

The Effect of Assortment Size Reduction on Store Switching: Implications for Grocery Brands

**Raj Sethuraman,
Southern Methodist University**

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Abstract

To delist or not to delist? Retailers such as Wal-Mart in the USA and Mercadona in Spain resorted to extensive delisting (discontinuation) of national brands to cut costs, only to face a backlash from consumers who switched stores to find better alternatives. In this research we offer insights and implications for retailers wishing to engage in assortment reduction through delisting. We investigate 14 drivers of store switching using a comprehensive survey of 2240 consumers in the USA and Spain. Some key findings are: (i) Consumers in the USA are more prone to switching stores when faced with smaller assortments than are consumers in Spain; (ii) Having consumers' favored brand in the reduced assortment is one of the strongest drivers that inhibit store switching due to assortment reduction across countries; (iii) Richer and more educated consumers are more likely to switch stores in the USA, while older and larger households are likely to switch stores in Spain, when faced with delisting and assortment reduction. These findings call for some common and some distinct delisting strategies in the two countries.

Key Words: Retail strategy, Assortment planning, Grocery products, Store Loyalty, Private Labels

Speaker Profile:

Raj Sethuraman is the Harold Simmons Distinguished Professor and chair of Marketing at the Edwin L. Cox School of Business at Southern Methodist University. He received his Ph.D. in marketing from Kellogg Graduate School of Management at Northwestern University. He is also the Executive Director of the Center for Marketing Management Studies and the director of the Online Graduate Marketing Certificate Program at SMU-Cox. Dr. Sethuraman has taught several marketing courses, has written many cases in marketing, and introduced several online teaching tools for which he was awarded the Eugene Byrne teaching innovation award in 2010. Professor Sethuraman's research focuses on national brand-store brand competition, price-advertising strategies, and brand equity. He has published articles in leading journals and won many research awards, including the John Little award for the best paper in *Marketing Science*, the Jagdish Sheth award for the best paper in the *Journal of the Academy of Marketing Science*, the O'Dell award for the best paper in the *Journal of Marketing Research* (Runner-up), the William Davidson Award for the best paper in *Journal of Retailing* (2nd place), and the Paul

Green award for the best paper in *Journal of Marketing Research* (Finalist). He is currently co-editor of the *Journal of Retailing* and has also served as an ad-hoc Area editor or as an editorial board member for other journals including *Journal of Marketing Research*, *Marketing Science*, *Journal of Modeling in Management*, and *Review of Marketing Science*. Dr. Sethuraman is active in consulting for commercial and nonprofit organizations. His recent consulting engagements include Samsung Telecommunications, KPMG, and the Center for Nonprofit Management. He is also the founder-president of Charity through Art Foundation, a nonprofit organization dedicated to raising money for the underprivileged by organizing music and dance performances.

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