

Understanding decisions - the power of the virtual shopper

Matthew Draper, MarketTools, discusses the power of the virtual store to accurately test real store strategies

FOR MOST OF us a daily or weekly grocery shopping trip for life's essentials is just a normal part of our existence. And 'Have you got the list?' is the commonly heard cry as you head out of the door en route to one of the supermarkets within striding distance. There is an even chance that if you don't have a written list, then you will have a virtual one floating around in your head, compiled during the course of a cupboard and refrigerator inspection, plus the conversations with others who believe it is their obligation to contribute.

Universal shopping lists ...

Some 90% of us will either prepare a list, written or mental, or check with others what we need before setting off for our daily or weekly shop. In other words, the average shopper is fairly well organised. There is no difference between males and females, although almost twice as many shoppers aged between 18 and 34 will shop unplanned compared with those over 34, and a similar situation applies to single versus married shoppers.

In a recent survey of grocery shopping habits by global research specialists MarketTools, 96% said they had a written or mental list, or had done some type of formal preparation for the main shopping trip. What they are going to buy and the sections of the supermarket they are going to visit are decided in the home, not once they reach the destination.

Not only do we have details of what we are going to buy, we know where we are likely to go to do the buying. Most of us have access to several different supermarkets and if it isn't a supermarket chain, then we have the convenience outlets too.

... are not always followed

However, it is clearly of interest that while 83% of those who had first planned or thought about shopping had included a particular brand or brands of biscuits on their list, almost half of them did not purchase their chosen brand

A similar picture emerges for laundry products, where 91% had planned to



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purchase a specific brand, but 34% failed to purchase the brand they had intended.

What prompted the change of mind in each case makes interesting reading. Top of the list was 'another product gave better value for money', followed by 'another brand was on sale' and 'the brand I wanted initially was more expensive than the brand I bought'. But to show that we're not always swayed by perceived monetary value, 20% in each case thought that the brand they purchased 'looked more appealing' than the brand they had originally included on their shopping list (virtual and real). Some product managers are getting it right!

On average the British shoppers have access to around seven stores where they would consider doing their daily or weekly grocery shopping. Nevertheless, despite the choice available and the efforts of supermarkets to entice us in to their stores, fully half of us will use the store we always use. Promotions to sway us away

from our habitual preference have little effect on more than half of us - typically the more affluent consumers.

Promotions, vouchers, and so on, have a role to play among certain demographic groupings, but with a surprisingly large proportion of supermarket shoppers claiming not to be trammelled by budgetary concerns, the tried, and tested, outlet has an appeal.

Why change?

Consider for a moment that in our survey 70% claimed to be very or moderately satisfied with their shopping experience and a small minority described the weekly shop as an enjoyable event. So why would we change?

The fact that the average British shopper knows what they are going to buy before they leave the house, and they also know where they are going to buy it, poses a challenge for fmcg companies: how do we influence the buyer at the point of sale - in the store? ▶

There are, of course, ways of reaching consumers once they have headed through the automatic doors - in-store promotions, shelf layout, standouts, aisle ends, two-for-one offers and coupons are all used. But could they be used more effectively, and is it possible to be more innovative with in-store marketing?

Georges Berzgal, head of MarketTools European operations, sums up the situation neatly: 'Given the current difficulties of trialling various programmes in-store and the high costs of doing so, the majority of manufacturers have yet to figure out what their optimal in-store strategy should be. As a matter of fact, some retailers have taken over entirely. For example, Asda has done its own trials to determine the "brand equity" of various products and decided to eliminate entire brands, not just stock keeping units (SKUs), for those it determined carried no, or very little, brand equity. However, there are different ways in which we are seeing our clients test different strategies using virtual stores that are relatively simple and inexpensive to execute, and that could have positive bottom-line impact for manufacturers.'

Difficult and costly

To be fair, maximising the actual retail experience potential as the final piece in the marketing jigsaw is not something that is easily done. It's not that simple a

process to mock up a store (although some have tried). Certainly, control tests have been done with different fixtures, promotional materials, positioning, pack designs, pack positions and so forth. But this is a hugely disruptive and expensive exercise.

The expense of creating a control store and a test store matched on demographic profile is prohibitive, not to say disruptive, to the normal trading of both stores so there is a reluctance on the part of store chains to get involved.

From a pure research perspective, one of the drawbacks of the in-store testing experience is the role of environmental factors. The lack of control means that a test store may have been the subject of a local voucher promotion, or discounting advertised in the local press and through fliers - all noise that will influence consumer behaviour and interfere with the signals from the research.

While only a few would claim that market research is an exact science, it should be an enabling one to those who use it. The overriding objective is to help manufacturers improve their chances of success at each step: from trend identification and product innovation, to production and, finally, to consumption.

Virtual reality

Having recognised the difficulty of accurately testing the impact of in-store

promotion and marketing activity, we have integrated sophisticated 3D graphics into our survey engine to allow the creation of a virtual shopper experience. Not surprisingly, this tool sports the name 'Shopper Impact'.

