THE SHOPPER GO TO MARKET REVOLUTION

"SHOPPER SHOCK"

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VISION

THE SHOPPER SHOCK HAS CREATED A NEW SHOPPER PARADIGM

In 1970, the futurist **Alvin Toffler** predicted in his book *Future Shock*:

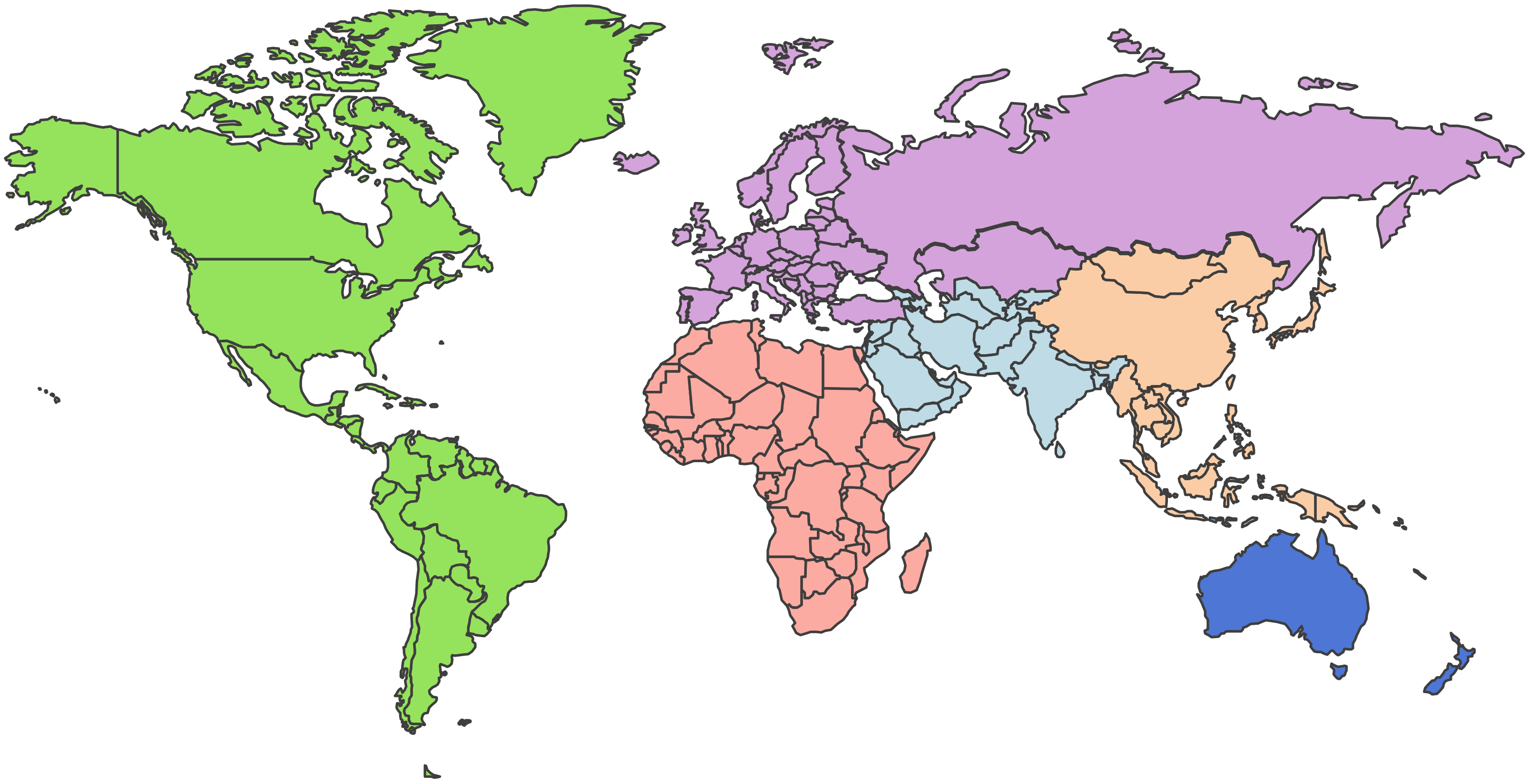
...It is no longer resources that limit decisions, it is the decision that makes the resources.

