

Turning Shoppers into Buyers

The truth behind shopper decisions made in store

Think back to the last time you went shopping. Were you in a hurry to get in and out of the store, or did you take a leisurely stroll around the aisles? Did you carefully pick and chose what you decided to buy, or were you impulsive, picking up whatever felt right at the time?

Have you ever really thought about what makes you chose one product, and leave others on the shelf? Ever taken the time to watch different types of shoppers, in different situations, and considered how they are actually deciding what to buy?

Brand marketers have known for years that allot of purchase decisions are made in store. Many have quoted the now famous "70% of purchase decisions are made in store" statement. But how does that figure actually help them when they are planning their next brand launch - or just trying to stay competitive – in a world where shoppers everywhere are feeling the economic squeeze?

As one senior marketer put it, "It's bloody tough out there. If you can show me how to turn shoppers into buyers of *my* brand, I'm all ears"

With this in mind, OgilvyAction completed what is arguably the largest shopper study of its kind ever undertaken. Over 14,000 shoppers were interviewed across 24 countries; people shopping in hypermarkets, supermarkets, convenience stores, pharmacies, and independent stores in 41 unique markets.

We looked at how they made decisions to buy basic household items, from soft drinks and shampoo, to beer and tobacco, to skin care products and coffee.

What influenced them in-store? How did impulse buying affect their purchase behaviour? What about brand switching? How did price affect how they buy? Were displays effective? What about retailer endorsement, demos, sampling, or brand engagement?

What we discovered was fascinating. Here are just a few of the key findings.

We learned how global markets compare when it comes to the number of shoppers making decisions in store. In some cases, results were not far off the much quoted 70% figure, but in other cases findings were very different. Shopper behaviour varies depending on shopper profile, the category they are in, the channel they are shopping, the product they are buying, and where they are in the world.

NORTH AMERICA – 72%

In North America, on average, 72% of shoppers make at least one decision in-store. However that can vary widely by market, with Dallas shoppers at 39% v those in Boston, where 90% make at least one purchase decision while they are shopping.

EMEA – 59%

In EMEA, on average, just 59% make at least one decision in-store, but again that varies with 94% of Romanian shoppers deciding in-store as compared to more conservative shoppers in Germany, with only 38% making at least one decision on the spot.

ASIA-PACIFIC – 54%

Asia is different again. Across 13 Asian markets, just 54% on average make a decision in store. Variations range as high as 88% in China to as low as 39% in Singapore. And the figure is even lower in India. Interestingly India shows the lowest rate vs all other Asian countries surveyed, perhaps due to the more traditional trade structure where much of the purchase is an assisted purchase The low figure for India is especially stark is the comparison to China's No 1 ranking for decisions made in store.

However, there is another interesting contrast between India and other Asian countries. When we look at 'impulse' decisions made in the store as one type of decision, India ranks as *second highest* of all Asian countries surveyed, showing a very high propensity for brands to drive impulse purchase in store.

LATIN AMERICA – 51%

And you'd expect Latin American results to vary as well. Overall 51% on average make one or more decisions to buy in-store. But 60% of Mexican shoppers surveyed, as compared with just 31% of Argentinean shoppers, make their mind up at least once when they are in the aisles.

But that was only the beginning. How shoppers make decisions in store is a complex affair.

The study revealed some valuable insights about the kinds of decisions shoppers are making. Typically, shoppers make three types of decisions in-store.

1. **Category Decisions:** when shoppers decide to opt into, or out of, any given category.
2. **Volume Decisions:** when shoppers decide to buy more, or less, than they had planned to purchase of a given product
3. **Brand Decisions:** when shoppers buy the brand they intended to buy – or brand switch at the point of purchase

Other important trends in the study emerged. Of course they vary, depending on the specific category, market, shopper and channel, but across the globe the study indicates that:

Display drives category

The effect of displays was clearly apparent. One word of caution though. Brilliant in-store displays can certainly benefit a particular brand, but the bigger benefit can sometimes go to the retailer. Sales in a category with displays often will rise, even though sales of the brand on display may not necessarily enjoy the same percentage of sales increase.

Price drives Volume

Especially in tough economic times, shoppers can seldom resist stocking up on quality brands that slash the price to sustain volume sales. But every marketer knows that price discounting simply undermines the equity that is so costly to build in the first place. Cutting price is no way to remain competitive over the long term.

Engagement drives brand sales

Brands that actually engage shoppers, experientially or emotionally, tend to turn shoppers into buyers. Engagement can take many forms, from creating a powerful brand experience with shoppers outside the store, having brand ambassadors interacting with them in-store, to demos and sampling, to cause related brand associations (sustainability is a favorite these days) that resonate with shoppers when its time to buy.

If brands can engage shoppers near or at the point of decision, more often than not, they can close the sale.

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