

Shopper Marketing as a Tool to Tap Impulse Buying Behaviour of Consumers

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ABSTRACT

'Shopper Marketing' is gaining the attention of marketing agencies in India with stalwarts like Saatchi & Saatchi X, Ogilvy Action, Grey India getting into it. Shopper marketing essentially involves researching and gaining insights into shopper behaviour in a retail environment and then using those insights as a tool to influence consumer purchase decisions. This could be anything from placing products strategically to POP, sampling and promotions, digital signage, and utilizing other means of interactive display in retail stores. Shopper marketing and brand activation works well in large format retail stores that are really a minuscule part of Indian retail. In the case of modern trade, shopper marketing helps to have a conversation with the brand.

Impulse buying behaviour is seen to be most affected by shopper marketing strategies. This paper aims to study the buying behaviour of shoppers in the face of shopper marketing strategies and to see if there is an effect of the same on the impulse purchases. The outcome of this paper is better understanding of the concept of impulse buying better and to comment on its practicality in shopper marketing.

Keywords: Consumer Research, Shopper Marketing, Impulse Purchase

INTRODUCTION

The latest trend seen in India is of 'Shopper Marketing'. Any display at the checkout counter of a supermarket or grocery store generally keeps an array of glossy magazines, an assortment of chocolates, candy, gum, and other miscellaneous items strategically placed and beckoning the buyer to make an impulse purchase. This is one of the examples of shopper marketing strategy. Shopper marketing is not in-store promotions though it is closely related. Shopper marketing essentially involves researching and gaining insights into shopper behaviour in a retail environment and then using those insights as a tool to influence consumer purchase decisions. This could be anything from placing products strategically to POP, sampling and promotions, digital signage and utilizing other means of interactive display in retail stores. Shopper marketing and brand activation works well in a large format retail store that is really a minuscule part of Indian retail. In the case of modern trade, shopper marketing helps to have a conversation with the brand. The agencies

into shopper marketing activities in India are Saatchi & Saatchi X, Ogilvy Action, Grey India (Sensodyne, Horlicks) and many more are on the way in.

Shopper marketing differs from traditional marketing along both strategic and tactical dimensions. At a strategic level, while traditional marketing focuses on consumers and their consumption patterns, shopper marketing targets shoppers in shopping mode. Traditional marketing does not consider that consumers play a different role when they are in their role as shoppers (e.g., in active decision mode, prepared to make a choice), while shopper marketing "targets" consumers when they are in this role. Furthermore, the shopper may well not be the consumer. For example, a mother often makes purchases for her children and husband.

A store today is like a battlefield of brands where POP signage and communication elements are the army and it is the shopper's attention that is at stake. For routine shopping trips shoppers have an internal mental calculator that they use to regulate their purchases. Shoppers don't

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deviate much from their budgets, but they still make plenty of impulse buys.

LITERATURE REVIEW

There is a substantial amount of literature available on shopper marketing as well as on impulse purchasing individually. However combined research is rare. Also most of the literature available is in the form of opinions and discussions by the various research consultancies and advertising agencies. However, certain definitions and key concepts extracted from scholarly articles are worth mentioning in this paper.

Deloitte Research (2007) defines Shopper Marketing as “the employment of any marketing stimuli, developed based on a deep understanding of shopper behaviour, designed to build brand equity, engage the shopper (i.e., an individual in “shopping mode”), and lead him/her to make a purchase.”

A key goal of shopper marketing is efficient leverage of scarce marketing resources to increase sales and boost brand equity. In essence, shopper marketing is an acknowledgement of the need to understand, activate, and engage with consumers when they are in the role of shopper. A key focus of shopper marketing, therefore, is to influence shoppers throughout the shopping cycle that comprises different stages such as motivation to shop, search, evaluation, category/brand/item selection, store choice, store navigation, purchase, repurchase and recommendation considerations (Shankar 2011). A critical element of a successful shopper marketing program is the recognition that key trigger points in the shopping cycle can occur both outside and inside the store. At these trigger points, the attitudes and behaviours of shoppers change significantly. For example, during the store navigation stage, a shopper could change from being a browser to a buyer because of an in-store targeted mobile coupon.

