Exploring the third dimension

Relevant and timely information to empower shopper choice

Coca-Cola

RETAILING
RESEARCH
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"Most of today's marketing communications are focused on the two primary dimensions of product and price. The key question for many retailers and manufacturers is: what is the relevant 'third dimension' of the dialogue with the shopper and consumer for your business that moves this to a different level?"

Albert Voogd, Albert Heijn, BV
Chairman, The Coca-Cola Retailing Research Council Europe, 2008 – 2009

Contents

The Coca-Cola Retailing Research Council Europe

The Coca-Cola Retailing Research Council Europe (CCRRCE) was formed in 1987.

The CCRRCE is dedicated to the development of a better understanding of the food retailing and allied merchandise distribution business in Europe. The focus of its energies is to identify and then to study selected critical issues and problems and, when appropriate, to publish their findings and present them in a suitable forum, so that full advantage of the information can be taken to further develop and enhance the effectiveness of the food retailing distribution business.

Previous studies published by the Coca-Cola Retailing Research Council Europe

1989   Staffing Supermarkets in the 90's.

1992   Grocery Distribution in the 90's.

1993   Building Customer Loyalty in Grocery Retailing.

1994   Supplier-Retailer Collaboration in Supply Chain Management.

1996   The Future for the Food Store.

1997   Knowing Your Customer.

1998   From Ingredient Shopping to Meal Solutions.

2001   The Store of the Future.

2003   A Leadership People Strategy for Food Retailers.

2005   Responding to Discount "A New Business Model for Food Retailers".

2007   The Inflection Point "Critical Pathways in Food Retailing".

Copies of these studies along with copies of this study, **Informing Shoppers: "Relevant and Timely Information to Empower Shopper Choice,"** and all previous studies conducted by the other Coca-Cola Retailing Research Councils, world wide, may be obtained by visiting the Council website: www.ccrrc.org

The Coca-Cola Retailing Research Council Europe is one of five active Coca-Cola Retailing Research Councils worldwide (Asia, Europe, Latin America, North America and N. America//NACS).

The Coca-Cola Retailing Research Council concept was initiated in 1978 with the creation of the N. American Council. In subsequent years the Retailing Research Council concept was expanded to Europe, Latin America and Asia. These Councils have produced more than 30 studies and reports on issues impacting food retailing; all of these studies were directed by the retailer members of the Councils.

Additionally, in 2008 at a global meeting of the current and past Coca-Cola Retailing Councils, a study on Global Retailing Sustainability was produced (**"Sustainability in Retailing: responding to a growing concern for the environment"**). This sustainability study has been added to the complete body of work published by the Councils and is available for review and download on the CCRRC website: www.ccrrc.org

The current Coca-Cola Retailing Research Council Europe

The CCRRCE is sponsored and facilitated by The Coca-Cola Company, and is populated with senior executives of food retailing companies.

The membership of this Council is as follows:

Mr. Alan McClay, CIES, France.

Mr. Albert Voogd, Albert Heijn bv, The Netherlands.

Ms. Ann Carlsson, ICA, Sweden.

Mr. Ante Todorić, Agrakor Holding, Croatia.

Mr. Anton Mölk, M-Preis, Austria.

Mr. Dallas Langman, Pick n' Pay, South Africa.

Mr. Denis Knoops, Delhaize, Belgium.

Mr. François Bouriez, Supermarche Match, France.

Mr. Harald Antley, ASPIAG Service Srl., Italy.

Mr. James McCann, Tesco Global Stores, Ltd., Hungary.

Mr. Pedro Soares dos Santos, Jeronimo Martins SGPS, SA, Portugal.

Mr. Roberto Tojeiro, GADISA, Spain.

Mr. Wolfgang Gutberlet, Tegut, Germany.

Mr. Thomas W. Vadeboncoeur, Goodheart Resource, Inc., USA (CCRRCE, Director Research and Administration).

In 2008 the Council Membership commissioned Deloitte to develop this study: "Informing Shoppers" and to produce this report.

Preface

Researching the information needs and wants of European food shoppers is timely. Advancing technologies and accelerating lifestyle demands are revolutionising how consumers buy and how products are sold.

The barriers to information about product, price, competition and people are disappearing and informed consumers are claiming a powerful role that is shifting the retail business model.

Shoppers in Europe are economically and ethnically diverse. They live in a range of markets, some developed and some developing, which vary in their levels of consumer sophistication, the state of their organised retail marketplace and their regulatory environment. The extension of European Union (EU) membership to new markets has contributed to this.

Shoppers have a growing desire to know whether products are 'safe' and 'good for them'; now more and more of them also want to know if they are 'good for the planet'.

All of this is against a backdrop of governmental and other third-party interest in regulating labelling and other forms of consumer communication to ensure the integrity of the information provided and to encourage citizens to lead healthier lives.

The grocery industry aims to be transparent in the communication of information to shoppers, partly due to a desire to inform and partly due to such regulation. There are shoppers who are actively looking for information, yet there are many who are not engaged and require very little information. The challenge, as is clear from this research, is to understand and meet the information needs of those individuals who have specific requirements while maintaining an easy and quick shopping experience for all.

About this report
The CCRRCE commissioned Deloitte to carry out a study into the information needs of European grocery shoppers. The research involved interviews with leading retailers, manufacturers and other industry stakeholders across Europe, as well as primary consumer/shopper research in six countries representing a spread of developed and developing markets, and embracing the largest markets in Europe. This report summarises the conclusions of the study and sets out recommendations to help retailers and manufacturers understand and respond to evolving shopper information needs outside the store and at the point of sale.

Methodology

The overall objective of the study was to identify the information needs and wants of European food shoppers. The research also aimed to identify the best methods for communicating with shoppers regarding their information needs and desires.

The study has involved three work streams designed to generate the depth and breadth of insight required to inform strategies to empower shopper choice.

1. Primary industry research

This involved 65 qualitative interviews with senior individuals across the industry in Europe. They included retailers, manufacturers and other industry stakeholders such as regulatory bodies and technology providers to develop a thorough and balanced view of the industry opinions surrounding this subject.

2. Primary consumer and shopper research

The consumer and shopper research was carried out with the help of TNS, experts in shopper research and insight.

Qualitative research

The qualitative research involved 24 accompanied shopping trips – 'Shopper Journey Reflections' – of which 12 were in a representative developed market (United Kingdom) and 12 were in a representative developing market (Romania). Each trip lasted three hours and consisted of an in-home interview before the store visit to understand influences and information sources used by the individual before shopping. This was followed by an accompanied store visit and a subsequent interview to review and discuss the in-store observations.

Quantitative research

This phase of research involved over 6,300 individual surveys, comprising online surveys in five developed markets (United Kingdom, France, Germany, Spain, Sweden) and face-to-face interviews in Romania as representative of developing markets in Europe. Over 1,000 respondents in each market were interviewed, to achieve a robust and statistically meaningful sample.

3. Secondary research

We carried out extensive desk research into other sources of data across Europe and the rest of the world to provide additional insight. This included reports from regulatory bodies such as the European Commission and the UK Food Standards Agency, as well as reports published by other consultancies, market research agencies, manufacturers and retailers.

Finally the study reflects the expertise and insight of the Deloitte team, as well as guidance and input from the Council members, to whom we offer our sincere thanks.

The research aimed to understand shopper information needs and identify the best methods for communicating with shoppers regarding these needs and desires.

Background to the study

Study rationale

Individuals today face a barrage of potential influences and information sources competing for their attention. Giving shoppers useful information and engaging with them is therefore increasingly challenging for retailers. The media are fragmenting with a significant shift away from the consumption of mainstream, broadcast channels to 'on-demand' routes. People filter selectively the content they want from a diverse range of sources. Many of these sources are outside the control of mainstream commercial organisations, limiting the ability of retailers to inform choice.

At the same time, the amount of information provided to shoppers has increased dramatically over the past few years. This has been encouraged by growing regulation and increasing attention to issues such as nutrition and health, provenance, ethical sourcing and, more recently, environmental impact. Basic product information is supplemented by a wide array of additional data, some of it complex and not all of it understood by the shopper. It is not clear whether shoppers are getting the information they want, in the form they can best use.

The developments in information provision and in shopper information needs prompted the membership of the CCRRCE to commission a study. The aim was to understand:

- the information needs and wants of food shoppers in Europe

- the best methods for communicating with these shoppers regarding their information needs and desires, both away from the store and at the point-of-sale.

The research was completed at a time of dramatic economic change, which is having an impact on shopper choice. However, the study has also confirmed the existence of more permanent shifts in the way information is provided and consumed. The results give us a high level of confidence that the conclusions and recommendations of the study have not been distorted by the economic downturn, although actual product choices may be affected. The substantial and growing role of dietary and other specific needs as drivers of shopper choice confirms, for example, the importance of criteria other than price and promotion.

Today's environment

Convenience, value, range, quality, occasion, lifestyle and specific dietary needs remain central to decisions about where to shop and what to buy, though shopper choice is likely to be influenced increasingly by affordability in the near future. Similarly, the informed and emotional drivers of choice of more affluent European shoppers in areas such as nutrition and health, concern about the environment and ethical sourcing remain important. However, they are under attack with increased focus on value in the face of a slowing economy, rising unemployment, falling house prices in many markets and reduced availability of credit. There is plenty of evidence from retailer point-of-sale and TNS WorldPanel data that not only lower-income families and individuals are trading down, but also those who are better off. In addition, there is evidence of a new frugality emerging that may prove more enduring than the downturn.

The network of stakeholders looking to influence behaviour is increasingly complex, and includes policy makers, regulators, standards agencies, healthcare professionals, consumer groups, and opinion leaders such as celebrity chefs and activists campaigning for consumer issues. All of this makes it more and more difficult for retailers to communicate clear, trusted information to potential shoppers. The research reveals a growing number of shoppers do not understand all of the information they receive, and block out much of it.

The challenge for retailers will be how to remain relevant to a new generation of shoppers and consumers, with different habits and needs, in a way that captures and retains their interest, trust and loyalty. The results of the study suggest that the careful integration of messaging outside and across the store portfolio will be critical to retailers and manufacturers in competing and remaining coherent in this increasingly fragmented and complex information environment.

Other stakeholders in the shopping process

In looking to understand the influences on shoppers it is important to recognise that many individuals 'do not shop alone'. For example, peers are happy to share their opinions about stores and products, many children accompany parents to the store, and couples may shop together and influence purchasing decisions. Other household members contribute specifically to the shopping list, for example 27 per cent of European grocery shoppers discuss their weekly shopping requirements with other members of their household.

It is important to understand how other family members, who may be key stakeholders in the shopping process, use information. Buying for others affects the way shoppers engage with the product categories involved, the decisions they make and the products they choose. For the purpose of this study, the term 'shoppers' includes individuals who make the final product selection decisions, and other shopping stakeholders closely involved in the process.

Contrasts between different European markets

Although there are a number of differences between the countries included in this study, in general they are not fundamental to the way in which individuals inform their shopping choices. These differences result from a combination of different levels of maturity in the information environment in each country, as well as different shopping patterns across the week. They also reflect different levels of engagement with product categories and different marketing customs such as the greater use of physical or electronic leaflets and coupons in one country compared with another. Important to this study, they reflect learned shopper behaviour from historical in-market activity and provide insight into the ability of the industry to influence the way people shop. This is explained in more detail in the main body of the report.

Executive summary

An effective shopper information strategy is one that addresses the common core information needs of the majority of shoppers as simply and clearly as possible, while promoting engagement, informing choice and serving the variety of additional information needs of individuals based on their specific circumstances.

The conclusions of this study provide a framework to assist retailers in the development of strategies and tactics to empower choice for their shoppers to best effect. This framework reflects the issues of shopper engagement, a recognisable hierarchy of information needs, the characteristics of different categories, the specific needs of different individuals that have emerged as a key driver, the role of different communication media and the right balance between 'push and pull' communication. They also provide a strong pointer to opportunities for retailers to add a new dimension to the current price and promotion centric dialogue with shoppers by providing more relevant and informative information on issues such as diet and nutrition.

Given the importance of effective strategies to inform and influence shopper choice in an increasingly complex environment of media and messaging, we expect more and more retailers to seek innovative shopper information strategies that empower choice and more effectively serve their particular target markets and business models. Given the way the industry touches most people's lives every day, we should not underestimate the potential to inform and influence choice in the interest of all of us individually, as communities and as retailers playing a pivotal role in the economy.

It is impossible here to explore all the subtleties involved in developing such strategies. However, there are a number of key conclusions from the research and associated guiding principles to bear in mind:

The hierarchy of shopper information needs
Findings
There is a recognisable hierarchy of shopper information needs. The detailed content of each level in this hierarchy of information needs differs by category but can be described in general terms of three levels based on the way shoppers use information:

- (level 1) product identification

- (level 2) price and other critical information

- (level 3a) product benefits and (level 3b) other product attributes.

There is a core need (level 1) for clear category and product identification across categories, though the visual and other clues shoppers use for this purpose vary by category, store and individual. Once the product is located, the next most important information (level 2) is price and other critical information such as pack size, promotions and sell-by/use-by date. Product attributes and benefits data (levels 3a and 3b) come next and are best considered side-by-side in terms of general shopper use across categories. Product attributes include, for example, ingredients and provenance. Product benefits include, for example, benefits 'for me' such as nutrition and health information and wider benefits for 'my world' such as the environment and community. Relevant product attributes and benefits vary as one would expect by product category. Shoppers use multiple senses in identifying and selecting products, especially in product identification but also in assessing quality and freshness. However, most shoppers, most of the time, in most product categories, have limited need for information either before or during their shopping trip.
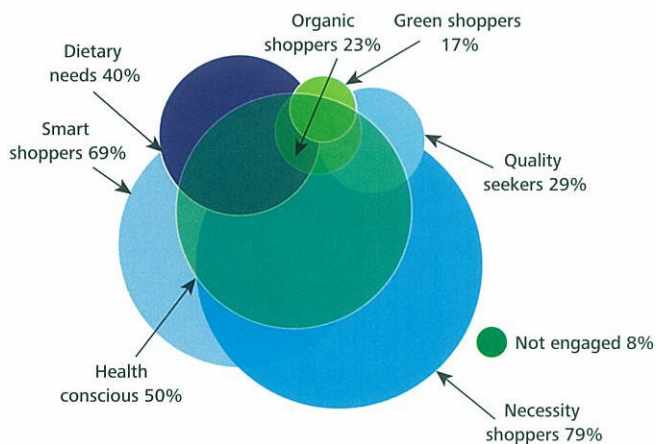
> **Recommendation**
> Recognise shoppers' common, core information needs in each product category and meet these needs as simply and clearly as possible recognising the way in which shoppers use multiple senses and the hierarchy of needs relevant to that category.

Information seekers

Findings

Traditional socio-economic and demographic segmentation models are not a strong indicator of information needs and use. Instead, it is specific personal needs and lifestyle attitudes that most strongly affect the information needs and behaviour of shoppers and which present the opportunity to engage shoppers in a different way. The shoppers who have the most differentiated information needs and are most engaged in seeking information are those with specific dietary needs, those who care about their health and those who are concerned about the environment. There is significant overlap between these groups. These individuals are not a niche segment but represent a substantial and growing portion of the European population in the countries surveyed, with for example 40% of shoppers looking to meet specific dietary needs either for themselves or for someone they are shopping for. We call this group the "information seekers". The research also reveals this group as higher-than-average-spend shoppers.

Figure 1. Overlap between shopper segments

Organic shoppers 23%
Green shoppers 17%
Dietary needs 40%
Smart shoppers 69%
Quality seekers 29%
Health conscious 50%
Not engaged 8%
Necessity shoppers 79%

Source: Deloitte LLP, 2008.

Recommendation

Make the specific additional information needs relevant to an individual's personal lifestyle, dietary and other needs available and readily accessible without complicating product choice for others. These information seekers are generally willing to 'go to a little further' to find this additional information providing the effort of doing so is not unreasonable. Information seekers are also more willing technology adopters, the latter providing a strong pointer as to how some of these additional needs can be met.

Behaviour breakers

Findings

Today, pricing and promotions are the most looked for pieces of information and the most effective in influencing shopper choice. These are generally communicated effectively, reflecting the current centricity of price and promotion in most retailers' propositions to the shopper. In these areas the industry is generally doing a good job of informing the shopper. There is also strong evidence from the research to suggest that there is a significant element of learned shopper behaviour in this area, encouraged by retailer and manufacturer activity. However, there is also broad acceptance in the industry of the need to move the dialogue with the shopper away from being so price and promotion centric.

Recommendation

Use insights into what types of communication are most effective in 'behaviour breaking' to influence decisions about where to shop and what to buy. The research reveals that well-targeted promotions are, for example, today more effective than absolute price differentials in influencing decisions about where to shop and what to buy. Longer term, there is an opportunity to make better use of information relevant to individuals' specific dietary and other needs to add a third dimension to the dialogue with the shopper in addition to price and promotion (see below).

The shopping journey

Findings

Shopping is a journey during which shoppers absorb different types and amounts of information every step of their way: before they reach the store; on entering the store; when they browse the category; in selecting a product, and after they leave the store. The study highlighted the critical connection between the messaging, to which individuals are subjected before they enter the store, with the imagery and messaging they are most receptive to in-store. In the context of the shopping journey, information received outside the store can have an especially significant impact on shopper choice in-store where such alignment is achieved.

Recommendation

Align messaging and imagery outside the store with activation in-store to maximise shopper receptiveness to relevant and timely information. In communicating with shoppers at the various stages of the journey, recognise that the most effective tools differ materially by market and target segment. Collaborate with value chain partners to align messaging, promote engagement and drive category growth.

Enhancing the dialogue with the shopper
Findings
There is an opportunity to engage shoppers much more strongly on dietary, health and environment related issues and needs as an additional 'third dimension' beyond the expected and necessary communication of price/promotion and quality in the grocery environment. Done well, this has the potential to substantially enhance a retailer's relationship with its customers and drive choice in both where to shop and what to buy. However, today, much of the information available in these areas to inform shopper choice is inconsistent, little understood by shoppers and hence not widely used. Much information on compatibility with specific dietary needs and environmental impact is missing altogether. In these areas the industry therefore has very substantial opportunities to engage in a new dialogue with the shopper.

> **Recommendation**
> Understand the specific information required to meet the needs of different information seeker groups and develop approaches to meeting these needs both reactively and proactively, thereby shifting the balance in the dialogue with the shopper:
>
> - Reactively – by making the specific dietary and other information shoppers need available through whatever platforms and channels are convenient to the shopper at each point in the shopping journey.
>
> - Proactively – by using information to target communications to individuals that are directly relevant to their interests and needs and thereby maximise effectiveness in influencing where to shop and what to buy. In many cases, it will be appropriate to capture shopper needs profile and purchase history information as a platform to do this outside the store, in-store and where relevant across different store formats and across channels.
>
> As shoppers become more used to and dependent on information about, for example, the dietary and allergen characteristics of products, the reliability of that information will become paramount. Recognise the complexity of this issue given the number of suppliers potentially involved and their varying levels of sophistication. Collaborate with value chain partners to ensure the integrity of product information used to inform shoppers. Actively sponsor and support the development of the labelling and underlying data standards that will make this possible on a consistent basis across the industry (see below).

Figure 2. The third dimension
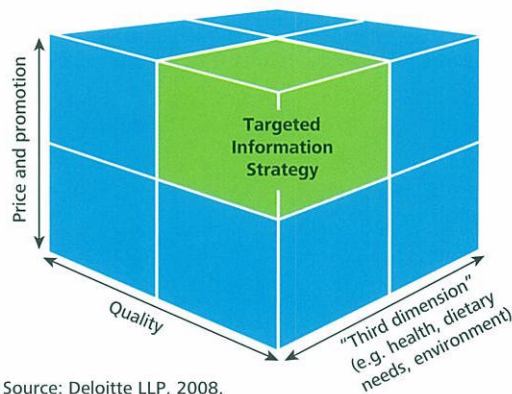
Source: Deloitte LLP, 2008.

Existing labelling schemes
Findings
There is still a lot to do to increase consumers' and shoppers' understanding of some of the labelling that is already in place and both retailers and manufacturers have a role to play. Much of the information that is available today to empower shopper choice in areas such as nutrition and environmental impact is not used because it is not understood. Expected EU legislation designed to bring greater consistency of nutritional labelling is likely to impact some aspects of current labelling.

> **Recommendation**
> Give greater prominence to explaining the existing labelling of products sold in the store, both in the store and outside the store, for example in schools. This should include whatever the principal types of nutritional information provided such as 'traffic lights' and 'RDAs'. It should also include the real meaning of accreditation by bodies such as, for example, Fairtrade, the Rainforest Alliance, the Marine Stewardship Council, the Carbon Trust and the Royal Society for the Protection of Cruelty to Animals (RSPCA) in the United Kingdom or the equivalent Société Protectrice des Animaux (SPA) in France.

Longer term – development of the industry standards required

Findings

A key conclusion of the research is that there is an opportunity to better engage shoppers and consumers on a 3rd dimension of need after price and quality – that related to specific individual needs in areas such as diet, nutrition and a broader range of personal lifestyle and environmental issues consistent with each retailer's individual business strategies. Individuals seeking information related to these needs represent almost half of all customers and this population is growing. This represents a major opportunity for retailers to better serve these customers. The research also suggests that new technology platforms have a major role to play in making available the information that shoppers want – when, where and how they want it.

There are, however, significant barriers to be addressed if retailers are to be able to better engage shoppers on these needs. The industry lacks consistent ways of measuring, capturing and communicating various aspects of nutrition, dietary, health and environmental impact related information within and across markets. If retailers are to have the option to engage more on these issues, then the underlying data and labelling standards need to be established. The right governance and processes to ensure the integrity of the information involved also need to be established. This requires industry-wide collaboration around the required standards, processes and governance.

Alternative scenarios are unattractive. If leading industry players act independently to meet these shoppers' needs then this will add cost and contribute to customer confusion. It will also heighten the likelihood of additional regulatory complexity that might make it harder in the long term to make progress in the interests of shoppers, families and other industry stakeholders.

Recommendation

Much has already been achieved across the industry in areas such as product identification, weights and measures, ingredients labelling and the identification of allergen risks. Core standards for electronic commerce are also now well established. However, there are still areas where there is much to do. Examples include the consistent presentation of nutritional labelling, approaches to informing individuals about product compatibility with their particular dietary needs and the foundations for any future meaningful and consistent environmental impact labelling.

