



SHOPPER FORWARD

Using Simplicity and Ease to
Meet Shoppers' Needs



integer

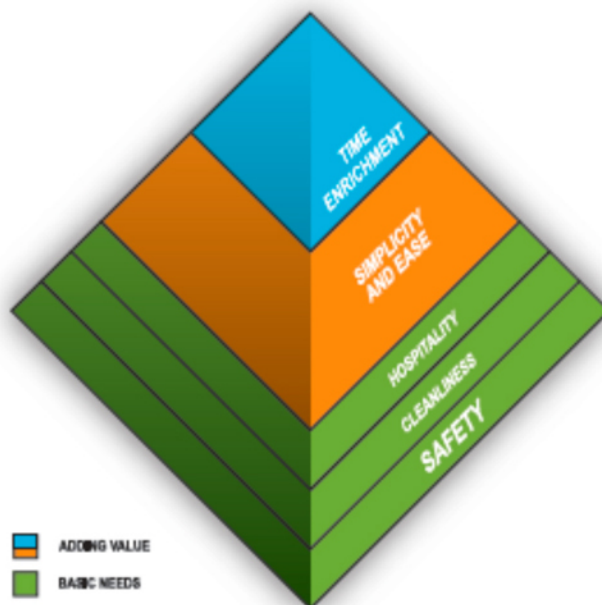
THE BIG PICTURE

The NACS®/Coca-Cola® Retailing Research Council previously identified a hierarchy of five shopper needs in the convenience channel.

BASIC NEEDS VS. EMOTIONAL NEEDS

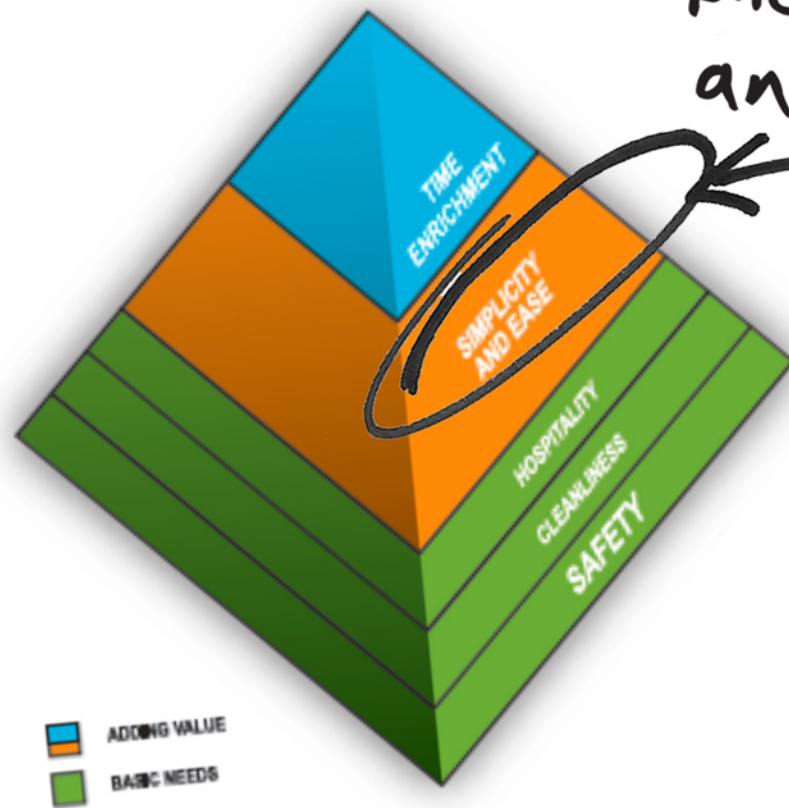
This hierarchy of shopper needs is depicted as a pyramid with five levels. The lower three levels address the shopper's basic, fundamental needs. The top two levels meet their more advanced functional and emotional needs.

