

Retailing Underutilised Products: A POS Trial of Australian Oysters

Abstract

This paper reports the results of a field trial conducted on behalf of the Australian oyster industry designed to increase oyster consumption through POS and in-store sampling. Oyster consumption is characterised by a base of very light consumers, many of whom do not even eat oysters once a year. POS strategies are an effective retailing strategy to drive behavioural change at POS. Five POS strategies were manipulated in seven specialty seafood stores in Australia. The results show that while in-store sampling is the most effective POS strategy, an integrated POS strategy comprising a range of materials has an added impact of educating staff who can then also assist in the sale process. Management commitment to the POS strategies is critical for successful implementation.

Keywords: Point-of-sale (POS), seafood, consumer behaviour, retailing

Track: Retailing and Distribution

Introduction

In the context of seafood, where consumption is highly habituated (Verbeke and Vackier, 2005), a focus on driving behavioural change (particularly at point of sale) is imperative. POS strategies have been an emerging area of research, with limited research in the area prior to 2000 (d'Astous and Landreville, 2003). While much of the POS research has focussed on the use of monetary strategies such as price discounts (Hardesty and Bearden, 2003; Laroche et al., 2001; Palazón and Delgado, 2009), concerns about the negative impacts of these strategies such as increased price sensitivity and dilution of brand equity (Chandon, Wansink and Laurent, 2000; Mela, Gupta and Lehmann, 1997; Montaner, de Chernatony and Buil, 2011) have led to an increasing focus on non-monetary POS strategies including the impact of in-store displays on trial and repurchase (Jansson, Bointon and Marlow, 2002; Ndubisi and Mooi, 2005) and the use of in-store sampling (Heilman, Lakishyk and Radas, 2011; Heiman et al., 2001; Nordfält and Lange, 2013). Gaps remain in the POS literature. Little research has considered the design and implementation of a POS strategy in terms of the number of POS items needed, which items are more effective, and the role of management and staff in strategy implementation. Within the food context, much of the existing research has been conducted in supermarkets (Gittelsohn et al., 2009) with no research in the specialty store context.

Oyster consumption in Australia is characterised by a base of very light consumers, the majority of whom do not even eat oysters once a year, despite indicating a liking for them (Danenburg and Mueller, 2011). Over the past 15 years, the retail oyster offering has not changed; oysters are typically available as half-shell oysters in half or dozen packs, with little consumer information and scarce or misrepresented provenance information at POS. Factors likely to stimulate demand for oysters in-store include increasing consumer knowledge through provision of information concerning provenance, information regarding preparation and storage and creating excitement, and visibility through displays and in-store sampling (Danenburg and Mueller, 2011). The challenge for the oyster industry is to develop strategies to increase the purchase frequency of oyster consumers (Liu, et al., 2006). This study explores how POS can be used to increase sales of Australian oysters. Specifically, we investigate the design and implementation of a POS strategy and seek to identify which non-monetary POS

strategies are most effective, and explore the role of management and staff on the POS campaign.

Theoretical framework

Traditionally, POS promotions have focussed on the short term goal of maximising immediate sales through stimulating impulse purchasing, encouraging purchase of a larger than intended quantity, or reducing the repeat-purchase time (Laroche et al., 2001); with these goals being achieved mainly through monetary-based tactics. An emerging use of POS sees increasing awareness and knowledge through non-monetary tactics as a pathway to longer term behavioural change (Glanz and Yaroch, 2004). While few studies have attempted to ascertain customer preferences of POS tactics in relation to particular product categories (Banerjee, 2009), monetary-based POS tactics are considered to provide primarily utilitarian benefits such as cost savings and increased convenience resulting from reduced search time and effort. Comparatively, non-monetary POS tactics deliver hedonistic benefits such as improved self-expression, and added variety and entertainment value (Chandon, Wansink and Laurent, 2000; Palazón-Vidal and Delgado-Ballester, 2005). Utilitarian products are more likely to be influenced by monetary approaches, while hedonistic products are more likely to be influenced by both monetary and non-monetary approaches. Non-monetary approaches are deemed to align with customer-franchise and brand building objectives, as they focus on more than just price (Palazón-Vidal and Delgado-Ballester, 2005).

Oysters are perceived as a hedonistic, special occasion product (Danenburg and Mueller, 2011) and thus the goal of any POS strategy would be to stimulate more frequent purchase and longer term behavioural change. Hence, price discounting of oysters is not a suitable POS strategy, with price discounting making loyal consumers more price-sensitive (Mela, Gupta and Lehmann, 1997). Our study focusses on the use of non-monetary POS tactics, specifically focussed on encouraging longer term behavioural change and increasing the frequency of purchase of oysters.

Limited research has been conducted comparing various non-monetary POS tactics and their individual effectiveness, with one study finding that posters and signage were more effective than shelf labels (Gittelsohn et al., 2009), and another revealing that consumers preferred signage identifying nutritional values, as well as recipes and food demonstrations (Glanz and Yaroch, 2004). In relation to seafood, a study revealed that access to inspiring recipes lowers the barriers to preparing dishes at home (Blank, 2012). However, no studies have considered the optimal number or mix of POS tactics to meet the goals of both awareness and knowledge.