If such labelling is to become widespread, consistent and comparable in a meaningful way across a broad range of categories and products then industry-wide standards for both labelling and the required underlying data will need to be developed in a number of areas where, today, they do not exist. A clear manifesto for such standards around which the industry can align is required. To succeed, it needs sponsorship by leading retailers, manufacturers and standards bodies, coordinated through appropriate industry associations.

In summary

Retailers and branded manufacturers face complex challenges in informing and influencing shopper choice. Individuals are increasingly subjected to a barrage of messages from a range of influencers through a variety of media. We increasingly choose to take control of the content we consume and how we consume it. Broadcast media are becoming less relevant, making it difficult to get the intended messages to the appropriate individuals through traditional channels. Consumer and shopper communication is increasingly leveraging new media and more centered on the point of purchase in store. Retailers and other brand owners need to get ahead of the game in communicating with their customers or risk having others shape opinions about their businesses and products.

Most shoppers, most of the time need and want very little information. However a substantial and growing minority of shoppers have specific information needs that are often not well met. Shoppers with the most differentiated information needs and who are the most engaged in seeking information are those with specific dietary needs, those who care about their health and those who are concerned about the environment they live in – for them and their dependents. These "information seeking" groups represent a substantial and growing portion of the population in the countries surveyed and they are also above average spend shoppers.

At the same time, retailers, suppliers and the wider industry currently lack consistent ways of measuring, capturing and communicating nutrition, dietary, health and environmental impact related information in consistent ways that are meaningful to the majority of shoppers that seek this information. Therein lies a major challenge, and a substantial opportunity. Most of today's marketing communications are focused on the two primary dimensions of product and price. The key question for many retailers and manufacturers is: what is the relevant 'third dimension' of the dialogue with the shopper and consumer for your business that moves this to a different level?

The following pages of this report examine these issues in depth, with the goal of helping grocery retailers and their suppliers understand how they can help shoppers make informed choices about where to shop and what to buy.

Shoppers use multiple senses in identifying and selecting products, especially in product identification but also in assessing quality and freshness. However, most shoppers, most of the time, in most product categories, have limited need for information either before or during their shopping trip.

Key findings from the research

CONTAINS 10%

Nutrition Facts

Serving Size 8 fl. oz. (240 mL)
Servings Per Container about 6

Amount Per Serving

Calories 100   Calories from Fat

% Daily Valu

Total Fat 0g

Saturated Fat 0g

Cholesterol 0mg

Sodium 50mg

Potassium 60mg

arbohydrate 21

1. Patterns of information use – a hierarchy of needs

In spite of understandable differences of need by product category and individual shopper, there is a generally applicable hierarchy based on the way in which individuals make purchase choices.

At the outset of this study, we developed a series of hypotheses about the drivers of shopper information use. One hypothesis was that shoppers have a basic hierarchy of information needs that informs their decisions about where to shop and what to buy.

Our primary research with senior stakeholders across the industry supported this hypothesis, with price seen as one of the factors at the apex of the hierarchy for all shoppers. When we correlated the opinions gathered with the shopper research findings from across Europe, it was clear there is a broad hierarchy of information needs, with variations by category. This hierarchy needs to be understood in the context of the decision process shoppers go through when selecting a product, as seen in Figure 3.
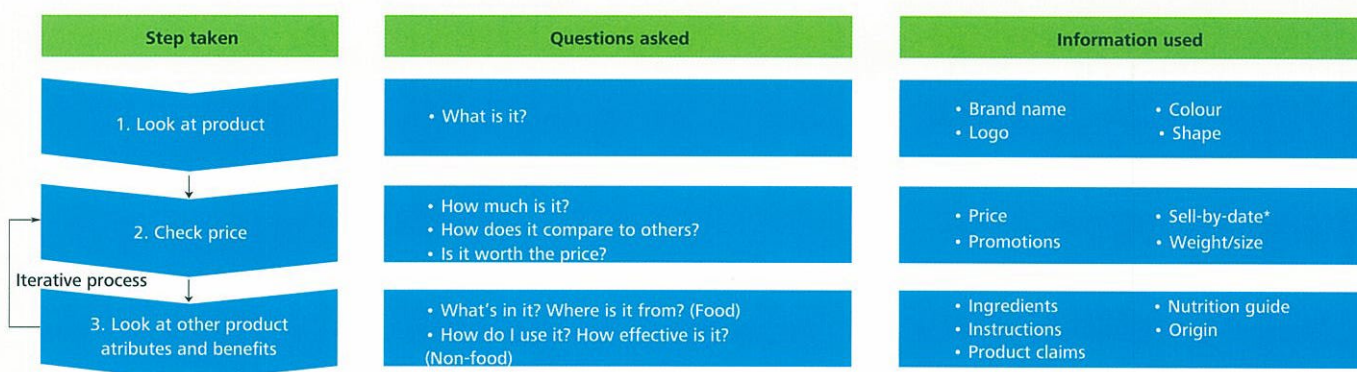
Once at the fixture, shoppers quickly scan the colour and shape of an item as well as the brand name or logo to answer the essential question 'What is it?' This can be enough information for some shoppers if they are already familiar with the product and are brand loyal. Most shoppers – between 55 to 60 per cent – will also actively look for the price of the product as seen in Figure 3. This is generally combined with looking at other similar products to compare and get a sense of value for money. If shoppers are unfamiliar with the product(s) and are not already certain what to

buy, they may then dip into Step 3, looking at other product attributes and benefits to understand what the product offers versus alternatives. Depending on the individual shopper, this may include looking at the ingredients or key symbols to identify whether the product is suitable for them if they have specific dietary needs. Shoppers may also look at information such as product claims, nutritional information and environmental benefits, subject to their particular interests and needs. In non-food categories, such as health and beauty or household, shoppers may look for further information on how to use the product and how effective it claims to be in meeting their specific need. This level of information in combination with the price gives them a sense of what value and quality they will get from the product.

The hierarchy of information needs mirrors the decision process. Most grocery shopping is habitual with many of the same products bought each visit. In this context, most shoppers, most of the time, need only basic visual information to identify the products they already planned to buy.

The hierarchy is led by simple product identification information, such as brand logo or colour, used to identify quickly the right product. Navigating the fresh fruit and vegetables category is highly visual, with shoppers looking for the product category by colour

Figure 3. The shopper's decision process at the point of purchase

Step taken	Questions asked	Information used
1. Look at product	• What is it?	• Brand name • Colour • Logo • Shape
2. Check price	• How much is it? • How does it compare to others? • Is it worth the price?	• Price • Sell-by-date* • Promotions • Weight/size
3. Look at other product atributes and benefits	• What's in it? Where is it from? (Food) • How do I use it? How effective is it? (Non-food)	• Ingredients • Nutrition guide • Instructions • Origin • Product claims

Iterative process

*All references to sell-by-dates in this report include use-by-dates
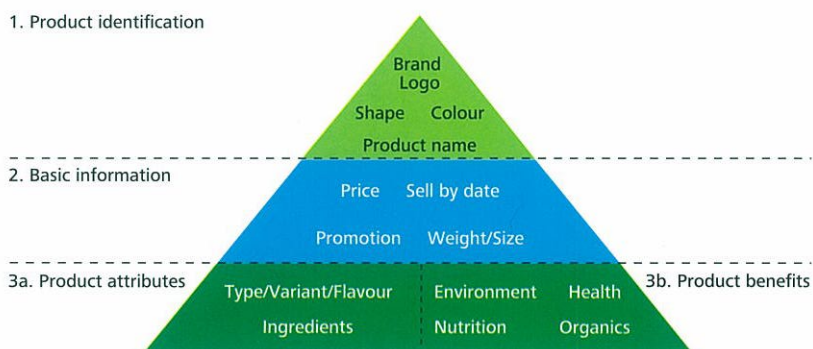
Source: Deloitte LLP, 2008.

and shape – the citrus fruit section dominated by the colour orange, for example. This is also true in branded categories. Shoppers often navigate by the lead brand's packaging colours and logos, such as the distinctive red of Coca-Cola, to identify the soft drinks category. In some countries certain categories are recognised by their collective colour. For example, in the household category in South Africa, shoppers are accustomed to finding the hand-wash products by colour as this category of products is typically blue.

These are simple cues that help shoppers quickly identify the products they are looking for, particularly when they are already familiar with a category. Having a distinct logo and packaging colour helps a brand stand out on the shelf. This confirms the importance of understanding the potential impact a product's packaging can have.

This first level of information is followed by further basic information, involving price, promotional offer, weight/size and sell-by-date. These are simple pieces of information that most shoppers need and use to help them make a quick decision. When the product is familiar there is little need for further information.

Most shoppers will quickly check the price of the items they are considering. Promotions can also be an important source of information to trigger a decision. Few shoppers spend time working out the arithmetic of the best value product available. For example, research into unit pricing in the United Kingdom highlighted that 31 per cent of shoppers did not understand how it was meant to help them compare products; 35 per cent could not be bothered to look at unit prices and 28 per cent stated that unit pricing was too difficult to use.[1] Sell-by-date is commonly looked for and is critical in certain categories, yet in many cases is hard to find because it is either hidden on the bottom or back of the pack, or is in very small print. Purchasing fresh milk requires little information to make a decision due to the frequency and familiarity of purchase.

Figure 4. The hierarchy of information needs

Source: Deloitte LLP, 2008.

It would be simple to enhance the visibility and sell-by-date through greater prominence and size.

There is a further layer to the hierarchy that gives greater detail about a product's attributes and benefits. This is used when shoppers are less familiar with a product and require more information to assess the different options. It can also be used when they have specific interests and needs, such as vegetarians, those with specific dietary needs or those concerned about the environment. These information seekers will be explored later. Additional pieces of information sought by shoppers can be separated into two types: product attributes that include flavour, variant and ingredients, and product benefits (tangible and emotional) that include health, nutrition and environmental benefits.

Most shoppers need only basic information to decide what to buy when considering frequent purchases. Additional sources of information are needed when the shopper is either unfamiliar with a new purchase or highly engaged due to a specific need.

"Qualitative research carried out by the UK Foods Standard Agency revealed that for repeat purchases consumers gave basic product recognition information – that is, large front of pack branding – the highest priority to allow for easy repeat-purchasing."
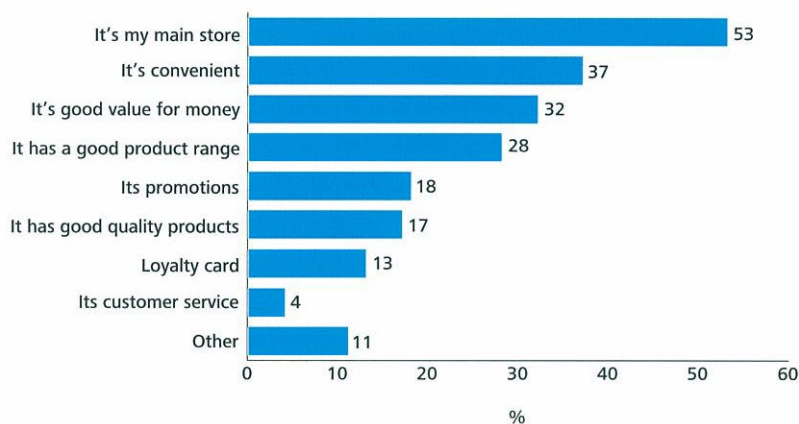
Food Labelling Requirements, Qualitative research, Final Report, Food Standards Agency, 2006.

2. Shopping on autopilot – the appetite for information

Habit and convenience are the main drivers of where to shop and what to buy. With high levels of repeat purchase and a focus on speed and efficiency, a majority of shoppers, most of the time, have only a limited appetite for information.

Figure 5. Reasons for store choice
Question: Why did you go to this store on this occasion?

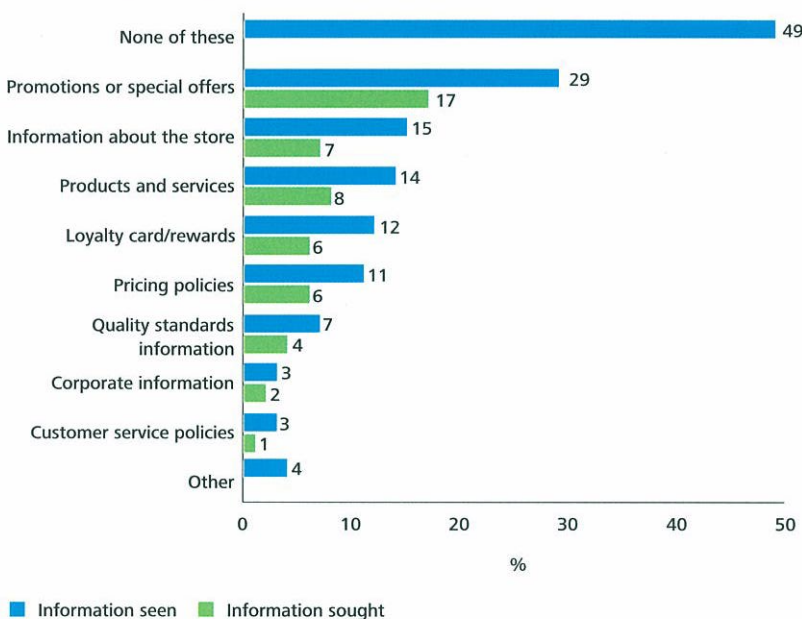| Reason	%
It's my main store	53
It's convenient	37
It's good value for money	32
It has a good product range	28
Its promotions	18
It has good quality products	17
Loyalty card	13
Its customer service	4
Other	11

%

Source: Deloitte LLP, 2008.

Figure 6. Information affecting the decision of where to shop
Question: Which of the following types of information do you recall seeing or hearing that affected your choice of when and where to shop?
Question: Did you actively seek out this information?

Information	Information seen	Information sought
None of these	49	
Promotions or special offers	29	17
Information about the store	15	7
Products and services	14	8
Loyalty card/rewards	12	6
Pricing policies	11	6
Quality standards information	7	4
Corporate information	3	2
Customer service policies	3	1
Other	4	

%

■ Information seen ■ Information sought

Source: Deloitte LLP, 2008.

One of the key issues highlighted by the study is most individuals' generally low receptivity to information in the shopping process most of the time. There are two main reasons for this. First, the shopper is typically bombarded by a variety of messages without the retailer being fully in control of the agenda. Second, the choices made as to where to shop and what to buy are heavily influenced by habit, convenience and familiarity. People have little need for detailed information if they shop at the same stores and buy the same products every week.

Grocery shopping therefore involves much habitual purchase behaviour. This is demonstrated in Figure 5 which shows that over 50 per cent of European grocery shoppers choose where to shop based on habit. This shows that there is limited opportunity to influence shoppers in their decision of where to shop.

Our qualitative research in both the United Kingdom and Romania also highlighted that shoppers' first-hand experiences of their local store is critically important in influencing where to shop. A poor experience acts not only as a deciding factor in determining whether to visit again, but also as a source of information in the form of 'word of mouth' to other shoppers. Our research shows word of mouth influenced 11 per cent of our European shoppers in their choice of store.

Further, shoppers do not generally actively seek information to help them decide at which store to shop. As shown in Figure 6, 49 per cent of shoppers do not recall seeing any specific information that influenced their choice of where to shop. Of the information that was recalled, in most cases only half of shoppers had actively sought the data. This demonstrates the low level of engagement and the high level of 'autopilot' in grocery shopping that should be considered.
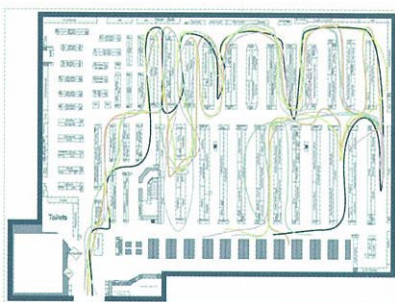
> "Some shoppers buy on autopilot – they just grab it as they walk past – so there is less engagement and opportunity to inform. They essentially want to find the products they want and get in and out as quickly as possible."

International household and food products manufacturer

Once in the store, shoppers in general tend to shop on autopilot with the main aim to minimise time spent in-store. They also follow a similar route through the store. By monitoring shoppers in-store, TNS research found that over 50 per cent of shoppers keep to the same route in-store each week, and are largely unaware of categories and products that are not part of their regular itinerary, as shown as in Figure 7.

Shoppers also tend to buy the same products week in, week out. Analysis of TNS' research showed that on consecutive trips to the store for a main shop repeat purchase is common, with up to 40 per cent of the same brands and 30 per cent of the same products bought.

Against this background, the majority of shoppers simply do not need or use information on products they buy regularly. They often overlook, ignore or even de-select information both out-of-store and in-store. Reducing the amount of communication in-store could help shoppers to pay attention to what is relevant to them.

Some retailers have already embarked on a journey to 'de-clutter' the store in terms of promotional messaging and are developing layouts that facilitate or accelerate the shopping process. The experience of the local store is critical to shopper loyalty to a particular retailer. This reinforces the need for retailers to focus on the shopper experience in-store and to ensure high and consistent standards across all stores.

There is limited appetite for information among most grocery shoppers, most of the time, as shoppers either consciously or unconsciously de-select information. This means that messages should be simple, relevant and easy to interpret.

Figure 7. The shopper route through the store

Source: TNS Magasin, 2008.

> "What occurs in-store is simply a matter of routine, as consumers will often purchase the same products every week. In fact, 32 per cent of consumers claim always to buy the same products each time they enter the supermarket."

The in-store environment, IGD, 2006

3. Individual needs rule – introducing the information seeker

Information needs differ significantly according to who you are – certain shopper groups are more concerned with particular types of information because of their interests, specific dietary needs and lifestyle choices. Around 40-50 per cent of shoppers fall into one or more of these groups.

Traditional socio-economic and demographic segmentation is not a strong indicator of information needs and use. Instead, specific personal needs and lifestyle attitudes most strongly affect the behaviour of shoppers. Shoppers who are engaged with health, nutrition and environment need more information than the average shopper. Specific dietary requirements (for example, people with diabetes, allergies, or dietary intolerances) are important in promoting a need for specific information. Some shopper groups are more likely to look for certain types of information due to their 'shopping style', for example price-conscious shoppers or impulse buyers. These specific shopper segments see and look for information more proactively than the mainstream shopper, both at a category level as well as at product level. Taken together, these shoppers are the 'information seekers'.

Figure 8. The shopper segments
Question: With which statements do you agree or strongly agree?

Segment	Characteristics	Statements	%
Necessity shoppers	• Shopping is a chore • Convenience driven • Planners	"I shop for necessity rather than pleasure." "It's important to shop at a store I can get in and out of quickly." "I only buy the products that I plan to buy."	79%
Smart shoppers	• Promotion driven • Price conscious • Impulse shoppers • Shopping is enjoyable	"I tend to buy whatever is on promotion." "I always pay attention to the prices of products I buy in the supermarket." "I often buy things I don't need and buy things on impulse in-store." "I enjoy shopping and like to spend time choosing what to buy."	69%
Health conscious	• Health conscious	"I care about my health and pay close attention to what I eat."	50%
Quality seekers	• Quality seekers	"I am prepared to pay more for quality and don't mind paying more for the little luxuries in life."	27%
Organic	• Organic	"I prefer to buy organic food."	23%
Green	• Green	"I seek out and am willing to pay more for environmentally friendly products."	17%
Not engaged	• Not engaged	Did not respond positively to any of these attitudinal statements	8%

Source: Deloitte LLP, 2008.

Who are the information seeking shopper groups?

Respondents were segmented into seven groups based on their responses to key statements. They identified themselves as being engaged in specific topics. Examples included Quality Seekers, Ethical Shoppers and Health Focused. Figure 8 shows the different shopper segments and the size of these groups across our European sample.

Some shoppers are information seekers because they have specific dietary needs, through either choice or medical condition. We asked shoppers whether they shopped for themselves or anyone in their household with specific dietary needs and the results show that across the sample 40 per cent of respondents are shopping with one or more dietary needs in mind, as shown in Figure 9.

This is significant. Some dietary needs or medical conditions can be life threatening, for example heart disease or allergies. Accurate, relevant and timely information is critical to such shoppers.

Shoppers can be classified into more than one segment. For instance, they can be organic-minded but also convenience-driven. They might be necessity shoppers because they have limited time and are therefore convenience-driven, but may also be health conscious and want to make sure that the products they buy are generally healthy. The overlap of segments underlines the complexity of shopper behaviour and the need for the industry to cater to a variety of attitudes to capture the attention of a shopper. Figure 10 demonstrates that there is significant overlap between the shopper segments, for example within the health conscious group of shoppers, one-in-two has specific dietary needs.

Within the attitudinal segmentation, necessity and smart shoppers are the largest groups and are found equally among all other segments – behaviour driven by convenience and/or price is common. Our shopper research supported this with 53 per cent of shopper store choices for main trips being due to the store simply being a shopper's 'main store' and 82 per cent of shoppers' decisions being affected by price when browsing the category. These shoppers could therefore be considered 'mainstream' shoppers. These groups have a need for basic information from the information hierarchy identified earlier in this report. They want information based on product identification, which is mainly visual such as brand, logo, product name, colour and shape. Once they have identified the product, they want basic information such as price, sell-by-date, promotion and weight or size. This can often be enough to satisfy the needs of the mainstream shopper.
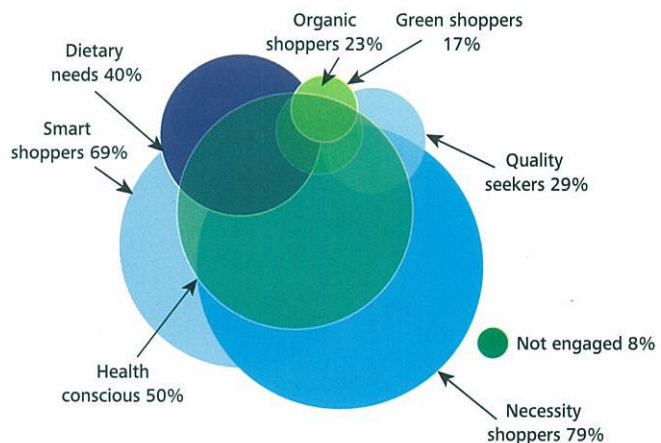
Figure 9. Dietary needs across Europe
Question: Do you, or does anyone else you shop for, have any special dietary requirements?
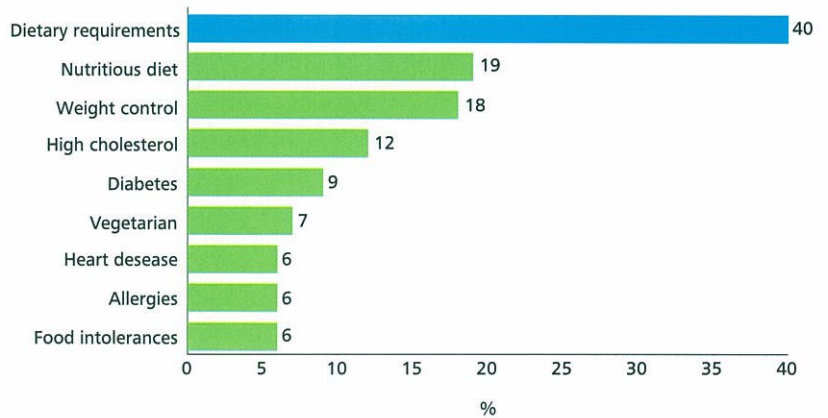
Source: Deloitte LLP, 2008.

