

Walking the Talk About Shopper Centricity

Shopper Insights: Current Status, Best Practices and Future Trends
July 20, 2006



WILLARD BISHOP

Objective

- To review the first comprehensive study of shopper insights and shopper marketing and identify opportunities to accelerate adoption.



Key Focus Areas

- How important are shopper insights and shopper marketing to manufacturers and retailers?
- Where are retailers and manufacturers in capturing the benefits of shopper insights?
- What changes must be made in order to maximize the benefits of shopper insights?



Collection points

Survey sent to Manufacturers and Retailers:

- Interactive survey
- 39 Responses to date
- Conference and Non-Conference Attendees
- Mostly all from CPG and Retailers
- Good representation of Senior Management as well as all additional organizational layers

Point of View based upon combined Experience



What are the Definitions of Shopper Insights and Shopper Marketing?



What do they mean when they say “Shopper Insights”?

Manufacturers see “Shopper Insights” as being related to

- Shopper perceptions (shopper/marketing research) and
- Shopper behaviors (shopper card/loyalty data).

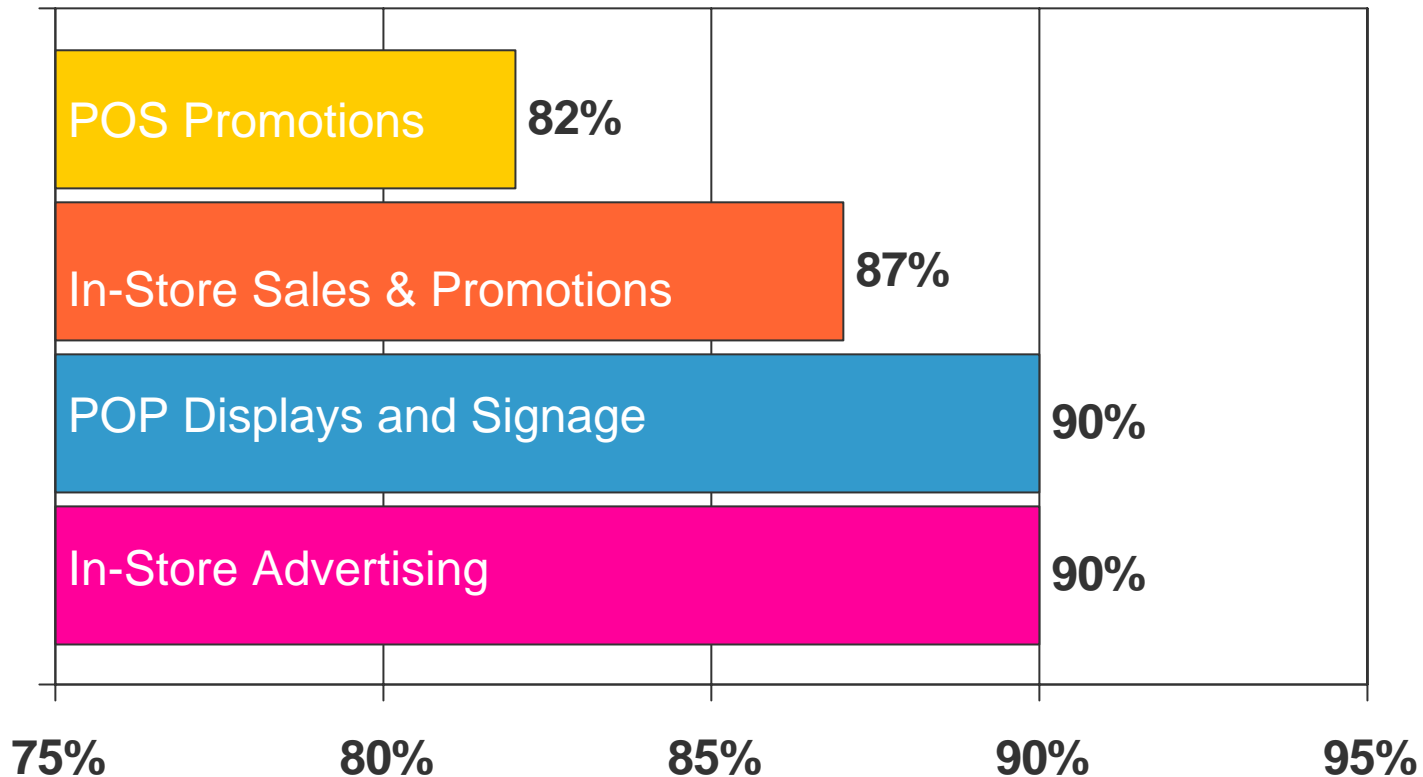
Retailers generally agree that:

- “Understanding shopper wants and/or actions, for the purposes of developing new retail initiatives“ is a good definition of Shopper Insights.



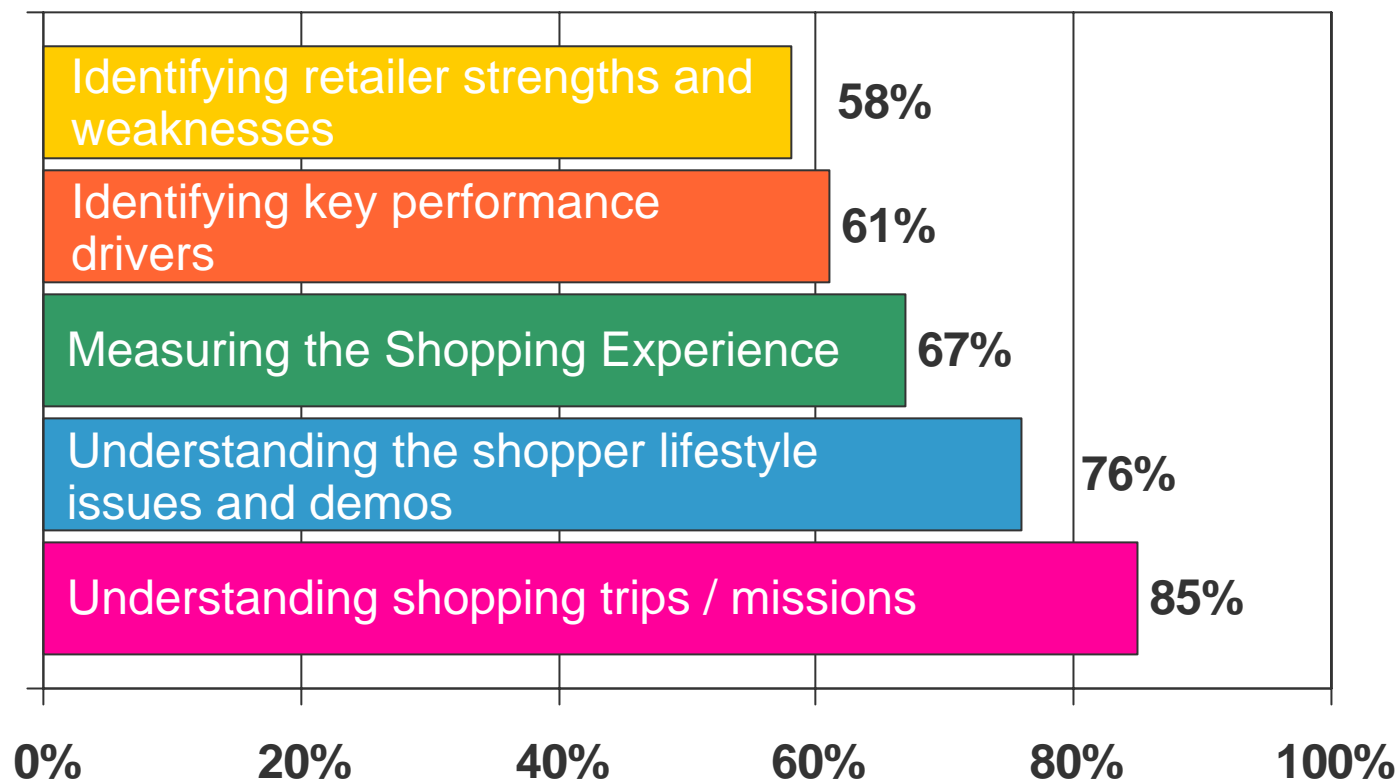
What do they mean when they say “Shopper Marketing”?

When you hear the term "shopper marketing," which of the following comes to mind?



Most Shopper Studies Generally Focused on Understanding Shopping Trips and Shopper Lifestyles

What are typically the main topic areas and key objectives of your organization's shopper studies?

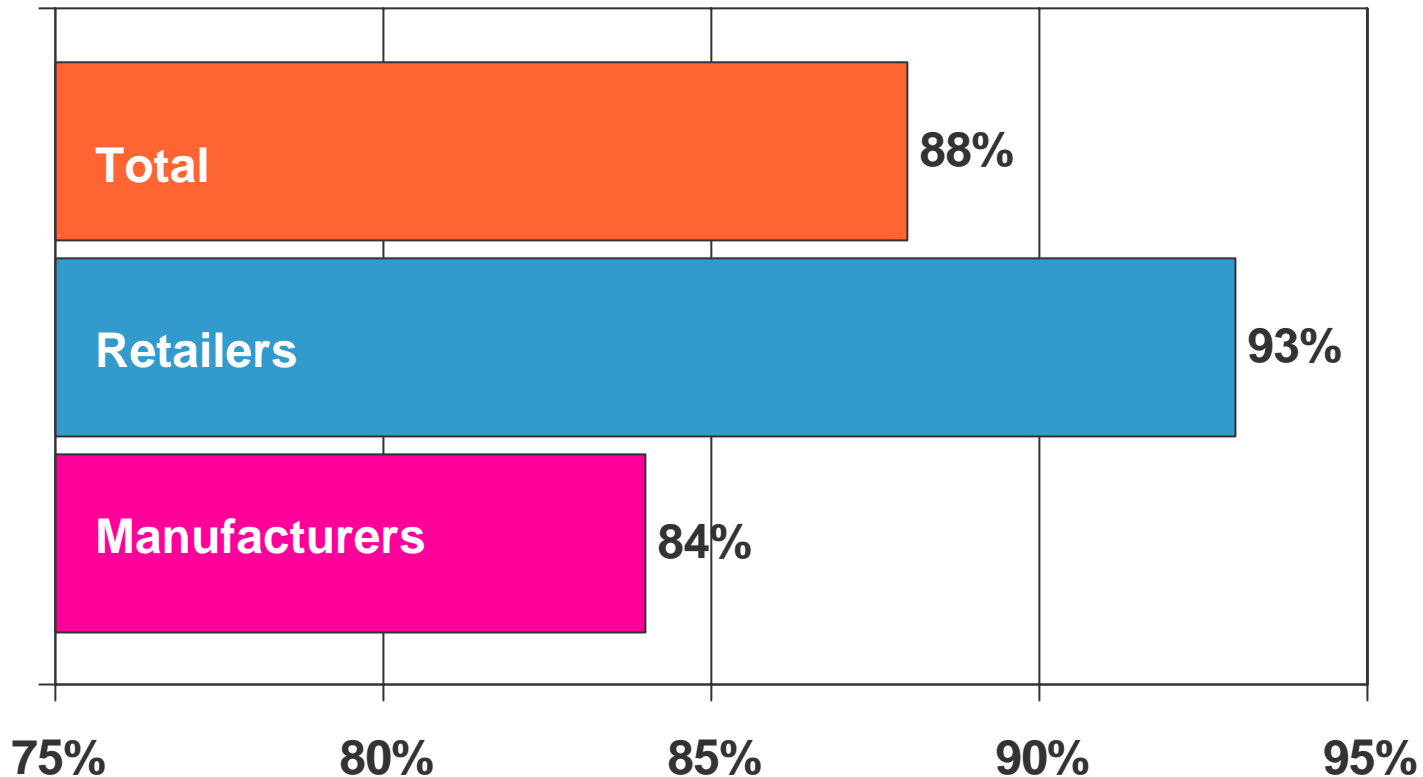


Shopper Insights and Shopper Marketing are very important and becoming more so.



