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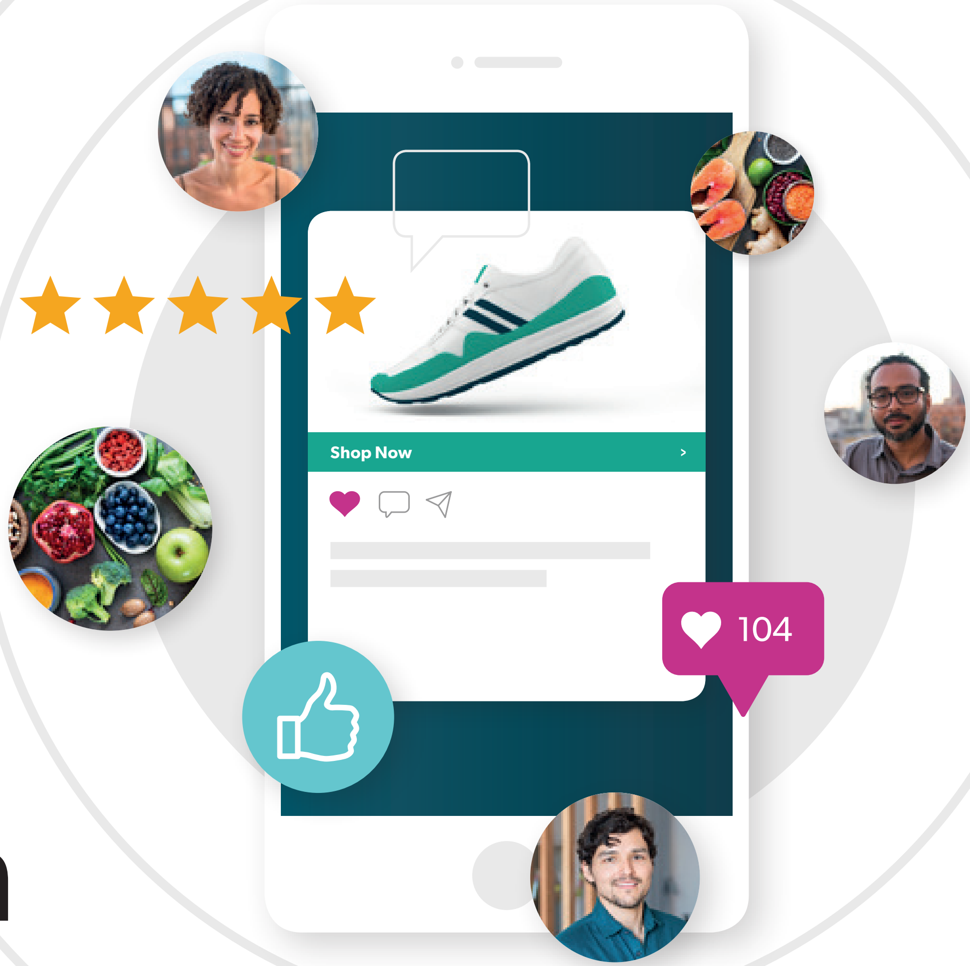


Next Generation Grocery Shoppers:

3 immediate ways to build loyalty and engage with today's shoppers online

IGD

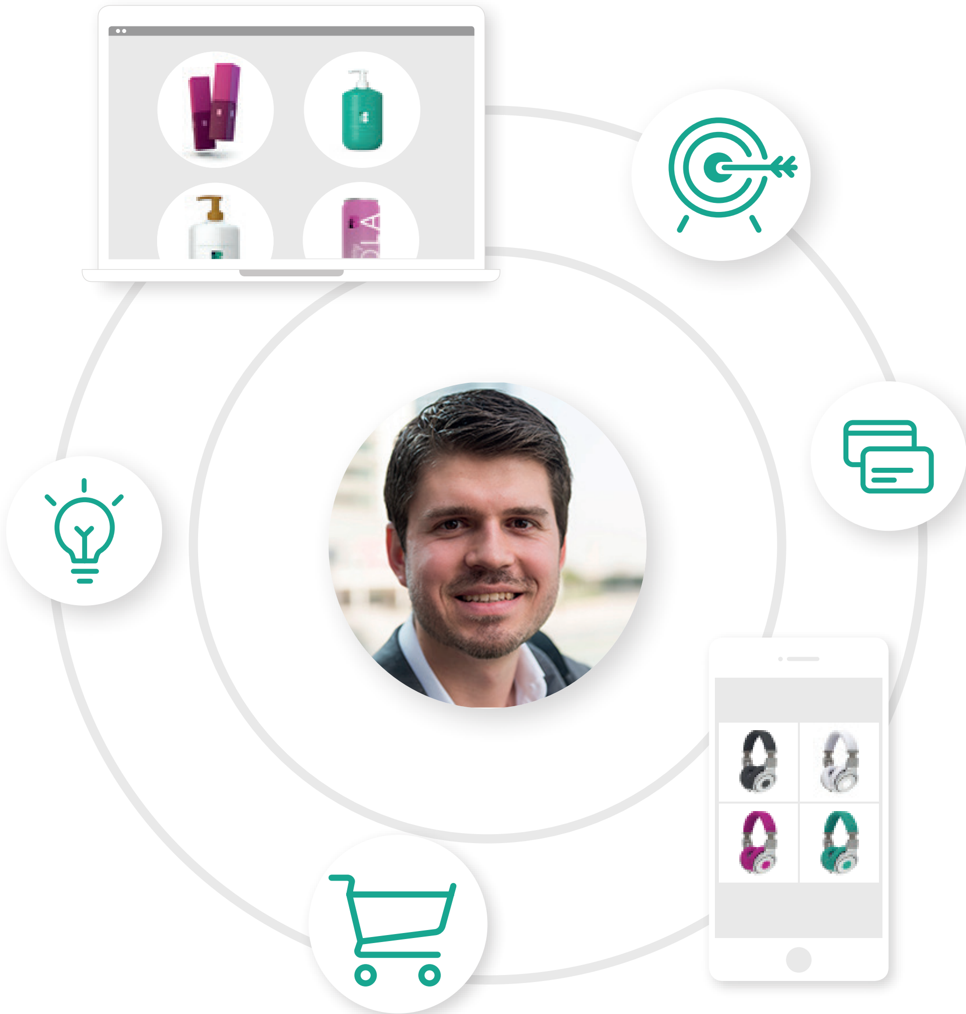
What's Inside

Introduction

The habits of grocery shoppers are changing as consumer expectations heighten and shopping patterns shift, creating a new breed of grocery consumer. This new breed of consumer is trackable, targetable and omni-channel, but edging ever closer to being more online. This provides new opportunities to engage shoppers and grow revenue.

Recent research suggests that shoppers increasingly want a more personalised and relevant experience. If grocers can deliver this, it will not only lead to greater engagement, but also new product discovery and increased basket value.

In this short report, we analyse the changing behaviours of grocery shoppers to see where the best opportunities to respond and adapt lie. We also highlight the key strategies retailers and brands can implement now to build loyalty, increase engagement and overcome future challenges.



Setting the scene: Where are we now?

The changing mind-set

To produce this report we have worked with The Institute of Grocery Distribution (IGD) to uncover the latest trends in UK grocery shopping. Our research has highlighted it's not just mind-set that is changing. The make-up of the overall shopping base is changing too: 25% of the UK grocery shopper population is now made up of 'influencer' shoppers who are younger, more affluent than the rest of the market and have a strong social presence with over 1,000+ social media followers.[1] They are also frequent online reviewers and early tech adopters who fully engage in future trends. Engaging and attracting this audience is going to be key to influencing and shaping the shopping trends of the future.

of the grocery population are younger, social, habitual online reviewers

Where are we shopping?

Despite the shift towards online, our new research with IGD reveals that large format stores still dominate. However, shopper behaviours and habits are changing significantly. In fact, 89% now claim to use convenience stores, 42% shop online and over 50% of British grocery shoppers say they are using over 5 channels per month.

Overall, growth is predicted across all major grocery channels, with online and discount set to account for over half of the increase in market value by 2023.