Research by Shawk Inc., a leading brand development company in Asia, shows that as the shopper continues to evolve, it is important to remember that a rational call-to-action doesn't have to be driven by a purely rational appeal. As we're already beginning to see, the brands that take into consideration both the art and the science, delivering reasons-to-buy that resonate emotionally with a shopper, will have growing opportunities to drive sales and impact ROI.

Behaviour cannot have a standard formula for understanding and implementing solutions. Planned buying is defined as ‘product or brand decided before coming to the store’. Unplanned buying can be triggered by memory of either a need or a want. Impulse buying goes beyond unplanned buying. According to Insights In store, a Bangalore based retail shopper marketing company, impulse buying is more of an urge to buy. All impulse purchases are therefore, unplanned, but not all unplanned purchases are impulse. Their studies at traditional stores in India indicated that most shoppers believe they do not make impulse purchases. Only 5% of the shoppers who had made impulse purchases on that day (self-reported and validated by our observation) say that they indulged in impulse purchases in general. It comes largely from the pre-planned mindset that prevails at Indian traditional retail format.

A shopper behaviour study conducted by the research firm Integer Group and M/A/R/C Research (Washington D.C.), reported that nine out of 10 shoppers purchase items not on their lists. Of those who said they make impulse purchases, about two-thirds of shoppers said they'd gone off-list because a sale or promotion presented itself in the store. Three in 10 consumers, meanwhile, say they buy things not on their lists because they suddenly find a coupon. About 23 percent of shoppers said they made impulse purchases to pamper themselves. The data showed that 61 percent of off-list shoppers purchase an additional one to three items. It indicates that if you reach a particular shopper at the right moment with the right message, for example—using in-store signage to play into their desire to pamper themselves—it can end with that item being added to their basket.

According to Point-of Purchase, a monthly Shopper Marketing Magazine, Shopper marketing is a tool of communication for the brands. One of the religiously followed models in marketing communication is the AIDA Model named after the stages in buying process (Awareness, Interest, Desire, and Action). AIDA model suggests competitive identification and understanding of various communication touch points that exist at each stage of conversion process. Shopper marketing can function to create a touch point at every stage as follows:

The main aim of shopper marketing is to facilitate impulse purchases and therefore it plays an important role in creating touch points at Desire and Action stages.

Table 1: Shopper Marketing Touch Points in AIDA Model of Communication

<i>AIDA Step</i>	<i>Objectives design</i>	<i>Message Design</i>	<i>Shopper touch point</i>
Awareness	Maximize visibility of the product or offer, ensure that as many shoppers know of it and recognize it	Shout-out the brand name/offer. Get to as many high traffic locations as possible	Billboards in store car parks, store front, trolley and basket branding
Interest	Create curiosity about the offer and attract focused attention to it.	Specific messaging and imagery designed to appeal to target audience	In-store displays, posters, category banners, shelf talkers
Desire	Convince the target audience that the offer is definitely for them and they shouldn't waste more time thinking about or researching it.	Give the shoppers a compelling reason to believe in the worth of the offer.	Informative material at shelf and in-store promoters, leaflets, catalogues
Action	Reminder messaging and appealing offers to stimulate actual purchase	Activate prompt purchase	Bulk-displays, cross merchandising, coupons, special offers

*Source: Point of Purchase Volume 6 (July 2011)

Dan Ariely, in his book 'Predictably Irrational' analysis the psychology of decisions people make. While discussing the same, he brushes on the decisions made as consumers and gives an insight into the same. He says, we don't have an internal value meter that tells us how much things are worth. Rather, we focus on the relative advantage of one thing over another, and estimate value accordingly. Again, although initial prices are 'arbitrary,' once those prices are established in our minds they will shape not only present prices but also future prices (this makes them 'coherent'). Another anecdote from his findings goes as follows: If suppliers can steer a huge spike of demand their way, however, by reducing prices of certain parts of their offer from 1 to zero, then the notion that the supply-demand curve is linear gets thrown out of whack.

