability questions (36 items for 1-2 categories)
- 7. Shopper engagement and conversion questions (4 items)
- 8. Planned and unplanned purchase measures
- 9. Shopping time allocation
- 10. Store familiarity and crowding perceptions
- 11. Open ended questions (likes, dislikes, suggestions)
- 12. Purchase amount and register receipt number
- Note: Shopper demographics and other background information were captured from the NFO panel database.

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NOTES

- 1 The RILA project was sponsored by a group of leading CPG manufacturers (Johnson & Johnson, Procter & Gamble, and Unilever) and Indiana University's Kelley School of Business.
- 2 The Merriam-Webster Dictionary (2016) does not include the word "shoppable" or any of its spelling variations, but the word "stoppable" is listed, and it is spelled with two Ps. This convention will be followed in the present article.
- 3 The two engagement questions were: "Overall, how well did [store] connect with your needs and desires? By connecting, we mean the degree to which the products, displays, and store environment closely matched your personal interests, needs, and wants," and "Overall, how engaging was the shopping experience? By engaging, we mean the degree to which the store was able to capture and keep your interest and attention." The two conversion questions were: "Overall, how hard was it to buy the products you wanted?" and "Overall, how difficult was the shopping process?" The conversion items were reverse scored to reflect ease of shopping and buying
- 4 "Buying" was perceived as somewhat harder than "shopping" because of out-of-stock conditions and concerns about wait time and staffing at checkout
- 5 The negative impact of *assurance* on planned purchasing was surprising, but a finer analysis revealed that providing "sufficient" product information encourages planned buying, while highlighting the benefits of new products has the reverse effect. The latter significantly boosts impulse purchases, as does product sampling.

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