But what's driving that behaviour? The research found 60% of online grocery shoppers do so because it's quicker, easier and more convenient. 84% of online grocery shoppers say price is important to them when deciding what to buy online.

How can retailers move on from these basic understandings to effectively tap into this growing and important market?

We look at three areas that retailers and brands can focus on to: (a) capitalise on this growing trend towards online sales, (b) tap into what's driving the behaviour of younger influencer-style shoppers and (c) ultimately increase their basket value.

The anatomy of UK online shopping

*% of online grocery shoppers who claim to have used home delivery over click and collect on their last grocery shop.
All data sourced from IGD.

Focus area #1
New Product Development (NPD)

So what can we do to attract these influencer shoppers and turn them into the long term advocates we want them to be?

Our research (shown opposite) shows that one sure fire way to target them is through new and innovative products.

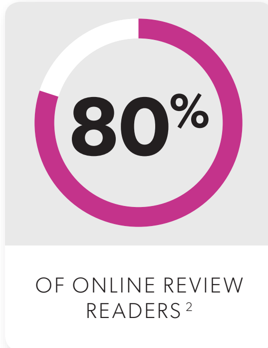
What's the attraction?

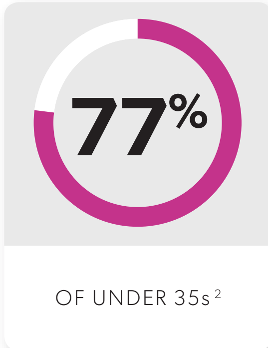
Typically, anyone trying a new product (in-store or online) is initially attracted by price or a special offer, alongside a number of other factors including look, innovation and health benefits.

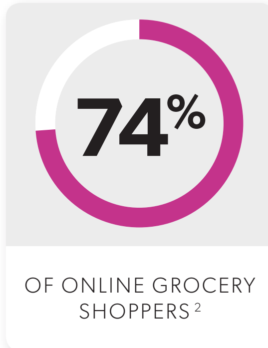
However, a number of challenges remain for retailers who want to push more NPD online. For example, some shoppers tend to like to stick to their list, their favourites and their stored search terms.

Solving these problems for the next generation of grocery shoppers could be the key to unlocking both sales and new levels of loyalty – encouraging shoppers to return time and again for exciting, interesting new offers that appeal to changing tastes.

NPD appeals to the majority of younger (and younger at heart) social shopper groups







I always like trying new things – love food and have done a lot of travelling and actively look out for new things. Often new things are on offer which I buy – I always put money in the food budget so I can buy something different and new.

(Female online shopper, younger family)

NPD recommendations

Even though online and younger shoppers are more open to NPD, many adopt a focused, speedy approach to their online shop that still poses significant challenges to the take up of NPD.

That means retailers and brands should think about making continuous investment in the basics. Images, product information, search terms, reviews and product descriptors all play an important role in supporting online shoppers' decision making process. This is particularly important for NPD but should be a product standard at this stage.

More advanced ideas include introducing NPD options during the checkout process, an area that is normally reserved for reviewing and confirming orders. This presents significant opportunity for both retailers and suppliers to drive impulse purchasing at this stage of the shopper journey.

Test and learn with influencer shoppers is also important. Trialing new product launches with shopper groups most open to NPD could help to boost overall campaign success rates by gauging interest early on.

Focus area #2
Ratings and reviews

Ratings and reviews is another area that appeals to the younger, next generation of grocery shopper. And largely, it's their trust that sets them apart. Over half of under 35s trust online reviews as much as personal recommendations, compared to only 19% of shoppers who are over 65.[2]

What's the appeal?

Typically, people reading grocery reviews say they appreciate seeing if other people like the taste (33%), getting impartial info (33%) and getting help to choose between products (32%).

However, there are still many challenges to encouraging grocery shoppers to engage with ratings and reviews. The IGD research highlights that many shoppers cite lack of clarity and a lack of aggregated overviews as a barrier to continued use.

