



A word cloud featuring the central text "market research" in large, bold, black letters. Surrounding it are various business-related terms in different colors and sizes, including "business", "organization", "finance", "data", "chart", "development", "annual", "analyzing", "surveillance", "balance", "graph", "strength", "marketing", "rivalry", "earnings", and "development". The background is white with faint black lines and the tips of several pens.

market
business
data
organization
chart
development
annual
finance
surveillance
analyzing
balance
graph
strength
marketing
rivalry
earnings

The Introductory Guide to GREAT Shopper Research



A word cloud featuring the central text "research" in large, bold, blue letters. Surrounding it are various business-related terms in different colors and sizes, including "planning", "leadership", "success", "marketing", "growth", and "opportunity". The background is white with faint black lines and the tips of several pens.

planning
research
leadership
success
marketing
growth
opportunity

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Chapter 1



Introduction



Marketing professionals have long understood the value of market research as a way of understanding how consumers think, feel, and act.

The Honomichl Top 50, the authority on the topic, estimates that the top 50 U.S. market research agencies turned over \$8 billion in 2010 (reference); globally, the number is **\$33.5 billion**¹. Within this, shopper research has a small but rapidly growing share. With the increase in focus and funds, shopper research is becoming increasingly important for all those involved in marketing, sales as well as insight and research functions; shopper research will hold the key to increased returns on marketing investments.

The shopper research industry is developing fast. Methodologies have evolved rapidly through adaptations of consumer marketing techniques (interviews, questionnaires, diaries) and through the development of shopper-specific techniques. Shoppers are observed, recorded, tracked, and questioned throughout their shopping journey. They can now be asked to wear special headsets or glasses that track their eye movements and tell researchers what they actually looked at in a store. Shoppers can be invited to visit virtual stores where researchers can rapidly check how they might respond to different layouts. Neuroscience is applied to understand how the brain is processing data during those few seconds in front of the shelf.

Yet, despite its popularity, development, and prominence in consumer goods companies, a lot of shopper research we see is poorly conceived, poorly executed, and badly analyzed, and therefore does not yield sufficient value.

1. http://www.esomar.org/uploads/industry/reports/global-market-research-2012/ESOMARGMR-2012_Preview.pdf.

In many cases marketers do not have a clear grasp of some of the key shopper research concepts – the key elements in conducting great shopper research; the techniques to get the best return from research investment; and the importance of research briefings and partners, to name a few. We'll mention no names, but the vice president for Europe at one major multinational we work with has banned shopper research, calling it “a waste of money.” We certainly don't support that position, but we can empathize a great deal!

This eBook provides marketers and executives in the consumer goods industry a clear introductory guide to conducting great shopper research. It outlines essential key concepts, whether the research is being conducted in-house or through a research agency. It provides a checklist for marketers to refer to to ensure that their next research project yields the best results and return on investment.



Chapter 2



Conducting great shopper research: Where to start



This eBook is not designed to be a complete and comprehensive manual on how to conduct shopper research and glean high-value insight. Rather, we have attempted to condense the key factors into one place to help individuals avoid the most common pitfalls and create better results from their research work.

The starting point of any research project is clarity about what it is that we wish to know and how that is valuable to business. Having persuaded the company to back an investment in understanding shoppers, the last thing a marketer wants is the resulting outputs to be low value or generic.

So, where to start? What exactly do we need to know about shoppers?

The starting point, perversely, isn't even the shopper, it's the consumer.

Our understanding of the shopper needs to include knowledge of the consumer that the shopper is endeavoring to serve. Shoppers buy products to be consumed. Shopper missions begin with a consumption need, and therefore we will not truly understand shoppers without understanding consumers as well. Once the marketer has clarity about the consumer, he needs to understand the shopper; who she is, what motivates her, and how she behaves. The marketer must know where she shops, what she does when she gets there, what actually happens in-store, and how she interacts with the various stimuli she finds there .



Conducting great shopper research: Where to start

The following section - **Conducting a great shopper research: What shopper marketers need to know** – provides an excellent checklist of the types of information a shopper marketer should consider gathering about the consumer, the shopper, the outlet, and the in-store world. We are not recommending that an attempt be made to gather all of this data in one go; nor are we suggesting that this should be necessarily all be gathered via shopper research. Much of this data may already be available within the organization.



