NielsenIQ

Using **shopper data** to sell when everything has changed

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Using shopper data to sell when everything has changed

In the last year, there have been many changes in consumers' lives, driving shifts in supply and demand for manufacturers. These shifting consumer behaviors are disrupting both overall sales and existing brand loyalty.

Manufacturers need to understand the economic pressures influencing shoppers' decision-making processes and how these variables influence shopper behavior.

Unfortunately, today it's trickier than ever before to keep up with and understand shoppers' rapid behavior changes because so many variables are at play.

In this whitepaper, we'll share exclusive NielsenIQ insight into shopper behavior changes, what those changes mean for fast-moving consumer goods (FMCG) brands, and how leaders can adapt to stay competitive.

What factors impact **shopper behavior** today?

We have seen over the last year that everyone was affected by the changing economic landscape in a variety of ways. The most vital factors included:

- **Unemployment and income loss**

- **Changes in living situations**

- **Changes in the work environment, many shifting to remote work**

- **Changes in shopping and spending patterns**

- **Changes in consumption habits**

A recent Nielsen IQ analysis found the number of shoppers who reported constrained spending doubled in 2020. Stated another way, almost three-quarters of shoppers altered their buying and consumption habits to be more conscious of cost.

Constrained shopping continued into 2021, with two-thirds of shoppers changing how they shop. Many consumers have less money, and others are proactively reassessing their shopping and consumption options.

What do these **changes** mean for brands?

The rapid pace of change and global reset has leveled the playing field for brands that can meet customers in-store with adaptive product merchandising tactics that appeal to a new shopper.
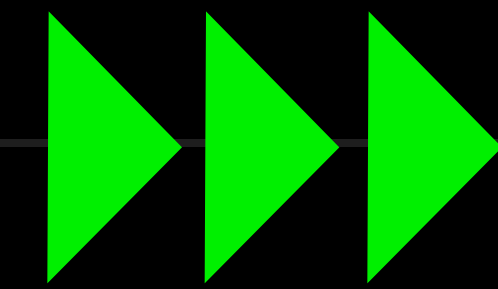
Understanding real-time changes in behavior are vital.

Shopper's loyalty and traditional habits are evaporating. Shoppers across 20 categories trade-up or -down to alternate brands, negatively impacting loyalty, and more than a quarter have made brand or store switching changes.

Furthermore, across all categories, 6% have stopped buying specific categories they've deemed unnecessary, or they're making substitutions.

An omnichannel presence is also vital.

Not surprisingly, shoppers are now making a mix of both online and physical store purchases. Even though the purchases are intermixed, the channels have unique shopper relevance and different manifestations of convenience to meet shopping needs.

It's essential to focus on both channels to effectively meet shopper needs. Even though online shopping continues to grow, people have returned to physical stores, and weekly trips to supermarkets are returning to pre-COVID numbers.

The return to stores brings a renewed opportunity to convert shoppers in-store with the proper merchandising and marketing while prioritizing convenience.

Leverage promotions to capture shopper attention.

How can FMCG brands keep their customers? How can retailers communicate with shoppers more effectively in-store to ensure shoppers purchase from the retailer's category during the shopper's visit?

With the economic recovery in progress, we are seeing many brands and retailers increasing prices to compensate for the spending deficit during the shutdowns of 2020.

With these price increases, shoppers seek promotions and take special trips specifically to take advantage of new promotions.

Historical data can't provide the full picture to make low-risk changes in a dynamic marketplace

Today, we find shoppers visiting different stores, using new channels, making more shopping trips, looking for different product categories, and seeking the most significant value.

To combat these challenges, move fast, and be first to market because brands can no longer rely on historical data to predict the future. Historical data neglects the reality of today's shopper, who is far more unpredictable.

Instead, brands should develop new data to understand how their channels are shifting and to see and compare which channels are playing well by category and adjust.

50%

20%

The **path forward** for today's leading brands

Brands need to use real-time data to understand what drives shoppers to make their decisions, why they make those decisions, and when they occur. In essence, what's the "why" behind the buy?

- **Optimize in-store execution**

- **Seamless collaboration with retailers**

- **Seize your opportunity**

▶ Optimize in-store execution

Adequate preparation starts with optimizing your in-store execution effectiveness. It's essential to develop revenue growth plans tailored to your shoppers' channels and reflect your shopper's preferred in-store behavior.

For example, knowing a group of shoppers prefers to buy a particular category in person at drug stores, as opposed to grocery stores, is critical in determining which retail partners you should emphasize and optimize merchandising in for that category.

Another example is self-checkouts emergence as shopper's preferred check-out mode. They want to spend less time on the shelf, and they want to be in and out of the store quickly. This behavior is based on the shopper's desire for convenience and is here to stay.

▶ Seamless collaboration with retailers

Conducting historical in-store research with traditional techniques was difficult and costly. The in-store tests disrupted the store environment for shoppers and required long cycle times to collect data.

Effectively testing in-store opportunities is optimized when there is a seamless collaboration between manufacturers and retailers to meet shopper needs and create mutually beneficial insights used to implement new concepts.

Successful brands are tapping into online tools to test and optimize new shopper concepts.

Online testing produces precise results quickly without disrupting the shopping environment. Choosing the proper market research partner is critical to delivering predictive and high-quality results.

