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# The mystery of how people shop

Since developing a unique shopper insights product in 2004, Oblique Solutions, in conjunction with Mintel, have interviewed and observed shoppers in many categories and stores. We now have the largest in-store shopper research database in Australia with more than 10,000 face-to-face interviews and 200,000 observations of shoppers going about their normal everyday shop. In this, the first in a series of articles, we will explore the world of the shopper, unveiling the mystery of what happens once they walk through supermarket doors. This first article will examine the overall shopper, and ongoing the focus will become category specific.

## Traffic index

As simple as it may sound, getting traffic in front of your category is half the job in an environment where average time spent in the supermarket is on the decrease. In one category researched, the common theory was that shoppers avoided the whole aisle – due to the 'naughtiness' of the product – and therefore the major focus of promotional activity up to that point was attracting footfall to the category. Observation of close to 1000 category shoppers soon revealed that footfall was not the issue at all, but in fact 94 per cent of shoppers in the aisle actually walked past this high-value, impulse-lead category without even looking. The output? A rethink of the promotional strategy in order to better reflect shopper behaviour.

Looking at other categories, milk for example (category J in the chart below), it is not surprising that there is very little non-purchase browsing intention, however for categories such as G, M and R, over half of all potential sales are being lost as shoppers browse the category and walk away without

purchasing. Understanding the potential for lost sales as a result of potential buyers walking away from the category can only be determined through the observation of shoppers while they are actually standing in front of the fixture.

**“Getting traffic in front of your category is half the job.”**

But that's just the 'what' factor ... what is really important is the 'so what?' factor. Reasons for non-purchase differ from category to category, store to store and time of day and week. In some cases the insights are as basic as the need to change the store replenishment schedule to suit peak category shopping times, at others the insights are much more fundamental. Intercepting shoppers at the time that they are shopping reveals the real reasons why purchase decisions are being made – or not as the case may be – and critically in the case of non-purchase, what shoppers will then do, i.e. whether they are intending to substitute it with something else that day, go to another store to buy or simply wait until next time. For category M in chart 1, 44 per cent of non-purchasers did defer the purchase but decided to simply 'forget it' – the category losing a direct sale to another competing meal solution. This can be a concern for both retailers and manufactures depending on whether the purchase is deferred or switched to another store, category or brand. In category K in chart 1, over a third of non-purchasers stated they would go to a different store to buy the product that they were looking for. This information is currently being used to feed into store engagement

strategies as well as day-to-day store operation recommendations.

## Shopper psyche

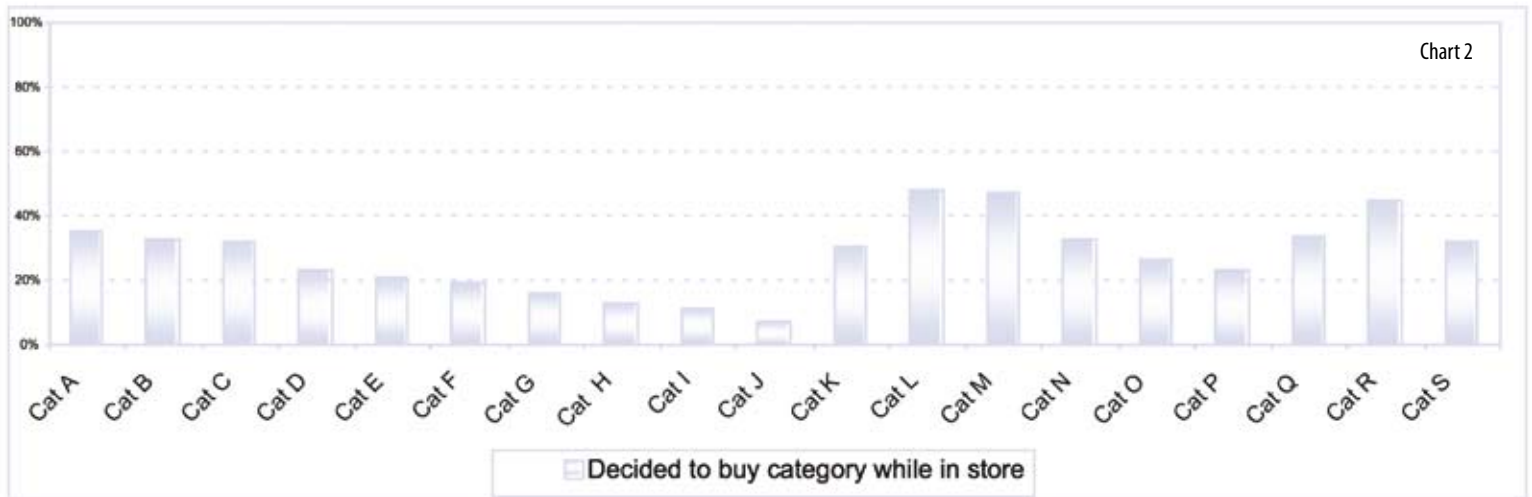
Who are your shoppers and how do they shop? How much time are they willing to invest in your category compared to others? Overwhelmingly, the main household shoppers are female (85 per cent). At a total level, 75 per cent of all shopping parties are single and this increases to 77 per cent during the week. At the weekend 16 per cent of shoppers will be shopping as a couple and the same percentage of shoppers will have at least one child (under 12) present. However, overall a child is only present on 13 per cent of all shopping trips. Understanding your shopper and tailoring communication to the right member of the household, at the right time, can be the catalyst to unlocking sales growth.