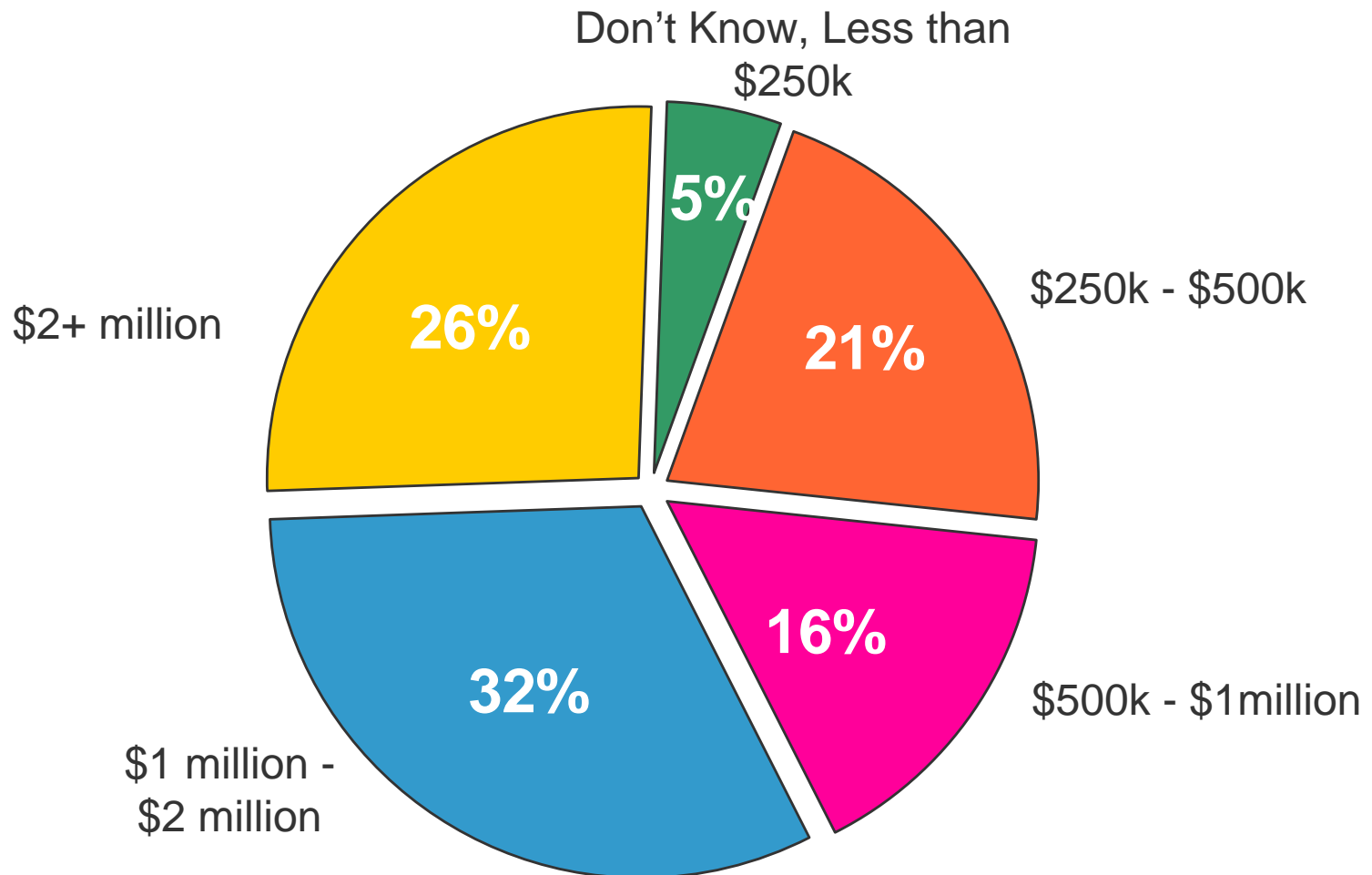
Shopper Insights Important to Virtually Every Organization.

Overall, how important are shopper insights for your organization



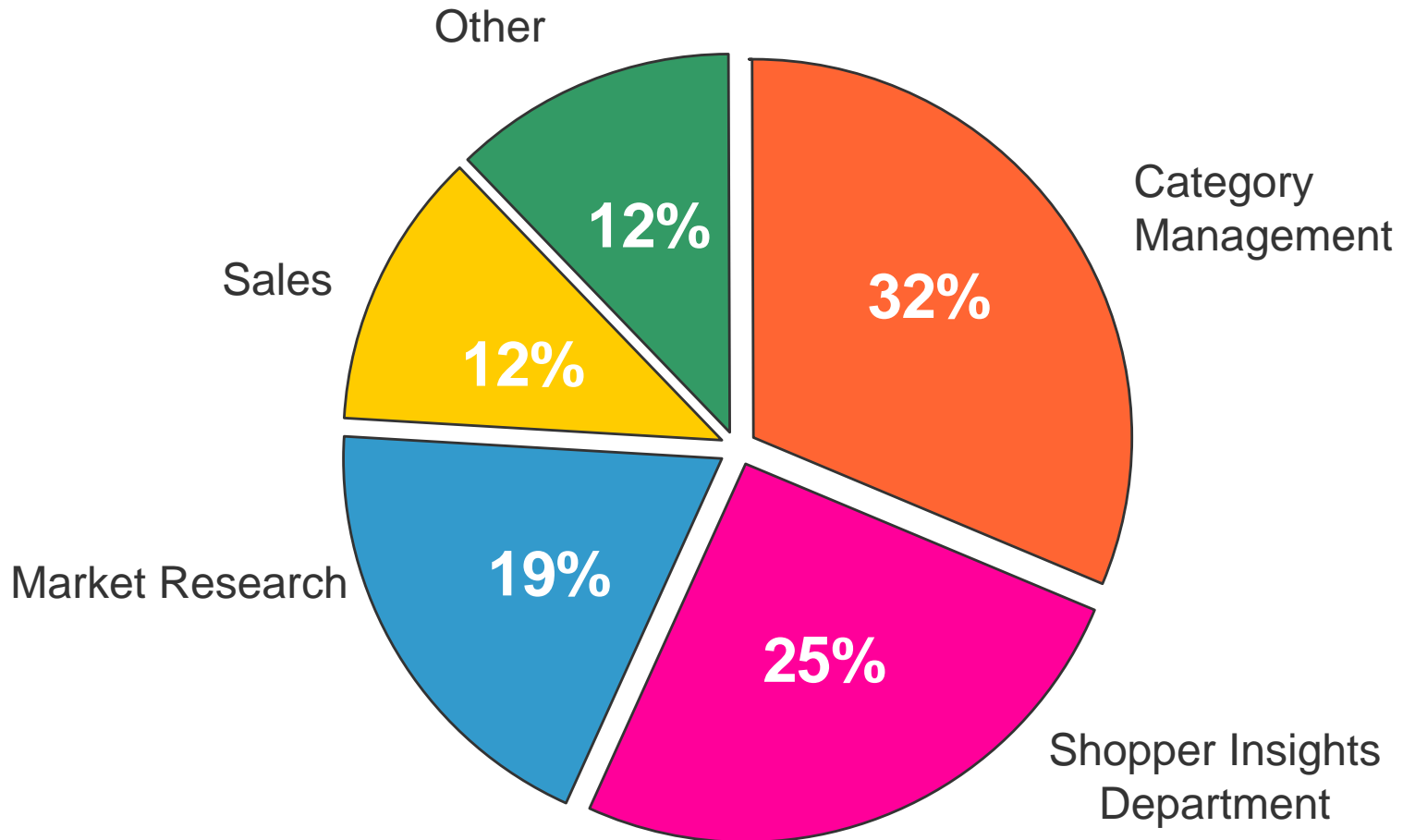
Manufacturer Budgets for shopper insights are getting larger as a result

In which part of your organization are the shopper insights specialists located?



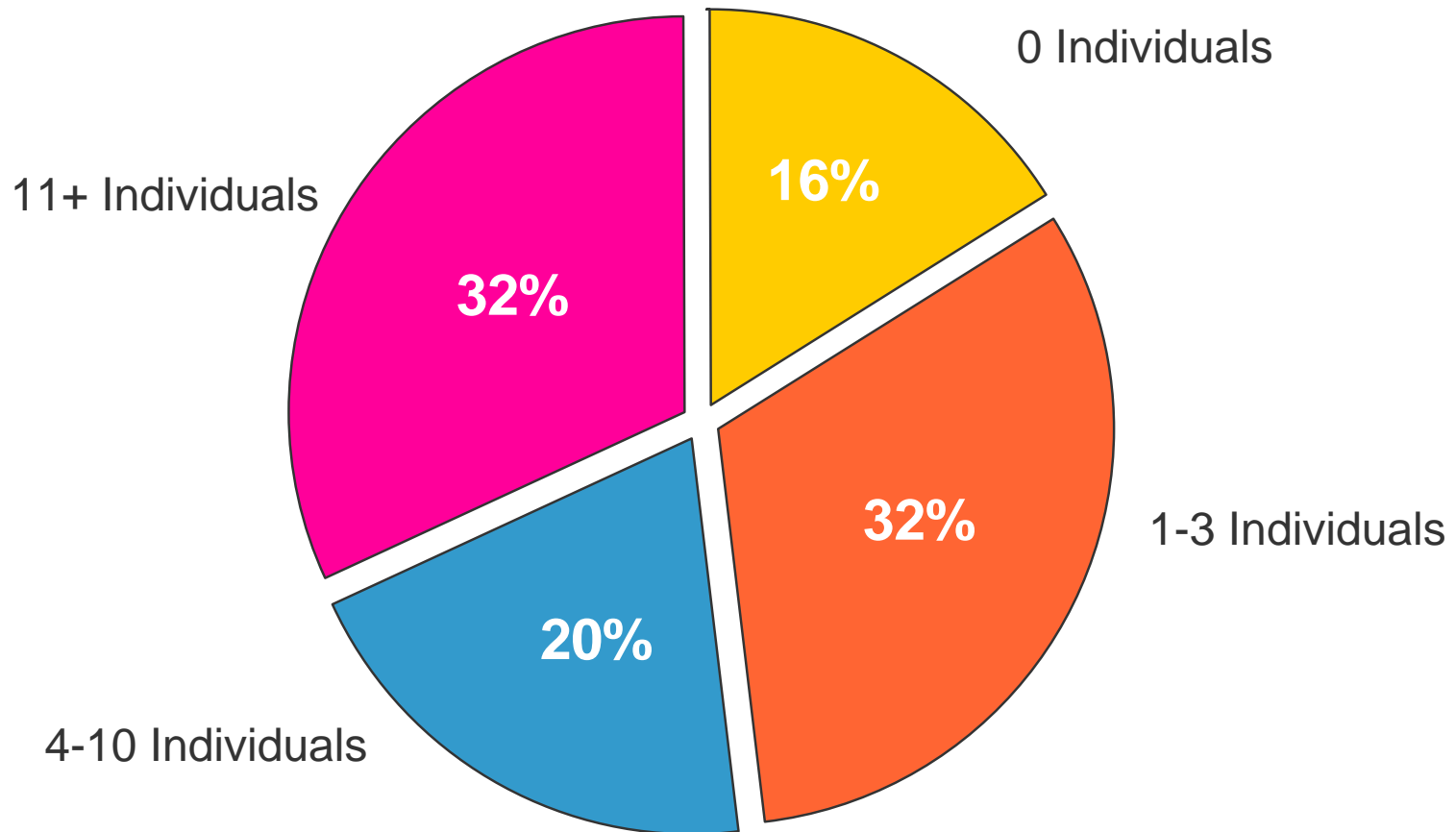
25% of Manufacturers have a dedicated Shopper Insights Department

In which part of your organization are the shopper insights specialists located?