Studies in the popular press strongly support in-store sampling as one of the most effective POS techniques in generating trial and purchase (Brandweek, 1995; Marketing Week, 2007), with academic research confirming that sampling can be a powerful POS tool, particularly on immediate consumer purchase, although its long term effectiveness is unknown (Brandweek, 1995; Heilman, Lakishyk and Radas, 2011; Heiman, et al., 2001; Nordfält and Lange, 2013). The effectiveness of in-store sampling has been shown to be dependent on the extent to which the retailer supports the sampling with additional POS collateral such as posters and information/recipe cards. Moreover, the efficacy with which the demonstrator undertaking the sampling conveys compelling arguments and exhibits good selling skills and product knowledge is critical (Nordfält and Lange, 2013).

Both frontline employees and management play a critical role in the success of POS promotions (Marketing Week, 2007), with research estimating an average of 20% (and up to

50%) of POS spend is wasted through incorrect implementation (Path to Purchase Institute, 2012). If retail staff have an understanding of how POS affects sales, they can reinforce the POS campaign message (Marketing Week, 2007).

This study explores how POS can be used to encourage consumers to more frequently purchase an underutilised product (namely oysters). Literature gaps are addressed by assessing the effectiveness of individual POS collateral, exploring the number and type of POS collateral to be developed, and understanding the role of management and staff in implementing the POS campaign.

Method

A field trial was designed and implemented by members of the Australian Seafood Cooperative Research Centre and the Australian oyster industry. The trial was conducted in eight specialty seafood stores (all members of the same group, with seven corporate stores and one franchise store). Specialty seafood stores were selected as they are the preferred place of purchase of Australian consumers for at-home consumption of oysters (Kow et al., 2008), with 32% of oysters sold through this type of outlet (Oysters Australia, 2011). Two of the eight stores were designated as control stores, three stores received POS collateral, while the final three stores received two three-hour in-store sampling sessions weekly for the period of the trial (16 weeks), in addition to the POS collateral. POS materials comprised: posters, stickers highlighting provenance, display units (for in-store cabinets) and recipe/information brochures. In-store sampling was undertaken by a professional fieldwork team with the schedule designed to cover peak trading times. Staff education and training materials were distributed to trial stores.

A multi-method approach to gathering evaluation data was adopted to allow triangulation of data from sources including sales data, consumers, store management and staff, as well as observations made by the research team and the in-store demonstrators. Corporate management agreed to provide sales data for all stores. A member of the research team visited each of the stores involved in the trial a minimum of four times during the trial to check that POS materials were being used correctly. In-store consumer surveys were undertaken mid-way through the trial. Time and cost constraints meant that consumer surveys were only administered during a single two hour period in each store. Respondents evaluated each aspect of the POS campaign in terms of awareness and impact, as well as likelihood of purchase. Surveys, of both managers and their staff, were undertaken concurrently with the consumer surveys to gain their evaluation of the impact of the POS campaign. In-store demonstrators collected evaluations on a weekly basis, including the number and profile of consumers sampling the oysters, as well as observations and anecdotal comments from consumers. A final telephone survey of managers was undertaken to validate findings from previous stages.

Results

As a real world trial, this study was subject to external influences outside the control of the research team. Issues of fidelity, that is, how well the plan was implemented in-store were critical and largely outside the control of the researchers. These issues became evident before implementation commenced, with one store (designated as POS only) closed for several months at short notice due to renovations in the shopping centre in which it was located.

Sales data. Sales data had to be obtained from each store manager individually. One store could not provide any data due to a computer failure and each store used different product codes with some codes not reflecting the quantity of oysters. Consequently, there were concerns about the validity of sales data provided by six of the seven stores. The exception was the franchise store, where the data appeared accurate. This store used both the POS material and in-store sampling, with sales results indicating a doubling of oysters' sales across the POS campaign as compared to the same period the previous year.

Store visit observation. Each store was visited regularly by a member of the research team throughout the trial. The franchise store implemented all materials as planned and undertook support activities, such as displaying posters throughout the shopping centre promoting in-store sampling. This store moved the oyster display from a back corner to a centre-front position and increased the range of oyster varieties available. The positioning and use of POS varied in all other stores based on store design and management preferences. One store did not display the posters as they were not permitted by shopping centre management, while another store was unable to display the posters due to limited wall space, another used brochures only when the demonstrator was in-store, while in another store, the manager did not like the display trays so did not use them. In all cases where POS materials were not being used as planned, store management declined to comply with reasons including staff being too busy and not liking the material.

In-store consumer surveys. Sixty-four consumers were interviewed at the five trial stores over a two-day period. Of the POS collateral, the brochure was most noticed (19%), followed by the display trays (17%), stickers (13%) and posters (11%). In brief, all POS materials were positively perceived and had a positive impact on intention to purchase. At the three stores implementing in-store sampling, this strategy significantly out-rated all other POS activities in terms of both consumer perceptions and impact on likelihood of purchase.