Retailers and brands that want to drive loyalty amongst this new wave of shoppers need to address these concerns by ensuring ratings and reviews are consistently collected across the product catalogue, and as simple, attractive, and actionable as possible.

How people use grocery ratings and reviews

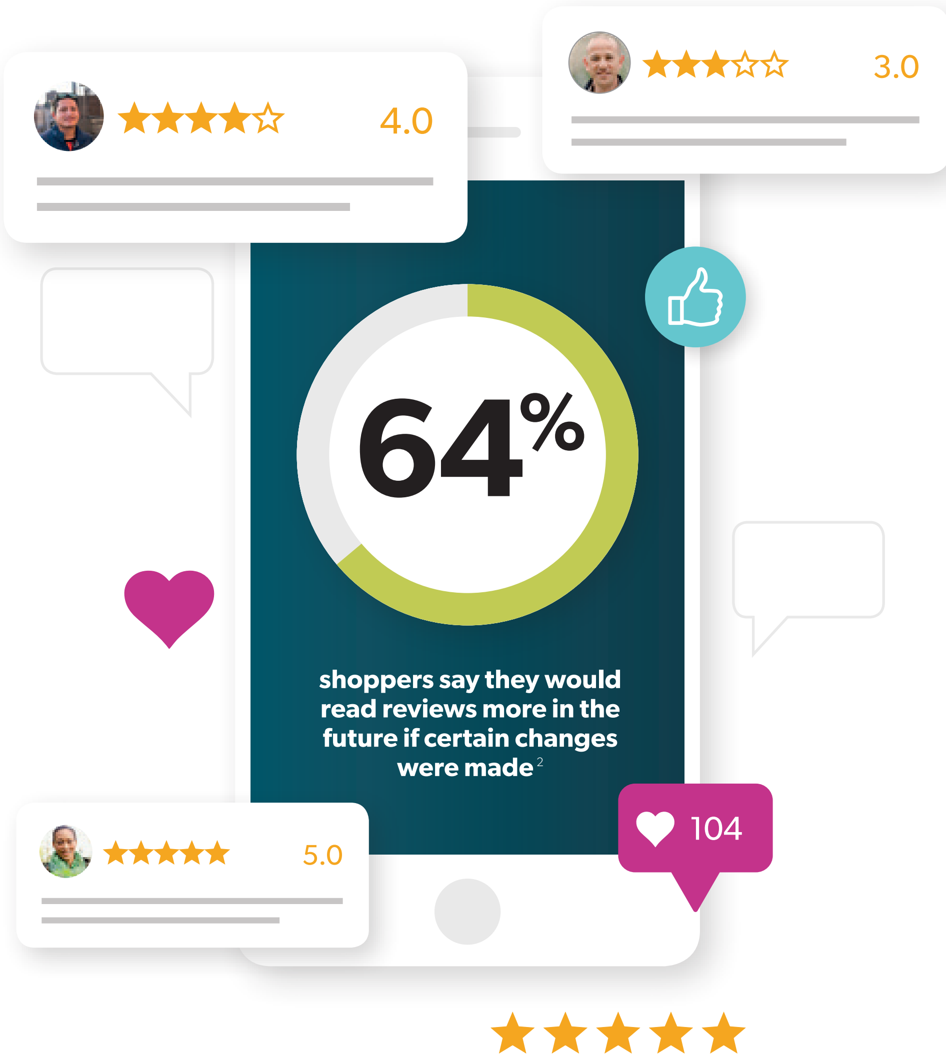
Ratings and reviews recommendations

The key finding from our research is that grocery shoppers would find ratings and reviews more appealing and influential if a few key requirements were fulfilled. These requirements include clearly signposted average score ratings, well-presented ratings snapshots and the inclusion of user comments.

Across multiple sectors, the simple fact is reviews now form a significant part of the shopper path-to-purchase.

Although food and grocery ratings rank 5th out of a list of almost 20 other industries, there is significant opportunity to drive engagement in the future. Retailers and brands can do so by tuning their ratings and reviews systems to all shoppers, but also younger shoppers who are influenced by them the most.