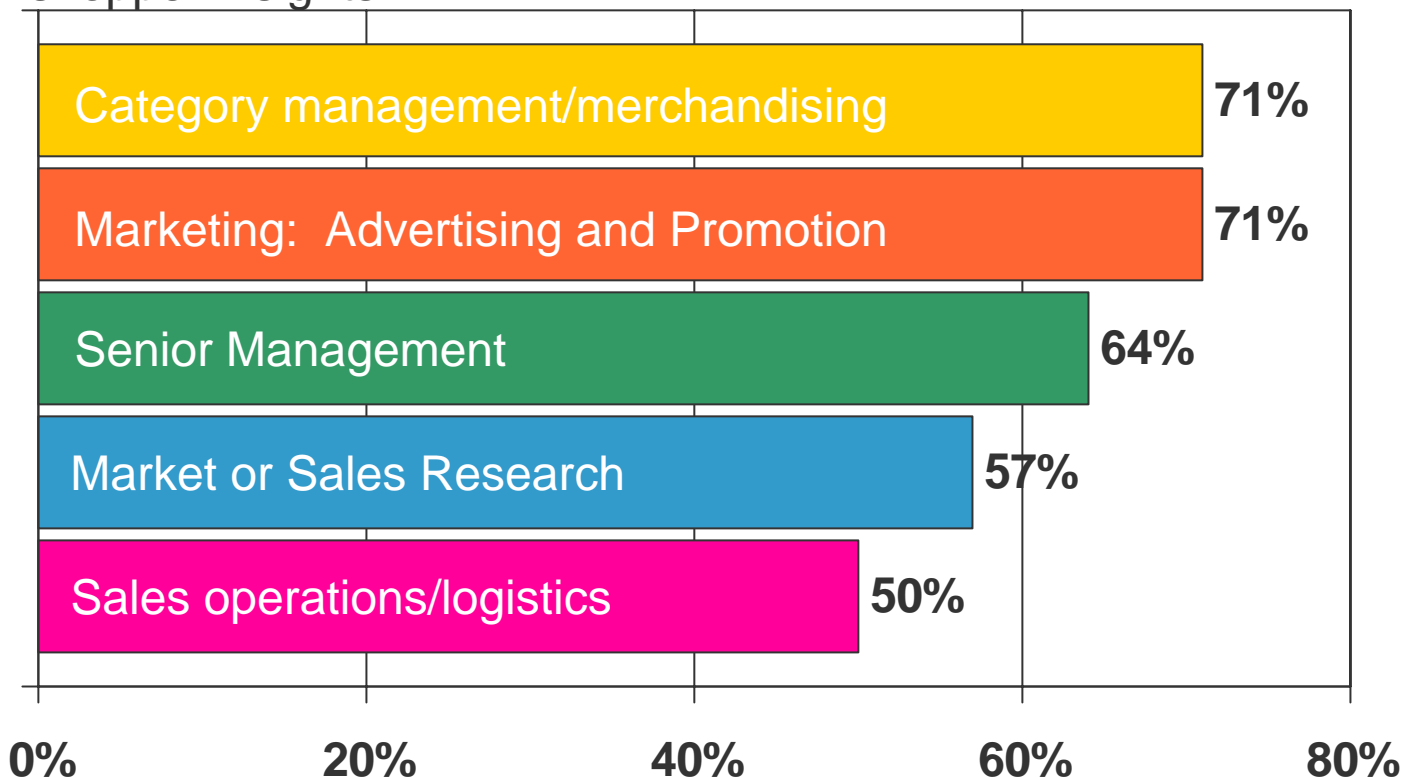
More than half of manufacturers have 4+ individuals dedicated to Shopper Insights

How many people in your company/division are fully dedicated to creating shopper insights?



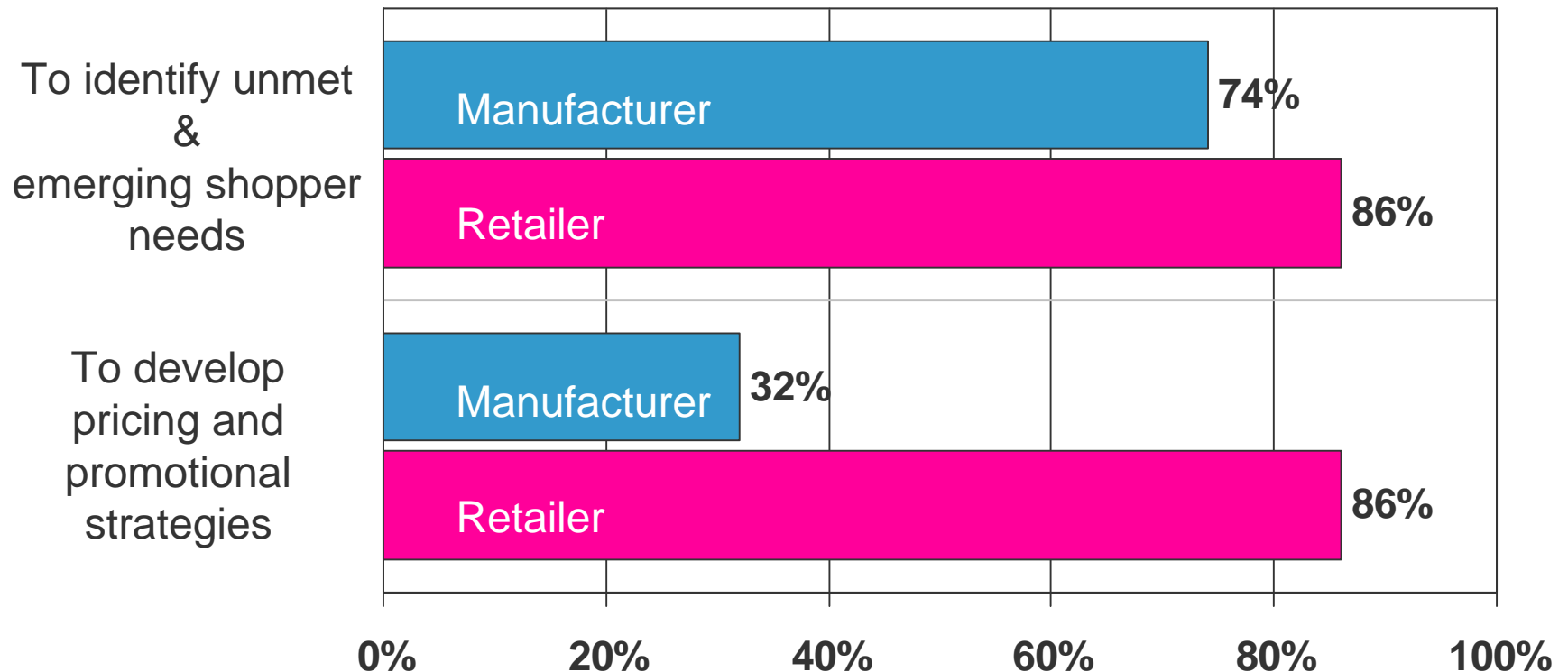
Senior Management is Primary User of Shopper Insights in Two-Thirds of Retail Organizations

Which parts of your organization are the primary users of shopper insights?



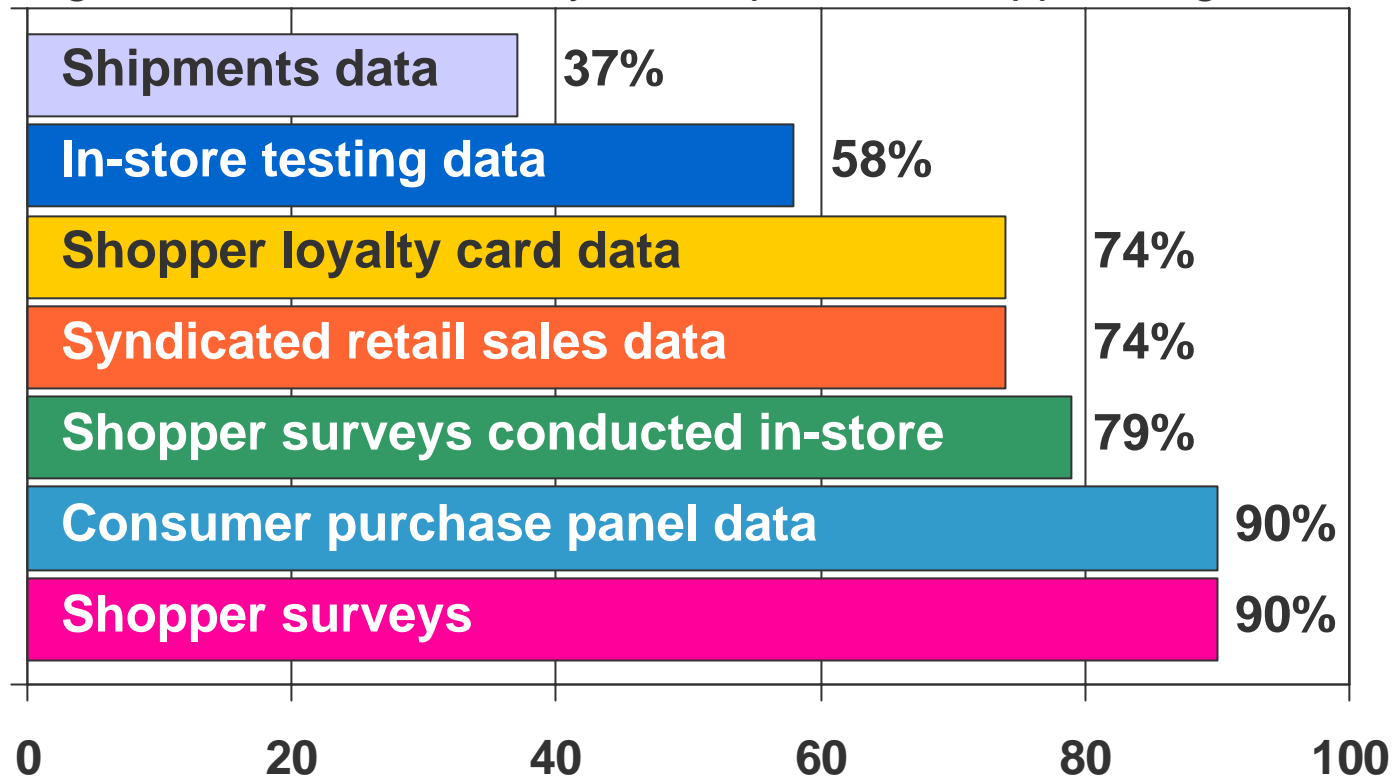
Retailers have stronger expectations than manufacturers on the strategic use of Shopper Insights

In which of the following ways does your organization use shopper insights?



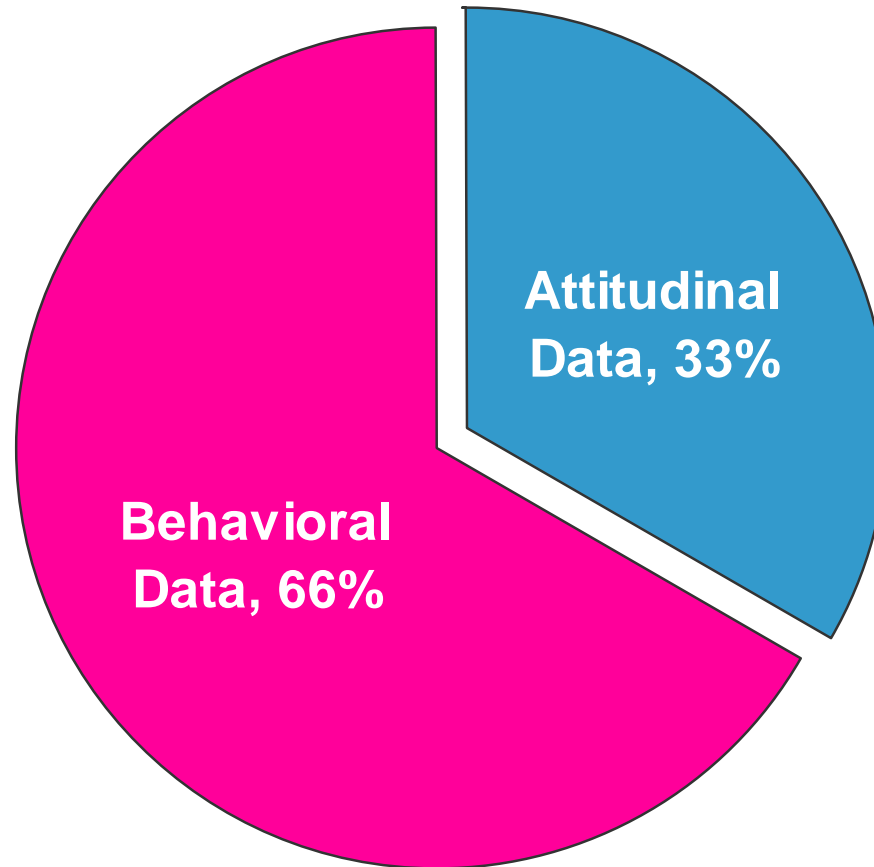
Survey and Panel Data are used most frequently for implementing Shopper Insights

Which of the following information sources and tools does your organization use to identify and implement shopper insights?



