

Beacon Associates
A Framework for Improving Point of Sale Impact
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Over the past several years, there has been a shift in the mix of research projects for which Beacon Associates has been retained.

Fifteen years ago, our work was wholly centered on innovation – new ideas, new concepts, product architectures to fulfill those concepts, and optimized product designs / formulations.

These activities remain the “core” of Beacon Associates’ services. But, outpacing their growth in recent years has been a **new interest and focus on research at the point-of-sale.**

We’re not alone. The industry focus on the Point of Sale Shopper Interface has exploded.

An announcement was sent out recently for the 11th annual “Shopper Insights in Action” conference. This year’s event is to feature high-level speakers from virtually every major CPG company as well as 30 research firms and academicians. The organizers are expecting record attendance.

Retail industry concentration, and increased analytic rigor aimed at maximizing return to the retailer, has driven the rush to understand point of sale dynamics.

Today, major retailers have a much greater understanding of what their shoppers want from their stores – and how each manufacturer’s brand contributes to their own brand’s relationship with shoppers. Those retailers are no longer hesitant to dictate the marketing “P’s” to manufacturers when they feel it is in their stores’ best interest.

Product – retailers today often specify product features. And require – for many items -- that the product sold in their stores under a given national brand actually be different than that sold by other retailers.

Price – although competing retailers often insist that their everyday price is equal to or lower than their competitors’, it is actually often impossible for shoppers to compare. The model numbers and product features are likely to be different from retailer to retailer, guaranteeing that each retailer’s price will always be lowest -- no one else sells the same item.

Promotion – Retailers want as much of the promotion activity as possible to impact sales in their stores and not those of their competitors. They also are much more involved in the types of promotions that are run as they have become more savvy about what drives category sales and store-wide visits in their stores. Advertising budgets for many national brands have been reduced and channeled to promotion and discounted pricing at retail. This often results in a diminishing of the relationship between shoppers and brands.

Place – Often, retailers measure sales and profit by the square foot, weighted by the importance shoppers place on having an item or brand in a store, to create performance hurdles. This means that shelf allocation and store location for items and entire categories are dynamic, as the retailer seeks the most profitable and compelling solution for shoppers.

The net of all this is more demand for research that focuses on the how to increase impact at the Shopper / Retail interface.

Much of the research community's focus has been on gaining deeper understanding of the shopper decision-making process – how does decision-making occur, how does the brain function when considering retail choices, etc.

But many producer / retailer guidance needs are for much more “block and tackle” projects.

There are probably 100 packages that just simply don't communicate basic information shoppers are seeking... and another 100 shelf sets that confuse the devil out of shoppers... for every case of needing to understand the underlying physiology / psychology of how a given brand or package operates. We have plenty of respect for the latter, but our focus is on pressing for a better experience / more impact at every point of the shopper / retailer / product interface.

Advantageously, we have found that **many of the disciplines we developed for innovation projects are translatable to precisely these types of problem-solving projects in the retail shopping environment.**

And, **the principles and approaches of the Framework are applicable to creating growth-generating impact in other environments as well – (e.g. restaurants and hospitality, banks, auto dealerships).**

Retail Environments and The Shopper–Product Interface

Manufacturers want to know

- How do I increase sales / profitability of my brand?
- How do I meet the goals of the retailer?
- How do I differentiate my brand from competition?

Retailers want to know

- How do I increase shopper loyalty/frequency/ticket?
- How do I maximize profitability from the category?
- How do I differentiate my brand from competition?

The following section introduces Beacon's framework for defining the issues facing any point of sale team. And, explains our approaches for guiding the development of solutions to overcome those issues and drive impact

The Beacon Retail Framework

Two “Jobs”

When asked to assist teams with the insights needed to drive impact and growth at the shopper / retail interface, we divide the task into 2 “Jobs”

- Job 1: Identify point of sale issues / opportunities
- Job 2: Guide the way to solutions that achieve impact

Job 1: Identify point of sale issues / opportunities

Good fishermen know that in a river, “90% of the fish are located in 10% of the river”.

The same holds true in the retail environment. There are a limited number of places where real opportunity can be found. So Job 1 is to narrow the focus by identifying for the client and agency, where in the Shopper / Retail interface in question big issues & opportunities reside.

Experience has shown that **there are 3 Point-of-Sale “Fishing Holes” to Find and Explore:**

- A. Category Issues & Opportunities
- B. Brand Issues & Opportunities
- C. Store Issues & Opportunities

A. Category Issues & Opportunities

These are Ways in which the Category may be underperforming for the Shopper.