HIERARCHY OF SHOPPER NEEDS



Learn more about the study in two reports published on the Council's Web site at www.ccrcc.org—"Fast Forward: Emerging Opportunities in Convenience Retail" and "Finding the Way Forward: A Practical Roadmap for Capturing Emerging Opportunities in Convenience Retail."

HIERARCHY OF SHOPPER NEEDS



Simplicity
and Ease

THE TEST

To further support the hierarchy of shopper needs, The NACS®/Coca-Cola® Retailing Research Council tested solution-oriented merchandising fixtures designed to increase simplicity and ease of shopping.

NEEDS & CRAVINGS VS. PRODUCT & CATEGORY

Because these merchandising fixtures were intended to increase simplicity and ease, they diverged from positioning the products in a traditional "product and category" orientation (e.g., Milk). Instead, the displays were developed and positioned to satisfy the shopper's cravings and needs (e.g., Refuel and Refresh).

PARTICIPANTS

Seven suppliers participated in the test at select Ricker Oil stores, including:

- Burt's Bees
- Coca-Cola North America
- Dairy Management Inc.
- The Hershey Company
- Jack Link's Beef Jerky
- Kraft Foods Global, Inc.
- Procter & Gamble

MERCHANDISING FIXTURES

Four solution-oriented displays were created and then tested in eight stores, and sales were compared with those of eight control stores. The four fixtures tested were:

Recharge Garage A one-stop snack solution designed to solve impulse hunger cravings

Refuel and Refresh A refrigerated unit designed to appeal to more health-conscious on-the-go individuals

Express Café An open refrigerated unit designed to appeal to combo-meal purchasers with day-part selections

Survival Station A counter fixture designed to solve immediate needs for "necessity" products or brands



fresh food opportunity



SHOPPER INTERVIEWS

In addition to quantitative sales data gathered, 400 shoppers who noticed or made a purchase from the displays were asked to complete a brief interviewer-administered survey. Topics included:

- Considerations in choosing a store
- Whether purchases were planned based on category or brand
- Drivers when buying a product off of the display
- Sign noticibility at the display

Hypothesis Solution-oriented merchandising displays will engage shoppers and drive incremental purchases.

THE FINDINGS

Overall, the value of solution-oriented display fixtures was confirmed. A total of 7 key findings were discovered based on our sales data and shopper interviews.

1. SHOPPERS CHOOSE STORES BASED ON SELECTION

When asked what was most important in choosing a convenience store, 78% of shoppers agree that choosing a c-store that "always has what you need" is extremely important or very important. This consideration even ranked higher than "location-on the way."

not location?

MOST IMPORTANT CONSIDERATIONS IN CHOOSING A STORE



2. CRAVINGS DRIVE IMPULSE PURCHASES

When shoppers were asked what prompted them to buy a product off the display, most reasons involved satisfying hunger/thirst and/or seeing a favorite brand.

WHAT PROMPTED PURCHASE



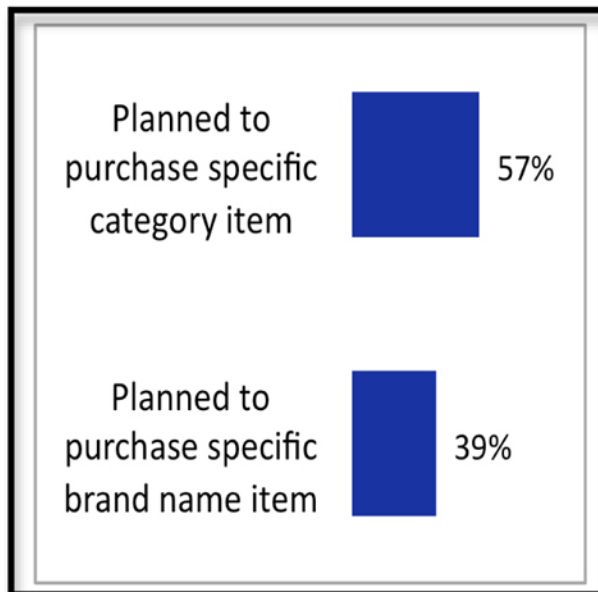
feature favorite national food & bev. brands

3. BRAND-SPECIFIC PURCHASE CAN BE INFLUENCED

Shoppers tend to have categories in mind when they enter the store, but they don't always select brands until they're at the display. As a result, the solution-oriented display fixtures not only had a significant impact on the brand and items that shoppers selected, but also on how much they ultimately purchased.