Figure 10. Overlap between shopper segments

Source: Deloitte LLP, 2008.

Figure 11. Shopper segments forecast to grow
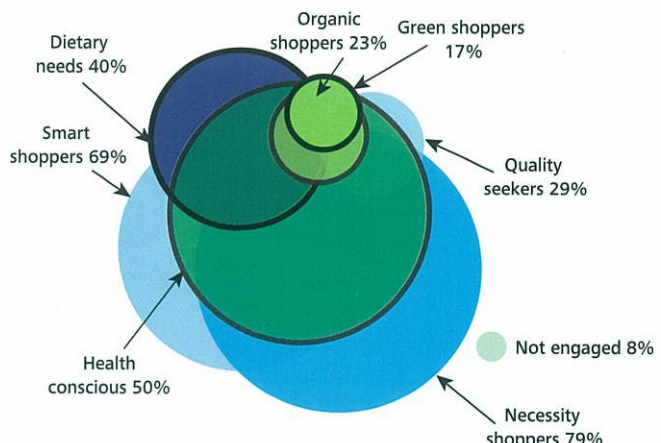
Source: Deloitte LLP, 2008.

Health conscious, green and organic shoppers, and those with specific dietary needs are the most proactive and engaged in seeking information. Our research showed that these groups were 73 per cent more likely than the average shopper to look for information on the types of products available in a category. Smart shoppers were only 18 per cent more likely to seek such information. These groups are also most likely to grow, given the current market trends in the areas of health, dietary needs and environmental awareness.

In 2008, for example, 48 per cent of consumers took active steps to eat more healthily,[2] a market generating €60 billion in sales in France.[3] In the United Kingdom, the market for medically diagnosed food intolerances has doubled to £180 million in the last four years, led by the dramatic growth in dairy (lactose) intolerances (£86 million).[4] The organic and Fairtrade market is estimated to grow by a total of 68 per cent over the period 2006-2011,

though due to economic constraints, organic sales are in decline in many markets.[5] As Figure 11 shows, these shopper segments are therefore expected to grow. They will have increasingly complex information that needs to be met with appropriate solutions by the industry.

It is important for retailers and manufacturers to understand how these shopper groups differ by market and consider them when developing market-specific strategies. For example, Spaniards are more likely to be aware of dietary needs and their health but are less promotion-driven than other Europeans. Swedes are more likely to have allergies and food intolerances; Germans are especially engaged with both price and promotion. Romanians are most likely to say they like shopping. They are also less likely to have specific dietary needs, yet they say they are health conscious, which highlight that there are often inconsistencies in what people say they do and what they actually do.

Figure 12. Shopper segments by country
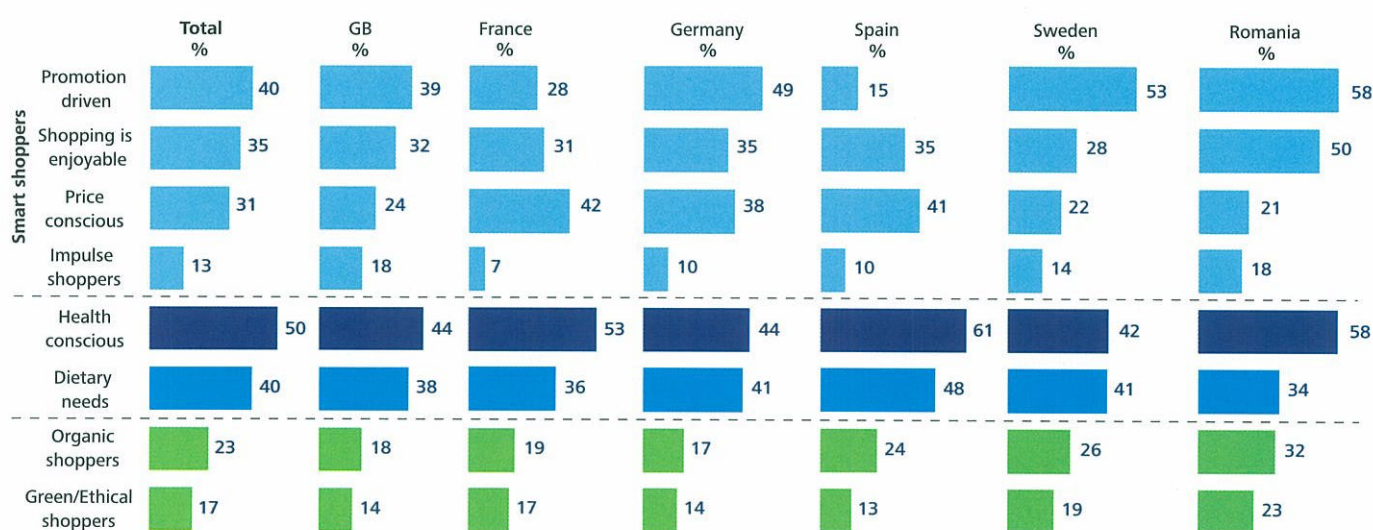
Source: Deloitte LLP, 2008.

Figure 13. Specific dietary needs by country

	Total %	GB %	France %	Germany %	Spain %	Sweden %	Romania %
Dietary requirements	40	38	36	41	48	41	34
Nutritious diet	19	13	10	23	30	17	20
Weight control	18	16	24	18	27	13	10
High cholesterol	12	11	13	10	20	8	9
Vegetarian	7	11	5	6	9	9	4
Diabetes	9	10	8	9	11	8	9
Heart disease	6	5	5	5	9	4	8
Allergies	6	5	4	8	9	12	1
Food intolerances	6	7	2	4	8	12	1
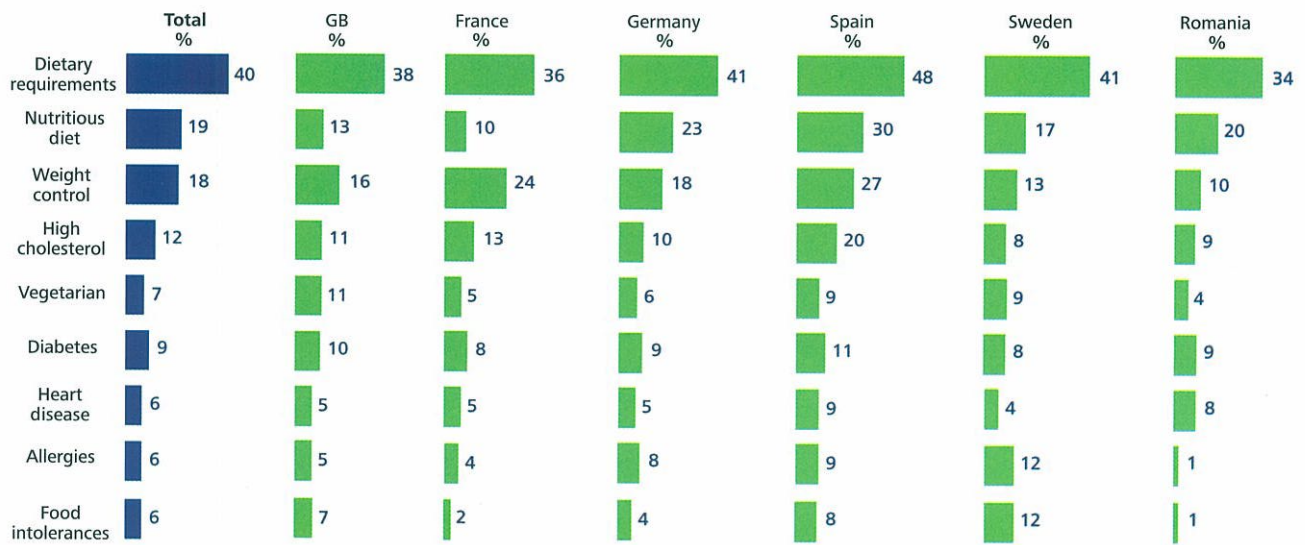
Source: Deloitte LLP, 2008.

What information do information seekers want?

Information seekers need certain types of information depending on their specific requirements. However, the differences lie mainly in product level information, not information affecting store choice. A proactive approach by retailers to improve the way they cater to specific information needs could influence store choice in future.

Shoppers with specific needs and interests do not look for significantly different information when choosing where to shop. The top ten pieces of information used are the same for all groups. However product benefits information, such as organic, environmental benefits and allergen information, is more important for green and organic shoppers and shoppers with specific dietary needs. These shoppers are almost twice as likely to look for this information as the average person, because they require very particular information. This is especially true for vegetarians, people with diabetes and those who look to follow a particularly nutritious diet. This is seen in Figure 15 with vegetarians, for example, looking for the vegetarian symbol as the third most important piece of information to meet their needs.

In selecting the product, the hierarchy of information needs for information seekers changes quite significantly. This is because these shoppers are more proactive in seeking relevant information. Price and sell-by-date remain the most looked for information across all shoppers, however underneath this there are marked differences. Figure 14 displays the information sought

in different colours to show how needs differ across shopper segments. Ingredients, origin and nutritional information are more relevant to these groups, while organic information is important for green and organic shoppers and environmental information for green, organic and health-focused shoppers. This reflects the overlap between these groups.

Within the specific dietary needs shopper groups, different information is required by particular sub-groups, for example, vegetarians, vegans, organic shoppers, and those with particular dietary intolerances. Healthy options are critical for those with specific health-related needs, such as diabetes, heart disease and those following a nutritious diet, and are more important than specific nutritional labelling. This suggests that nutritional labelling is too complex and that people in this group would prefer a simpler message or choice. Vegetarians or people with dietary intolerances look first for information that will ensure they buy only something suitable for their diet. People with specific needs simply want to know whether a product is suitable for them or not; they do not look for significant amounts of detail. This can often involve searching through complex lists of ingredients in small print on the back of packaging.

Communicating information

The research shows clearly that it is important for retailers and manufacturers to deliver specific and relevant information through the correct medium, so that it does not overcrowd the basic information relevant to the majority of shoppers.

Figure 14. Shopper segment information needs at product level
Question: Thinking about the products and brands in the [x] category, which of the following types of information and you look for that helped you decide what product(s) or brand(s) to buy or not buy?

Rank	Total Population	Health Focus	Organic	Green	Specific Dietary Needs
1	Price	Price	Price	Price	Price
2	Sell-by-date	Sell-by-date	Sell-by-date	Sell-by-date	Sell-by-date
3	Size/weight/volume	Promotion	Ingredients	Origin (country or region)	Ingredients
4	Promotion	Ingredients	Size/weight/volume	Ingredients	Size/weight/volume
5	Ingredients	Size/weight/volume	Origin (country or region)	Size/weight/volume	Healthy Option e.g. low fat
6	Healthy Option e.g. low fat	Healthy Option e.g. low fat	Organic	Healthy Option e.g. low fat	Promotion
7	Type/variant/flavour etc.	Origin (country or region)	Healthy Option e.g. low fat	Organic	Origin (country or region)
8	Origin (country or region)	Nutritional labelling	Promotion	Nutritional labelling	Nutritional labelling
9	Nutritional labelling	Type/variant/flavour etc.	Nutritional labelling	Environmental benefits	Type/variant/flavour etc.
10	Product description & benefits	Product description & benefits	Environmental benefits	Promotion	Product description & benefits
11	Range available	Range available	Type/variant/flavour etc.	Type/variant/flavour etc.	Health concerns (allergens, food intolerances)
12	Product satisfaction guarantee	Environmental benefits	Product description & benefits	Product description & benefits	Range available

Source: Deloitte LLP, 2008.

Figure 15. Specific dietary information needs at product level
Question: Thinking about the products and brands in the [x] category, which of the following types of information do you recall seeing or hearing that helped you decide what product(s) or brand(s) to buy or not buy?

	Total Population	Vegetarian	High Cholesterol	Diabetes	Weight Control	Heart Disease	Nutritious Diet	Allergies	Food Intolerances
1	Price	Price	Price	Price	Price	Price	Price	Price	Price
2	Sell-by-date	Sell-by-date	Sell-by-date	Sell-by-date	Sell-by-date	Sell-by-date	Sell-by-date	Sell-by-date	Sell-by-date
3	Size/weight/volume	Vegetarian	Promotion	Healthy Option	Healthy Option	Healthy Option	Healthy Option	Size/weight/volume	Health concerns (e.g. allergens)
4	Promotion	Promotion	Ingredients	Ingredients	Size/weight/volume	Ingredients	Ingredients	Health concerns (e.g. allergens)	Ingredients
5	Ingredients	Ingredients	Healthy Option	Promotion	Ingredients	Promotion	Size/weight/volume	Promotion	Size/weight/volume
6	Healthy Option	Origin (country or region)	Size/weight/volume	Size/weight/volume	Promotion	Size/weight/volume	Promotion	Ingredients	Promotion
7	Type/variant/flavour etc.	Size/weight/volume	Nutritional labelling	Origin (country or region)	Nutritional labelling	Origin (country or region)	Origin (country or region)	Healthy Option	Healthy Option
8	Origin (country or region)	Nutritional labelling	Origin (country or region)	Type/variant/flavour etc.	Origin (country or region)	Nutritional labelling	Nutritional labelling	Origin (country or region)	Origin (country or region)
9	Nutritional labelling	Healthy Option	Type/variant/flavour etc.	Nutritional labelling	Type/variant/flavour etc.	Type/variant/flavour etc.	Type/variant/flavour etc.	Range available	Range available
10	Product description & benefits	Health concerns (e.g. allergens)	Product description & benefits	Product description & benefits	Product description & benefits	Product description & benefits	Product description & benefits	Type/variant/flavour etc.	Organic
11	Range available	Type/variant/flavour etc.	Health concerns (e.g. allergens)	Health concerns (e.g. allergens)	Health concerns (e.g. allergens)	Health concerns (e.g. allergens)	Health concerns (e.g. allergens)	Organic	Nutritional labelling
12	Product satisfaction guarantee	Environmental benefits	Range available	Range available	Range available	Range available	Range available	Nutritional labelling	Environmental benefits

Source: Deloitte LLP, 2008.

As with the types of information used by shoppers before they visit a store, the methods of communication used outside the store do not differ significantly by shopper segment. All shopper segments recall advertising, direct mail and their last store experience as the top three sources of information affecting their decision of where to shop. Past experience is very important as it shows that no matter what a retailer's overall proposition is, if a local store does not meet the standards expected by shoppers, it will have a negative impact on their choice for their next trip. Research shows that customers who have a negative shopping experience are very likely not to visit that retailer again.[6]

Shoppers with specific dietary needs are more likely to recall the influence of direct mail. Up to 30 per cent of this group use this source for information before shopping. This suggests that targeting relevant information to this group is likely to be effective. However the challenge then lies in how retailers and manufacturers can obtain up-to-date, detailed, personal information on their customers. Loyalty cards have, for some retailers, proved a successful way of collecting customer information and purchasing habits, which can then be used to design effective coupon and direct marketing campaigns targeted at specific groups of consumers with particular needs.

When it comes to choosing a product, there is a greater difference in sources of information seen by shoppers, as shown in Figure 16. Although writing on the pack, in-store signs and advertising are the most common sources of information for all shoppers, those with specific needs and interests are more likely than other people to look at images and symbols on the pack. This suggests that symbols and images would be an effective method of communicating simple information to these groups. For example, 40 per cent of vegetarians rely on signs and pictures on product packaging when making their choice. Symbols are clear, quick to recognise and provide information without overcrowding the pack with data irrelevant to mainstream shoppers. They also solve the problem of written information in multiple languages.

"Through loyalty cards we are better able to understand the needs of customer groups and to communicate to customers in a more personalised way."

Leading French retailer

Figure 16. Sources of information at product level for shopper segments
Question: Where did you see or hear this information?

Rank	Total Population	Health Focus	Organic	Green	Specific Dietary Needs
1	Writing on pack	Writing on pack	Writing on pack	Writing on pack	Writing on pack
2	Signs or posters in-store	Signs or posters in-store	Signs or posters in-store	Signs or posters in-store	Signs or posters in-store
3	Advertising	Advertising	Signs on pack	Signs on pack	Advertising
4	Direct Mail	Pictures/images on pack	Advertising	Pictures/images on pack	Pictures/images on pack
5	Pictures/images on pack	Signs on pack	Pictures/images on pack	Advertising	Signs on pack
6	Signs on pack	Direct Mail	Direct Mail	Recommendation/word of mouth	Direct Mail
7	Store announcements	Store announcements	Recommendation/word of mouth	Brand/label logo	Recommendation/word of mouth
8	Brand/label logo	Brand/label logo	Brand/label logo	Direct Mail	Brand/label logo
9	Product position on shelf	Product position on shelf	Store announcements	Store announcements	Store announcements
10	Recommendation/word of mouth	Recommendation/word of mouth	Product position on shelf	Product position on shelf	Product position on shelf
11	Displays in addition to main aisle	Displays in addition to main aisle	Pack design, shape or colour	Pack design, shape or colour	Displays in addition to main aisle
12	Pack design, shape or colour	Pack design, shape or colour	Displays in addition to main aisle	Displays in addition to main aisle	Pack design, shape or colour

Source: Deloitte LLP, 2008.

Figure 17. Sources of information at product level for dietary needs
Question: Where did you see or hear this information?

	Total Population	Vegetarian	High Cholesterol	Diabetes	Weight Control	Heart Disease	Nutritious Diet	Allergies	Food Intolerances
1	Writing on pack	Writing on pack	Writing on pack	Writing on pack	Writing on pack	Writing on pack	Writing on pack	Writing on pack	Writing on pack
2	Signs or posters in-store	Signs or posters in-store	Signs or posters in-store	Signs or posters in-store	Signs or posters in-store	Signs or posters in-store	Signs or posters in-store	Signs or posters in-store	Signs or posters in-store
3	Advertising	Signs on pack	Direct Mail	Pictures/images on pack	Advertising	Advertising	Advertising	Signs on pack	Signs on pack
4	Direct Mail	Pictures/images on pack	Signs on pack	Advertising	Pictures/images on pack	Store announcements	Pictures/images on pack	Product position on shelf	Advertising
5	Pictures/images on pack	Direct Mail	Advertising	Direct Mail	Direct Mail	Pictures/images on pack	Signs on pack	Advertising	Pictures/images on pack
6	Signs on pack	Brand/label logo	Pictures/images on pack	Store announcements	Store announcements	Direct Mail	Direct Mail	Pictures/images on pack	Direct Mail
7	Store announcements	Advertising	Product position on shelf	Displays in addition to main aisle	Signs on pack	Displays in addition to main aisle	Brand/label logo	By asking a member of staff	Brand/label logo
8	Brand/label logo	Recommendation/word of mouth	Store announcements	Recommendation/word of mouth	Product position on shelf	Signs on pack	Recommendation/word of mouth	Direct Mail	Store announcements
9	Product position on shelf	Displays in addition to main aisle	Recommendation/word of mouth	By asking a member of staff	Brand/label logo	Product position on shelf	Store announcements	Brand/label logo	Product position on shelf
10	Recommendation/word of mouth	Pack design shape or colour	Displays in addition to main aisle	Signs on pack	Displays in addition to main aisle	By asking a member of staff	Product position on shelf	Store announcements	By asking a member of staff
11	Displays in addition to main aisle	Product position on shelf	Brand/label logo	Product position on shelf	Recommendation/word of mouth	Brand/label logo	Displays in addition to main aisle	Displays in addition to main aisle	Displays in addition to main aisle
12	Pack design, shape or colour	Store announcements	Pack design, shape or colour	Brand/label logo	Pack design, shape or colour	Recommendation/word of mouth	By asking a member	Recommendation/word of mouth	Recommendation/word of mouth

Source: Deloitte LLP, 2008.

Shoppers with specific dietary needs are more influenced by recommendations, or word of mouth and brand. Word-of-mouth highlights the importance of positive brand experience but may also point to lack of guidance and shopper education by the industry – shoppers do not have access to standardised guidance so they often have to rely on and trust the recommendations of others. Reliance on brand also suggests the importance of positive experience and the resulting brand loyalty and reputation amongst shoppers.

The growth of these shopper segments and the development of new technologies highlight the possibility of using new platforms to make information available to shoppers. The research shows that the information seeker groups are more engaged with using new technology platforms, such as mobile Internet, than the general population.

Figure 18. Information needs hierarchy in fresh fruit and vegetables for specific shopper segments
Question: Thinking about the products and brands in the [x] category, which of the following types of information do you recall seeing or hearing, and which did you look for that helped you to decide what products or brands to buy or not buy?

Total population fresh fruit and vegetables		Health conscious		Organic		Green		Dietary needs	
Price	53%	Price	57%	Price	55%	Price	54%	Price	58%
Sell-by-date	28%	Sell-by-date	31%	Origin	37%	Origin	43%	Sell-by-date	34%
Origin	23%	Origin	29%	Sell-by-date	32%	Sell-by-date	29%	Origin	29%
Promotion	18%	Size/weight/volume	24%	Organic	31%	Organic	27%	Size/weight/volume	22%
Size/weight/volume	18%	Promotion	21%	Promotion	20%	Size/weight/volume	21%	Promotion	22%
Healthy options	11%	Healthy options	16%	Size/weight/volume	20%	Promotion	20%	Healthy options	18%
Ingredients	10%	Organic	14%	Healthy options	19%	Healthy options	20%	Organic	16%
Organic	10%	Ingredients	13%	Nutritional labelling	16%	Environmental benefits	18%	Ingredients	14%
Range available	9%	Nutritional labelling	11%	Ingredients	14%	Nutritional labelling	16%	Type/variant/flavour	11%
Type/variant/flavour	8%	Type/variant/flavour	11%	Environmental benefits	13%	Ingredients	15%	Nutritional labelling	11%
Product description & benefits	7%	Range available	10%	Product description & benefits	12%	Product description & benefits	14%	Range available	10%
Nutritional labelling	7%			Type/variant/flavour	11%	Product satisfaction guarantee	11%		

Source: Deloitte LLP, 2008.

