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News Release

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FOR IMMEDIATE RELEASE

Nielsen study identifies four Shopper ‘mind-sets’ that determine what consumers buy in the supermarket

FOR MARKETERS, IT COMES DOWN TO KNOWING WHAT BUTTONS TO PRESS: NIELSEN

Sydney, 5 July 2006: According to a new shopper study from The Nielsen Company, consumers experience up to four different shopping ‘modes’ during grocery shopping – auto-pilot, seeking variety, buzz and bargain-hunting – which directly influence their purchases.

The Nielsen study, which looked at consumer shopping behaviour towards making purchases across 30 food categories, revealed that depending on what kind of item or category consumers were purchasing, they might be in *auto-pilot* mode (grab and go), *seeking variety* mode, (seeking new tastes and formats), highly susceptible to *‘buzz’* mode (and open to engaging advertising) or are simply on the *hunt for a bargain* (on the lookout for price discounts and promotions).

“Our Shopping Modality study uniquely integrated retail sales data with advanced consumer insights and found that shopping dynamics varied significantly across the thirty grocery categories surveyed, with shoppers adopted one of four different ‘shopping modes’ as they went about their shopping,” said Johnny Panagiotidis, Director, Client Service, The Nielsen Company. “Furthermore, when promotional activity and product launch information was analysed against survey results, we could tell which categories/products were being over-promoted (and therefore a waste of money), and which new products successfully engaged consumers’ minds – and therefore market share – across different categories.

“Shoppers don’t waste energy on everyday decisions,” noted Panagiotidis. “To simplify their lives, they often shop in grab-and-go mode, reaching for the brands they usually buy without reading the label or checking the price. At these times, they are on *auto-pilot*, brand choice is highly habitual

and in these moments shoppers are not in the market to try anything new, and marketers need to tailor their strategies to reach them. Items such as coffee, cereal, cheese, margarine and mayonnaise fall within a shoppers' 'auto-pilot' mode."

According to the Nielsen study, the key to breaking through to shoppers on *auto-pilot* lies in knowing when and how *auto-pilot* can be disrupted by external stimuli. When this happens, shoppers re-evaluate their decisions; they look at alternatives and consider new offers.

"Certain categories are all about *auto-pilot* shopping behaviour. People are quite particular about their coffee, for example, yet our research showed that brand choice actually becomes highly habitual. Consumers are reassured they will get the same caffeine fix, the same flavour and the same coffee experience. Why mess with it by experimenting with a different brand? The implication for marketers in auto-pilot categories is that if you are a leader then avoid radical repositioning or pack changes: you may risk disrupting habitual behaviour which drives brand choice in your favour," advised Panagiotidis.

However, according to the Nielsen study, the same rules don't apply in *Buzz-activated* categories. *Buzz-activated* categories include energy and sports drinks, chocolate, ready-to-drink tea and yogurt drinks. "Customers aren't on auto-pilot when they shop for these products – instead their radar is fully turned on as they actively explore alternatives. Marketers of 'buzz' categories need to generate 'buzz' through exciting advertising, new introductions and innovative packaging that leaps off the shelves to grab the consumers' interest and attention."

And while new product beverages such as energy drinks are highly activated by buzz, driven through excitement generated in-store and pre-store - the study also found chocolates (with a high rate of brand extensions and new 'flavours') also resonated with the dynamics of *Buzz-activated* strategies.

With *Variety-activated* categories, *auto-pilot* is also often switched off when shoppers cruise frozen foods and cold cereal aisles. Consumers get bored with the same choices, or they are seeking internal affirmation as the household 'chef' that they can deliver variety and surprise in their role.

In this context, exciting and informative packaging plays a major role in purchase decision as consumers are browsing actively and on the lookout for interesting and new product innovations. Biscuits, chewing gum and salad dressings also fall into the *variety seeking* shopper mode.

On the other hand, *Bargain-hunted activated* categories are driven by purely price comparison and promotions. Products which were often shopped for in *Bargain-hunter* mode included canned tuna, canned tomatoes, canned fruit and pasta sauces.



“For FMCG marketers it comes down to knowing what ‘mode’ shoppers are in when they shop for specific products or categories,” said Panagiotidis. “The old truth about striking while the iron is hot is directly applicable.”

SHOPPER MODALITY BEHAVIOUR BY CATEGORY

Auto-pilot	Buzz-activated	Variety-activated	Bargain-activated
Margarine Mayonnaise Bottled water Nuts Coffee Popcorn Carbonated soft drinks Hot cereal Cheese Cold cuts	Ready-to-drink tea Smoothies/yoghurt drinks Sports drinks Energy drinks Chocolate	Cookies Salad dressing Chewing gum Salty snacks Breakfast bars Frozen snacks Cold cereal Frozen desserts Candy Frozen dinners/entrees	Canned tuna Canned tomatoes Canned fruit Pasta sauce

The Nielsen Shopper Modality Study was conducted by the Customised Research division of The Nielsen Company, and powered by integration with Nielsen retail measurement information.

Nielsen Customised Research, operating in more than 100 countries, provides clients with survey research, analytical and consulting services, including measures of consumers’ attitudes and purchasing behavior, segmentation, brand equity, pricing, packaging, advertising effectiveness, customer satisfaction & loyalty and other marketing issues.

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