Based on the observation of 10,523 purchase occasions, the average shopper is spending a mean time of 35 seconds at each category while deciding on the product purchase. The overall median time at fixture drops this down to 18 seconds, while the median range for categories researched to date is between eight and 38 seconds. For categories that have shoppers spending 36 and 38 seconds at shelf, it is paramount to understand why. Is it because they find the category confusing? Can they not find what they want? Or is it because they find it enjoyable, interesting or inspirational to shop? Once this has been determined, the levels of NPD, innovation, ranging or education can be applied at a category level.

During this time at fixture, shoppers will pick up on average 1.5 products from a category and 32 per cent will pick up and read/interact with the pack. Cross-referencing

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the time at fixture with the number of products bought will determine the speed of decision-making. For instance, in the yellow category in chart 3, three products were picked up on average in the space of 19 seconds – 6.3 seconds per product. In this circumstance, brand communication at shelf has only a fraction of time to influence the shopper.

**Tipping pointers**

Sales information is used to determine the success of promotional discounting though the levels of sales uplift and brand switching that are achieved. But how does this discounting affect the decision-making process of the shopper once they are at the fixture? What is the real impact of promotional activity over and above those sales that are already in the bag? Overall 37 per cent of the

10,500 shoppers interviewed to date have bought products on 'special', but how much of this is rewarding loyal buyers who are already predisposed to the purchase or switching shoppers between brands? In category O in chart 2, promotions are driving brand switching as 48 per cent of shoppers buy different products to last time because of the reduced price. By comparison, only 15 per cent of category A shoppers are motivated to buy different products due to price promotion. In these examples activity is doing little to grow the category but instead impacting on the baseline sales.

Understanding how much of your category purchasing is planned; how much is carried out on impulse; and which attributes are subject to change once shoppers enter the store will add further texture to the role of promotional activity as a purchase trigger.

Based on the all category average, 74 per cent of shoppers have already planned their overall purchase before entering the store, but to what degree are the specifics such as brand, pack size, flavour, etc, planned? By increasing the frequency of in store purchase prompters for products in categories L and M in chart 2, manufacturers have been able to drive the level of impulse sales.

Conversely understanding the key out of store influencers allows advertising spend to be redirected – how much influence do catalogues, TV and print media have compared to word of mouth recommendations? This has implications for brand management as we can identify where shoppers decide which brand to purchase. For one category 81 per cent of shoppers had already decided on the brand they were going to buy before they entered the store.

For another, the brand is the attribute that 52 per cent of shoppers decide upon once in store, standing in front of the fixture. In these circumstances the shelf communication, price promotions and brand standout will have a major influence on brand selection. Being able to quantify these factors will allow brand and category strategies to be grounded in a true understanding of the category shopper.

So all in all, while grocery shopping is still considered to be a chore by the majority of Australians, they are by no means in 'robot mode' in the supermarket. They are in a hurry, but they do weigh up what is being offered and are savvy to tactics such as promotional frequency – especially in the core categories. Next time we will delve into the specifics of a category. The category list for 2007 is being finalised and will be published in my next article.

