

# Win with shoppers in an evolving shopper landscape

## How can one best engage the shoppers you target today and maximise your return on investment in doing so?

This was the subject of a presentation by Jacqui Le Sar – MD of Inperspective Insights Consultancy at a recent Marketing Mix conference entitled "Shopper Insights SA 2019". Although the talk was aimed at manufacturers her advice is very relevant to retailers and wholesalers alike. It focused on key shopper trends that brands should tap into.

## Key trends

Shopper behaviour in South Africa is being impacted by a number of key trends.

Although online shopping is growing apace overseas, it has not got root in SA as a shopping channel but it is increasingly being used as a media channel. Only 4% of SA consumers bought groceries online in the past year, but many use online for meal and recipe ideas, for inspiration for their home, for looking good and for health tips. Retailers should use their online presence to enhance their store image in these focus areas.

Healthy living is one area that shoppers are prepared to invest in. For example, people are exercising more, taking vitamins, cutting down on fizzy drinks and carbs. These are definite trends to be followed and tapped into. Brands that offer product benefits such as good for the heart, low in salt, easy to digest, no added sugar and free from artificial colourants and flavours will have appeal. But there is a limit to their pursuit of health. While they recognise that organic products are better, most are not prepared to pay a premium for them.

Shoppers are also becoming more environmentally aware; however, they are unlikely to make product and brand choices solely based on environmentally friendly packaging alone.

In the current economic environment, 88% of consumers surveyed claimed that "money is tighter than a year ago." This is affecting their shopping behaviour.

They are cutting back on their spending, while prioritising the reduction of debt and increasing savings. They plan their trips to stores with a specific budget and are always looking for the best options available for their household. They avoid impulse buying by sticking to their shopping lists.

Increasingly shoppers now use promotions to save while not truly changing their shopping behaviour. In the recent past, brands and retailers were able to change a shopper's behaviour through promotional activity. Promotions were effective in influencing where they shopped, how much and what they bought. Nowadays, the shopper is in charge. They choose where to shop, what to buy and how much they need.

Price and promotions have become the biggest traffic drivers across all shopping missions. Promotions still affect the big monthly shop as well as the fill-in shopping, but to a lesser extent.

Promotional activity is seen by them as a savings tool and loyalty to a specific chain no longer exists. They choose the stores that offer the best deals and that they believe are cheaper. They cherry pick based on what's on promotion and shop across stores to get the best deals. This results in the shifting of brand sales volumes from one store to another as different promotions occur. Brands are not getting the value they expect for their investment in promotions with retailers. The resultant margin pressure has a negative effect on both the manufacturer and retailer.

Promotional influence has migrated over the years. Once brands ruled the roost. Then promotions ruled, followed by price ruling. Now, it's the shopper who rules.

So much so that some brands are starting to lose their relevance as shoppers become more savvy and make price-based decisions. They are more experimental than before and have realised that many cheaper/value brands are 'good enough'. House brands are also growing in the shopping basket.

## So, what's the answer?

Le Sar advises that the greatest growth opportunity for brands and retailers will be to create more relevance with shoppers by better meeting their needs.

The relationship between Retailers and Brands will become increasingly

## THE EVOLUTION OF THE INFLUENCE OF PROMOTIONS

### Brands Rule

Shoppers are risk averse and stick to tried and trusted brands.  
Will only take advantage when their brand is on promotion.

### Promotions Rule

Shoppers expand their purchase repertoires to include 2 or 3 trusted brands and look for the best priced one when they buy.  
They may also trade up to a premium brand when it is priced right on promotion.

### Price Rules

Shoppers widen their repertoires to include value, cheaper and retailer brands and will often buy the cheapest – typically that which is on promotion.

### Shoppers Rule

They shop across stores to find the best deals across their repertoire of acceptable brands.

more important. True Retailer and Brand collaboration will be required for improved margin growth. Activations will need to be designed to create value for shoppers through the benefits of brands while simultaneously maximising the total basket size.

"For the majority of shoppers, we need to add value to their pockets if we want to convert them. This means we need to incentivise them through value offers (rather than just price) to restore the equilibrium. Broadsheet advertising will be the driver of store choice for these shoppers."

Tried and trusted brands and high margin categories will need Retailers and Manufacturers to add value to their lives by offering them solutions and inspiring them with ideas.

The minority shopper group are the future spenders and therefore the biggest growth potentials. These shoppers (many of whom are Millennials) can be engaged through experiential marketing, brand-tainment and gamification. The way to remain relevant to this dynamic shopper group is through innovation, customisation and personalisation.

Take this advice to heart as you plan your 2019 strategies.

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