

RETAIL THERAPY: UNDERSTANDING THE PHENOMENON TO IMPROVE CUSTOMER EXPERIENCE

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Abstract

This article throws light on the tendency of Indian shoppers to indulge in retail therapy. It seeks to understand the motivation and psychology behind the behaviour of seeking comfort through shopping. It also identifies the store factors that are most valued by retail therapy shoppers and makes recommendations to retailers in order to help them prepare and adapt effectively to this phenomenon.

Article

Retail therapy refers to that purchase behaviour where the intent is to uplift one's mood. For the urban population across the globe, shopping has now become a stress-relief activity as well. This shift in consumer perception of shopping as more than a purely functional exercise has implications on the retail sector. In the west, there have been many studies on phenomenon of retail therapy. However, the understanding of the Indian customers' inclination towards retail therapy has so far been minimal, at best. A booming middle class is fuelling India's retail sector and we feel that insights into their real purchase motivations could help brands in delivering a better customer experience.

The first question that arises is regarding the factors that lead to a customer indulging in retail therapy. A consumer may be driven to retail therapy by a multitude of factors. The most common of which is to escape a bad mood. The process of browsing through various options takes the mind away from other worries. In fact, studies have reported that the process of browsing and selecting is much more pleasurable to most customers than the actual purchase itself¹. Shopping also helps people prepare for major events in their life, like child birth, and subsequently feel in control. Shopping also manifests itself sometimes in the form of 'Compensatory buying behaviour', where consumers purchase products to help compensate for perceived psychosocial deficiencies like loneliness or lack of self-esteem². Many indulge in shopping as a means to celebrate a special occasion or success. In other words, shopping becomes a medium to reinforce their positive mood. This goes against the preconception that retail therapy is applicable only in those situations where a person experiences negative emotions.

Dining out is the most preferred activity for most urban dwellers in their free time, followed by shopping and entertainment. However, our research shows that while experiencing a bad mood, these preferences change and shopping goes to the top of the chart, level with dining-out (Exhibit 1). Further, while indulging in retail therapy, the purchases are almost always unplanned. They are not pre-determined and hence a lot depends on how the product is presented to them at the store. We conducted 30 in-depth interviews to understand the phenomenon and they substantiate the therapeutic effect for shopping. On being asked to describe a recent situation where they engaged in shopping while in a bad mood, most of the respondents described their state of mind with words like sad, depressed, lonely, and stressed while they described their state of mind post their shopping experience with words like happy, relaxed, satisfied, and distracted. Retail therapy is often associated with some negative aftermath, like post-purchase regret. However, this is unsubstantiated and we feel that it might have evolved out of the negative perception towards consumerism in the Indian society.

Consider the demographics of customers who are most likely to indulge in retail therapy and the kind of products that they look for. The tendency to indulge in retail therapy is mostly exhibited by the urban population. Earlier research showed that women consider shopping as a stress-relief activity more than men. Also looking deeper into the consumption pattern of each gender, the chief item most women respondents said they buy when indulging in retail therapy is apparel (57.9%), while the largest percentage of the male respondents said they go in for food (28.1%).

¹ Why Retail Therapy Works: It is Choice, Not Acquisition, That Primarily Alleviates Sadness – Beatriz Pereira and Scott Rick – University of Michigan, USA

² <http://business.time.com/2013/04/16/is-retail-therapy-for-real-5-ways-shopping-is-actually-good-for-you/>

Women ranked food second on the list of what they buy when seeking a mood boost, followed by shoes, accessories, and books/magazines. Electronic items came in second for the men, followed by music and movies, clothes, games and toys³.

For the retail sector, the understanding of the customer makes sense only when we can translate it to in-store offerings. We conducted in-depth interviews with 30 respondents to understand the physical store factors which customers who indulge in retail therapy value most. We identified five main factors and split them into sub factors. The respondents were asked questions about their affinity to each and were also asked to rank the factors (Exhibit 2) and subfactors. We present the recommendations for retailers in a five-point summary below.