Included are several potential sales/blocking contributors:

- Category Awareness is Low
- Category is Not Well Defined
- Characteristics, benefits, differentiation not known or understood
- Occasions / Reasons to buy or use not clear
- Category is Misperceived
- Category is Underexplored

B. Brand Issues & Opportunities

These are ways in which a Brand (or brands) may be underperforming for the shopper

- Brand(s) are not highly visible
- Brand(s) Not differentiated
- Brand(s) Not understood / seen as relevant
- Brand(s) are Recognized and Important, but the client’s is underperforming
- Brand(s) are Not Used in Decision-making

C. Store Issues & Opportunities

Ways in which the Retail Environment may be underperforming for the Shopper. Ways that big-box, mom & pop, on-line or boutiques make it hard for the shopper

- Category Visibility is low / difficult to find
- Shelf not organized the way people approach decision-making
- Options are not well differentiated / choices not clear
- Exploration is not encouraged
- Needs for knowledge are unfulfilled

Together, the possible scenarios represented by the three point-of-sale issue and opportunity “fishing holes” constitute a large field for exploration. But, **the Beacon Framework’s shopper research provides a way to cover the ground quickly... and accurately identify the situation facing any shopper interface**

Building the Beacon Shopper Framework – The Research

We use four key diagnostic explorations to create an accurate identification of the opportunities and issues facing each situation. They are:

- I. Shopper perceptions of the category
- II. What shoppers carry with them to the shopping experience
- III. Importance of brands
- IV. What Happens in the Store

All four diagnostic elements are included in the analysis conducted for most projects. However, the depth of exploration and methods employed vary by need and resources.

In most cases, these explorations take place within the context of in-store interviews and structured follow-up discussions with shoppers.

Occasionally, the investigation needs of projects spawn more in-depth studies in one or more dimensions.

In-depth brand, ethnographic studies product performance assessments can be conducted as part of the exploration.

But, in most cases, the standard assessment of the four variables is sufficient to identify the issues / opportunities and proper course of action.

Job 1: Identify point of sale issues / opportunities – Wrap-up

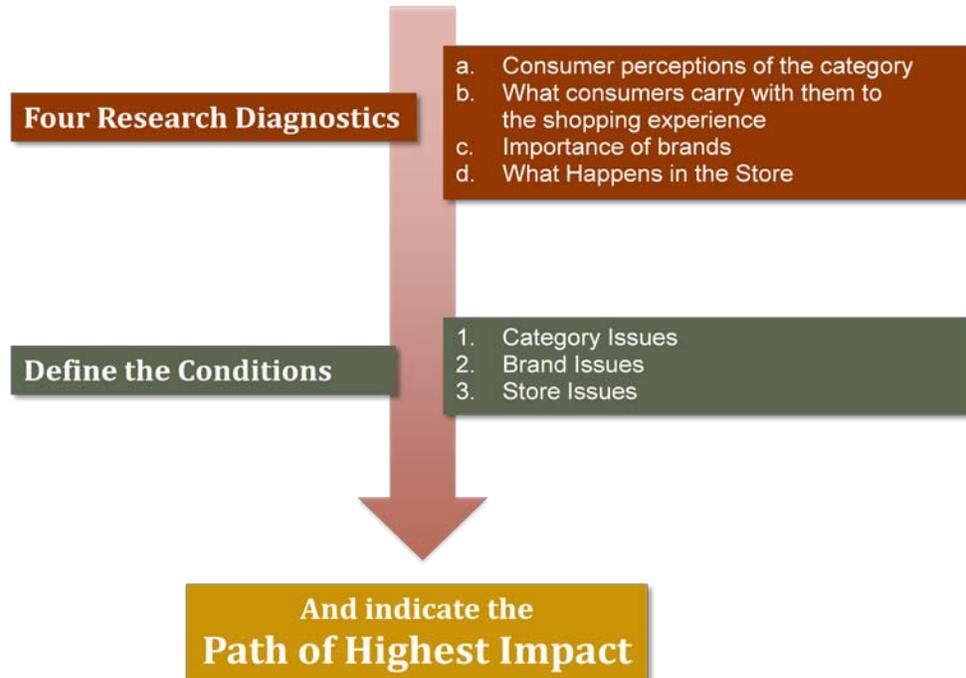
With the diagnostics in hand, it is straightforward to identify the issues / opportunities facing the retail team...

And specify the appropriate objectives for the work of the design team.

The Table below shows some examples of how the conditions determine the objectives of the retail project.