Impulse buying is simply defined as the sudden and immediate purchase decision inside a store with no prior intention to buy the specific product or products as defined by D.T. Kollat and R.P. Willett in "Consumer impulse purchasing behaviour."

Another definition (Advances in Consumer Research Volume 18, 1991) says, impulse purchasing is formally defined as a purchase that is 1) unplanned, 2) the result of an exposure to a stimulus, 3) decided "on-the-spot." Impulse purchases can be further classified depending on the consumer's experiencing emotional and/or cognitive reactions.

According to D.W. Rook in "The buying impulse," "Impulse buying occurs when a consumer experiences a sudden, often powerful and persistent urge to buy something immediately. The impulse to buy is hedonically complex and may stimulate emotional conflict. Also,

impulse buying is prone to occur with diminished regard to its consequences"

An article by Doug McPherson on The Psychology of Impulse Buying in Specialty Retail Report suggests that for an impulse buy to get started, the first thing that has to happen is the consumer's exposure to the product. In a retail setting, that's vital. And then, that exposure will trigger problem recognition. Underhill, Lichtenstein and other psychologists and marketing experts say, impulse buying is all about seeing the product. So specialty retailers, especially those on carts and kiosks, have the upper hand in a retail setting. Lars Perner, professor at the University of California at Riverside, agrees: The more visible the product, the more likely it is to be bought—provided the consumer knows what the product is or does (one key reason demonstration is so effective).

New York Times Bestseller 'Blink' by Malcolm Gladwell convinces of a simple fact that decisions made very quickly can be as good as decisions made cautiously and deliberately. Such snap judgments and first impressions can be educated and controlled by experience and environment according to Gladwell. Trying to apply the same to impulse purchases we can say that they can be controlled and directed with the help of conducive shopping environment and brand experiences.

Philip Grave's book 'Consumerology' explains why marketers need to apply Malcolm Gladwell's microscope analogy to consumers. Scientific scrutiny should be directed first and foremost at understanding consumers themselves, rather than merely at the process of summarizing their claims.

It talks about what drives customer behaviour, how anyone can obtain genuine insights into their own customers, and,

how much weight decision makers should attach to any claimed “consumer insight.”

The better an organization understands its customers, the more likely it is that it will make good decisions and avoid bad ones. It is just that the approach has been misguided. Asking the right questions and observation are the best ways to obtain consumer insights.

NEED FOR STUDY

Questions surrounding marketing effectiveness are persistent and pervasive in the consumer goods and retail industries. Branded manufacturers continue large and sustained investments in traditional marketing practices such as advertising and trade promotion. Yet brand loyalty, product innovation success rates, and sales lifts remain elusive. Marketers need something more — and the shift in thinking brought about by shopper marketing is a critical part of the solution.

If you ask any brand marketer or retailer they will tell you that catching the attention of today’s shopper is no easy task. With so many channels of communication throughout the path to purchase how can marketers and retailers be sure that they are effectively reaching the shopper? With shopper marketing continuing to be one of the fastest-growing segments in the advertising and marketing mix it is crucial that the right mediums are selected in engaging shoppers. The rapid growth of shopper marketing has been fuelled by the need to shift spending further down the purchase funnel, getting beyond price, and injecting more equity into in-store marketing, and develop greater retail intimacy. Shopper marketing is expanding rapidly across the full path to purchase, supported by a proliferation of new vehicles that engage consumers when they are in shopping mode at home, on the go, and in the store.

At the heart of shopper marketing is the idea that manufacturers and retailers can orchestrate the marketing mix to satisfy a targeted shopper making a specific trip to a specific store. The goal of shopper marketing is a better shopper experience, which in turn leads to sales growth and heightened loyalty to the brand and the store.

