

A discussion of the geographical influences on cherry picking

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ABSTRACT

Retailers know the cherry picking consumer as a shopper who goes from store-to-store, buying only items that are specially priced. This perception raises various questions for a retailer: who are cherry pickers; how do they behave; and, how does this behaviour impact on retailers?

The aim of this article is to examine the correlation between cherry picking and the distance that consumers travel to do grocery shopping and whether geographical influences play a role in customer behaviour concerning store switching and location.

The study will enable retailers to benefit from this form of consumer behaviour by taking a proactive approach towards store switching and store location.

INTRODUCTION

Retailers know the cherry picking consumer as a shopper who goes from store-to-store, buying only items that are specially priced. This perception raises various questions for a retailer: who are cherry pickers; how do they behave; and, how does this behaviour impact on retailers? Secondary research conducted by Urbany, Dickson and Sawyer (2000) and Hoch (2004) show that customers are loyal to stores for many different reasons: some are loyal from choice, some are loyal because both parties have invested time and effort in building a relationship, while some are loyal because their needs are met or exceeded, and others because the relationship is profitable to both sides. A number of factors play a part in influencing the loyalty and the commitment of customers, such as the

quality and value of your core offering, levels of customer satisfaction, 'elasticity' inherent in the sector or product category, other competitors in the market, and even social, demographic and geographical influences.

The aim of this article is to examine the relationship between cherry picking and the distance that consumers travel to do grocery shopping and whether geographical influences play a role in customer behaviour concerning store switching and location.

Crocker (2005) defines cherry picking as "selecting the best or most desirable" The term is used to describe both buyer and seller behaviour. Sometimes the phrase describes sellers who are selective about which customers they serve. The term also describes the behaviour of buyers who are selective about which products or services

they purchase at what locations and prices. In both seller and buyer contexts, cherry pickers opportunistically take the best and leave the rest.

This article focuses on the buyer-side of cherry picking in the context of grocery shopping and compares the behaviour of consumers who switch stores and store location and whether geographical influences play a role in customer behaviour concerning store location compared to visiting a single store.

The research article will discuss the literature review, the problem statement and the study's specific research objectives, results of the study and recommendations. The research will also reveal future research needs.

REASON FOR THE STUDY

Limited research has been conducted concerning cherry picking, store switching and location in the marketing and retail sector. This is evidenced in the limited knowledge available about store switching and location behaviour. This study attempts to clarify certain perceptions concerning store switching and location behaviour to establish whether a relationship between cherry picking and the distance that consumers travel to do grocery shopping exist.

The objectives are important elements in a dissertation, which give direction to the study. These will be discussed next.

OBJECTIVES OF THE STUDY

Retailers can be severely affected by cherry picking and store switching and need a thorough understanding of what influences and constitutes such behaviour, which could lead to a substantial competitive advantage in the retailing market. To achieve the objectives of the study, the main aim of this article was to determine whether a relationship between cherry picking and the distance that consumers travel to do grocery shopping exists and whether geographical influences play a role

in customer behaviour concerning store location and store switching. To attain the objective of this article, the following hypotheses were drawn:

- H1: There is a correlation between customers who price shop over time and consumers who price shop across stores between cherry picking and the distance that consumers travel to do grocery shopping.
- H2: There is a significant relationship between store switching and store location.

LIMITATIONS OF THE STUDY

The demographic profile of the respondents is not representative of the South African context. This could be attributed to the context of the study, the greater Tshwane area, and the specific malls that were targeted.

LITERATURE REVIEW

Cherry picking and customer loyalty, store switching and location, and cherry picking and the distance travelled will be briefly discussed.

Cherry picking and customer loyalty

Cherry picking means taking the best and leaving the rest (Fox & Hoch, 2003). Cherry picking is described as a continuum much like a shopper's degree of price sensitivity. A shopping trip is therefore classified as cherry picking if two or more grocery stores are visited on the same day. Customers are loyal for different reasons, namely:

- some are loyal from choice,
- some are loyal because both parties have invested time and effort in building a relationship,
- some are loyal because their needs are met or exceeded, and
- some because the relationship is profitable to both sides.

This paper focuses on buyer-side cherry picking in the context of grocery shopping and compares the behaviour of consumers

who cherry pick by switching grocery stores and location of the stores. Consistent with economic theory of search, the propensity to cherry pick is found to be inversely related to shoppers' transaction and inventory holding costs, both due to demographics (e.g., working women, age, income, household size, home ownership) and geography (distance between nearby stores).