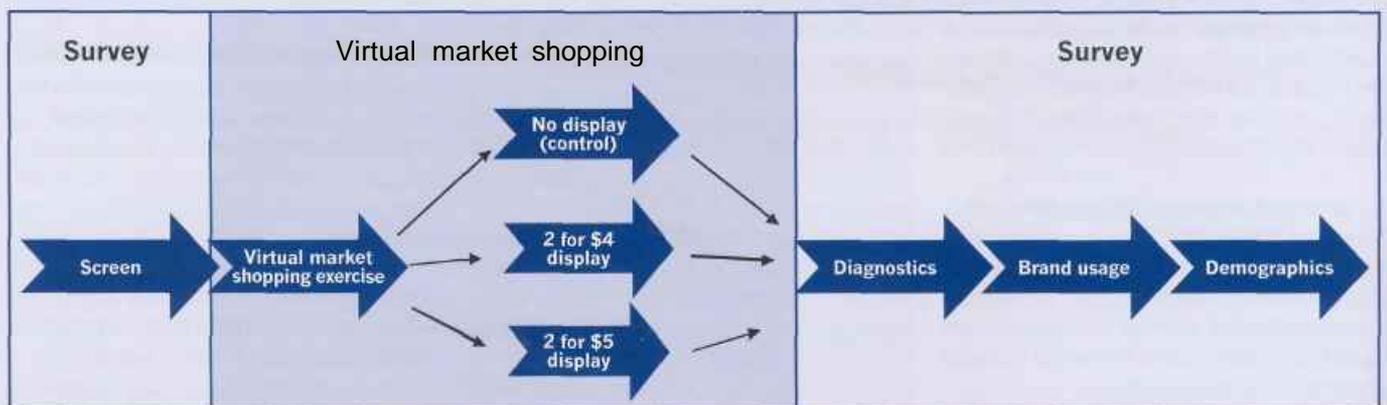
Shopper Impact replicates the in-store environment as far as possible, and allows the creation of a virtual experience in which the respondents view a 'fly through' of the front of a store and then the shop and the aisles to be tested. We have taken a pragmatic view on how 'real' the experience is for the respondent.

It is a case of optimising the trade-off between creating a realistic, graphically intense experience and making sure that the tool itself works as it should in terms of speed and reproduction quality on our panellists' home PCs. However, broadband penetration is such that speed is not so much of an issue these days.

But how do people react to being a virtual shopper? Do they really feel comfortable shopping online as if it is a real shop? The answer is that, today, people use the internet to enhance their shopping experience, to obtain more information about products or to get the best price. Using a plethora of blogging sites and other online communities, they will even talk to others about their experiences, and share their thoughts and ideas. So the issue for us was not whether

FIGURE 1

Effective pricing and strategy example



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people would be happy being a virtual shopper; our principal objective from a research point of view was to make the site as 'real' and efficient as possible.

Accurate prediction

We should recognise, however, that while the re-creation of a store in a virtual world will never be the same as the real thing, parallel tests conducted in the US have proven that the virtual method accurately predicts the results of real in-store tests.

In seven out of seven trials undertaken by MarketTools, the Shopper Impact research supported the same business decision as the real in-store test. The tangible benefit for the manufacturers concerned was that this was achieved at a fraction of the cost and in considerably less time. To illustrate this further, Berzgal cites an example of display pricing for an end-of-aisle display for an established consumer brand. Adopting the research approach illustrated in Figure i, the objective was to establish what would

happen to category purchasing when an established brand was on display and what would be the most effective pricing strategy for that brand: two for \$4 or two for \$5.

Reproduced in summary form in Table i, the results were clear. However, before considering these, it is worth noting another significant advantage of the virtual experience: it is not purely observational research, because what we are doing not only replicates in-store behaviour accurately, but also allows diagnostic information to be gathered to really enhance the value of the data. The change wrought by the offers is apparent. Overall category spend declined per head in both cases; however, the client's category share increased, as did the display brand share. These results were replicated in the actual in-store test.

Among the two test groups in our Shopper Impact the marginal differences between the two offers were such that the decision to go with the Two for \$5' offer

TABLE 1

Effective pricing strategy results

Change v. control (no display)	Two/\$4	Two/\$5
Category \$ spent/person	-13.1%	-14.0%
Category reach	+3%	+1%
Category units bought/person	No change	-5.4%
Client category share	+17 pts	+15 pts
Display brands share	+23 pts	+20 pts

made sense from an additional revenue point of view.

When the data from the real in-store test were examined they supported exactly the same business decision. In other words, the Shopper Impact had proved its worth.

Other tests conducted in the validation process included, among others, the adding of fixtures to shelves, assessing whether or not in-aisle marketing materials enhanced sales, where to shelve a new product and at what price, and the impact of end-aisle displays on new-product purchasing.

In each case the Shopper Impact supported the same business decision that would have been made on the basis of an actual in-store test.

The conclusion is clear: in-store testing for a variety of merchandising issues is available at a speed, practicality and price that previously rendered them occasional luxuries.

This bringing together of shopper insight research experience and technology is genuinely empowering manufacturers and retailers alike, and more and more organisations are now using it to conduct tests that previously would have taken too long or been too expensive.

Só, as consumers, we may be armed with our detailed shopping lists, but it appears that manufacturers and retailers alike have a new cost-effective tool to help get us what we, and they, want. ■



A lot of shoppers are open to persuasion in-store – but testing how best to persuade them has not been easy. Until now



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