- Almost 60% of the shoppers interviewed had planned to purchase from a category before they walked into the store.
- Less than 40% planned on buying the brand they ultimately purchased before they walked into the store.

CATEGORY AND BRAND PLANNED PURCHASES



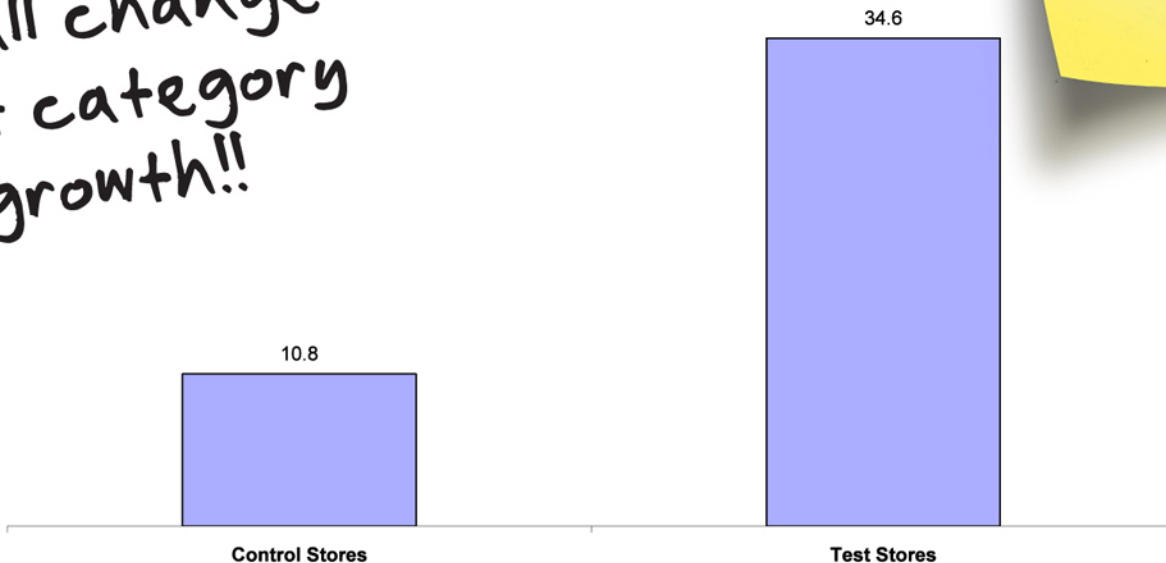
Premium brands to elevate shopper's taste perception of my store.

4. SINGLE PACK-SIZE GROWTH CAN DRIVE AN ENTIRE CATEGORY

- 24% lift in unit sales among single-serve fluid milk products featured at the “Refuel and Refresh” display*
- 9% lift across the entire milk category* even though only single-serve products were featured at the display

*Compared to control stores

SINGLE-SERVE FLUID MILK PERFORMANCE
UNIT SALES PYCA
(PRE- VS. POST-INSTALLATION PERIODS)



Small change
BIG category
growth!!



5. DIFFERENT DISPLAYS APPEAL TO DIFFERENT SHOPPER SEGMENTS.

An unexpected result of the research indicated that some of the fixtures were especially effective at attracting unique shopper segments. This was surprising, considering that the fixtures weren't widely advertised to appeal to unique audiences.

1. **Recharge Garage**—Appealed to both males and females, but was particularly popular with females shopping without children
2. **Refuel and Refresh**—Attracted a disproportionate share of female shoppers accompanied by children
3. **Express Café**—Drew a disproportionate share of males, but appealed particularly to men with an income over \$75,000/year

Engage my
staff to chat
with shoppers



café gives
upscale feel.



