Shopper Path to Purchase: The Three Biggest Decisions You Can Influence

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Consumer and Shopper Analytics

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Shopper path to purchase

- Industry Challenges
- Shopper Framework
- Digital Influence
- Benefits
- Case Study
Poll question #1

In your opinion, what best describes the industry’s definition of “shopper”:

a) Clear and well understood
b) Ambiguous and not well understood
c) The same as “consumer” and used interchangeably
d) The same as category management and used interchangeably
Consumer

Shopper

What’s the difference?
Comparing consumer and shopper needs

**Consumer Needs**

Requirements that I need fulfilled by the products I buy for me & my family

e.g. healthy, durable, filling, tasty

**Shopper Needs**

Requirements that I need fulfilled as part of the shopping process

e.g. variety, value, convenience, experience
The struggle with shoppers

*Shopper Insights* has a reputation for being confusing and not actionable

- Limited distinction between shopper and category management
- Lack of focus on shopper decisions that can be influenced
- Lack of store-level and shopper-level tools to take action where shopper marketing happens
Shopper path to purchase

- Industry Challenges

  - Shopper Framework

- How it works

- Digital Influence

- Benefits

- Case Study
connecting consumer and shopper behavior

The “path to purchase” is actually a *cyclical* decision-making process that connects consumer demand to what shoppers buy

3 biggest decisions you can influence

The path to purchase
Connecting consumer and shopper behavior

Successful shopper marketers use superior insight around the cycle to best impact each decision in their own banners’ or brands’ favor.
Finding clarity on five critical knowledge drivers: Understanding the path to purchase

- Demand
- Plan
- Place
- Purchases
- Buy

- Shoppers
- Trips & Missions
- Stores & Markets
- Categories & Products
- Price & Promotion

- Evaluation
- Consumption

Shoppers

Trips & Missions

Stores & Markets

Categories & Products

Price & Promotion

360
Key areas of focus

The Right Shoppers and Missions

Shopper / Trip Segmentation and Identification: engaging your store or brand’s most valuable shoppers and trip missions, through effective and unique ways to segment, identify and reach them.

The Right Store Experience

Store Experience and Shopper Conversion: maximize shopper engagement and conversion, and grow in-store marketing ROI by managing store and aisle layout and experience - from navigation paths, to shopper-centric store and aisle design, to more effective use of in-store marketing strategies.

The Right Products and Placement

Range and Assortment Optimization: attract and convert the right shoppers, for the right trips, and maximize the size of their basket, by managing the right product & category assortment.

The Right Value

Price and Promotion Optimization: manage the value perceptions of your brand or store to attract and convert more shoppers and maximize basket size and sales margin, by choosing the right price and promotion strategies to meet all objectives.

Building Stronger Relationships

Shopper Loyalty and Retention: build loyalty and retain more key shoppers by monitoring and managing shopper habits, shopper satisfaction and loyalty as well as equity and image of banners and brands.
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Poll question # 2

Which digital application will have the greatest influence on the way shoppers shop for CPG in the next 5 years?

a) Product search  
b) Online circulars  
c) Social media  
d) Mobile planning tools  
e) Ecommerce
As we start to tackle ‘digital shopping’ in relation to CPG: how much do we see, and how much remains to be seen?
The changing retail landscape
Consumers live across channels

1. Integrate digital; not independent
2. Multi-channel insight is critical
3. Cross-platform assets a must
New dynamics within a common framework

Consumer based cross-channel insight is critical

Digital Ad and Flyer Effectiveness

Web / Mobile planning Influence

Marketing

Consideration

Perception

Purchase

Consumer Sentiment, needs, and Satisfaction

Sales Share vs. Competition (all channels)

Physical vs. Digital

Offline vs. Connected

DEMAND

PLAN

PLACE

PURCHASES

BUY

EVALUATION

CONSUMPTION

Marketing Perception Consideration Purchase

Design

360

18
So what is beneath that iceberg?

A world of change, a world of challenges...

but above all a world of opportunity
Shopper path to purchase

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Clearly defining shopper management… fuels retailer collaboration

Requires a mindset change:

From
“selling more of my brands or categories to the shoppers in your stores”

To
“using my brands and categories to bring more shoppers to your stores, more often”
Focus on key decisions you can influence… results in more effective and efficient marketing efforts

- CPG Brand Marketing Objectives
- Common ‘Sales’ Objectives
- Retailer Shopper Marketing Objectives

Brand Demand
Brand Consumption

In-store Product Choices

Trip Planning
Channel / Store Choice
Deliver **precision** at a store and shopper level.. drives shopper activation

- **Depth of Effective Insights**
  - **Broad Consumer and Market Focus**
  - **Precise Shopper and Store Focus**

- **CPG Brand Marketing Objectives**
- **Common ‘Sales’ Objectives**
- **Retailer Shopper Marketing Objectives**
Shopper path to purchase

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One Size Does NOT Fit All!

A Case Study in following the Path 2 Purchase
Case study situation and objectives

Retailer X is focused on growing share of wallet among their top 3 Shopper Segments. The Retailer’s strategy is to expand purchasing in stock-up and fill-in trips.

Retailer X is partnering with a leading manufacturer in Home Cleaning to provide insights and recommendations that will help drive the Retailer’s shopper strategy.

