The difference between consumers and shoppers

This year I will continue the theme by tabling what I see as the key challenges that lie ahead for suppliers in 2004. This should allow you to assess whether you feel that your everyday business fitness needs to improve.

(These titles are current at going to press but may be subject to change based on questions from you or and significant changes in market conditions as 2004 progresses. Please email us if you have a specific topic that you would like us to cover off)

Part 1: 2003 Learning: The rise and fall of EDLP?
Part 2: Pharmacy: Will they won't they?
Part 3: Private Label: Same old or serious threat?
Part 4: Petrol forecourt: Not what it seems
Part 5: RFID: How to & whether to
Part 6: Mystery shopper...?
Part 7: POP: The new TV
Part 8: The Customer: Friend or foe?
Part 9: Front Door V Back Door: The balancing act

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By Amanda Howe

In my last series of articles we fielded questions about how Category Management (CM) deals with real world issues such as Everyday Low Price (EDLP) and the relevance of CM relationships in a trading environment that is becoming increasingly competitive; the key point was that now more than ever before your business needs to be fit enough to face the challenges that lie ahead. This means gaining the right insighth acting upon it and most importantly executling with excellence in-store. These are the three fundamental principles that underpin more effective CM and are what will ensure your business has a place in the future into which we are heading.
(For a copy of these visit: www.obliquesolutions.com.au)

In the previous article, I talked about Radio Frequency Identification Tags (RFID), covering what it's all about, who is doing what globally and importantly the implications for the Australian market place. The key point was that although RFID is still a good few years away from serious implementation within Australia, it is unlikely that your business will have a spare couple of million in the budget in a couple of years time to invest in RFID unless implications are assessed now.

In this article, the topic is the shopper. With more traditional marketing tactics such as TV advertising becoming increasingly costly yet decreasingly effective, the supermarket is, and will increasingly become, a key communication site. This does not mean simply crossing out the C in CP (consumer promotion) spend and replacing it with a T (trade), it means a fundamental shift in thinking in terms of how, why and when to communicate with our consumers in-store. In a recent survey of 30 major suppliers within Australia, the ratio of shopper to consumer insight internally was averaging at best 1:99. If the in-store opportunity is to be maximised therefore, this balance needs to change towards a renewed focus on peeling back the layers of mystery that currently shroud our consumers once they walk through the door of the supermarket and change into 'the shopper'.

Therefore we will cover:

• The difference between the consumer and the shopper
• The importance of shopper insight
• Why shopper research has been overlooked to date.

Firstly then, what are the differences between the consumer and the shopper?

The first difference is that there are a lot more consumers than shoppers. The majority of households have one main shopper and four main consumers. A basic calculation therefore says that 100 per cent of the shopping decisions are being made by 25 per cent of consumers.

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On a very basic level this means that decisions are being made for the consumer that are outside of their control. For example, if a loyal Colgate consumer (dad), is not the shopper (mum), will *Colgate be the brand that ends up in the bathroom? Mum may intend to buy the Colgate because she knows it is dad's favourite but:

• What if Colgate is out of stock?
• What if Macleans is on special?
• What if a new brand of toothpaste is on the shelf such as Listerine?
• What if Colgate simply can't be seen?

The key point is if you lose one shopper, the potential is that you could lose four consumers.

The second difference is that even if the consumer (mum), were the main shopper, these same in-store conditions could be encountered. What would happen if their favourite brand were repeatedly out of stock? Would they stop brushing their teeth? Switch shops? Or switch brand? What about if their brand stopped promoting altogether? How many loyalists would switch? Also, we need to consider the role that channels play. At the airport, if you have forgotten your toothpaste (let's face it we've all done it!), do you buy the only Colgate on the shelf -150g - or go for the 65g Macleans travel pack? Similarly, if you are without your car will you buy your usual brand of soft drink if it's only available in the larger (and heavier) size or will you swap brand to a lighter pack size? Understanding the level of shopper loyalty that exists within your category, and the triggers that challenge this, is critical.

Consumers are first and foremost consumers of a category and consumer loyalty is put to the test when an in-store condition, for example, promotions or out of stocks, elicits a choice. This is when the shopper takes over and makes a practical decision.

The third difference between the consumer and the shopper is enjoyment or, more to the point, lack of it for the average shopper. For the majority of people shopping equals chore whereas consuming equals pleasure and while we are willing to spend hours consuming delicious goodies, we are not prepared to invest hours shopping for them. For suppliers and retailers, a key objective should be to reduce this 'chore' factor as making the overall in-store experience more enjoyable will encourage shoppers to spend more time in-store and thus increase the likelihood of impulse/additional purchases.

Retailers such as Tesco and Wal-Mart continue to invest considerably into the overall store environment with services such as in-store toilets (still the number one frustration for shoppers in Australia), wider and brighter aisles, improved customer service, more checkouts open, trained staff to pack bags, trolley to car services, and in-store entertainment to name but some.