THIS FUTURE SHOCK WAVE HAS NOW REACHED THE CONTEMPORARY SHOPPER.

IN THE DIGITAL ENVIRONMENT AND ECONOMICAL STRAINED ECONOMY ALL THE STEPS INVOLVED IN THE SHOPPING PROCESS BEHAVIOR WILL BEAFFECTED:

SHOPPING PREPARATION ,
TRIP MISSIONS
SHOPPING MIGRATION
BRAND CHOICE

The Marketing Revolution…The world is becoming a “one stop shop…from clicks at homes”



In economically strained and developing markets, technology accelerates the process of changes

The Marketing Revolution
Abundance Of Product Offering

MARKET DATA

FMCG TOTAL OFFERING FROM MANUFCTURERS

FIRST CHALLENGE: SELL IN

400,000 SKU's
(US = 970,000)

IN A LARGE HYPERMARKET

20,000 to 50,000 SKU's

IN A SUPERMARKET

6,000 to 9,000 SKU's

BOUGHT IN A YEAR BY A HOUSEHOLD

300 SKU'S
(US 600)

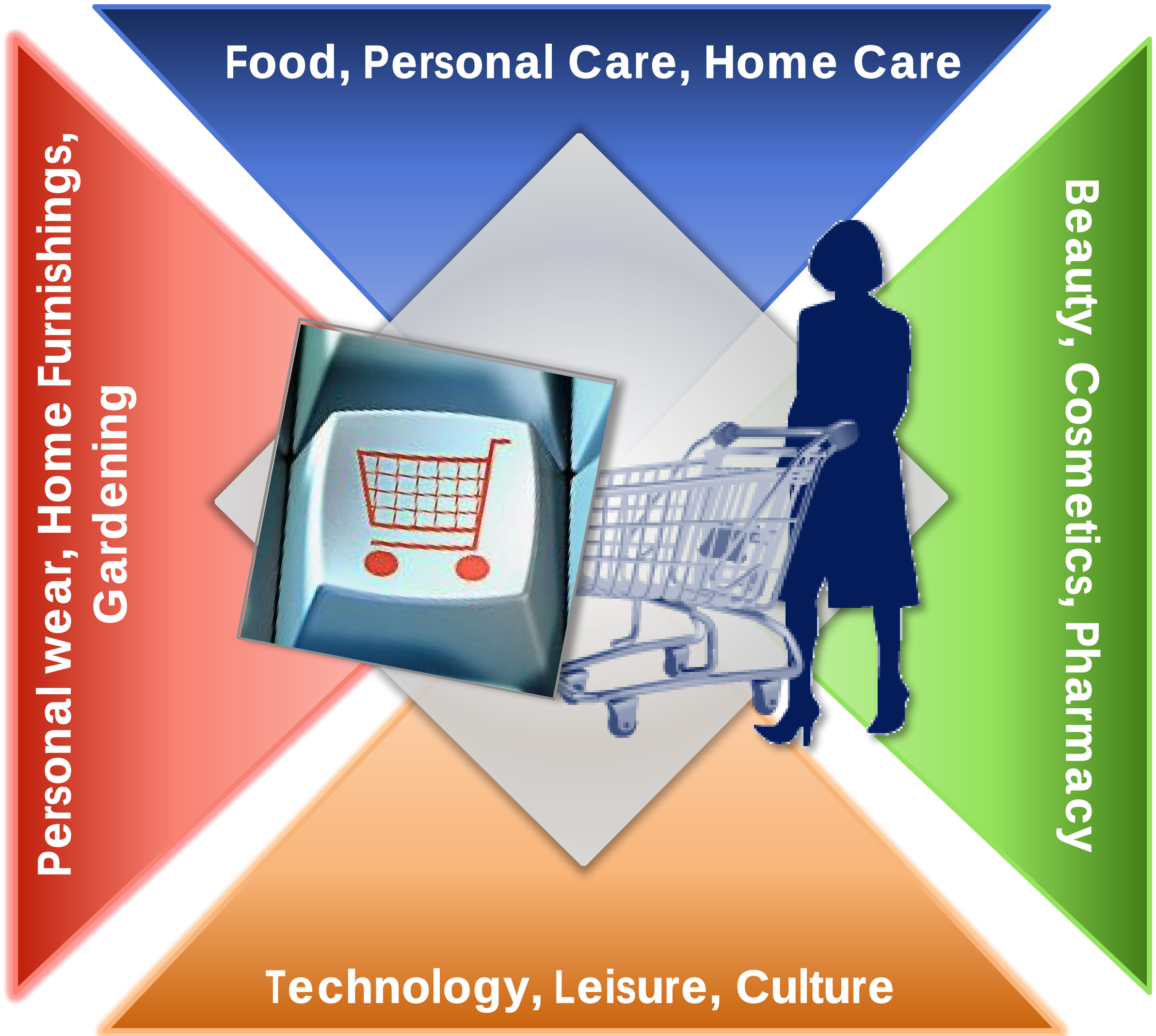
SECOND CHALLENGE: SELL OUT

ROUTINE SHOPPING BASKET SM/HM

10 to 50 SKU's Bought in 10 to 50 minutes: 1 product / 1,000 / minute

SHOPPERS HAVE BECOME EXPERTS

Products in abundance in all sectors, from all parts of the world, at shoppers' finger tips: they have become SMARTWORLDSHOPPERS



What do we need to know from SHOPPERS in the new click and mortar world to adapt for this revolution?

1. How and what they perceive as products, categories, and universes ?

2. How and where they search?

3. How, where, and when they shop?

4. How and why they buy?

HOW DO WE GO ABOUT ANSWERING THESE QUESTIONS ?