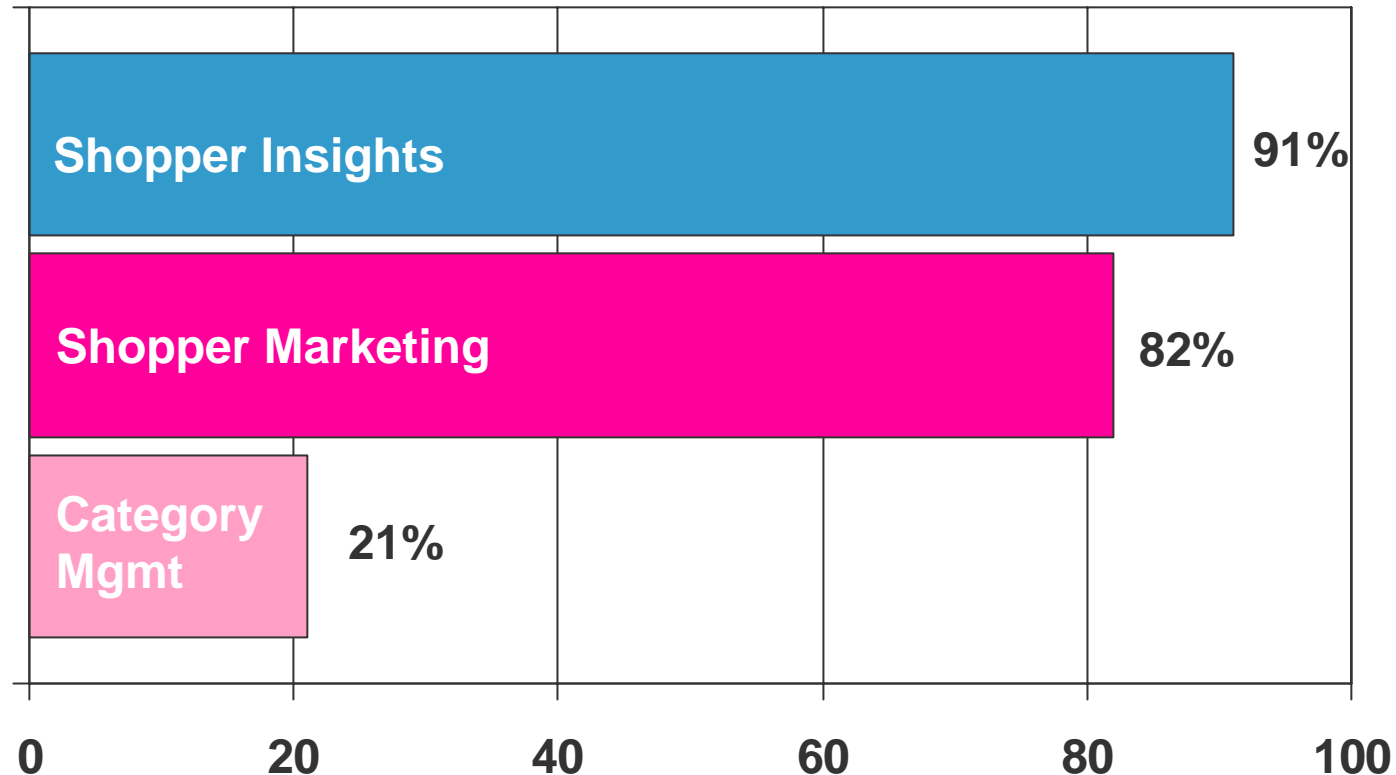
Behavioral Data is used more frequently than Attitudinal Data in implementing Shopper Insights

Which of the following information sources and tools does your organization use to identify and implement shopper insights?



Manufacturers expect Shopper Insights and Shopper Marketing to Grow in Importance

Over the next several years, do you expect the following activities to become more or less important to the success of your organization?



So Far...

- Shopper Insights and Shopper Marketing are very important to manufacturers and retailers.
 - Most manufacturers already devoting full-time staff to shopper insights.
 - Senior managers are primary users of shopper insights in most retail organizations.
- The importance of Shopper Insights and Shopper Marketing is expected to grow in the near future.



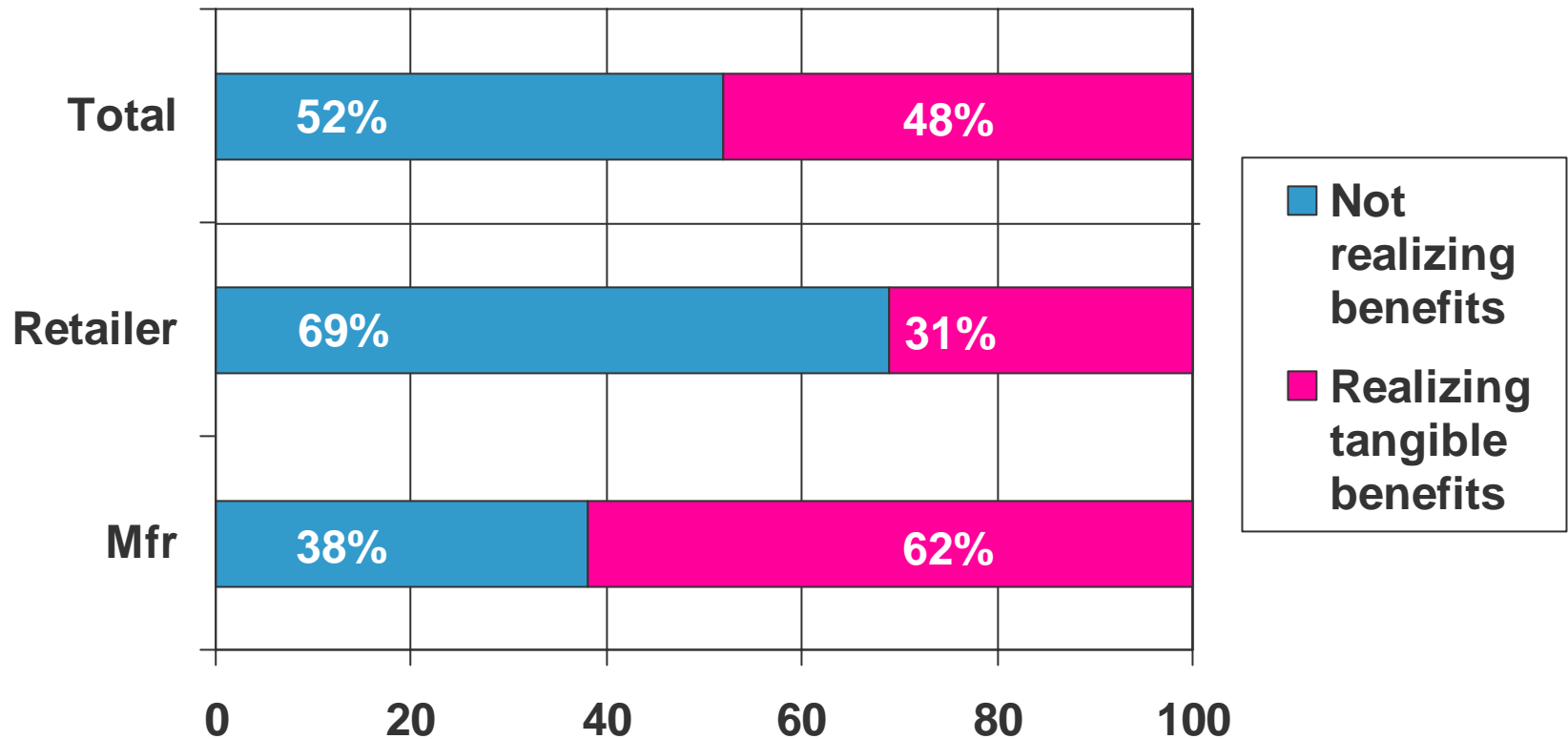
Where do we stand in terms of capturing the benefits?



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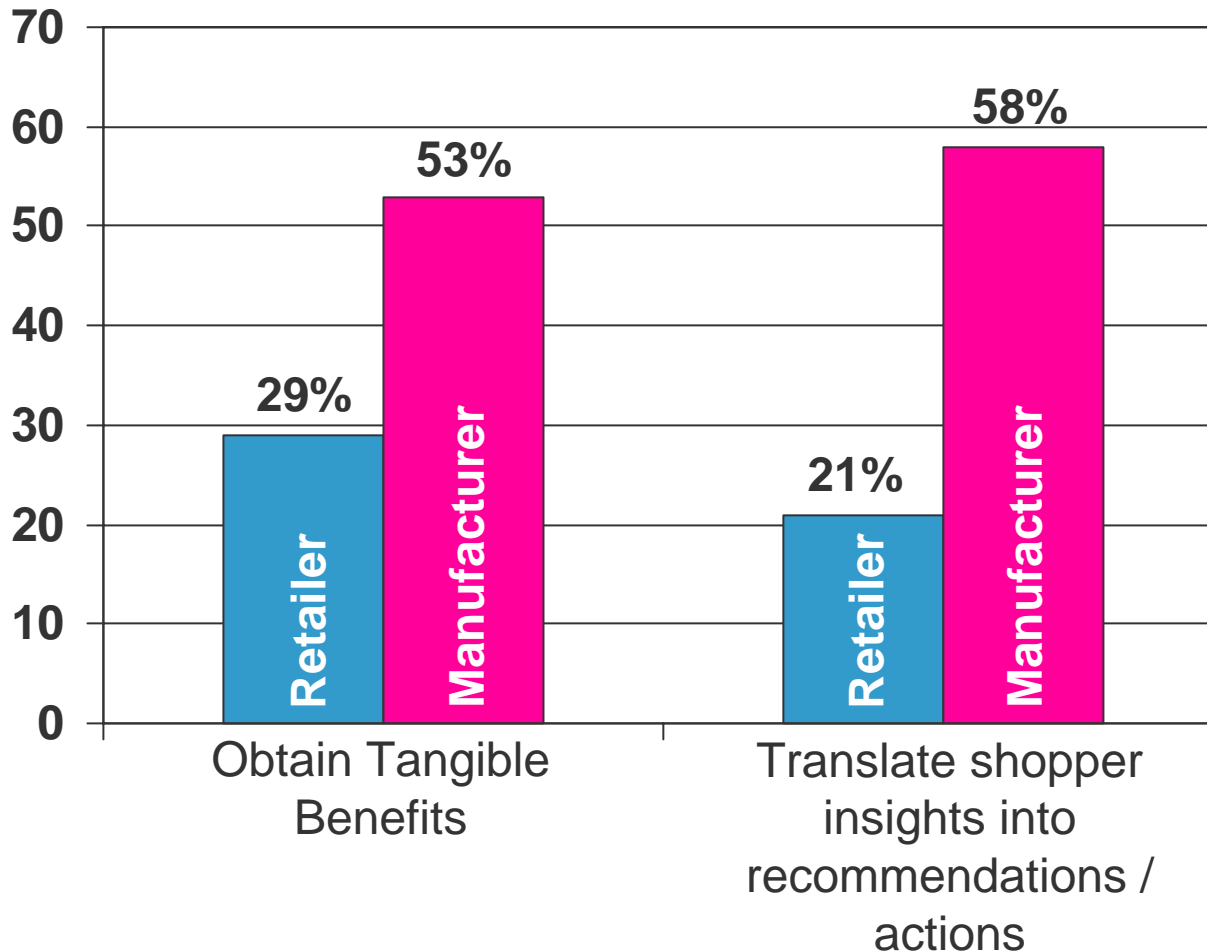
There are Haves & Have Not's: Benefits not being realized evenly

On the base of those individuals who believe that Shopper Insights are important to the organization, How do you assess your organization's ability to obtain tangible benefits from Shopper Marketing?



