Teacher Instructions

The term “choice architecture” basically means “presenting choices to consumers in different ways in order to influence their decision”. The idea that decisions can be influenced by simply presenting information in a different way contradicts the standard neoclassical view of rational human beings. Thaler and Sunstein of “Nudge” fame describe these rational creatures as Econs. In reality, though, most of us are Humans i.e. easy to influence and manipulate.

How to use the case studies
This resource is composed of a number of sections and it is suggested that you follow these in order to maximise the learning opportunities.

1. Go on a field trip to your local supermarket to complete the survey sheet contained in this resource. You could do this as a class or for homework.
2. Read through our “Supermarket Manager Maxi-Profit Handbook”.
3. Compare your survey results with the Handbook – how easily could you have been manipulated?
4. Write a guide for shoppers about how to look after their cash when they head to the supermarket.
5. Read the follow-up case studies to learn about how supermarkets are adapting to changing consumer behaviour.
**Task One - Student Survey**

You should visit your local large supermarket in order to complete this survey sheet.

1. At which point did you enter the store?
   - Right, left, centre

2. Describe the products and services that you see immediately as you enter the store? (e.g. newsagent, sandwiches, special offers, seasonal goods)

3. Why do you think these products and services have been positioned close to the store entrance?

4. Where in the store can you find the following types of products, and why might they be positioned where they are?
   a. Pre-packed sandwiches
   b. Fresh flowers
   c. Dairy products (e.g. milk, yogurt, cream, yogurt)
   d. Fresh bread
   e. Large electronic items
   f. Alcohol
   g. Magazines and newspapers
   h. Fresh fruit and vegetables
   i. “niche” foods e.g. Japanese sushi kits, Polish pickles etc.
5 Find the cereal aisle.
   a. At what height are children’s cereals positioned?

   b. Where can you find the supermarket own-brand items?

   c. Where are the special offers positioned?

   d. What can you see around you that might influence your choice in buying cereal?

6 Walk along the ends of the aisles. What sorts of products or promotions do you find on the “end caps” (i.e. the ends of aisles)?

7 Look at the width of the aisles.
   a. Are they all the same width?

   b. If not, what sorts of products are in wide aisles? The narrow aisles?

   c. Why might the aisles be different widths?

8 Use your senses
   a. Which parts of the store are the coldest? The warmest?

   b. Which parts of the store have the brightest lights? The dimmest lights?

   Why do you think there might be a difference?

9 Check out the checkouts
   a. What items are close to the checkouts?

   b. What size are they? What price are they?

   c. Why do you think they have been positioned there?
10 List the other services provided at the store (e.g. coffee shop, shoe repair, opticians, pharmacy etc). Where are they located, and why do you think they are provided?

11 Head to the fruit and vegetables.
   a Find three types of pre-packed fruit/veg (e.g. apples, pears, carrots, salad leaves) – what is the price per kg of the pre-packed fruit/veg?
   
   b Now find the same type of fruit and veg but not pre-packed – what is the price per kg?

12 Busy shoppers
   a Which aisles have the most shoppers in? Why do you think those aisles are busiest?
   
   b Which aisles have the fewest shoppers in? Why do you think those aisles are quieter?
The average profit margin for a typical supermarket is a measly 1%. However, there are lots of tricks of the trade to help you boost that margin in your own store! Here is our handy guide to help you achieve maxi-profit:

• Most shoppers are right-handed and prefer to walk round the store in an anti-clockwise direction because they push their trolley with their left hand and pick up items with their right – the result is that an anti-clockwise trip around your store will cause your shoppers to spend roughly £2 more each! You can achieve this by positioning your store entrance to the right.

• Bread and milk are bought by nearly every shopper – place them towards the back of the store to encourage shoppers to walk through the store, pick up more items on the way.

• The biggest mark-ups are on small impulse items such as batteries and confectionery (up to 70% profit margin!) so position these towards the checkout when shoppers are tired, or in need of a bit of a sweet treat – this is known as the Golden Zone.

• Items for children at lower levels so that they can be selected by children and added to the trolley.

• Shops e.g. very clear bakery area, deli area, fish, butcher etc create a slightly different shopping experience in each one. For example, wooden shelves in the bakery area so it feels more authentic.
Use Gondola Ends – place special offer items on the end-caps of aisles. Remember, though, that shoppers have been conditioned to expect special offers on the ends of aisles so take advantage of them by making sure that some end-caps don’t contain special offer items but just some high-profit margin goods with some nice marketing.

Position high-profit-margin items at “grab level” – somewhere between eye level (typically 1.6m) and waist level; put your own brand labels either very low or very high.

Position your sandwiches and lunch items towards the front of the store so that shoppers who need a quick experience get that – it may encourage them to come to do a bigger shop at the weekend.

The typical store layout:

Source: The Independent
Task Three - Theory and Practice Compared

1. Compare your survey results with the Handbook – how much of the Handbook did you observe being put into practice in the supermarket that you visited?

2. Consider the following key behavioural economics terms; which of them did you observe in the supermarket and where/when? (hint – use the tutor2u definitions sheet to help you if you aren’t sure about what these terms mean)?
   a. Herd behaviour
   b. Positive framing
   c. Negative framing
   d. Bounded rationality
   e. Habitual consumption
   f. Altruism
   g. Anchoring
   h. Default choice
   i. Social Norms

Task Four - Cash Buster

Produce / create an awareness campaign for shoppers in order to try and prevent them from over-spending in supermarkets. It could be a short film, a colourful flyer, a newspaper article – use your imagination!

Task Five - Changing Habits – Research task

Supermarkets have been altering their strategies in recent months and years to adapt to changing consumer habits.

CHANGE 1 – CONVENIENCE STORES – think of the rise of Tesco Metro, Little Waitrose, Co-Op. Why might there be an increase in the number of small, town-centre convenience stores?

CHANGE 2 – DISCOUNT RETAILERS – why do you think stores such as Aldi and Lidl have got an increasing share of the supermarket market? What is different about these stores compared with the traditional supermarket retailers of Tesco, Asda, and Sainsbury?

CHANGE 3 – CLOSURE OF HYPERMARKETS – why are so many of the traditional retailers mothballing or closing their large out-of-town sites?

CHANGE 4 – INTERNATIONAL RANGES – why do supermarkets increasingly stock a wider range of “international cuisine” foods?

CHANGE 5 – PREMIUM READY MEALS – whilst ready-meals are still popular, lots of supermarkets have started to change their offerings so that the consumer has to do a little more preparation of the ready meal e.g. adding sauces, toppings etc – why might this be the case?