Shopper marketing requires much more granular insights, closer collaboration between manufacturers and retailers, and better integration of cross-functional areas than traditional approaches. To effectively market to shoppers,

companies must generate targeted insights for specific shopper segments, specific trip missions and even specific stores. They must be able to link shopper and consumer insights to develop solutions that delight both shopper and consumer alike. Shopper marketing is not a destination; it is a means to an end. It fills a critical void in the industry’s goal of 360-degree marketing which integrates all marketing elements and stimuli into a single holistic story. It allows marketers to ensure that shoppers’ in-store experiences align with out-of-store brand connections. In short, shopper marketing helps marketers look at the whole picture of the people who buy and use their products. To make use of shopper marketing strategically marketer needs insight into the shopper behaviour, the drivers during purchase process and triggers for impulse purchases.

RESEARCH METHODOLOGY

The following research has been undertaken as a mini-study to understand the effects of shopper marketing strategies on the impulse buying behaviour of shoppers and the various factors that have positive results on purchase decisions of impulse shoppers.

Research Problem:

To understand the behaviour and nature of shopper during making impulse purchases and to find ways to influence them.

Test time: September 2012 to October 2012.

Sample size: 100 shoppers were taken as sample for questionnaire and 50 shoppers were observed in the purchase environment.

Sample composition: Students, businessmen, professionals, and housewives.

Sampling Technique: Convenience sampling

Place: Pune City

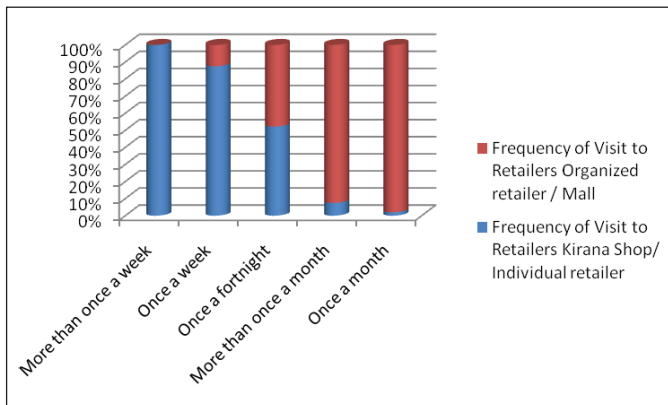
Research tools:

- i. Questionnaire – a questionnaire was designed with questions relating to budget of shopping, brand preferences, and priorities in purchase
- ii. Observation – shoppers were observed at malls and convenience stores to note down their purchase behaviour and responses to shopper marketing.

OBSERVATIONS

1. More than 60% of shoppers visit a kirana shop more than once a week. Frequency of visiting malls is between once to twice a month for most shoppers.

Figure 1: Frequency of Visit to Retailers



*Source: Data from primary research conducted by researcher

2. Around 70% shoppers have a pre-planned purchase list during their shopping visits (i.e. they carry pre-planned purchase list always or most of the times)

Figure 2: Percentage of Shoppers Carrying a Pre-planned Purchase List on their Shopping Visits



*Source: Data from primary research conducted by researcher

3. These purchase lists are made on product category for 60% shoppers and on product brand for the rest.

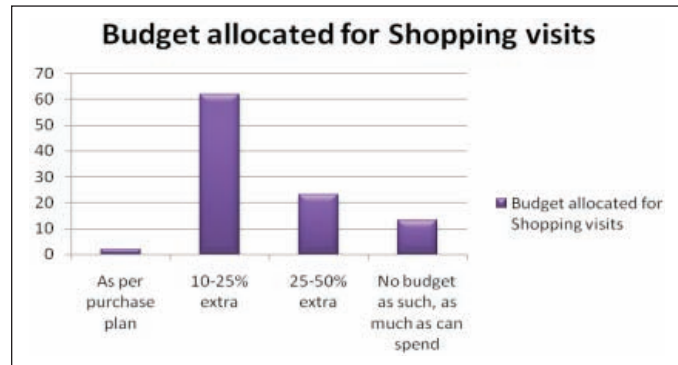
Figure 3: Basis for Preparing the Pre-Planned Purchase List



