Finding faster growth

Happy shoppers spend more

If retailers and brands want shoppers to spend more, they need to focus first on making them happy

Happy shoppers spend more

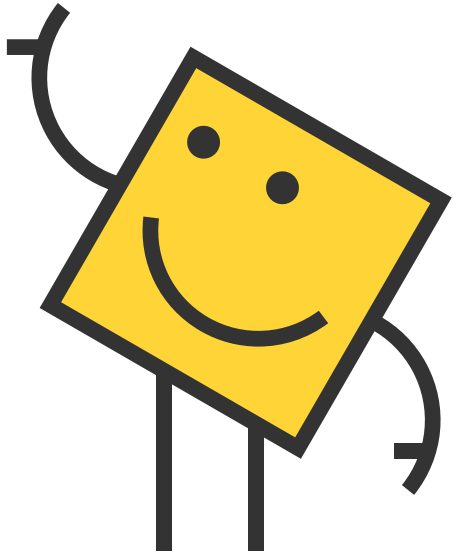
The true value of happiness
The fact that happy shoppers spend more is one of the most under-appreciated truths in retail. TNS's global database of retail and shopper studies shows a clear correlation between shoppers' satisfaction and the amount that they spend. At a time when brands and retailers face a shared growth challenge, the value of this insight is greater than ever. However, few companies are focusing on making shoppers happy – and therefore few understand how to increase shopper spend.

When faced with a growth challenge, too many companies frame the question in the wrong way. By asking "how can I sell more of my brand?" rather than "how can I get shoppers to spend more?" they immediately shift focus away from the shopper. And if what a shopper wants to buy is different from what they want to sell them, a struggle ensues and effort is wasted in getting the shopper to do something they don't want to do, rather than making them happy.

Branded manufacturers have limited the role of shopper insights to backing selling stories for retailer customers, and this has led to a drive for data that will support a particular brand or product's inclusion, rather than a quest for true shopper understanding.

Without real shopper understanding, manufacturers and retailers struggle to achieve brand and category growth; indeed they often take actions that will have the opposite effect of that intended. Despite millions of dollars of investment in the past decade, shopper insights have failed to make things better for the shopper. Our global database shows overall shopper satisfaction actually declining slightly in recent years. Many brands feel they have no option but to continue to rely on price discounting as the primary tool of choice to influence shoppers.

So how would we go about things differently, if we decided to focus on the most dependable, proven strategy that exists for persuading shoppers to spend more?



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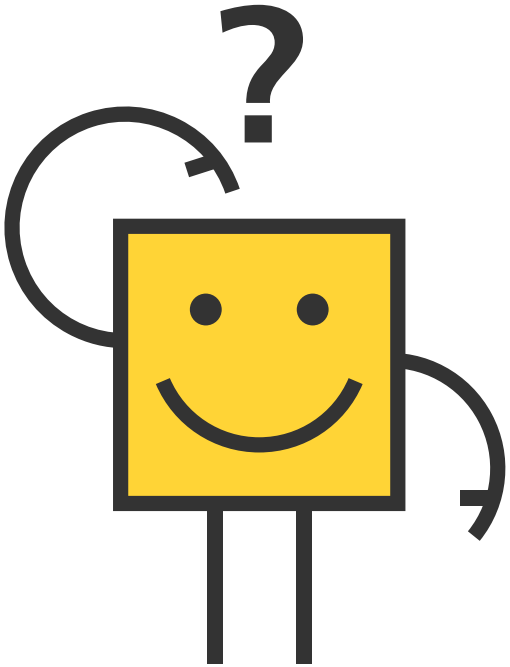
The secret of happiness
To focus on making shoppers happy, we must first acknowledge the experiences that do the opposite. We like to think of shopping as a positive experience, centred on finding solutions to satisfy wants and needs. The reality is very different. Shoppers spend their time de-selecting large numbers of products so that they can focus on the ones that they are actually interested in, and rejecting things isn't fun. Searching is essentially a negative experience and a shopper only experiences positive emotion when he or she sees a relevant product. This brings us to our main premise: to make shoppers happier we need to make it easier for them to find and buy what they want to buy.

At first glance, this doesn't sound too difficult. But break the statement down into its constituent parts, and the challenges involved in pursuing shopper happiness start to emerge:

"Make it easier for shoppers…", sounds simple enough. But the fact is that most people consider their grocery shopping a chore, and every one of us can name some categories we don't like to shop for. Shopping is not a destination; it is a diversion that we are forced to take on the way to living our lives. To make it easy for shoppers, we must suspend our own agenda for a while and appreciate that most of them would like to spend less, not more, time in the store.



