



What is Shopper Economics™ and why is it important to you?

Mike Anthony



Why is Shopper Economics™ important?

Shopper Economics is important because **it affects every decision a shopper makes**. If we want to win with shoppers, to drive off-take of our brands, and to invest effectively and efficiently our brands or stores, we need to wrap our brains around Shopper Economics.

Where to go shopping? What to buy now, what to buy later? Whether to buy this online or at a store? Which store? Shopper Economics. Which product? **Everything that a shopper does, pretty much. Shopper Economics.**

Mike Anthony



What is Shopper Economics™?

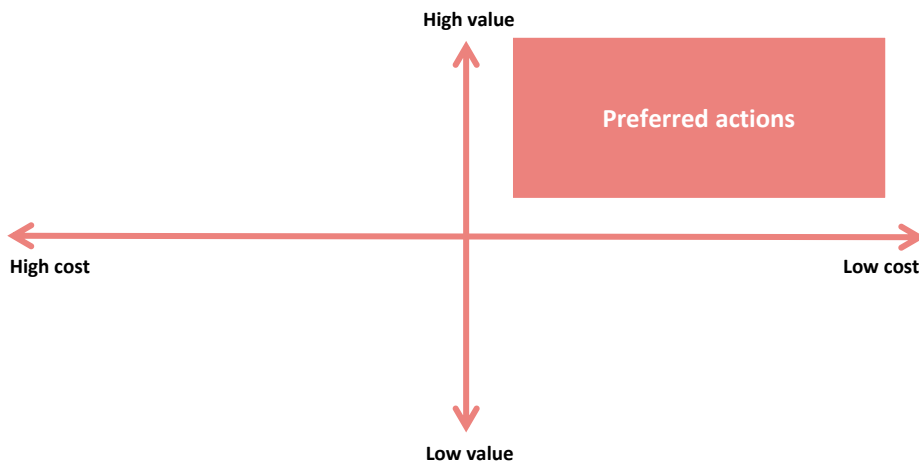
Shopper Economics™ is the framework that describes how shoppers 'decide' how they are going to shop. Note that the word 'decide' is not used literally (more about this later). Rather, Shopper Economics™ is the system of values that a shopper uses every time they go shopping.

From our experience and data, **there are four major dimensions to this: consumer value, shopper value, price and time.**

Mike Anthony



Today, shoppers are making **different choices** about which stores and categories in which they **invest their time and money**. These decisions are driven by **the balance of value and cost**...Shopper Economics™