Provide actionable recommendations for the retailer’s top segments that:
- Can be influenced pre and in-store
- Are at the store and shopper levels
### Segment Name “Tag Line/Motto”

<table>
<thead>
<tr>
<th>Segment Name</th>
<th>Distribution</th>
<th>Key Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cul-de-Sacs &amp; Play Dates</td>
<td>23% 32%</td>
<td>Young, Affluent Families Enjoys Shopping – Experimental Willing to pay more for quality products</td>
</tr>
<tr>
<td>“What can I buy today?”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance Patrons</td>
<td>27% 24%</td>
<td>Older, Affluent Empty Nesters Willing to pay more for quality products Buy and trust only name brands</td>
</tr>
<tr>
<td>“Only the best!”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diligent Deal Seekers</td>
<td>16% 16%</td>
<td>Blue Collar, Large Families Take pride in searching for the best deals Willing to sacrifice to save money</td>
</tr>
<tr>
<td>“Let’s make a deal!”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convenience Connoisseurs</td>
<td>12% 13%</td>
<td>Middle-Age 1 member households (High Male) Disinterested shoppers - Just want to get the job done Always go to the same few stores</td>
</tr>
<tr>
<td>“I have better things to do.”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pragmatic One-Stoppers</td>
<td>12% 10%</td>
<td>Older &amp; Low Income Disinterested shoppers Makes list and buys only what they need</td>
</tr>
<tr>
<td>“Stick to the list.”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proud Penny Pinchers</td>
<td>10% 5%</td>
<td>Lower Income, Blue Collar Families - Ethnically Diverse Take pride in searching and finding the best deals Take time to browse the entire store</td>
</tr>
<tr>
<td>“Make every cent count.”</td>
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</tbody>
</table>
Profile top shoppers

Demographics
• Young, Affluent, University Educated
• Families with Younger Kids
• Ethnic Skew

Key Qualities
• Experimental & Likes to shop
• Seen as a “leader” in trying new products and giving product advice
• Willing to pay more for quality & trusted Brands

Media Preferences
• Internet is the Media Trusted the Most, followed by Radio & Magazines
  • TV & Newspaper Score Low

Other Facts
• Family & Referral heavily influence buying behavior
• Cares about the Environment
• Likes to save money, but has no time to look through flyers

Cul-de-Sacs & Play Dates

• Highest Total Store Loyalty to Retailer X
  – Highest Segment Penetration
  – Most Productive Segment

• Heaviest Cleaners Buyer Anywhere
  – Opportunity to convert shoppers & expand purchasing in Retailer X

http://www
Focus on buyers who matter most

Kitchen/General Cleaners
Total All Outlets

% Buyers % Dollars

Light Buyers
74%

Heavy Buyers
26%

37%

63%

Avg $ Per Buyer

$7

$34
Size the opportunity

Retailer X Share of All Outlets
Kitchen/General Cleaners

- Cul-de-Sacs & Play Dates: 10%
- Performance Patrons: 9%
- Diligent Deal Seekers: 6%

$5.1MM Opportunity In Closing Gap

- Total Kit/Gen Buyers: 8%
- Heavy Buyers: 8%
Understand the category

**Trip Mission Distribution:**

<table>
<thead>
<tr>
<th>Mission</th>
<th>Stock up</th>
<th>Routine Fill-in</th>
<th>Special Occasion</th>
<th>Special Offer</th>
<th>Leisure/Indulgence</th>
<th>For Fun/To Browse</th>
<th>Shop For Today</th>
<th>Emergency Essential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Non-Food</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kitchen &amp; HH Cleaner</td>
<td>54</td>
<td></td>
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</tbody>
</table>

**Key Category Shopper Metrics:**

- **Trip Trigger Power:** LOW
- **Best Channel to Buy:** Supermarkets
- **Activation Moment:** Reminder
- **Shopper Involvement:** MODERATE
- **Decision-Making Autonomy:** MODERATE
- **Price Perception:** Neither Increasing nor Decreasing
- **Private Label Influence:** MODERATE

Source: Category Fundamentals – Household Cleaners
Where do they buy?

- “Good Value for Money” is the most important store choice driver for Household Cleaner buyers.
- Warehouse Club is disproportionately important to Cul-de-Sacs & Play Dates Heavy Buyers.
Find the best stores
Have the right products

• Top category attributes
  – Wipes
  – Multi-purpose
  – “Green”
  – Citrus/Lemon Scent
  – Bottles (over Triggers)
  – Store Brand, particularly in Wipes

• Higher Level Benefits
  – Convenience
  – Sustainability
  – Value
Narrow the search

- Baby Care (Diapers, Food, Needs)
- Refrigerated Pasta
- Ethnic Specialties
- Candy Kits
- Protein Supplements
Influence category buyers

Pre-store Shopping Influencers
- Advertising
- Buzz
- Others’ preference
- Coupon

In-store Shopping Influencers
- Auto-pilot
- POS/Promotion attention
- Pack browsing
- New product attention
- Staff recommendation
- Price comparison
- Shopping companion

Kitchen/General Cleaners category is purchased 66% more on deal among the desired segment...

Data are in percentages
Colors are indexes to Total Non-Food:
- Green – Above Norm (>120)
- Grey – Parity (80-120)
- Red – Below Norm (<80)

Source: Category Fundamentals – Household Cleaners
Recommendations

Pre-Store

- Leverage technology to build a relationship
  - Shape buzz & reach via social media
  - Distribute coupons via smartphone
  - Email time & money saving tips
  - Offer “sneak peak” deals on new products

In-Store

- Customize
  - Carry the right Items in the best stores
  - Focus on high potential shoppers with relevant promotions
  - Merchandise & promote differently in high warehouse club stores

Message on Relevant Benefits
“Saves Time,” “Saves Money,” “Helps the Earth”
Thank you!