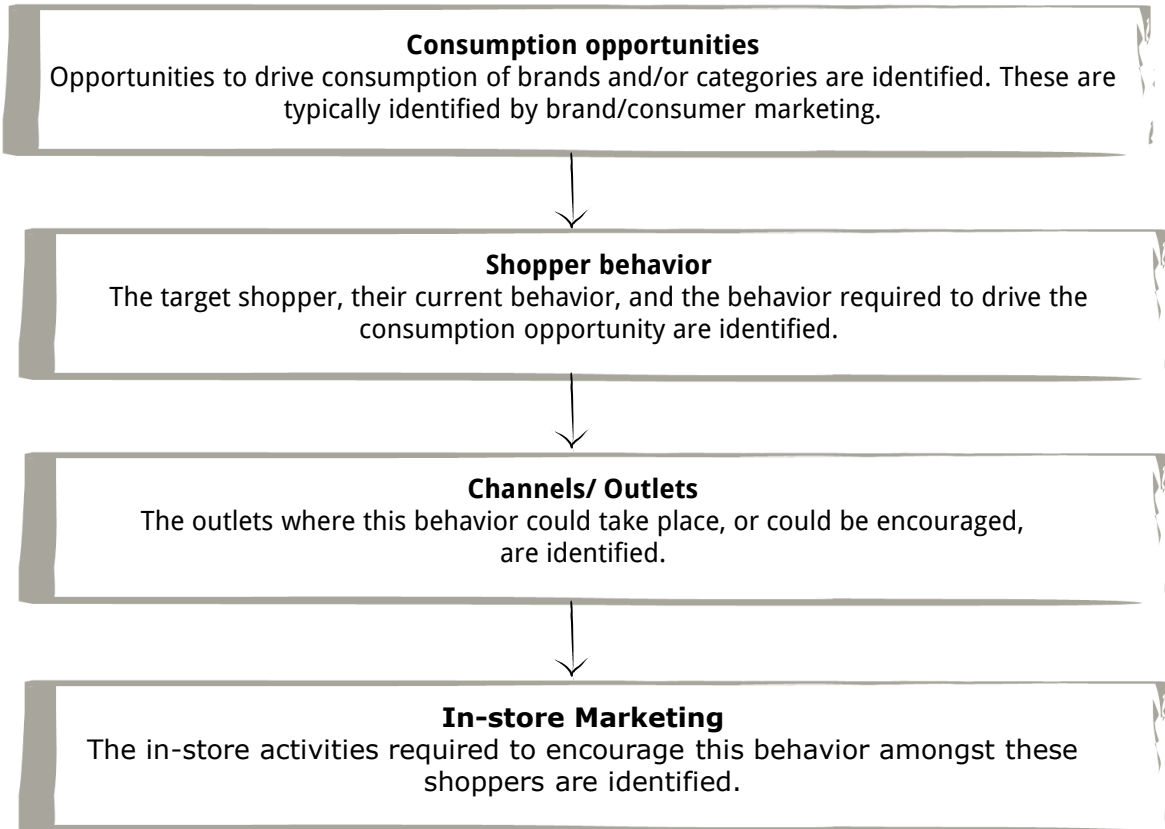
Chapter 3



Conducting great shopper research: What shopper marketers need to know



The key elements that shopper marketers need to know are illustrated in the following diagram.



About the Consumer – Consumption Opportunities

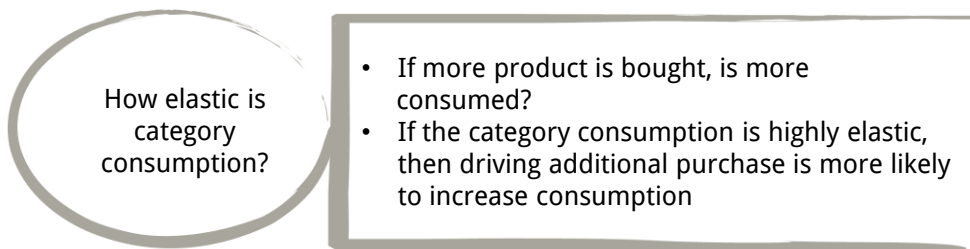
What consumption opportunities exist to drive additional brand or category consumption?

A clear understanding of the consumption opportunities creates many advantages. First, it creates focus: by knowing which consumers are being targeted, the question of which shoppers are of interest becomes in principle quite simple—they are the shoppers buying for the consumers we are targeting.

