

## ***Contextual Marketing:***

Manufacturers and Retailers Working  
Together to Create Category Growth

Manufacturers often have questions like these.

How do consumers shop our category?

What brands do they consider and why? Why/why not ours?

What time's lunch?

How can I influence purchases at the Point-of-Sale?



...And Retailers have questions like these.

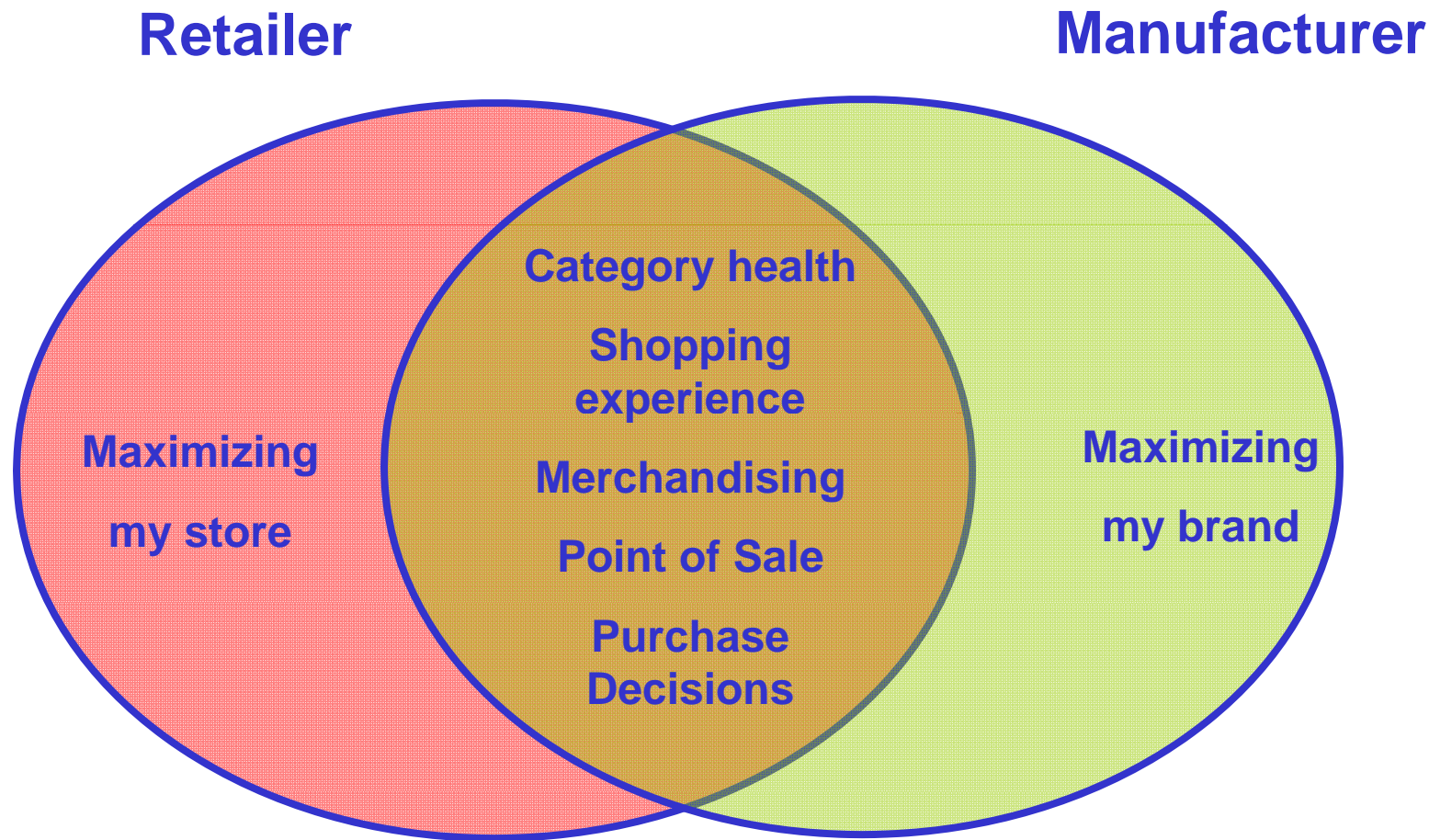
How do consumer's choose between me and my competitor, and why?

How should the shelves be arranged?



How can I make the shopping experience easier and more enjoyable?

Both sets of questions lead to the same area



# These common questions are addressed with the two branches of Shopper Research

## *SHOPPER RESEARCH*

### Macro-Focus

USES	Understanding category behavior and shopping preferences.
METHOD	On-line surveys; shopping diaries
SAMPLE	Large samples, screened to criteria
ANALYSES	Multivariate

### Micro-Focus

USES	Shopping process; shelf tests; display design; packaging tests
METHOD	Intercepts; observations
SAMPLE	Multiple stores, small samples of aisle shoppers
ANALYSES	Varied

Today we are going to look at the micro-focus.

## ***SHOPPER RESEARCH***

### **Micro-Focus**

- What is it?
- When do you use it?
- How do you do it?
- What do you get out of it?