1) Product range

This factor corresponds to our finding that retail therapy purchases are unplanned and impulsive. That being the case, consumers appreciate a wide range of products to choose from. This also stems from the fact that consumers perceive browsing and choosing to be very pleasurable activities. Customers are increasingly moving to the online platform to choose amongst options. Hence, for retailers, it becomes imperative to setup an online presence with their entire product range listed, apart from their brick and mortar store.

2) Ambience

‘Music’ comes out as the overwhelmingly powerful sub-factor in this case, followed by messages and fragrances. On detailed questions regarding music, our interviewees mentioned that upbeat and trendy songs made them feel better, even outside the context of shopping. 91% of customers thought music had an impact on their shopping behaviour as per an industry survey⁴. Interviewees also mentioned that they might walk into a store if tracks that they liked were being played. Hence, playing upbeat tracks helps attract those who indulge in retail therapy, by instantly making them feel better and at the same time uplifting the experience for the other customers.

3) Interiors

Under interiors, we clubbed the physical aspects of the store. Interviewees were asked how these aspects contribute to their shopping experience when in a bad mood. ‘Lighting’ and ‘Layout’ stand out as the most important sub-factors here. Well-lit shopping spaces are preferred over poorly-lit ones (intentional or otherwise). Consumers associate darkness with negative emotions and hence do not feel like entering poorly-lit showrooms when in a bad mood. Store layouts that have a lot of free space and an uncluttered feel work well with customers prone to retail therapy. With retail real estate prices on the rise, this might be too much to ask from retailers. Nevertheless, cluttered showrooms are associated with confusion, rush and chaos, and hence are avoided by shoppers who indulge in retail therapy. At the outset, we felt that special zones within the store like ‘Coffee shops’ or ‘Smoking zones’ might act as stress relievers. However, these do not seem to be attractive to our interviewees. Similarly, decoration and display also fails to capture the imagination of those indulging in retail therapy.

4) Quality of service

Surprisingly, quality of Service does not seem to be of very high importance to retail therapy consumers. However, little treats and surprise gifts could make a difference to a consumer’s purchase experience. Though it is difficult for retailers to identify customers prone to retail therapy, surprising customers occasionally with unexpected benefits would go a long way in retaining them. An interesting finding here is the general aversion to ‘Customer attention’. Through our interviews, we got to know that shoppers in a bad mood prefer to be left alone and only expect staff to answer queries they might have or find products in the store. Any further customer attention might be perceived as intrusion and might not be received well. Hence, retailers should train their sales staff to be available, but at the same time, unobtrusive.

³ Many Resort To Retail Therapy, Report Says. SCTWeek, 4/5/2013, Vol. 18, Issue 14

⁴ The Influence Of Pleasant Music On Consumer Responses In Retail Store And Service Settings – Valerie Vaccaro, Kean Univeristy, Union, New Jersey, USA

5) Policies

Retail therapy is often associated with impulsive buying. Though literature suggested otherwise, we felt that impulsive buying might result in post-purchase regret. Hence, we included a factor called 'Policies' which covered 'Exchange/Return' policies and loyalty programs. However, our interviewees did not seem to worry much about this factor and thus confirmed the findings from earlier research that retail therapy hardly ever leads to post-purchase regret. Within the three sub-factors, our interviewees found loyalty programs to be most attractive. Retail therapy shoppers are also frequent shoppers. Therefore, it makes sense for retailers to have loyalty programs which reward retail therapy shoppers for their shopping frequency. Our interviewees did not say they were extremely loyal to brands and therefore, loyalty programs might be the key to attract and retain retail therapy shoppers.

The study of the factors above reveals some interesting insights about shoppers who indulge in retail therapy. We have created a conceptual model for enhancing the shopping experience for retail therapy shoppers (Exhibit 3). The recommendations would help retailers looking to tweak their current offering and attract shoppers who experience the therapeutic effect of buying.