*Source: data from primary research conducted by researcher

4. Almost all shoppers carry a budget of atleast 10-25% extra than the preplanned purchase list.

Figure 4: Budget Allocated to Shopping Visits



*Source: Data from primary research conducted by researcher

5. The extra budget is likely to be spent in the following ways on a scale of 1-5 (1 being least likely and 5 being most):

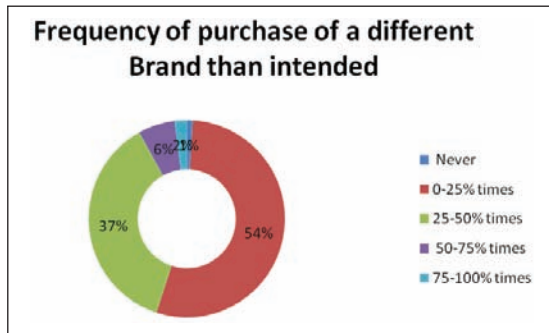
Table 2 – Usage of Extra budget

Buying things that are seen during shopping that appeal to me	4
Buying more/bulk quantity of pre-planned items	3
Trying out new brands / products	2
To purchase items in special offers/ discounts	5
Budget remains unused	1

*Source: data from primary research conducted by researcher

- 6. Shoppers buy unplanned brands less than 50% times and unknown brands sometimes

Figure 5: Frequency of Purchase of a Different Brand than Intended



*Source: data from primary research conducted by researcher

- 7. The ranking of the drivers that motivate to pick a product off a rack can be ranked as follows:

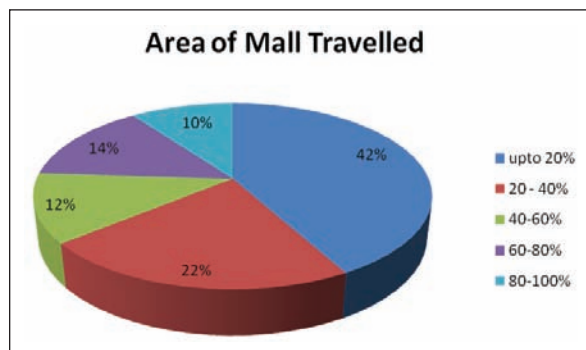
Table 3: Drivers that Motivate to Pick Product off the Rack

Smell/ sound/ display (sight)	2
Brand Name	3
Need fulfilment	1

*Source: data from primary research conducted by researcher

- 8. On a continuum of should-buy and want-to-buy, milk, cleaners, juices and energy drinks fall in should-buy and ice-cream, cookies, toys make up the want-to-buy end. Cosmetics, vitamins, and gifts fall in between.
- 9. Most shoppers travel only 20% of mall area.

Figure 6: Area of Mall Travelled



*Source: Data from primary research conducted by researcher

- 10. If the time gap between picking up a product off the rack and placing in basket is more than a minute then the likeliness of the product going into the basket decreases.
- 11. Attractive and colourful displays attract and stimulate interest of over 80% of shoppers.

ANALYSIS AND INTERPRETATION

Ogilvy Action, one of the best shopper marketing companies has called the effort as ‘the last mile’. Shopper marketing is the tool for engaging and influencing consumer when he/she is about to make a purchase decision. Therefore it is the ultimate motivating factor.

Based on the observations during the study there can be various interpretations.

- a) The first interpretation is that the frequency of visits to convenience stores is much more than that of shopping malls. Therefore shopper marketing should not be focused on targeting customers in malls only. A study by Neilson says there are around 15 million retail outlets in India. Out of them 94% are unorganized or small kirana, chemist and paan shops serving customers in the farthest geographies of the country. Total Indian retail is estimated at \$ 450 billion. Concentrating only on malls will mean losing out on \$423 billion worth of market.
- b) Most people carry preplanned shopping lists based on their need and which usually consists of product category only. However in case of certain products like deodorants, cosmetics these are based on product brand. In spite of the above facts a considerable number of shoppers (50%) go in for unplanned brands and few (around 10%) are open to trying out unknown brands as well. This shows that even without television advertisements and other communications there is ample opportunity for brands to influence buying decision of consumers
- c) Most shoppers carry at least 25% extra budget during their shopping visits. Having spare budget for shopping is synonymous with having spare change in one’s pocket. Also due to credit/ debit/ loyalty cards, consumers are more willing to cross their planned purchase budget. In very exceptional cases does this spare budget remain unused. This budget is most likely to be used for products and brands

