

YOUR MONEY

SMART SHOPPING JOHN EWOLDT

What do consumers want? Not what they say they want



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Consumers can be very irrational beings. We say we want good customer service and locally owned retailers, for instance. But I'm not so sure.

The Galleria in Edina has been losing one locally owned retailer after another in the past five years. More than a dozen have left, causing many shoppers to lament the shift away from a mix of local and national retailers.

While I agree that shopping locally is an important part of my identity too, these stores aren't closing or leaving because a corporate owner from Texas prefers national retailers with better-known names such as Tiffany, Lululemon and North Face.

It's because we aren't shopping as often at the locals as we claim to be. We like the idea of shopping locally, but when a national store offers something more interesting, we spend money there instead.

Talk to small-shop owners going out of business. Hordes of well-wishers descend during the "store closing" sale, saying how much they loved the store. But if they are asked how long it's been since they shopped there, it's often been a couple of years.

"People want a certain identity of themselves — that I am a locally minded, neighborhood kind of person who cares about the environment," said Vlad Grisevicius, a professor of marketing at the University of Minnesota's Carlson School of Management. But we shift to national retailers if they offer cheaper prices or a better selection.

Let's face it. Many local stores closing in the Galleria were past their prime, not just victims of high rent. Stores such as Len Druskin and Three Rooms left the Galleria for different locations, only to go out of business. Arafina, Whimsy and Bang & Olufsen closed and never reopened. (Schmitt Music, Rocco Altobelli, Que Sera and Pappagallo reopened in less-expensive strip malls or neighborhoods and remain open.)

"While we continue to take a hit from the public and media when we replace local tenants, we have never replaced a local in the center that was strong performing," said Jennifer Smith, retail leasing manager at the Galleria. She recalled a local tenant manager who was upset when some nearby space was rented to Lululemon instead of another local firm. But his tune changed when Lululemon did more than seven times the business of the previous local tenant. "There is a lot more traffic for this tenant who complained and now he is absolutely thrilled," she said.

I am not suggesting that we should choose local over national

retailers, but if "shop local" is part of your personal identity, then make a point to patronize local stores that you would dearly miss if they closed.

Customers' logic about customer service also gets a little squishy. Nearly all of us say we want good customer service and nearly all businesses say they offer it, but seeing it in action is too rare.

I've said before that our nearly universal demand for low prices has doomed customer service, but we still expect it, even at discounters such as Target, Wal-Mart and Kohl's.

That's created an odd situation where Wal-Mart can get better customer service scores than a department store. Expectations are so low at some discounters that when a consumer gets good customer service, they're shocked but happy. "Say you're in Wal-Mart and you ask someone where to find an item and the person says 'Let me show you.' You're much happier than going into a department store where you can't find anyone to wait on you," said Paco Underhill, environmental psychologist and author of "Why We Buy."

I have low expectations at no-frills Aldi supermarkets, but I am impressed by how quickly the lines move with their speedy, efficient cashiers. Hy-Vee in New Hope costs more, but they have employees who smile, say hello and ask if I need help finding something. It's amazing and rare.

What's unreasonable is when people go into full-service stores with excellent service and complain about high prices. I worry about the tenure of great retailers such as Nordstrom and Apple when so many people want their experience and products without paying a premium.

The future of retail appears to be with companies that offer low prices and good service. John Tschohl, president of Service Quality Institute in Bloomington, said Costco and Amazon are good examples.

"A Costco store does double the volume of a Sam's Club," he said. "Sam's Club doesn't seem to value human employees who smile and are courteous so they add self checkouts."

What I find odd is that the company getting the best scores for customer service, Amazon, accomplishes this without any direct face-to-face human interaction.

Shakespeare said it best, "What fools these mortals be."

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