
One Woman, Two Lives: Shopability

Best Practices from the
Network of Executive Women
Consumer Products and Retail Industry

FOURTH IN A SERIES



Shopability solutions: Getting advice from the experts

The choices can be bewildering. Brands that try to satisfy many shopper groups risk turning the retail shelf into a mass of confusion and shopper frustration.

While brand extensions and new products have been a powerful sales engine, too much choice and too little product information can harm brand performance, according to research reported by the Stanford University Graduate School of Business.¹

In 2006, the Network of Executive Women commissioned WSL Strategic Retail to learn how women executives apply their personal shopping experiences to business decisions that influence the retail shelf. It surveyed more than 250 NEW members in their dual roles as industry executives and family shoppers. The “One Woman, Two Lives” survey revealed that women want simpler choices and more information to impact their shopping experiences. The path to shopability requires collaboration among manufacturers, distributors and retailers.²

A report by Information Resources, Inc., explains the challenge. “With nearly one million individual CPG items available...it is difficult for consumers to make purchasing decisions. Retailers and manufacturers must begin to cut through this clutter by simplifying the shopping experience.”

The shift to “consumer-centric” merchandising may have already begun, according to IRI. Merchandising activity has declined in more than half of all CPG categories as marketers begin to recognize that less is more with respect to merchandising.

The latest research from IRI has “uncovered early indicators that point to a more consumer-centric approach to merchandising emerging. As a result, merchandising as it is known today is likely to undergo a major transformation.”³

“One Woman, Two Lives” shows wide differences in shopping experiences between categories: Candy, food, soft drinks and cereal were found to be relatively easy to buy, while jeans, cell phone products, computers, cosmetics and cold/allergy medicines were judged most difficult.

WHAT THE EXPERTS SAY

The NEW survey respondents know shopability: 81 percent do most or all of their family’s shopping; 95 percent work full-time in the consumer packaged goods and retail industry, and they average 9.8 years in their companies.² Their issues about the beauty category were revealing:

“One Woman, Two Lives” shows wide differences in shopping experiences

■ *I have to spend a lot for something I might not like.*

■ *It’s hard to tell how a product will be better based on the package*

■ *There is no one who knows the product who can help me*

■ *There is no way to try the product*

■ *The way the shelf is organized makes all the products look the same*

■ *It’s hard to find the product I am looking for*

Food buyers had fewer complaints in the NEW survey, though 74 percent of the women executives surveyed said there was too much to choose from in the candy/snacks category and 68 percent said there were too many cereal options. Inability to sample products and lack of useful package information were the top two complaints in the overall grocery category, both cited by 56 percent of NEW respondents.²

Wendy Liebmann, president of WSL Strategic Retail, said hard-to-buy products generated similar observations from respondents.

“There’s often no way to try the product and [consumers] can’t smell or taste” what’s inside, she said. The risk of buying an expensive product that they “may not like” and packaging that “does not help me choose” were also cited as factors that make a product hard to buy.⁴

Liebmann presented findings from “One Woman, Two Lives” at the 2006 National Association of Chain Drug Stores Expo and moderated a lively discussion on shopability featuring five industry experts: Darlene Bond, Merchandise Manager, HBC and OTC for Meijer, Inc.; Anne Fink, Vice President and General Manager for PepsiCo Sales; Cheryl Mahoney, Vice President, Beauty Care, for CVS; Theresa Thompson, buyer for Costco; and Michele Workman, Director, Drug Channel, for Procter & Gamble. The findings were also presented at the 2007 FMI Midwinter Conference, where they were discussed by Helayne Angelus, President of NEW and V.P., Global CBD Diversity for Procter & Gamble; Deb Cain, VP/GMM Food and Sundries, NW Region, for Costco; Anne Fink, Vice President and General Manager for PepsiCo Sales; and Cathy Green, Chief Operating Officer, Food Lion, LLC.

“Let the product sell the product in an affordable, simple way”

EDITING CHOICE

Darlene Bond of Meijer said too many choices and price points presented “a challenge to the consumer.” The supplement glucosamine, for example, is sold in single, double and triple strength. “Why would I even want single strength if I could get triple strength?” she asked.

Costco’s Theresa Thompson echoed Bond’s remarks, saying consumers are “paralyzed by so many choices, it’s hard to find their favorite. Editing choice is Costco’s business model. We know what the repeat business is, and focus on what our members return to.”

One panelist recounted a trip with her daughter to buy feminine products at their local drug store. “We couldn’t tell what was what. The packaging was not

very helpful.” When she went back to the office, she recommended changes in packaging the category.