that are seen during shopping. Here, it must be noted that need fulfillment is the chief motivator for such impulsive purchases followed by display and lastly by the familiarity of the brand. Hence, only attractive displays will not be of much use if there is no attached direct benefit. Shopper must be able to see the product, see the offer as an opportunistic purchase and must crave for the product. Then only he/she is motivated enough to buy the product.

- d) Shoppers travel less than one-fifth of a mall. Hence, placement of the opportunity / product is most important. The placement must be at the start or near the billing counter. If that is not possible then the beginning of the shelf of each product category is also a good option. The beginning of the mall area is strategic as the shopper has not started spending and has enough money to spare. However, he/she may be in a hurry to reach the product racks and may overlook this area. The billing counter is strategic as the shopper knows how much spare budget he has and not being much keen on keeping it unused may make impulse purchases at this stage. Snacks, chocolates and cookies sell well in this area as the shopping duration may have tired the shopper and he/she will feel the need of refreshers which can be fulfilled by strategically placed displays. This area too has a disadvantage that the shopper may already have spent the spare budget and may not be able to indulge even if there is interest. The beginning of each product category rack is invariably the best option as the shopper decides the list based on category and if the brand is fulfilling the need the chances of getting put in the basket increase. To use this strategy successfully however the flow of shopper traffic must be in the same direction. Thus the product must be an opportunistic purchase i.e. it must be well timed in the whole shopping time.
- e) The product must be associated with some Hedonic rewards. Hedonic relates to senses of sight, sound and scent. For example, the sound of the popping of freshly made popcorn driver shoppers to buy it. Displays also play an important role in this. The displays must not only be attractive but also informative and persuasive. Displays must shout out loud and must make the shopper crave for it.
- f) Product must be easy to select. For every additional 'shopper second' – the time shopper spends

on deliberating the purchase – the chance of getting in the basket radically diminishes. Therefore elements that slow shoppers down must be eliminated. Too many choices decelerate shopping and decrease sales. While a variety of choices will attract many shoppers, limited choices will sell the product.

- g) Solution oriented displays are best motivators for impulse purchases. Thinking from the point of view of shoppers, their needs and planning displays accordingly is the best strategy.

We can combine some of the above interpretations as below:

- i. A considerable number of shoppers (50%) go in for unplanned brands and few (around 10%) are open to trying out unknown brands as well.
- ii. Association of product with hedonic benefits is an effective way to stimulate purchase
- iii. Ease of product selection i.e. the time gap between lifting a product off the rack and putting it in basket must be as less as possible for effective sale.
- iv. Solution oriented displays are best to make the sale.

All these factors are associated with the impulse buying behaviour of shoppers. Therefore, for effective shopper marketing, the impulse buying behaviour of shoppers for different product categories must be studied and the same must be applied to individual brands.

In-store displays, ads, promotions, and product packaging—the “bread and butter” of shopper marketers—continue to be viewed as the most effective means of reinforcing targeted equity messages and influencing purchase. It requires less investment than traditional marketing but more involvement and commitment from the marketer. In addition, shopper marketers are experimenting with a broad set of deal-related vehicles that provide greater targeting than traditional coupons and circulars and offer new opportunities to collaborate with specific retailers. Marketers must better engage retail partners in the development and execution of shopper solutions that deliver added value beyond price reductions. Those that are successful will earn the right to win their categories. Marketers must find ways to make their place even in small local stores where most of the shoppers traffic visit frequently. The key is to break stereotypes and stand out

with an offer that is solution-oriented. This must also be well-timed in the shopping environment. And last but not the least, delighting shoppers with subtle surprises will never go in vain.

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