# What Is Micro-Focus Shopper Research?

A set of in-person interviewing research techniques that captures behavior either:

- As it is occurring, or
- *Immediately* after it has occurred

*Micro-focus research* collects information:

- That is only available at the time of actual shopping and decision making
- Information surrounding the actual decision making process

# What are the Advantages of the Micro-Focus Approach?

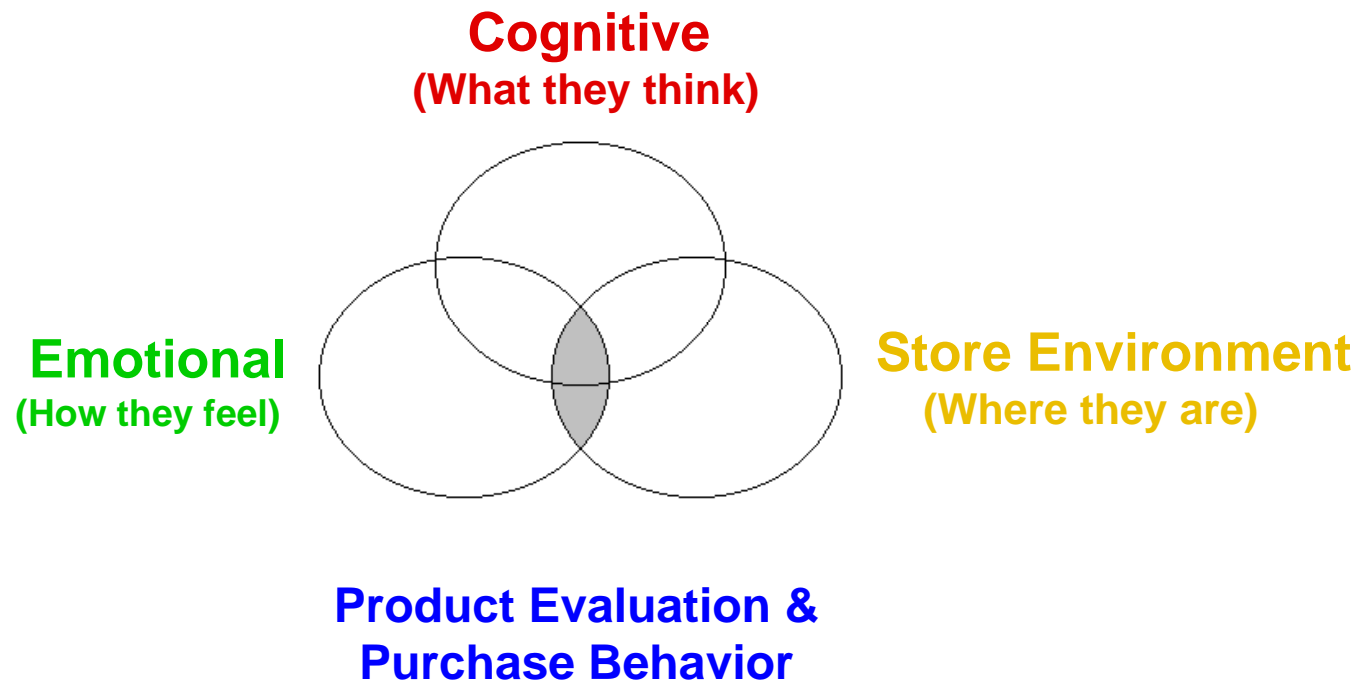
Interviews are conducted while purchase decisions are being made, when the consumer is ***fully involved*** in the target category; a very different perspective than when someone is answering questions related to purchase behavior, but not actually engaged in it.

Much decision making at the point of sale relies on stimulus that does not enter long term memory



# When should we do micro-focus research?

When the purpose is to understand the purchase decision making process in its real context...



# How do you do Micro-Focus Research?

## OBSERVATIONS:

*Departmental, Holistic (whole store)*

*Usually tie-in with interviews*

Video  
Recording



Physical  
Observation

Electronic  
Monitoring



# How do you do Micro-Focus Research?



## Entrance/Exit:

- *Pre-post effect research, retailer based information*



## In-Aisle:

- *Category & Brand research, Department evaluation*
- *Purchase Decision Trees*
- *Concept assessment*



- **Marketing Issues:** What influences category purchase behavior in a specific channel, and what are the opportunities for incidence and volume growth?
- **Objectives:** The research was designed to answer the following informational questions:
  - Are consumers shifting their category purchasing to other channels? Which ones and why?
  - Are consumers likely to try new products at this channel?
  - What are barriers to purchase at this channel, particularly when consumers have a need for the category?
  - What promotes “impulse” purchasing?
  - What are reactions to concepts aimed at increasing category sales within the channel among non-purchasers?

- **Method:** A two-part study was designed that included telephone and in-store interviews.
  1. Telephone interviews were conducted among channel visitors to understand the overall category and channel dynamics and segment the marketplace.
  2. In-store exit interviews were conducted to complement the phone study with information that is only available at the time of actual shopping and decision making.
    - Multiple chains
    - Multiple locations

Example  
#1

Retailers vary in their ability to maintain customer base in the category.