Seize your opportunity

Channel dynamics are changing quickly. What is a breakthrough trend today will be out of date tomorrow. Effective testing includes a pre-test leg showing the current environment and a post-testing of proposed shelf concepts to understand the effectiveness.

A test versus control design instills confidence that the proposed merchandising investments are properly incorporating shopper attitudes, behaviors, and underlying emotions to encourage sales.

Brands must use technology to integrate shelf data on future concepts, predict the impact on category, unlock the full growth opportunity potential, gain first-mover advantage, and stay relevant in shopper's minds and baskets.

Virtual testing enables you to show both the retailer's category growth and your brand growth. Using the right technology can help convince retailers that your viewpoint is unbiased and validated with tests.
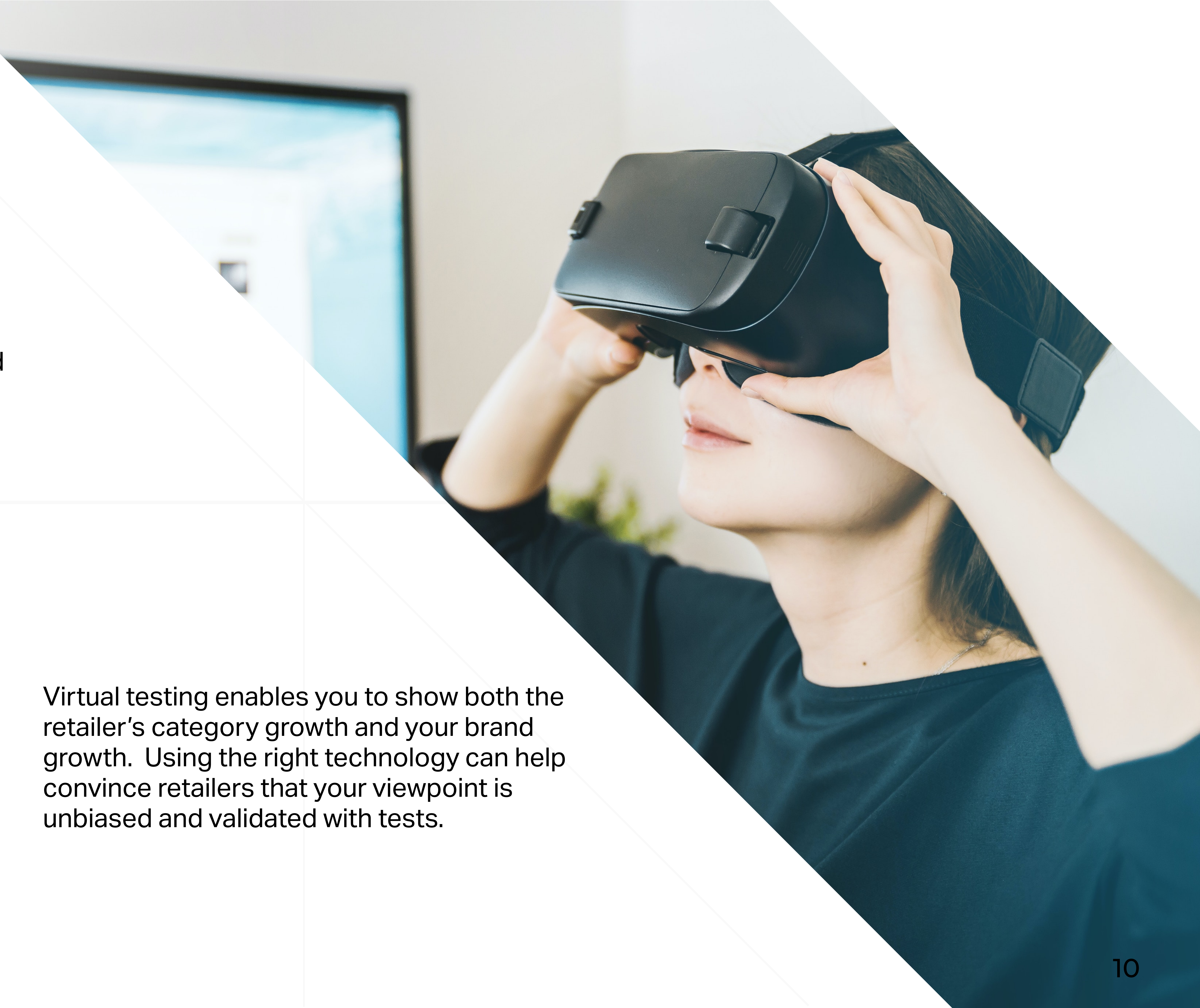
How Smart Store can help brands and retailers win in-store

Smart Store delivers a 2D or 3D, 360° immersive environment that allows you to conduct shopper research in a realistic, flexible simulation. With it, you can:

- **Evaluate different future scenarios.**

- **Conduct confidential experiments out of your competitor's view.**

- **Test your concept in a way that does not interfere with shopping customers.**

- **Obtain reliable, in-the-moment research in a realistic store environment.**

With these tools, you can identify shopper decision-making at the point of purchase. Smart Store helps you make faster, smarter, more shopper-centric decisions to win in-store.

It brings gaming technology into the world of market research to provide the world's first smart integration of store planning, merchandising, and rich shopper research techniques.

To learn more or schedule a demo of Smart Store, visit our product page here.