Conclusion

Retail therapy is a phenomenon to be reckoned with even in the Indian context. The perception towards shopping is changing from a purely functional activity to one which can be therapeutic. This is the right time for retailers to acknowledge the fact and adapt accordingly. Offering a wide range of products to choose from and having an online presence is imperative to stay competitive. An environment of empathy and positivity needs to be created through upbeat music, messages, lighting and uncluttered layout. Also, retailers need to train their staff to surprise and delight the customers, but not at the cost of being intrusive. Lastly, loyalty programs will go a long way in convincing the retail therapy shoppers to stay with your store or brand even when the purchase is unplanned and impulsive.

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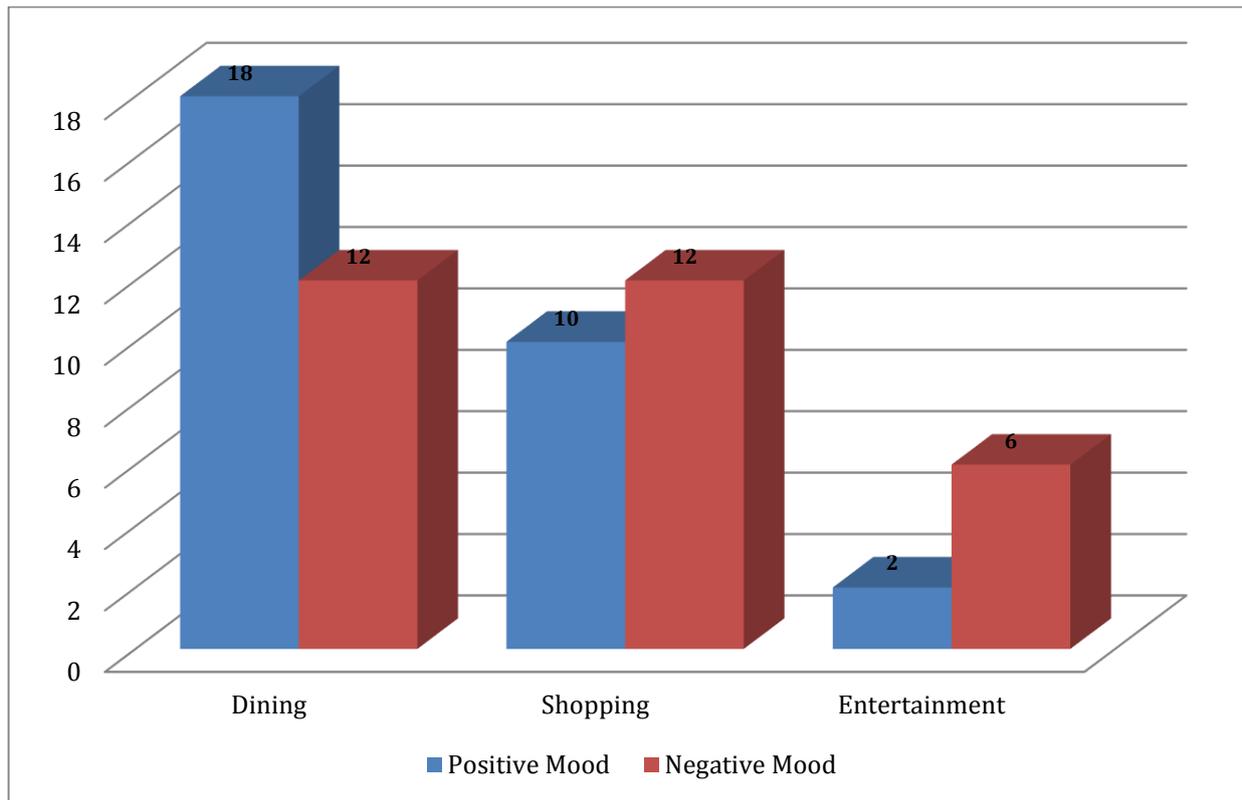
Other keywords : Retail therapy, store factors, customer experience, consumer behaviour

