To retailers, there is no question more important than "why do consumers buy?" Understanding the influences that affect purchasing behaviour can spell the difference between commercial success and failure.

Paco Underhill is a New York City-based "retail anthropologist" who has been retained by dozens of top-flight companies, including the Canadian Imperial Bank of Commerce, Burger King, and Calvin Klein, to determine what attracts customers to their locations, what makes them linger, and what makes them spend. His empirical findings, many of which are documented in his *Why We Buy: The Science of Shopping*, are based mainly on analysis of tens of thousands of hours of clandestine videotaping of shoppers in action. Underhill's studies have significantly expanded our understanding of the purchase decision process while raising important questions about the privacy rights of consumers.

**SHAPE UP OR SHIP OUT**

At last count, the retail sector recorded sales of $277 billion and provided 12 percent of all jobs (about 1.75 million positions) in Canada. But while the sector has 100 percent more stores than it did 15 years ago, it has only 15 percent more customers. As participants in a key economic sector that is subject to tremendous domestic competition, Canadian retailers must do everything they can to understand consumer needs and motivations.

Their need for greater insight into consumer behaviour became critical in the mid-1990s, when international retailers began to vie for market share in Canada. Global competitors with deep pockets, such as Wal-Mart, Pottery Barn, and Payless ShoeSource, threatened the viability of many domestic firms. According to Underhill, Canada can expect even more competition from foreign retailers in the years ahead. Part of the problem, as he sees it, is that most Canadian outlets are "frumpy." By this, he means more than unattractive; he means that most are not designed with shoppers in mind. As he says in the *Venture* video, "If the 20th century was about marketers being leaders, the 21st century is about marketers being followers." Satisfying consumer expectations is the key to success at the cash register.

At the same time, Underhill is a stalwart fan of such firms as Canadian Tire, which completely redesigned its hardware stores to curb the market penetration of big-box competitors, such as Home Depot and Wal-Mart. Such examples show clearly that domestic firms can compete successfully for the attention of increasingly fickle shoppers. And Underhill believes they must. "In the Canadian marketplace," he says, "retailers must shape up or go out of business."

**READING THE RETAIL LANDSCAPE**

Traditional market research on consumer behaviour has been done through analysis of barcodes scanned at the cash register and from direct surveys of shoppers conducted via telephone, one-on-one interviews, or focus groups. While the resulting data are valuable, rarely do they shed light on the discrepancy between what customers say about the process of making purchasing choices and what they actually do at the store. Consequently, Underhill and like-minded students of shopping are less concerned with what people buy than why they so often fail to buy.

To gain more understanding of shoppers, some retailers have turned to in-store customer surveillance. Using hidden cameras that videotape consumers as they approach, enter, and exit a store, and supplementing that evidence with surreptitious observations by in-store "trackers" who add a more qualitative dimension, retail anthropologists provide micro-level documentation of consumer behaviour. Nothing escapes their scrutiny. The result, when time-series data are compiled, is a telling view of a single store's failings as a shopping environment from the perspective of the customer. Retailers who have implemented changes based on such evidence attest that catering directly to the needs of their existing customer base has significantly improved their bottom line.

**FOUR KEY OBSERVATIONS**

**A Sharp Turn to the Right**

Eighty percent of buying decisions are made on the shop floor, and so the layout of the shop floor and the manner in which customers are lured onto it are crucial to raising sales volumes and profit levels. The fact that people will not read more than three or four words in shop window, for example, implies that window displays must be primarily visual in content. And contrary to popular belief, the entry to a store is not the ideal location for a retailer's most desirable goods; rather, it is a commercially dead zone where customers orient themselves but almost never buy. Reserving the entry for a display that appeals to the senses and pulls uncommitted shoppers into the bowels of the store where they will spend is the best tactic.
But the real key to effective layout, says Underhill, is the tendency of almost all customers to enter a store and turn, immediately, to the right. That is the prime spot for snagging a customer’s attention. In fact, Underhill has determined that sales can be increased as much as 15 percent merely by shifting the cash register from the right side of a store to the left. Once they have made that initial right turn, customers navigate the store in a counterclockwise orbit. Articles placed strategically along that path are much more likely to be purchased.

**Appealing to the Senses**

Underhill has found a strong, direct correlation between sensory stimulation and sales volume. The idea is akin to creating a bazaar-like atmosphere within the store: fill the air with a seductive scent, let customers sample some delicious food, place clothing so that it can be touched, and watch sales increase. Have a salesperson talk to the customer while they taste or touch the merchandise, and the odds of them buying increase by half again. Let them try on an article of clothing, and the odds get even better. In short, involving them directly with the product pays big dividends.

**Women Are a Retailer’s Best Friends**

Seventy percent of shoppers are women, and women are believed to influence as much as 85 percent of all retail purchasing decisions. And if two women shop together, they will spend almost twice as much time in the store as a male–female couple. All of which is important in view of the strong relationship between the time spent shopping and the amount spent.

After observing shoppers for some 20 years, Underhill is adamant that women care much more than men do about the shopping experience. Enhance a store’s atmosphere according to the interests and concerns of the female shopper, and the typical customer will stay longer and spend more. Generous, well-lit display spaces rank high on the list of vital enhancements, but pristine washrooms and garbage cans in fitting rooms matter, too. Provide amenities for male companions and children, and the sales volume climbs even further. The Chapters-Indigo book chain, with its wide aisles, consistent lighting, clear signs, comfortable chairs, and aromatic coffee-house corner has been a particularly apt pupil when it comes to designing what Underhill defines as “female-friendly” retail space.

**Butt-Brushing**

Culturally and socially, Western women are averse to anything that touches their posteriors. Video after video in the Underhill archives shows that females who inadvertently back into awkwardly placed display racks or narrowly spaced rows of shelving will leave a store immediately. And with them goes the potential sale. This is what he calls the “butt-brush factor,” and it exemplifies the respect for unspoken customer sensitivities that every retailer must possess if they wish to succeed in business.

**MEETING FUTURE CONSUMER NEEDS**

Underhill says that change is good but that constant change is better. He is referring not only to modifying today’s retailing methods but also to the importance of anticipating and addressing the needs of traditionally neglected customers and emerging markets. The first kind of change deals with tactical options, while the second is about choosing a long-term, strategic marketing direction. To assist companies in this, he has identified a number of key opportunities that lie ahead:

- the high-income seniors’ market
- marketing to ethnic and minority groups
- addressing the needs of women who are buying nontraditional products (e.g., technology, automobiles, hardware)
- addressing the needs of men who are doing the family shopping and buying clothing

If retailers have what Underhill calls the “good manners” to identify and satisfy the different needs and expectations of these diverse groups, he is convinced they will profit.

**QUESTIONS**

1. Identify specific examples of Canadian retailers whose sales have been affected by international competitors. What behavioural factors can you cite to account for their success or failure?
2. If a single store offers a range of merchandise that appeals to various demographic groups, how can it hope to satisfy all their needs?
3. Corporate collection of customer data without permission has been controversial in the online retail world. How does that situation differ, if at all, from the methods typically employed by retail anthropologists like Paco Underhill?
4. What are the principal behavioural factors that need to be considered in addressing the rapidly growing seniors market? Discuss how a retailer selling goods or services via the Internet might use this information.