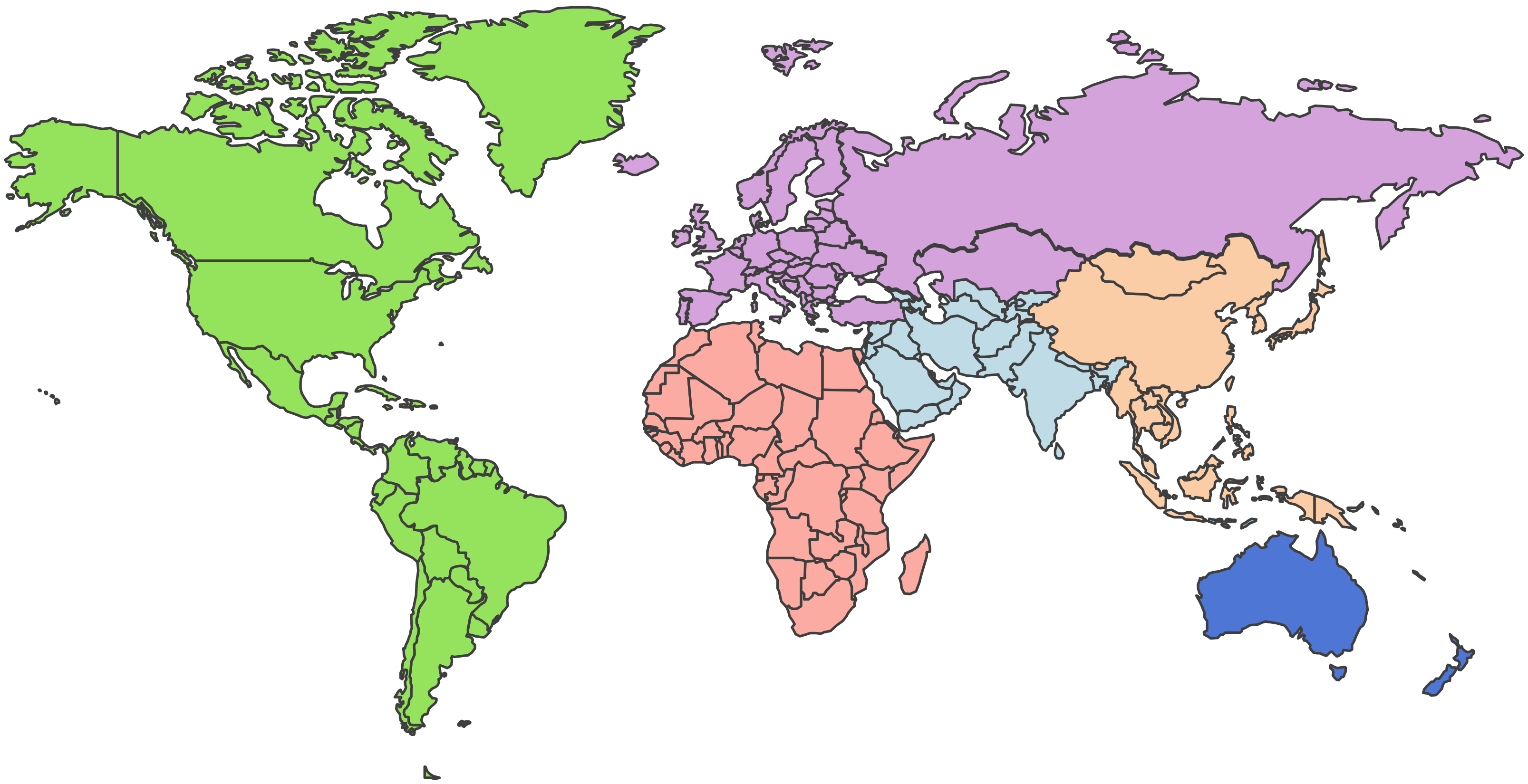
Follow the New 360 Shopper Road Map...

...ALONG THE DIAMOND MODEL

SMARTWORLDSHOPPER

WHO WE ARE

SmartWorldShopper has experience in conducting Shopper Insights Studies Projects In most major Countries around the world and all 50 United States Of America

