

# Consumer Behavior



## The Situation

An electronics retailer is located in Austin, Texas, a busy and growing city. People have a reasonable amount of disposable income, and the location is good. However, sales are lagging. The owner of the store feels that the past manager simply did not pay close enough attention to consumer decision-making and behavior. She wants someone who is in touch with customers and can dramatically increase sales and profits.

## Your Role

You have been hired as the new store manager of E-tronics. The owner has given you access to all financial records and has given you authority to hire as needed and to change the store layout.

## Learning Phase

In this phase, you will work in a super-simplified practice store. Step-by-step instructions will guide you through using financial reports to identify products that aren't selling. Next, you will use principles of consumer behavior to increase sales by rearranging needs, impulse items, and complementers. You'll then improve staffing to help consumers make decisions and increase sales.

## Challenge Phase

In this phase, you are on your own to apply your learnings and increase sales and profits. Your store is much larger with a wider variety of products. Your specific goals are profits and sales of impulse items and complementers. You are free to move products throughout the store. As you increase sales staff, keep an eye on wages. High labor costs can eat into profits.

At the option of your Professor, you may be able to retry the Challenge Phase multiple times. Only your best grade will count.

## Consumer Behavior in the Simulation

The simulation contains models of thousands of retail customers. Each customer profile is slightly different, but the simulated customers have some common elements. They have things they need. This is why they come to the store and what they look for once in the store. They also have potential impulse purchases, things they might buy if they see those items while shopping. Certain products complement others and will sell better if placed next to them. Customers will also show different levels of involvement. They are generally hesitant to make purchases of big ticket (high priced) items without consulting with a salesperson. They will happily buy lower priced items on their own.

## Discussion Questions

Discuss the different types of items (needs, impulse purchases, complementers) that are found in stores. Describe how customers react to them and what it means for placement within a store.

Describe the role of consultative selling. List four different types of consumer purchases and order them from lowest to highest in terms of need for consultative selling. How does selling and sticker price generally relate?

In this case simulation, you worked in a physical store. Discuss how impulse purchases and complementers show up in online retailing? How does consultative selling appear in online retailing?

Do you think the simulation modeled consumer behavior well? What behaviors might be missing?