Manufacturers are confident of their capabilities, but...

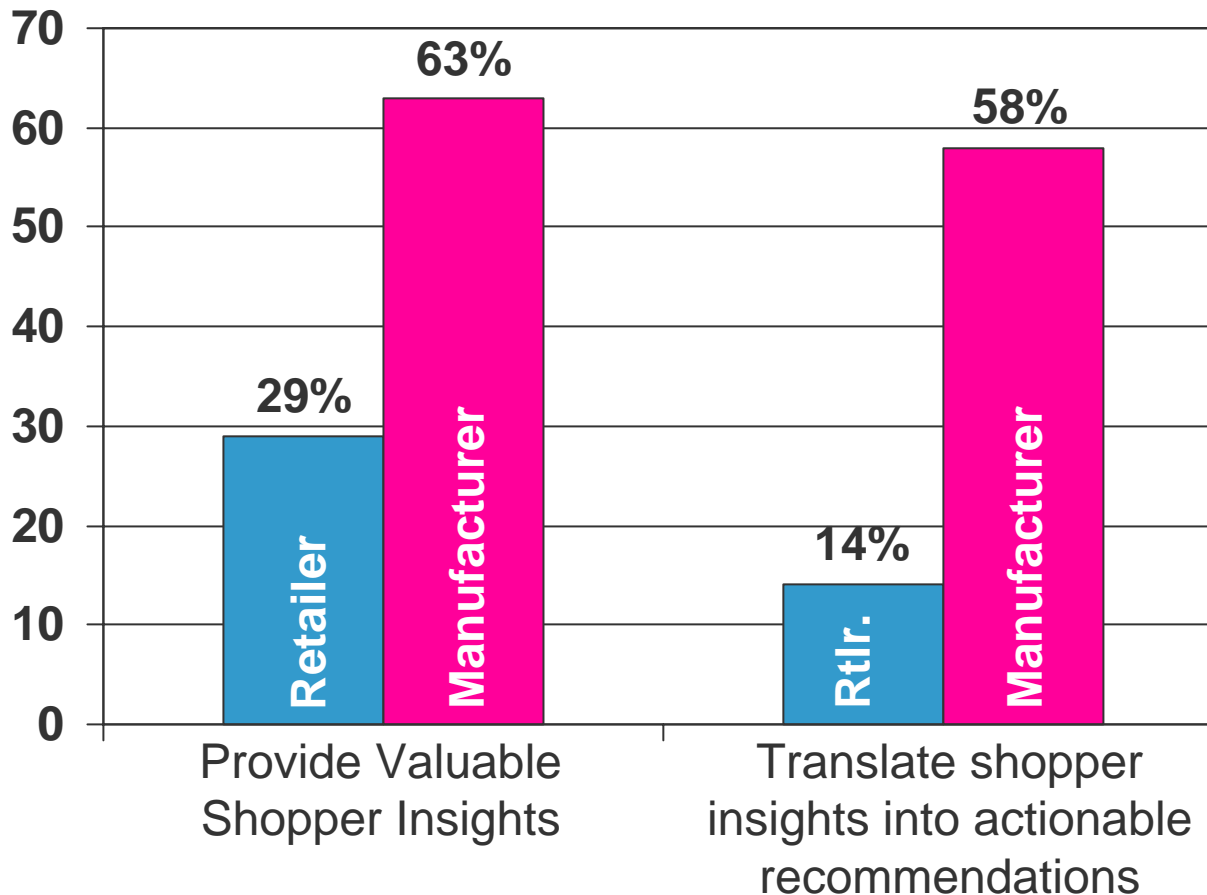
How do you assess your organization's current ability to?



Their Retail Partners don't think their Manufacturing Partners are Creating as much Value as they think

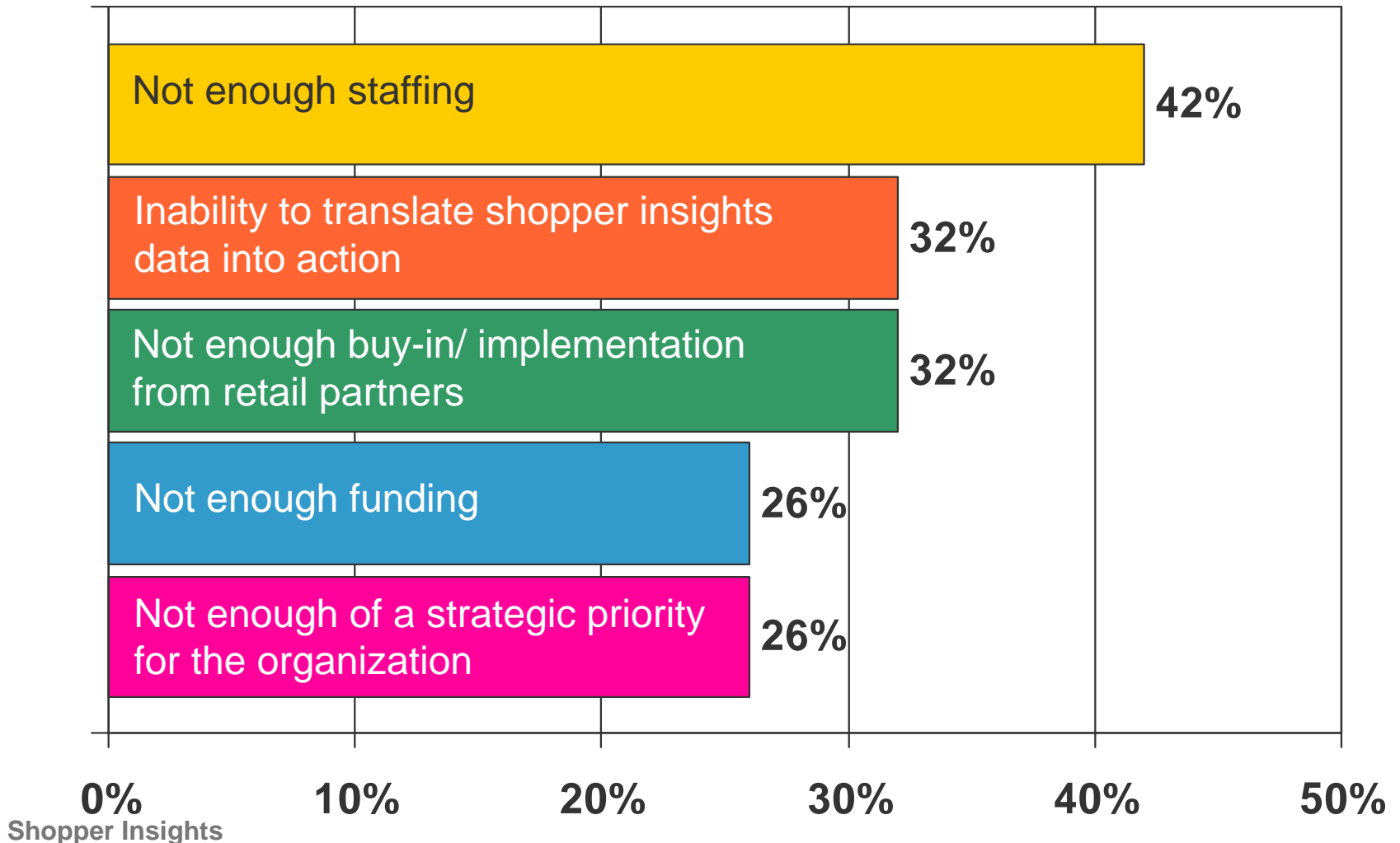
Manufacturers: How do you assess your organization's current ability to...

Retailers: How well are your manufacturer partners able to...



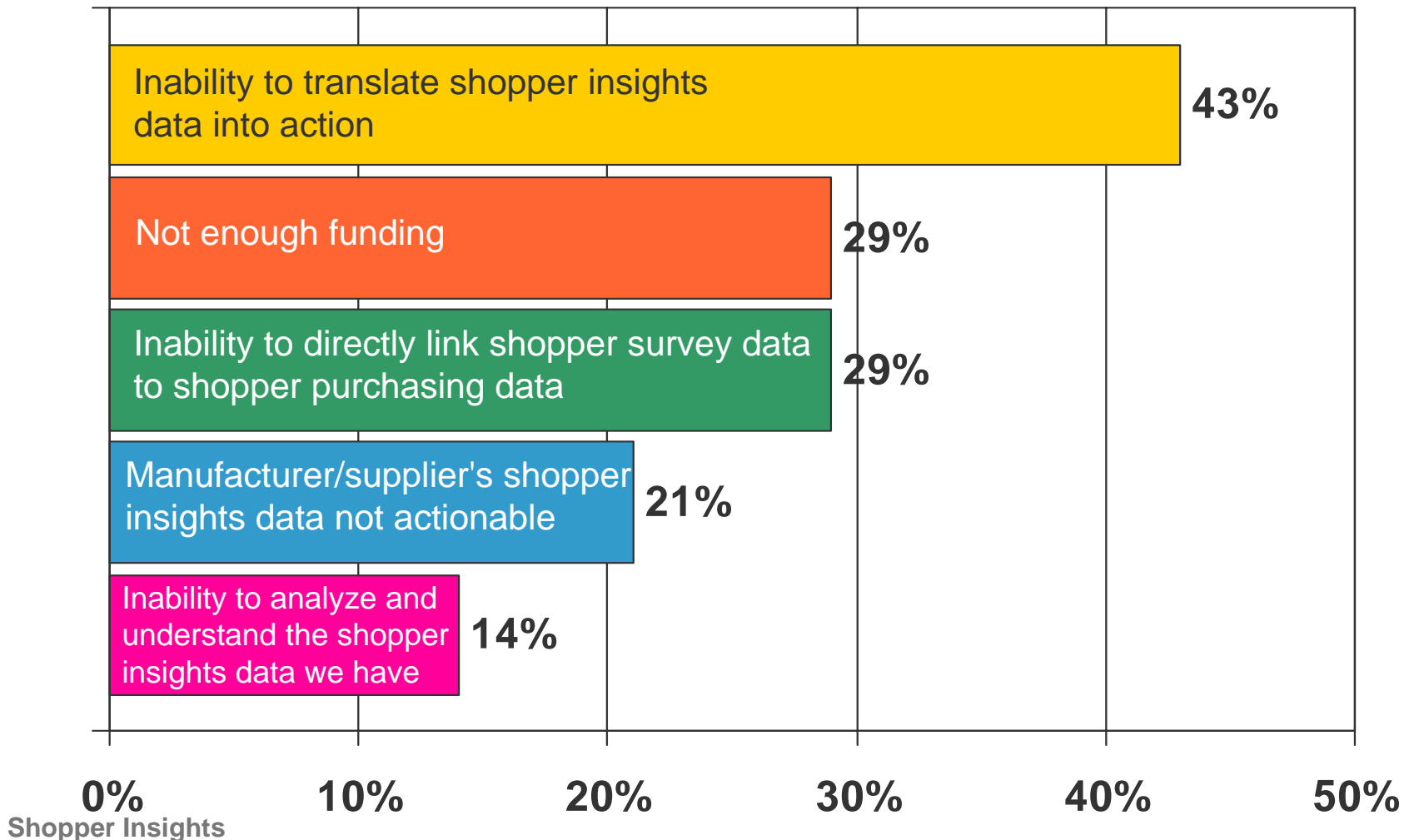
Unfortunately, there is no silver bullet for the manufacturers

Which of the following are your organization's greatest barriers to realizing tangible benefits from shopper insights?



As well as the retailers...

Which of the following are your organization's greatest barriers to realizing tangible benefits from shopper insights?



So Far...

