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Decoding the Shopper Decision Making process...

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nielsen
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Key Points for Debate

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- Shopper Behaviour in the Baltics; is the shopper any different to shoppers in other markets?
- Shoppers are increasingly in grab 'n' go mode but is this so for all categories?
- Is there a need for different strategies for the same category across markets?

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Shopper Behaviour in the Baltics. Is the shopper any different to shoppers in other markets?

The Shopper in the Baltics now has *more choice* ...

- Modern trade is growing... now captures 90% of all household expenditure. A lot more *choice* in-store!
- Discounters are well entrenched... especially so in Estonia (1 in 3 shoppers claim to spend most of their grocery budget in such stores). Broader price *options* !
- Private labels are in... almost 100% awareness and over 70% purchase (P4W; more so Lithuanians). More *choice* on shelves!
- Loyalty cards are adopted; over half of all shoppers now have one... offer *choice* to shoppers to develop privileged relationships with stores!

Source: Nielsen Shopper Trends 2008

Attitudes towards Private Labels and Promotions ...

- 2/3 of global shoppers consider private label brands to be a good alternative to manufacturer brands
- The Baltic's shopper is a bit more skeptical versus their Western European counterparts BUT there is fast growth
- Views are divided as to whether private label brands offer real value for money.
- Stronger link with store image

- Promotions have little impact in switching stores across Europe
- less so across the Baltic's and key CEE markets where there is limited use of cars
- Greater interest to search for promotions in stores normally visit
- Latvians are generally more Influenced by promotions (30% seek them out within store)



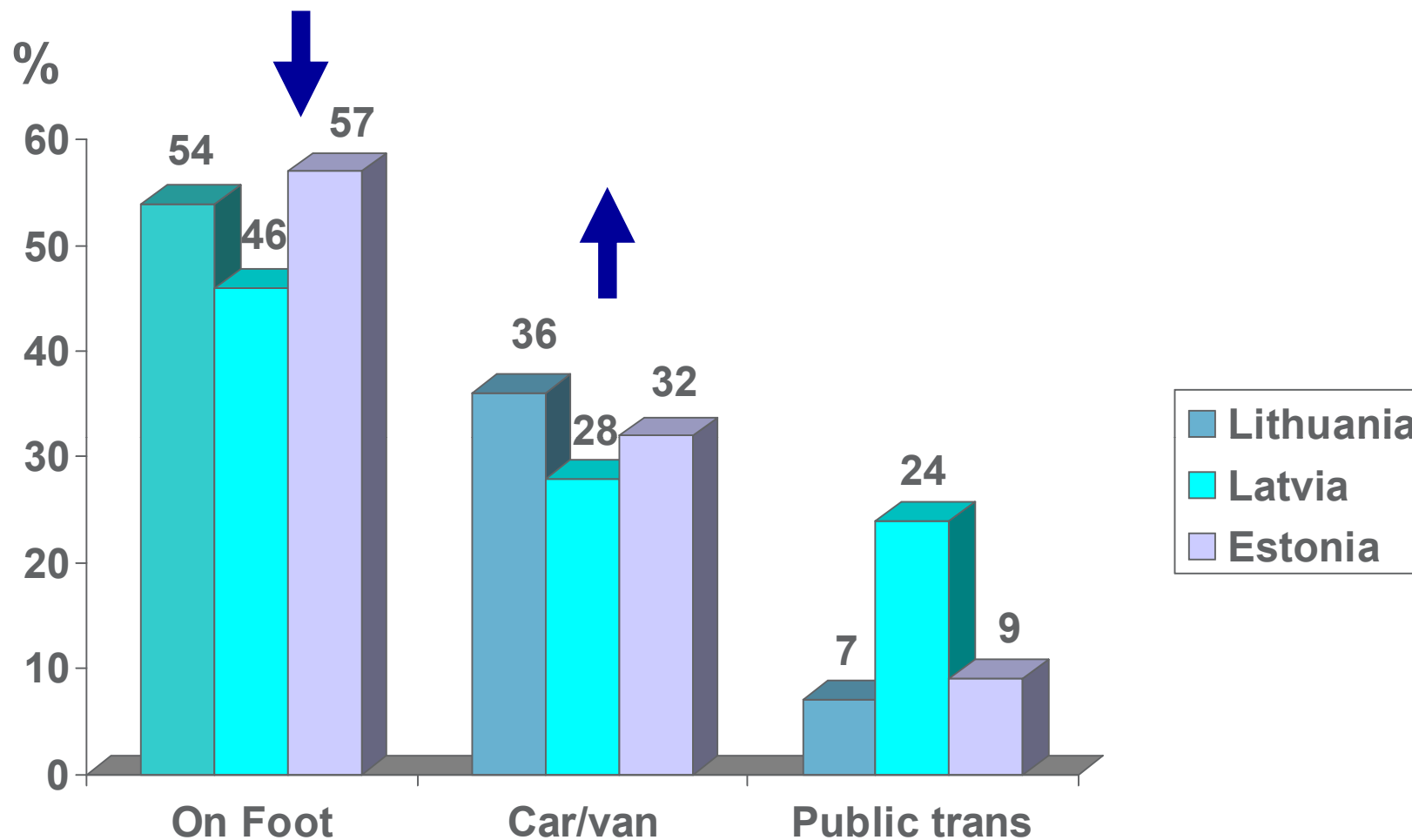
Source: Nielsen Shopper Trends 2007/2008