Second, by using this as a starting point for research, the chances of the insight, and therefore the resulting actions, being aligned with the actions of consumer marketers increases dramatically. Finally, if these consumption opportunities are quantified, then this can and should be an important input into prioritizing research options and the subsequent activities.

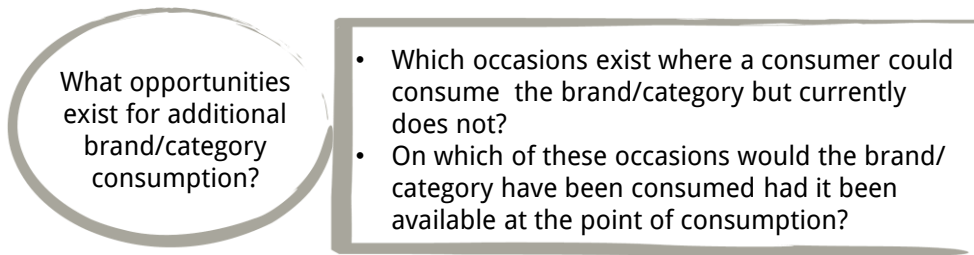
How elastic is category consumption?

In other words, if more product is purchased, is more consumed? If the category consumption is highly elastic, then driving additional purchase is more likely to increase consumption (e.g., candy). If not, then driving purchase may merely fill the pantry (e.g., detergent).



What occasions exist when a consumer can consume the brand or category but currently does not?

On which of these occasions would the brand or category have been consumed or had it been available at the point of consumption? Shopping is merely a process of ensuring supply to this point. The more we understand about the consumption need we are targeting (when it occurs, where it occurs), the more likely we are to devise an effective shopper solution that will fuel that consumption. If the consumption occasion occurs in the home, then perhaps targeting shoppers on their regular weekly trip to the supermarket might be appropriate. If the consumption occurs at lunchtime at the workplace, though, the shopping behavior required may be different; perhaps convenience stores near business districts would be more appropriate.



About the Shopper – Shopper Behavior

How do shoppers interpret and articulate the needs and desires of consumers?

The accuracy and specificity of the “brief” that the shopper begins his journey with helps us understand the challenges that might lie ahead as we attempt to influence his behavior. If there is a gap between the consumer’s specific needs and the shopper’s interpretation of these needs, then opportunities might be missed and investment might be wasted. For example, if the consumer specifically wants Pepsi and Lay’s but the shopper is looking for cola and chips, the battle has to be won all over again.

What are the shopping missions?

Shopping missions are closely aligned to the interpretation of the consumer’s need. These missions are a difficult yet important concept for manufacturers to understand. Marketers are often very absorbed in their business, their brands, their categories, and their shoppers, creating a paradigm that is fundamentally different from the world shoppers actually inhabit. Shoppers are often not looking for product categories or brands as marketers articulate them. Pepsi might occupy a category called carbonated soft drinks, but we rarely find that written down on a shopping list. Often the shopper’s mission may be “something for dinner” rather than a specific category. Understanding this language and what the shopper might be looking for within this framework is critical to getting inside the head of the shopper.

What do shoppers do currently?

By mapping the shopper's current path—what he does, where he does it, how he does it, and what drives that behavior—it becomes possible to understand where in that journey it is necessary, and also possible, to exert influence. Without a clear understanding of the current path to purchase, the ability to exert influence on that journey is obviously diminished.

How much can be gained from changing this behavior?

Following on from (hopefully) a quantification of the consumer opportunities, it is important to understand the value that might be accrued by changing shoppers' behavior. Understanding what happens currently, what might happen in the future, how many shoppers would change, and what other purchases would be affected are all critical inputs to this. For research to be an investment rather than a cost and to ensure that future activity yields a return, this analysis is impossible to avoid.

What is preventing the shopper from buying what we want them to buy?

If shoppers' behavior is to be changed, then we must understand the barriers to making this happen. If consumers don't like the taste of the product (and the shopper is aware of this fact), high-profile displays aren't going to change their opinion or their behavior. Nor, in most cases, would a 10 percent discount.

How urgent is the shopper's need?

Urgency can create fundamentally different decisions. If the shopper perceives that there is no urgency, then he may be more risk averse, choosing to delay purchases of a new or untried brand, or choosing to research further before purchasing.

How does your shopper view and define the category of your brand?