The perceived gap between the importance of shopper insights and the realization of its key benefits is attributed largely to:

- Inability to translate shopper insights into actionable information.
- Retailers' broad expectations from Shopper Insights.
- Manufacturers use shopper insights to gain face time with retailers; retailers need shopper insights to understand their shoppers.

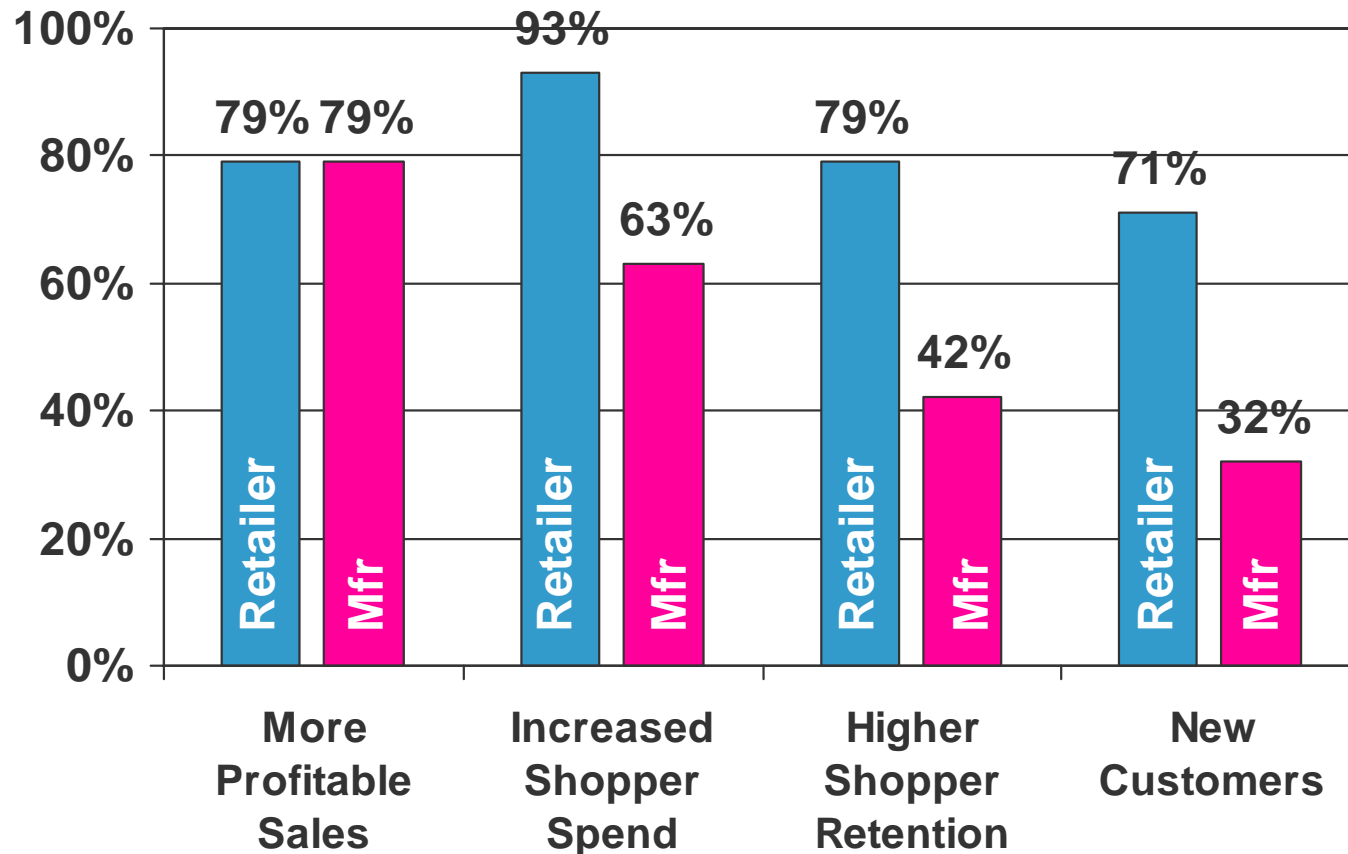
The shift from transactional to strategic, collaborative relationships requires the adoption of shopper insights and shopper marketing.



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Retailers Have Broader Expectations of Shopper Insights than do Manufacturers.

Which of the following benefits does your organization expect to receive from its shopper insights efforts?



What is Change Management?

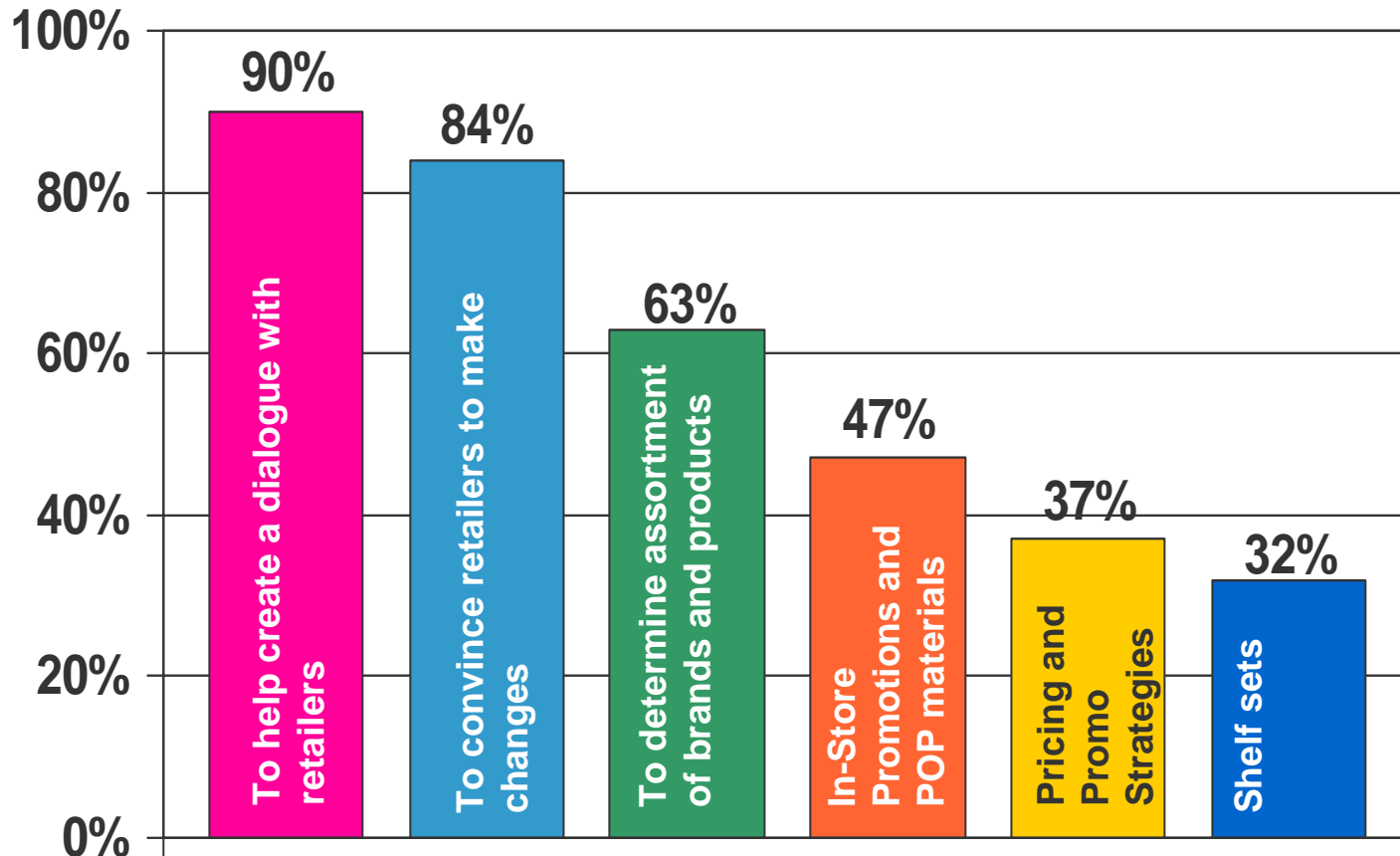
“Change management is the process of developing a planned approach to change in an organization ...to maximize the benefits while minimizing the risk of failure in implementing the change...”