How to target ratings and reviews more effectively



Focus area #3
Product sampling

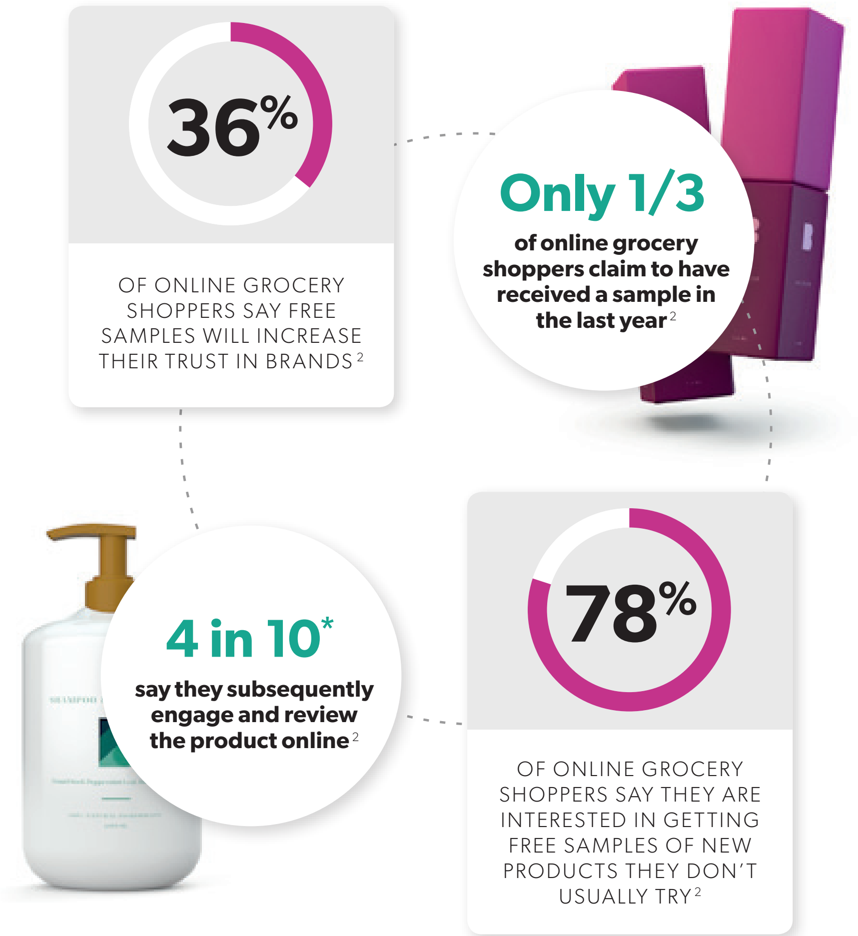
One thing that appears to appeal to all cohorts of grocery store shopper, regardless of age, is the idea of free product samples within the online delivery experience. Overall, 66% of online grocery shoppers said they are interested in getting free samples with their online grocery delivery.

Making sampling work

The big attraction from a retailer or brand perspective is that sampling can also drive loyalty and trust, this is particularly true for younger shoppers, in particular those under 35. Product sampling also dovetails perfectly with NPD (driving pre-purchase behavior) and Ratings and Review programmes, (collecting content around new products which can be used as advocacy online and in marketing). These are big areas of interest for this younger, more experimental and socially-driven group.

The challenge for many businesses is providing the right levels of personalisation to make samples highly relevant and of interest to targeted shoppers.

Solving these issues could be a relatively quick win for retailers that want to continue to increase loyalty, trust and ultimately sales across younger (and indeed all) generations of online grocery shoppers.