Convenience, Convenience and Convenience ...

	LITH	LATVIA	ESTONIA	CZ	HUN	PL	MOSCOW	Rest EU
Everything I need in one shop	3	1	1	2	3	4	3	2
Convenient to get to	1	3	2		1	1	1	14
Always have in stock	4	2		3		3		5
Well presented display of products		4	4					7
Pleasant store environment			3					3
High quality of fresh food	2							4

Source: Nielsen Shopper Trends 2007/2008

Large proportion of shoppers reach the store on foot BUT use of car is increasing rapidly...



Source: Nielsen EQ Syndicated 2007

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Shoppers are increasingly in grab 'n' go mode

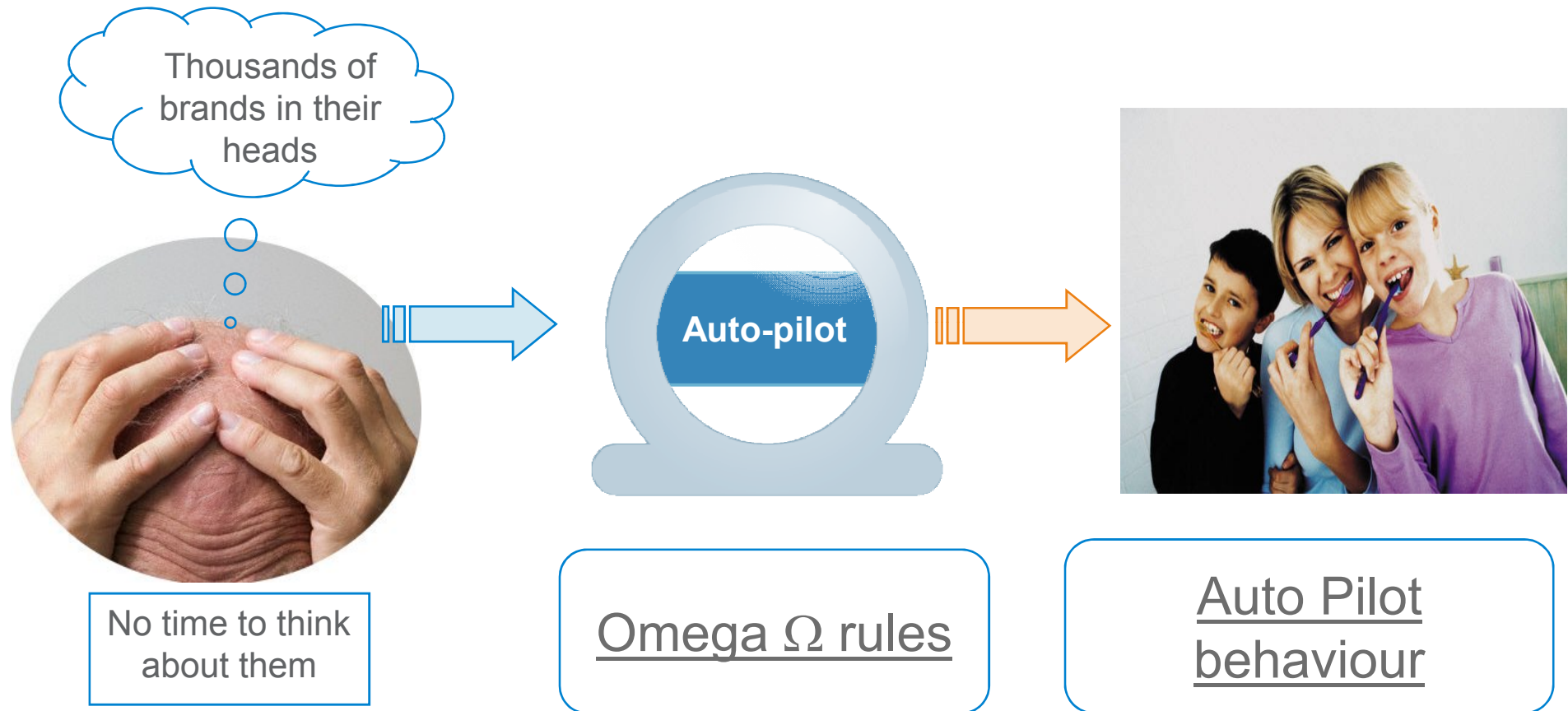
Today's consumer knows a lot more...