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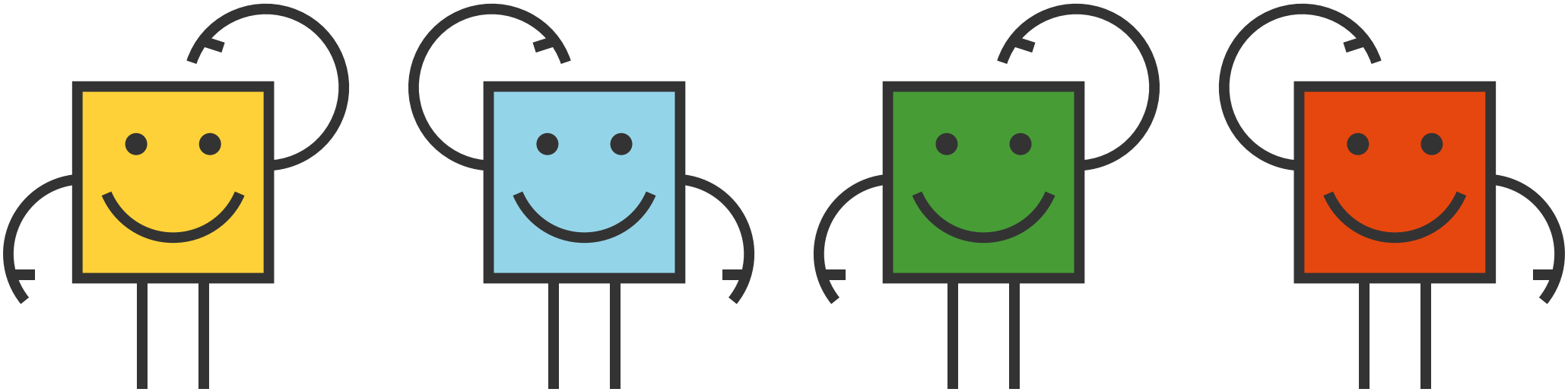
The "…to find…" part of our sentence is where this goal starts to become difficult. There may be 80,000 items to choose from in a modern supermarket but often a shopper buys just a handful on any trip, so trying to find the items they want can be like searching for a needle in a haystack. To help shoppers find what they are looking for, we must understand their specific task at shelf when shopping in each particular category.

This brings us to: "…and buy what they want to buy." Shoppers buy to satisfy a myriad of different consumption or usage occasions, often during the same shopping trip. They often require either help to make a choice or reassurance that the choice they are making is the right one. But if we are to provide this, if we are to help shoppers buy what they want to buy, then we need to understand why they are shopping – and what occasion they are shopping for.

Simply put then, if we are to make shoppers happy, we must understand why and for what occasion they are shopping, what their task at each shelf therefore is, and how we can reduce the time that they spend completing that task.



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The three principles of shopper understanding
When we start our approach to shopper research by asking what the agenda for each shopper is, we can develop a far more effective framework for understanding shoppers' behaviour – and therefore a far more effective toolkit for improving their experience and growing their spend.

TNS has developed three principles of shopper understanding that are fundamental to making shoppers happier, and therefore developing winning strategies for brands and retailers. These principles form the cornerstone of our research practice and solutions:

1. The **shopping** mission and the intended **consumer** usage occasion are the primary drivers of shopper behaviour and product choice.

Category purchases take place in the context of a broader shopping trip or mission and are made to satisfy a particular consumer need or usage occasion.
The same shopper will behave very differently depending upon their shopping mission. A weekly stock-up shop, for example, represents a very different mission to rushing out to buy an urgently needed item. And within the context of a single trip, the same shopper will make very different product choices depending on their intended usage occasion (such as whether they are planning a dinner for a special occasion or a regular family meal).

Shopper segmentations that assign each shopper to a particular typology fail to recognise that the behaviour and motivations of each shopper will vary hugely in this way. It is critical to acknowledge shoppers' missions and intended usage occasions as the primary drivers of their behaviour. The mission will determine the shoppers' channel choice, with different needs and expectations relating to the assortment of items available, pack formats and sizes, and prices and promotions. The intended consumer usage occasion will determine the products the shopper will choose. In developing activations that link shopper missions to different consumer usage occasions, we have the key to unlocking new channel and customer growth opportunities.

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2. Shoppers are either "Decided" or "Open" when shopping a category and this determines their task at shelf.

The task at shelf for each shopper depends on whether they have already decided what to buy, or not. The task of the first group is to find a particular product; the second group still has to make a choice at the shelf. Distinguishing between "Decided" and "Open" shoppers is key to understanding their needs.

For the majority of shoppers, the purchase process has little to do with decision-making; it has everything to do with finding something that the shopper has already decided to buy. Shopper purchasing data show that 69 percent of supermarket shoppers buy the same brand as they did the last time they purchased from that category. And this isn't by chance. Shopping is extremely habitual and many decisions are made long before shoppers reach the shelf.

