What are shoppers saying and what's the best reply?

Talking with Shoppers

How will the shopping experience change in the years ahead?

Sonja Mathews: Shoppers will have an easier time because retailers are working on better layouts, more attractive surroundings and SKU optimization. The difference now is that manufacturers are following suit. There is a difference in stage-of-development in that manufacturers are behind the retailers. But both retailers and manufacturers are no longer satisfied with simply stocking shelves with great products.

There is also going to be more emphasis on retailer and brand trust as well as lower price options. While I think stores may be a little less luxurious, they will be easier to shop. They will be visually pleasing, but they are definitely going to be more focused on establishing trust and offering affordable prices.

Mark Scott: At Kimberly-Clark, we are trying to get our minds around the impact the internet will have in a number of different ways. We are looking at how the internet is going to influence things that shoppers plan to purchase, all the way down to whether they just write down the category, the specific brand name or whether it's an impulse purchase.

It's interesting because it can play out both ways. You may make more impulse purchases online, or you may make more planned purchases in-store as a result of the internet. But I can also see it playing out the other way, in that you may make more planned purchases online because you can sort through the alternatives and then make more impulse or speed purchases in-store.

John Glace: The shopping experience should improve as manufacturers and retailers work collaboratively to both simplify and make the shopping experience more engaging and fulfilling. Better insight into shoppers and how and why they shop the way they do will streamline product offerings and solutions. Retailers will have a much deeper understanding of who is shopping in their stores and what they need to offer them to satisfy their needs and engender loyalty.

All of this will require more customized and focused strategies to deliver on shopper's specific trip missions and needs. For us at Johnson & Johnson, this means truly embedding "the shopper" across the organization. That full integration of shopper means our organization needs to be

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>
> SONJA MATHEWS

A Roundtable Featuring

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John Glace
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Jason Sorley
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strategically focused on both the consumer and the shopper. That shopper focus will lead to products, communication and marketing initiatives that are more targeted at specific shopper missions and trips versus a one-size-fits-all mentality.

Jason Sorley: Similar to the user-generated content on Amazon, shopper marketing has an opportunity to move the in-store conversation to a new level where shoppers are sharing recommendations with each other. This is a major risk for retailers and manufacturers, but those who put their shoppers' needs first will get in front of this trend, enable the conversation and gain valuable insight.

The best way to enable a conversation with shoppers is simply to invite the conversation. I was on a store check at Tesco's Fresh & Easy, and on the back of one of the end caps was a pen and a piece of paper where shoppers were invited to write a few words about their favorite items. As technology advances, it will become easier to have these kinds of conversations both outside and inside the store.

What is the biggest barrier when communicating with shoppers?

Mathews: For me, the biggest problem is that layouts are usually planned for great space utilization but not to guide shoppers down a controlled path. We want to make the store easy to shop, but if shoppers go too fast they won't see the selection. I'm hoping that retailers get inspiration from some of the traffic-calming techniques used in Europe, so that the aisles are used for an enjoyable excursion rather than as a speedway.

In Europe, folks were speeding through these little tiny towns that were built for pedestrians and horses and buggies. So they bumped out the medians, planted attractive trees, and put in little activity areas — so that people slowed down to look and see what was going on. When that happens, people don't really see the slowdown as an irritation; they see it as relaxing and invigorating.

We need to be careful that we aren't simply moving the information overload from other media into the store.

MARK SCOTT

Scott: We need to be careful that we aren't simply moving the information overload from other media into the store. For me, it's all about relevant communication. I recently read the book, *Relevance,* which used the example of Kiehl's Apothecary to illustrate the value of relevant communication *(see sidebar).*

This really spoke to the challenge. You need to have the right message for the right shopper at the right time and the right medium. You need to help them pick products, navigate the store, and ultimately make the purchase.

Glace: The biggest barrier is the obvious one — all the clutter and noise. Too often we create solutions that look excellent but may, in fact, be making things more difficult for the shopper. In my mind, in many ways, the greatest challenge is bringing clarity and focus to the work. There are also barriers in getting shopper solutions and campaigns into market. When you have various groups that all have a role in shopper marketing, it can be challenging to work across categories, departments, and functions. If you think about truly creating solutions that are going to meet shopper needs or that are going to change shopper behavior, you have to close those cross-functional gaps and work much more seamlessly.

A lot of that is about objectives. When you have silos within organizations, there often are different goals and objectives. So, we need to rally around common goals and objectives and try as best we can to break down those silos. This is true both for retailers and manufacturers.