Adapted from www.wikipedia.org

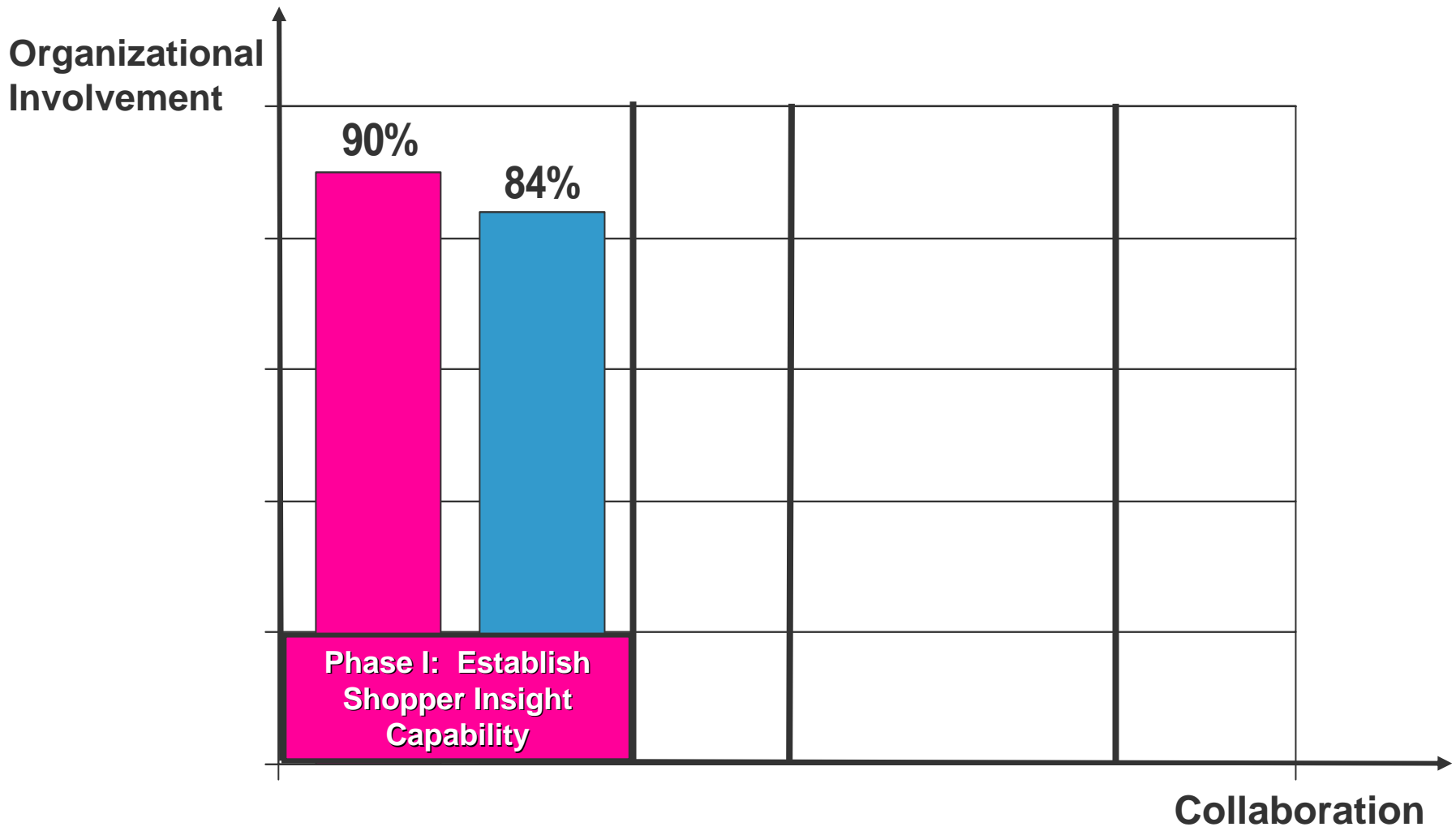


Manufacturer Uses of Shopper Insights

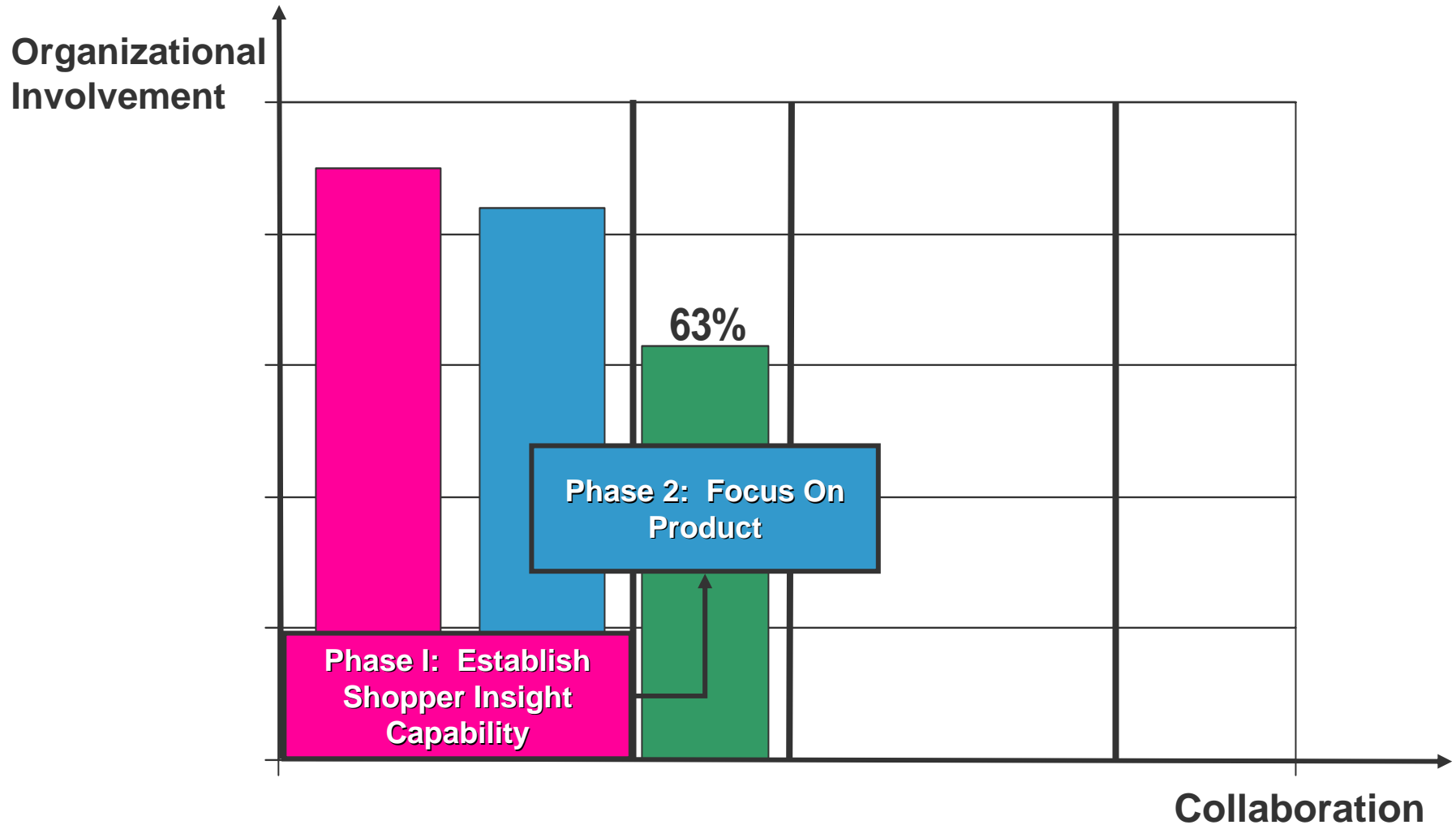
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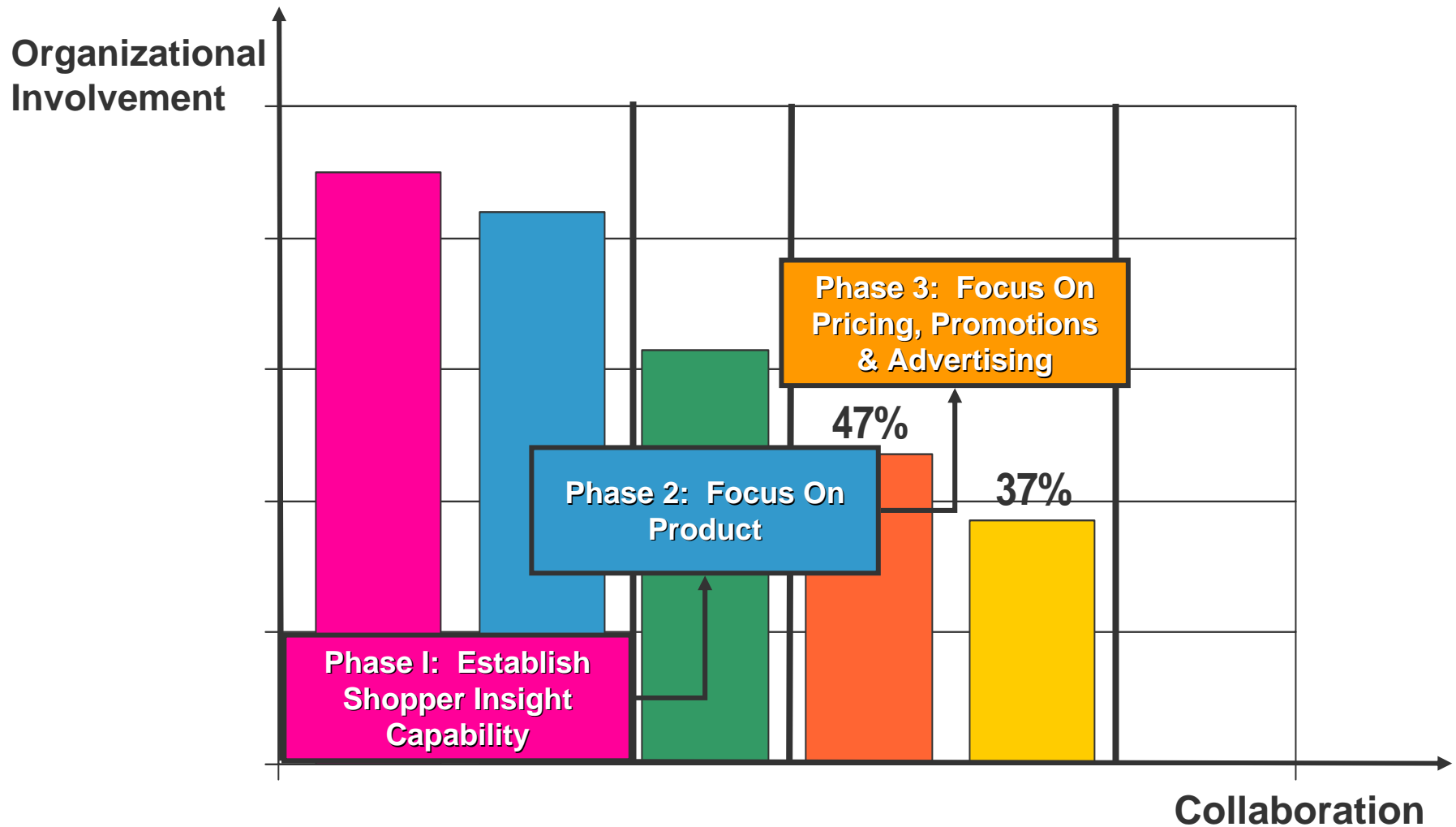
The Path to Actionable Insights