Stepping beyond the language of the industry and into the language of the customer is important in any relationship, and the same goes for shopper marketing. Employees of Kimberly-Clark may think they work in “paper goods,” but their shoppers buy toilet tissue. More specifically, understanding how shoppers divide products within the category (or segment them) is also important. Segmentation is a crucial input into how product should be laid out (merchandised) on the shelves. Making it easy for shoppers to find what they want to buy is a core principle of shopper marketing.

About Outlets

To which outlets do target shoppers go?

Though this question might at first appear obvious, and relatively easy to answer, that isn’t always the case. The sales data an organization already has can give an indication of what is bought where (which is a useful proxy for the number of shoppers), but the subtlety here lies in the word target. Just because a store is packed full of shoppers, it doesn’t necessarily mean it is also full of the shoppers who are of interest to us.

In which of these outlets could the target shopper be most effectively influenced?

Just because your target shopper is present in a particular outlet or environment does not necessarily mean that she is open to influence. This will vary by outlet, category, and indeed the shopper (and her particular mission). A shopper may be uninterested in switching from one cola brand to another in a convenience store—preferring just to grab and go. But, that same shopper may be open to switching to a different candy bar in the same outlet within a few seconds of having picked up the cola.

What channels or outlets do target shoppers go to?

- Often these are not necessarily the stores where current sales are high.
- Focus on target shoppers (i.e. the ones whose behavior we would like to change), NOT total category shoppers.

In which of these channels or outlets is the target shopper most effectively influenced?

- Different shoppers may be more open to influence in different channels – it may depend on the category, the shopper and their mission.
- Getting the wrong tactics in the wrong channel will reduce effectiveness.

How does this vary by segment?

- Different shopper segments may visit different stores, for different reasons.
- Being able to map shopper segments on to stores allows future shopper marketing activity to be much more focused.

How does this vary by shopper mission?

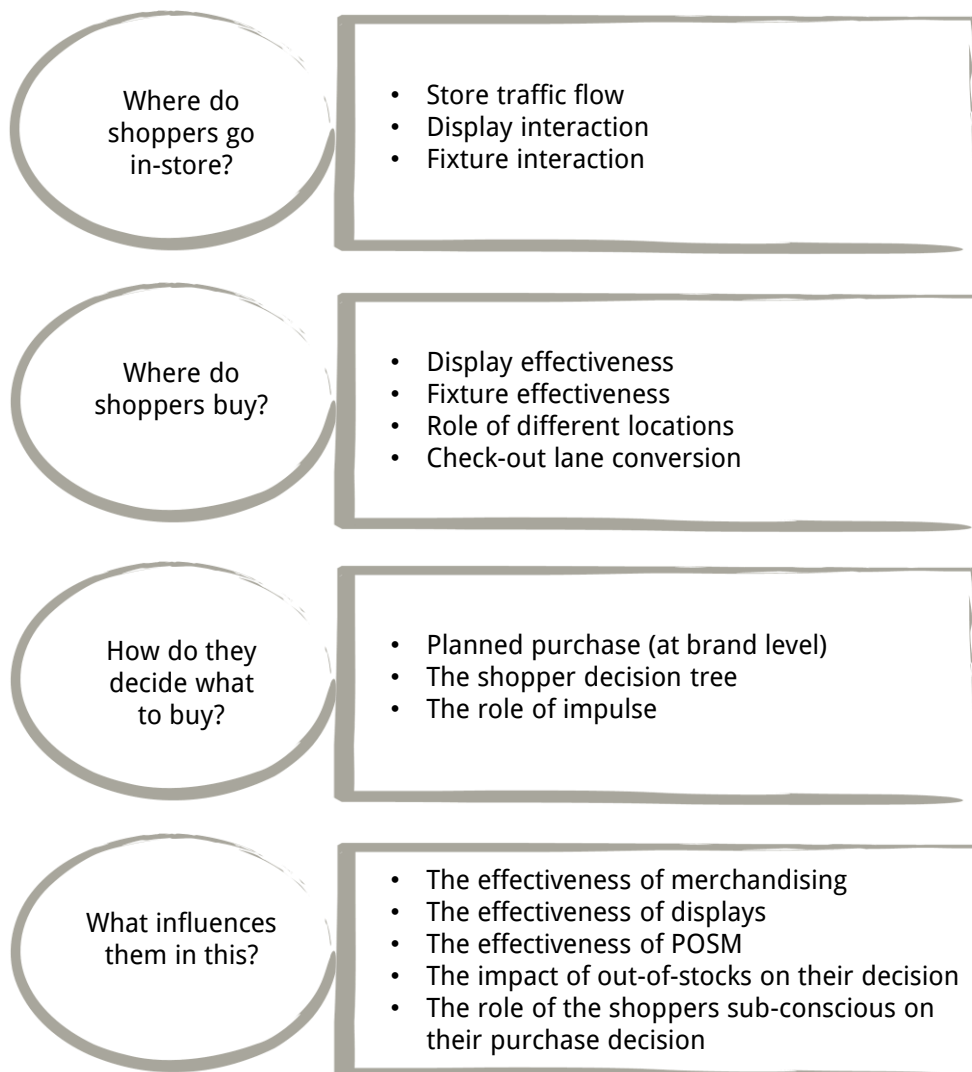
- Different shopper missions create different behavior.
- Knowing which shoppers, go to which stores, for what reason is critical to the creation of an effective in-store marketing mix.