Differences by category

While information needs vary by shopper segment, there are also differences across the shopper groups by product category. We compared the information needs for fresh fruit and vegetables and packaged goods across the information seekers and studied the differences in importance, by comparing the ranking as well as the absolute percentages.
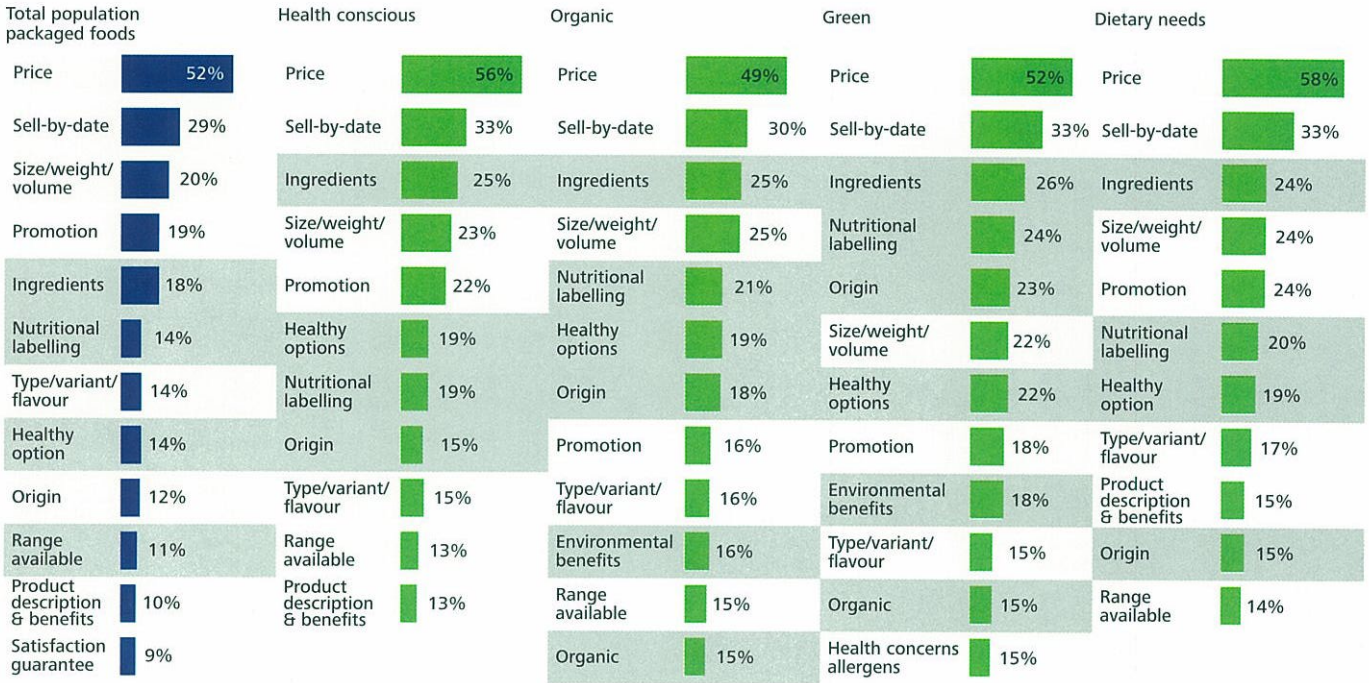
For fresh fruit and vegetables, country or region of origin is more important for information seeking groups than for the average shopper. Origin is over 60 per cent more important for green and organic shoppers than for the average shopper, while organic accreditation is twice as important to organic shoppers and 70 per cent more important for green shoppers.

In the packaged goods category, ingredients, nutritional labelling and healthy options are all important to information seekers as this information helps judge product suitability. Nutritional labelling is more important than healthy options for organic and green shoppers and those with specific dietary needs as the product information needed is very specific to them.

However with health conscious shoppers who generally want to eat healthily, having healthy option information becomes more important than more content specific labelling. This is consistent with the trend of shoppers moving away from diet or slimming products that contain artificial additives to product options whose nutritional content, salt levels and freedom from artificial preservatives and additives make them healthier.[7]

Figure 19. Information needs hierarchy in packaged goods for specific shopper segments

Question: Thinking about the products and brands in the [x] category, which of the following types of information do you recall seeing or hearing, and which did you look for that helped you to decide what products or brands to buy or not buy?

Total population packaged foods		Health conscious		Organic		Green		Dietary needs	
Price	52%	Price	56%	Price	49%	Price	52%	Price	58%
Sell-by-date	29%	Sell-by-date	33%	Sell-by-date	30%	Sell-by-date	33%	Sell-by-date	33%
Size/weight/volume	20%	Ingredients	25%	Ingredients	25%	Ingredients	26%	Ingredients	24%
Promotion	19%	Size/weight/volume	23%	Size/weight/volume	25%	Nutritional labelling	24%	Size/weight/volume	24%
Ingredients	18%	Promotion	22%	Nutritional labelling	21%	Origin	23%	Promotion	24%
Nutritional labelling	14%	Healthy options	19%	Healthy options	19%	Size/weight/volume	22%	Nutritional labelling	20%
Type/variant/flavour	14%	Nutritional labelling	19%	Origin	18%	Healthy options	22%	Healthy option	19%
Healthy option	14%	Origin	15%	Promotion	16%	Promotion	18%	Type/variant/flavour	17%
Origin	12%	Type/variant/flavour	15%	Type/variant/flavour	16%	Environmental benefits	18%	Product description & benefits	15%
Range available	11%	Range available	13%	Environmental benefits	16%	Type/variant/flavour	15%	Origin	15%
Product description & benefits	10%	Product description & benefits	13%	Range available	15%	Organic	15%	Range available	14%
Satisfaction guarantee	9%			Organic	15%	Health concerns allergens	15%		

Source: Deloitte LLP, 2008.

> "Our mayonnaise is now made with free range eggs and this is communicated so that the shoppers who are concerned about this are made aware of this new benefit."

Leading food products manufacturer

Implications for industry

These findings show the importance of appropriately targeted information strategies. Retailers and manufacturers should understand the types of information seeker for whom they are catering, and the specific information that each group needs. This information should then be made available and accessible without complicating the product choices of others. Successful on-pack execution therefore is vital. The detailed information that is relevant only to specific groups might best be communicated through simple and clear symbols, pictures or other visuals on the pack. Extended packaging using, for example, a product's barcode or RFID in conjunction with a shopper's mobile phone and in-store Wi-Fi network could also give additional information to those who need it. Direct mail could be used to target information to specific information seekers, such as those with special dietary needs. The ability to target information to the right groups is likely to become increasingly important.

Collaboration between manufacturers and retailers is likely to become more important for exchanging shopper/consumer insight and developing the relevant messages for each shopper group.

The hierarchy of information needs in combination with shopper segment, category and shopper journey stage determines what information should be provided and how. Once the messaging is clear, the industry has the opportunity to drive the agenda on nutrition, health and/or the environment, and take a more active role in informing and educating the public.

"We run tours around the store with dieticians for customers who have diabetes so they can understand what products are suitable."

Leading South African retailer

Ethical and environmental concerns

The top four ethical and environmental concerns expressed by shoppers surveyed in the study are:

Recycling

Three-quarters of all adults now feel obliged to recycle[8] making this an everyday activity in developed countries. However, up to 38 per cent of food packaging in a typical supermarket shopping basket cannot be recycled.[9] Concern about the effect on the environment focuses as much on the amount of packaging as whether it can be recycled – 95 per cent of consumers think too much packaging is used on consumer goods.[10] Eco-friendly, sustainable packaging that is recyclable, reusable/refillable, and/or made of biodegradable materials is likely to be increasingly sought after.[11]

Consumers want to be able to recycle packaging and expect retailers and manufacturers to take this into account. Recycling symbols on packaging indicate to consumers that a product or part of a product can be recycled. The inclusion of a figure in its centre represents the percentage of recycled material that has been used to make the product. The Green Dot in the United Kingdom means that a financial contribution has been made to an authorised packaging recovery scheme.[12]

Carbon footprint

Carbon footprints involve the amount of greenhouse gases produced including through burning fossil fuels for electricity, heating and transportation. Sixty-seven per cent of consumers say they would buy products with a lower carbon footprint because they are concerned about the impact of their lifestyle on the environment.[13] Early methods of quantification have not been a true representation of the impact of products as these represented only the effects of travel and not production itself.

The PAS 2050 standard developed by the Carbon Trust, BSI and the British Government is an example of a better method for measuring the greenhouse-gas emissions of all phases of a product's lifecycle, from raw materials to its manufacture, distribution, consumer usage and final disposal.[14]

Retailers and manufacturers will need to be able to show the full impact of the entire production process to give a true representation if it is to be trusted by shoppers. However shoppers who want to understand the carbon footprint of a product may find there are still aspects that are not included in the PAS 2050 calculation, such as the impact of the manufacturer of the equipment used to produce the goods themselves. It is likely to be some time before a carbon label will be calculated with the same speed and level of trust as the nutritional content of a product. Even more importantly, the research demonstrates that the majority of shoppers do not understand if carbon footprint labelling means a product is good or bad for the environment.

Fairtrade

Fairtrade is a strategy for poverty alleviation and sustainable development and is now growing more quickly than the organic sector.[16] Its purpose is to create opportunities for producers and workers who have been economically disadvantaged or marginalised by the conventional trading system.

Fairtrade products are a well-known phenomenon; the FAIRTRADE Mark shows that a product meets international Fairtrade standards, which are set by the international certification body – Fairtrade Labelling Organisations International (FLO).[17] Nearly 18 million UK families regularly bought ethical tea, coffee, fruit and clothes in 2008. Spending on Fairtrade goods was £493 million a year, up from £17 million ten years ago.[18] Between March 2005 and March 2006, the number of Fairtrade-certified product lines rose 80 per cent from 850 to more than 1,500 and the sector has been forecast to rise 138 per cent to reach approximately £547 million, at current prices, by 2011.[19] The biggest Fairtrade product categories are coffee and bananas, and while the categories are expanding, Fairtrade is now at odds with the trend towards reducing carbon emissions with its policy of long-distance transportation. The industry needs to find a suitable balance between the two. In many cases growing produce in a climate that does not require artificial propagation techniques more than off-sets any negative carbon footprint impact of the required transportation. The solution proposed by Tesco, for example, to honour its commitments to both ethical and environmental trading is to reduce overall air freighting to just 1 per cent of Tesco products, biased in favour of produce from the poorer countries. [20]

Organics

The word 'organic' can be used on food products only if they are produced according to regulations involving growth without use of conventional pesticides and artificial fertilisers or additives. Farmers and processors must also be certified by an approved organisation. Organic standards do not apply just to food. Additional private standards used by authorised bodies increasingly cover other products, including textiles, cosmetics, wood products and composts.

Buying organic is not only driven by ethical concerns but may also be motivated by health. One consequence of its mainstream appeal is that the organic consumer base is quite disparate in terms of why it buys organic. Research revealed other reasons for buying organic were superior quality/taste, animal welfare, environmental concerns, health and image.[21] This segment has also been encouraged by the growing popularity of farmers' market produce and the trend to eat more natural or 'straight from nature' produce.

Some specific dietary needs

Weight loss and nutritious diet

Shoppers trying to lose weight are most likely to avoid fat, sugar, alcohol and carbohydrates through a reduced calorie diet. However the growth in low-fat, low-calorie and low-sugar goods is predicted to slow, from 30 per cent between 2003 and 2008 to 22 per cent between 2008 and 2013.[22]

There has been a general shift to healthier eating based on nutritional content to help lose weight rather than solely cutting calories. This has meant that shoppers are concerned with salt levels, added ingredients such as vitamins, Omega 3 and 6 beneficial fatty acids, calcium, freedom from artificial preservatives and additives, levels of saturated fat, more fruit and vegetables, and fibre content.[23] Shoppers are focusing on nutritious but still tasty foods that will aid weight loss, rather than just on slimming products; only 8 per cent of consumers choose to follow a specific diet (for example, GI Diet, Cabbage Soup Diet).[24]

The industry has taken initiatives to encourage this trend in shoppers. In the United Kingdom the 'five-a-day' campaign was launched to encourage people to eat five portions of fruit and vegetables every day.[25] The campaign aims to educate shoppers about the health benefits of fruit and vegetables, how many fruit and vegetable portions the product content corresponds to, and how they can include more in their diet. A logo was developed by the industry to show the portions of fruit and vegetables provided by a typical serving of a product, with each filled-in square representing one portion. A similar project was launched in Denmark, encouraging shoppers to eat six portions of fruit and vegetables a day.[26]

Heart disease

Coronary heart disease is caused by a gradual build up of fatty deposits on the walls of coronary arteries. It has been projected that by 2020, heart disease and strokes will be the leading cause of both death and disability worldwide.[27] People who suffer from this heart condition should include fruit, vegetables and starchy, fibrous foods, such as wholegrain bread, pasta and rice in their diets, and reduce the amount of saturated fat, salt and sugar they eat.[28]

Fat is a particular concern for shoppers with heart disease. Sufferers should look at food labels to guide them in reducing the total amount of fat they eat and – specifically – saturated fats. These are hard fats found mainly in animal products such as red meat, butter and hard or full-fat cheeses. They should also reduce trans-fats, which have been solidified by the process of hydrogenation found in processed foods such as many margarines, cakes and pastries.[29] The European Heart Network proposed five goals for heart disease sufferers:

• reduce saturated fat and trans-fats

• reduce salt intake

• reduce average body mass index

• increase physical activity

• increase fruit and vegetable intake.

A better understanding of product energy, saturated fat, trans-fats and sodium content would help shoppers to attain three of those goals.[30] Clear labelling would help with this aim.

The recommended daily amounts do vary by country and are also subject to change over the course of the years. For example according to the UK National Health System the following daily amounts are recommended:[31]

• total fat – no more than 20g of fat per 100g

• saturated fat – no more than 5g of saturates per 100g

• salt – no more than 1.5g salt per 100g (or 0.6g sodium)

• sugar – no more than 15 grams of sugar per 100g.

Food allergies and intolerances

The UK market for products aimed at consumers who follow an avoidance diet has doubled in size in the past four years to £180 million. The actual number of people suffering from allergies is thought to be between 2 and 5 per cent of the population. However 35 per cent of people believe they are sensitive to a certain food.[32] The difference is that an allergy causes an immune system reaction to proteins in food, while intolerance is a delayed response and does not involve the immune system.

Ninety per cent of all food-related allergies are caused by the following common ingredients:[33]

• milk

• eggs

• fish (like scaly fish)

• crustacean shellfish (like shrimp)

• tree nuts (including walnuts, almonds, cashews, pistachios and pecans)

• peanuts

• wheat

• soya beans.

The European Directive on labelling foodstuffs stipulates that all products must state whether a product contains any of the following: gluten, crustaceans, molluscs, eggs, fish, peanuts, nuts, soya beans, milk, celery, mustard, sesame, lupin and sulphur dioxide at levels above 10mg/kg, or 10 mg/litre, expressed as SO_2.[34,35]
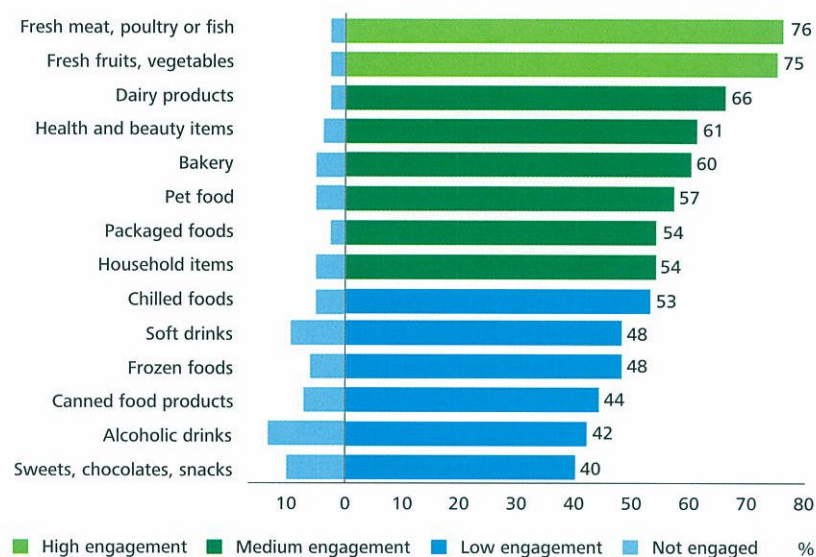
The phrase 'may contain nuts' is not a legal requirement and is used to show that there could be small amounts of nuts in a food product, either in the ingredients, or because they have entered the product accidentally during the production process. Shoppers have expressed concern that the 'may contain' label is used too much where it may not be necessary.[36] They want these labels to provide clear guidance only where necessary without restricting the choice of others.

4. The influence of the category – drivers of engagement

The more engaged shoppers are with a category, the greater their need to inform their decisions.

Figure 20. Category engagement European average
Question: I'd like you to think about how important it is for you to make the right decision (i.e. selecting the best product) for you and your family, in terms of what to buy in a particular category. For each of the categories you visited, please give a score out of ten for importance where 'ten' means you think that buying the right product in the category is 'extremely important' and 'one' means you think that buying the right product in the category is 'not at all important'.

Category	Score
Fresh meat, poultry or fish	76
Fresh fruits, vegetables	75
Dairy products	66
Health and beauty items	61
Bakery	60
Pet food	57
Packaged foods	54
Household items	54
Chilled foods	53
Soft drinks	48
Frozen foods	48
Canned food products	44
Alcoholic drinks	42
Sweets, chocolates, snacks	40

■ High engagement ■ Medium engagement ■ Low engagement ■ Not engaged %

Source: Deloitte LLP, 2008.

> "Fresh foods require more particular information such as provenance.
> In Korea shoppers can scan a product and find out what farm produced it and details about its production process.
> I think this kind of thing will spread worldwide."

Leading international retailer

Shoppers take their product selection decisions more 'seriously' in categories where the responsibility for making the right choice is most clearly theirs and where the retailer or brand manufacturer is not a proactive arbiter of choice. These typically are categories where brands do not play a role, for example fresh fruit and vegetables and fresh meat. These are also often the categories where visual and other non-written types of information are most important.

The first two levels of our information hierarchy – product identification and basic information – remain similar across various categories. Shoppers look for the price of washing powder just as much as the price of a cut of meat. However the main difference between categories is seen in the third layer of the hierarchy relating to product attributes and benefits. A higher level of engagement in a category drives the need for precise and category-specific information. This can be driven by a number of different factors.

Some categories require greater consideration of information in-store:

- where there are greater levels of variation in product quality

- where products are more complex, interesting or exciting

- where the category is less familiar

- where a shopper has specific needs or interests, such as green shoppers or those with an allergy.

Other categories require little consideration of information in-store:

- where products are less complex, more functional or less interesting

- where choices and preferences are 'largely pre-determined'.

The level of engagement shoppers have with a category can vary slightly by country. In the United Kingdom, for example, Pet Food is a highly engaging category for those that shop it, more so than in any other country researched. It is within Fresh categories that shoppers are generally most engaged across all countries, as seen in Figure 20.

Special interests or affinity with a particular category, or its relevance to the occasion, also influence engagement. Parents shopping for food for their infants; a couple selecting the menu or a bottle of wine for a dinner party; weight-watchers on a calorie-controlled diet, or female shoppers choosing beauty products are all more likely to seek information about products than other groups.

Shoppers that are highly engaged with a category take time and invest effort to make the right choice of product to meet their needs. In low engagement categories, mainly packaged branded ones, shoppers tend not to feel the same pressure, as brands represent trust and quality.

Even within a category, engagement levels, and therefore information needs, can vary by product type.

In the spirits category, for example, whisky is seen as the most complex while vodka is relatively simple. Those needing information to make a decision within the whisky category are often 'agent shoppers', in other words, they are not the direct consumers of the whisky but are buying it for others, and their familiarity is low. These shoppers need information to determine quality, driven by region or flavour information, to ensure they are making the right decision by selecting the best product.

Beyond basic product recognition information, price is the key piece of information across all categories, followed by sell-by-date in most categories. Further information sought varies by category. In Dairy, for example, healthy option information is noticed and sought as the third most important piece of information, ahead of nutritional labelling. This suggests nutritional labelling is too complex or unnecessary for most shoppers. Yet these types of information are of low importance to shoppers, for example, in the sweets and snacks category because of its less healthy status, as well as in the fresh fruit and vegetables category because of its healthy nature. Simple, clear logos or product descriptions can help shoppers obtain this information quickly in the categories where it matters.

Figure 21. Hierarchy of information needs by category
Question: Thinking about the products and brands in the [x] category, which of the following types of information did you look for that helped you decide what product(s) or brand(s) to buy or not buy?

	Fresh Fruit & Vegetables	Dairy	Health & Beauty	Packaged Foods	Household	Soft Drinks	Sweets & Snacks
1	Price	Price	Price	Price	Price	Price	Price
2	Sell-by-date	Sell-by-date	Promotion/special offer	Sell-by-date	Environmental benefits	Sell-by-date	Sell-by-date
3	Origin	Healthy Option	Ingredients	Size/weight/volume	Promotion/ special offer	Promotion/special offer	Type/variant/flavour
4	Size/weight/volume	Size/weight/volume	Size/weight/volume	Ingredients	Size/weight/volume	Type/variant/flavour	Size/weight/volume
5	Promotion/special offer	Promotion/special offer	Product description & benefits	Promotion/special offer	Product description & benefits	Healthy Option	Ingredients
6	Organic	Ingredients	Range available	Nutritional labelling	Ingredients	Ingredients	Promotion/special offer
7	Ingredients	Nutritional labelling	Health concerns	Type/variant/flavour	Health concerns	Nutritional labelling	Range available
8	Healthy Option	Type/variant/flavour	Healthy Option	Healthy Option	Range available	Size/weight/volume	Nutritional labelling
9	Type/variant/flavour	Origin	Environmental benefits	Origin	Animal/child welfare	Range available	Healthy Option
10	Range available	Product description & benefits	Type/variant	Range available	Product satisfaction guarantee	Product description & benefits	Product description & benefits

Source: Deloitte LLP, 2008.

