



# Temporal and financial risk assessments: How time and money constrain shopper behavior and influence purchase solutions



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## ABSTRACT

**Purpose:** The purpose of this paper is to better understand the constraints that make shopper behavior unique from consumers and how those constraints manifest themselves in retail purchase solutions.

**Design/methodology/approach:** This study utilized value laddering and phenomenological research methodologies to explore the data gathered from 39 interviews of male and female grocery shoppers.

**Findings:** This research examines the perceived constraints on shopper resources. The data reveal that all shoppers perceive themselves to be constrained by both finances and time. These findings hold across all income, age, and employment strata. As a result, price and convenience no longer function as segmentation tools. Instead, pricing and convenience become thresholds setting shopper “floor” expectations for retailers, service providers and brands.

**Research limitations/implications:** This study was limited to grocery shoppers largely located in the southern US. Future research could expand on the variety of product categories and conditions explored, along with the cultural diversity of the participants.

**Practical implications:** Shoppers' broader view of purchase relationships reduces the importance of transactional savings. Shopper consideration of total market basket value, allows for more focus on services and relationships to drive shopper value. Shopper constraints can result in purchase outcomes different than what consumer research would indicate.

**Originality/value:** This research is the first to examine elements which may constrain shoppers, particularly temporal and financial risk assessments, and how they impact shopper purchase solutions.

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## 1. Introduction

Historically, the focus of marketing research has been on consumer behavior and the consumption process. More recently, marketing literature has identified characteristics unique to shoppers, who are often not the actual consumer of the product purchased. These characteristics are important to the growing field of shopper marketing which Shankar (2011) defines as “the planning and execution of all marketing activities that influence a shopper along, and beyond, the entire path-to-purchase, from the point at which the motivation to shop first emerges through to purchase, consumption, repurchase, and recommendation.” Shopper marketing, driven by access to shopping behavior data, is becoming one of the dominant strategies used by retailers and brands (Flint et al., 2014). Understanding what drives the distinctive characteristics of shoppers is critical for retailers and

brands to provide optimal shopper solutions. Yet currently, little academic research has focused on identifying the unique characteristics which distinguish shopper behavior.

Recent research indicates that shoppers (e.g., those actively engaged in purchasing) think differently than those engaged in other parts of the consumption process (e.g., consumers) (Bell et al., 2011). Further research indicates that shoppers follow a unique “path-to-purchase” distinct from that of a consumer (Flint et al., 2014). The path-to-purchase has been described as initiating with an occasion based need awareness and culminating at the point-of-purchase (Jones 2012). Differences arising from this alternate shopper path result in purchase behavior outcomes that traditional consumer behavior would not have anticipated (Flint et al., 2014). Once an individual engages the path-to-purchase known as “shopper mode” (Shankar et al., 2011), they begin to exhibit behavior which is no longer consistent with established consumer theory. For example, traditional consumer theory focuses on the consumer and their consumption habits, whereas shopper marketing focuses on the individual currently engaged in

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the shopping process and actively in shopper mode (Shankar et al., 2011).

The behavioral differences resulting from the initiation of shopper mode require existing shopper typologies which are based on consumer theory to be further examined (Shankar et al., 2011). Marketing has long held that the goal of purchase behavior typologies is to provide clarity and predictive power to purchase outcomes (Myers and Nicosia, 1968). However shopper mode engagement, which can elicit different behavioral outcomes, sub-optimizes existing typologies predictive power, reducing efficacy and benefit for the consumer and industry. Yet within the extant literature there is no examination of which elements may elicit these behavioral changes while shopper mode is engaged. As a result there is little opportunity for retailers and/or brands to develop tools to counter the resulting loss in typological predictive power. Therefore, this research is designed to explore attributes which may impact shopper behavior resulting in unanticipated purchase solution outcomes. Foundationally, this qualitative research focuses on two of the most utilized shopper typology elements; convenience seeking (temporal constraints) and price sensitivity (financial constraints).