Manager and staff surveys. Six store managers and eight staff were interviewed across the five trial stores. All staff reported the POS materials had a positive impact on consumers, with 13 of the 14 respondents reporting a significant improvement in their own knowledge and attitude towards oysters, with comments from managers including: *'My staff can now connect with customers about oysters'*, *'I used to think that oysters were oysters'* and *'All of my staff are now learning how to shuck oysters'*, and from staff: *'I never knew there were so many oyster flavours'*. While all POS materials were rated positively, staff varied in their preferences. In terms of the in-store sampling, one manager rated the sampling very highly, with nine other managers and staff giving positive but lower ratings. These differences reflect the performance of the demonstrators, with one demonstrator clearly outperforming the other two. Staff reported a positive impact from the demonstrations; an increase in sales was noted with new customers entering the store. On the negative side, managers noted the lack of flexibility when outsourcing the in-store sampling. While store managers had input in deciding the demonstration schedule, this reduced the flexibility to meet immediate conditions, for example, when store traffic was lower than normal due to weather conditions, the in-store demonstrations still went ahead as scheduled. Overall, the impact of managers and staff on the success of the POS campaign was stronger than originally thought. Benefits included staff being more motivated as they knew more about the product and a subsequent reduction in the frequency of staff asking store managers about oysters as the staff were more confident and better informed.

Demonstrator's reports. Demonstrators reported weekly after each sampling session. When demonstrators were in-store, oyster sales increased significantly, although the level of increase varied by store and by demonstration period. Demonstrators reported that the majority of consumers were unaware of different oyster provenances and types. Sampling encouraged consumers to enter stores, and of the consumers who had sampled oysters on a previous occasion, 44% had returned to purchase oysters again within the trial period. Consumer comments included: *'I'm buying oysters so much more than normal because of the sampling'* and *'I'm so excited to try the oysters'*. The variability in the performance of demonstrators was evident, with one demonstrator clearly outperforming the other two.

Final telephone interviews with managers. Given the issues with the validity of the sales data, all store managers were telephoned on completion of the trial and asked for their opinions of the impact of the POS and in-store sampling on sales. Managers supported a positive impact ranging from 15 to 50% increase in sales, with the retail operations manager (who oversees all stores) suggesting an average 20% increase in oyster sales during the trial period.

Discussion

Despite issues of fidelity and multiple data sources used, the use of in-store sampling supported by POS materials and committed management and staff clearly resulted in a significant increase in sales volume without any reduction in price or cannibalisation of other products. While still positive, the results were less clear on the impact of POS alone; being confounded by incomplete implementation of the plan and lower levels of management and staff commitment. In line with previous research, in-store sampling was clearly the most effective POS strategy (Heilman, Lakishyk and Radas, 2011). The importance of the in-store demonstrator was clear with management feedback, in-store observation, and sales data supporting the variability between the demonstrators, with one demonstrator outperforming the other two. The ability of the demonstrator also appeared to impact post sample purchase incidence, further highlighting the importance of having the right person performing demonstrations.

In terms of the four items of POS materials, while all received positive feedback, the display trays and the brochures appeared to promote higher awareness and knowledge than the posters and stickers. None of the items were used consistently across the five stores and there appeared to be some variation in what materials worked best in each store. This highlights the benefits of a mix of materials to accommodate the range of contexts in which they will be used. Results supported that management commitment was a key factor behind the strong performance of the franchise store, with the franchise owner actively managing the store. All other stores were run by non-owner managers. Commitment to the trial was also noted as important during the consumer and staff surveys carried out during the trial. Two stores were highly supportive and committed to the trial; the franchise store and the store with the outstanding demonstrator. The other three managers, while supportive, showed significantly less commitment.

Conclusions and implications

This study evaluated the implementation of a POS strategy in the context of an underutilised product, oysters, in the setting of speciality seafood stores. Theoretically, key learnings included the key role of store managers and staff in ensuring successful outcomes of a POS strategy. This study explored issues around the effectiveness of individual components of a

POS strategy and the role of in-store sampling. Practically, the study has implications – including supporting the role of in-store sampling, the importance of upskilling staff in terms of product knowledge, and the importance of management commitment. The study highlights the need to produce a variety of POS materials to accommodate the range of physical layouts of speciality stores (as compared to the more standard requirements of supermarkets). Specifically in relation to in-store sampling, the key role of the demonstrator was highlighted. A good demonstrator needs a combination of personal selling skills and product knowledge to be successful. Smaller speciality stores would also benefit from the flexibility of not being locked into a schedule of out-sourced demonstrations. While this study provides insights into key success factors when implementing a POS strategy, it is not without limitations that lend themselves to future research. This study considered one underutilised food product, oysters, in the setting of speciality retail stores. Given the goal of promoting a longer term change in purchase behaviour, the study did not gather data outside of the 16 week trial period. Finally, issues around the difficulty in attaining fidelity in real world research and subsequent impacts on reliability need to be considered and planned for when designing further field experiments.

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