Store switching and location

Secondary research (Halbritter, 2005, Carter, 2005, Fox & Hoch. 2003) reveals that consumers can cherry pick in at least two related ways. First, each week they can buy their entire market basket at the retailer where they get the best deals. To the extent that competing retailers promote non-identical items, store switching across weeks increases the number of cherry picking opportunities compared to consumers who are store loyal. Moreover, the transaction costs associated with switching stores across weeks do not seem to be much greater than those incurred by store-loyal shoppers, assuming that travel costs to the stores from which they choose are similar and that consumers switch often enough to be adequately familiar with store layouts.

Second, shoppers could engage in a more extreme form of cherry picking where store switching occurs within weeks. In this case, customers split their market basket across stores within a week (potentially on the same day) to benefit from deals offered by different stores. Gauri, Sudhir and Talukdar (2005:1) observe three types of cherry pickers, namely:

- Those who cherry pick through price searching over time, indicating that these consumers may be store loyal but still price sensitive and thereby delaying their shopping over time, but still doing it at the same store.
- Customers can cherry pick through price searching across stores, which implies that customers still do all their

shopping on one day but, based on price, shop across different stores.

- Cherry pickers can be customers who shop both across stores and over time. What constitutes cherry picking behaviour is central to this study and our definition of such behaviour will form the foundation for all the findings.

The distance travelled by the shopper

The cost of shopping also increases with the distance the shopper must travel to the store, reflecting the time and/or direct cost of transportation. We cannot measure travel distance for specific shopping trips, however, because we do not know with certainty where each trip originated and what route the shopper took. Thus, we must treat travel distance as a household trait, rather than a state variable. If we make the simplifying assumptions that (i) all trips originate from home, and (ii) the shopper travels from the first store visited directly to subsequent stores without intermediate stops, then the distance between the closest and next-closest stores reflects the cost of an incremental store visit. We therefore hypothesise that there is a negative relationship between the probability of cherry picking on a given shopping trip and the distance between the closest and next-closest stores to the consumer's home.

Loyalty cards and their influence on store switching and store location seems to be not the prime reason for choosing a particular store, while factors such as price, quality, service, and convenience contribute more to fostering loyal shoppers, according to consumer research food and grocery. A number of factors play a part in influencing the loyalty and the commitment of customers, such as the quality and value of your core offering, levels of customer satisfaction, 'elasticity' inherent in the sector or product category, other competitors in the market, and even

social, demographic and geographical influences.

To achieve the objectives of the study, the main aim of this article was to determine whether a relationship between cherry picking and the distance that consumers travel to do grocery shopping store exists and whether geographical influences play a role in customer behaviour concerning store location and store switching. The true definition of cherry pickers needed to be studied. Therefore the following hypotheses were formulated.

H1: There is a significant relationship between store switching and store location.

H2: There is a correlation between customers who price shop over time and consumers who price shop across stores between cherry picking and the distance that consumers travel to do grocery shopping.

Next the research methodology used in this research will be explained.

RESEARCH METHODOLOGY

Secondary and primary sources were used to gather information. The main secondary sources used were journals, articles, press reports, and books. The main source of primary data was questionnaires. The sampling, data collection methods, measures and inferential statistics of the study will be highlighted.

Sampling

The target population of this study was grocery shoppers where grocery shopping can be defined as shopping for food, toiletries and detergents excluding bread and milk. These sample elements were targeted in the context of shopping malls through the use of mall intercepts and interviewer-administered personal interviews. Mall intercept surveys are a variation of in-house personal interviewing that involves engaging shoppers in a shopping centre, qualifying them and thereafter conducting

the interview. This form of survey is more flexible than in-house personal surveys and the interviewer also has full control of the interviewing environment. This form of interviewing is most useful in concept testing like cherry picking (Tustin, Ligthelm, Martins & Van Wyk, 2005:152).

Leedy (2004:18) distinguishes between probability samples and non-probability samples, the difference being that, in the case of probability sampling, the probability that any member of the population will be included in the sample can be determined, while in non-probability sampling this probability cannot be specified. In this study probability sampling was used. A sampling frame was obtained of shopping malls in the greater Tshwane area where specific shopping malls were selected based on convenience and a wide LSM spread. A relatively representative sample was obtained through targeting shopping malls for various LSM groups in different areas of Tshwane.