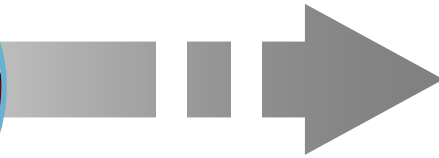
- ❑ Complex retail and media environments
- ❑ Consumers inundated with marketing information
- ❑ More in-store choice

... but has less time to choose

Result: Shoppers are on auto-pilot mode



But auto-pilot shopping mode does get disrupted



Habitual pathways are challenged and consumers enter a dynamic zone

We define these inflection points as **Delta Moments Δ**

Delta Moments Δ provide marketers the window of opportunity to trigger behavior change

Delta Moments Δ get activated by pre-store and in-store triggers



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**Shoppers are increasingly in grab 'n' go mode,
but is this so for all categories?**

Autopilot-Delta Moment Δ dynamics vary significantly across categories...



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Are shoppers in grab 'n' go mode?
Do they buy the same one as they always do?

Ω Omega Shoppers



experimental

Or do they engage in scrutiny mode shopping?
compare prices, look out for promos, browse through packs

Are they open to new information?
advertising, buzz

Δ Delta Shoppers

Example Data: Which categories are shoppers browsing in autopilot or experimental mode?



Category	Exp Index	Category	Exp Index	Category	Exp Index	Category	Exp Index
Chocolate Bars and Wafers	156	Beer	117	Functional candies	97	Ice Tea	78
Sweet Breads	152	Vodka	112	Mineral Water	94	Butter & Margarine	66
Chocolate Tablets	126	Carbonated Soft Drinks	112	Tea	92	Coffee (Ground)	54
Juices and Drinks	126	Sports / Energy Drinks	112	Ice Cream	92	Pasta	52
Chips & Crisps	126	Yoghurts	109	Dry Soups	92	Mayonnaise	47
		Pralines	105	Breakfast Cereals	92		
		Processed Cheese	99	Coffee (Instant)	89		