**CATEGORY PURCHASE VENUE:  
Self-Reported**

***PAST***

***PRESENT***

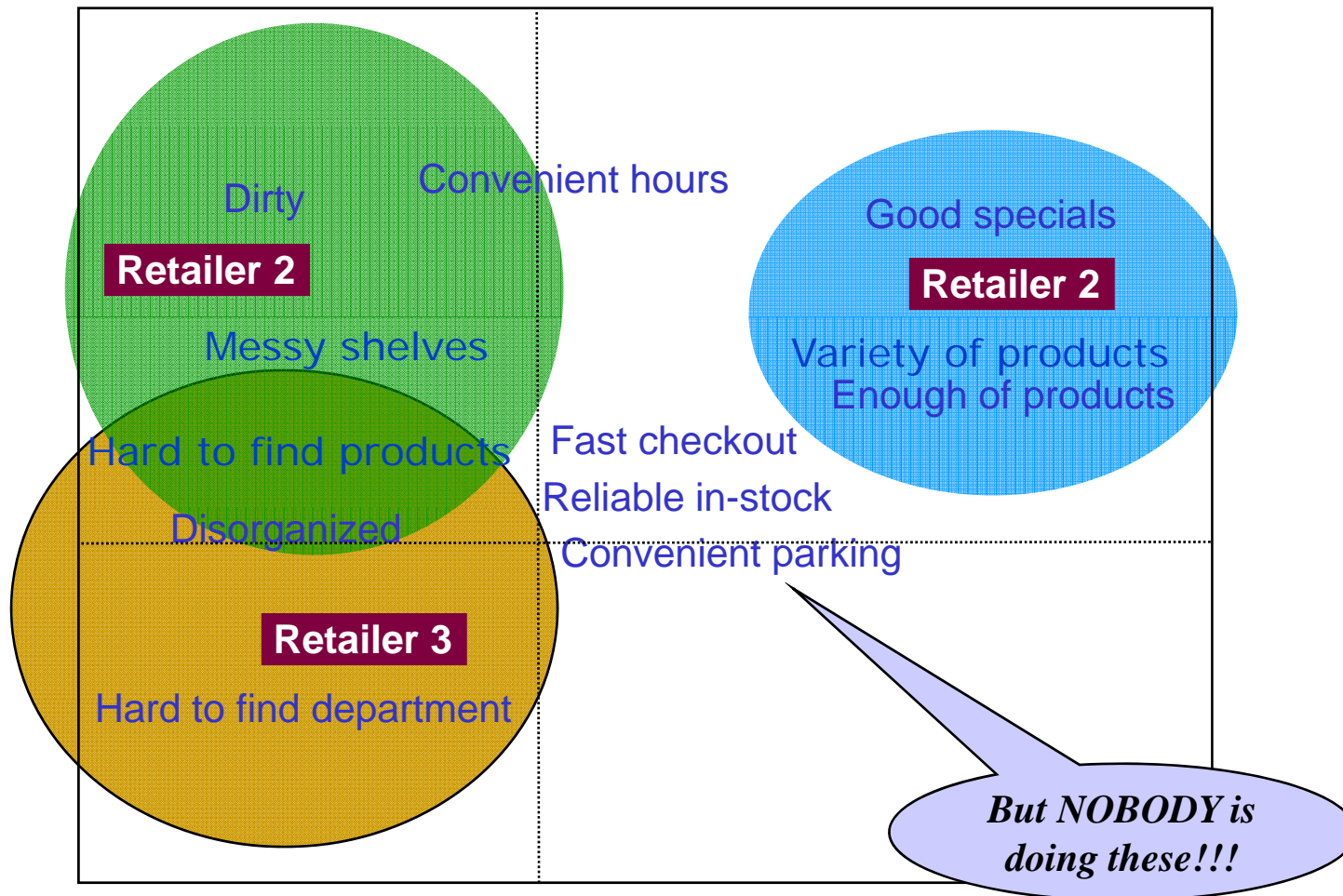
Retailer 1  Supercenters

Retailer 2  Retailer 2

Retailer 3  Clubs; Supercenters

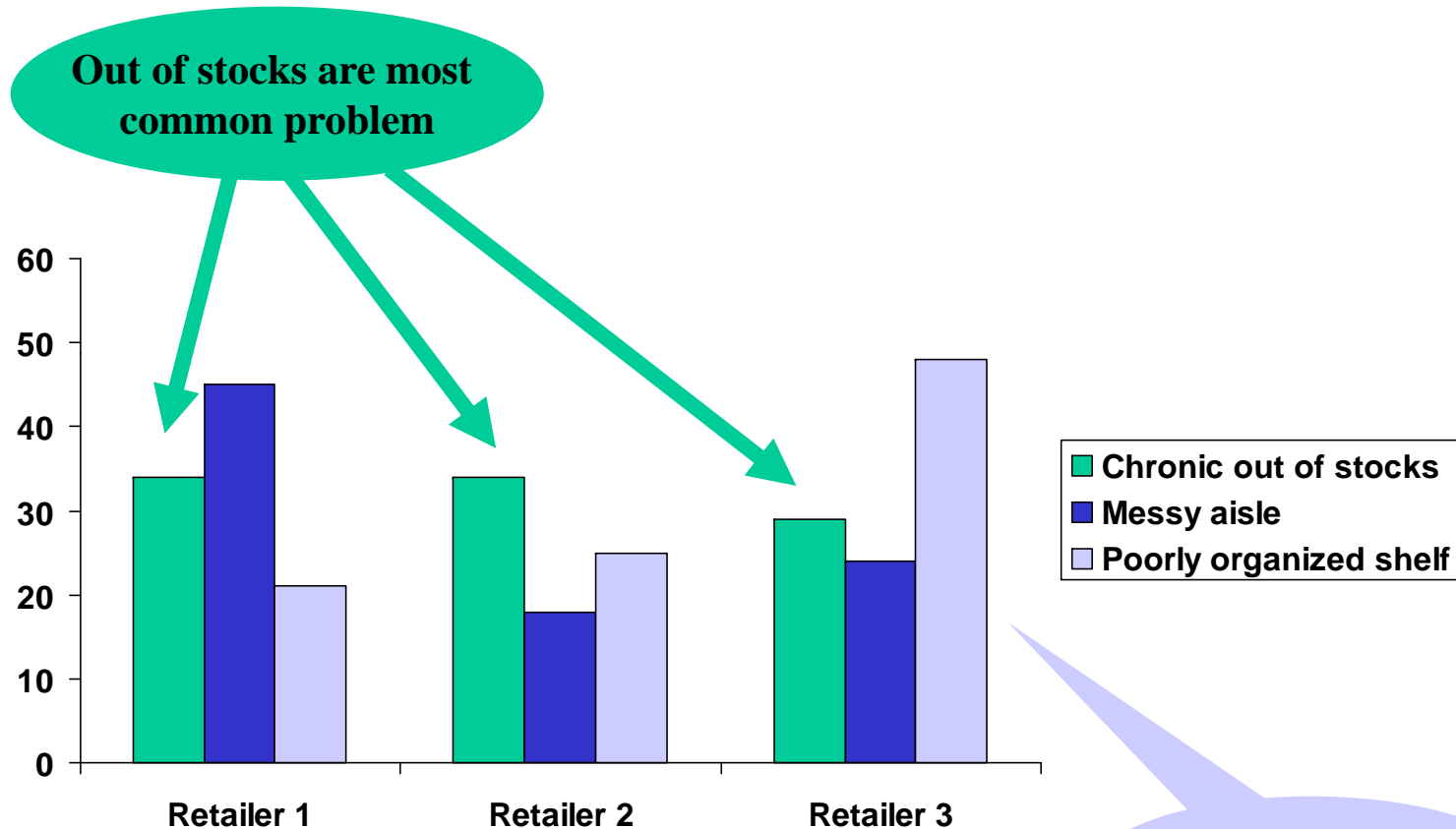
Example  
#1

The reasons for this are clear.



