

# Shopping Rediscovered

New opportunities for research proliferate in a familiar environment.

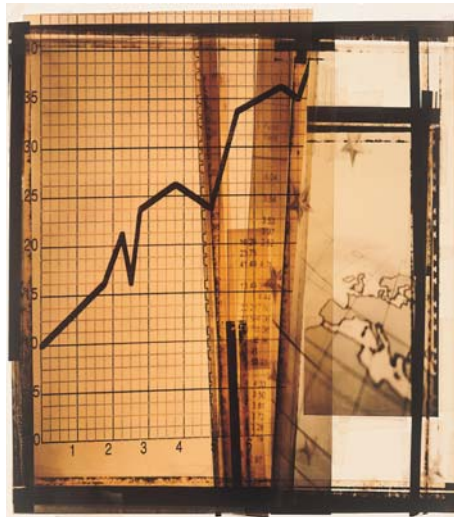
By Gordon A. Wyner

**A**welcome new development for improved marketing effectiveness is the rediscovery of the importance of the shopper and shopping. Marketers usually know a lot about their products, their customers' needs and evaluations of their products, and how to use traditional media. They don't, however, always know a lot about how customers actually acquire their products. The missing elements in understanding the purchase process often include things such as the shopping experience itself, information sources used, point of sale influences (such as displays, promotions, and price comparisons), and choices between sales channels.

This can be a serious gap because of the immediate impact on purchases, as well as for reasons relating to the changing marketing environment. Shopping options are increasingly diverse, with the proliferation of retail formats, as well as direct marketing through mail, telephone, and the Internet. These options provide benefits to shoppers in terms of more information and available choices, and aid manufacturers by giving them more ways to access shoppers. Increasing digitization in the shopping process (e.g., online channels, supply chain automation, in-store signage) enables much more flexibility in changing merchandise assortments, pricing, and promotions.

Managing this increased complexity is a challenge for all involved. Consumers are bombarded with more marketing stimuli to sort through—or tune out. Manufacturers and retailers now have more levers to pull than ever to influence consumers, but need more information to understand how the levers work and how to use the best ones for their business purposes.

Marketing decisions in the past may have been able to focus on optimizing performance in a single channel (e.g.,



grocery) with TV media, among a mass customer base. Today's decisions more often require "go to market" plans that simultaneously optimize multiple channels, traditional and alternative new media, and varying customer needs and shopping preferences. Marketing research methods designed to fill this gap must adapt to this environment and link new understanding of customer shopping behavior to the full range of elements of the marketing mix.

This column focuses on a few of the recurring challenges for marketing research on shopping and where to look for practical solutions.

## Accessing Customer Experiences

To start understanding customers, ask about how they shop—when, where, with whom, how often, for what items and packages, for how much money, and why? It is usually possible to differentiate customers who enjoy the process from those who hate it, as well as those whose trips are specific, planned "missions" to acquire particular items vs. those who assemble large baskets of

items (which are determined to some extent by the store experience). Another differentiator is pricing related behavior, identifying those who seek bargains and make careful price trade-offs compared with those who seek the highest-quality specialized merchandise and are willing to pay a premium to get it.

Sampling of customer experiences presents one of the first challenges because shopping occurs on different trips and is often conducted by someone who is the primary household shopper or decision maker, but not necessarily the consumer (e.g., for snack foods, breakfast cereals, beverages). Moreover, shopping trips can be planned or unplanned and cut across multiple product categories. How, then, can the marketer of brands in one category understand shopping behavior in general for its customers and relate it to its brand specific concerns?

One approach that has proven effective, especially in several different consumer packaged goods markets, is to define the universe of purchase occasions and treat these as the sampling unit of analysis, rather than the individual per se. This has the advantage of capturing the inherent variability in purchase occasions for the same individual, who might make trips to grocery stores, discounters, convenience stores, and drugstores in a typical month.

This perspective aligns well with the retailer's view of his or her business, which is trip-dependent. For manufacturers or suppliers, an additional view is needed. Because any one purchase occasion is only a partial view of the individual purchaser's behavior, there must be a plan for getting an aggregate view across occasions. This can be done by sampling multiple occasions and then statistically pooling across occasions, or by asking questions about overall purchase pat-

terns for the individual to complement occasion specific behavior.

Ideally, a single source of data would contain information about purchase and channels, consumption, and media response. In some instances this can be accomplished in survey questionnaires. For example, each individual can be asked about all of these domains and responses, which then can be directly linked for tabular and correlation based analyses. Where this is not possible, some form of data aggregation and synthesis is needed (e.g., grouping purchasers into a common set of homogeneous segments within each domain or tracking response behavior over time and analyzing data at the time series level).

### Leveraging Brand Strengths

Consumers enter the shopping process with prior beliefs in mind about the brands they know and like. Preference measures (e.g., self stated preferences or brand preferences derived from scaling methods such as conjoint analysis) are indicative of what the customer wants to choose in the market and probably would choose if all other factors in the shopping environment were equal. However, marketers are trying mightily to make them unequal as they compete on shelf space, position, price, and promotions.

Actual purchases are often different from what the purchaser's ingoing preferences would imply. The reasons why can be measured in several ways.

Comparing conjoint preference data with actual purchase information shows the predisposition threshold that brand preference creates and just how strong in-store influences have to be to overcome it. Understanding the importance of factors, such as availability of a specific product to meet customer needs and

prices, can give a more complete picture of the purchase decision process.

Retrospective questions about actual in-store decision making enable one to isolate how the role of preferences and purchase influencers dynamically varies, as the customer gets closer to the point of sale. This input can be used to design marketing tactics that are tailored to particular time periods and stages in the purchase process, such as searching, comparing, and actual buying.

Competitive mix modeling techniques demonstrate that the success of particular in-store marketing levers (e.g., price, promotion, product mix) can signifi-

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cantly depend on the actions of the competitors. Even when one's own marketing mix appears to be working well and generating positive return on investment, it may actually lose ground to competitors who are more effective closer to the point of sale.

### Real-Time Decisions

The decision context, in which shopping information is used to take action, is quite different from the traditional uses of research for product positioning and consumer segmentation. The user of the research is more likely to be an account manager than a brand manager.

Decisions are more tactical and dynamic and are subject to change as items on the shelves move—potentially daily.

Additionally, the manufacturer and the channels have unique research needs and naturally are pursuing different business objectives. For example, retailers want to improve store profitability, which depends on store traffic, share of consumer wallet across product categories, and store loyalty. The manufacturer's insights about shopping are used for at least two different purposes. One is to maximize performance of its own brands. The other is to sell into the channel, demonstrating that it can contribute to effective category management for the retailer.

The implication for research and analysis is that some of the traditional templates and frameworks may be in need of updating. For example, mix modeling needs to be adaptive, reflecting the dynamic nature of the store environment and the shopper's behavior. Segmentation analyses need to be granular to capture response to fragmented media, among multiple channels and consumer purchase and usage occasions. Pricing analyses need to capture response to alternative pricing actions by channel, product, and decision-maker context. The shopping experience should not be viewed as an afterthought to product and brand based research insights. It should be viewed in the center of many marketing influences and as a critical dimension in marketing strategy development and execution. 1

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