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THE EFFECT OF RETAIL FOOD NEWSPAPER ADVERTISING ON CONSUMER DECISION MAKING

by
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Presents results of a study of consumers reaction to newspaper advertisement by food stores in terms of shopping habits, appraisal of advertising, use of and benefits derived from advertisements.

The advertising program for the retail food firm is an essential, integral part of the firm's overall marketing strategy. Substantial expenditures are made for advertising to get customers into the stores, but are the firms maximizing the return from their advertising effort? It is difficult to evaluate the effectiveness of advertising, but we do know in food retailing what advertised "hot specials" will do for our sales in a one week period, so often we assume that we are adequately communicating with the consumer. However, is our advertising as effective as it could and should be? Apparently many firms do not realize what an outstanding advertising program can do for the firm's merchandising efforts as generally the advertising programs in food retailing seem to continue to have many deficiencies.

Present State of Retail Food Newspaper Advertising

In 1968, Stephen Baker, writing in Advertising Age, stated that supermarket advertisements have not changed in the last twenty to thirty years as they continue to look like huge bingo games.¹ This article along with other articles and studies in recent years points out that the present state of retail food newspaper advertising continues to leave a lot to be desired as there are problems of sameness, advertisements lacking creativity and imagination,

and a low level of effectiveness. Why do these problems continue to exist? The difficulties seem to be due to: (1) the lack of a definite firm and store image to project in some cases, (2) the inability to communicate image through newspaper advertising, (3) extensive utilization of cooperative advertising allowances with considerable emphasis on price, (4) the advertising department lacks creative talent, (5) insufficient time to develop creative, imaginative ads, (6) top management is more interested in operations, finances, etc., than in advertising and thus doesn't seem to realize the need for improving the quality and effectiveness and changing the emphasis of advertising programs, (7) short run advertising goals and no long range objectives, and (8) the national agencies are not geared to effectively and profitably handle retail food firms' advertising programs.

Some critics contend that the primary cause of the problem is a lack of talent in the firms' advertising departments. The advertising departments of retail food firms have not, for the most part, hired professionally trained creative talent, and when they have had good talent, frequently it has been difficult to hold these individuals. Many individuals presently working in advertising departments have been promoted from other functional areas in the business, and consequently have had little, if any, professional advertising training. Therefore, optimum performance isn't being received and shouldn't be expected from individuals that are not specialists in advertising. Professional talent is a prerequisite for developing a strong effective advertising program.

Consumer firm and store loyalty in food retailing is at a very low level as shoppers

move from store to store depending on the firms' specials. Possibly there is little loyalty due to the fact that almost all of the newspaper advertising efforts are similar and are of a price nature. Consequently, with the similarity of the price promotional advertisements there is no great advantage to be gained by a particular firm unless the firm seems to have the best specials or best prices for a particular week. Certainly one of the reasons for the price advertising is the cooperative advertising allowances. If the retail food firm had to pay the total cost for all of the advertising of this type, would they be willing to pay the bill?

A study by Burgoyne concerning shopping habits emphasizes the low level of consumer loyalty. The study revealed that nine out of ten consumers buy in more than one supermarket, and they patronize an average of 2.8 different stores each month for variety, quality, and the products that are being sold at special prices. More than half of the consumers studied also visit a convenience store. Approximately four out of five read advertisements for two or more different food stores and more than half of these consumers compare prices. The factor most important to the consumer when selecting a store to patronize is low grocery prices.²

The retail food newspaper advertising of some firms has improved somewhat in recent years, but the lack of creativity and imagination, sameness, and the price approach continue to dominate and the advertising is not achieving maximum effectiveness. Advertising continues to be outdated as firms seem to worry more about the short run aspects such as what advertised specials will competition use than they do about their own advertising program complements and supports the firm's overall marketing strategy. We must realize that an advertising program is more than just weekend merchandising ("get them in the store this weekend"). Advertising, over a period of time, has a long range effect as it creates a firm's and a store's image. Management needs to become more interested in the advertising aspect of the business. More overall planning and direction and long range goals for the advertising program are needed. And professional talent must be utilized in developing a

creative, imaginative advertising program that will project the firm's image and build store loyalty. Many firms are presently exerting considerable effort to create and develop a particular image, but effective advertising to communicate this image to consumers is not being utilized in many cases.