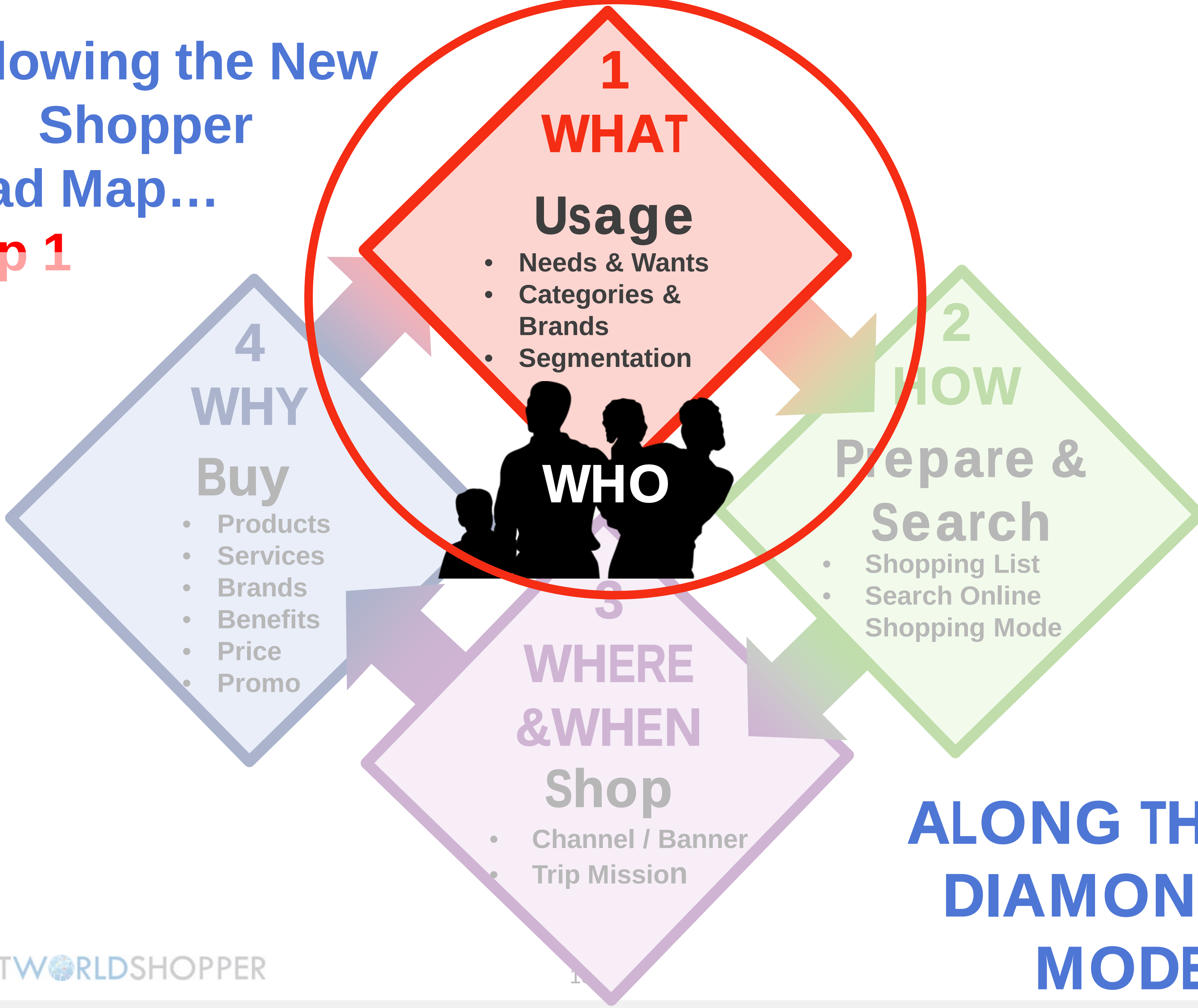


Shopper Insights Clients Include:

International Retail Experience Includes

Following the New 360 Shopper Road Map…

Step 1



ALONG THE DIAMOND MODEL

Re-visiting Perception & Segmentation Of Each Universe From Industry To End Consumer Vision

From a Traditional VERTICAL Logic

TECHNOLOGY
detergents, paper, preserves

From selling **PRODUCT** using Manufacturers' definitions

90%

To A Renovated HORIZONTAL Logic

USAGES
End user, time of use, way to use or prepare, benefits

To offering **SOLUTIONS** to consumers

SMARTWORLDSHOPPER

Example 1: Redefining Infant Food Universe

From a Manufacturer's based definition: **Canned Food**

bathroom tissue	kitchen towels	nappies	canned vegetables	baby food	ambient pasta & rice	adult clothes	kids clothes	baby clothes

To a shopper based definition: **Baby World**

Nappies	Baby food	Baby hygiene	Baby clothes

Understanding the Consumer as a User will allow to re-visit the perception & segmentation of each universe

Example 2: Redefining Perfumery universe

From a trade based definition:
Product Types?

Women Fragrance	Men Fragrance	Make-up	Skin care	Institutes& tests	Promos	Beauty supplies

To shopper based perception:
Usage? Time of Use? Occasions?