Sorley: Getting inside the shopper's head so we can develop something that's relevant at the point-of-sale is the first barrier. It's easy to intercept shoppers and probe for reasons why they did or did not put something in their cart. But what you're typically getting are rationally-driven responses, because most of shopping happens on autopilot.

As a result, you can miss the emotional factors that influence their purchase decisions. A shopper will rarely tell you that she purchased that healthy cereal because "she wants to feel like she's doing a good job as a mom."

Kiehl's Apothecary

Described as "a cross between the Smithsonian and Duane Reade," Kiehl's, the apothecary located at 109 Third Avenue in N.Y.C. since its founding in 1851, is a rare place where men and women in white coats actually put their patrons at ease.

Kiehl's "displays druggist relics — old anatomical charts, bottles of potassium chlorate and Epsom salt tins — in its store as if they were dioramas in the Smithsonian, which, it turns out, holds many old Kiehl's formulas in its pharmacological products collection."

The store's clerks are like relics too — both because they dress in white lab coats and also take a relaxed, low-key approach to helping their customers. At Kiehl's, the tone is different because it carries "no trace of sales desperation."

Sure, the lady in the white coat might tell you about the many great products that might solve your health or beauty problem, but instead of pressure she gives you little samples — throws 'em in a bag so you can try some before you buy some.

That approach apparently dates back only to 1988, when Jami Morse, grand-daughter of Irving Morse (who bought Kiehl's in 1921), took over the store. "A clever marketer, she eschewed pushy advertising and relied on word-of-mouth while supplying magazine editors with products and expensive gifts."

Most important, "the promotional budget was put back into development of new products," most of which "are still made at its Piscataway, N.J. factory and delivered like fresh-baked bread every day."

The kicker is, Kiehl's is now owned by L'Oreal, has been since 2000, and "has exploded onto an international level with more than 25 stores worldwide."

But L'Oreal "has pledged to maintain the idiosyncratic environment and to stay as faithful as possible to the formulas Kiehl's developed over its long history." In any case, as Mike Albo pointed out: "Funny that the one place that actually may have sold snake oil at some time is where you feel no pressure to buy."

[Source: Mike Albo, *The New York Times,* 1/18/07]

So, one of the biggest challenges is developing an understanding of how those emotional benefits manifest themselves in the shopper's hierarchy, from the shopper's perspective.

Which innovations in in-store communication are you most excited about?

Mathews: I've been most impressed with the Tormes Mall in Salamanca, Spain. Shoppers can use a handheld device that maps out not only the fastest route to get their shopping done, but also makes suggestions based on their available funds, time, and other areas of interest.

It's like a GPS for shoppers. So, for the shopper who is time starved or who is looking for an adventure, it's going to give them what they need. I love this technology more than anything else that I have seen because it matches the shopper mission to the right products and store venue.

Scott: At Kimberly-Clark, we're especially interested in using virtual-reality technology. We've used this technology with Safeway to help them create a new format for their baby aisle and encourage moms to spend more time shopping in that section. They actually applied those insights to reformat some aisles in test stores, received good results and are now leveraging the benefits.

This virtual-reality technology is also helping us with packaging, and helping our retailers with shelving and adjacencies, merchandising, and so forth.

Beyond that, the whole idea of being able to stand at a shelf, text a code and get some information is very exciting. It would be great if a mother could just text a code and get back some relevant product or content information, for example.

Glace: The potential to use technology to get the right message at the right time to the right shopper is pretty impactful. The convergence of online with mobile technology enables flexibility and customization that then can take communications to a more personal level.

Again, you've got to ratchet all of this back to shopper understanding and insight, because otherwise there is a real potential to create additional complexity and more noise for the shopper in the buying process.

The key is to identify the needs of the shopper, the shopping process and how this technology will enable a better, faster more informed experience. If we can do that and it's delivered through digital technology, then that's a huge win.

Sorley: The most impressive use of technology that I've seen is Walgreen's Goliath. It's a real-time tracking system that uses RFID technology to track individual display performance and send daily updates to store managers to improve compliance.

But more important, Goliath also optimizes the store for shoppers by placing a premium on the displays with the most relevance for shoppers — those generating the most attention and activity — and making sure they are getting up in-store and that clutter is reduced. This provides valuable insights to manufacturers and agencies with regard to what is and is not working.

What is the best way to collaborate with retailers to reach their shoppers?