Suppliers are also investing considerably in their category point of purchase (POP) by recognising that laying out the shelf in line with the shopper decision tree reduces frustration, while driving inspiration through targeted POP communication. The key point here is that unless you understand what frustrates and inspires your category shopper at the POP, the amount of time and level of enjoyment spent at your fixture will not increase.

To page 102

Consumer/shopper differences

From page 101

The fourth and most distinct difference between the consumer and the shopper is practicality in terms of how the two groups use (and therefore define) a category.

In explanation, consumer behaviour is underpinned by consumer needs, for example, clean clothes, oral health, hunger and so on.

While behaviour in some categories is the same for most consumers, for example, using laundry detergent to do the laundry, using toothpaste and toothbrush to brush teeth, a need such as hunger is less clear.

The difference is while laundry detergent says washing clothes to all consumers, a category such as soup could say lunch, dinner or snack to different consumers and indeed to the same consumer at different times of the day or week.

Therefore for soup, occasion - lunch, would feature as a key decision for the consumer. The question now however, is whether this is also a key decision for the shopper. If so, as is the case for laundry, it would make sense logically to the shopper to locate laundry products together in-store.

Introducing occasion (for example, lunch, snack, entrée) into the shopper decision tree for soup would mean laying out the shelf by occasion and potentially siting the same product in three or four different locations. Something that is likely to increase - and not decrease - the chore factor for shoppers (not to mention the retailer!).

This distinction is the cut-off point between the consumer decision tree (strategic Category Management/ Marketing) and the shopper decision tree (tactical Category Management).

Both make up the Category Decision Tree, that is your category vision, however within the physical constraints of today's supermarket in-store layouts are driven by the shopper's practical needs.

> "Shopping equals chore whereas consuming equals pleasure."

This also explains why from channel to channel in-store layouts must change, because although we are dealing with the same consumer, we are appealing to different shopper needs.

Going right back to our example of the airport, pack size may not even feature on the toothpaste shopper decision tree in grocery, yet it could be the number one factor for airports.

So why is the distinction between the shopper and the consumer important?

The biggest factor is just recognising the shopper and the consumer behave differently. Setting up a decision tree has been a big step forward for many businesses over the last couple of years, however because of what we have juts covered off, there is the possibility that yours could have flaws:

- With a ratio of shopper to consumer insight of 1:99 for key manufacturers, decision trees are based on consumer and not shopper research
- A single decision tree doesn't account for how shopper behaviour changes from channel to channel and indeed from retailer to retailer.

The decision tree is far and away the most critical piece of information on a strategic and tactical level.

However while there is an abundance of consumer data readily available, basic insights telling us how and why shoppers behave the way they do is not available.

- How long do shoppers spend at your fixture?
- How many and which products are compared before the decision is made in your category?
- What is the impact of out of stocks/promotions on the decision making process?
- How much product is bought from the gondola V the standard shelf on promotion?
- How many shoppers versus buyers exist in your category?
- What stimulates shoppers to make an unplanned purchase from your category?

These are just some of the insights that are critical to better target the shopper at the POP yet are not readily available. Millions of dollars are spent each year on in-store promotions on gondola ends, but if your business learnt that 95 per cent of purchases from your category on promotion were made at the shelf and not the gondola end would this make your business think differently as to how it invested that spend in the category?

If you found out that 50 per cent of shoppers browsed but didn't buy from your category, would this make you think differently about how you are communicating the category/product benefits at the POP?

How many people actually do not buy because they simply cannot find the item that they were looking for where they expect to find it?

Or what if you found that people were avoiding your aisle all together, for example, chocolate because they didn't want to be tempted.

Would this make you think differently about the category adjacencies in the aisle?

All of these are unknown because up to now we have focused solely on the consumer and neglected a key decision maker the shopper.

So if shopper insights are so critical, why have they been overlooked?

Again having surveyed 30 major suppliers within Australia there were a number of consistent themes that have hindered the progress to date. Impetus now, however, is coming in terms of pressure from the retailers - mostly Coles - for robust shopper information, specifically the decision tree.

There is now the recognition that the decision tree is the key element needed in order to drive the category review process.

The shopper decision tree will now underpin all decisions made regarding the range that will appear on shelf, the layout of the planogram, the pricing structure within the category and the promotional strategy.

What this means is suppliers who do not have this information are in danger of losing ground to their competition in terms of their ability to work more closely with their trade partners as well as the fact that a significant amount of internal resource could be wasted if decision tress are not aligned.

Either way, it would seem that this is the first real sign that we have seen from one of the major retailers in Australia to talk Category Management and the mystery that currently shrouds the shopper is about to be unveiled. Is your business ready to respond?

Next time we will explore this theme further in terms of how to use the POP more effectively.

Please contact me with your comments: info@obliquesolutions.com.au.

**All examples used are hypothetical in order to demonstrate the points outlined.*

Figure 1: Example of the cut-off point in the Category Decision Tree.