To Start the day	A Working day	Going Out	Men's World	Buy Smart	Personal Spa Treatment

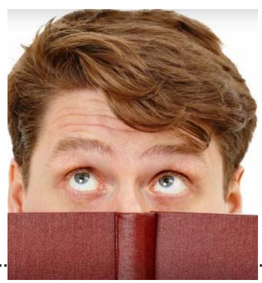
Understanding the Consumer as a User will allow to re-visit the perception and segmentation of each universe both and similarly on website and in-store

WHAT IS NEW:
NEED TO UNDERSTAND THE ONLINE SEARCH STEP 2

Step 2

HOW IS THE SEARCH CONDUCTED ?

Shopping starts at home…in 2005 compared to 2012
Written FMCG shopping lists doubled

Written Shopping List		**32%**	**2005**	45%
		65%		
Memorized Shopping List		**13%**	**2012**	**86%**
		21%		

- **How is the list being prepared ?**
- **How do they convert from pencil &paper to electronic tools?**
- **What tools are being used ?**
- **What is written on the list ? Witch words ? Brands ?**
- **Who is preparing the list ?**

CONSEQUENCE N° 1:

ACCELERATION SHOPPING MIGRATION TO NEW CHANNEL /NEW STORE AND NEW TRIP MISSION DEFINITION STEP 3

Step 3

WHERE DO THEY SHOP FOR WHAT ?

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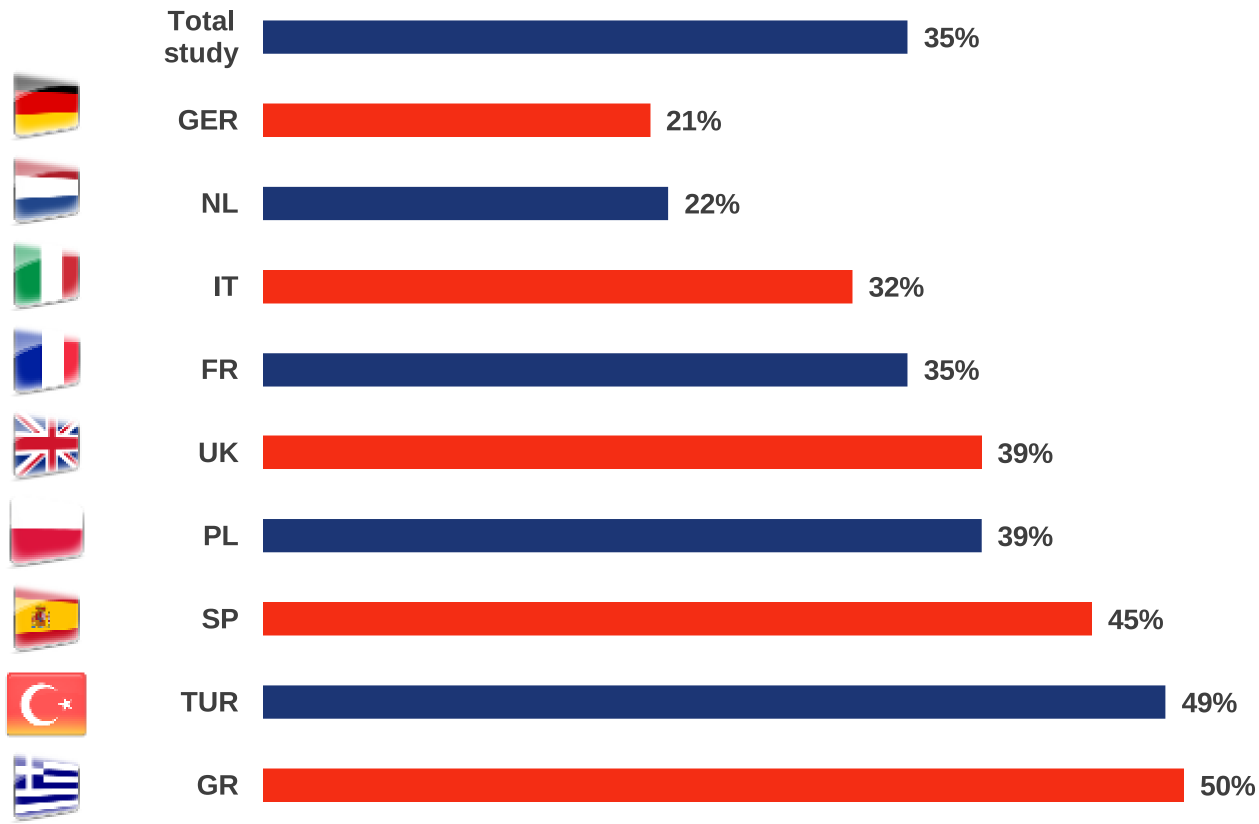
Huge Shopping Migration and Trip Mission changes: 35 % of shoppers throughout Europe claim they have changed their main store for grocery shopping in the past 12 months!