Example  
#1

Each retailer has a different profile of primary purchase barriers.



Messiness

Poor organization



Example  
#1

# Impulse purchasing motivations vary by product and retailer.

*Product 1 purchase stimulated by seeing people with it.*

	Product 1 %	Product 2 %	Retailer 1 %	Retailer 2 %	Retailer 3 %
Noticed in passing	<b>49</b>	30	38	37	48
Saw new product	21	12	16	7	16
Saw a sale	18	22	3	<b>27</b>	9
Saw a display	0	4	3	4	5
In store ad	3	2	0	9	2

**Retailer 2 has greater success with sales as impulse stimulus.**

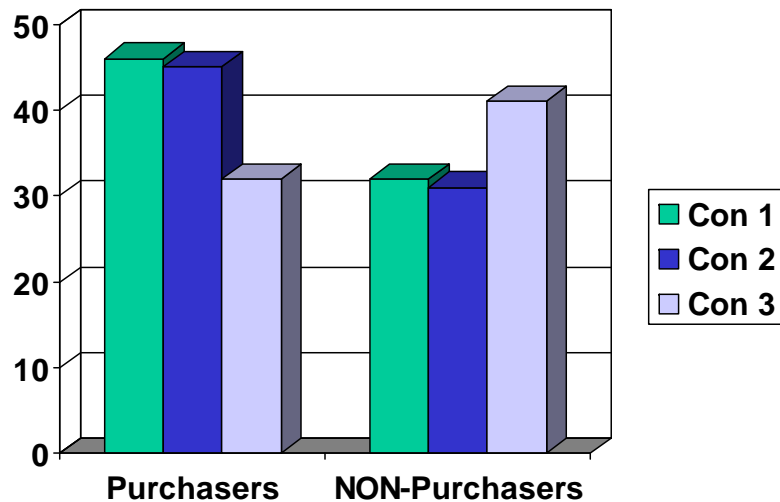
Example  
#1

# There are opportunities for category growth.

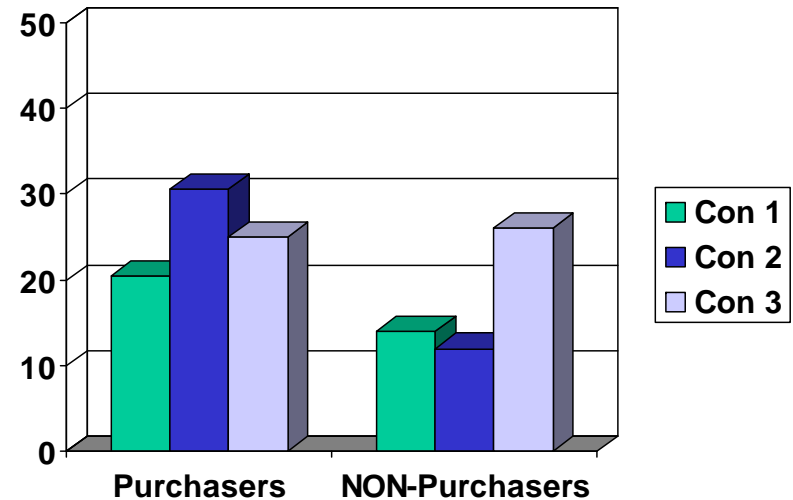
Concepts 2 and 3 show the best opportunity for category growth.

- Concept 2 shows greater strength with current category purchasers.
- Concept 3 will be stronger for pulling new users into the category.

