



By Michael Carlon

shopper insights

The silos must go

Rethinking the role of shopper insights

I started my career in shopper insights while working as a consumer and market insights manager at Unilever Home and Personal Care in Greenwich, Conn. While I was hired to manage custom research for our relationship marketing team, I quickly saw where the future of marketing insights was going: shopper insights. Within one year of joining Unilever in 2003, I left a role I was extremely comfortable in to work in a position that was, for lack of a better term, unstructured. Whereas my colleagues all had standardized approaches and tools they could use to address marketing issues, those of us working in shopper insights were more or less making it up as we went along.

As with the advent of online research, it was okay to fail so long as we learned from it. And fail we did - back in the mid-1990s with online quantitative and qualitative methods and again in the early-2000s with shopper insights. In both cases though, the learning that came from failure was documented and our approaches were strengthened.

Most of my work today as a supplier falls under the rubric of shopper insights. As such, I would like to share a point of view on where I feel shopper insights needs to evolve in the future.

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snapshot

Researcher Michael Carlon suggests that restructuring shopper insights departments to align researchers by category and encourage collaboration between researchers within a category could strengthen shopper insight ROI for manufacturers and retailers.

Manufacturer-retailer relationship

When you first think about it, retailers appear to be the most significant beneficiary when true shopper insights are uncovered. Consider a product like deodorant. It is something that just about everybody uses and you only need to purchase so much of it in any given year. If Retailer A uncovers an insight into how shoppers shop for deodorant and uses that insight to improve its assortment, layout and in- and out-of-store marketing, it may help win deodorant purchases from Retailers B, C and D. That is great if you are an employee or shareholder of Retailer A, but what does the manufacturer gain? Sales may grow in one customer but sales decreases are seen in others. While it is a given that some customers are more profitable for the manufac-

turer than others, outlet shifting does not necessarily lead to long-term growth for the manufacturer; that typically only comes from winning share from your own competitors.

So why is it that most manufacturers fund shopper insights programs for retailers? Well, big manufacturers have more money to invest in insights than retailers do. Additionally, there is a certain amount of goodwill built when a manufacturer invests in helping the retailer uncover an insight that will help to grow the category. No matter what business you are in, building a stronger bond with your customer always makes good business sense and shopper insights is often seen as an avenue for manufacturers to accomplish this.

Takeaway No. 1: Manufacturers have an opportunity to grow share from competitors through shopper insights but

most are not taking advantage of shopper insights to grow net brand sales.

Consumers not classified by retailer

Having worked amongst many different classes of trade (e.g., mass, drug, grocery, value and club), I've concluded that all retailers within and between those classes are convinced that their shoppers are unique from the total U.S. population.

When I was on the client side, I can't tell you how many times I heard a retailer push back some research we presented on new or future innovation. The most common objection was, "But how do we know these findings are really reflective of our shoppers?" Most of the time, concept testing was done on a national level and also among core brand targets to evaluate how accepting the brand's



target was of the product under consideration. Ten years ago we never segmented concept reactions by retailer preference. When we started to receive pushback from retailers about how their shoppers reacted to the innovation, we started adding booster cells of various segments to concept testing (e.g., a cell of Walmart customers, Target customers, Walgreens customers, etc.). This was one very early and basic application of shopper insights.

However, having spoken to literally thousands of shoppers over the last eight years, I constantly hear that someone who shops at Walmart also shops at Target, Family Dollar, Walgreens, Costco, etc. These qualitative observations are confirmed by household panel data, which shows that just about everyone shops just about everywhere. Consumers choose retailers based on convenience, sales, coupons, etc. Someone making under \$30,000 per year who purchases a national brand of body wash at Dollar General also purchases it at Walgreens when the price is right.

Takeaway No. 2: Retailers cannot lay claim to any one shopper, as consumers do not classify themselves by the stores at which they shop. They choose stores based on what makes the most sense for them at any given time.

Retail vs. marketing

While most large manufacturers are building shopper insights teams, they are often separate from brand teams. The reason is simple: Retail is seen as a separate domain from marketing. Communications development, media strategies and product innovation are on one side of the aisle and anything dealing with sales is on the other.

This is compounded by brands focusing on consumer targets who may or may not be the actual people who purchase the product. For example, a new deodorant product may target college-age males yet the actual user may be

middle-school-aged boys while the purchaser is a 45-year-old woman (i.e., mom). Shopper marketing teams, on the other hand, have to target the people who actually purchase the product.

This may lead to some tension between the two groups. Hypothetically, a shopper insight study may uncover an insight that suggests a certain packaging characteristic (structural or graphical) is driving category growth. Since shopper insights, or shopper marketing for that matter, does not drive innovation throughout an organization, this finding may be downplayed (or ignored, in the worst-case scenario) in a company whose culture dictates that innovation be driven through other channels. This results in a lost opportunity to make a greater impact at the shelf and therefore grow brand share from competitors.

Takeaway No. 3: Net brand growth through shopper insights is often encumbered by organizational structures.

A shift in thinking and structure

I do believe that shopper insights can help grow brands within a manufacturing organization but it takes a shift in organizational thinking and structure to do so.

Retail cannot remain a separate domain from marketing. Understanding the stimuli that impact brand choice at the shelf must be taken into consideration when planning a brand redesign or new product introduction. This means that silos between brand marketing, brand development and shopper marketing must be broken down. I believe this will lead to alignment of messaging across all channels – including retail – and more openness to adding the shopper's voice in product innovation; helping the manufacturer's brands stand out more on the shelf; or fulfilling needs that certain shopper segments have.

Once these various marketing teams align, the internal researchers

who support those teams must be restructured. Most shopper insights teams are minute in comparison to their brand development or brand marketing counterparts. While one brand may have multiple brand researchers assigned to it, a shopper insights resource may be spread across multiple categories each with multiple brands in the portfolio.

Aligning differently

This resource imbalance must be addressed in order to get the most out of a shopper insights discipline. One way of addressing this is by aligning the research department differently. Researchers should not be broken out by brand or by class of trade but by product categories. Within each category, there should be researchers focused on development (e.g., those who focus on classic brand development disciplines of communications development, ideation, concept testing, packaging, etc.) and researchers focused on shopper insights who are dedicated to understanding category and shopper dynamics across various retail classes of trade. These researchers, now aligned by category, must sit together and work collaboratively to identify ways in which the category can best be activated in the marketplace as a whole as well as at retail.

The current model of shopper insights that I see in most of my customers is not sustainable. Most are broken out by class of trade and are responsible for way too many brands or categories. By aligning researchers by category and encouraging collaboration between researchers within a category, I believe organizations will get more return on investment from their insight efforts. While retailers will still appreciate the shopper insights manufacturers help them uncover, manufacturers themselves may also be able to apply shopper insights in a way that leads to share growth across all classes of trade. | Q