Shoppers spend the vast majority of their time at the shelf searching for the product they know they want – and when they are busy searching for specific products they are not open to influence; they are effectively blind to anything not relevant to the task in hand. When shoppers are in search mode, they just don't see what they are not looking for.

Most category managers and shopper marketers attempt to interrupt the search process and jump-start a consideration process instead, inviting the shopper to connect with the category. However the problem here is that the shopper has a clear task at hand and any disruption to that task will likely delay the shopper and cause frustration. And the results of making shoppers unhappy in this way are clear:

- The longer a shopper spends looking for a product within a category, the greater the likelihood of them giving up and walking away from the shelf without putting anything in their basket.
- On average, 30 percent of grocery shoppers who browse a shelf walk away empty-handed.
- 20 percent of the items shoppers have specifically planned to buy don't make it into the basket.

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The way to opening the minds of Decided shoppers isn't to interrupt or extend their search; it's to help them complete it; to work with the shopper's agenda rather than trying to change it. Only then will they have the time and inclination to consider additional purchases. For this reason, it is essential that category organisation reflects the navigation needs of the Decided shopper.

At the same time, though, we must remember that the big opportunity lies with the Open shopper. Open shoppers act differently and actively make decisions: they spend more time at the shelf, they are more likely to read information, and they have different needs to the Decided shopper. We must ensure product assortment and call to action messaging on packs and POS are designed to appeal to the needs of the Open shopper.

Distinguishing between Decided and Open shoppers can make the difference between success and failure for any in-store activation. In order to win with shoppers, our actions must be targeted by shopper task and carefully designed to meet the distinct needs of both those who are Decided and those who are Open.

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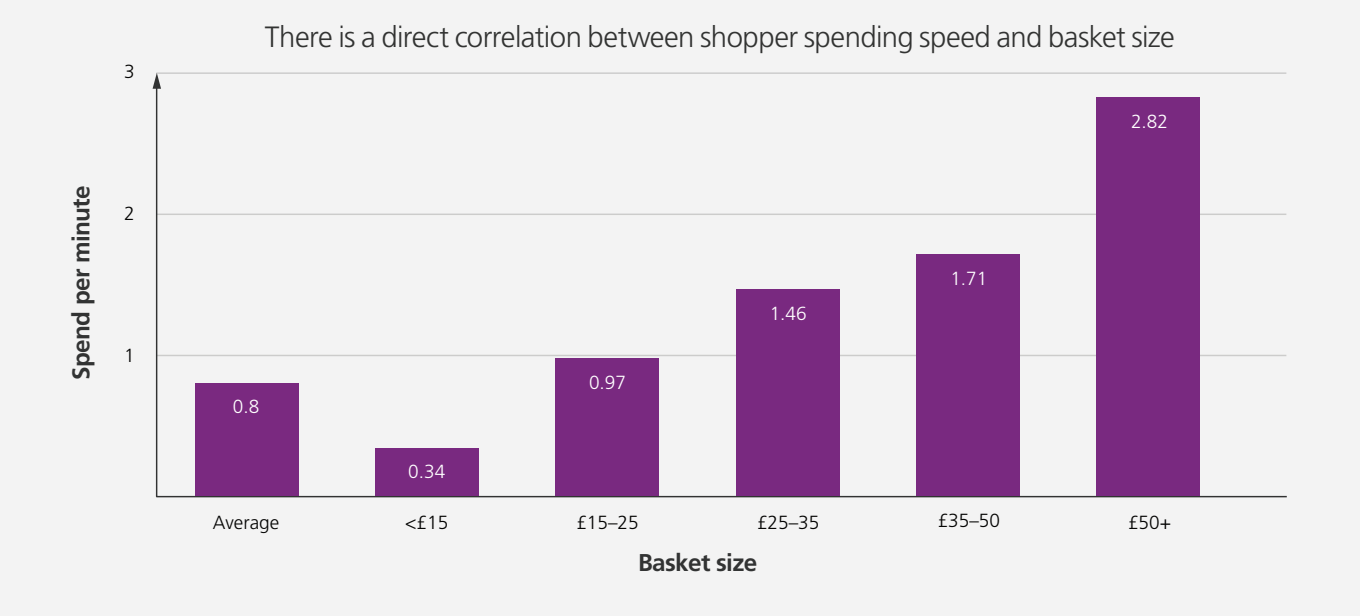
3. Making it faster and easier for shoppers to find the products they want is proven to increase shopper spending.

Making shopping faster and easier is the single biggest thing we can do to make shoppers happier and increase their spending. As already noted, shoppers spend most of their time in store searching for the products they know they want to buy. Anything we can do to reduce this time and thereby increase the speed at which shoppers spend will lead to sales growth.