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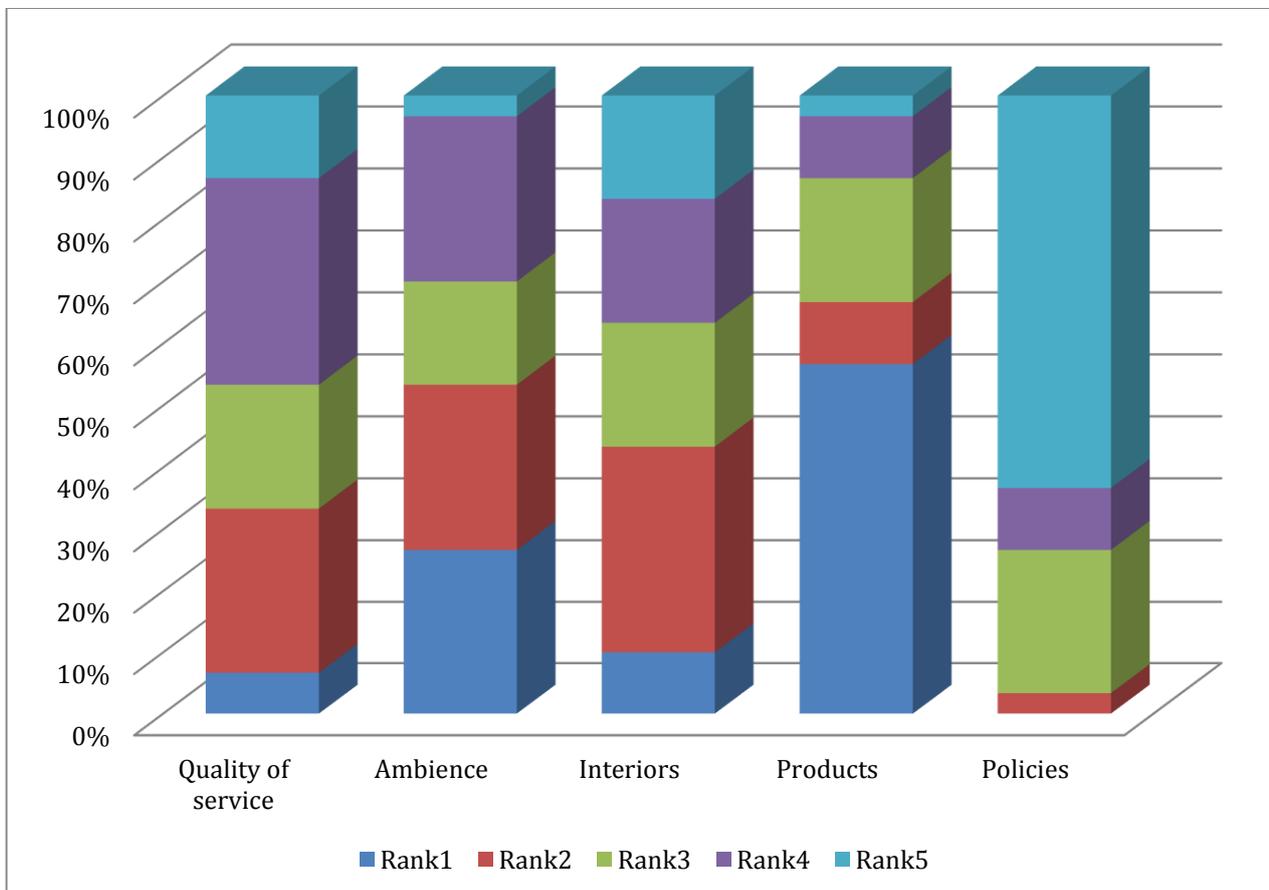
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Exhibits

1) Change in preference to various activities while in a bad mood



2) Ranking of the five identified store factors by shoppers (Highest -1)



3) Conceptual model for retail therapy