6. LESS FAMILIAR SHOPPERS BROWSE MORE.

Store observations showed that the display fixtures were:

Less likely to get noticed by shoppers who were familiar with the store

- Already had their shopping routine and knew exactly where to go for their items
- Even when buying a product featured on the display they bypassed the display and purchased the product from its regular location

More effective at capturing the attention of shoppers who were less familiar with the store

- Spent more time searching for what they wanted to buy
- Displays helped them quickly select products to purchase

PERCENT OF BROWSING SHOPPERS WHO PURCHASED FROM THE DISPLAY

Express Café

20%

Refuel and Refresh

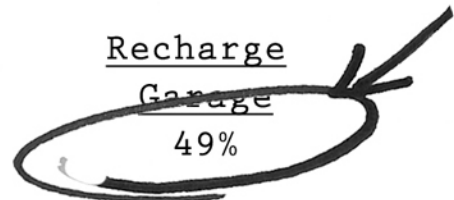
27%

Recharge

Garage

49%

maybe from cravings and big brands?



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1. edit selection
for shoppers

2. organize!

7. SIMPLICITY AND EASE WINS SHOPPERS OVER

When shoppers were asked what they liked about the displays, it became apparent that creating simple solutions was very important.

- 45% mentioned display appearance—neat and orderly, attractive, eye-catching, well organized
- 32% indicated selection or choice availability
- 12% called out convenience—easy to find and access



THE OPPORTUNITIES

The research shows that solution-oriented displays offer multiple in-store opportunities. Below are suggestions of ways to apply these findings.

ENCOURAGE IMPULSE PURCHASE WITH SOLUTION-ORIENTED DISPLAYS

Finding: When choosing a convenience store, 78% of shoppers said they look for a place that “always has what you need.” In addition, many shoppers made a purchase from the test displays because they said it satisfied a craving or they saw a favorite brand.

Application: Help these shoppers quickly find what they need, and encourage impulse purchases. Use a solution-oriented display to cross-merchandise common “need” SKUs with “impulse or craving” SKUs.

TARGET HIGH-VALUE SHOPPERS WITH SOLUTION-ORIENTED DISPLAYS

Finding: Each of the displays tested attracted a disproportionate number in a shopper segment.

Application: Use one or more of the tested solution-oriented displays to target high-value shopper segments that are underdeveloped in your store.

Female shoppers → **Refuel and Refresh**

Affluent males → **Express Café**

Males and females → **Recharge Garage**

Familiar Brands



TARGET INFREQUENT SHOPPERS WITH SOLUTION-ORIENTED DISPLAYS

Finding: Infrequent shoppers are more likely to notice the solution-oriented displays and purchase from them.

not on autopilot. Will stop to browse

Application: Identify less common categories to display in prominent locations, to capture less frequent shoppers' interest and purchase.

DELIGHT SHOPPERS WITH SUBTLE SURPRISES

Finding: Regular shoppers have established shopping patterns.

Application: Make subtle shifts to your store layout and key product displays to encourage more active shopping (browsing). Try engaging your regular shoppers with new and sensory stimulating displays.

Sensory:

Smell of fresh baked bread

Maybe try sampling



METHODOLOGY

This convenience-store pilot project compared eight test stores to eight control stores over a period of four months. Four unique merchandising solutions were tested, two in each of the eight test stores. The following data was analyzed to understand whether displays impacted unit and dollar sales.

- Prior 9-week sales average of all SKUs, subcategories, or categories tested on the merchandising displays
- Actual 13-week sales during the test period

Shopper intercepts were conducted twice.

- Phase I: Immediately after display introduction
- Phase II: Within a month after display introduction

Respondents who noticed or made a purchase from the displays were asked to complete a brief interviewer-administered survey. Four hundred interviews were conducted.

In addition to in-store interviews, a separate associate in the store tracked awareness and usage of displays.

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