Retail efficiency is often measured in terms of sales per square foot, but if we think less about real estate and more about shoppers themselves, it becomes clear that the most relevant "asset" for us to think about is shopper time (the number of shoppers x time spent in store). Many strategies and tactics are based on the mistaken belief that the longer a shopper remains in store the more they will spend. Yet research consistently shows that reducing shopper time by increasing spending speed is the key to success:



- There is a strong correlation between spending speed and basket size with large basket shoppers spending up to 10 times faster than small basket shoppers. The quicker a shopper spends the more they spend.
- 10 percent of shopper time is spent in active selection, 90 percent is spent navigating. Increasing the time spent in store often means increasing the time spent on the frustrations of searching.
- Shoppers look at packaging and POS material for a fraction of a second on average, so extra time does not typically mean additional brand engagement.

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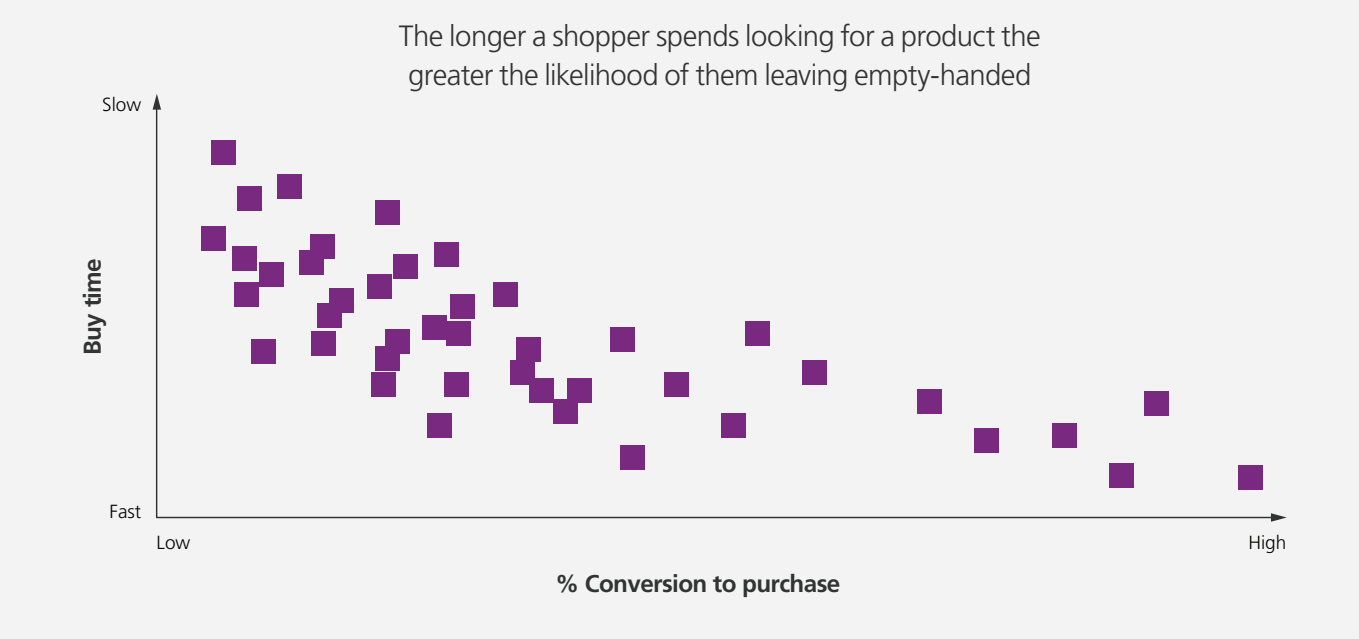
Talk of engaging shoppers at shelf and creating theatre in store is fine, but nothing engages shoppers more than getting through the store quickly. For this reason, easy shopping has to be the priority. Improving speed and ease of shopping has been clearly proven to increase sales, both through improved category conversion (fewer lost sales), and through more incremental purchasing. In addition, the shopper who has been able to complete their trip quickly and easily is likely to return again and again, thereby increasing retailer loyalty and lifetime customer value.



Summary

Once we shift our goal from making brands happy to making shoppers happy, the growth challenge for both brands and retailers becomes a great deal easier to resolve. The simple fact is that happy shoppers spend more.

This insight leads to a clear recommendation: make it easy for shoppers to find and buy what they want to buy, and you can grow sales for categories as a whole and the brands within them. To do so, we must first understand why and for what occasions shoppers are shopping, then distinguish between their changing tasks at the shelf, and facilitate a speedy resolution to their quest. Therein lies the key to shopper happiness. And the data show that when this is achieved, the rest will take care of itself.

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Barry's career in consumer and shopper research spans more than 20 years, including Managing Director of Worldpanel in the UK and Ireland and Managing Director of Fashion Trak.

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