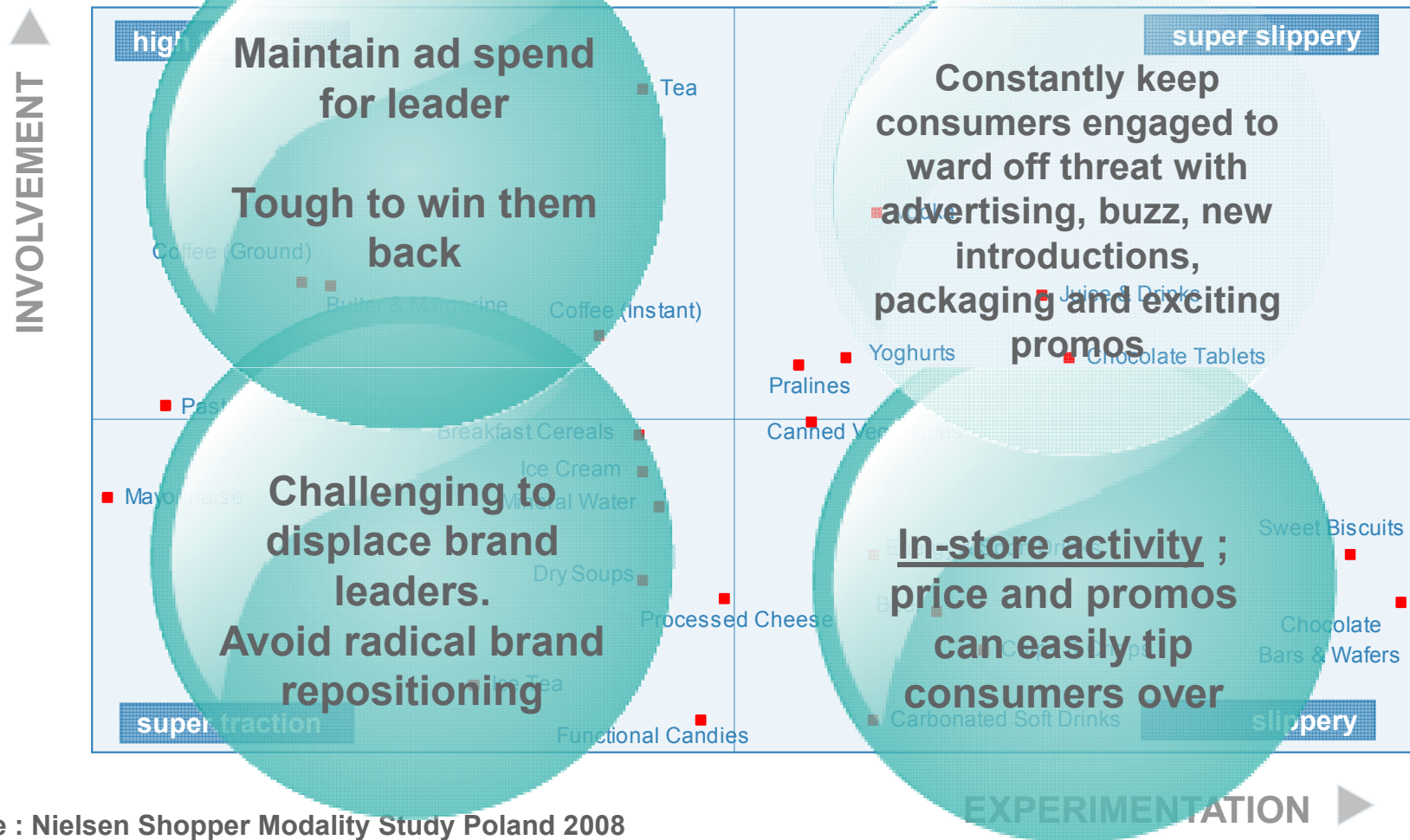
innovation, advertising and buzz. Position in prominent shelves

Grab and go; check stocks and do not change shelf position

Indexed to Food Norm
 >120: Above Norm
 80-120: Parity
 <80: Below Norm

Source : Nielsen Shopper Modality Study Poland 2008

Example Data: Which categories are shoppers more experimental and with low involvement ?



Source : Nielsen Shopper Modality Study Poland 2008

Example Data: Which shopping behavior is prevalent in each category?