"During this past year, have you changed your main store for grocery shopping?"



SHOPPER MIGRATION accelerates in All Markets
Winning vs Losing Channels/Retailers? For which Categories?

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Source SIG Shopper 1nsights in Action 10/2012

CONSEQUENCE N° 2:

MODIFIES HABITS AND CHOICE OF BRANDS OF PRODUCTS BOUGHT ?

Step 4

HOW AND WHY ARE PRODUCTS AND BRANDS BOUGHT ?

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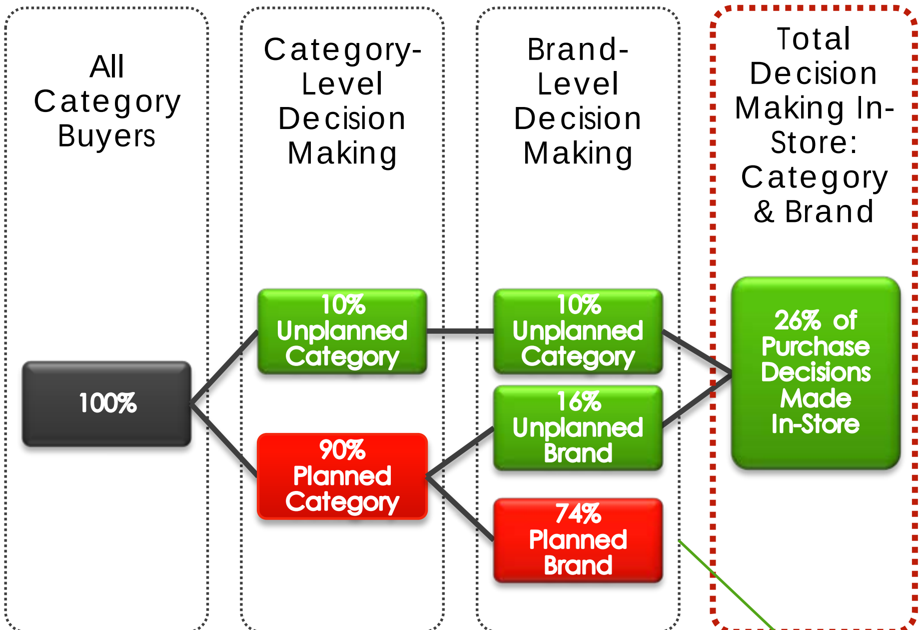
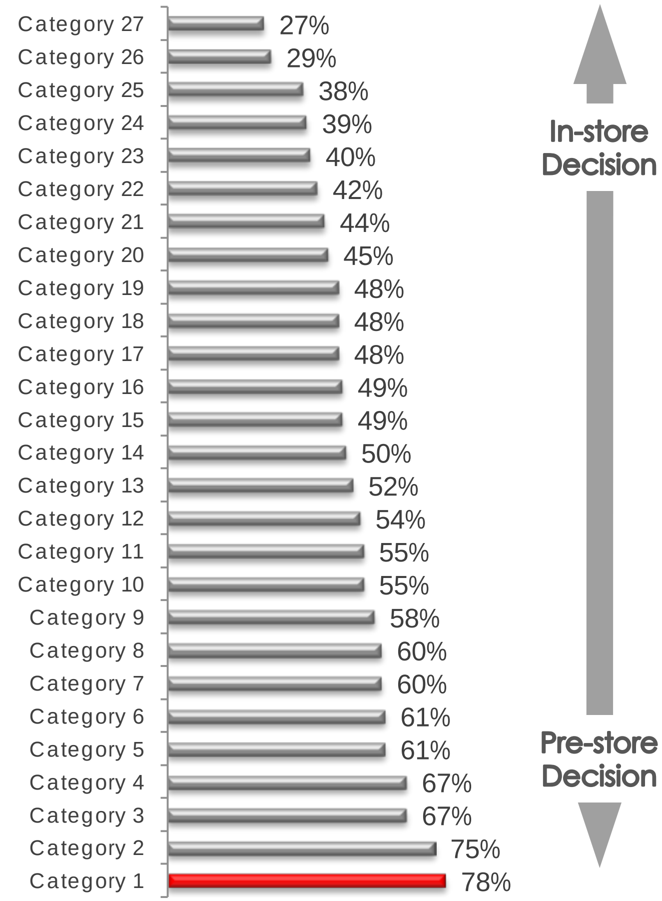
SWS Identifies Globally On A Cross-Category Basis Pre-Store And In-Store Decisions At The Category And Brand Level