This research study has been conducted to provide additional information concerning consumer expectations and opinions of retail food newspaper advertising, and how consumers use the advertising. There was no intent to study how food retailers use advertising, and to evaluate the effectiveness of different types of advertising programs such as the sales results from using various items for specials. Hopefully the study will provide information that will be useful in making advertising more effective in communicating the merchandising strategy, and projecting the firm's image; thus increasing firm and store patronage and loyalty.

Study Objective and Methodology

The study focused on newspaper advertising rather than the overall advertising program, as most firms spend more than half of their advertising budget on the newspaper medium.³ The specific focus was on how consumers perceive retail food firm newspaper advertising, and what effect the advertising has on consumers' attitudes and shopping behavior. An explanatory research design was utilized and 240 homemakers who read retail food newspaper ads were interviewed. This eliminated the consumer who does not read food advertising, and 18.4% of the total respondents contacted did not read the ads. The universe for the study was the Pensacola, Florida urban area (city and suburbs).

The sample design was nonprobability stratified judgment sampling. However, in order that the sample approximate a probability sample as closely as possible, a random stratified sample of one hundred and twenty streets was selected from all the streets in Pensacola with the objective being to obtain responses from all socio-economic groups. On a judgment basis two homemakers on each street were then selected

to be interviewed. The questionnaire included 38 open end, multiple choice and dichotomous questions. The time spent on the personal interviews in the respondents home ranged from thirty to forty-five minutes per interview.

The findings of the study are summarized rather than presenting the data in many pages of tables. The summary is divided into four sections and these are shopping habits, appraisal of advertising, use of advertisements and the benefits derived from advertisements.

Summary of Consumers' Responses

I. Shopping Habits

1. 69.3% shop at the same store regularly (do not necessarily buy all of their groceries at this store). 72.5% shop at two or more stores, and 25.0% visit three or more stores for their shopping.

2. Consumers responded that they selected their present food store or stores for shopping because of convenience (36.29%), low prices (24.80%), friends recommended the store or stores (11.4%), and selection of merchandise (8.88%).

3. When she shops at the same store or stores consistently, she responded that the reason for continually returning to the store or stores was because of prices (34.5%), convenience of location (28.6%), selection of merchandise (7.8%), friendly service (6.5%), quality (6.0%), clean store (5.4%), store familiarity (5.2%), and habit (1.96%). (Note the difference in (2) and (3)--probably because of how the question was asked.)

4. For those that shopped at more than one store 40.2% shopped at an additional store or stores due to advertised specials, and 29.34% because of the convenience of location.

5. 48.2% use a shopping list when doing their shopping, and of those using a shopping list 66.5% consult newspaper advertising to prepare the list.

II. Use of Advertisements

1. All of the consumers involved in the study read ads, but only 73.5% read

one or more stores' ads the week of the survey.

2. 20.1% base their store selection decision (store or stores) for shopping primarily on the weekly newspaper advertisement. (Note there is a discrepancy between this statistic and the statistic in (4). The difference is probably due to the wording of the question--primarily influence as versus assist in influencing).

3. When correlating weekly expenditures for groceries with the use of newspaper advertising to make the store selection decision, as the amount of money spent weekly for groceries increases, the utilization of advertising to assist in making the store selection decision also increases. For those spending less than \$15 weekly, 33.3% make use of newspaper advertising in deciding what store or stores to shop, 34.9% in the \$16 to \$25 weekly grocery expenditure category, 42.8% for the \$26 to \$35 category, and 47.7% for those spending \$36 to \$50 weekly.

4. The correlation of weekly expenditures for groceries with the utilization of newspaper advertising to assist in making the product selection decision, indicates, that as expenditures for groceries increase, the utilization of advertising to assist in making the product selection decision also increases. For those spending less than \$15 weekly for groceries, 39.1% make use of advertising to decide what products to buy, 50.0% in the \$16 to \$25 weekly grocery expenditure category, and 54.5% for those spending \$36 to \$50 weekly.

5. The correlation of age groups with newspaper advertising usage in assisting to make the store selection decision for shopping indicated the following pattern. From 24 to 27 years of age 37.5% used advertising in making the store selection decision, 44.2% in the 28 to 35 age group, 48.8% in the 36 to 50 group, 52.1% in the 51 to 65 group, and 45.1% in the over 65 age group.

