



## **The Power of Discovery**

*The new breed of in-store “discoverable media” delivers shopper-friendly solutions, expands perceived choice, and enhances total customer experience*

**A SHOPTO Cook™ WHITE PAPER**

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### **ABSTRACT:**

Retailers recognize a need to build sales by enabling shopper discovery and enhancing the shopping experience. Replacing low price, product-centric merchandising and marketing tactics with strategic, top-line building programs can expand shopping baskets by enhancing the overall shopping experience. This ShoptoCook white paper describes how strategic use of interactive in-store communications we call “discoverable media” can help retailers meet this opportunity.

# The Power of Discovery

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## I. Introducing Discoverable Media

**S**UPERMARKET RETAILERS can build sales and loyalty by enabling shopper discovery and enhancing shopper experience. For shoppers, discovery means finding new products, new ingredients and new uses for familiar products, leading to more varied and more satisfying home meal experiences. This paper advocates that retailers pursue strategic, top-line building programs that enhance discovery as an essential, value-added element of the shopping experience.

We identify in-store communications vehicles that promote and enable shopper discovery as “discoverable media.” Retailers who integrate discoverable media in their stores enjoy multiple benefits. Shopping baskets expand, as shoppers learn about new meal and household solution ideas and gain new comfort with a broader variety of foods and products. Sales and profits grow, as shoppers confidently purchase premium food ingredients and value-added packaged products. Retailers build a positive store image as a rewarding place to shop, while shoppers associate their stores with mealtime success at home. Ultimately, discoverable media draw shoppers closer and promote true loyalty.

This paper urges retailers to supplement traditional merchandising and promotion programs that are often unexciting to shoppers and lacking in effectiveness, with new forms of shopper media (interactive, in-store) that educate and inform; deliver incentives; foster interaction; and attract return visits.

**The medium defines the message.** It is important to confront the limitations of today's prevalent merchandising tactics and the opportunities inherent in shopper media and marketing. Traditional merchandising – “product based media” – communicate to shoppers through a single vehicle (one ad or promotion), for all people, regardless of individual relevance. The most common motivators for the shopper are a discounted price offer or simple awareness, as in a display. This model is slightly improved where messages are targeted to defined customer segments, which at least sorts customers into more likely and less likely purchasers based on observed criteria.

The fundamental advantage offered by discoverable media is the ability to market to each customer individually, one-to-one, with accountability resulting from response and measurement. Working at a one-to-one level means the brand message can switch from focusing on the product to focusing on the solution. Mass media can not effectively address solutions without obliterating the individual needs.

### Shopper Experience

Did the retailer help reduce my in-store anxiety as I considered what meal to prepare, came to a decision, and searched for ingredients? Did it help in some way to improve the outcome?

## II. Supermarket Shopper Experience

FOR SHOPPERS focused on what to serve for dinner, evaluation of the supermarket shopping experience boils down to a core question: “Did the retailer help reduce my in-store anxiety as I considered what meal to prepare, came to a decision, and searched for ingredients? Did it help in some way to improve the outcome?”

Faced with the vast complexity offered in today's supermarkets (roughly 40,000 SKUs in a typical store), today's shoppers typically adopt effort-saving habits to simplify decision making. Research indicates that the typical household regularly purchases about 150 grocery items to stock their pantries and refrigerators. As a result, they tend to serve the same limited selection of meals at home – easy to prepare and safe, based on prior success and family approval. The result is a kind of numbness among shoppers, and reluctance to experiment with the unfamiliar.

The current state of food retail marketing has most retailers focused on price

competitiveness, merchandising efficiency and manufacturer-funded promotions that drive volume. Supermarkets tend naturally to play to the “big middle” of the market – by emphasizing items purchased most often by the most shoppers. But there is a growing awareness among managers that the mass retail audience is fragmenting into smaller, more specific and potentially more profitable interest groups.

In his recent book, *The Long Tail*, journalist Chris Anderson describes how retail assortments tend to concentrate on the items purchased the most often by the most shoppers. He argues that many profitable opportunities lie further down the “tail” of the assortment curve, where products cater to narrower and more varied preferences and needs, and margins are higher since price competition is less acute.

In supermarkets, which traditionally have been focused on optimizing merchandising efficiency, most selling efforts aim at the mythical “average” consumer – the “head” of the assortment curve, corresponding to the “big middle” of the market. This naturally tends to lead marketers and merchants to forms of persuasion that have widespread relevance to varied audiences – price discounting is by far the most common tactic.

Yet the situation is even more complex than mere fragmentation of the market. Industry researchers are finding that most shoppers are “split” shoppers, who buy from several retail stores (supermarket, mass merchant, club, natural food market, etc.) to meet their whole household needs. Most carry three or more “loyalty” or shopper club cards in their wallets. Retailers must therefore compete continuously over “share of wallet” and “share of heart” to capture the profitable trips. No supermarket can ever take for granted that a shopper is firmly its own.