Family preference activated



Variety Seekers



Bargain hunters



In-store browsers



Buzz activated



Advertising activated



	<u>CSD</u>	<u>122</u>	<u>98</u>	<u>117</u>	<u>83</u>	<u>105</u>	<u>101</u>
<u>Processed Cheese</u>	<u>136</u>	<u>130</u>	<u>115</u>	<u>119</u>	<u>83</u>	<u>83</u>	<u>102</u>
<u>Juices</u>	<u>131</u>	<u>73</u>	<u>110</u>	<u>105</u>	<u>86</u>	<u>86</u>	<u>120</u>
<u>Chocolate Bars</u>	<u>106</u>	<u>153</u>	<u>99</u>	<u>121</u>	<u>94</u>	<u>94</u>	<u>113</u>
<u>Chips/Crisps</u>	<u>102</u>	<u>121</u>	<u>108</u>	<u>124</u>	<u>90</u>	<u>90</u>	<u>100</u>
<u>Chocolate Tablets</u>	<u>109</u>	<u>99</u>	<u>93</u>	<u>102</u>	<u>91</u>	<u>91</u>	<u>77</u>
<u>Beer</u>	<u>76</u>	<u>99</u>	<u>89</u>	<u>62</u>	<u>175</u>	<u>175</u>	<u>113</u>
<u>Butter & Margarine</u>	<u>57</u>	<u>97</u>	<u>117</u>	<u>104</u>	<u>78</u>	<u>78</u>	<u>80</u>
<u>Instant Coffee</u>	<u>89</u>	<u>79</u>	<u>124</u>	<u>73</u>	<u>119</u>	<u>119</u>	<u>100</u>

Source : Nielsen Shopper Modality Study Poland 2008

Indexed to Food Norm

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80-120: Parity

<80: Below Norm

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Is there a need for different strategies for the same category across markets?

Example Data: Are shoppers browsing categories in autopilot or experimental mode?

Category	Poland	Hungary	The Czech Republic
<i>Juices and Drinks</i>	126	118	131
Chips & Crisps	121	101	107
Carbonated Soft Drinks	112	137	98
Mineral Water	94	92	104
Ice Tea	78	101	111

Indexed to Food Norm

>120: Above Norm
 80-120: Parity
 <80: Below Norm

Source : Nielsen Shopper Modality study across the CEE 2008

Example Data: Which shopping behavior is prevalent in the Juice and Fruit Drinks category across markets?



	Variety Seekers	Advertising activated	Buzz activated	Family preference activated	Bargain hunters	In-store browsers
<u>Poland</u>	73	<u>120</u>	<u>86</u>	<u>131</u>	<u>110</u>	<u>105</u>
<u>Hungary</u>	<u>113</u>	59	<u>87</u>	<u>109</u>	<u>96</u>	74
<u>The Czech Republic</u>	<u>89</u>	<u>90</u>	<u>80</u>	<u>114</u>	<u>99</u>	<u>125</u>

Indexed to Food Norm
 >120: Above Norm
 80-120: Parity
 <80: Below Norm

Source : Nielsen Shopper Modality study across the CEE 2008

Example Data: Is the Category (Juices and Fruit Drinks) driven by the same shopper needs across markets?



Experimental and high involvement

they engage in scrutiny mode shopping... *compare prices, browse through packs, and go by kids preference. Common strategy focusing on whole marketing mix activities!*

But differences on category strategy execution by country

- Best to place more focus on above the line advertising (and online ads) in **Poland**, new product introductions in **Czech** and Coupons/Specials in **Hungary!**

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Is the shopper in the Baltics any different to shoppers in other markets? ***Not overall; balancing between fast pace of life, increasing choices and limited time...***

- Reaching store on foot places more pressure on retailers in the Baltics to ensure **variety and good stock levels** for success

Summary

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Shoppers are increasingly in grab 'n' go mode but is this so for all categories? ***No shoppers evaluate categories differently and therefore there is a need for different strategies.***

**Grab & Go
categories;** High stock levels and stick to shelf position; eg
Mayonnaise
Mineral Water
Dry Soups

**For browsing
categories** allocate more space and stock all variants; eg
Processed cheese
Chocolate bars
Crisps

**For bargain hunting
categories;** Display special offers very visibly; eg
CSD's
Butter & Marg.
Instant Coffee

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- Is there a need for different strategies for the same category across markets? ***Depends on the maturity of the category in each.***

- CEE shoppers evaluate the Juice and Fruit Drinks category in the same fashion ***BUT*** need to refine execution to take on board local shopper needs. This will lead to efficiencies and greater return on investment.

Paldies



Ačiū

Thank you

Tānan

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ECR *Baltic*
Efficient Consumer Responce

Understanding the Community for Growth

