



Regional product assortment and merchandising in grocery stores: Strategies and target customer segments



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ABSTRACT

This research examines consumers' in-store reactions to regional products. A field study has been conducted in two stores which adopt different types of visual and shelf merchandising strategies (i.e., regional products are located within their product categories with POS ads (n = 307) versus in a dedicated space with theatrical visual merchandising (n = 404)). This research shows that consumers' perceptions of regional products assortment and merchandising (for the store where regional products are located within their product categories) have a direct impact on retailer's local image and their loyalty toward these products and an indirect impact, through these two variables, on their loyalty toward the store. This research thus points out the superior performance of the strategy of merchandising regional products within their product categories, using POS ads to identify them. This research also highlights the existence of the two groups of consumers (i.e., the "regionals" and the "moderates") who are the most receptive to the regional products offered by grocery stores and on which retailers should concentrate their sales promotion efforts.

1. Introduction

There is growing consumers' interest in products of regional origin. For consumers, the region of origin of food products has become an important criterion in their product evaluation and purchase decision. For instance, Verbeke and Roosen (2009) showed that a high share of consumers in Europe is willing to pay price premiums for food with a regional origin. This finding was supported by a meta-analysis of food valuation studies for European origin-based labels by Deselnieu et al. (2013).

Parallel to this trend, numerous campaigns encourage consumers to buy products from their own region. For instance, the Western Australian government encouraged in 2003 consumers to purchase Western Australian products with their "Buy WA First" campaign. It was further extended to the "Buy West, Eat Best" campaign in 2015. The Province of Québec, in Canada, encouraged also consumers to buy products cultivated in this Province with its "The products of Québec, always the right choice!" campaign in 2012.

Researchers are also highly interested by regional products. However, previous works on these specific products mainly focused on consumers' motivations to purchase them linked to products attributes or consumers' characteristics. For instance, researchers investigated

consumers' level of regional ethnocentrism or regiocentrism (Siemieniako et al., 2011; Fernández-Ferrín and Bande-Vilela, 2013, 2015; Lee et al., 2016; Fernández-Ferrín et al., 2018) and their impact on their purchasing behavior. They indicated that consumers with greater ethnocentric tendencies are more likely to buy products from their own regions. They also stressed that the region of origin of a product is a mean for consumers to evaluate its quality (Ilbery and Maye, 2006; Dekhili and d'Hauteville, 2009) and its safety (Renting et al., 2003; Merle and Piotrowski, 2012), through the use of labels for instance (van Ittersum et al., 2007; Lorenz et al., 2015).

To our knowledge, no research has examined to date consumers' in-store reactions to regional products. Consequently, in this research, we focus on in-store merchandising strategy and underline the pivotal role of such merchandising strategy describing the relationships among consumers' perceptions of regional products, retailer's local image, and loyalty toward the regional products. The core target consumer segments of these regional products is also questioned.

As two major strategies exist for the in-store merchandising of regional products (i.e., within their product categories versus in a dedicated space) (Albertini et al., 2011), they will be both considered throughout this research. This research will thus complete previous works that examined the effectiveness (in terms of consumers'

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perceptions and purchasing behavior) of different in-store products placements (e.g. aisle and display placements) (Lam and Mukherjee, 2005; Bezawada et al., 2009; de Ferran et al., 2014).

In the first part of this article, the research subject, regional products, is defined and previous works on this subject presented. Then, the research hypotheses and the proposed model are introduced. In the second part of this article, the methodology of the research, conducted among 711 customers of two stores (i.e., a store where regional products are located within their product categories) ($n = 307$) versus a store where regional products are located in a dedicated space with theatrical visual merchandising ($n = 404$), and its main results are presented and discussed. Lastly, the study limitations are specified as well as the avenues of future research they suggest.

2. Theoretical background

According to Fernández-Ferrín et al. (2018), regional products can be considered as local products but on a larger scale. They may travel longer distances to the final consumption location or derive from areas with wider borders. The geographical proximity between production and consumption, as well as the specific geographical origin of the product, are thus important but less than for local products. The uniqueness of the culture, traditions, methods, and geographical and natural conditions associated with their production have also to be considered. The combination of these human, natural, and production factors, which are linked to a specific location, differentiates regional products from other products.

For consumers, the region of origin of a product is as important as other purchase criteria (such as price) since it is a mean to gauge its quality (Ilbery and Maye, 2006; Dekhili and d'Hauteville, 2009) as well as its safety (Renting et al., 2003; Merle and Piotrowski, 2012) and to build consumers' preference for this product (van Ittersum et al., 2003).

