



# Why Discounters Are Winning & What We Can Learn From this?

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There are still commentators suggesting that bricks & mortar retail is dying. Yet discounters are proving that simply isn't the case. Great prices are part of the equation, but there is a lot more to it than that.

**Discounters are really good at understanding shoppers and giving them what they want.**

At the heart of their success is great **shopper-centricity**. If we can understand why discounters are performing well, we can all learn something about shoppers and shopper marketing too.



# Discounters Deliver Price **And Quality**

Discounters. It's all about price, isn't it? Well  
– no. **Shoppers don't buy on price.**  
**They buy on value.**



Discounters understand that and have decided how to deliver this. They are delivering **Quality and Price – two parts of the simple value equation that drives shopper decisions.** Discounters realized that price is great, but without quality, then they aren't able to compete.



# Discounters Understand And Apply **Shopper Economics™**

Discounters understand Shopper Economics™. Shopper Economics™ is a model we created as a simple model to help understand shopper motivations.

The principle is that shoppers (like all of us) make **decisions based on value and cost**. We do things that create value for us as shoppers and consumers, and things that are easy or low-cost for us as shoppers.

Shopper Economics™ identifies two 'cost' elements. One is related to the **economic cost – price**. But the other is about **time**. And shopping at a discounter is a lot quicker than shopping at a superstore. The store is smaller. Each product range is smaller. Even the walk from the car to the store entrance is shorter. **Discounters reduce the 'cost' of shopping: both in terms of price AND time.**



# Discounters Understand How To **Make Shopping Less Stressful**

Those smaller ranges make it quicker to navigate the store. **A small range makes choosing faster and easier too.** Many of you will have heard about the **Choice Paradox: whereby reducing options to a shopper actually increases the perception of range, as well as driving purchases.** In a large superstore, the range is huge in most categories. A discounter – not so much. And that makes it less stressful. Too many choices add stress making the shopping experience less pleasurable.

They are also great at playing **psychological tricks with stress.** **As you approach the checkout there is a bit of a queue. Quick as a flash an announcement is made, and another checkout is opened.** Momentary stress is instantly relieved. That is a feel-good factor for the shopper *(and actually feels better than having no queue in the first place!).*



# Discounters Understand The Most Important Principle In Marketing

At the heart of any marketing is the principle of **targeting and segmenting**. You must choose a target market. Who are you targeting and what it is you will offer to them? This approach lies at the heart of meaningful differentiation, and you can't do marketing without differentiation. Big box retailers struggle with this. It's a **'we will be all things to everyone'** offering a broad range. It ends up being generic.



**The discounter however is clear. They have a simple range.**

You don't go to Aldi expecting a wide range of regional cheeses. So I'm happy. When I go to Tesco I'm not sure what they will have. They might have what I'm looking for. But maybe not. Average leads to disappointment. Discounters aren't trying to meet the needs of every shopper. They don't need to. **All they need to do is understand their target shoppers, their missions, and what is important to those shoppers on those trips.**



# So what can we learn from this?

- **Shoppers Buy Value, Not Price**

$$\text{Value} = \text{Quality (Equity X Product Performance)} / \text{Price}$$

To improve value perception, then we can reduce price. But we can also improve quality in terms of brand equity or product performance.

- **Shoppers Are Driven By **Shopper Economics™****

This powerful tool can be used to diagnose your store, channel, brand or category and help define how to improve your performance. It is also a great predictive tool to understand how shopper behavior might change in the future. If you'd like to understand more about how Shopper Economics™ can help you win at retail, [please get in touch.](#)

- **Shoppers Are Driven By Emotion As Much As (If Not More Than) Rationality**

If all you are thinking about is how shopper rationalize (and post-rationalize) their decisions, you aren't fully understanding shoppers.

**Make shopping easy. Make shopping stress-free. Make shopping intuitive. Make shopping as seamless as possible.**

- **Become Shopper-Centric**





We've got decades of experience helping organizations become more shopper-centric.

Whether it is developing shopper insight, integrating consumer and shopper strategies, training your team to be more shopper-centric or using this insight to create better shopper communication and retail selling presentations: we've helped some of the biggest companies in the world.



If you'd like to know more [check out our training programs](#), or [get in touch](#) for a no-obligation chat about your situation.

