How UK supermarkets can get ahead of the competition

What are the key brand attributes that supermarkets need to focus on to maximise sales? IntenTrack™ provides useful answers, says **Simon Stanforth, SMG UK**

WHAT DRIVES PEOPLE to shop at one supermarket instead of another? Which attributes are more likely to drive loyalty, and how do they differ by supermarket? What are the roles of the media channels in driving the differing attributes and intent behaviours?

We have seen, and others (such as Datamonitor and NVision) have confirmed, that consumers' value needs are changing, that value is now more complicated than simply saving money, and that supermarket brands show differences in the strength of particular attributes and the multifaceted nature of them. These differences have been carefully planned by each supermarket chain. Taking a page out of the marketing book of the products they stack on their shelves, supermarkets have seen the power of developing values and perceptions that transcend price.

SMG's IntenTrack™ tool allows us to better understand the consumer journey, in particular the attributes and behaviours that are most effective in influencing supermarket brand choice. The study comprised 1,851 supermarket shoppers who, over 18 consecutive weeks, responded to an online survey noting their exposure to various points of interaction with the supermarkets, their perception of each supermarket in terms of its attributes, their intent behaviours, including brand perceptions, as well as their shopping by store. This end-to-end study provided all the ingredients to fully understand the UK grocery retail market's dynamics from a consumer and media point of view.

In this paper, we will focus on three of the top four grocery retailers in terms of value sales - Sainsbury's, Tesco and Asda. To protect potential client confidentiality results will be de-branded.

The need for brand advocates

With the explosion of more devices that allow opinions to be shared, increasing advertising clutter and a general lessening of the effect of push-down messaging, firms such as Millward Brown and Datamonitor have tracked for some time the increasing influence of friends and family in informing brand recommendations. IntenTrack™ data shows that this is just as prevalent for supermarkets as it for other categories of products, from consumer electronics to shampoos.

FIGURE 1

Not all advocacy is effective

From a media agency's perspective, what is particularly interesting is how we can draw on the UK supermarket IntenTrack™ data to identify the drivers of these recommendations, as well as ascertaining the effects on those receiving the recommendations.

From analysing IntenTrack™ across other categories, we often see a high degree of commonality across brands in terms of the attributes that lead to advocacy. This learning, however, doesn't apply to supermarkets. By adopting the odds ratio output from the regression path analysis (described in the introduction to this supplement), we have been able to isolate the likelihood of consumers' actions. As shown in Figure I, those who received a recommendation about a specific supermarket (store A) were 6.9 times more likely to shop at the store than those who did not.

But what drives those recommendations? IntenTrack™ data is sensitive enough to understand the different 'values' each supermarket has been able to promote and, more importantly, how strong those beliefs are. For example, in store A, the key driver of recommendations is the perceived attribute of 'good price promotions'. For store B, it is 'high quality products', and for store C it is a 'good loyally scheme'. But when looking at the effect of the recommendations on receivers, it appears that store A is the winner, with the conversion to shopping significantly higher (6.9) for those who have received a recommendation about that store. In this simple representation, we can see the perceived attribute of having 'good price promotions' is creating the most effective conversations. This is not surprising as the research was conducted at the time when the banking sector crisis crossed over to the high street.

In contrast, although store C's loyalty scheme is being discussed and recommended, it is not significant enough to encourage receivers of these recommendations to change their shopping habits. No matter how good the loyalty scheme may be, it does not transfer from one shopper to another. All the evidence from IntenTrack™ leads us to the conclusion that personalised, one-to-one marketing strategies may protect current customers from switching stores, but act as a barrier to bringing in new recruits. Furthermore, a full review of all ten supermarket brands in this particular IntenTrack™ study shows that few chains (particularly smaller and regional brands) have fully grasped the concept of harnessing conversation and recommendation as a driver of traffic, since six of them did not command any distinct attribute that significantly drives word-of-mouth.