A realised sample size of 176 was obtained from a target sample size of 250 with 100% of the questionnaires being usable. This could be attributed to the use of personal interviews as a data collection method. The data collection method will be discussed in greater depth in the following section.

Data collection

The questionnaire was pre-tested through 10 quasi interviews where respondents were selected based on convenience and respondents were scanned through only allowing the "main family grocery shopper" to participate.

Data were collected over a three-day period at 10 different shopping malls through the use of personal interviews as a survey method. A wide spread of respondents were targeted through conducting the survey at different times each day – morning, afternoon and early evening. Personal interviews are generally regarded as the best survey method in testing concepts (Tustin, Ligthelm, Martins

& Van Wyk, 2005:155) like cherry picking. In-house knowledgeable interviewers, with an academic background, were used to decrease the likelihood of interviewer bias. No incentives were used to gain a higher response rate.

Measures

The main construct of this study (location) was measured through the use of Likert-type scales as opposed to the demographic variables, like respondent income and age, whose questions delivered only nominal data. The basic scale design therefore consisted of a Likert-type scale with five scale points (with labels ranging from strongly agree to strongly disagree) and 11 scale items. This scale was found to be highly reliable with a Cronbach's Alpha of 0.7. The constructs measuring cherry picking behaviour as price searching across time and price searching across stores were measured using similar scales with five scale items. These two scales were also found to be reliable. No items on any of these scales were reverse scored.

Inferential statistics

In this study the researchers want not only describe the sample data such as means, standard deviation and proportions but they wish to make inferences about the population based on what was observed in the sample. Inferential statistics allow researchers to make inferences concerning the true differences in the population (Tustin et. al., 2005).

The dataset is further augmented by locations of panel households and grocery stores. These locations allow us to compute travel distances both from shoppers' homes to stores and between stores in order to assess the relationships between geographic variables and cherry picking. Therefore the following null and alternative hypotheses can be formulated:

H0: $\mu \neq 10$ km

H2: $\mu = 10$ km

The research findings of the research will be highlighted next.

Research findings

Descriptive and inferential statistics were used to test the hypotheses in this study.

Descriptive statistics

The sample in this study consisted of 67 per cent females and 33 per cent males with the average age of between 24 and 28 years. A relatively diverse spread of language across respondents was obtained with most respondent's preferred language being Afrikaans (40%), English (17%) and North Sotho (15%). This demographic variable is greatly influenced by the province (Gauteng – where North Sotho is a commonly spoken language) and city (Pretoria – where Afrikaans origins date back to the settlers). It is also influenced by the race of the respondents which was distributed as 45 per cent African, 52 per cent white, 2 per cent coloured and 1 per cent Indian.

Two important characteristics are evident from the study. First, 20 per cent of the sample does not cherry pick at all. Second, the distribution is heavily skewed with a long right tail. Thus, most households are on the low end of the cherry-picking continuum. The mean and median of the per cent cherry-picking distribution are 7.7% and 4.2%, respectively, while households in the top decile cherry pick on 32.0% of shopping trips. Though they may not seem compellingly large, these statistics belie the fact that each cherry-picking trip is made up of multiple store visits. If we consider the distribution of store visits, which reflect retailer traffic counts, we find that the mean and median are 13.2% and 8.2% respectively, while the top decile cherry picks on 49.3% of visits.

Cherry picking behaviour

As described earlier, cherry picking occurs when a consumer visits two or more grocery stores on the same day. The response of the study is shown below in figure 1.