> "In packaged foods, shoppers get most of the information they need on the label. Within Fresh, shoppers get very little information in this country – it's sold loose or off-counter. But there is desire to know more such as country of origin."

Developing market retailer

These category-level needs can vary slightly by country, particularly in developing markets. Fresh categories are the particular challenge in these countries – because quality standards can be inconsistent, shoppers seek provenance information to judge the product.

The industry should better understand what drives shopper engagement in different categories and adapt communication and promotion strategies accordingly. Understanding the hierarchy of information needs per category and communicating these effectively either in-store or on-pack is critical for both retailers and manufacturers.

Where private-label products are an important part of the assortment, it will be important for retailers to share shopper insights with their suppliers for the development of effective packaging information. Furthermore, the need for collaboration should be a priority. Given the number of categories, retailers will be dependent on the category-specific shopper insights suppliers can provide.

Retailers and manufacturers should work together more closely to share knowledge and understanding of shoppers in different categories. This will enhance the provision of information that is relevant, simple and trusted.

> "Information needs depend on the level of engagement within a category. For example, toilet cleaner is less interesting, whereas air care is associated more with pleasure in the home. Shoppers are looking for more information in more emotional categories."

International household products manufacturer

5. A multi-sensory experience – it is not just about words and numbers

Visual images, touch, smell and taste are all important parts of the shopping process.

Shoppers do not rely simply on written information; they rely on all of their senses. They are often bombarded with so much information and competing messages that they prefer to trust their own senses. The first step shoppers take in the iterative process of making an informed choice at the fixture is to look at the product and see what it is. They do this quickly using visual information such as brand, logo and pack. The more a product engages their senses, the more engaged shoppers become with it. Retailers and manufacturers should take advantage of the way shoppers use all their senses in-store, to enhance category and product engagement and inform choice.

"Visual cues and brand names are used to help identify formats of products, facilitating a quick shop. People scan quickly using colour when shopping in-store."

International manufacturer

> "Shoppers essentially want to find the products they want and get in and out as quickly as possible. We have done retina scanning to see what shoppers actually look at – colour/shape/logo/brand are most important."

International manufacturer

Consumers are habitual shoppers. Research shows that over 50 per cent of shoppers keep to the same route each week and that 40 per cent of brands purchased are the same.[37] Visual cues, such as colour blocking and familiar brand logos, are used by shoppers to navigate their way to the category and products they seek.[38] In South Africa for example, the hand-wash category and products are all coloured blue so that they are easy to find in-store. In the frozen food sections, brands use strong identity colours and logos so that busy mothers can quickly identify the products their children like.

Case study: Product colour coding
Many brands use colours to differentiate themselves and their products. The colours become a representation or symbol of the nature of the product. This means that customers can rely on the simple identification of colour when choosing a product, instead of searching for the detailed information to see if it is what they want.

There are many instances of this: milk is, for example, colour coded according to the fat percentage in France and the United Kingdom. This provides consistency for consumers so they can easily identify what milk they like, without necessarily knowing the exact fat percentage. The colour of chocolate-bar wrappers can provide an individual identity to the product. Cigarette manufacturers use colour coding similarly. A single colour on a pack can instantly communicate a brand or type of cigarettes.

This helps navigation but also facilitates a faster shop and enables quick repeat purchases. This is increasingly important to time-starved shoppers.[39]

Retailers and manufacturers have to grab attention and interest in the limited time that shoppers spend in front of a fixture. Packaging can contribute to how a product stands out against competitors and the emotional reaction it elicits.[40] Strong colours that help differentiate a product from others in the category automatically gain shoppers' attention. This is called 'colour blocking' and improves the shelf impact, visibility and speed of recognition.[41] In the United Kingdom, Vanish is a product that does this well. The cleaning product packaging is bright pink, which not only stands out at the fixture but is now associated with the brand in consumers' minds.

Packaging format gives retailers and manufacturers another opportunity to differentiate themselves. Unusual packaging shape and presentation catches shopper attention and interest and enables the product to stand out at the fixture. Attractive packaging can appeal to a younger market, which can then try 'pester power' to have its desires met. Research showed that while mothers attempted to resist appealing packaging to show their authority, in reality most admitted pandering to their children's wishes.[42]

The multi-sensory experience in-store has significant implications for on-pack execution. The fact that shoppers do not only use written information means that what information is included on-pack, and how it will be presented can have an important impact. Logos and symbols can convey messages much more clearly and simply than words. However these should be consistent across categories and retailers otherwise shoppers become confused and frustrated or disengaged. Logos and symbols should be clear, recognisable and consistent to be easily identifiable and understood.

"Sixty per cent of products have traffic lights on the front which helps shoppers avoid having lots of multi-lingual information on packaging and communicates information easily."

International retailer

By doing this well, retailers and manufacturers can better inform shopper choice. The industry will need to drive the agenda on the consistent, industry-wide use of logos in specific areas like nutrition, health and the environment, which are becoming increasingly important to certain shopper groups.

Shoppers like to use their own senses to make decisions based on what they can see or feel. In the United Kingdom, research by the Institute of Grocery Distribution (IGD) found that most consumers rely on their own decision-making and that when they purchase fresh products, especially fresh meat, they do so by sight and experience, using external cues such as appearance to help them.[43] Our qualitative research demonstrates that being able to examine the core product is important for many categories in helping shoppers to determine quality.

The appearance of freshness is critical to product choice, particularly in categories such as fresh fruit, vegetables, meat and fish. Shoppers will touch fruit to test ripeness, smell vegetables and look at the colour/texture of meat and fish to judge quality before they will look at sell-by-dates. Having access to this sensorial information helps to engage shoppers with what they are buying. It also plays a key role in the attractiveness of the store and the shopping experience. This does not only affect fresh categories, where the product has limited packaging.

Being able to see the product is likely to become more important in categories where, today, assessing the quality of the product relies mainly on written information on the pack. Examples include breakfast cereals and prepared foods. Packaging that clearly shows what a product is, looks like, how fresh it is and its quality can increase shoppers' understanding of the products they are buying. This helps to build trust. The industry has already started to react to this with more products being repackaged into transparent packaging to make them more visible.

Using multiple senses in-store helps to enrich the personal shopping experience and enables the shopper to interact and engage with a product before purchase. Good customer experiences in-store also help to reinforce trust, which is vital to retailers for building positive relationships with shoppers.

If shoppers can engage with their shopping experience and enjoy it, they are more likely to go back to a store. The aroma of freshly baked bread in-store, seeing that fruit is fresh, smelling the scent of beauty products and tasting free samples not only makes the shopping experience more enjoyable, it influences shoppers' product selection and improves the attractiveness of the store. First-hand experience is therefore crucial to shoppers and affects their purchasing behaviour.

Shoppers' multi-sensory experience in-store creates an opportunity to differentiate, engage shoppers and affect customer expectations, particularly in the fresh categories. Packaging should be visually attractive and unique, with less writing and clearly show the core product. Colours, shapes and logos should be visually appealing and consistent. This will facilitate navigation of the store, the categories and the product. It will also make choice easier and the experience more enjoyable.

"Your eyes tell you about quality, you don't need plastic packaging to tell you."

Consumer – qualitative research

6. A plethora of information – confusing the shopper

Shoppers often do not understand and hence ignore certain types of information presented on product labels that could help inform choice due to the complexity and inconsistency of presentation.

Most shoppers have only a limited appetite to absorb and use information. Habit and convenience are generally the key drivers of where to shop and what to buy. Our research showed that 49 per cent of shoppers said they did not recall any information about the store that had affected their choice of where to shop, and 53 per cent chose the location because it was their main store. However shoppers are bombarded with so much information, both outside and in the store, that most of it is ignored or not understood.[44] The information presented to shoppers is often complex and inconsistent, resulting in frustration and disengagement with the product and retail brands. This is the opposite of what retailers or manufacturers intend. The industry needs to adopt clearer, more concise and more standardised ways of communicating so that shoppers can understand and trust the information available to them.

Nutritional information causes much confusion to shoppers. They are presented with a combination of mandatory and voluntary product information in a variety of formats across the market, across similar product types, and in stores themselves. This results in misinterpretation and confusion. Shoppers find on-pack information especially complex. Of those consumers who are confident in their understanding of food information, only 4 per cent said this was because the information was clear and easy to read.[45,46] Key information is often on the back of the pack, in small print, swamped by other information and in many cases in need of careful interpretation.[47] The information is also often presented inconsistently across the industry, by the same retailers, and across different individual products. Inconsistency in communicating certain types of information causes shopper confusion.[48] Nutritional information is presented in a variety of ways such as GDAs, traffic lights, fat-content percentages and allergen symbols. Shoppers who do not understand such messages become frustrated and ignore them. They then question the integrity of the information, which can result in a loss of trust. In a research study by Datamonitor, only 22 per cent of UK shoppers found health claims and nutritional information trustworthy.[49] This can also result in disengagement with products and retailers as consumers prefer to ignore all the information rather than seek out the information they need, unless they are engaged with it or it is critical to their personal needs.

"We have seen an increased trend in people wanting to see the actual product they are buying. Some of our ready-made meals now have an open format (packaging with a clear window) where shoppers can see the actual food and that it is ready to cook."

UK retailer

"There is not enough room on the pack to communicate everything so we've had to make communication simpler and more effective. Logos are increasingly important so shoppers can recognise important points quickly – fewer words, more pictures. I think there is a need for standardisation of information – like the FAIRTRADE symbol, which has become well known and recognised. Seeing these logos on more products enables consumer understanding so detailed information is not as important anymore."

International household and food products manufacturer

The information presented to shoppers needs to be simple, clear and easy to find – 60 per cent of consumers claim that clear labelling is important when they choose what to buy.[50] Our research shows that shoppers use the product pack as their first source of information when selecting a product, making on-pack information of great importance. Clear symbols or visuals can be used to to good effect. Labelling needs to be clear, allowing shoppers to quickly retrieve and understand easily the information they need. Our research found that the importance of information on health and environment for most shoppers was lower than the industry has estimated. Ninety-five per cent of retailers and 100 per cent of manufacturers we interviewed stated that they thought health related informaton was important to most shoppers. However, in our shopper interviews only 13 per cent of average mainstream shoppers looked at the ingredients of products, 12 per cent looked for healthy option information and 9 per cent looked for nutritional labelling information.

It is important to remember that most shoppers want only basic information most of the time. They want to be able to find that information quickly without being swamped with irrelevant data. This is in line with the growing trend for convenience and time-saving with over 70 per cent of shoppers wanting to live less complicated lives.[51] However, shoppers who do want more detailed information should be able to find it easily and clearly.

A study by the European Consumers' Association (BEUC) found that 60 per cent of interviewees found lists of ingredients difficult to locate and only 30 per cent found the information given easy to understand. Therefore a significant number of consumers rely more on marketing-oriented information including claims such as 'calcium rich', 'sodium free', 'fat free' and 'light'.[52]

Important messages should be stated simply and placed on the front of the pack. Our qualitative research showed that shoppers with specific dietary or other needs favoured products with clear information, such as margarine with the words 'dairy free' on the front of the pack.

To reduce shopper confusion there is a need for clearer more consistent standards in labelling across the industry.[53] This would aid consumer understanding and increase use. However, standardisation can only be achieved by partnership across the industry, with retailers and manufacturers working together and agreeing the most effective labelling formats. The UK Food Standards Agency has encouraged such partnerships and praised work by manufacturers and retailers to provide healthier product ranges and better labelling during a major campaign against saturated fats. However, it has also recognised that more needs to be done.[54] Industry-wide collaboration would also help the case for self-regulation, instead of further governmental regulation and control that might hinder further progress by the industry.

"Even within GDAs, the quantities shown between some manufacturers and others differ, which confuses the consumer. As a manufacturer, we would prefer a European information standard, to avoid confusing the customer and for cost reasons. For example, there are costs involved with having different labelling, depending on the country."

Spanish manufacturer

Standardisation would strengthen opportunities to educate shoppers.[55] The appetite for in-depth information seems to be lower than many in the industry believe. However, educating shoppers in the use of more standardised labelling would encourage them to become engaged not only with the issue, but the products themselves. This in turn would help retailers and manufacturers to communicate their products' benefits without provoking scepticism. Tesco is undertaking such an educational scheme – Nurture. Nurture aims to educate shoppers on environmental issues and the responsible standards of fruit and vegetable farmers. Tesco has tried to make it easy for shoppers to understand the aims of the scheme by providing information in clear leaflets at check-out points, on the Internet for those who want more detail and with a clear symbol on the products that conform to their standards.[56]

In the current environment of information overload and inconsistency, shoppers are confused and frustrated, which can result in the meaning and integrity of this data being questioned. Information should be simple, clear and easy for the shopper to find, and be consistent across the industry. This means the challenge of harmonising labelling and information standards should be tackled. Retailers should collaborate with value-chain partners to ensure integrity of product information, align messaging, promote engagement and drive category growth by increasing shopper understanding.

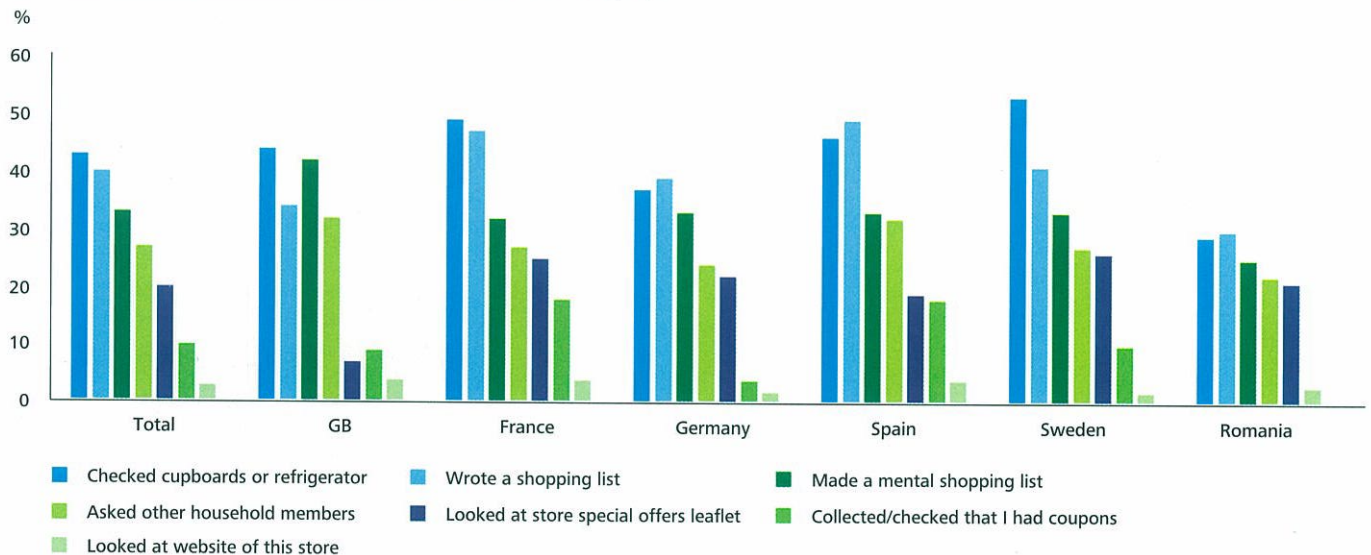# 7. Communications that work – it is not 'one size fits all'

Shopper receptiveness to different communication methods outside the store varies by market and segment with leafleting, for example, being common in a number of countries. There is a growing trend towards targeted communication and to individuals 'pulling' the information they need.

How receptive people are to communications received outside the store is driven mainly by two things. First, familiarity with the medium used, and second, the relevance of the information to individual needs and interests. Familiarity with different methods of communication is largely based on learned behaviour and varies by market across Europe. For example, paper-based leafleting is predominant in France, Germany and central Europe, while electronic coupons have become common in the Netherlands.

There is also a marked difference in activities undertaken by shoppers before a shopping trip, as shown in Figure 22. Store special-offer leaflets are more prevalent across mainland Europe compared with the low levels of use in the United Kingdom.

UK shoppers are also least likely to write a list before a shopping trip. Coupons have varying degrees of popularity, with low use in Germany and Romania and highest use in France and Spain. This reflects the particular differences of retail structures and shopper behaviour in each market.

Figure 22. Activities undertaken before shopping trip by country
Question: Which of the following activities did you do before your shopping trip?

Legend:
- Checked cupboards or refrigerator
- Wrote a shopping list
- Made a mental shopping list
- Asked other household members
- Looked at store special offers leaflet
- Collected/checked that I had coupons
- Looked at website of this store

Source: Deloitte LLP, 2008.

> "Leaflet drops are useful with certain demographic groups, especially price sensitive shoppers – this is a key communication vehicle in central Europe. In these countries, people avidly wait for the leaflets to come through their door and they use them to decide where to go shopping."

International retailer

New electronic media offer significant opportunities for communicating information to shoppers. Growth in the adoption of these technologies in the last five years has been dramatic and this is likely to continue, as shown in Figure 23.

However, while people's habits are changing, traditional media are still dominant. A Datamonitor study demonstrated that consumers' media consumption is increasing and that while there is a shift towards new media expenditure, traditional media remain some of the most important channels.[57] Our research showed that advertising and direct mail remain the most recalled sources of information for shoppers before they visit a grocery store, as shown in Figure 24.

Figure 23. Consumer technology trends

	2000	2006	2012F
% of Internet users creating blogs	<1%	10%	>40%
% of Internet users reading blogs	<1%	27%	>75%
% of consumers using 'pull' technology for content	~5%	~25%	>50%
% of digital TV households using Interactive (Europe)	<10%	42%	>65%
% of mobile users using mobile Internet regularly (Europe)	2%	30%	>70%

Source: Deloitte LLP, 2008.

> "The role of stores is to trigger what shoppers have seen before – you don't need too much information in-store because you've done it pre-store."

International household and food manufacturer, United Kingdom

Figure 24. Information sources recalled before visiting the store
Question: Where was information seen while choosing at which store to shop?

	%
Advertising	21
Direct mail e.g. leaflets/coupons	21
During last visit to the store	20
Recommendation or word of mouth	11
Mentions in stories or reports	5
Sponsorship	3
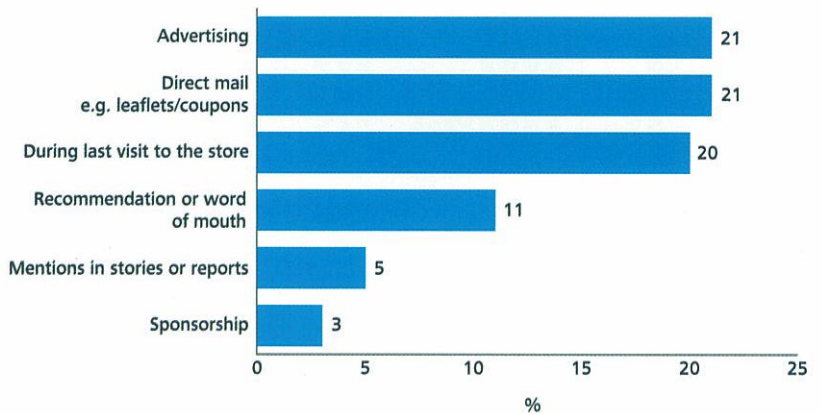
Source: Deloitte LLP, 2008.

Targeting offers to the right individuals on behalf of their households is increasingly important. It also helps to channel promotional spend to where it makes a real difference. Only a minority of grocery retailers today have detailed information about the shopping habits of individual customers, and can therefore target promotions and offers both outside and in-store. It seems likely that, given the barrage of information to which individuals are subjected, targeting will become increasingly important.

Targeted communication before a shopper visits the store represents a powerful opportunity to provide simple, relevant and timely information to those who have specific needs or interests.

"There is more of a 360-degree approach to communication as the industry becomes more conscious of shopper missions and manufacturers and retailers change the way they want to approach information needs. They have become more proactive and transparent. They provide more information in general especially on packaging. They want to make the effort to connect to the consumer, and do so with a customised approach."

International manufacturer, Sweden

8. Shopping is a journey – integrating out-of-store with in-store

Shoppers' receptiveness to messaging in-store can be materially influenced by messaging outside the store if properly aligned.

When individuals go shopping, they absorb different types and amounts of information every step of their way: before they reach the store; on entering the store; when they browse the category; in selecting a product, and after they leave the store.

The study highlighted the critical connection between the messaging to which individuals are subjected before they enter the store, and what they are then most receptive to in-store. Shoppers are influenced in where to shop and in what products to buy before entering the store. Above-the-line advertising and direct mail or leaflets have the greatest impact across Europe, though there are differences by country reflecting learned behaviour.

There are implications for retailers in integrating communication strategies outside the store with promotional activity in the store. The implications are equally important for manufacturers of branded products. With an ever greater focus on effective shopper-centred communication in the store, ensuring that promotional 'above-the-line' activities are aligned with execution in-store will be more and more critical in maximising the return on investment in demand-generation activities. Manufacturers need to work with retailers on the best ways to empower and influence shopper choice to best effect.

The shopper journey captures the critical consumer and shopper touch points. Consumers and shoppers go through four phases along the shopper journey, as shown in Figure 25:

• need

• shop

• purchase

• consume.

Each of these phases offers the manufacturer and retailer an opportunity to drive engagement to try to increase conversion, basket size, or store, aisle, or category traffic.

Retailers and manufacturers can influence shoppers' choices about where they shop, how to navigate the store, which categories to shop and which product to select. Increasing recognition of the store's potential as a marketing medium means that more and more retailers and manufacturers embrace 'shopper marketing' as a core discipline. Shopper marketing moves beyond traditional above-the-line or in-store promotions to understand and engage the consumer and shopper, and ultimately deliver an enhanced shopping experience. Understanding shoppers' engagement and how information affects the choices they make are important to implementing a successful shopper marketing strategy.

Gaining a better understanding of what happens at each stage of the shopping journey will help retailers and manufacturers to develop programmes that more effectively inform and empower choice.

The need phase
Recognising a need triggers the start of the shopper's journey. Depending on the complexity of the need, shoppers will collate different levels of information to define and structure their shopping journey.

Figure 25. The shopper journey

Source: TNS Retail and Shopper, 2008.