*Overall Liking: Top 2 Box*

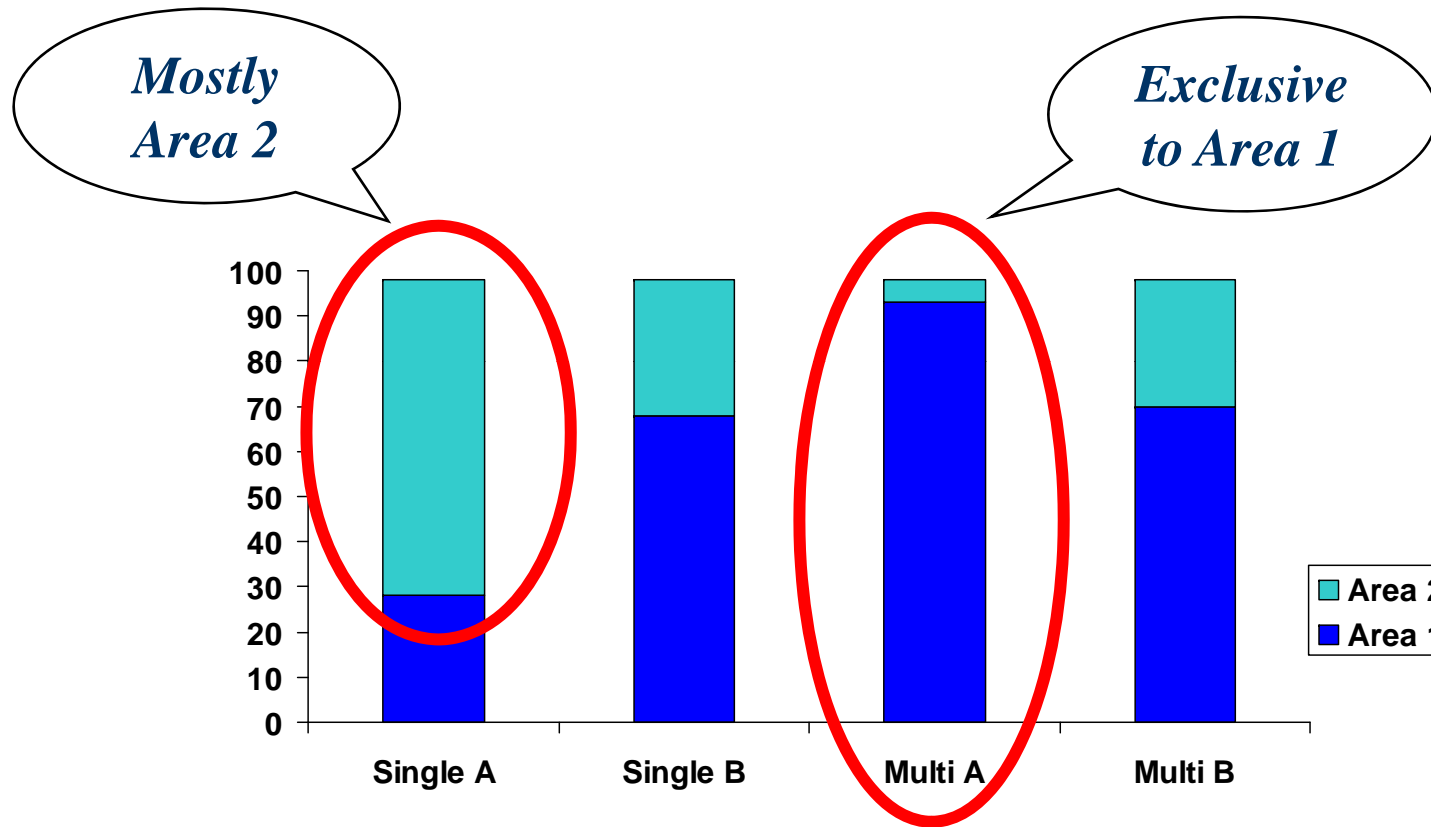


*Purchase Intent: Top Box*



Example  
#2

People purchased different sizes and styles of packages in different parts of the store.

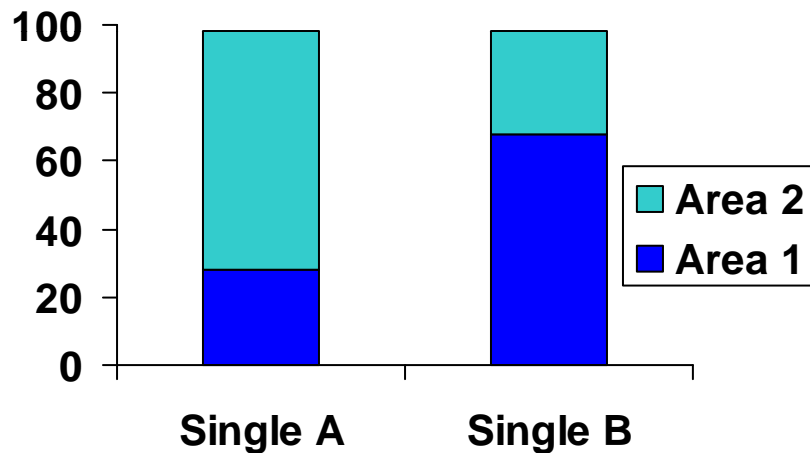


*Question: Is this due to preference or merchandising?*

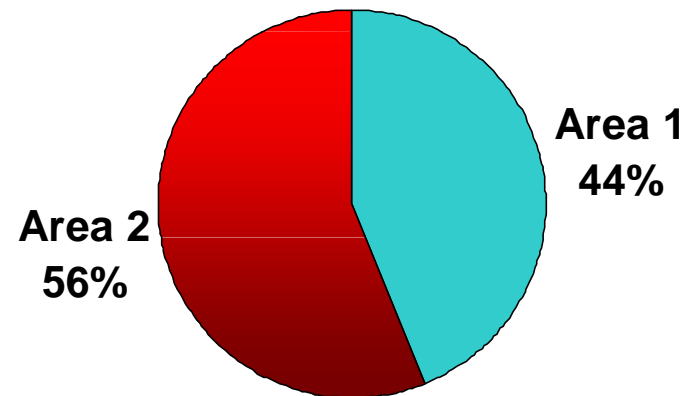
Example #2

Consumers would PREFER to purchase single packages from Area 2, but merchandising practices forces them to purchase from Area 1.

*Actual Purchase Location*



*Preferred Purchase Location:  
All Singles*

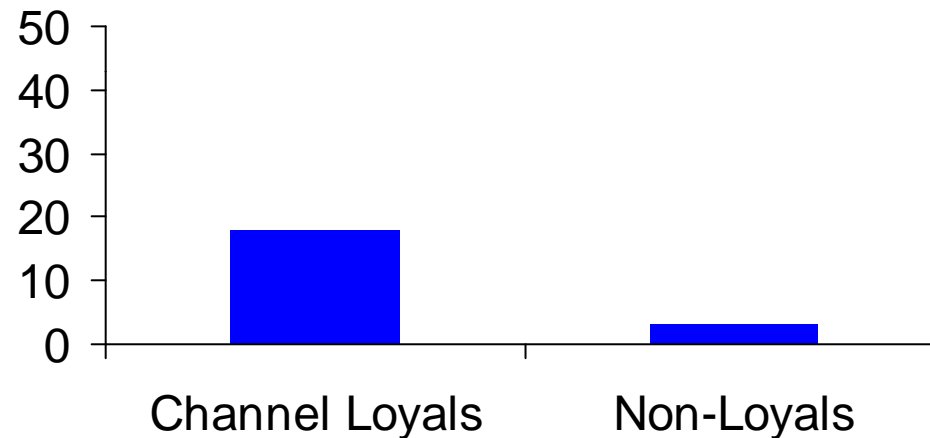


**Conclusion: There is significant misfit between merchandising practices and consumer preferences.**

Example  
#2

## POS relating to specials went unnoticed by shoppers.

- Channel loyalists were somewhat more likely to notice the specials, but still at only 18%



