Focusing Shopper Marketing on the right stores

Each store is in a different physical location, and therefore has a different quantity and mix of shoppers.

MIKE ANTHONY: ENGAGE CONSULTANTS

Our shopper marketing consultancy work clearly demonstrates that getting the right products in the right stores with the right marketing mix has a massive impact on both the topline and the bottom line, yet too often broad and generic segmentations are applied by manufacturers to this important strategic analysis.

Managing channels – groups of outlets – is an enormous challenge. Each store is unique, so in theory every outlet should be treated differently. But it would be impossible (so far) to create and execute a specific plan for each outlet.

We create channels – a way of segmenting outlets into manageable, ideally homogenous, groups. **The challenge is the balance between manageability and homogeneity** and whilst retailers are quite good at this, many manufacturers seem to sway towards manageability and ignore homogeneity.

Good shopper research can be enormously helpful in quantifying opportunities and research can help understand better how to segment channels more effectively.

There are a few considerations that can help take a step towards a more powerful and shopper-centric channel structure, even in the absence of research data.

How to focus shopper marketing on the right stores

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How does the shopper look at stores? If the shopper uses stores differently it could be a different channel. What currently sells in different outlets or outlet groups can often be seen as a solid proxy for different shopping behavior (assuming similar ranges are available). Of course, spending time in-stores is a great way to get a feel for shopper behavior.

Put the shopper first

1

Think big

2

If a current channel represents a significant share of existing sales (or growth potential) there is a better chance of creating value out of further segmentation. In the situation above, if convenience stores represent a small share of category sales, then further segmentation may be low value. Yet there is an exception that proves the rule – C-stores would be relatively unimportant in total for the wine category, which brings me on to…

There is a chance (as the case is here) that a sub-set of stores is responsible for all of the sales. Whilst the sales per store are low, this is merely an average which hides some stores which could sell a lot, and many that cannot.

The channel contains loads of your target shoppers, but they don't usually buy much per store.

3

Look for an unmet need.

4

The situation of alcohol in convenience stores is a great example of this. Business travelers and tourists like a drink. They can't do it in a hotel with no minibar, but the need is still there. Unmet consumption needs create new shopping missions, and that creates new opportunities in the stores that are best place to meet those needs.

If you're not sure that there is a valuable segmentation there - have a go anyway. You can always recombine segments when you realize that the gains are not sufficient or that the marketing mix wouldn't actually be too different across those segments.

Go one step too far.

5

Go to stores

6

(I know, I say it a lot, but it is true!). Look and see. Are any manufacturers doing anything different? Is the retailer?

Take a look at the way you segment stores. If your using generic, industry definitions, then there is a chance you are missing out on a profitable distinction at a more refined level. Contact me to learn more