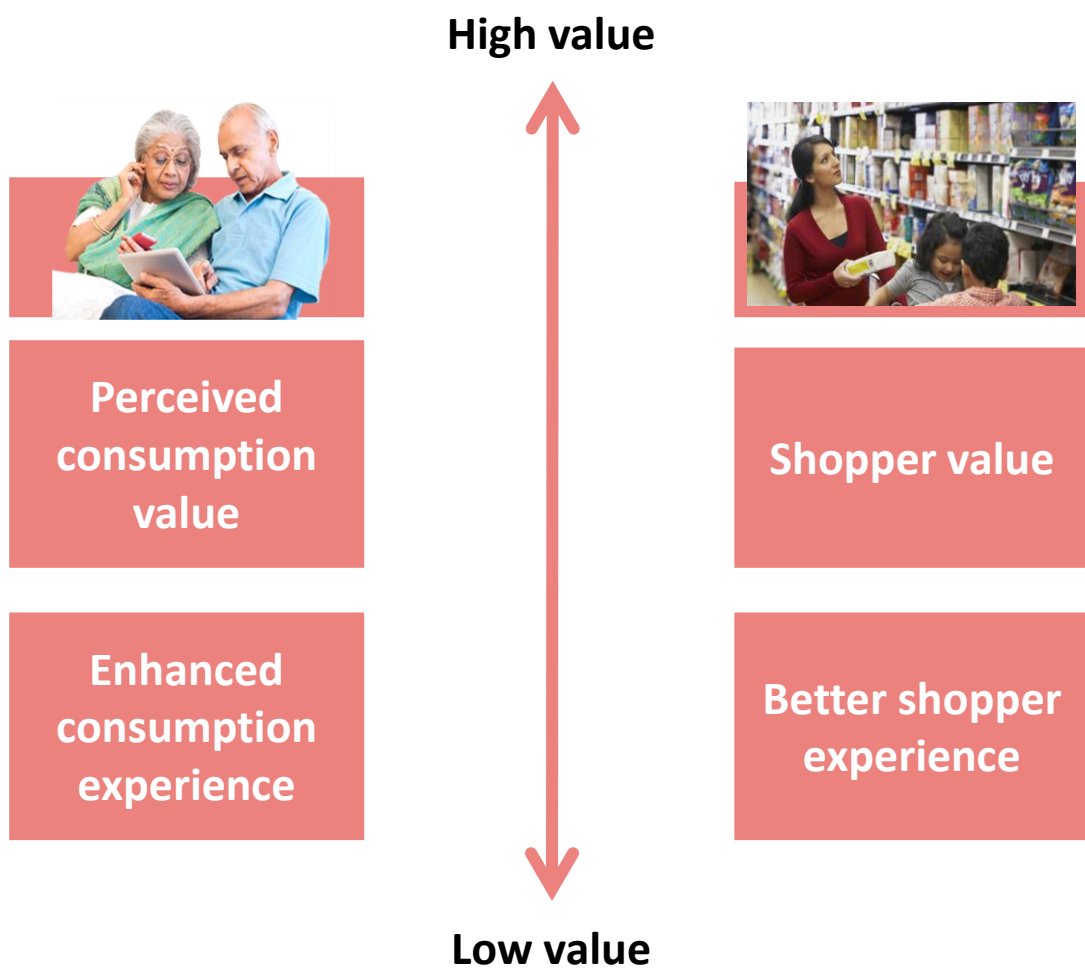


The responses and actions of different shoppers, in different circumstances, depends on what they value, and how they view costs...

Mike Anthony



There are typically two dimensions to **value**....



Mike Anthony



What is Shopper Economics™:

Consumer Value

Value is a complex and variable concept in the mind of a shopper. Value might relate to the quality of product. It might relate to how well this product will deliver to the consumer.

Most shopping missions exist to meet future consumption needs. In every buying there is a consumer and a consumption need behind it. Delivering against those consumer needs is a key value point for a shopper.

Mike Anthony



What is Shopper Economics™:

Shopper Value

Value can equally relate to the quality of the shopping experience. A store which is fun, pleasant to shop, offers a wide variety of (relevant) products, is clean: all of these are value/experience dimensions that can be important to shoppers, and impact the decisions that they make about where and how to shop.

This probably sounds simple and obvious but it is a fabulously simple way of analyzing shopper behavior at a macro and more micro level. And it is driving some of the biggest changes in shopper behavior, and retail, that we have seen in decades.

Mike Anthony



And two for **cost**...

High cost

Low cost

Time cost



Economic cost



Mike Anthony

enGage

What is Shopper Economics™:

Price

Shoppers consider the price of their shopping mission as an input into how they will complete that mission.

We must be careful not to assume that 'price' means 'lowest price'. Price can mean 'lots of promotions'; it can mean overall low value. It can mean 'I've noticed that this store seems to be good value on some of my favorite products'. It can be addressed at a store level, for a shopping basket, or a single product purchase.

Mike Anthony



What is Shopper Economics™: Time

Shoppers have budgets; they also have limited time. **Shoppers make decisions out of convenience. They choose stores based on the time they have available.** They pick up products from a less ideal store (one that doesn't represent best price/value) because it is quicker or more convenient. Grab and Go? That's a convenience/time dimension.

Ever bought a brand that wasn't your preferred brand because the other brand was out of stock? That's Shopper Economics™.

Mike Anthony



Shopper Economics isn't about 'decisions'

Shopper Economics is a simple but tricky concept. Shoppers don't always make conscious decisions; they don't consciously evaluate the Shopper Economics™ of every decision they make. But underneath a lot of these sub-conscious decisions lie the trade-offs described by Shopper Economics™.

Mike Anthony



Can Shopper Economics™ explain everything? Of course not. But as a starting point for understanding why shoppers do what they do and understanding how to motivate them to change their behavior, **Shopper Economics™ is a great starting place.**

If you'd like to know more about Shopper Economics™, shoppers in general, retail trends or how to win at retail, please get in touch now.

Mike Anthony