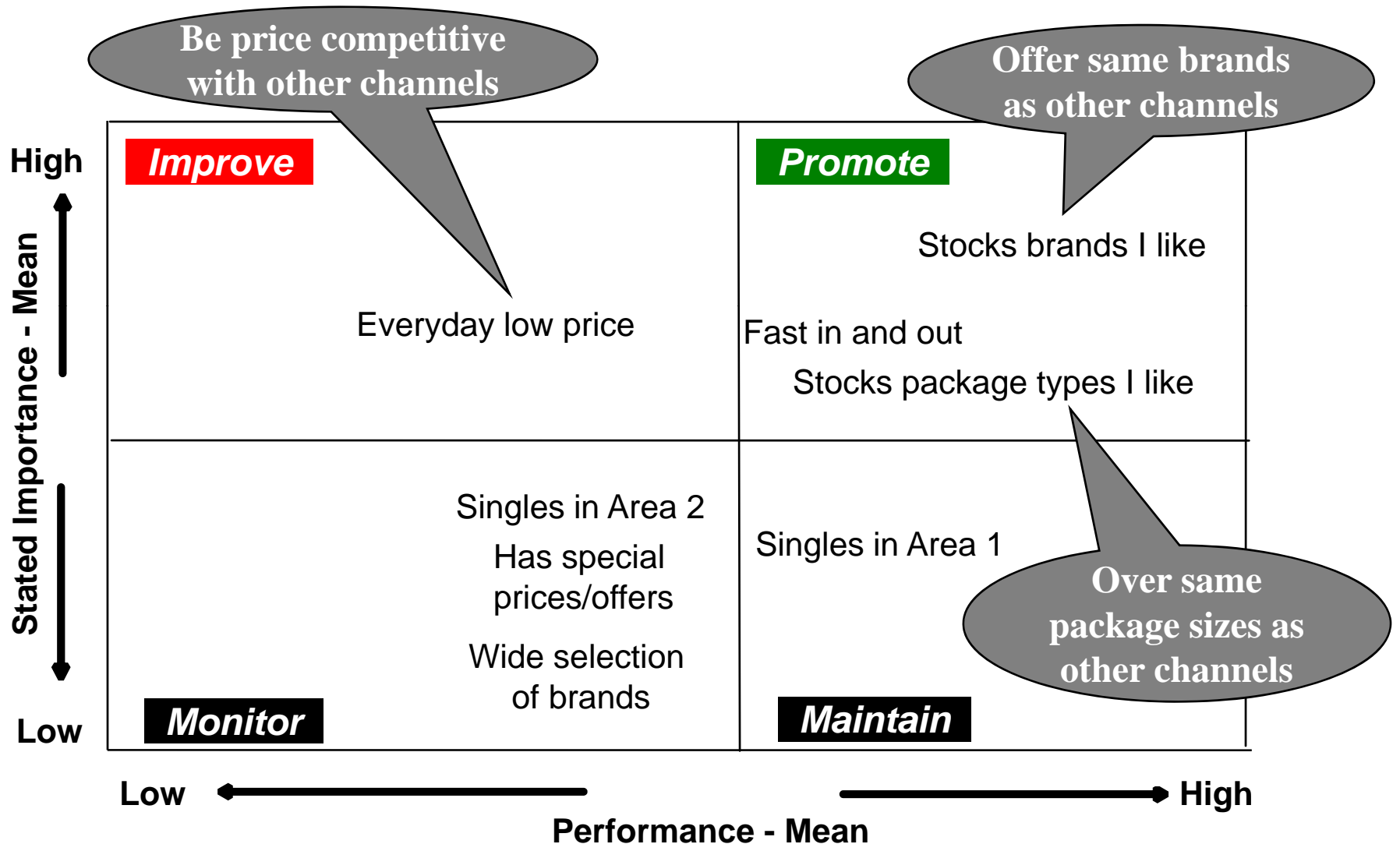
**Conclusion: Current POS will yield minimum ROI. *But is this endemic to the category?***

Q9

A/B/C/D = Indicates significant difference at the 95% confidence level

Example #2

# 3 factors will improve category performance in this channel.



- **Marketing Issues:** How can we optimize category performance in multiple channels?
- **Objectives:** The research was designed to answer the following :
  - How important are impulse purchases? What affects impulse purchases?
  - What stimulated purchase?
  - Do consumers react differently to the category in different channels?
  - How does category organization affect selection?

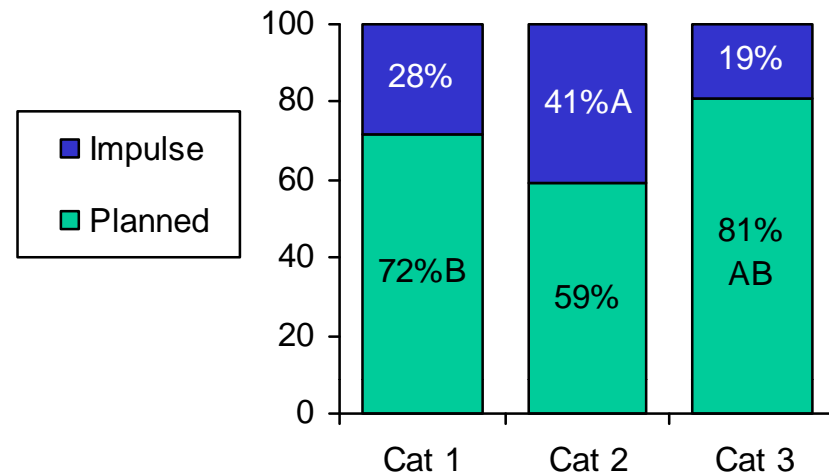
- **Method: In-aisle intercepts were conducted as follows**
  - Three major FMCG channels.
  - Multiple chains and locations in each channel
- **Consumers were observed shopping in the category, and then interviewed after they had completed their shopping.**
  - Consumers were interviewed whether or not they had purchased a product.



Example #3

# The percent of impulse purchases varies by retailer.

In these categories, most purchases are planned prior to the store visit.



