



The relevance of shopper logistics for consumers of store-based retail formats

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ABSTRACT

This paper discusses and empirically evaluates the relevance of shopping-related logistics for consumers of store-based retail formats. Based on a literature review a conceptual model was developed and subsequently tested using a survey of more than six hundred consumers in the grocery retail sector. Respondents were those primarily responsible for grocery shopping in their households located in a highly concentrated European urban retail market. Variance based structural equation modelling reveals that shopper logistics has a major impact on the convenience of store-based shopping and partly influence consumers' perceptions of shopping related costs. Nevertheless, shopper logistics does not affect consumer behaviour in terms of the share of visits of a store. These results are moderated by age, hedonic shopping orientation, shopping frequency, average spending per trip and store format preference. We conclude that shopper logistics is relevant for consumers of grocery stores but its relevance varies between different shopper groups.

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1. Introduction

Everyday across the globe consumers fulfil their grocery shopping needs in self-service, store-based retail formats such as convenience/discount stores, supermarkets or hypermarkets. Due to the self-service nature of these store formats consumers also fulfil in-store to home logistics tasks, which we term shopper logistics, such as handling, picking, packing, transportation and storage at home (Granzin and Bahn, 1989). Retail stores can therefore be considered as demand fulfilment centres where consumers assemble their individual baskets of products or commodities (Alba et al., 1997).

However, consumers nowadays have more choice to use home delivery services that allow grocery retailers to fulfil certain logistics tasks using non-store-based retail formats (Murphy, 2003). Overall, there has been a steady rise in the market share of non-store retailing due to the growing use of the Internet as an information and order processing tool (Mintel, 2009); however the share of online sales remains less than 10% of the total retail sales (KPMG, 2011). Further, different forms of non-store retailing

cannibalise each other rather than taking away market share from store-based retail formats (Mintel, 2010). In the grocery sector – arguably the most important retail sector – the online market remains an even smaller niche. In the UK where online grocery retailing is already highly developed and widely accepted by consumers the share of online sales is about 5% relative to the total grocery sales (Mintel, 2009; KPMG, 2011).

The dominance of store-based retailing indicates that consumers and most importantly shoppers still manage the flow of products and related information between the retail stores and their households, *i.e.* they execute shopper logistics on an everyday basis and to a considerable degree (Kotzab and Teller, 2005a).

Yet, in terms of shopper logistics the procurement of groceries is a necessity and cannot be easily deferred by consumers having no possibility to have it done by someone else (Teller and Gittenberger, *in press*). The perishable nature of groceries results into a comparably high shopping frequency, which is determined by those products that are needed most and have the shortest storage life, *e.g.* diary products, fruits or vegetables (Kotzab and Teller, 2005b). Since most consumers have a lack of choice and have to shop for groceries at least once or perhaps several times a week, shopper logistics tasks and costs are higher compared to shopping endeavours for other product categories.

However, a key question that remains is why do consumers still prefer store-based retail formats for grocery shopping? Arguably this is an inconvenient, time consuming and cost creating task that

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is repeated frequently (Ingene, 1984). So far, the literature has dealt with the phenomenon of logistics-related tasks being carried out by consumers when they shop for groceries in a descriptive way. However, it has failed to investigate consumers' perceptions about the logistics process and consequently its relevance regarding patronage behaviour of store-based formats.

This paper's aim is to discuss and evaluate the relevance of shopping-related logistics tasks or shopper logistics to consumers of store-based retail formats in the grocery sector. The major contribution of this paper for retail and service research is to provide further insights into the perceived role of consumers as unwillingly and/or unconscious active members in the food supply chain. Thus, this paper contributes to a better understanding of the co-production of distribution services in store-based grocery retailing.

This paper is organised as follows: after these introductory remarks we present a literature review that provides a synopsis of the dormant discussion on shopper logistics. Based on that, five hypotheses are developed within a conceptual model, then, the methodological characteristics for empirically testing this model and the results from this research are presented. In the discussion section the findings are reflected upon with respect to the existing literature. A research limitations and outlook section concludes the paper.

2. Literature Review

The role of a household is that of the last link in a supply chain, following the notion of 'point-of-origin to point-of-consumption' familiar in the logistics and supply chain management (SCM) discipline (CSCMP, 2011). However, the relevance of shopping-related logistics for consumers or shopper logistics has not received wide attention in the marketing, retailing or logistics literature. Notwithstanding, we have identified four research streams investigating the role of households in supply chains and consequently consumers acting as logisticians.

