

Did Wal-Mart Get it Wrong?

For those of you who are in the retail industry, you may have noticed a recent trend to clean up in-store environments – reduce shelf heights, remove dense ends and dump bins, widen aisles etc. – in order to increase comfort and make the shopping experience less stressful for customers.

The big question then becomes “does clean make customers keen? According to Wal-Mart, arguably the largest and most successful retailer in the world, clean stores mean fewer beans (on the bottom line).

As reported in the New York Times, Wal-Mart conducted a massive in-store experiment to improve sight-lines, rationalize the overall number of items offered, remove warehouse-like merchandising in centre aisles, and increase the width of core aisles. According to Wal-Mart's CEO William S. Simon “(Customers) loved the experience. They just bought less.”

As a result, Wal-Mart reverted back to its original strategy of offering more products, with tighter aisles, more clutter and lots of bargain bins in the hopes that customers would spend more because of a perception there were bargains to be had.

If you do a quick search on the internet, there are dozens of experts who subscribe to the view that a larger selection, more bargain bins, and sales signage equates to “better value”. In essence, the more you look like a market stall, the better it is to generate buzz and sales. They argue that if your merchandise is neatly presented on the walls and in well organized aisles, with no point of sale impulse offers and dense ends full of 2-for-1 specials, customers will tend to think your store is expensive (i.e. overpriced) and they will not buy from you.

And if you think about it, you can probably name a whole list of retailers who subscribe to this “clutter is good for business” philosophy and they seem to be successful. But how can we be sure that clutter makes customers keen? Have we been too quick and prematurely jumped to a conclusion that clean is a traffic and transaction turn-off?

Recent empirical evidence from the science of neurology sheds new light on how we think, and more importantly, how we make decisions. In fact, the decision making part of your brain responds strongly to certain stimuli only.

Did you know that your brain consumes 25% of your body's energy? As a result, your brain needs to conserve energy so you tend to pay attention (and be attracted) to things that have sharp contrast, high visual appeal, strong emotional cues and a clear beginning vs. end message.

Now what does this mean for you in the context of your shopping environment?

A chaotic, cluttered store is cumbersome for your brain to navigate – you have to work hard mentally to hunt down and search for bargains. It may create some emotional appeal but it is likely perceived by your brain as having low contrast, low visual appeal and no clear beginning vs. end. Shopping in this sort of environment takes time and energy and it also forces your brain to go into “thinking” mode. This is a critical point because thinking is counter-productive to deciding. Thinking takes place in one part of your brain (the neo-cortex), while deciding happens much more quickly (and automatically) in your old or “reptilian” brain.

So what does this research mean for the strategy and conclusions reached by Wal-Mart?

Based on science, the strongest buying cue that you can give your customers is this – if your store (or business) has incredible bargains, people will buy (and even sift through a maze of clutter) because something is in it for them. The “what’s in it for me” (WIFM) principle is one of the strongest influences on the part of your brain that decides.

There is however, no hard evidence to suggest that clutter makes your customers keen.

Wal-Mart and many others have come to a conclusion based on what they THINK people are doing to reach a buying decision in-store. However, neuroscience has empirical evidence to support the opposite conclusion is more probable. Clutter and chaos create an environment where your customers have to think too hard, which is exhausting for the brain. They will do it if they have to, as long as the perceived bargains and value are very high.

Doesn't it make more sense to find another way to communicate good value and service without exhausting your customers and causing them to waste their time?

Wouldn't you be more likely to get more sales and word of mouth referrals from your delighted customers?

In the end, Wal-Mart may be correct about the fact their customers bought more in their cluttered stores... but they are wrong about WHY that occurred. The best way to create more excitement and sales is to make it easier for your customers to decide. You need to show them what's in it for them, increase the contrast between your solution and your competitor's and communicate a strong, tangible visual message that compels them to say “YES”.