However, some retailers are more conducive to impulse buying.

**Planned** purchases more common at Retailer 3, while **unplanned** purchases are more likely at Retailer 2.

	Retail 1	Retail 2	Retail 3
	%	%	%
Planned	71	58	78
Unplanned	29	<b>42</b>	21

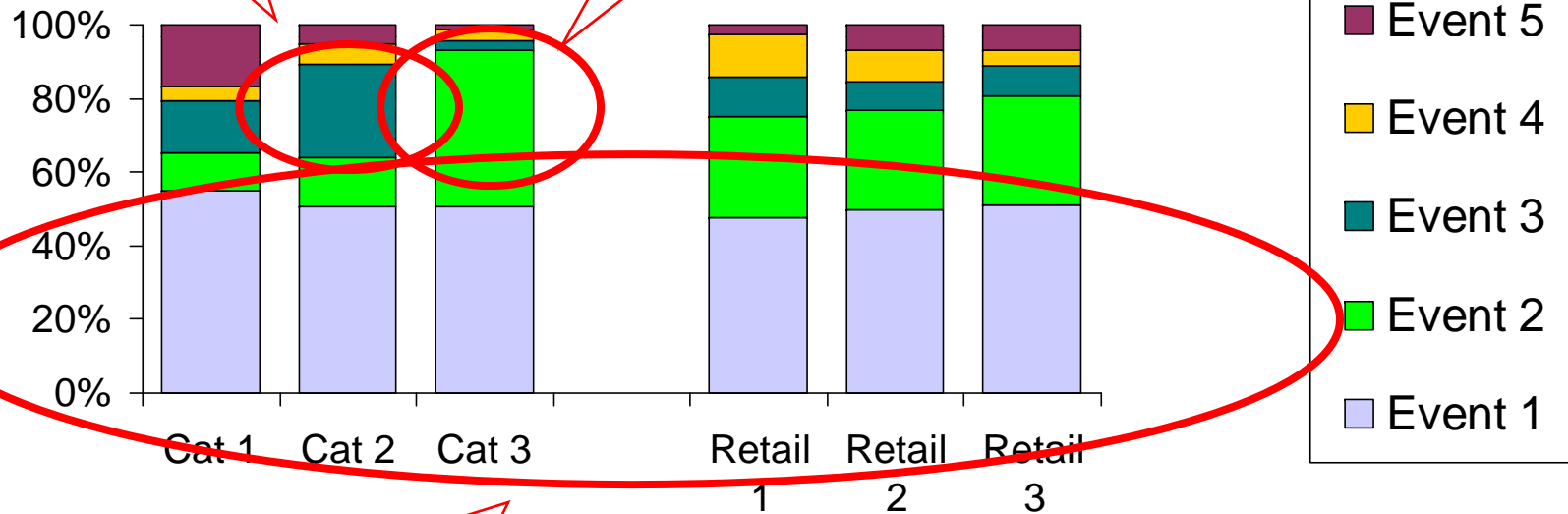
**CONCLUSION: In-store marketing may be more effective in Retailer 2.**

Example #3

# Reasons for planned purchase vary by product.

Product 2 is more often purchased for Event 3.

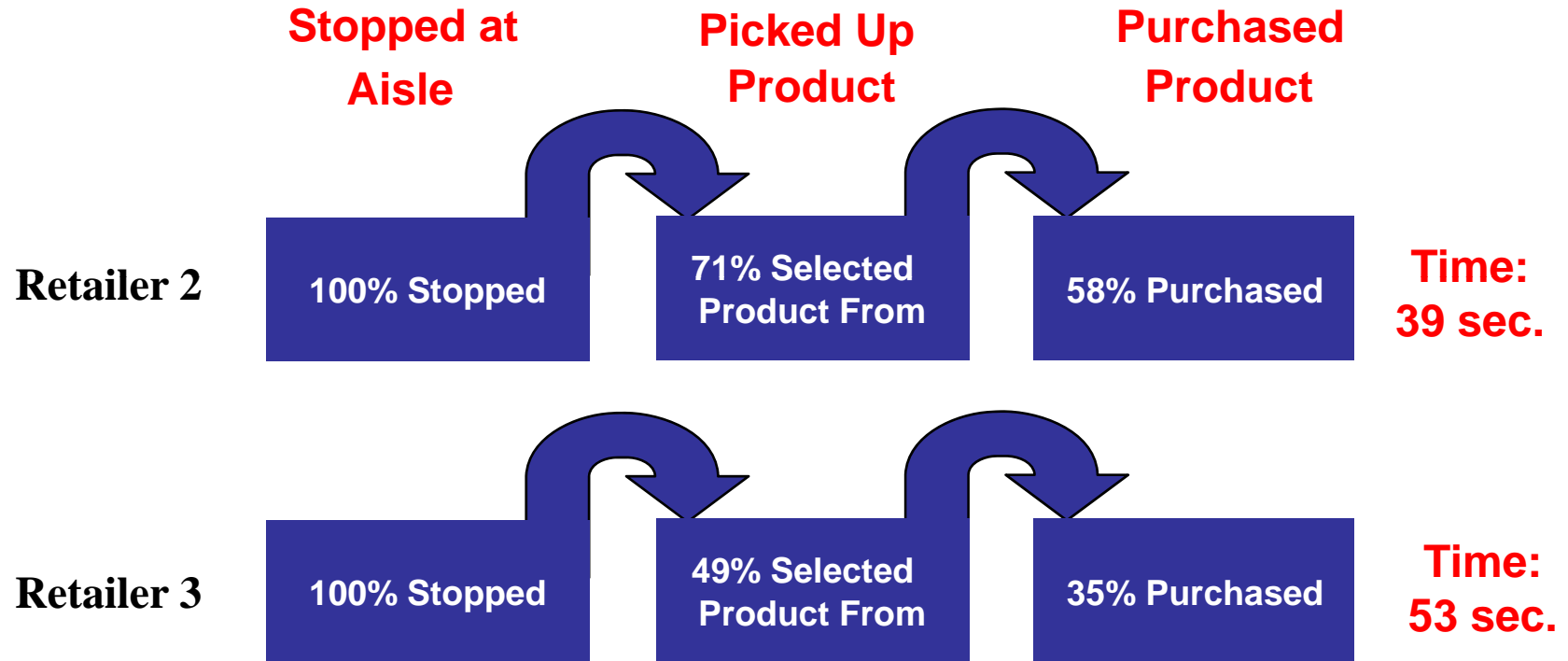
Product 3 is more often purchased due to Event 2.



