

What do shoppers really want from a supermarket?

By Neil Sangster, Associate Director, ACNielsen Australia

What drives the choice of store?

You know the drill. Your significant other calls as you are frantically trying to tie up loose ends in the office and asks you to pick up some milk on the way home. You grudgingly oblige as the following dialogue runs through your head, "Will I stop at the supermarket? It's Thursday – it will be packed and I'll have to park miles away. I'll stop at the corner shop – it's more expensive, but it's late and it will be quicker."

It's a common scenario and usually results in a lost sale to the supermarket as consumers are willing to trade off price, range and quality to spend a premium for essential household items in their local convenience store. Why do consumers shop at a convenience store? Because it's convenient! The store is convenient because of its proximity, fast service, lack of queues and ease of parking.

ACNielsen research shows that shoppers want four key things from a supermarket: convenience, quality, good product range and low prices. Traditionally, a supermarket's strengths lie in its range and quality of products, and increasingly, consumers are trading off low prices in favour of the convenience factor.



How can supermarkets capitalise on this opportunity?

It's important for retailers to remember that shoppers are not only brand-loyal, but also store-loyal. If they feel a store goes out of its way to make its shopping experiences more pleasant and less stressful, consumers will show their appreciation with more frequent shopping trips and bigger sales totals.

With almost half (44%) of all packaged grocery sales being purchased outside of a supermarket¹, and with three in five (60%) supermarket visits being 'top-up' trips² – retailers are presented with a huge opportunity to capitalise on these trends by altering business practices to focus on the growing consumer demand for convenience, personalisation and value.

In fact, UK supermarket giant Tesco has already embraced this trend by using its front of shop space to provide consumers with a 'store within a store', with a rotating time of day offering.

In the Tesco Express format, what's available at the front of shop depends on the time of day. For example, in the morning consumers have easy access to croissants, juice, milk and

newspapers. At lunchtime there are sandwiches, soft drinks and chips on offer, and at dinner time the store sells ready meals, wine and beer.

The results of Tesco's approach speak volumes, with the supermarket giant reputed to pocket 30 pence out of every pound spent on groceries in the UK³, and a following that most retailers, and indeed most businesses, could only wish for.

Another more extreme example of sophisticated convenience retailing is 7-Eleven in Japan which undertakes extensive changes to its

range several times daily. The stores even track the age and sex of the customer at the checkout and identify which products to range at which time of day for men and women!

The supermarket of the future will continue to face increasing competition, and tighter margins will mean less opportunity to drive overall topline dollar growth. The key to driving growth will be through reading and addressing consumers' needs and delivering what they really want. The bottom line: supermarket retailers need to minimise what is bought from competing channels and maximise what is bought in the supermarket.

¹ Source: ABS, ACNielsen June 2004

² Source: ACNielsen Homescan

³ Source: The Guardian, October 2005

About Neil Sangster

An Associate Director of ACNielsen's Customised business, Neil Sangster has over 14 years' experience in market research in the UK, Asia and Australia. Neil specialises in channel management research as well as carrying out a variety of customised fast moving consumer goods (FMCG) studies for retailers and manufacturers. In his current role with ACNielsen Neil is responsible for shopper insights working with clients in a variety of industries.

Neil holds a Bachelor of Arts degree in Marketing and a Graduate Diploma in Market Research.

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