2.1. Consumer logistics

Granzin and Bahn (1989) provided the first explicit conceptual discussion of consumer logistics. They transferred the concept of business logistics to a logistics setting in households. They set up a process model that describes and categorises logistics tasks undertaken by consumers. Based on that, they then presented a research agenda to guide future research. Subsequent descriptive publications of Granzin and colleagues proposed consumer logistics tasks or logistics-related household characteristics as segmentation criteria of markets (Granzin et al., 1997, 2005). Overall, these publications included not only the logistics attached to shopping but also the logistics processes within households. However, their simple idea of looking at households as logistics systems has not yet been picked up by other authors to a substantial degree and there has been little empirical study.

2.2. Non-store retailing

With the appearance and growing use of the Internet authors have begun to enlarge on the topic of distance and non-store retailing and thus the 'insourcing' of shopper logistics tasks (e.g. Eastlick and Feinberg, 1999; Ring and Tigert, 2001; Ward, 2001; Gehrt and Yan, 2004; Hansen, 2008). This body of literature considers store-based shopping and related logistics tasks as an 'antithesis' of non-store retailing but does not provide in-depth discussions or empirical insights into the relevance of shopper logistics. These papers convey the tacit assumption in the way

that shopping in store-based formats is an exhausting and/or annoying task for consumers—possibly because of shopper logistics. Thereby the authors focus more on the utilitarian rather than the hedonic dimension of shopping and orientation of consumers (Babin et al., 1994).

Recent non-store retailing literature has focused on the use of the Internet and its implications on consumer behaviour (Dennis et al., 2009; Hernandez et al., 2009). Regarding retailers, the literature has investigated their success strategies (Doherty and Ellis-Chadwick, 2009) and relationship with logistics service providers and consumer service quality (Xing and Grant, 2006; Xing et al., 2010). However, none have been concerned with consumer or shopper logistics activities.

2.3. Store-based retailing

Most of the consideration of selective shopper logistics tasks can be found in store (format) choice and patronage literature, although the notions of shopper and consumer logistics are only conveyed implicitly. Particular temporal and spatial aspects of shopping in terms of distance or accessibility have received considerable attention since seminal work by Reilly (1931) and Huff (1964), for example Fotheringham (1988), Grace and O'Cass (2005), Pan and Zinkhan (2006) and Reutterer and Teller (2009). Some other authors have focussed on convenience by providing infrastructural services (e.g. signage, recreational areas, specially adapted trolleys) or services facilitating the shopping process (e.g. information services, sales advice and self-service technologies) (Bearden, 1977; Reinartz and Kumar, 1999; Tang et al., 2001; Baker et al., 2002; Beatson et al., 2006). Overall though, the logistics contribution of consumers and its relevance is not discussed or investigated holistically.

2.4. Cost of shopping

Another research stream tries to convert shopping endeavours and therefore shopper logistics into tangible costs. Ingene (1984) conceptually discussed measures of labour productivity with respect to consumers' shopping endeavours and thereby considered measures of shopper logistics in terms of time, money and psychic efforts. Bell et al. (1998) extensively discussed the extent of shopping costs and tied them into a choice model to predict store patronage behaviour. Ruiz et al. (2004) included a quasi measure for (non-economic) costs in their activity-based segmentation approach with regards to shopping mall clientele. They used perceptual measures like accessibility and distance to operationalise shopping related costs. Lastly, Kotzab and Teller (2005a) provide empirical evidence that the estimated transportation costs related to shopping trips to (centrally located) supermarkets and (peripherally located) category killers play a significant but still marginal role in explaining the willingness to pay for home delivery services. However, the work around the topic of 'cost of shopping' has only considered shopper logistics to a marginal degree; the authors did though provide applicable notions to measure the relevance of shopper logistics for consumers.

After reviewing these different literature streams related to the shopper logistics phenomena, we consider there is a substantial gap in actually operationalising and measuring the relevance of logistics endeavours of store-based retail format consumers. The discussion of shopper logistics is not recent, quite scattered, implicit and unfocused, which results in the broad set of contributions illustrated above. Further, there is a deficit of empirical studies regarding the extent of logistics tasks undertaken by consumers when they shop. We propose a conceptual model in the next section to address these shortcomings in line with empirical research aims provided in the introduction.

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