Condition	Retail Project Objectives
Lack of Category Knowledge / Misperceptions	<ul style="list-style-type: none"> • Help shoppers define what they are seeing / understand what makes the solution offered by the category different / beneficial
Category / Brand(s) Underexplored	<ul style="list-style-type: none"> • Maximize exploration / discovery to increase multiple item shopping and consideration of all alternatives
Brand(s) Not Used in Decision-making	<ul style="list-style-type: none"> • Aid understanding of differentiation across brands • Build brand identities and relationships with them
Brand(s) Underleveraged	<ul style="list-style-type: none"> • Aid shoppers in using the brand to have meaning in the category, and promote higher involvement and take-away
Top of mind awareness / visibility of category is low	<ul style="list-style-type: none"> • Help shoppers think of / find / be attracted to the section
Shopping Confusion	<ul style="list-style-type: none"> • Explore best arrangement of brands / products and information • Help shoppers find what they are seeking • Create solutions that drive shopping satisfaction and take-away

In Summary, the Job 1 process can be diagrammed as:



Job 2: Guide the way to solutions that achieve impact

In the second phase, Beacon provides shopper guidance to identify and refine highly impactful solutions to the problems and opportunities uncovered in Job 1. (Now that we know where the fish are most likely to be, we need to figure out what fly will attract them.)

Beacon is long practiced with a number of approaches – both traditional and proprietary – that are specifically designed to address the development guidance needs of teams as their projects move from idea development to prototyping to final design confirmation. We apply those methods and experiences to the Retail Interface situation via a four-step process.

A. Start up Work Session

A start-up work session with the internal team, design agency and Beacon is the first step. The session reviews the Job 1 findings and objectives. The team then discusses the design parameters for test concepts to be developed by the agency.

B. Development

The second step is for the agency to create their recommended test concepts

C. Review

The third step is to review the stimuli internally and assess them against the key performance criteria.

- Are the approaches really different?
- Do they demonstrate different ways of approaching the “impact” objective?
- Do they match / fulfill the parameters outlined in the start-up session?

The logistics of the shopper test are also finalized at this stage.

D. Shopper Evaluation

The shopper evaluation involves exposing shoppers to alternative designs, and seeking insight into their relative ability to bring one or more of the following impacts to the retail / shopper interface

Attraction / Interruption
Impact / action
Interest in exploration

Differentiation
Ties to the brand / Brand strengthening

We seek to do the evaluation in as realistic a manner as possible. This often means that the data collection is done in stores, or at central location sites with shelf-sets, etc. constructed for shopper review.

If budgets and logistics permit, we will build sufficient sample size to achieve statistical significance in the findings.

And, if the stimulus can be shown in picture form (vs. live), on-line assessment and much larger sample sizes become feasible.

However, since in most cases, it is essential for the shopper to interact with the environment and packages / products, use of on-line is relatively rare in this type of study.

Most often, we conduct the interviews qualitatively – via either one on one or group sessions. Occasionally, we send respondents to an on-line questionnaire and follow-up stimuli / evaluations. And, when the primary evaluation occurs in-store, we usually invite respondents to participate in follow-up discussion sessions to review the findings and probe more deeply.

Analysis assesses the performance of each design, and integrates the diagnostics and qualitative feedback into identifying improvements and opportunities for hybrid solutions.

Results

By adapting the principles of Beacon's proven concept / product methods to the needs of the retail environment, the Beacon Retail Framework provides an "impact" development system that performs for all parties.

Agency teams get the development guidance clarity and objective insights they need to really make their work perform in-market.

Manufacturers get a high probability boost toward achieving the impact they are after, and solid support for explaining to the trade how / why they are making their recommendations. They also can be confident that their brand is properly respected, and that the recommendations are consistent with / in support of the brand's identity and character.

Retailers know that real work has been done to create a recommendation that will positively impact returns from a brand or category, and add perceived value to the shopping experience

Shoppers feel they are being respected -- that their needs are being addressed, and someone cares about making their experience easier and better.

The Beacon Retail / Shopper Framework is a guide-way for finding and realizing the vast number of opportunities for improved performance at retail. It is targeted, practical, highly revealing and efficient.

Importantly, it is inclusive of / works for all parties involved. And, its principles are applicable across many shopper interface environments.

Whether you are a retailer, manufacturer, or a hospitality or service provider – if you present your brand and / or brands of others at retail, you need to seek out every issue and opportunity facing the shopper. The Beacon Retail Framework gives you a real leg-up in doing so effectively, and becoming the brand shoppers look to first.

To talk about how we might help your shoppers, give us a call or send us an e-mail:

Scott Sainsbury 802-496-9393 ext. 13 scott@beaconassociates.com

Pat Cox 802-496-9393 ext. 15 pat@beaconassociates.com