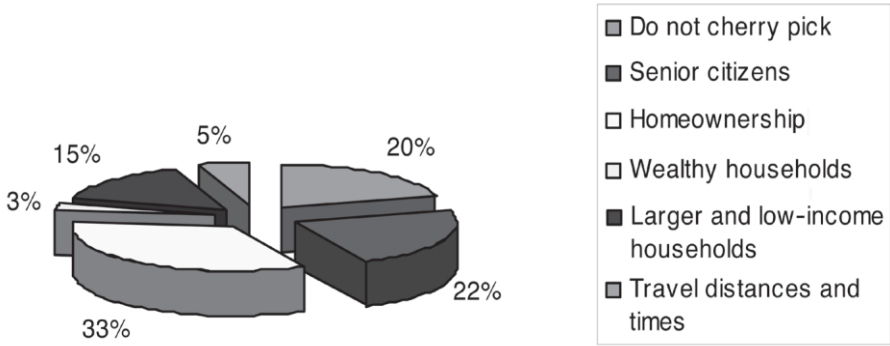


Fig 1: Cherry picking behaviour

Fig 1 shows the distribution across households of cherry picking trips as a percentage of all the household’s shopping trips. 20 per cent of the sample does not cherry pick while households are less likely to go cherry picking when there is a working adult female in the family only five per cent of the sample. Presumably because it is more costly for them to spend time shopping for groceries. Senior citizens (≥ 65 years old) are less likely to be employed outside of the home and so have more time to invest in shopping. Therefore if there is a senior citizen in the household this increases cherry picking by 22 per cent.

Homeownership also implies greater inventory carrying capability. This further implies that home-owning households can take advantage of the greater number of discounts available through cherry picking because they have more opportunity to accelerate purchases by forward buying. As indicated in figure 1, homeownership increases the propensity to cherry pick by about 33 per cent.

Wealthy households are assumed to have higher opportunity costs and are less price sensitive. Indeed, household income has a negative impact on per cent cherry picking and only three per cent of the respondents indicate that they sometimes cherry pick. Whereas larger and low-income households are assumed to be more price sensitive and

will switch stores, because they have to spend a greater proportion of their income on groceries (budget constraint), while 15 per cent of the respondents indicated cherry pick because they have greater returns to price search by virtue of purchasing scale. See figure 1.

Travel distances and times also exert an influence on cherry picking propensity. Although we find no effect for how close the nearest store is to the home, there is a negative effect for the distance from the nearest to next-nearest store. We take this as evidence that the household considers the incremental cost of the extra store visit (which can be very low if nearby stores are close together or more costly if not) against the expected benefit of the additional discounts available if that extra store visit is made. Figure 1 shows that each extra kilometre between stores decreases per cent cherry picking by about 5 per cent.

Consumer loyalty

As noted in the secondary research, customers are loyal for different reasons and some are loyal because they feel they have invested time and effort in building a relationship with the staff of the retailer. In question 4 of the questionnaire the respondents were asked how loyal they are to their grocery store. The response is indicated in table 1.

Table 1: Descriptive data of the customer

		Frequency	Valid per cent	Cumulative per cent
Valid	Not loyal	17	10.12	10.12.
	Indifferent	34	25.6.	35.18
	Very loyal	108	64.29	99.47
	Total	168	100.0	100.0
Missing	System	8		
Total		176		

Table 1 indicates that 64.29 per cent of the respondents are loyal to their stores while only 10.12 per cent reveal that they are not loyal to their stores. This response shows that most of the respondents are loyal to their stores. Store location will be discussed next.

Store location

Most respondents (65 per cent) agreed that they remain loyal to stores conveniently located to them and will not change stores even when a store further from them offers a product cheaper than their regular store. This response indicates that these respondents will not cherry pick even if another store offers lower prices.

Store switching

The respondents were asked whether they would switch from their usual store if lower prices were offered at another store, thus price shopping across stores. Of the respondents, 34.1 per cent strongly disagreed that they would switch to another store if that store offered lower prices. While 32 per cent of the respondents agreed that they would switch stores if another store offered lower prices. 23.8 per cent of the respondents indicated that they were indifferent to lower prices and store switching and would not switch stores.

This question was further analysed to establish whether race has an influence on the respondent's perceptions concerning price shopping across stores.

The respondents were grouped into African, white, coloured and Indian. More respondents of the African group, 47.4 per cent, strongly disagreed that they would price shop across stores, compared to 42.2 per cent respondents of the white group who strongly disagreed that they would price shop across stores. 33.3 per cent of the coloured group respondents strongly disagreed that they would price shop across stores. The response disclosed interesting information as 100 per cent of the Indian group respondents strongly agreed that they would price shop across stores compared to 34.4 per cent of the African group, and 31.1 per cent of the white group. No respondents of the coloured group agreed that they would price shop across stores. The 23.8 per cent of the respondents who were indifferent to price shop across stores consists of 19.2 per cent of the African group, 26.7 per cent of the white group, 66.7 per cent of the coloured group and none of the Indian group.

The study established that respondents of the African group would have less of a tendency to price shop across stores than any of the other groups. This group shows that they are less prepared to cherry pick than any of the other groups.