6. When correlating age with newspaper advertising usage for assisting in making the product selection decision the percentage of usage in different age groups from 24 to 50 was remarkably the same, ranging from 53.4% to 54.0%. The percentage of usage for the

51 to 65 and over 65 age groups decreased as the usage dropped to 31.6% for the 51 to 65 age group, and was 42.8% for the over 65 group.

7. When considering what advertised specials have the greatest influence on the store selection and merchandise selection decision, 35.3% regard meat as the most important, 17.9% stated canned vegetables and fruit, 10.8% detergents, 8.7% coffee, 7.7% stamps, 6.5% frozen vegetables and fruit, and 4.7% shortening.

8. When asked what is the best bargain in an ad, 39.9% responded meat specials, and 29.4% stated low prices for various specials other than meat.

9. By taking advantage of advertised specials, 46.3% believe they save \$1 to \$5 monthly on their food cost, 32.8% from \$5 to \$10, and 15.9% more than \$10 savings per month.

10. When asked what advertised specials would make you drive out of your way or travel a considerable distance to shop at another store or stores 58.2% stated meat, 7.1% canned goods, and 5.7% coffee, staples, beer and milk. 20.6% reported that there were no advertised specials that would make them drive out of their way to another store for shopping. 39.6% reported they will drive up to five extra miles to save on advertised specials.

11. 59.2% prefer to wait for specials at their favorite store or stores while 34.9% prefer not to wait and will go to other stores when advertised specials are particularly attractive. (32.5% reported that they shop the advertised specials at several stores).

12. 45.4% reported that they have clipped newspaper coupons and used them when shopping.

13. 20.3% reported that the advertising of extra stamps has attracted them to a particular store even though they do not regularly shop at that particular store.

III. Benefits Derived From Advertisements

1. 45.4% believe that saving money on shopping is the major benefit gained from newspaper ads, 20.7% feel that providing information concerning the specials in different stores or their favorite store is the major benefit, and 5.2% reported that advertisements did not provide them any benefits. (multiple answers from a few respondents)

2. 73.9% reported they stock up on advertised items (specials) to save money with the preferences being 29.4% for canned goods, 20.8% for meat, 17.1% for staples, and 5.3% for frozen foods.

3. When asked what they liked the most about food ads, 46.7% contended that information on specials and prices is what they prefer, and other preferences are 9.1% for price comparisons, and 4.2% for aiding the planning for shopping. 6.7% do not like anything about ads.

IV. Consumers' Appraisal of Advertising

1. 24.9% reported no criticisms of advertising, 10.0% stated cluttered, 8.8% misleading, 8.4% out of advertised specials, 5.6% criticized repetitious ads, 5.6% were critical of advertising a special when the regular price is used, 5.2% were critical of the small print, and 2.8% contended that ads are false and misleading.

2. 9.1% believe that food retailing newspaper advertisements are more imaginative than other types of retailers' newspaper ads, 35% feel they are about equal in imagination, and 43.6% believe that food firm ads are less imaginative. For those reporting less imagination, 32.3% criticized the repetition, 12.3% stated the ads lacked creativity, 9.2% reported that ads just present the bare facts, and 4.6% believe that the ads are more cluttered.

3. 19.8% do not think ads are dull, 56.9% believe that ads are sometimes dull and uninteresting, and 23.4% reported that they think ads are almost always dull and

uninteresting. The reasons stated for dull ads were 16.7% repetitious, 10.4% uninteresting, 9.4% lack imagination, 4.2% too factual, and 1.0% false.

4. 37.8% reported large ads and 19.5% stated the use of color as being important characteristics of ads that can be used to attract attention to the advertising.

Conclusion

This exploratory study probed consumers' attitudes and opinions about the retail food newspaper advertisements they read. However, there is a major limitation in that the universe is one city in the southeastern part of the United States and thus the concern is whether the results from this universe represent the attitudes and opinions of consumers throughout the country. Also, the advertising in this city is primarily price oriented, as very little institutional and other forms of nonprice advertising are being used. Consequently, it is difficult to extrapolate the results for use in all areas of the United States, due to the environmental and behavioral differences and the variances in the newspaper advertising approaches being used by retail food firms throughout the country. In order to alleviate some of the universe problem in this study, another similar study with modifications will be made in two midwestern cities in 1973.