The region of origin is indeed a signal of quality for food products reinforced by various labels (van Ittersum et al., 2007; Lorenz et al., 2015). The quality of these products rests on an organoleptic dimension (Fernández-Ferrín et al., 2018): the perceived superior taste (Charton-Vachet, 2009), different from the taste of industrial products (Aurier et al., 2004), or the rediscovered taste of products of yesteryear, evoking feelings of nostalgia and the memories of idealized products (Vignoles and Pichon, 2007).

The region of origin is also a mean for consumer to reduce food risk (Renting et al., 2003; Merle and Piotrowski, 2012). Regional products travel along short chains and reach the consumer with explicit information about their origins (Renting et al., 2003). The tangible identification of producers (names, photos, production sites, etc.), that reduce perceived distance, and possible meetings with them in short channels and grocery stores also contribute to diminish food risk for consumers (Merle and Piotrowski, 2012).

This link, between a product's origin and its quality and safety, is particularly true for consumers with high involvement and expertise in regional products (van Ittersum, 2001; Aurier and Fort, 2005; Charton-Vachet, 2009; Merle and Piotrowski, 2012). However, recent works showed that the effects of labeling the geographic origin of food products on consumers' perceptions (e.g., healthier, better taste, better quality) and purchase intentions or behavior do not always depend on their level of regional identity (Merle et al., 2016) or level of regional ethnocentrism (Fernández-Ferrín and Bande-Vilela, 2015; Fernández-Ferrín et al., 2018).

Regional ethnocentrism or regiocentrism is indeed another important purchase motivation for regional products which is not linked to the product's attributes but linked to consumer's characteristics (Siemieniako et al., 2011; Fernández-Ferrín and Bande-Vilela, 2013, 2015; Lee et al., 2016; Fernández-Ferrín et al., 2018). Consumer's regional ethnocentrism may be defined as consumer's opinions over whether or not it is acceptable and ethical to purchase products from other regions (Fernández-Ferrín and Bande-Vilela, 2013). Fernández-

Ferrín and Bande-Vilela (2013) indicated that consumers with greater ethnocentric tendencies are more likely to buy products if they know that these products have been produced in their own region or by a regional company. In the same vein, Lee et al. (2016) pointed out that consumers' regiocentric tendencies and community involvement positively influence their willingness to buy products from their own region. In addition, they stressed that perceived product necessity moderates the relationship between consumers' regiocentrism and their willingness to buy products from their own region. Fernández-Ferrín and Bande-Vilela (2015) and Fernández-Ferrín et al. (2018) also showed that consumers' ethnocentrism plays a relevant role in explaining the valuations and the actual purchasing of regional products but these results may vary among product categories and geographical environments.

Lastly, consumers' demand for regional products may derive from their opposition to globalization and industrialization in food production (Jordana, 2000) and from their desires to search for alternatives to intensive production systems (Bond et al., 2008) and to protect regional communities or economies as well as the environment by reducing distances between production and consumption sites (Merle and Piotrowski, 2012).

3. Research model and hypotheses

Theoretically, we considered the framework proposed by Inman et al. (2009) and we applied it to regional products. This comprehensive framework highlights that consumers' perceptions and behavior in a store depends on product category characteristics (such as products choice, shelf space allocation to and displays of these products), customers' characteristics (such as consumers' familiarity with the store and its products) and customers' activities (such as consumers' shopping pattern).

Consequently, in this section, the influence of consumers' perceptions of regional products assortment and merchandising on retailer's local image and on consumers' loyalty toward the regional products and the store is first examined. Then, the impact of retailer's local image and on consumers' loyalty toward the regional products and the store is considered as well as the impact of consumers' loyalty toward the regional products on their loyalty to the store. Finally, the core target consumer segments of regional products are discussed. But before presenting our research hypotheses, the constructs used in this research are defined.

3.1. Definitions of the constructs

3.1.1. Products assortment

The assortment proposed by retailers may be defined as the number of different items in a merchandise category (Levy and Weitz, 1995). The retailers' assortment is thus made up of international, national and regional products proposed by the brands of major companies or by the brands of SMEs or by private labels.

Considering regional products, this specific assortment is composed of (Ben Messaoud and Debabi, 2016): 1) regional brands manufactured by regional companies (including SMEs), 2) regional collective brands that represent a grouping of regional brands, 3) regional brands manufactured by large national companies, 4) *terroir* private labels manufactured by SMEs (they represent the know-how and *terroir* of the region or are an integral part of its culinary heritage), 5) regional private labels manufactured by SMEs (their only link to the region is thus their place of production in this region) (Albertini et al., 2011; Lacoëuilhe et al., 2017). Consumers' interest in products linked to a specific location is indeed a major social phenomenon that is observed at a national level (made in effect) but also at a regional level (locavorism) or even at smaller geographical areas (*terroir*) (Lenglet and Müller, 2016).

According to the work of Bauer et al. (2012), consumers' perceptions of products assortment may be defined as their perceptions of the

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