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The shopping and purchasing phases

- Pre-store: Shoppers face a succession of options and will seek cues to help navigate the path by exploring, seeking and researching information that will ultimately help with the decision of where to shop.

- In-store: Presented with various choices, shoppers make decisions by first gathering basic information, then looking for enhanced data to back it up. The choice will be narrowed from navigating the category to selecting the product, for example by looking at store leaflets and shelf edge information.

The consumption phase
Shoppers experience the product through consumption at home or on the go. Their experience or those of other members in the household may be shared with friends, family and colleagues, which completes the cycle of information gathering and sharing.

While the stages of the journey are common to most shoppers, the amount of time and level of consciousness spent at each stage varies. For many low-price and low-involvement categories, the journey will be largely subconscious and almost instant. By contrast with other more engaged categories, or for more engaged shoppers, the gestation period for making a purchase will be longer. Recalling or accessing of information will play an important role in the decision to buy or not.

Shoppers' engagement depends on the category shopped as well as their lifestyle or shopping style. They will alo decide at each stage of the journey what information is required to make the decision. Beyond the shared need for information such as price, individuals' general attitudes to shopping, defined by which segments they tend to belong to, are strong secondary influencers in the purchasing decision process.

Figure 26. Activities undertaken before a shopping trip
Question: Which of the following activities did you do before a shopping trip?
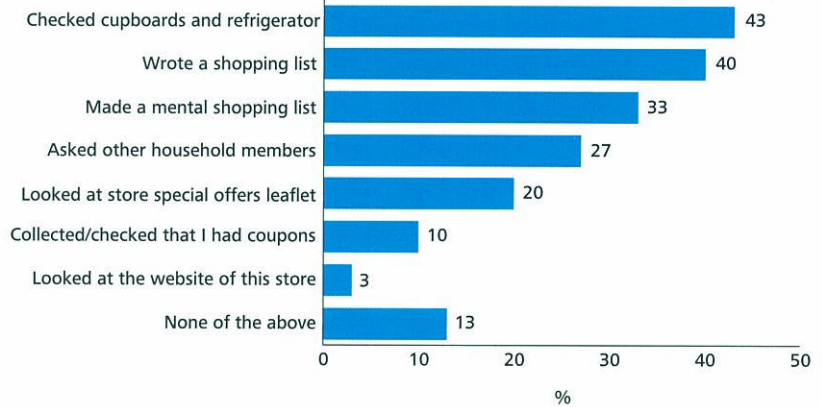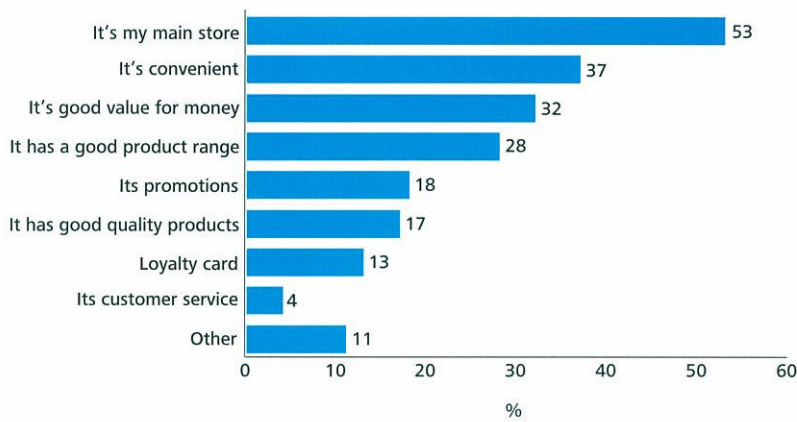

Source: Deloitte LLP, 2008.

Information sources across the journey
Prior to visiting a store, shoppers start to absorb information by checking their cupboards or refrigerators (43 per cent), preparing shopping lists (40 per cent) and speaking to other people in the household (27 per cent) before they start looking at 'external' sources of information such as store leaflets (20 per cent) or collecting coupons (10 per cent), as shown in Figure 26.

Store choice is often habitual among shoppers as a majority choose the store because it is their main store (53 per cent), as shown in Figure 27. Most shoppers do not actively seek information to help them decide where to shop. This is because location tends to be selected for convenience (37 per cent), or the store is perceived to have the capability of fulfilling shoppers' needs. Beyond locality, a number of rational and emotional factors influence choice of store, such as product range, quality, sense of value and overall perception of the store and the retailer. How much these elements apply will vary depending on the mission. For example, a main shopping trip requires more planning and consideration than a smaller top-up trip.

Figure 27. Choice of store
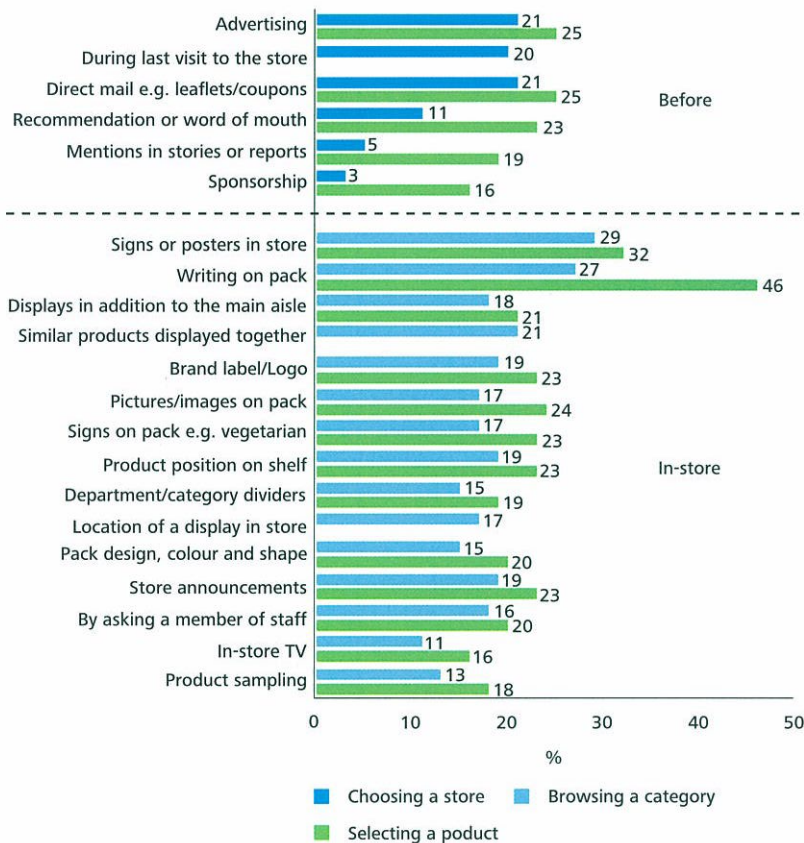Question: Why did you go to this store on this occasion?

Category	%
It's my main store	53
It's convenient	37
It's good value for money	32
It has a good product range	28
Its promotions	18
It has good quality products	17
Loyalty card	13
Its customer service	4
Other	11

%

Source: Deloitte LLP, 2008.

Figure 28. Information sources seen before the store and in-store
Questions: Where was information seen while choosing at which store to shop?
Where was information seen while shopping the category?
Where was information seen while selecting the product in-store?

Before

Source	Choosing a store	Selecting a product
Advertising	21	25
During last visit to the store	20	
Direct mail e.g. leaflets/coupons	21	25
Recommendation or word of mouth	11	23
Mentions in stories or reports	5	19
Sponsorship	3	16

In-store

Source	Browsing a category	Selecting a product
Signs or posters in store	29	32
Writing on pack	27	46
Displays in addition to the main aisle	18	21
Similar products displayed together	21	
Brand label/Logo	19	23
Pictures/images on pack	17	24
Signs on pack e.g. vegetarian	17	23
Product position on shelf	19	23
Department/category dividers	15	19
Location of a display in store	17	
Pack design, colour and shape	15	20
Store announcements	19	23
By asking a member of staff	16	20
In-store TV	11	16
Product sampling	13	18

%

- Choosing a store
- Browsing a category
- Selecting a poduct

Source: Deloitte LLP, 2008.

When choosing the store, advertising (21 per cent), direct mail (21 per cent) or information gathered during the last visit to the store (20 per cent) are the main sources of information used by shoppers, as shown in Figure 28. Effective communication such as information about promotions and special offers can affect store choice by shoppers and break their shopping patterns. Behaviour breakers and their implementation will be discussed in more detail later in the report. However, attracting habitual shoppers away from competitors' stores is a challenge for retailers.

Once in the store, over 50 per cent of shoppers keep to the same route each week through habit.[58] They also purchase a large number of items again on repeated trips. The route shoppers follow in-store will vary whether the trip is for a main or top-up shop or to buy one or more specific items. People will not see information that is not on their main route. The main cues for browsers of a category are signs or posters in-store (29 per cent), writing on packaging (27 percent), brand labels or logo (19 per cent), product position on the shelf (19 per cent) and store announcements (19 per cent). Individuals shopping with particular dietary requirements or specific lifestyle needs, for example vegetarians or organic food shoppers, will pay more attention to cues. These more engaged segments will need appropriate signage in the category and on products themselves, to locate the specific products that meet their dietary or lifestyle requirements before ultimately selecting an item.

> "Overall we avidly follow a multichannel communication strategy, using our branding in each of the channels. Therefore shoppers will face the same brand name and message."

A leading European grocery retailer

> "Before you visit the store, you have time to absorb more information than when in-store which represents an opportunity for the manufacturer. We use the press and the Internet to create awareness. You then have to remind shoppers of the communication they have received outside of the store when they are in-store, using packaging, signage etc."

Global soft drinks manufacturer

A combination of information absorbed prior to entering, or while in a store will influence shoppers' decisions about what to buy. These include advertising (25 per cent), direct mail (25 per cent), recommendations or word of mouth (23 per cent), writing on pack (46 per cent), visual cues such as signage or posters in-store (32 per cent), and pictures or images on the packaging (24 per cent). Retailers and manufacturers are becoming more focused on 360-degree, integrated, multichannel communication strategies. Effective communication campaigns use different available channels throughout the shopping journey to create a series of clues that shoppers will pick up either consciously or unconsciously. Such campaigns should underline the retailers' and manufacturers' key messages, and will need to be complemented by good in-store execution.

The impact of traditional marketing and advertising is now diffuse as shoppers are exposed to so many different forms of communication. Targeting specific shopper segments both before they enter, and while they are in-store will help raise levels of awareness and engagement. It will also help retailers and manufacturers to improve shoppers' trust, as they work together to understand and address specific information requirements.

Shoppers integrate information from different sources through different stages of their shopping journey. Consistency in communication and execution is essential.

Case study: 'Try Something New Today'
Sainsbury's success in repositioning its brand illustrates the importance of a 360-degree approach. Four years ago Sainsbury's, one of the United Kingdom's leading grocery retailers, launched its new identity around the strapline, 'Try Something New Today', encapsulating the company's commitment to service and quality.

This campaign was devised with research that showed that although an average supermarket stocks around 30,000 products, customers tend to purchase around the same 150 products each week, often failing to notice what is going on around them in the store. The 'Try Something New Today' campaign aims to inspire customers to think beyond their normal range of products. The new identity was executed through all areas of the company's operations. The new strapline featured in everything from television advertising to the website, and in-store displays to till receipts and delivery lorries. The advertising, which featured a celebrity chef, reached a broad audience.

It achieved sales uplift particularly for featured products, for example sales of whole nutmeg increased from 1,400 jars to 6,000 a week after the chef used it as seasoning for pasta. More than seven million customers have also been collecting in-store 'tip cards'. The campaign included messages targeted at information seekers, such as detail on recycling of product packaging and provenance of products.

9. Changing habits is hard – but behaviour breakers exist

Certain types of information are more effective than others in influencing choice in where to shop and what to buy.

A retailer's reputation for keen prices and good value for money is an important determinant in the habits of many shoppers. This reflects in part the focus on price in the current competitive environment among retailers. However, the research clearly shows that comparative prices alone are ineffective in breaking habitual shopping behaviour in the choice of where to shop.

By contrast, effective promotion communication and execution can affect shopper decision patterns significantly before and during the shopping trip. Our consumer research and interviews with industry leaders show that promotional offers communicated in advance of a shopping trip, for example through mailings or leafleting, are an effective way to break habits and influence choice. Most retailers and manufacturers interviewed, especially in western and central Europe, point to the importance of leafleting their promotional offers to attract and help customers through their decision process of where to shop and what to buy.

The same is true for loyalty-card schemes and new technologies allowing for targeted promotional activities around an individual's needs. It can encourage conversion, increased basket size, or store, aisle, or category traffic. Once again, collaboration between retailers and manufacturers can play a big part in the design and execution of such programmes.

During a consultation with shoppers commissioned by the Food Standards Agency[59] in the United Kingdom, consumers indicated that key information such as price or sell-by-date may be over-ridden during the decision-making process by tempting promotional offers – such as 'three-for-the-price-of-two', '33 per cent free' and 'buy X and get Y at half price'. Marketing offers were found to be very important as they have the power to over-ride normal purchasing criteria and are very effective in enabling alternative options to stand out at the point of sale.

Our research shows that although 49 per cent of the shoppers interviewed were not aware of using any information while choosing a store, 29 per cent recall that information on promotions or special offers had affected their choice of where to shop, as shown in Figure 29.

"We use our customer loyalty card data for promotions and redrafting the propositions around individual shopper needs."

UK leading grocery retailer

Price is considered as one of the most important pieces of information by both shoppers and the industry, as shown in Figure 30. However, promotional offers rather than straightforward price differentials emerge as the most effective mechanism to overcome product choice habit, with many shoppers being more responsive to a deal than to the true value of the product. Shoppers do not always 'do the arithmetic' and work out what represents the best value. This is where promotions deliver a sense of value. One leading wine producer confirmed that although shoppers have certain criteria in mind when they choose a bottle of wine, starting with its price, type of grape, and the occasion, they often end up with one on which there was a promotion.

That said, there are significant variations between countries. While France and Sweden are influenced by promotion-driven leaflets more than the average, Germany tends to be driven by communications about price as promotions are less common in this market. An international packaged-food manufacturer in Germany highlights sales flyers as playing a more important role than the Internet or word of mouth. These flyers have started to appear next to the entrance of stores, as a tool to help shoppers to navigate the store.

Figure 29. Information seen and looked for when deciding where to shop
Question: Which of the following types of information do you recall seeing or hearing that affected your choice of when and where to shop?
Question: Did you actively seek out this information?
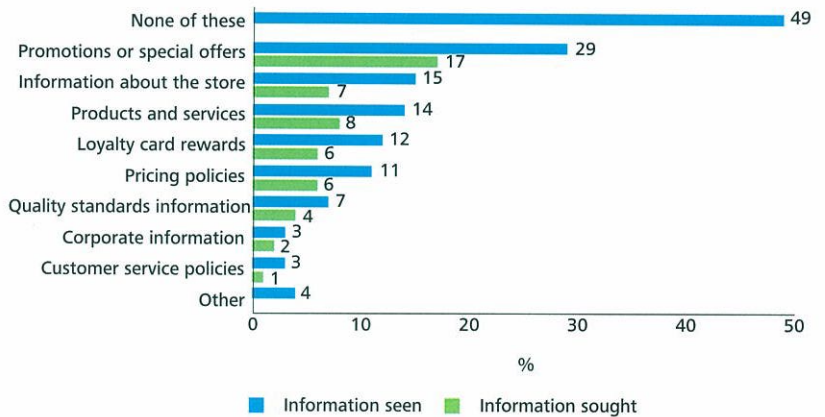
Source: Deloitte LLP, 2008.

Figure 30. Information seen and looked for when browsing the category
Question: Thinking about your experience when browsing the [x] category, which of the following types of information do you recall seeing or hearing that made shopping the [x] category easier, quicker and more enjoyable or helped you decide which products to buy?
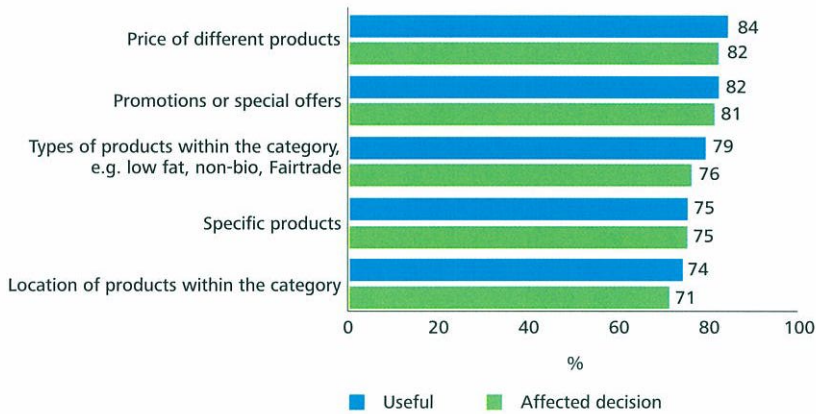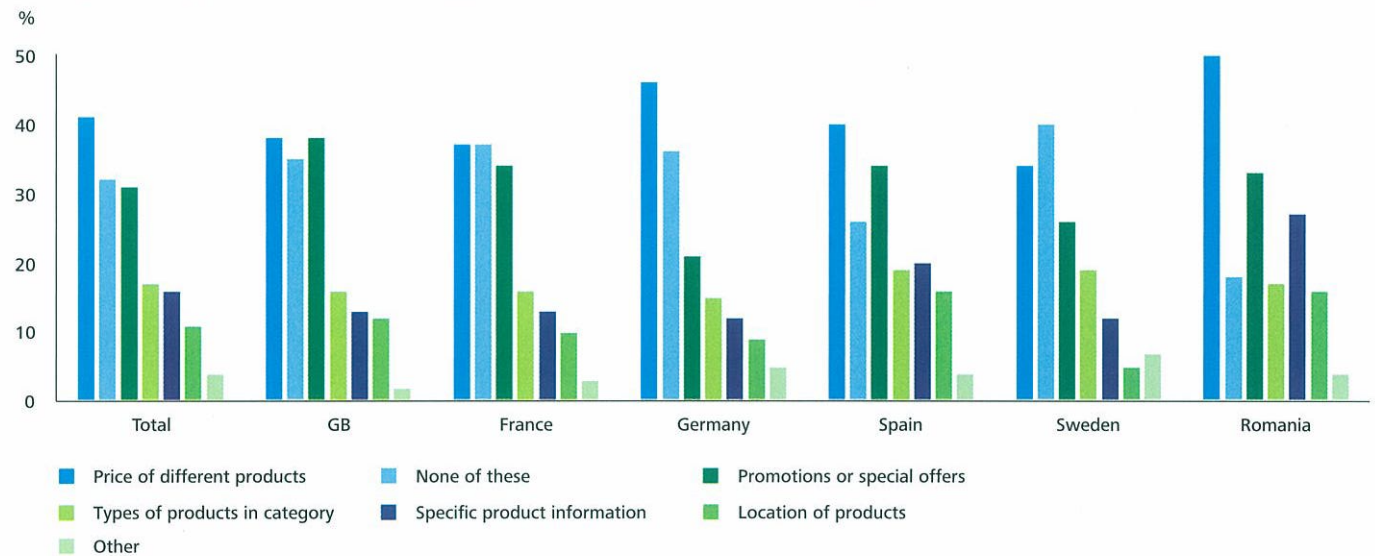Question: Did you actively seek out this information?
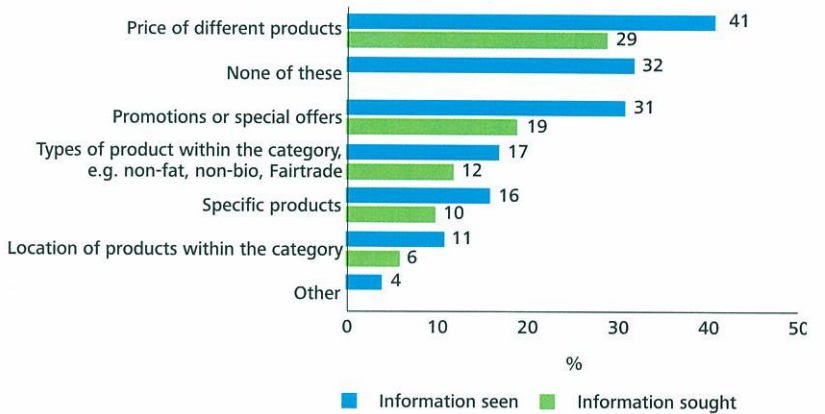
Source: Deloitte LLP, 2008.

"Wine is quite a tricky fixture to navigate; it's complicated so shoppers are nervous about the category. People have a set of criteria in mind – occasion, price band, colour and type, but then they default to promotions. Promotions at the point-of-sale trigger the decision. If the shopper doesn't know much about the category, they just go for the good deal."

An international wine producer

Figure 31. Information which was useful and affected decision when browsing the category
Question: Thinking about your experience when browsing the [x] category, which of the following types of information do you recall seeing or hearing that made shopping the [x] category easier, quicker and more enjoyable or helped you decide which products to buy?

Category	Useful	Affected decision
Price of different products	84	82
Promotions or special offers	82	81
Types of products within the category, e.g. low fat, non-bio, Fairtrade	79	76
Specific products	75	75
Location of products within the category	74	71

%

■ Useful ■ Affected decision

Source: Deloitte LLP, 2008.

Our research has also confirmed that in some markets, such as central Europe, people are keen to collect the promotional leaflets that come through their door and use them to decide where to go shopping. This also happens at one of the Netherlands' main retailers, which sees an increase in the number of visits to its website at weekends after promotions and special offers have been announced.

Price is a key element of recalled information for browsers in Germany and Romania, while promotions are often used in the United Kingdom, Spain and France. As Figure 32 shows, retailers who operate across different countries need to adapt their promotional strategies and communication campaigns according to the nuances of shopper behaviour in each market.

Figure 32. Information seen and looked for when browsing the category by country
Question: Thinking about your experience when browsing the [x] category, which of the following types of information do you recall seeing or hearing that made shopping the [x] category easier, quicker and more enjoyable or helped you decide which products to buy?

%

Total | GB | France | Germany | Spain | Sweden | Romania

■ Price of different products   ■ None of these   ■ Promotions or special offers
■ Types of products in category   ■ Specific product information   ■ Location of products
■ Other

Source: Deloitte LLP, 2008.

The differences in shopper behaviour between markets also provide a strong pointer as to how individuals learn behaviour as a result of local market practices. This suggests that concerted effort by the industry might sensitise individuals to different types of communication.

