

## • **Study: Grocery shoppers highly susceptible to in-store marketing**

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In January 2010, Market Force, provider of customer intelligence solutions, conducted a survey to collect data on consumer spending habits and store loyalty focused on retail grocery stores and consumer packaged goods. The objective was to glean insights on how to consistently delight the customer and find out which brands excel and why.

The survey was sent to the most active participants of the company's 300,000 member contractor network, affectionately called "The Force." The Force gathers customer experience data for companies in industries that serve customers directly — retailers, restaurants, banks, theaters, etc. They do so through mystery shopping, price-auditing, in-store merchandising services and more. But in addition, they are remarkably representative of the target consumers we all want to reach.

### **Voice of the customer**

The consumers that took part in these surveys closely match the typical target market for grocery and personal care products:

- 75 percent women, the primary buyers of consumer products
- Representative Income (50 percent more than \$50,000 a year)
- 80 percent work full or part time
- Two thirds married
- 50 percent have children living at home

More than 6,000 consumers responded.

The survey revealed that most of us — 90 percent — do a major stock-up of groceries every week at our favorite grocery store. But that's not all. At least 70 percent of us also make "on the fly" trips to fill in missing items. You might guess that most people would drop into a convenience store or smaller grocery for these quick shops, but the survey found that the vast majority of us use our supermarket or mass retailer for these drop-in shops as well. That means that the typical target consumer is in our store at least twice a week. What makes them pick the store? Are they persuadable when they're there?

### **What matters most to grocery consumers**

When the surveyed consumers were asked which grocer was their favorite, Kroger secured the most votes. But what was intriguing was how highly some of the smaller, regional chains scored with consumers, scoring proportionally more votes than their size would

warrant. When the number of stores was factored into the voting, Wegman's, with 75 stores, jumped to the top. That top honor was supported by findings about what attributes matter to customers.

When asked how their favorite grocery stores competed within the Food Marketing Institute's selected categories, Wegman's outscored every other favorite supermarket chain by wide margins in almost all attributes that matter: quality products, courteous staff, inviting atmosphere, cleanliness. What's even more surprising is that they provide all of that while also providing good sales, promotions, and low prices.

### **Happy employees influence happy customers**

Another interesting link to consumer satisfaction at Wegman's may be its employee's satisfaction. Fortune Magazine ranked Wegman's as one of the top companies to work for in 2010. According to Fortune, 11 percent of the workforce has been at Wegman's for more than 15 years, and in the company's 94-year-history there has never been a single layoff.

Wegman's illustrates the degree to which customer experience matters and can significantly influence loyalty. But they are not a unique phenomenon. Through another Market Force customer intelligence program, a leading grocer discovered that customers of stores who achieved operational excellence were 60 percent more willing to recommend than those stores that were operationally challenged. In addition, these customers were less likely to shop at competitors and willing to spend more. In addition, they identified two areas that really made shoppers unhappy: not finding help when they needed it and long wait times at checkout. These two items were the ones that made shoppers most likely to go elsewhere.

### **Different strokes for different food, folks ... but merchandising is king for all**

The reasons why consumers buy one product over another vary between categories. Market Force was intrigued if it could discover patterns of behavior that prompted consumers to try a new product. Were they motivated by a promotion or coupon? By an advertisement? A recommendation? A merchandising display? To get at that answer, the survey focused on six different categories: Cereals, Coffee/Tea, Cleaning Products, Health/Beauty, Snacks, and Beverages.

Across all categories, seeing something on the shelf, or an end-cap display, drove the most trials overall. Advertising drove the least trials across all categories. But there were distinct differences when drilling into each category.

Recommendations have the greatest influence on new coffee and tea trials. Promotions and coupons drive new sales for cereals. Shelf appeal is a huge factor for snacks and beverages. And advertising tends to be most effective for cleaning products and health and beauty products—with virtually no impact on beverage, snack, or coffee/tea trials.

Within every CPG category, retailers can count on one thing with consumers: the impulse buy. Market Force discovered that shoppers say they use grocery lists as a memory jogger, but they certainly don't purchase exactly what's on the list. About a third will add to the cart a new product that looked interesting; over 40 percent will put in an indulgence; and a whopping 89 percent will add a sale item that looks like a bargain. When asked which new products they tried, more healthy food choices came up in the mix, giving credence to the emphasis manufacturers are placing on today's food choices.

**Take away for every retailer: Consumers are persuadable!**

Consumers report that they notice promotions and they're shopping at stores and buying products as a result.

- We shop a LOT! Most of us average more than 2x a week
- Between one third and one half of us tried something new in the last month
- Two-thirds of us buy 'off list'
- When we buy something unplanned, 90 percent pick up items we think are a bargain
- 41 percent buy products as an indulgence

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