Shopper mode initiation makes temporal concerns (convenience) and financial concerns (price) uniquely susceptible to constraint as the shopper is tasked with completing a purchase. This is different from a consumer who may be merely musing about a purchase lacking any specific solution deadline (Gardial et al., 1994). The shopper engaged on the path-to-purchase faces a known time certain by which the purchase need must be resolved. Therefore the shopper is keenly aware of their temporal and financial status both at the present and how the completion of the purchase need will impact their available time and money (Bell et al., 2011). In contrast, consumers are unburdened by acquisition deadlines, with only generalized considerations of acquisition items (Gardial et al., 1994) and are therefore under no immediate pressure to establish temporal or financial budgets in association with a purchase. It is only when the path-to-purchase is engaged placing the individual in shopper mode, that the temporal and financial ramifications of potential purchase solutions need to be assessed. For these reasons, temporal and financial risk assessments exist outside the consumer domain and are uniquely the purview of the shopper. With the path-to-purchase engaged, shoppers are required to spend both time and money to resolve the purchase need. Therefore, this research examines how shoppers perceive time and money while engaged on the path-to-purchase. Further, how time and money perceptions may constrain shopper purchase solutions, and if those constraints apply universally to all shoppers. Finally to examine how shopper perceptions of time and money constraints may alter behavior from what traditional consumer based typologies would predict.

## 2. Review of the literature

### 2.1. Shopper typologies

A review of shopper literature leads to an inescapable conclusion that the dominant theoretical framework is rooted in the traditional consumer behavior model (awareness, search, determination, action, consumption, disposal, and reflection) (Levy and Weitz, 2012). The focus aligns closely with the primary marketing goal of stable population segmentation (Kim et al., 2006). Shopper segmentation is organized around several key orientations including; socio-economic, demographic, psychographic, geographic, and lifestyle (Barnes, 1984; Berkowitz, et al., 1979; Bliss, 1960; Boone et al., 1974; Crask and Reynolds, 1978; Cunningham and Cunningham, 1973; Darden and Reynolds, 1971;

Gillett, 1976; Herrmann and Beik, 1968; Jolson and Spath, 1973; Li and Chang, 2010; Mills, 1983; Stone, 1954). Within most of these typologies price and convenience figure prominently. Stone (1954) utilized four categories (apathetic, economic, ethical, and personalizing) in which price and efficiency (convenience) were the foundation of the economic segment. Darden and Ashton (1974) used psychographics for shopper segmentation resulting in seven segments, of which four include price as a key attribute and one category is by itself convenience. By the late 1970s (Gale and Wood, 1994) posited that typologies should be oriented towards a consumer's store expectations, resulting in price sensitivity and convenience comprising half of the segments.

Typologies based in shopper motivation challenge the fixed segmentation models (Westbrook and Black, 1985), by allowing for orientations to adapt to each specific need occasion. Yet, even this motivation based typology is still dominated by price (four) and convenience (two) segments. Therefore within the literature, shopper typologies are consistently reliant on price sensitivity and convenience seeking as methods to segment shoppers.

The inclusion of price sensitivity and convenience seeking in virtually all segmentation models speaks to the universality of the constructs, as well as their limitations as segmentation tool. If price and convenience are universal, and therefore not suited as a segmentation attribute, then typologies such as Westbrook and Black (1985) would be reduced to a single element. The heavy reliance on the consumer behavior theory for shopper segmentation is inadequate and more likely inappropriate. To further explore how temporal constraint may impact shoppers, we explore the temporal constraints literature in more detail.

### 2.2. Temporal constraint

Temporal constraint has been represented by convenience in the literature for decades (Garretson and Mauser, 1963). Early consumer research specified ten categories comprising the domain of convenience, eight of which described the product itself (Kelley, 1958), leading to research focused on convenience products (Holton, 1958). Only two convenience categories are associated with product/service acquisition, reducing the research on shoppers.

Convenience is more commonly considered to be something that saves time or enhances speed of acquisition leading to increased sense of immediate gratification (Anderson, 1972). These two elements have also been construed as meaning time and effort expended on the purchase (Brown, 1989). For shoppers time is "saved" relative to their pre-conceived expectation of the time necessary to complete the purchase (Constantinides, 1982). The strong connection between purchase completion and time savings helps to explain the heavy marketing focus on convenience shopper segmentation (Berry et al., 2002).

Convenience for the shopper may best be represented as an economic decision. Time spent shopping represents lost opportunity to be productive (Becker, 1965). Time productivity can be construed as sustaining (work) or discretionary (social; family or others). Perceptions that time and/or effort to procure a product/service were in-excess of the "budget", result in the shopper assessing the cost to be higher than expected (Becker, 1965). However, shoppers do not perceive the uses of time which is budgeted as equal. Shopping (sustaining category) is appraised by shoppers as a more expensive use of resources (Hornik, 1984). Excess "costs" which are assessed to the time budget through longer than anticipated purchase completion, is highly is less transferable (Leclerc et al., 1995), so are more difficult for the shopper to recover. Many consider the internet a possible tool to gain time by shifting shopping outside of traditional "brick and mortar" hours however, that time is often reserved for discretionary use and reflects an even higher budgetary cost (Leclerc et al., 1995). This

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