For example, impulse buyers have a greater tendency to notice in-store sampling, activities and displays, in addition to the main aisle. For specific segments, retailers and manufacturers can influence shopper behaviour with targeted messaging, if it is properly aligned to shoppers' preferences and needs. This reinforces the importance of knowing shoppers' habits inside and outside the store, and adapting both the message and the execution in-store to increase success.

Our research underlines the importance of promotions, but it is the co-ordinated effort of brand marketing in-store execution that will drive success. A balanced approach is needed. Being selective about what type of promotions to run and understanding which ones work for specific categories and shopper groups is critical for successful execution to give optimal return on investment. Given the reluctance of shoppers to take in information, the industry should ensure that both promotions and pricing communications are clear and that store compliance with promotional guidelines is high.

Measuring the effectiveness of promotions (for example, sales uplift and return on investment) is critical to understanding which types of promotion create long-term value for both retailers and manufacturers.

Collaboration should be a high priority for retailers and manufacturers, to create and execute promotions that benefit retailers, manufacturers and shoppers alike.

The research clearly shows that effective promotions are potentially a key behaviour breaker. However, it also suggests that shoppers learn behaviour. The current focus on price and promotion may in part reflect this. Retailers may want to consider adding a stronger third dimension to the current price and promotion-led drivers of shopper choice. This might reflect the growing focus on nutrition, specific dietary needs and differentiated quality and freshness.

Effective promotion communication and execution can significantly affect shopper decision patterns before and during the shopping trip, and potentially break established behaviour patterns. Opportunities exist to increase the importance of other drivers of shopper choice, in particular reflecting the growing focus on wellness, specific dietary needs and the environment.

10. The role of technology – making shopping easier

Technology will play an increasingly important role in the shopping process where it is helpful in informing the shopper and streamlining the shopping process.

Technology continues its acceleration on several fronts. Many of these innovations have deep implications for shopper messaging, for example:

- content-rich, high-resolution graphics;

- miniaturisation and wireless enablement, for example SMS and mobile Internet;

- new tracking technologies, for example radio frequency identification (RFID), global positioning system (GPS);

- increases in computing speed and capacity; and

- pervasive Web access.

The research revealed a number of areas where technology could help to improve the delivery of relevant information to shoppers. Efficient delivery of information can help to inform shoppers' choices of where to shop and what to buy and improve the overall shopping experience. Our industry interviews and consumer research demonstrated that there is a multitude of influences and information providers at every step of the shopping journey, as shown in Figure 33. Traditional sources, such as advertising, are still used and recalled more than the Internet and online retail, but this is likely to keep evolving.

Advertising in traditional media grew by less than 2 per cent in 2006 and 2007, while online advertising grew by more than 20 per cent annually during the same period.[60] The management of the information delivery chain has until now been largely under the control of retailers and manufacturers. However, media fragmentation has increased the number of consumers creating and sharing information about shopping.

Ensuring that the right information is available to consumers to reinforce trust and brand values is increasingly important. Retailers and manufacturers will need to be transparent if they are to continue to develop strong and trusted consumer relationships. Doing so can also present an opportunity for strategic differentiation – shoppers are more likely to trust retailers and manufacturers that openly provide more information about themselves and their products. Making a brand stand out in an environment of 'noise' will encourage positive shopper reception and interaction. Technology provides a way of extending the relationship between the brand and consumer, if relevant and managed well.

Technology will play an integral role in increasing shoppers' access to information, and will consequently shape product and service offerings in the store. Our research shows, for example, the growing importance of collaboration websites where a shopper is an integral participant in the development of new products. Twenty-four per cent of shoppers said that they thought this kind of technology would be valuable. Amazon was one of the first to seize the inherent opportunities of 'co-creation' by encouraging customers to create and post book reviews on their website.[61] This works in the interest of the retailer and the manufacturer.

Figure 33. Information sources during the shopping journey

Communication tool	Before purchase	At point of purchase	After purchase
Advertising (TV, Print, Radio etc.)	High	High	Low
Direct Mail (leaflets, coupons)	High	Medium	High
In-store promotions	Medium	High	Low
In-store displays	Low	Medium	Low
Packaging	Medium	High	Medium
Recommendation/Word of mouth	Medium	Low	Medium
Internet/Websites	Medium	Low	Low
Loyalty programmes	Medium	Medium	Medium
Extended packaging technology	Low	Medium	Medium
Mobile concierge technology	Medium	Medium	Low

Level of impact: Low ● Medium ● High ●

Source: Deloitte LLP, 2008.

"We are starting to see the use of websites in our markets such as Buzzagent.co.uk. Shoppers can sign up, make comments and interact with other shoppers. Different manufacturers use them to communicate their campaigns and send free products and coupons. This also encourages word of mouth. The more consumers respond, the more and better campaigns to which they are invited."

Leading global manufacturer

In allowing shoppers to have access to information they want at times and places that are convenient, retailers and manufacturers will be able to gain more information about their behaviour and preferences. This can establish a virtuous circle. Shopper information can be used, again with the aid of technology, to provide more personalised and relevant information to those shoppers who require it. Loyalty cards are an example of how technology can be used to collect and use shopper information. However research also shows that four-in-ten shoppers do not want retailers to have access to any personal information[62] and, while this is mainly true of the older shopper segment, it reinforces the need for retailers and manufacturers to be transparent about how this information is used in order to be trusted.

Our research shows that while most shoppers and consumers do not look for much information while doing their grocery shopping, when their need for information is specific, not finding it can be frustrating. Technology providers recognise this and believe new technologies will help shoppers access the information they need when and where they need it, avoiding such frustrations. Technology is already playing a growing role in enabling more personalised and relevant communication. This will help businesses to develop more cost-effective multi-channel communication strategies.

Retailers and manufacturers will embrace new technologies to deliver information to enhance shopper choice. When asked about their future use of technology, retailers and manufacturers indicated they were planning predominantly to use mobile communication platforms. This would take advantage of the increasingly pervasive adoption of mobile phones around the world – mobile penetration in Sweden is 120 per cent, for example, while in Romania it is 110 per cent.[63] Retailers mentioned in particular information scanning by hand terminals or mobile phone.
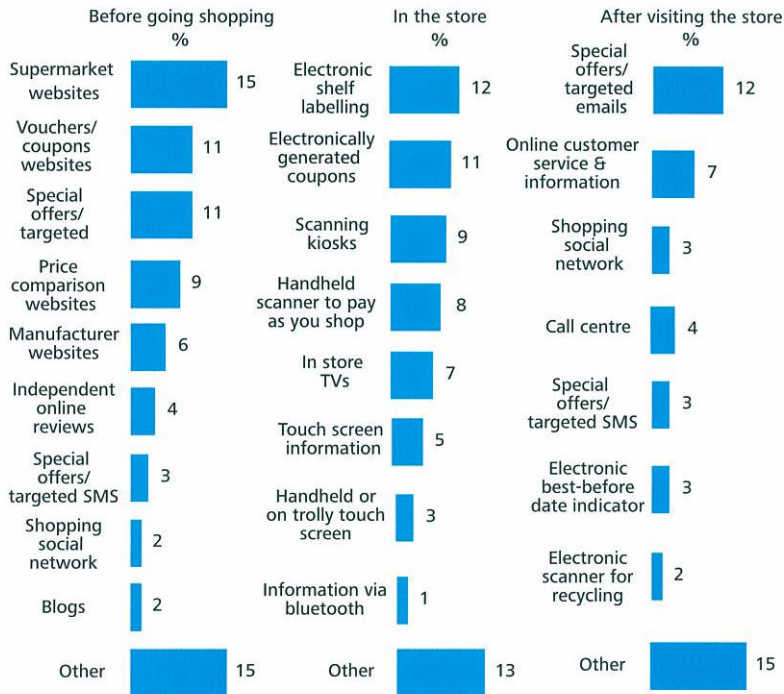
While the industry believes strongly in the potential of technology, shoppers have not yet widely adopted it on their grocery shopping journey. Supermarket websites and voucher or coupon websites have some appeal across Europe before shoppers enter the store, but fewer shoppers have been exposed to and used technology-driven tools, while in the store and after the purchase.

"The primary information needs that drive the adoption of technology are convenience, openness and transparency, and personalisation."

Leading technology provider

Figure 34. Usage of current technologies
Question: Thinking more generally about the technologies available to you for grocery shopping, which of the following have you ever used or interacted with?
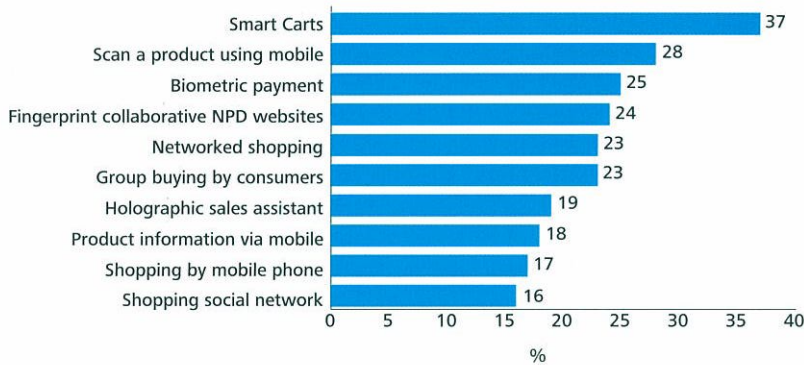
Before going shopping %

Technology	%
Supermarket websites	15
Vouchers/ coupons websites	11
Special offers/ targeted	11
Price comparison websites	9
Manufacturer websites	6
Independent online reviews	4
Special offers/ targeted SMS	3
Shopping social network	2
Blogs	2
Other	15

In the store %

Technology	%
Electronic shelf labelling	12
Electronically generated coupons	11
Scanning kiosks	9
Handheld scanner to pay as you shop	8
In store TVs	7
Touch screen information	5
Handheld or on trolly touch screen	3
Information via bluetooth	1
Other	13

After visiting the store %

Technology	%
Special offers/ targeted emails	12
Online customer service & information	7
Shopping social network	3
Call centre	4
Special offers/ targeted SMS	3
Electronic best-before date indicator	3
Electronic scanner for recycling	2
Other	15

Source: Deloitte LLP, 2008.

Figure 35. Receptivity to future technologies
Question: Thinking of the technologies that are being developed, how useful would you find each of the following when grocery shopping in the future?

Technology	%
Smart Carts	37
Scan a product using mobile	28
Biometric payment	25
Fingerprint collaborative NPD websites	24
Networked shopping	23
Group buying by consumers	23
Holographic sales assistant	19
Product information via mobile	18
Shopping by mobile phone	17
Shopping social network	16

Source: Deloitte LLP, 2008.

While the uptake of online grocery shopping is growing across Europe, most shoppers do not yet foresee the use of mobile-based and more advanced technology in the in-store grocery shopping environment, as shown in Figure 34. This is in large part because individuals generally find it hard to imagine how they might use unfamiliar devices or familiar devices for unfamiliar purposes. According to our research, the adoption rate and use is likely to increase as shoppers expressed more interest when asked about their potential use of new tools in the future, as shown in Figure 35. Between 10 and 37 per cent of people in Europe felt they would find various technologies under development very useful, with Smart Carts and mobile-phone scanning scoring the highest. It has been estimated that by 2011, three billion coupons or incentives will be sent electronically to mobile phones around the world.[64]

Many anticipated technologies are enhanced versions of existing technologies. As Figure 36 shows, a number of retail communication solutions are in development. According to our research, some of the most promising future technologies include:

• Mobile Concierge – delivers relevant content and media to a shopper's dual-mode phone while connected to the in-store wireless network.

• Extended Packaging – delivers additional information to shoppers as a result of scanning a bar code on a product with their mobile phones. It connects to the in-store or other network and retrieves additional information about the product. It also allows shoppers to predefine what information they are interested in, therefore the information presented can be targeted, providing for example a platform to interrogate compatibility with specific dietary needs.

• Near Field Communication/RFID-based phones – delivers additional information to shoppers as a result of scanning an RFID chip on a product with their mobile phones. It connects to the in-store or other network and retrieves additional information about the product. As with extended packaging, it allows shoppers to predefine the information in which they are interested, therefore it can be targeted.

Figure 36. Current and future retail technologies

	Today	Future
Home	Web Email Publications Targeted email	Collaborative NPD website Networked shopping
On-the-go	PDA/Mobile phone SMS Navigation Systems	Mobile Concierge Near Field Communication
In-store	Self-checkout SMS Scanning kiosks/Handheld In-store TVs Touch screen Coupons at till/shelves E-couponing	Mobile Concierge Near Field Communication Extended Packaging Mobile phone scanning Biometric payment Holographic sales assistant

Source: Deloitte LLP, 2008.

How can technology support the successful delivery of relevant information to shoppers?

1. Access: Technology helps provide enhanced access to simple, standard and more transparent information.

Technology has a greater role to play in the shopping experience. Research indicates that online grocery shopping will continue to grow and more information will be sought via the Internet and mobile communication. Price comparisons at item level are mainly of interest for bigger ticket purchases. More time spent considering a purchase and gathering information will not necessarily translate into more money spent. Shoppers may simply settle for being more informed and knowing which products are better, different and cheaper.

Figure 37. Current technologies used by shopper segment
Question: Which of the following technologies have you ever used when grocery shopping?

Legend:
- Supermarket websites
- Electronic shelf labelling/digital price labelling
- Special offers/targeted information via email
- Vouchers/coupons websites
- Electronically generated coupons
- Price comparison websites
- Scanning kiosks
- In-store shopping TV
- Handheld scanner to pay as you shop
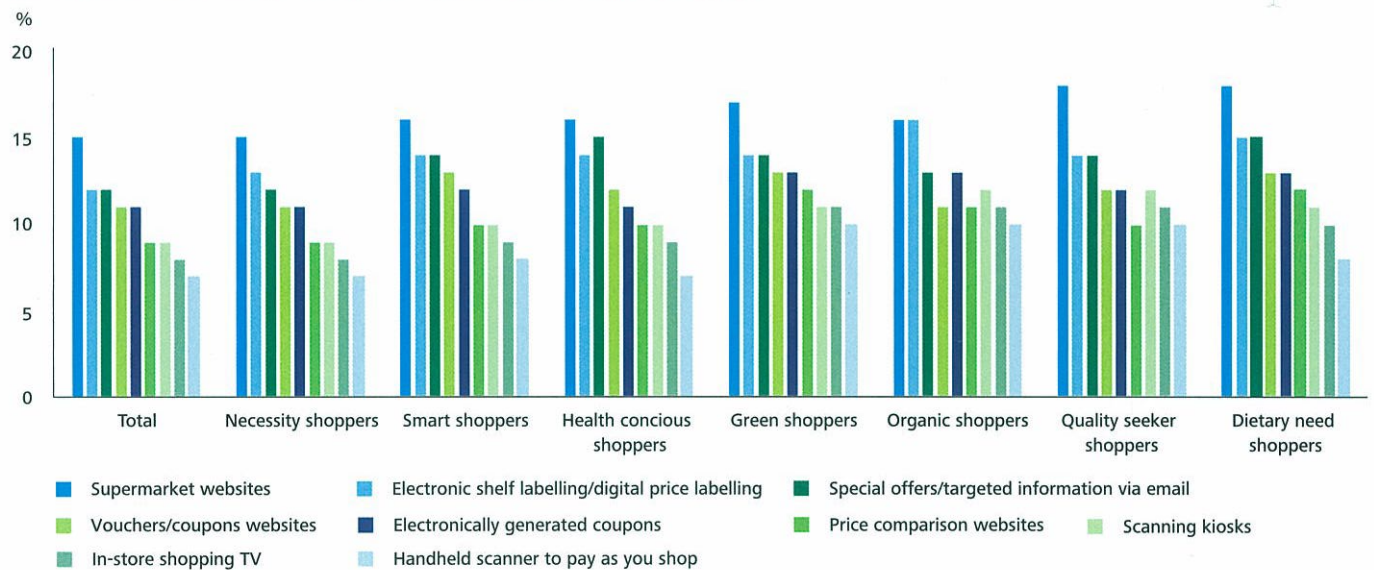
Source: Deloitte LLP, 2008.

2. Relevance: Technology allows for personalised and targeted information and can support shopper-centred strategies.

The evidence from the research suggests that there is a significant opportunity for retailers to meet the needs of information seekers through relevant information provision such as targeted emails or new mobile Internet technology. Figure 37 shows that quality seekers and shoppers with specific dietary needs are more likely than the average person to be receptive to using websites or receiving special offers via targeted emails.

Moreover, the data also suggest that this growing segment will be generally receptive to the use of new tools, as shown in Figure 38. Groups such as the health conscious, green, organic, quality seekers and shoppers with special dietary needs are more likely than average shoppers to find future technologies in the grocery shopping environment useful. This is consistent with their attitudes towards current technologies.

The Smart Cart, for example, is an attractive prospect. Many possibilities exist for the information seeker including:

- Is this product suitable for diabetics?

- Is this product compatible with my particular dietary intolerance?

- What is the provenance of this food?

- What are the ethical sourcing policies of the supplier?

- What does accreditation by this scheme really mean?

- How should I cook this?

The benefit is that this can all be done without complicating the process for the average shopper.

Figure 38. Future technologies receptivity by shopper segment
Question: Would you find the following future technologies useful when grocery shopping?

Legend:
- Smart Cart
- Collaborative product development websites
- Product information via mobile phone
- Scan a product barcode or chip using your mobile phone
- Group buying by consumers
- Shopping by mobile phone
- Biometric payment fingerprint
- Networked shopping device
- Shopping social network website
- Holographic sales assistant
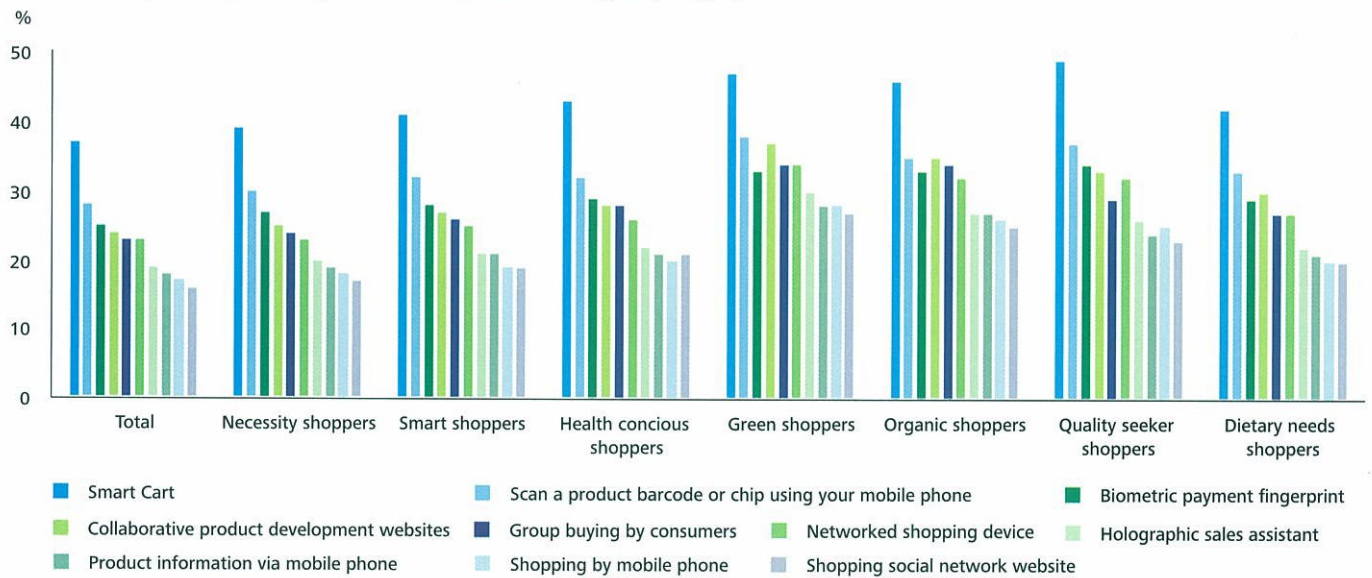
Source: Deloitte LLP, 2008.

3. Enticing: Technology that enhances the shopping experience by making it more interactive, more relevant to 'me'.

Technology development is accelerating along several fronts, including content-rich, high-resolution graphics; mobility/wireless enablement (for example SMS); new tracking/marking technologies (for example RFID, GPS); increases in computing speed and capacity, and pervasive Web access/integration. Many of these innovations are providing more involving experiences for shoppers, and appeal to numerous senses. For example, up to 70 per cent of consumers are more likely to retain images if static posters are replaced with screens or television based advertising.[65]
If buyers use more of their senses in the shopping experience they become more engaged in the overall experience. Technology provides another front to do this.

4. Operationally efficient: Technology that accelerates the shopping process by making it faster and more convenient.

Technology is being used more in-store, in particular with the use of self-check-out, multi-purpose information kiosks and new methods of payment. The majority of the retailers that commented on their in-store technology strategies expressed concern, however, about creating additional "noise and clutter in the store". Very few commented on the use of intelligent visual shelf-edge labelling and those who did questioned the business case. There was wider interest among the participating retailers in providing 'concierge' services to shoppers using in-store Wi-Fi and mobile phones as delivery platforms. Mobile communication is likely to be a popular technology in the future. It provides independence in information access and is efficient for on-the-go, 'any time' information collection. Mobile communication can also provide product reviews, selection advice and facilitate payment. Technology has the potential to make the shopping experience easier and quicker.

> "Regarding technology, the most important thing is to make things easier for the customer."

Leading Swedish retailer

> "In the future we're looking at providing shoppers with information through their mobile phones which should have the possibility to read product barcodes and get detailed information through that medium."

Leading French retailer

Establishing the technology platforms that can deliver this information to the shopper quickly and conveniently is straightforward. However, establishing the industry-wide information standards and processes that ensure that the right information is available and that shoppers can be confident in its accuracy is a much greater challenge. That there is the need for such standards and processes is a key conclusion of this study.

To be successful in using emerging technologies, retailers and manufacturers should make information as seamless and relevant to the shopper as possible. This will help make the shopping decision easier and faster, enhancing the overall shopping experience.

Conclusions and recommendations

1. Implications for the industry

Given the importance of effective strategies to inform and influence shopper choice in an increasingly complex environment of media and messaging, we expect more and more retailers to seek shopper information strategies that effectively serve their particular target markets and business models. However, the implications of this for individual retailers and the industry as a whole are significant.