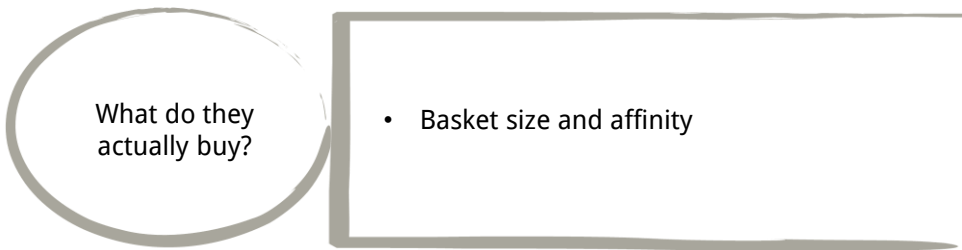


About the in-store world

Where do shoppers go in the store, and where do they buy?

Understanding where a shopper goes in a store, or on a website for that matter, is fundamental if we are to influence what they do. Rarely do shoppers walk every aisle of even the smallest stores; and shoppers certainly do not visit every page of a website. Therefore, understanding where they go creates an idea of where they can be engaged. The choice is then between taking a message or product to that location or attempting to persuade the shopper to go somewhere else.





How does the shopper decide what to buy, and what influences this?

Understanding what the shopper planned for this shopping occasion, what actually happened, and what influenced the shopper lies at the heart of shopper marketing. As marketers, if we can cut through to really understand which media, which messages, which items, and which locations get noticed, then our opportunity to influence shopping behavior increases.

What do shoppers actually buy?

Ultimately understanding what, if anything, was purchased in this environment is important—after all, driving purchase is the goal here!

The list of potential findings is large, and it is unlikely that uncovering all of this in one survey would be possible or even desirable. The challenge is therefore to focus research investment on what is most likely to deliver the best return to the business.

In our experience, three techniques help shopper marketers in this endeavor: setting objectives, developing hypotheses, and prioritizing hypotheses.

Chapter 4



Delivering the best return from research investment



Setting objectives

A client once called, excited to inform us that a budget was allocated to do the company's first piece of shopper research and that he wanted to work with us to make it happen. Our first question was to ask him the purpose, the objective of the research. His response: "To understand shoppers."

With a brief like that, a marketer is guaranteed to be disappointed. Understanding shoppers is, to some extent, an easy aspiration to meet, but to completely understand everything about them? Unlikely.

With an objective that broad, the chances of developing useful or beneficial information are slim.

Objectives should be focused on a clear business issue or opportunity: perhaps launching a product; driving the growth of a brand; or improving the effectiveness of promotional spend. It is perfectly acceptable to have a number of objectives; indeed, in our experience this is desirable. One study can support multiple insights, and the returns will be higher if the organization can benefit in several ways from the research investment.

The qualities of good research objectives are the same as the qualities of any other objective: they should be *clear*, *unambiguous*, *measurable*, and *actionable*. Clarity and a lack of ambiguity ensure that everyone is on the same page, including third-party agencies. Measurability ensures that it is possible to judge the effectiveness of the project. And if the objective isn't actionable, there is little point in pursuing it!