Cross Category Purchase Decisions



Planned and Pre-Determined	Decision Made In-Store
74%	26%

Step 4: Reason to buy :
« It's easier and faster to shop »
is the first raison to change store accross Europe

"Why did you change or might you change in the future your main store for grocery shopping?"

	FR	GER	GR	IT	NL	SP	UK	PL	TUR
It's easier and faster to shop	46%	49%	45%	37%	28%	46%	47%	52%	66%
More attractive prices on store brands	39%	35%	57%	34%	46%	38%	37%	37%	47%
More attractive promotions	38%	19%	59%	55%	42%	40%	31%	45%	49%
Wider range of different products	27%	37%	45%	45%	31%	35%	31%	47%	65%

Retailers and Manufacturers need to revisit ,Services offered, Store Plans and Shelf Space Organisation

Overall fresh food quality, efficient layout, good service and value are the most important considerations for shoppers when choosing a retailer

Drivers of Retailer Choice in the US
(% Top Box 5 Point Scale)

SP10. There may be a number of factors you might consider when deciding on what supermarket to shop in. Please indicate how important each of the following characteristics are.

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Source POPAI Shopper Engagement Study
Conducted by SmartRevenue US 2012

CONCLUSION

Following the New 360 Shopper Road Map…

…ALONG THE DIAMOND MODEL

RESPONDING TO THE SHOPPER SHOCK…

WITH CONSUMERS IN HOMES AND ON THEIR MOBILE TOOLS

- **Understand the Consumer as a User : re-visit the perception and the segmentation of each universe both on website and in-store;**

- **Fully understand how the Shopping list is now being prepared ?**
- **Who is preparing the list ?**
- **How do they convert from pencil & paper to electronic tools?**
- **What tools are being used ?**
- **Witch words are being used ? Occasions? Categories? Brands ?**

- **Work on helping shopping list preparation through creating adequate online tools.**
- **Reinvent web site partnership between Manufacturers & Retailers.**

RESPONDING TO THE SHOPPER SHOCK…

AS THEY CHOOSE THEIR WEB SITE OR STORE AND BUY

- **SHOPPER MIGRATION accelerates in All Markets : Understand whitch Channels/Retailers is Winning or Losing? For which Categories?**

- **Retailers and Manufacturers need to revisit Store Plans Shelf Space Organisation and services offered.**

- **Secondary placement & complementary product adjacencies should encourage shoppers to buy unplanned additional products.**

Thank you

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