Value equation

As mentioned earlier, the meaning of supermarket value is changing. It is now a more complex equation, including other functional and emotional benefits of a brand. This equation varies by category, consumers and brand. Through identifying those who have positive Value' perceptions of a supermarket brand and analysing .which other positive attributes 'they hold, we can better understand the make-up of this value equation.

Before looking at supermarkets A, B and C, let us introduce another supermarket brand in the category, store Y. For these

Simon Stanforth is group research director at SMG UK. He is responsible for the development of SMG UK's proprietary research applications, bespoke research. substantiating the 'Space for ideas' planning proposition, tailored research projects for clients and SMG UK's Emerging Spaces research programme.
simon.stanforth@smvgroup.co.uk

customers, value is all about price promotions and nothing else (Figure 2).

However, when looking at our other supermarkets brands, we see a very different story. This supports the findings from the aforementioned research that value goes beyond price. For stores A and B, price promotion is the key factor in driving the value perception, supported by other beliefs, such as 'high quality products' and 'loyalty schemes', as seen by the cascading high odds ratios correlating from one factor to another. For store C, we see price promotions actually further down the list, with other attributes, such as the quality of the products, playing a more important role in their value equation.

What is clear from the IntenTrack™ analysis is that, despite the fact that we have had to mask the specific brands, those that drive loyalty at a multitude of levels have stronger, more durable relationships with their customers. While price promotion may be powerful during recessionary times, relying solely on this will harm the brand in the longer term when up against competitors' broader array of consumer relationships.

FIGURE 2

The value equation by store

FIGURE 3

Loyalty schemes

Do loyalty schemes drive loyalty?

Earlier, we touched on the impact of loyalty. For two of our supermarkets (stores B and C), which both have long-established loyally schemes, we can see a significant difference in their performance of driving customers to store.

Those who think store B has a good loyalty scheme are 4.6 times more likely to shop there than store C customers who also perceive their store to have a good loyalty scheme, but are only 2.2 times more likely to shop there (Figure 3).

Digging into the data further, we can see that those who perceive store B as having a good loyalty scheme also feel positively about the store in other respects, namely the quality of its products, the range of its products, its opening times, its offers and its bags. This is in contrast to those who believe store C has a good loyalty scheme, as their other positive perceptions of the store are limited to just the location of the stores and the value of its products. So, the perception of a good loyalty scheme alone does generate a degree of loyalty, but to truly ensure these customers are retained, further attributes of the brand need to be communicated to these consumers.

Our IntenTrack™ methodology also enables us to analyse the channel drivers that have delivered the perception of a strong loyalty card most impactfully. This level of insight enables our media planners to assemble multi-touchpoint media plans that effectively communicate the driving perceptions of this attribute.

The final finding we wish to share is the fact that store assistants are a key touchpoint between consumers and brand in influencing the choice of supermarket. We found that helpful and friendly assistants were a key factor for choosing store A and C, but not a factor for store B or the other supermarkets.

IntenTrack™ shows the strength of assistants in influencing shopping at a store versus the effect of other attributes, with friendly and helpful staff appearing to be more influential than the perception of good prices, even during recession. The reason for this is probably because a perception for 'good prices' is not such a differentiating factor among UK supermarkets, and the store experience has become the real battleground.

Conclusion

IntenTrack™ is primarily used by SMG as a powerful data and analytical approach to understand media and communication touchpoints that connect consumers with intent behaviours that, in turn, best correlate to sales.

In this supermarket case study, we have used IntenTrack™ to appreciate how the category dynamics work and, more importantly, explain the differentiation between supermarket brands.

These distinctions have not come about by accident, but are the result of building a multi-layered brand value system. From everything that we have seen, the most profitable supermarkets are those that have been able to create many correlating attributes harnessed around recommendation and positive word-of-mouth.

From this starting point and this deeper level of insight, we ensure that the communication focus is on the most impactful and relevant benefits.

Once this has been established, we then use IntenTrack™ for its principal communications planning function of selecting the most effective mix of channels to drive specific attributes in the most efficient method possible.

STANFORTH, Simon. How UK supermarkets can get ahead of the competition. **Admap: Intentrack Suplement,** Washington, p. 6-7, September 2009.