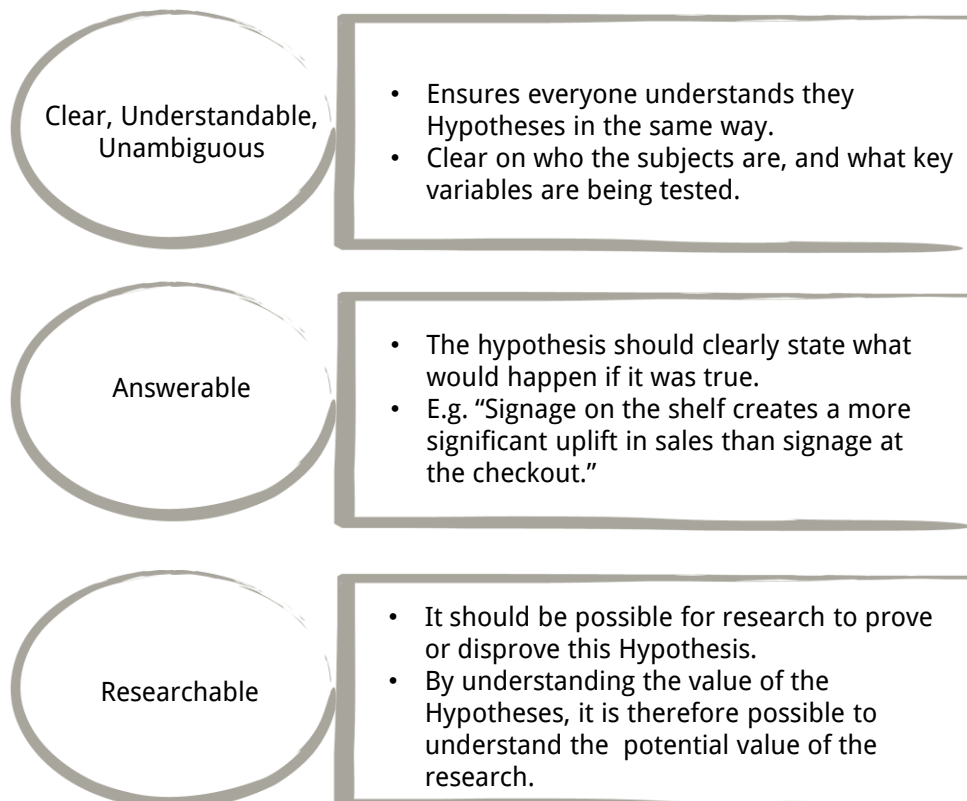
Developing hypotheses

The use of hypotheses has proven to be one of the most useful approaches to gleaning real value from research findings.

Perhaps due to ignorance or misunderstanding of how hypotheses help—or, more likely, how they should be used—the majority of research briefs do not contain a clear set of hypotheses.

Hypotheses are incredibly useful in research for a number of reasons. They create clarity about exactly what the research should be able to prove. First, and most obviously, this creates a simple way of holding agencies accountable and ensuring that they deliver the research outcomes the business needs rather than just gathering data. Hypotheses help the agencies design the research, in particular in defining the sample size.

A hypothesis should be:



Prioritizing using hypotheses

Most importantly, hypotheses help prioritize what to research. Formulating a clear statement of the expected outcome (and indeed the alternative outcomes) enables an assessment of the implications of the research and how they might help generate certain business results.

By considering the likely results, the marketer can consider the potential value to be accrued from implementation of the findings and consider the likely barriers to implementation that could occur.



Chapter 5



Using alternative research data sources

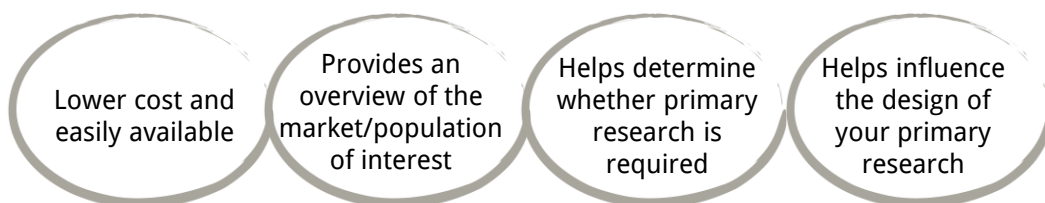


Alternative data sources can be used to discover and subsequently hone a list of hypotheses down to a focused, valuable list of predictions that need to be proven.

And while overreliance on the wisdom of experience is dangerous, experience of or expertise in your category or other categories can and should be used as inputs to hypotheses. In this way, hypotheses and subsequent research into them can be used to disprove the myths on which businesses often run. An opinion from an experienced manager can be challenged to see if there is any existing data that either supports or disproves it. Research can be used to remove these myths and create new strategies based on fact rather than belief.