*Based on online shoppers who have received a free sample

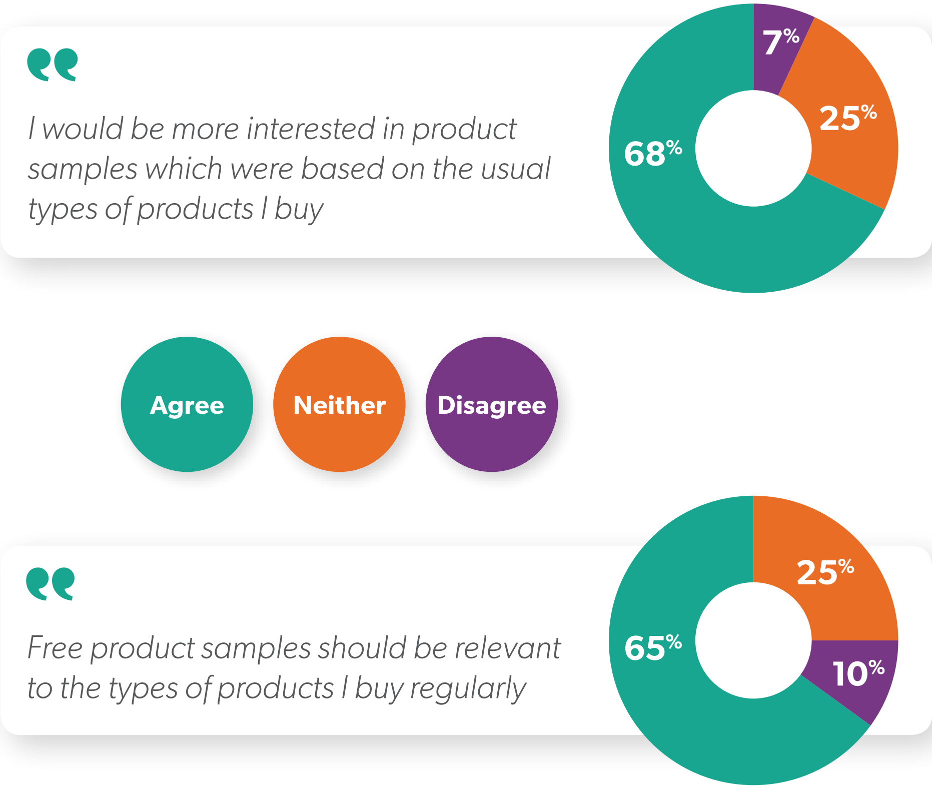
Product sampling recommendations

IGD's research shows that almost half of online grocery shoppers who have received a free sample with their online order claim to have taken some form of positive action. They have either purchased the product after receiving the sample, recommended the product or left a review online.

The key to making sure those reviews are then positive and drive further sales is it to introduce at least some degree of targeting, sending samples of new products to shoppers that are not only relevant but potentially inspirational.

But the activity should not end there. Advanced retailers and brands intent on taking this a step further can also think about implementing a test and learn sampling strategy – one specifically tuned to driving new review volumes, rewarding loyal brand advocates, and ultimately boosting sales across all retail channels.

