

# Shopping Simplified

**I**n the last issue of *The Hub*, I wrote about how sales growth depends on how well you engage and then convert shoppers into buyers (*Path to Purchase*, July/Aug '07).

I have a new thought about that. Yes, you should engage and convert shoppers, but that's not enough. You also need to focus on the shoppers who *aren't* engaged and *aren't* converting into buyers and understand why that is.

You need to capitalize on "unrealized demand." Simply put, "unrealized demand" is the money you're leaving on the table because you've made it too difficult for your customers to make a purchase.

## A new study reveals eight simple factors driving shopper satisfaction, loyalty and word-of-mouth.

Getting at "unrealized demand" requires viewing the shopping experience not in terms of products on the shelf but rather in terms of shopper needs.

That may sound obvious, but in fact almost everything about the shopping experience today is a function of how retailers and manufacturers do business, with little or no regard for how shoppers shop.

I learned that lesson years ago, when I was selling ketchup for Heinz. Like any good salesman, I did my best to make my numbers. What I discovered was that I rarely did so unless I stepped outside the usual mindset of features, displays and in-store merchandising support.

Instead, I thought in terms not only of what retailers needed, but also what shoppers needed. Retailers really didn't care about selling more ketchup; their problem was selling more hamburgers. Shoppers weren't thinking about ketchup or hamburgers necessarily; their problem was organizing a barbecue.

So, we created a Heinzburger promotion that not only sold more ketchup and hamburgers for the retailers but also made lives easier for the shoppers. And, of course, I hit my numbers!

It all sounds too simple, I know. But that's precisely my point. Creating demand *is* simple. Unfortunately, most of what happens at retail is confusing, cluttered and complicated.

As Tesco's Simon Uwins points out in the cover story of this issue of *The Hub*, success at retail is, indeed, all about simplicity: "Being simple is part of what we do, and there's nothing more simple than just going and talking to people and finding out what they want and then delivering it better than anybody else."

To get at the issues surrounding the creation of "unrealized demand," Advantage Retail sponsored a study by Dr. Ray Burke of Indiana University. This research was a follow-up to a study he published in 2005 called *Retail Shoppability: A Measure of the World's Best Stores*, which identified 10 principles to help retailers improve the shopping experience.

This new study involved a national survey of 3,288 U.S. shoppers, using TNS NFO's online panel of 3.2 million respondents. It also included "exit interviews," conducted immediately at the end of shopping trips and collected over a month-long period, as well as shopper diaries and information captured directly from register receipts.

The questions were: How well are retailers engaging shoppers' needs and converting demand to purchase? How does this impact customer satisfaction and loyalty? What drives the differences in store performance? Which stores are easiest to shop and why? What else affects the shopping experience?

The full study is not yet complete, but Dr. Burke recently presented preliminary findings at the Shoppers & Insights Conference. He identified a total of eight factors that affect the shopping experience (*see sidebar*). The point was not only to understand how to convert shoppers into buyers, but to identify where opportunities are lost, and demand left unrealized.

Most important of all, when a retailer is hitting

## EIGHT FACTORS OF SHOPPERS SATISFACTION

**1. Transparency.** The store is laid out in a logical manner, with product departments and categories clearly identified. Products are organized in a simple way, with similar and related products grouped together, displayed at a comfortable height and viewing angle.

**2. Convenience.** The store is conveniently located, and getting into the store is quick and easy. Ample parking is available, as are shopping carts and baskets. Everything the shopper needs is within easy walking distance, and the doorways and aisles are sufficiently wide.

**3. Relevance.** The store has products in stock that shoppers want, and offers an attractive selection of merchandise, including the latest, high-quality goods. Prices are competitive and the store carries unique products that are not available elsewhere.

**4. Affordance.** The benefits and value of each product are clearly communicated, with the retailer providing product ratings or reviews. New products are showcased with special

displays, which also provide adequate product information. Samples of various products are available.

**5. Convenience/Service.** Plenty of checkouts are open, and the checkout process is fast and easy. Employees are enthusiastic about their jobs and are experts on the products they sell. They are also available to help shoppers find their way around the store.

**6. Enjoyment/Surprise.** Shoppers find unexpected bargains in the store as well as nice surprises such as new and fun products. The products shoppers want are on promotion. Interactions with other shoppers are pleasant.

**7. Enjoyment/Comfort.** Refreshments are available in the store, and places to sit and relax are available. The store offers appealing aromas and pleasant music. The restrooms are clean.

**8. Uncluttered.** Aisles are uncluttered, signage is clear and the store is free of too many similar products.

on all eight cylinders, the result is satisfaction, which leads to loyalty, which leads to word-of-mouth, which leads to sales and profits.

The most exciting thing about Dr. Burke's findings is that, taken together, they effectively tear down the walls between advertising and promotion, sales and marketing, and, most important, retailers and brand marketers.

That's because the focus is not diffused across the issues that traditionally have divided the business of building sales and profits at retail, but is trained on just one thing: shopper satisfaction.

How much simpler could it be?

Think about it. If you have the store environment right, but not the brands and products, nothing happens. Conversely, if you have the brands and products right, but you don't have the store experience, nothing happens. Demand is unrealized.

Granted, retailers have more influence on the store's environment while manufacturers obviously have more control over the brands (other than store brands, of course). But if both parties work together on these eight factors, everybody wins — most of all, the shoppers.

Getting started is a simple matter of setting up a "demand creation" scorecard that's designed to gauge how well these eight issues are addressed across every category and area of the store. Just take those eight factors and identify where things fall apart and where they can be improved. That's where the

"unrealized demand" is lurking and where you have the best opportunity to grow your business.

If that sounds too overwhelming, then start with the destination categories, where your identity is either made or broken at retail. If you increase engagement, conversion, satisfaction and loyalty in the categories that best identify your positioning in the marketplace, it's only logical that increased sales and profit will result.

If you still aren't convinced of the importance of these eight factors, take any retailer and compare sales at their top ten-percent stores versus their bottom ten-percent. The difference is in the shopping experience itself.

It couldn't be any simpler. Your metrics — your measure of success or failure — are nothing more than a function of Dr. Burke's "shoppability" factors.

In the next issue of *The Hub*, we will report on specific retailers and how well they scored on each of the eight factors of the shopping experience as defined by this study. ■



**AL WITTEMEN** is managing director/retail strategy for **Advantage Retail**. He has 35 years of experience in marketing, sales and shopper marketing of consumer packaged goods. Al can be reached at [awittemen@advantageretail.net](mailto:awittemen@advantageretail.net) or (214) 259-3531.