**Rise of shopper marketing.** In the face of these challenges, progress in the food marketing and retailing environment is far from stagnant. There has been a concurrent rise on the manufacturer side in what the industry variously calls “shopper marketing,” or “the first moment of truth.” Regardless of the preferred terminology, there is a growing consciousness in the grocery business that the new in-store marketing begins with having a plan to recognize ways that people are different — not only demographically, but also at different moments in their lives.

Shopper marketing is supported by insight into the variability of trip type and purpose, since the same people shop differently at different times. It also recognizes that people’s at-home media habits are increasingly fragmented, dissimilar and inconsistent. It follows with a plan to communicate to people in the store based on their differences in need. Discoverable media can be superior enablers of this communication.

Fragmentation of traditional media and touchpoints makes it more costly to reach and persuade shoppers outside the store. The rising use of digital video recorders; expanded number of cable and satellite channels; the ongoing loss of readership by print newspapers and the vast number of information and entertainment options available over the World Wide Web have all conspired to make today's consumers simultaneously more reachable but harder to find. For brand marketers facing the dilution of their mass media spending due to these trends, in-store communications are viewed as even more needed. With the typical household making about 70 food shopping trips per year, the supermarket may be the only reliable place left to reach consumers.

### Shopper Media Imperative

For brand marketers facing the dilution of their mass media spending, in-store communications are needed even more

**Beyond price as motivator.** An excess of cost-saving orientation may undermine shopper experience. Intensive focus on discounts and low price may tend to train shoppers to worry about nickels and dimes and buy only on deal. Price is a most effective motivator on known-value items (KVI) – what about items that are less familiar to shoppers?

Most targeted promotions focus on what *has been* sold rather than on what could be sold. This is largely because it is relatively easy for retailers to plug in to POS data. Methods that offer a discount coupon for one brand in response to the purchase of a competitor's brand amount to zero-sum games. They do not build bigger shopping baskets – just rearrange the mix. Most “push” tactics do not improve the shopping experience.

Limiting the promotional focus to how shoppers have purchased in the past causes retailers to limit their variety outlook. The focus on competitive switching (trading dollars) instead of expanding the basket rewards brand disloyalty. From the shopper's perspective, these brand-competitive and price-focused promotions offer little or no solution value.

**Making communications relevant.** Retailers do far better when they use interactive in-store communications to educate shoppers and introduce them to new possibilities, new choices and new solutions. Interactive in-store communications can motivate shoppers to visit and buy new categories. Brands can be encouraged to use interactive media as part of the “portfolio” of media communications they employ to reach, educate and influence consumers. The communications device – typically a kiosk – creates an in-store destination with unique attributes and added value that

shoppers may associate with an enhanced shopping experience. Delivering relevant, helpful content helps retailers capture greater share of wallet (or share of pantry or consumption) and instill true loyalty.

### **III. The Discovery Proposition**

**D**ISCOVERY MEDIA can be an effective tool in bringing individualized, solution oriented, suggestive selling back to the supermarket. Interactive, kiosk-based devices permit the introduction of more main protein or “center of plate” ideas with advice on how to prepare “proteins” successfully and in combination with other ingredients and products available in the store. In stores where they are presently deployed, discovery media introduce a variety of fun, quick and easy meal ideas that build shopper confidence to try something new; and relieve the boredom of preparing and serving the same old meals the same old way.

The most common complaint we have heard from shoppers in qualitative research is, “I am so sick and tired of cooking chicken breast the same old way.” Interactive recipe kiosks address this shopper need by providing means to discover new food preparation ideas. The recipes and tips empower shoppers to try new center of the plate choices and to vary their preparation of old favorites. They help bring shoppers into new or less familiar center store aisles to find adjunct ingredients and “go-withs” for main meal ideas. Because it accommodates shopper requests, this type of interaction improves on “solution selling” merchandising concepts that try to cluster items but do not provide needed advice or offer shoppers custom choices.

By using discovery to foster a sense of place, experience, anticipation and loyalty among shoppers, the kiosks help position the store as an extension of a happy home. They help improve shoppers’ feeling of “success” because they make the store a destination where shoppers know they can find answers and ideas for planning meals.

#### **Discovery Benefits**

Retailers who make discoverable media a part of the shopper experience enjoy advantages in five areas:

1. They provide a superior overall shopping experience to enhance their store image
2. They have shoppers who become more engaged, more satisfied, and more loyal
3. They escape the downward spiral of the competitive pricing trap
4. They provide a more attractive, more productive, and more profitable environment to their suppliers
5. They improve their prospects for successful long term growth

**Benefits of kiosk-based recipe program.** In the supermarket, discoverable media offer multiple benefits to shoppers. They employ convenient, non-intrusive touchscreens that are quiet and immediately available to individual shoppers. Users quickly discover new dining and preparation ideas and solutions as they select their personal preferences from among multiple choices. The kiosks provide access to a rich and continuously updated content of recipes and other how-to information. In addition, shoppers may elect to receive relevant promotional discounts, obtain assistance in locating desired products, or check the price of an item in hand. At the end of the “pull” transaction, shoppers may take print-outs home to ensure success with their new meals.