Why success in product sampling requires targeted campaigns



Stats based on IGD shopper research on behalf of Bazaarvoice, September 2018

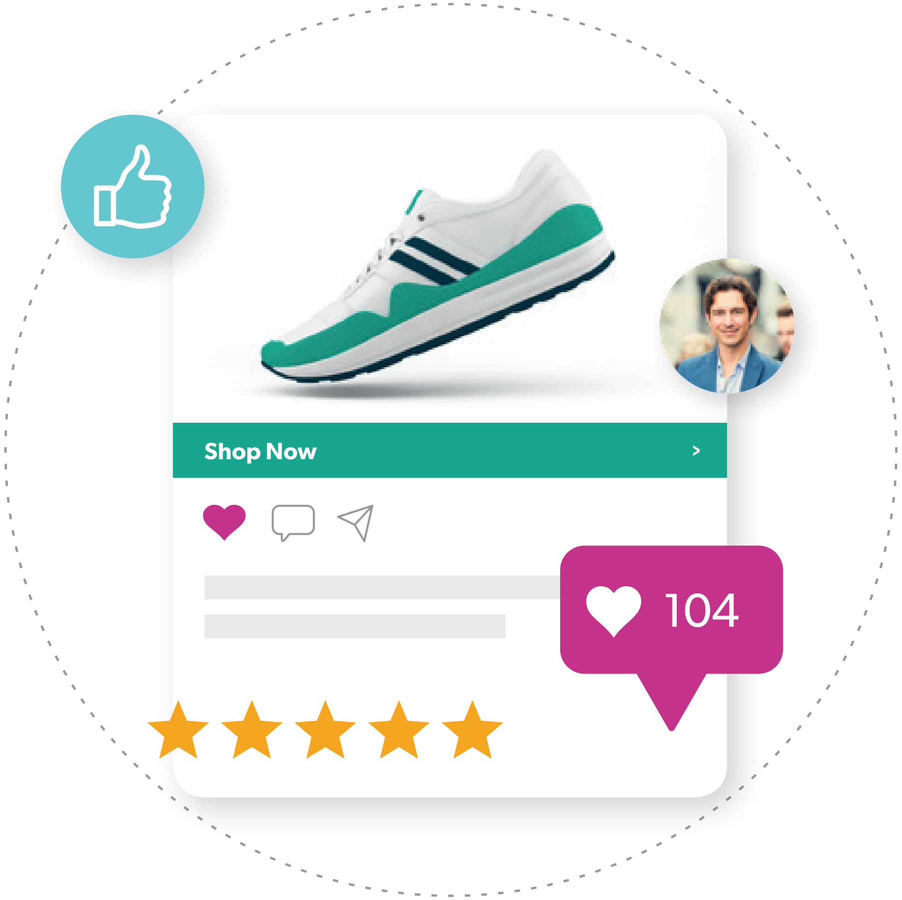
Conclusion and next steps

There are three immediate ways for both brands and retailers to improve their online performance and drive sales.

Focusing on NPD, reviews and sampling, retailers and brands have a major opportunity to increase loyalty and trust in key influencer groups. They can also create a halo of goodwill that can have a positive effect on revenue on other channels too.

The real beauty of these three solutions is that they also fit hand in glove with each other. In turn, this enables retailers and brands to create a sophisticated self-testing and learning system for sales improvement.

Ultimately, this will help retailers to meet the needs and desires of UK grocery shoppers today, boosting sales in the process. If they get it right, it will also help them to fulfil their ambition of growth and expansion in the online channel for years to come.



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About Bazaarvoice

Bazaarvoice connects brands, retailers and consumers, so that every shopping experience feels personal. From search and discovery to purchase and advocacy, Bazaarvoice's solutions reach in-market shoppers, personalize their experiences, and give them the confidence to buy. Each month in the Bazaarvoice Network, more than one billion consumers view and share authentic content including reviews, questions and answers, and social photos across 6,000 brand and retail websites. Across the network, Bazaarvoice captures billions of shopper signals monthly - data that powers high-efficiency digital advertising and personalization with unmatched relevance. Founded in 2005, Bazaarvoice is headquartered in Austin, Texas with offices in North America, Europe, and Australia. For more information, visit www.bazaarvoice.com

About IGD

This research was conducted by IGD Services Limited, a subsidiary of IGD. IGD is a not-for-profit organisation, with headquarters in the UK. Supported by our members — retailers, manufacturers and other food companies from around the world — IGD helps food and grocery companies meet the needs of the public through research and best practice and by developing people.

IGD Services provides a variety of commercial activities, delivering insight on retailers, supply chains and shoppers. The profits from these commercial activities help to fund our work.

How we conducted the research

Bazaarvoice asked IGD to conduct an independent piece of shopper research into UK grocery shopping habits and investigate specific opportunities in NPD, ratings and reviews and product sampling.

Methodology:

- Home interviews: 6 in-home interviews with main grocery shoppers (4 x physical store shoppers; 2 x online shoppers) to explore the relevant topics from a qualitative perspective.
- Online survey: survey conducted with 1,900 main grocery shoppers including 1,100 shoppers who have shopped online for their groceries in the last year.

The research findings have also been overlaid with some of IGD's existing research from its quarterly ShopperVista tracker of online grocery shoppers. For more information visit https://shoppervista.igd.com/subscriber-home

All research was carried out during August 2018.

References

1. IGD ShopperVista research, May 2018
2. IGD shopper research on behalf of Bazaarvoice, September 2018
3. IGD ShopperVista research, 2010 and 2017

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