The study results indicate that a substantial proportion of consumers are somewhat critical of advertising and their complaints concern repetition, cluttered advertising items with regular prices as being specials, small print, the lack of imagination and creativity and the ads are dull and uninteresting. Consumers like neat, attractive, large advertisements in color that are not cluttered.

Some consumers seem to want nonprice information pertaining to product selection and how to use products if this information will help them buy prudently. However, this study indicates that the majority of the consumers want advertising to primarily provide them information on specials and prices. It is quite apparent that consumers are treating their grocery buying seriously and are using the information provided by the newspaper advertisements to

make decisions concerning what products to buy and where to shop. Nonprice advertising still takes a secondary role to the shoppers' preferences for low prices and convenience. Does this mean that advertising must concentrate only or primarily on prices. No, advertising should do more than just inform the consumers about prices and specials. Even though the advertising stresses price, the advertising is promoting or not promoting the firm and its stores in a general sense, as advertising is creating an image in the mind of the consumer. The consumer absorbs an image from the advertising, whether she realizes it consciously or not.

There is an absence of personal salesmanship in the store to mold the shoppers' attitude and opinion (image of the store) so the nonpersonal advertising message is quite important, since it communicates a particular image. Therefore, why not complement a good price format with a strong image format in the advertising? Some firms are doing some of this, but not nearly enough. Price ads will draw a significantly higher readership than image ads, so consider combining price and image in the advertising. Price will draw customers into the store and the image advertising is capable of building a loyal core of store patronage. A combination of price and image in the format will give the advertising personality, make it more interesting and improve the readability. Consumers forget what items you had on special two weeks ago or last week, but they tend to remember what you say about your firm, stores, employees and the other nonprice information provided in the advertising.

In conclusion, food retailers, in too many cases, are continuing their pattern of allowing the manufacturer, their previous advertising decisions or habit and competitors' advertising to manage their advertising destiny. The firm must develop a long-range advertising strategy. Price should continue to be extremely important as you need to tell the consumer how much you can save her, but also utilize nonprice information as this injects interest and readability into advertising and creates an image that will build loyalty and store patronage. Most firms apparently expect advertising to do little more than to get consumers to try

their stores, but well planned and executed advertising programs can do a lot more.

¹Stephen Baker, "Supermarket Ads Must Change", Advertising Age, December 2, 1968, p. 98.

²Progressive Grocer, New York. February 1972, p. 30.

³One recent study, indicated that newspapers are the dominant medium, and the only medium used by all respondents. The median expenditure for newspaper advertising was 68% of the typical chain advertising budget. "Food Chain Advertising Expenditure Study", New York. Food Ad Bulletin, No. 5, January 1972.

WESTERN CONSUMERS' ATTITUDE TOWARD THE FOOD INDUSTRY

by
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Presents results of a survey of Southern California supermarket customers relating to such items as unit pricing, open code dating, and private label products.

The study was conducted at the request of the Western Association of Food Chains to determine how supermarket customers view the food industry. Particular emphasis was placed upon determining consumer knowledge and use of unit price information and open code dating, consumer knowledge and perceptions of private label products, and their recall of certain images.

The study was designed and conducted by twenty-nine students of the Food Marketing Management Program at the University of Southern California. Under the direction of Dr. James H. Stevenson, Professor of Marketing and Head of the Program, these students interviewed 1,018 California shoppers.

The sample plan was designed to give a geographically representative sample of Southern California shoppers. The respondents were interviewed as they entered their

local markets, and these market locations were chosen in approximate relation to the market share of each chain or independent.

Results

Fifty percent of the consumers interviewed indicated that they shopped at two or more food stores during the previous week and that during that week, they averaged 2.5 shopping trips. Forty percent said that they shopped three or more times per week.

When questioned as to what should be improved in supermarkets to better satisfy consumers, those interviewed mentioned faster check-out and lower prices most often. In addition to quality meats, fresh produce and store location, low prices and fast check-out also were rated as important factors in selecting a supermarket. Consumers rated price per pound and fat content as the most important considerations when purchasing fresh meat.

The value of food coupons was investigated using three different questions. Sixty percent of those interviewed did not feel that "coupons represent an important savings . . . in food purchasing". Seventy