

Stocking Products that Simultaneously Belong to Multiple Categories

INTRODUCTION

When the manufacturer of a new organic chocolate cake mix negotiates shelf space with a retail chain, which shelves and which part of the store are most desirable to stock the products? It is generally assumed that in-store placement of products should be organized such that consumers can easily find what they want, and that managers can easily identify how consumers think assortments should be organized. For the new organic chocolate cake mix it would seem natural to stock the product along with the other cake mixes in the baking aisle. Yet, it is also possible that consumers may categorize brands or products in ways that may not be intuitive to managers. Should the manager consider stocking the product with cake mixes, with organic products, with chocolates... or in a combination of the above locations?

CONSUMER CATEGORY AND RETAILER ASSORTMENTS

Categorization refers to the process of organizing information or knowledge into meaningful constructs, such that two products or brands appear in the same category in the consumer's mind (their cognitive domain) because they are related in some manner. The way that consumers cognitively organize products or brands into categories has been shown to influence how they evaluate ads relating to the products, how they form impressions of the products or brands, how they seek variety, and how they determine which product features they should value in the category. This means that there are multiple ways that a product can be categorized by consumers, which have important consequences on consumer choice and therefore on how products appear on retail stores or in other merchandising situations (online, shopping malls, and other retail channel options).

Marketing managers and researchers use a variety of research methods to identify how consumers categorize products. This includes surveys, focus groups, verbal protocols, and sorting tasks. Analysts then utilize a variety of quantitative techniques ranging from traditional clustering analyses to more complex latent category identification procedures on the data to produce potential assortments. Although the approaches vary, all seek to identify how consumers organize products or brands into groups such that those in the same groups are perceived to be similar in some manner.

TYPES OF SHOPPERS AND THE EFFECT OF ASSORTMENTS

In addition to differing on how they intuitively categorize products in their mind, shoppers also vary in how they come into contact with a product. Some shoppers simply browse the aisle and, without actively seeking the product, it catches their eye and they simply stop to consider it because it stimulates a relevant goal. Others will already have activated a purchase



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goal that involves the product and will seek it out where they expect it to be located. In the case of the organic chocolate cake mix, will it catch their eye as they browse the aisles, or will it be sought after because it may be on their shopping list?

For browsers, the product placement will influence not only the likelihood that the product is found but also *how the product is perceived by consumers*. For products that belong to multiple categories, the product's placement will influence which attributes consumers focus on when making a selection. If a store manager places the organic chocolate cake mix in the organic aisle, the product will be judged and evaluated on the basis of criteria important for organic products more so than for chocolates or cake mix. If the mix is of the highest quality organic ingredients, the organic section may be a good choice, but otherwise it may want to avoid placement in this section.

For the second group of shoppers (the seekers), consumers must find the product *where they expect it*. Consumers compare the assortments of the store and the structure of the aisles to their expectations. That is, they judge whether what they observe fits their expectations about what products and brands "go together." This involves an automatic comparison process between internally held (in memory) and externally imposed category structures (assortments). In such settings, the impact of pre-specified categories, such as assortments, depends though on whether they fit the categories that are naturally salient to consumers. When categories are familiar to consumers, congruity between internally held and externally imposed categories used in the assortments leads to greater satisfaction. Similarly when the organization of a website matches the product categories consumer have in mind, consumers find what they want more easily; they in-turn perceive the website to be more helpful and are ultimately more satisfied with their choice.

CONCLUSION

Ultimately, deciding where to stock a product is a complex task that involves competing objectives. On one hand, managers may want to create assortments such that goal-driven shoppers (seekers) can easily find what they want by allocating products to multiple sections of the stores. However, they may also want to consider shoppers who serendipitously come upon a product (browsers) and who may be influenced by the attributes/features of the category or section of the store where the product is found. Understanding these kinds of shoppers will be important for managers seeking to improve their shelf placement positions in stores. To make progress in gaining these kinds of shopper insights, consider the following three-step procedure:

- Research what products and categories naturally "go together" for seekers, and then describe the psychographic and behavioral characteristics of these seekers.
- Research how browsers think about products and brands in different categories and then describe their characteristics as well.
- Estimate the size and financial value of each of these two segments for your category of products and use the information to drive negotiation of the most desirable shelf space to increase the opportunity for a profitable sales response.

"Consumers tend to categorize brands or products into heterogeneous ways that may not be intuitive to managers"

"When consumers can categorize a product in multiple categories, the category primed by an advertisement or a store's assortment influences the attributes that consumers pay attention to when making a choice"

"A comparison process between internally held (in memory) and externally imposed category structures (assortments) occurs automatically; Managers should do research on understanding how consumers see products/brands as naturally 'going together'."

-Simon Blanchard

The Georgetown Institute for Consumer Research, Sponsored by KPMG, develops innovative, ground-breaking research to illuminate the challenges and opportunities of understanding and marketing to consumers.

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