Most common reason for planned purchase is Event 1.

Example  
#3

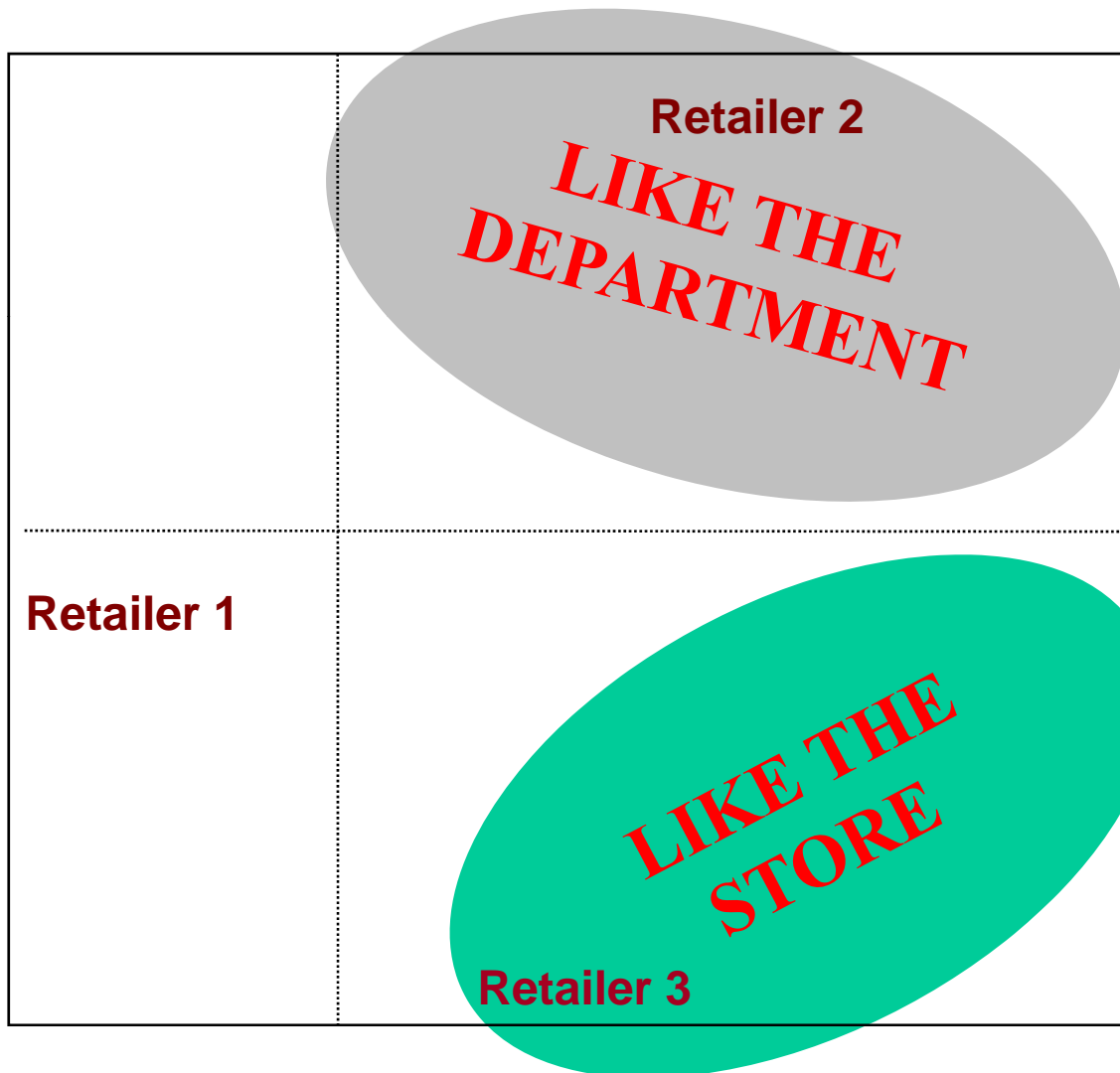
# Retailer 2 is more effective at converting shoppers into buyers.



**Conclusion: Category presentation in Retailer 2 makes shopping faster and easier, therefore generates a higher percentage of sales.**

Example  
#3

This is confirmed in how shoppers view these retailers.



They like the department because its better organized and easier to shop → *less time.*

Example #3

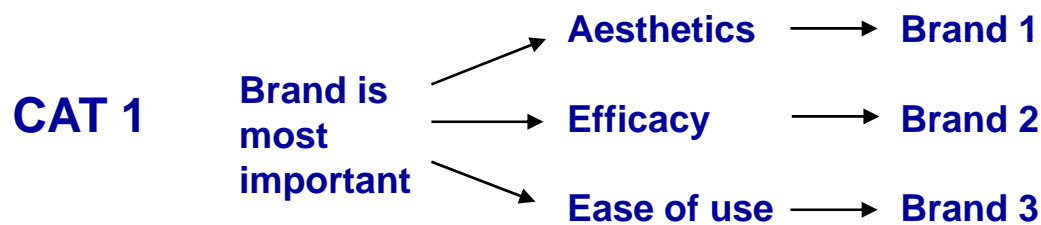
# Purchase decision drivers show some product specificity.

## DECISION PATHWAYS

CONSIDER FIRST

CONSIDER SECOND

DOMINANT BRAND(S)



**CONCLUSION:  
OPPORTUNITY!**