

2015 Industry Shopper Study

PATH TO PURCHASE

Seize the
“Moments that Matter”

CADENT
— Consulting Group —

TABLE OF CONTENTS

Overview	3
Executive Summary	6
Key Findings	8
Shopper Marketing	
Path to Purchase	
Moments That Matter	
Organizing for Success.....	23
Action Plan	29



44 Old Ridgefield Road, Ste. 235
Wilton, Connecticut 06897

1 Northfield Plaza, Ste. 300
Northfield, IL 60093

203-529-3701
www.cadentcg.com

Price: \$500

©2015 Cadent Consulting Group. All rights reserved.

No part of this work may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage and/or retrieval system without permission from Cadent Consulting Group.

OVERVIEW

CADENT
— Consulting Group —

2015 Industry Shopper Study

Who is Cadent Consulting Group?

Cadent Consulting Group, established by the founders and senior leadership team from Cannondale Associates, is a marketing and sales management consulting firm serving the Consumer Packaged Goods (CPG) and Retail industries. We offer a broad array of information, insights, capabilities and expertise across the manufacturer, retailer and shopper spectrums.



Mission

Our mission at Cadent is to help our clients drive growth & profitability while optimizing investment and organization productivity. We aim to translate insights into competitive advantage for our clients.



Growth & Optimization

CADENT CONSULTING GROUP OVERVIEW

Research Objectives/Methodology

Cadent Consulting Group's management team, while at Cannondale Associates, published the first Category Management/Leadership Industry Study in 1994 closely followed by the Trade Promotion Industry Study in 1995 and the annual PowerRanking® Study in 1997. Over twenty years of experience in category management, trade promotion, shopper insight and industry best practices has deepened our knowledge and expertise across manufacturers, retailers and shoppers. Inclusion of shopper responses is a totally new component to our traditional manufacturer/retailer studies. Enhancing manufacturer and retailer perspectives with an understanding of the real boss – the shopper – adds significant insight to the study.

The objective of the Industry Shopper Study is to evaluate what really matters to **convert shoppers into buyers**. Do shoppers follow a strict, regimented Path to Purchase for routine, low-ring items? Or is it simply a question of a **moment** or **moments that really matter**?

Why the Shopper?

In our previously released 2014 Marketing Spending Study we identified that marketing spending represents nearly \$225 billion in annual expenditures by CPG manufacturers, or 20.6% of sales. We also noted that shopper marketing spending had doubled to 13.5% of the overall marketing budget since 2012. Are these expenditures hitting the mark?

The specific goals of this research were to:

- Assess the fastest growing spending component, Shopper Marketing
- Understand the evolution of the Path to Purchase and its current state today
- Identify what really matters to shoppers, retailers and manufacturers
- Determine the optimal organizing principles given an integrated manufacturer/retailer/consumer and shopper framework

Study Methodology

Over 1,000 manufacturer, retailer and shopper participants were surveyed online with customized questionnaires. Selected in-depth, 1-on-1 follow-up interviews were completed to gain a better understanding of Shopper Marketing spending and effectiveness.



EXECUTIVE SUMMARY

CADENT
— Consulting Group —

2015 Industry Shopper Study

EXECUTIVE SUMMARY: “SHOPPER”

- **Shopper Marketing:** This marketing spending component has more than **doubled** since 2012 from 6% to 13.5% of the total marketing budget. This equates to an increase of over \$17 billion specifically targeted at the shopper. We believe, however, that this may be the **high water mark** as costs begin to outweigh benefits. While other marketing spending components such as traditional advertising, consumer promotion, trade promotion and digital may also incorporate the shopper, shopper marketing is specifically designed and focused on converting shoppers into buyers.
- **Path to Purchase Perspective:** Shopper Marketing has grown in tandem with the Path to Purchase construct. In its simplest state Path to Purchase incorporates the genesis of demand and the evaluation of options including outlet, navigation of the store and purchase decision. It has served as a useful model for understanding shoppers and guiding marketing investments.

Recent Path to Purchase models have increased in complexity by incorporating a more complete purchase cycle and multiple feedback loops through digital.

- **Path to Purchase Today:** Cadent Consulting Group conducted research in 2014 incorporating 4,000+ discrete purchase experiences. We found that while the Path to Purchase is a useful construct, it is a bit of a misnomer and typically it is only a **point or moment** along the cycle that stimulates primary awareness and/or influence to buy. The concept of a complete Path to Purchase cycle for an individual product purchase, while intriguing, rarely meshes with reality.
- **Moments That Matter:** This construct integrates the consumers, shoppers and customers.
 - **Consumers:** What do they want? What is the need state or occasion that really matters?
 - **Shoppers:** How do they shop? Where are the points of influence that affect awareness and purchase?
 - **Customers:** At what retail channels or specific outlets do they seek insights or make a purchase?
- **The Barbell:** Our analysis of discrete points of influence during the purchase process indicates a “barbell effect.” Over half of purchase awareness and influence is generated at home before going to the store and approximately 30% is generated in the aisle or section. While there are core differences by category and product, the actual moments that matter typically occur at either end of the shopping trip: at home or in the aisle.
- **Organizing for Success:** Over the past two decades individual silos have been created between traditional marketing and sales that have added cost and complexity. These include shopper marketing, shopper insights, category management, trade marketing, sales planning, customer marketing, trade promotion, digital, etc.

However, isn't it all one marketing dollar that is being spent to influence both awareness and purchase? Organizing for success means a more streamlined, focused organization targeting the consumer/shopper and moments that matter. Internal communication within a single group can be challenging; communication across multiple functional silos increases complexity exponentially.

We recommend placing omni-channel/digital at the “**head**” of your organization and the consumer/shopper at the “**heart.**”

- **Action Steps:** How can you best **identify, segment, target and organize** against the moments that matter to convert shoppers into buyers in your category or your store? Seize the “Moments that Matter.”