The hierarchy of shopper information needs

Findings

There is a recognisable hierarchy of information needs starting with product identification, then pricing and promotions, followed by product attributes and product benefits. Shoppers use all their senses to identify and select products, and to assess quality and freshness. However, most shoppers have limited need for information either before or during their shopping trip.

Implications

At the most basic level, retailers should recognise shoppers' common, core information needs in each product category and meet them as simply and clearly as possible. They should recognise the way in which shoppers use multiple senses and the hierarchy of needs relevant to that category. In many cases retailers already do this well. However, examples of where core needs are not well met, for example, lack of clear visibility of product and use-by-dates.

Information seekers

Findings

The shoppers who require the most specific information and are most engaged in seeking it are those with specific dietary needs, those who care about their health and those who are concerned about the environment. There is significant overlap between these groups. They also represent a substantial and growing portion of the population in the countries surveyed, with for example 40 per cent of shoppers looking to meet their own specific dietary needs or those of someone for whom they are shopping. As explained earlier, we refer to this group as the information seekers.

Implications

Many retailers have an opportunity to provide a better service to these information seekers by making the specific additional information relevant to their personal lifestyles, dietary and other needs available and readily accessible. This needs to be done without complicating product choice for others. Information seekers are generally willing to 'go a little further' to find out what they need to know providing the effort is not unreasonable. Information seekers are often higher-than-average-spend shoppers and more willing technology adopters. Technology may therefore provide a strong pointer as to how some of this group's additional needs can be met.

Behaviour breakers

Findings

Today, price and promotions are the most sought and the most effective pieces of information influencing shopper choice. They are generally communicated effectively, reflecting the current focus on price and promotions in most retailers' propositions. However, opportunities exist for many retailers and manufacturers to improve the targeting of promotional messaging and spend by gaining a better understanding of individual shopper needs. The research also shows that shoppers' sensitivity to messaging about prices and promotions is in part learned behaviour, and opportunities exist to broaden the dialogue with them to embrace other areas of need.

Implications

It makes sense to use insights into what types of communication are most effective in 'behaviour breaking' to influence decisions about where to shop and what to buy. The research reveals that well-targeted promotions are, for example, more effective today than absolute price differentials in influencing decisions about where to shop and what to buy.

The key question is whether the industry can engage shoppers with areas of information other than price and promotion, which remain critical, especially in the economic downturn. We believe the research shows that better use of information relevant to consumers' specific dietary and lifestyle needs could help retailers introduce new potential behaviour breakers.

The shopping journey

Findings

Shopping is a journey during which people absorb different types and amounts of information every step of their way: before they reach the store; on entering the store; browsing the category; selecting a product, and after leaving the store. The study shows the critical connection between the messaging to which individuals are subjected before they enter the store, with the imagery and messaging to which they are then most receptive to in-store.

Implications

Retailers and brand manufacturers should ensure that messaging and imagery outside the store is aligned with activation in-store to maximise shoppers' receptiveness to relevant and timely information. During the shopping journey, information received outside the store can have significant impact on shopper choice in-store where such alignment is achieved. In communicating with shoppers along the various stages of the journey, it is also important to recognise that the most effective tools differ materially by market and target segment. There are important implications for collaboration between retailers and manufacturers of branded products to align messaging, promote engagement and drive category growth.

Engaging with the shopper

Findings

There is an opportunity for retailers to engage shoppers much more strongly on diet, health and environment-related issues and needs as an additional third dimension beyond the expected and necessary communication of price, promotion and assortment. Done well, this could substantially enhance a retailer's relationship with its customers. However, today, much of the information available in these areas to inform shopper choice is inconsistent, little understood and therefore not widely used. In addition, there is little information on compatibility with specific dietary needs and environmental impact. In these areas the industry therefore has substantial opportunities for improvement and barriers to overcome.

Implications

Retailers should look to understand the specific information required to meet the needs of different information seeker groups and develop appropriate approaches to meeting these needs both reactively and proactively:

- Reactively – by making available the specific dietary and other information shoppers need through whatever platforms and channels are convenient at each point in the journey.

- Proactively – by using information to target communications that are directly relevant to individuals' interests and needs, thereby maximising influence in where to shop and what to buy. This will require retailers to capture profiles of shoppers' needs and purchase history information.

There are also significant implications for product information management. As shoppers become more used to and dependent on information about, for example, the dietary and allergen characteristics of products, the reliability of that information will become paramount. Retailers should recognise the complexity of this issue, especially given the potential number of suppliers involved and their varying levels of sophistication. It will require close collaboration between retailers and their value-chain partners to ensure the integrity of the product information used to inform shoppers. It will also require the development of additional industry-wide data and labelling standards to make this possible.

Existing labelling schemes

Findings

There is still much to do to increase consumers' and shoppers' understanding of the labelling that is already in place, and retailers and manufacturers both have a role to play. Much of the information that is available to empower shopper choice in areas such as nutrition and environmental impact is not used because it is not understood. Forthcoming EU legislation designed to improve consistency of nutritional labelling is likely to bring some changes to standards.

Implications

Existing product labelling needs to be improved in scope, clarity and consistency in the longer term. However, there is a significant opportunity to better inform shoppers in the short-term by ensuring that existing labelling is better understood. This suggests that retailers should give greater prominence to explaining the nutritional and environmental labelling of products both in and outside the store, for example in schools. This should include the main types of nutritional information provided such as RDAs. It should also include an explanation of accreditation by bodies such as, Fairtrade, the Rainforest Alliance, the Marine Stewardship Council, the Carbon Trust and the RSPCA in the United Kingdom or the equivalent SPA in France.

Longer term – development of required industry standards

Findings

Certain barriers need to be addressed if retailers are to be able to engage shoppers on a broader range of dietary, personal lifestyle and environmental issues consistent with their individual business strategies. The industry currently lacks consistent ways of measuring, capturing and communicating information relating to nutrition, diet, health and environmental-impact information within and across markets.

Implications

If retailers are to have the option to engage more on these issues, then the underlying data and labelling standards should be established. Governance and processes to ensure the integrity of the information involved also need to be developed.

This will require retailers, manufacturers and other stakeholders such as industry associations and relevant standards bodies to promote the harmonisation of the necessary labelling and data standards across the industry. Much has already been achieved in areas such as product identification, weights and measures, ingredients labelling and the identification of allergen risks. Core standards for electronic commerce are also now well established. However, there is still much to do, from establishing conformity in nutritional labelling to informing individuals about product compatibility with their dietary needs, and laying the foundations for meaningful and consistent labelling on environmental impact. If such labelling is to become widespread, consistent and comparable across a broad range of categories and products then industry-wide standards for labelling and the underlying data will need to be developed in a number of areas where today, they do not exist.

2. A framework for a shopper information strategy

Developing a shopper information strategy

There is an opportunity to communicate more effectively with shoppers on a third dimension beyond price, promotion and quality.

- Many retailers have traditionally focused on price, promotion and quality dimensions, and shoppers understand these important pillars of communication.

- Our research shows that a substantial proportion of shoppers are also focused on nutrition and health, specific dietary needs and the environment.

This presents the opportunity of a third dimension on which to engage shoppers, as shown in Figure 39, and establish an important platform for differentiation, in addition to the current and necessary focus on price and promotion.

Figure 39. The third dimension

Source: Deloitte LLP, 2008.

We presented the hierarchy of information needs at the beginning of the key findings section of this report. Having looked at different shopper segments and their respective needs across different categories and countries, for the majority of shoppers, current information on price and promotion and on product quality is generally sufficient to satisfy their needs. This is illustrated in levels 1, 2 and 3a of the hierarchy in Figure 40.

It is the product benefits (3b in figure 40) that represent a significant opportunity to engage with those shoppers who are increasingly interested in these types of information and enable retailers to differentiate beyond price and quality. Product benefits are currently sought only by information seekers – those shoppers with specific needs and interests. However shopper interest levels in these topics, such as health and environment, are increasing.

Figure 40. The hierarchy of information needs

Source: Deloitte LLP, 2008.

- Shoppers are often confused or sceptical about this type of information due to inconsistency and lack of standardisation, yet many look for the information to help them make the right decision.

- Targeting shoppers with consistent, relevant and clear information in this area represents an opportunity to differentiate.

- Information seekers are more engaged with multiple communication tools – they will be early adopters of new technology that meets their information needs.

Drivers of shopper information strategy

As noted, most shoppers have limited need for information either before or during their shopping trip. What they do need is basic information required to identify the product they want, as clearly and simply as possible. Pricing and promotions follow closely after product identification in the shopper's hierarchy of information needs and the same principle applies. This is generally applicable across product categories. It is fair to assume that getting these right will sit at the heart of an effective shopper information strategy for any mainstream grocery retailer.

This is reflected in practice. Retailers have traditionally focused on informing shopper choice through providing information about price and promotion and assortment and quality. Shoppers have learned to understand and use this information, though certain things, such as presentation of use-by-dates, could be clearer.

More importantly though, the substantial proportion of shoppers who are focused on good nutrition & health, specific dietary needs and other determinants of choice such as the environment have additional interaction needs.

This presents the opportunity of a "third dimension" on which to engage shoppers and establish an important platform for differentiation that shifts the focus from price and promotion to other shopper needs and values.

Figure 41. Roadmap to a shopper information strategy

Source: Deloitte LLP, 2008.

Developing the strategy

A shopper information strategy needs to address four key questions:

- What types of information?

- Will be targeted at which types of shoppers?

- Through which mechanisms and platforms?

- And what needs to be done to make this possible?

Building on the results of the research we have developed a three-step approach that we suggest retailers follow to develop a shopper information strategy that is right for their business. This is shown in Figure 41.

The key steps are as follows:

1. Shopper segmentation

1.1 *Shopper segmentation* – this mirrors the type of shopper segmentation described earlier in the report but will be more specific to the particular retailer and market. It also needs to be granular in areas such as identifying particular dietary needs categories.

1.2 *Shopper information needs analysis* – having identified the segmentation model most relevant to a particular retailer, the next step is to look at the needs of each group. This includes both the types of information individuals want and how they would like to receive that information at each part in the shopping journey. We would expect it to include exposing shoppers to different approaches to information delivery and presentation to assess acceptability.

1.3 *Requirements integration* – this is a critical phase because of the complexity of the likely output of Step 1.2, in terms of the common and differing types of information that individual shoppers want to receive based on their individual needs, across different categories, at different points in the shopping process and in different ways. The result is a consolidated view from three different perspectives: by shopper segment, by category and by delivery mechanism.
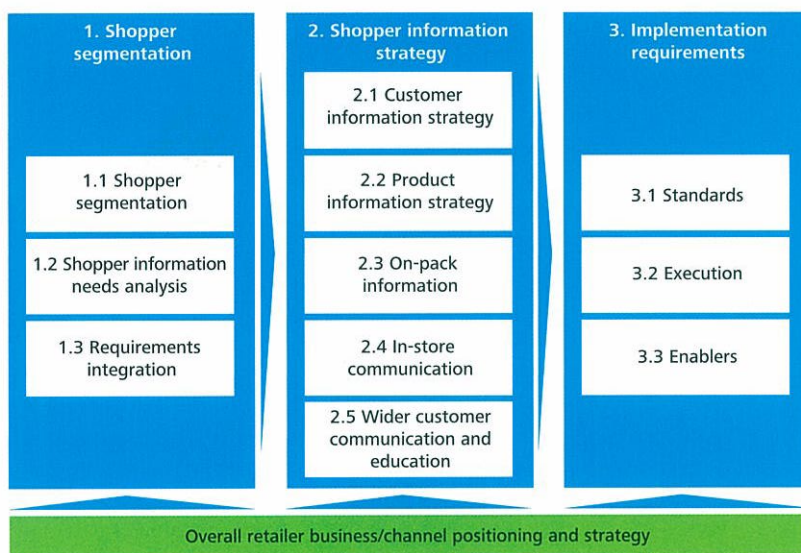
2. *Shopper information strategy*

The shopper information strategy is then developed building on these different consolidated perspectives and covers on-pack labelling, in-store messaging and wider shopper communications. Key questions that should be answered include:

2.1 *Customer information strategy* – what information is critical to communicate to the shopper base? What fits the overall business strategy?

2.2 *Product information strategy* – what information will be held and maintained about each product line? Where will that information come from? How will the integrity of that information be assured?

2.3 *On-pack execution* – what information will be included on the packaging? Where will it be placed? How will it be presented? What is the role of extended packaging? How will this vary by category?

2.4 *In-store communication* – what information will be available to shoppers and where? How will it be presented, for example using what technology platforms? How will it integrate with and support the desired customer experience?

2.5 *Wider shopper communication and education* – what information will be captured and maintained about customers and their preferences and needs? How will that information be used to channel relevant communications outside the store? How will it be used to channel promotions and offers in the store?

3. **Implementation requirements**

Executing a successful shopper information strategy has many implications – on-pack, in-store, outside the store and for enabling technologies and systems. The last but crucial step in strategy development is identifying the implementation requirements. These include the resources and costs involved and critical pre-requisites that must be in place such as effective mechanisms to capture, manage and ensure the integrity of data. Collaboration with key value chain partners is likely to be an important part of this.

The implications of shopper information strategy are potentially extensive. The key areas to be addressed include:

3.1 *Collaboration* – especially with suppliers in areas such as product information sharing, packaging design and labelling, and joint planning to align activities outside and within the store.

3.2 *Standards* – reflecting the need to extend industry-wide data standards to enable consistency in new areas of information provision and labelling. This requires cross-industry collaboration with key policymaker engagement on labelling and underlying data standards in new areas such as dietary compatibilities and environmental impact. It also requires the development of consistent methods for data capture and interpretation across the food chain. As a minimum, retailers will need to establish interim standards with their suppliers if they wish to progress new areas of shopper information in advance of new industry standards being agreed.

3.3 *Enablers* – including, for example, the technologies that will be deployed to support the shopping process in the store, the communications and computing infrastructure that need to be established to support the use of such tools, and how these tools will be introduced with the highest potential for successful customer adoption.

3. A Manifesto for Industry Standards

We propose the development of a 'Manifesto for Industry Standards' that sets out the scope of additional data standards required to support the types of information strategy that many retailers are likely to wish to establish. It will be impractical for retailers to 'go it alone' in establishing such strategies without the agreement and adoption of the necessary industry-wide standards.

Background

The last three decades have seen the evolution of industry-wide labelling and data standards that underpin trading relationships across the value chain from manufacturer to shopper. Labelling standards include:

• Transportation/SSCC labelling; supplier and product identification; EAN128 standard.

• Consumer unit product identification – standard barcodes; EAN numbers; GTINs; units and measures.

• Requirements for ingredients labelling; allergen warnings; nutritional data (different schemes); sell-by or use-by-date; batch number.

• All of the above reflected, for example, in printed text, barcodes, and RFID encoding.

Underlying data standards include:

• EDI transaction types and formats for a broad set of major commercial and operational messages such as orders, shipment notifications, delivery confirmations, invoices, credits, payments, and so on.

• Specific standards for key data elements, for example EPoS product descriptors; electronic article numbers; supplier and customer identification; logistics information; pricing information; traceability (batch, sell-by/sell-to); sell-by and use-by dates.

However, in reality there are still many areas where retailers and their suppliers follow proprietary standards for information sharing, for example, demand and supply forecasting; promotional activity plans; detailed product recipes/specification, and nutritional content.

Electronic commerce through industry standard EDI transactions has become pervasive across the industry for commercial and operational messages. However, electronic commerce is primarily limited to transactional exchanges, with limited adoption in forecasting, planning and product data exchange.

Global data standards for electronic commerce are actively promoted by GS1 (previously known as EAN-UCC). However, even in those areas where standards exist, data quality is a problem in the industry, which results in substantial supply chain inefficiencies. Outside of any initiative to inform the shopper better, there is a substantial prize associated with establishing better disciplines to ensure the integrity of information shared across the value chain.

Harmonising and clarifying existing product labelling

The primary shopper research shows the need for further harmonisation and clarification of existing product labelling, as well as establishing consistent labelling in new and emerging areas. Key areas of existing labelling that need to be explained more effectively to shoppers include:

• Health related claims, for example: low in saturated fats; low in cholesterol; '98 per cent fat free'.

• Nutritional content, for example: RDAs.

• Specific sustainability accreditations, for example: Marine Stewardship Council; Carbon Trust seal of approval; Rainforest Alliance; Fairtrade; RSPCA/SPA approved.

• Provenance, for example: local or produce of country 'A'.

Retailers could generally be more proactive in explaining labelling information to their shoppers, as discussed elsewhere in this report.

Developing and adopting standards to meet shopper needs

One of the most important conclusions of the research is the need for clear, standardised labelling in areas where labelling is largely missing, embryonic or inconsistent across Europe today. Key examples include:

• Clear 'suitable for' information, for example for diabetics; vegetarians; vegans; specific dietary intolerances (lactose, gluten etc.); specific health conditions (heart conditions, obesity/weight loss and so on); certain religious persuasions.

• Consistent and meaningful information on environmental impact, for example related to carbon footprint; water use; offset percentages.

The provision of such information has the potential to provide a valuable service for many consumers, and thereby an opportunity for early retail adopters to gain competitive advantage.

The implications of establishing these new areas of consistent labelling are considerable. It creates a need for the extension of underlying data standards to support the provision of new categories of information to the shopper, however this might be provided, whether on pack, on the shelf edge or interrogated electronically by the shopper. Examples include:

- Environmental impact data, for example: resource consumption; resource consumption offsets; production regime compliance.

- Dietary compatibility data, for example: 'suitable for' a range of different specific needs; allergen presence/risk.

- Ingredients and provenance, for example: extended information about each ingredient; provenance; source data; preparation.

The extent to which health-related data should be considered beyond ingredients and 'suitable for' is likely to pose significant debate. Medical opinions about common health issues are changeable. Also, EU law prevents health claims being associated with products unless scientifically proven.

Product information management

The development and adoption of new industry standards has implications for industry-wide product information management. Data synchronisation between value chain partners is not just an IT issue.
The product information management issues to be addressed include:

- Origination – generation of data consistent with agreed industry standards, usually by product manufacturers, for use by retailers.

- Validation – against both internal and external references to minimise the risk of errors.
- Publishing – making data available to all those in the industry that wish to and are entitled to use them.

- Maintenance – ensuring that changes and updates are flagged whenever necessary to all users of the data.

- Infrastructure and tools – supporting all of the above, with external network support most likely provided by existing electronic commerce service providers.

- Governance – to oversee the agreement, development and adoption of the new standards across the industry.

It is also important to recognise that, industry-wide product information management is far from perfect, today where standards already exist in either the completeness or integrity of the information involved. For example, typically, no more than 50 per cent of the 154 data elements required by even the existing GS1 standard for product data synchronisation are available in manufacturers' ERP systems and can be shared. The aspiration to extend standards means that the industry will need to raise its game significantly in this area.

Business case

The business case for a broader set of industry data standards and more disciplined processes is likely to be compelling – combining both operational and strategic elements. This is particularly true if, as part of the scope, the initiative aims to tackle the implications of existing poor data quality and alignment between value chain partners, as well as extend into new areas.

The strategic aspects of the business case relate to the benefits that the additional standard information can bring to shoppers and to the industry more broadly. These include:

- More detailed product information to inform and empower shopper choice such as product ingredients; nutritional labelling; country of origin; allergic reactions; dietary needs compliance.

- Improved store checkout efficiency leading to increased customer satisfaction and reduced costs, taking advantage of standards in areas such as product barcode/GTIN identifiers; product description; unit price; promotions and coupons.

The operational aspects of the business case derive primarily from inadequacies in the completeness and accuracy of existing product data across the industry, including:

- Inaccurate logistics data leading to lower operational productivity and slower shipments, including data related to weight height, length and width; packaging hierarchy; source and target location identifiers.

- Pricing discrepancies resulting in administrative inefficiencies and lost revenues; including data related to price schedules by customer, product and time period; volume discounts; trade promotions.

GS1 has attempted to quantity the substantial potential benefits to the industry from addressing these issues.

Benefits and challenges

In summary, the benefits to shoppers and to the industry from the development and adoption of a new generation of data standards, as well as better oversight to ensure higher levels of data integrity, could be very substantial, as are the challenges. They include:

- Requirement for effective governance and oversight of standards and processes.

- Oversight of potential health related content development.

- Development and agreement of the new tranche of specific labelling and data standards required.

- Incorporation into industry communication networks.

- Retailer and supplier adoption, involving investment in process and systems change.

- Specific implications for industry standard software platforms.

- Need for a strengthened focus on product information management processes.

- Industry-wide processes and reference databases – needed to achieve the required substantial improvements in data quality.

Need for industry leadership

The development and subsequent adoption of a new generation of labelling and data standards requires proactive industry leadership as well as the active involvement of several stakeholders such as:

- Leading retailers and manufacturers through the relevant industry association(s), the Global CEO Forum within the newly formed global Consumer Goods Forum.

- Relevant standards bodies, most notably GS1.

- Relevant NGOs and advisors.

A working party drawing on these various stakeholder groups should be established to advance the development and agreement of the labelling and data standards required, as well as the associated processes, governance arrangements and supporting infrastructure.

List of Figures

Glossary of industry acronyms

CIES	The Food Industry Forum (Comité International d'Enterprises à Succursales)
EAN	European Article Number
EAN-UCC	European Article Numbering Uniform Code Council
EDI	Electronic Data Interchange
EPoS	Electronic Point of Sale
ERP	Enterprise Resource Planning
GDA	Guideline Daily Amount
GPS	Global Positioning System
GTIN	Global Trade Identification Number
NPD	New Product Development
PDA	Personal Digital Assistant
RDA	Recommended Daily Amount
RFID	Radio Frequency Identifier
SMS	Short Message Service
SSCC	Serial Shipping Container Code

GS1	GS1 is a leading global organisation dedicated to the design and implementation of global standards and solutions to improve the efficiency and visibility of supply and demand chains globally and across sectors.

Shoppers have a growing desire to know whether products are 'safe' and 'good for them'; now more and more of them also want to know if they are 'good for the planet'.

Notes

1 Consumer awareness, understanding and usage of unit pricing, British Journal of Management, Volume 14, Number 2, June 2003.
2 National Food Pricing Summit, Datamonitor, April 2007.
3 Healthy eating and drinking, Mintel, October 2008.
4 Food intolerances and allergies, Mintel, October 2007.
5 Attitudes towards ethical foods, Mintel, August 2006.
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