These benefits apply in analogous fashion in non-food retail environments as well. Discoverable product information and how-to instructions offer great shopper value in home centers, drug and personal care stores and wine shops, to name a few examples. In each retail situation, access to rich, relevant, searchable content, promotional offers and how-to information provides shoppers with an enhanced in-store experience and a more successful product usage experience at home. These are building blocks of enduring shopper loyalty.

**On-target messaging.** In the context of this positive shopper experience, brand marketers can take advantage of discoverable media as a mechanism to help introduce new products and expanded product uses to their most likely consumer base. Because information and promotions are triggered by shopper queries, the systems allow brands to target promotions to desirable trip types (stock-up and meal-oriented). Discoverable media can be used to encourage new consumption habits for existing products and to help the brand marketer enhance its image as a trusted provider of meal and/or household solutions.

For retailers, successful discovery makes for a more satisfying shopper experience. The discoverable media kiosk delivers extra added value that encourages return visits and fosters genuine shopper loyalty – without excess discounting. Since the information content is oriented toward complete meal solutions and trying new things, discoverable media lead to expanded shopping baskets – both in dollars and variety. Since promotions are distributed to individuals who self-select by interest and need state, payback on those promotions is improved. When a product is used successfully in a new meal, that meal will be prepared again, fostering repeat sales. This makes for an attractive promotion environment for brand marketers, and as a result, discoverable media can help retailers to attract their fair share of brand dollars and see to it that they are invested in a manner that builds shopper satisfaction. Since content and offers are delivered interactively, brand marketers have utmost

flexibility in linking messaging to their shopper marketing strategies. Even store-by-store or time and date-based variations are possible, where warranted by marketing strategy.

**Associate Support.** Discoverable media also provide store associates with a knowledge base they can use to serve customers better and with greater confidence. One grocery retailer estimated it spends 50,000 associate hours a year just answering questions about how to prepare items, and often they do a less-than-desirable job with the answers. Instead of expecting an inexperienced store clerk to try to answer questions about how to prepare a lamb roast (to name a challenging example), the associate can help the shopper navigate to the solution using the kiosk that provides a convenient print out answer. Where price checker and product locator functions are integrated into the discoverable media application, the retailer may save hours presently spent answering questions about where to find an item, or what an item costs, resulting in significant labor savings.

### **Emotional Outcomes of Discovery Selling:**

1. Engagement – the shopper participates in discovering the solution
2. Joy – in finding something new – accessing the creative rather than routine
3. Relevance – right solutions for the right products at the right time
4. Gratitude – help solve a problem and they'll come back – cultivating loyalty

## **IV. Conclusion: Prepare for Discovery**

**T**HE GROCERY BUSINESS in the past has been about providing brands with access to shoppers by piling more goods on crowded shelves. Discoverable media offers an opportunity to shift the orientation to helping shoppers solve their problems, find their solutions and enjoy their success with the products you sell. The discovery strategy is here, now and ready in the form of in-store kiosk systems and other interactive media that can guide consumers toward widening their shopping behavior and more enjoyable shopping and mealtime experiences. For brands, discoverable media can be an essential component of a portfolio approach to the marketing mix.

The combination of proximity to the point of decision and timing at beginning or middle of the shopping trip is a major advantage versus other shopper media that rely on POS information to trigger promotions, which then may only be redeemed on a subsequent visit. Discovery solutions perform better than selling solutions through display merchandising or product groupings. The discovery process offers



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an individualized formula for communicating consumer value – meal ideas, shopping and recipe solutions.

For brand marketers, discoverable media help to reduce the noise and clutter associated with “deal” merchandising. The interactivity and self-selection by shoppers means that promotions target the profitable “long tails” of the distribution curve instead of promoting exclusively to the “big middle.” Retailers and manufacturers enjoy a higher volume of profitable sales.

With discoverable media, retailers cultivate more satisfied, more loyal shoppers, and an enhanced store image. They see a greater variety in shopping baskets and larger total rings, and gain the ability to attract more brand dollars and foster better supplier relations.

Shoppers learn to view stores enhanced with discoverable media as preferred destinations, where they can anticipate the pleasure of successful discovery and enjoy a superior total customer experience.

### **About ShoptoCook™**

ShoptoCook, Inc is a leading developer of *Interactive Digital Customer Service* solutions for retailers. STC’s **Answers™** software includes Item Locator, Price Check, Meal Planning, Wine Pairing, and Health & Wellness, which are delivered via an intuitive, user friendly interface giving customers answers while they shop. This technology enables retailers to have consistent accurate information available during all hours of operation, realizing labor savings and capturing missed sales opportunities.

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