Mathews: You need to work within two specific parameters. One is how the retailer wants to differentiate from its competition in terms of both experience and product selection. You also want to address the needs of the retailers' target shopper group.

Once you have agreement on those two things, you can build promotions, products and packages — all of those things that seamlessly integrate with the retailer's goals as well as grow your product and category.

You have to be patient. You also have to listen because the retailer usually knows more about their shoppers than we do.

When you focus on really hitting the sweet spot of how they want to differentiate and who their shopper is — as well as growing your own category — you can go pretty far.

Scott: Kimberly-Clark does really well when a retailer wants to attract a particular kind of shopper who also happens to be a Huggies diaper core shopper. We both want to capture that shopper as early as possible in the diaper lifecycle. So, we put together customer acquisition programs that deliver on our mutual objectives.

The future lies in how well we really understand the shopper's mindset and mission when they're in a specific store, and how that drives behavior.

JOHN GLACE

The more we can leverage our capabilities, innovations, insights and the great thing our brands deliver to moms in necessity categories, the better it is both for retailers and for us. Whether the economy is up, down or sideways, people tend to use bathroom tissue and diapers. That's an advantage our product portfolio has regardless of the economic environment.

Glace: The easy answer — and it's a simple one — is that you've got to find those mutual areas of interest or need that, in the end, are going to drive growth for the retailer as well as for us. It comes down to truly understanding your brands and categories and the roles that they are going to play.

Those roles are different with different retailers. It may be about traffic drivers or helping to build retailer equity, for example. But truly understanding how your brand — and, importantly, the category — fits into that retailer's strategies is essential. Only then can you bring both a broad and a narrow focus to the task, which is one of the transformations that we're trying to drive through the shopper process.

Sorley: In-store promotional programs offer an interesting avenue for collaboration, obviously. There were some great examples of retailer and manufacturer collaboration in 2008, specifically in the development of merchandised meal solutions for shoppers.

We've seen a lot of great examples where manufacturers and retailers collaborated to improve the shopping experience, such as Kraft's mealtime ideas program with Wal-Mart. Collaborative programs have to evolve from a series of short-term concepts into more

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cohesive, longer-term programs that shoppers can recognize and build routines around.

A best-in-class program like Publix Apron — where the retailer has developed a branded in-store solution center that shoppers recognize — offers a glimpse of the kinds of programs that can win with shoppers.

What is the most surprising thing you've learned about communicating with shoppers?

Mathews: Over the last six years I've consistently found that the shopper mission explains more about a shopper's behavior than demographics, attitudes or channel choice. It doesn't explain all of it, but it explains more than how much they make, what their gender is, how they voted last year, or what channel they are in.

If you can figure out the reasons shoppers are in the store, then you will know what areas they will shop, how price sensitive they are, their receptivity to impulse purchases and the time they spent in-store. It happens every single time.

Scott: I recently happened upon someone in a store who was responsible for several aisles at a particular retailer. To me, the surprising thing was how engaged she was and how much she knew about shopping behavior. It turned out that headquarters had messed up adjacencies, and she was reconfiguring things to provide solution, based on the way people shop the store.

Another surprise — and this might be obvious — is that we are emotional beings, so the importance of emotional in combination with rational factors in purchase decisions is key.

We tend to represent the fact that we're rational and have reasons for making our choices, but oftentimes emotions can trump function.

Glace: When you start to really dig in deep with shoppers and look at how they truly behave in the retail environment, it's surprising how much goes unnoticed by the shopper. The future lies in how well we really understand the shopper's mindset and mission when they're in a specific store, and how that drives behavior.

People also become enamored of pretty pictures and grandiose solutions that may or may not be necessary. Most shoppers are time starved and in many cases it's the simplicity and focus of a solution that is key to delivering in-store. Sometimes I think we get too hung up with visual stimulation versus whether in-store activation is really going to drive a change in shopper behavior and grow the business.

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JASON SORLEY

Sorley: There's a study from MARI that says less than five percent of point-of-sale merchandising is even passed and seen. We always knew there was a lot of clutter in stores, but that's a pretty surprising amount of P-O-S that just goes unnoticed. This puts a lot of pressure on manufacturers and their agencies to ensure that their brand messages break through without being too obtrusive.

The solution is to develop a better understanding of the basic principles of how shoppers visually navigate within a store, aisle, or shelf set. Where the eye visually goes is just as important as the delivery vehicle or the message itself.

It's important to develop strategies at the shopper level all the way through production so that the brand is optimized for in-store communication. ■