The process of hypothesis development forces, or at least encourages, a thorough review of secondary data available to the business. There are many potential sources in most organizations. Here we discuss some of the most useful and common ones. Although we strongly endorse thoroughly reviewing secondary data sources, these should also be treated with a degree of caution. Things change quickly, so it's important to ensure that the data is current. There is no absolute benchmark for this, but any data more than a couple of years old should be viewed with caution (though may be excellent for hypothesis building).

Importance of Secondary Information



Potential Sources

Existing shopper research in market	Research in other markets	Consumer marketing research	Retail audit (e.g. AC Nielsen)
Panel data (e.g. TNS)	Insight website, newspapers, magazines	Markets reports (e.g. Euromonitor)	POS data from retailers
Sales data	In-store audit reports	Pricing monitoring reports	Internal activity evaluations

Retail audits

These research reports can provide general data about behaviors within certain market segments, channels, geographic locations, and shopper groups.

Loyalty card data

Encoded loyalty cards contain troves of information about the cardholder or shopper. But the best thing about these loyalty cards is that they track purchases for an individual shopper, enabling the marketer to understand who buys over a specific time. It is possible to learn where and how often a particular shopper purchases a specific product, and by cross-referencing this data with what was in-store at the time, it is possible to build hypotheses based on the correlation between in-store stimulus and shopper behavior.

Purchase panel data

Research products such as Kantar Worldpanel track the products that enter a household over time. If this is available, it can create a useful basis for understanding which products enter a household, how frequently, and at what price. There are some caveats: The data relies on humans scanning the products they buy, often when they get home. Products such as snacks and beverages may be consumed before they are scanned. The last weakness in this data is the inability or inaccuracy in terms of which household member actually purchases.

Activity evaluation

Every week, marketers put activity in front of shoppers, and those shoppers respond. Retail is a fabulous test ground, but those tests only have value if they are evaluated. Using the resulting patterns of activity creates ample opportunity for hypothesis creation: if the same activity works in Target but not in Walmart (or works less well there), what might be causing that? Is the shopper profile different? These questions can form the basis of a hypothesis.



Chapter 6



Managing research projects



Research Briefing

A quality brief clearly scopes the project, creates transparency around expectations, and forms part of the agency's legal obligations.

Constructing a quality brief takes time, but our experience has been that it saves time—and a lot of heartache—in the long run.

The most important elements of a research brief are the objectives and hypotheses, as discussed previously. The brief needs to explain why the research is being done: beyond the research objectives and the hypotheses, you must explain the business situation to ensure that the agency has a clear understanding of the context of the research. The brief should also summarize other research findings to date or be linked to additional research reports. Beyond the hypotheses, other data that must be collected should also be detailed here.

The research brief should also explain the mechanics of the research, such as where and when it needs to take place, when results are required, and the format of those results. Particular attention should be paid to festivals, holiday periods, or seasonality, as each of these may have a big impact on shopping behavior. Stores change at festival times, as do the attitudes and behaviors of shoppers. Unless understanding Christmas shopping behavior is the goal of the research, then researching any time in December or early January is not going to yield anything of value (and, by the way, is unlikely to be sanctioned by a retailer, as this is such a busy time for them).

A great research brief has the following components

- **Mandatory information:** The objective clearly states exactly what will be achieved.
- **Mandatory insights:** The objective is easily measurable.
- **Outputs required:** The objective has a significant step change from the current situation.
- **Methodologies:** The objective is realistic; it can be done.
- **Reporting requirements:** The objective has a clear time limit.

Likewise, if a category tends to be seasonal, the researcher should consider in which season to conduct research. If there is a clear budget, it should be detailed, as should any suggested or mandatory methodologies. It's often tempting to leave this up to the agency, but if results need to be compared or contrasted with other data (e.g., in other categories, channels, or markets), then using similar methodologies may be mandatory. Which shoppers and which stores must be clear.

Partners for Research

Selecting the appropriate partner for research and briefing them fully can make or break a research project.

In selecting the right partner, experience is paramount: the depth of experience in shopper marketing, the category (or similar categories), and desired methodologies. It is important to beware, in these formative years of shopper marketing and research, that while the agency itself may have conducted a particular type of research, the team in your country may not have, and therefore the quality and experience of that team should also be considered. As proposals are evaluated, consider whether the proposal actually responds to the brief or is largely generic. Finally, do a sense-check—does the agency have credibility within your business and the market in general, including with retailers? Without credibility, using the outputs becomes that much harder.