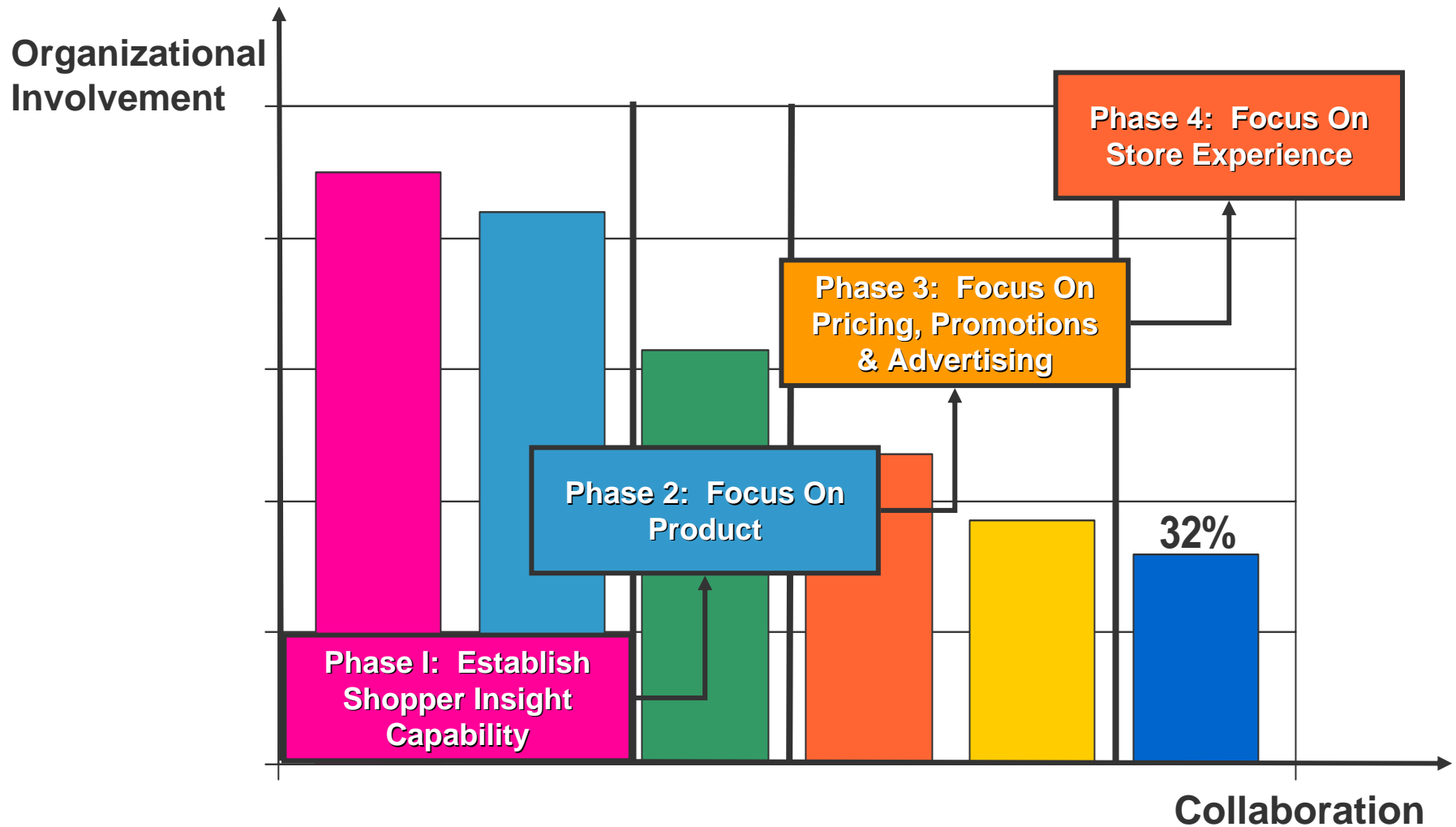
The Path to Actionable Insights



The Path to Actionable Insights



The Path to Actionable Insights



Joint Value Creation through Collaboration

**Phase 1: Establish
Shopper Insight
Capability**

- Majority of Manufacturers have created

**Phase 2: Focus On
Product**

- Current focus – especially on realizing benefits

**Phase 3: Focus On
Pricing, Promotions
& Advertising**

- Next phase to impact shopper Behavior

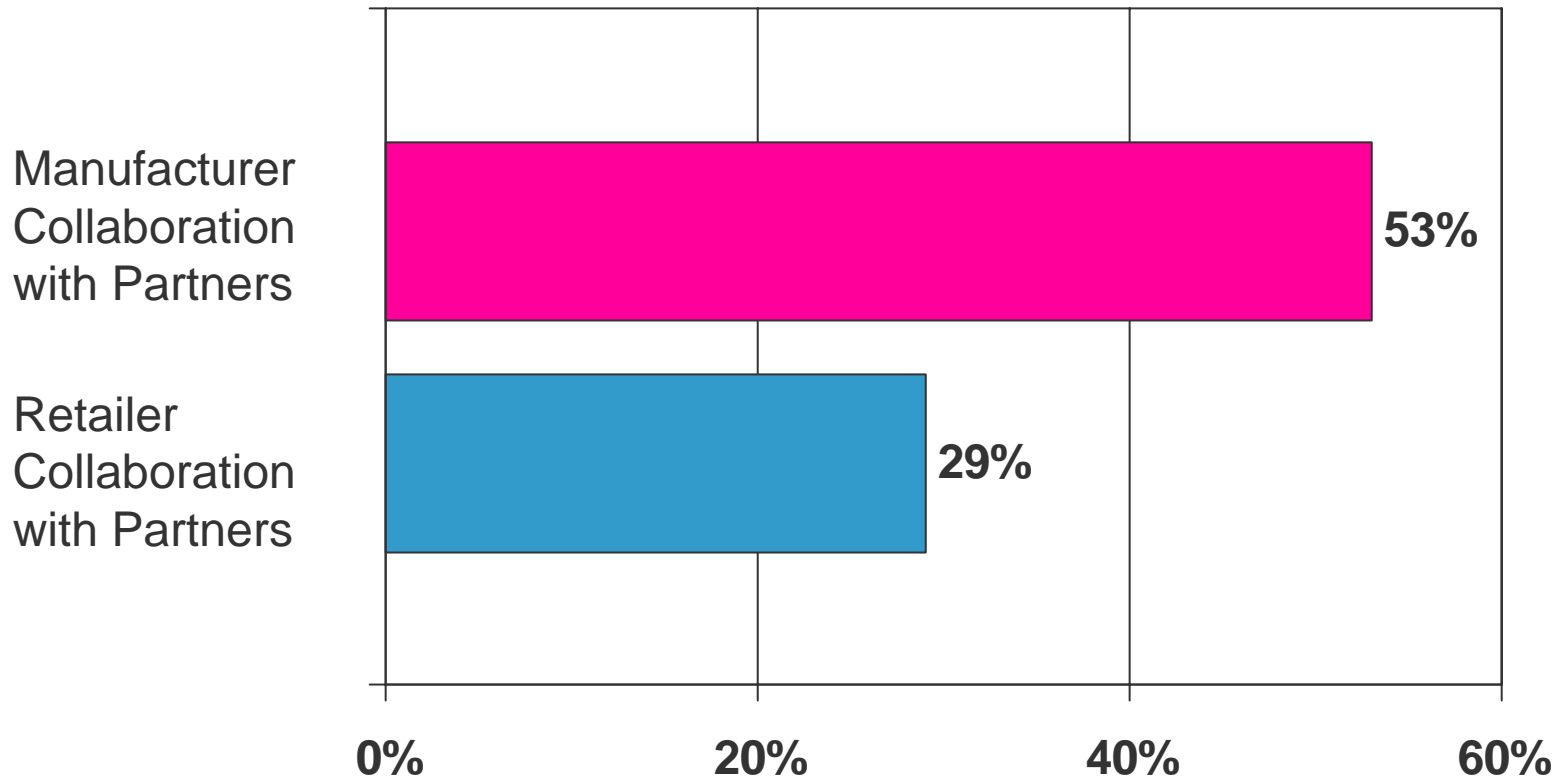
**Phase 4: Focus On
Store Experience**

- Final piece to impact shopper Perceptions

Phase 1 Relationships: Manufacturers More Optimistic than Retailers

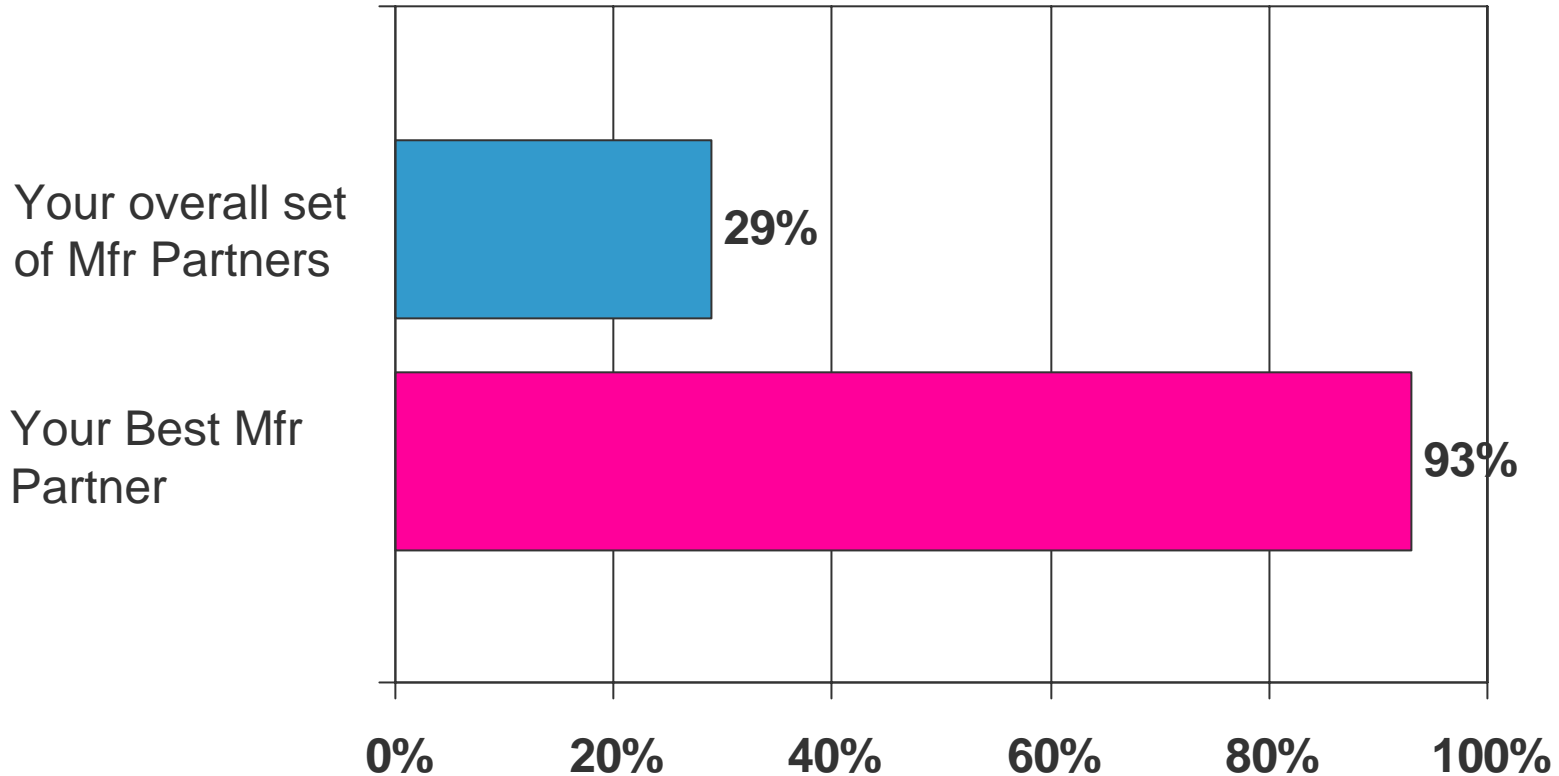
Mfrs: Rate the degree of collaboration with your retail partners...

Retailers: Assess the degree of collaboration with your mfr partners...



Retailers see a huge difference between the best & the rest

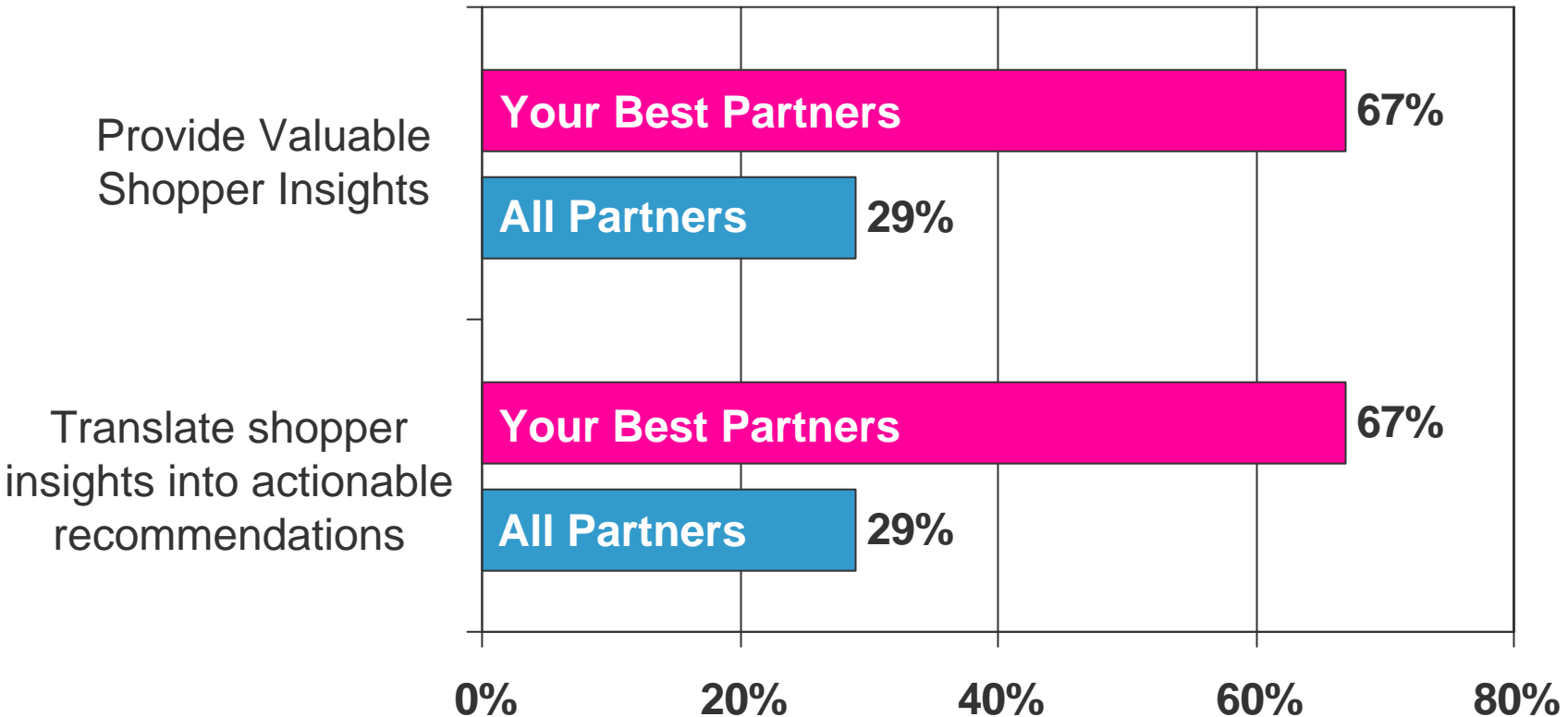
How do you assess the degree of collaboration between your organization and...



Less than a third of the Manufacturer industry is able to provide value to the Retailers

Retailers: How well are your manufacturer/distributor partners able to...

Retailers: How well are your best manufacturer/distributor partners able to...



Key Focus Areas

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- Where are retailers and manufacturers in capturing the benefits of shopper insights?
- What changes must be made in order to maximize the benefits of shopper insights?



THANK YOU!

If you would like a copy of this presentation and/or the final results of the survey, please drop your card off to Gunnard Johnson or Bill Bishop in person or at the TNS booth.

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