Driving successful shopping occasions through deeper insights

Traditional, largely demographic classifications of retail customers are inadequate in a marketplace that has become increasingly complex, competitive and polarized. Today’s well-informed consumers have far greater expectations of the shopping experience than previous generations – and if retailers are to fulfill those expectations, they need a much better understanding of their target customers than ever before.

IBM, in collaboration with The Store/Kantar (subsidiaries of WPP Group PLC), conducted an online survey of more than 5000 grocery, clothing and consumer electronics shoppers in the U.K., Germany and France (see Figure 1) to identify what motivates them: why they are shopping, what they want to accomplish, how they prefer to shop, what services they require and what makes them visit a particular store.

Our research confirmed what the findings from our 2004 survey of U.S. shoppers suggested – that consumers are multidimensional in their approach. It also generated several additional insights. More specifically, it shows that:

• Customers have different value drivers for different shopping occasions or missions. They want different things not only when they are shopping for goods in different product groups, but also when they are shopping for goods in the same product group or on different missions.

• Shopping missions evolve. Customers often start by looking for items in a single product group, but end up buying items in other product groups as well; sometimes they purchase such additional items in specific patterns.

• Mood plays a major role in the shopping experience and can significantly influence how much customers spend.

• Customers want convenience. They place a high premium on ease of shopping, and are willing to embrace new in-store services and technologies that are relevant to their particular shopping needs.

So what do these findings imply? We believe that there are three key implications for retailers. They must:

• Provide more tailored shopping experiences that reflect not only who their customers are, but also how they want to shop on different occasions;

• Establish an emotional connection with their customers by capturing their interest and creating a sense of excitement; and

• Use technology to bridge the gap between bricks and clicks, give shoppers all they need to reach a purchasing decision and take the hassle out of hunting for the right product.

Making “mission accomplished” a reality

Customers walk into stores every day with specific shopping missions; it is the task of retailers to provide a product/service offering that stimulates them to make a purchase. But the ability to develop relevant offerings that are tailored to people with different missions, and create an experience they enjoy, requires that retailers have deeper insights than before.

Developing a better understanding of customers is an essential first step in creating a more customer-centric shopping experience. Retailers need to understand what missions attract customers to their stores, what customers need while on those missions, and how they go about shopping (and global retailers need to understand any national differences). Once they have these insights, they can develop store formats, merchandising and servicing
strategies that are more closely aligned with the shopping strategies, needs and preferences of their target customers. However, the most advanced retailers will ultimately go much further. They will use the proprietary insights they acquire to create personalized shopping experiences that are tailored to the preferences of their customers – as those preferences change in the course of a particular shopping mission or from one shopping mission to another. The more tailored the experiences they provide, the more they will be able to differentiate themselves from their rivals. And the more they help customers to convert “mission impossible” into “mission accomplished,” the greater the rewards they will reap.

**Author**

Gina Paglucia Morrison, Senior Consultant, IBM Institute for Business Value

---

**Figure 1. Key survey respondent demographics.**

<table>
<thead>
<tr>
<th>Completed surveys = 5450</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery (n = 1817)</td>
</tr>
<tr>
<td>Apparel (n = 1886)</td>
</tr>
<tr>
<td>Consumer electronics (n = 1747)</td>
</tr>
</tbody>
</table>

**Gender**

- 51% Male
- 49% Female

**Age**

- 14% 16 - 24
- 39% 25 - 44
- 38% 45 - 64
- 8% 65+

**U.K. Income**

- 35% <£30K
- 32% £30K - £60K
- 9% £60K - £90K
- 6% £90K +
- 18% Not reported

**Germany income**

- 15% <€1000
- 46% €1000 - €2500
- 11% €2500 - €2900
- 20% €3000 +
- 9% Not reported

**France income**

- 56% <€20K
- 29% €20K - €40K
- 8% €40K - €60K
- 6% €60K +

*Note: German figures represent monthly net income, while U.K. and French figures represent annual gross income.*

*Source: IBM Institute for Business Value and The Store/Kantar 2005 Shopper Survey for U.K., Germany and France.*