H1 = There is a significant correlation between store switching and store location

The response of the hypothesis is shown in table 2.

Table 2: The Pearson correlation

		(STORE IN Q5) is conveniently located	Total: price shop across stores
(STORE IN Q5) is conveniently located	Pearson Correlation	1	.073
	Sig. (2-tailed)	.	.348
	N	167	166
Total: price shop across stores	Pearson Correlation	.073	1
	Sig. (2-tailed)	.348	.
	N	166	175

Table 2 shows that the Pearson correlation indicates a perfect correlation of 1 at a significant level of 0.05 2-tailed. When conducting the z-test, H01 was rejected thus accepting Ha1. Therefore, by accepting Ha1, one may conclude that there is a significant correlation between store switching and store location.

The study also seeks to establish how far the respondents would be prepared to travel for products on special or offered at lower prices. The respondents who would price shop across store indicated that they would be prepared to travel 10 km for lower priced products.

The study aims to show that there is a significant correlation between cherry picking and the distance that consumers travel to do grocery shopping. The following hypotheses were formulated.

H02: $\mu \neq 10$ km

Ha2: $\mu = 10$ km

When conducting the z-test, H02 was rejected, thus accepting Ha2. Therefore, by accepting Ha2, one may conclude that there is significant correlation between cherry picking and the distance that consumers travel to do grocery shopping.

DISCUSSION

The study aimed to examine the relationship between cherry picking and the distance that consumers travel to do grocery shopping and whether geographical influences play a role in customer behaviour concerning store switching and location.

Tshwane consumers indicated that there is a relationship between cherry picking and the distance that consumers are prepared to travel to do grocery shopping. Geographical influences also play a role in customer behaviour concerning store switching and location.

Summary of research findings

Most respondents indicated an average income of between R 5 000 and R 15 000 (43%), or less than that (39%). The average amount that respondents spend on grocery shopping is R 1 560 stating that, on average, the cherry pickers are prepared to travel 10 km for products on special or offered at lower prices.

Managerial implications

Knowledge regarding store switching and store location behaviour will enable retailers to get more sales from their price-sensitive shoppers and increase their market share of the industry. Retailers need to know how cherry picking affects them. Cherry picking and store-switching behaviour vary depending upon whether the store is the shopper’s primary grocery outlet or a secondary grocery outlet. The reasoning for this analysis is that it is one thing to be a shopper’s primary store, where every so often the shopper cherry picks your competition and so spends a bit less money at your store than on a single-store trip. It is another thing to be a secondary store, the one which is actually being cherry picked. Not only does the shopper fail to spend

as much in your store, but when she does patronise it, she opportunistically buys more sale items. For each household, we designated as its primary store the grocery chain at which the household spent the most money over the two-year period. All other stores were designated secondary outlets.

Much of the savings on cherry picking trips is due to the purchase of more promoted items, where these savings are subsidised by manufacturer discounting. Thus, the burden of cherry picking is borne by both retailer and manufacturer, with manufacturers selling more on deal as a result. Also of interest to manufacturers, cherry pickers are not brand loyal. Returning to the retailer's perspective, households that cherry pick more often also have more family members and so consume more goods, suggesting that cherry picking households may generate more retailer revenues. In fact, the cherry picking households spend R1 576/month while households that cherry pick less frequently spend only R1 498/month.

The research indicates that, as long as a retailer advertises products, opportunism in the form of cherry picking is inevitable. While retailers must make broad offerings, they can also find ways to embrace this segment. Cherry pickers tend to cherry pick the second store they visit when shopping two stores in a single day. At the second store they are buying less and buy at a higher discount. Cherry pickers are more vigilant shoppers that pay lower prices, but are nevertheless a segment large enough to matter to retailers. Fox (2005) advises the retailer not to marginalise cherry pickers. This is price competition with other retailers; therefore, the retailers want to have the most attractive offers and weekly ads. Retailers should want to offer the things people want and care about, while being competitive in the process. The current study shows that not much research has been done in South Africa about cherry picking.

Recommendations for future research

The research has indicated that insufficient research has been done on the loyalty cards system and its influence on cherry picking and store switching. Future research should focus on furthering the findings of this article.

Future research may also include a comparative study between South Africa and the United States of America to determine whether South Africans or Americans are more prone to cherry picking or not.

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