Qualifying questions for great partner in research

- How much experience does the agency have in shopper marketing?
- How much experience does the agency in the category or similar categories?
- What are the agency's desired methodologies
- What is the quality and experience of the agency's local team in your country?
- Does the agency have credibility within your business?

Developing the Questionnaire

Once the project is underway, the agency should drive much of the activity, but the shopper marketer cannot leave it in the agency's hands entirely. It is her responsibility to keep the project on schedule and ensure that fieldwork can take place in stores. Rarely can the agency help much here. The market research firm will need to build a questionnaire that outlines the questions to ask the shoppers. The questionnaire is the basis for collecting required data. If the right questions are not asked or the respondents don't interpret the question in the way it was intended, the responses will be of low value.

While it might be tempting to assume that designing a research questionnaire or discussion guide is something that an agency can easily manage, our experience suggests otherwise. Questionnaires are often badly conceived, with poor questions or sometimes the wrong questions.

It is not the responsibility of the marketer to develop the questionnaire, but she will be held accountable for its outputs, so diligence here pays back—and once the fieldwork is over, it's too late to make changes.

To gain qualitative data, the questions should be open-ended; not satisfied with a yes-or-no answer. The goal with this research is to explore the in-depth aspects of a particular issue. To get the full value of the survey, questions should be phrased so that respondents are encouraged to explain their answers and reactions. For example, "Why did you decide to come shopping at this store today?" Follow-up questions should be used to probe further.

When reviewing the questions, consider what kind of results will be obtained from the responses. How useful will the answer be? If it's not useful, is this because of the way the question is phrased or because the question adds no real value to your objectives?

We also recommend asking the agency to prepare a spreadsheet that will show you how each question connects to the research objectives and hypotheses outlined in the brief. Use this as a checklist to ensure that the full scope of the objectives is addressed in the questionnaire and to identify any questions that are potentially of low value.

In our experience, the quantity of questions desired far outstrips the time available to ask them. Shoppers will often not want to stop for too long, and the duration of the questionnaire needs to fit with this. Ask questions for too long, and there's a danger that shoppers will not complete the questionnaire or will rush through questions without giving due consideration to the answers.

There is no hard-and-fast rule as to duration, but it appears to depend, in part, on the type of shopping trip.

On a quick trip to a convenience store on the way to the office, where the shopping trip takes no more than two minutes, it is unlikely that a respondent would submit to more than five minutes of questioning.

In a furniture store, as part of an hour-long trip (and without kids), a respondent may well be happy to contribute for up to 30 minutes. In either case, an understanding of how each question relates to the research objectives and hypotheses makes the process of editing the questionnaire significantly easier.



Chapter 7



Getting started



The most challenging yet critical part of conducting a great shopper research is the start. Many of the key elements that will make or break a successful a shopper marketing research initiative stems from the very beginning of the shopper research process.

The following simple checklist should help shopper marketers embark in an effective and successful shopper research journey.

What is the research really trying to uncover and how valuable is that to the business?

What types of information must be gathered in order to decide on the right course of action? Consider: consumption opportunities, shopper behavior, channels and outlets, in-store marketing.

What are the research objectives?
Are they specific, measurable, and actionable?

Which hypotheses are you trying to test?

Which alternative data sources exist?

How clear is the research brief – does it explain why the research is being done, the objectives and hypotheses, and the business situation?

How well have you evaluated your research partner – how much industry experience do they have, and how credible are they?

If you have gone through this checklist thoroughly and have clear answers to these key points, chances are you are off to very good start in your shopper research process!

*About **engage***

engage is a management consultancy with specific expertise in shopper marketing and customer management. We are a network of passionate practitioners with a pedigree in retail, manufacturing and research and are recognized as leaders in our field.

Our mission is to change the way people think about shopper marketing, and demonstrate that it can transform performance levels by creating a truly integrated approach to marketing strategies. By adopting shopper marketing practices, managers in the consumer goods industry are better placed to engage with their peers, consumers, shoppers, trade customers and their suppliers.

Shopper marketing is revolutionizing the world of consumer goods. With our experience, our insights and our practical, powerful and proven approaches we can help you better understand how the world of shopper marketing impacts your world, and how business performance can be improved.

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