Anne Fink of PepsiCo said she wished all shopping experiences could be as simple as a recent visit she made to a wine store, where the selection was sorted by type, variety, region and price. “I immediately found what I was looking for.”⁴

Michaela Draganska, assistant professor of marketing at the Stanford Business School, has coauthored research that can help companies decide how long their product lines should be. His work with Dipak Jain, dean of the Kellogg School of Management, has “produced an innovative mathematical model that challenges conventional wisdom about maximizing consumer choice. While regional and store brands are likely to benefit from longer product lines, the model suggests that big firms...probably would be better off if they offered less variety,” according to their study.¹

Product proliferation can be driven by internal dynamics as much as consumer need. “Companies often extend their lines because they think it will keep customers from switching brands and allow firms to charge higher prices. Products with new flavors or scents also tend to produce short-term sales spikes that look good

on resumes. That’s important to product managers, who typically have only about a year to deliver results. [New products] make shoppers curious,” Draganska said. “They buy it once, sales go up, and the product manager gets promoted.”

Some research does suggest that the more items in a product line, the more likely consumers will consider it. “After a certain point, though, additional profits...may not be worth the extra cost of manufacturing it. And psychological studies suggest that too many choices actually can overwhelm shoppers and turn them completely off a brand.”¹

The women executives at NEW’s NACDS panel emphasized the importance of simplifying the shopping experience.

Mahoney discussed the importance of packaging and merchandising, saying that packaging should tell consumers “what the product will do for me.” She said the solution to shopper confusion at her company started with “identifying the difficult categories.”

Workman agreed. For example, “Some categories need trial and some don’t. Education comes in many forms, from a ‘beauty advisor’ on shelf to information on the primary packaging.”

She noted that shoppers spend an average of only eight seconds looking at packages. “That’s why Olay will call out the brand benefits in the product name, even if it’s something long like ‘Olay Regenerist Microdermabrasion & Peel System.’” Thompson was enthusiastic about her company’s sampling and testing. “It’s a major initiative at Costco, and we’re doing it for nutritionals as well as food.”

Fink noted that beverage companies take promotion and sampling to the “whole world” by reaching consumers at “parks, events and in-store.” She also said her company had more data than ever and urged fellow executives “not to get emotionally attached to a product in stock. Rich data allows us to make those choices.”⁴

SOLVING SHELF-SQUEEZE

According to Andrew Salzman, Executive Vice President and Global Chief Marketing Officer of IRI, “As retailers reduce grocery display space, manufacturers need innovative merchandising tactics that stress the importance of consumer-centric merchandising to drive more profitable rewards. In order to compete for display and feature ad space during the next several years, CPG marketers must step up merchandising innovation to simplify the shopping experience, break through the clutter and better align with consumer segments and their shopping patterns.” IRI cites Campbell’s Soup and Gillette Fusion as two brands that have succeeded with consumer-centric merchandising.

Salzman cited Campbell’s Soup’s gravity-feed shelving system that “significantly simplifies the consumer shopping experience while driving both brand and category growth.” He noted that Gillette’s “totally integrated merchandising blast...broke through

the clutter and enabled consumers to easily find” Fusion’s personal care products. “The success of these strategies should prompt other CPG manufacturers and retailers to develop innovative, consumer-centric merchandising approaches,” he said.³

Today’s diverse and demanding markets are leading to more sophistication in marketing as well as merchandising.

“The evolution from mass to micromarketing is a fundamental change driven as much by necessity as opportunity. America today is a far more diverse and commercially self-indulgent society than it was in the heyday of the mass market,” reports *BusinessWeek*. “The country has atomized into countless market segments defined not only by demography, but by increasingly nuanced and insistent product preferences,” *BW* reported.⁶

“All the research we’re doing tells us that the driver of demand going forward is all about products that are ‘right for me,’” says David Martin, president of Interbrand Corp.⁷

“As categories change, shelves should be changed,” said Bond. “Shelves should be organized the way people’s minds work.” Thompson added that the industry should “make the product a hero, max it out, and create a sense of adventure in the store.”

Liebmann said industry executives should “take your shopping experience back to the workplace and use that knowledge.” The challenge, she said, is “to let the product sell the product in an affordable, simple way.” ■

SOURCES

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Top takeaways for shopability

Compiled by the Network of Executive Women, Consumer Products and Retail Industry

1. Choices can be complex. There are one million CPG products on retail shelves. Today's diverse and demanding consumers respond to choice but are also challenged by too much complexity.¹

2. Less is more. Product proliferation does not always lead to increased long-term sales. Brand sales and profitability can suffer when manufacturing costs, consumer confusion and shelf competition exceed initial boosts in sales.¹

3. Category differences. Candy, food, soft drinks and cereal are considered relatively easy to buy, while jeans, cell phone plans, computers, cosmetics and cold/allergy medicines were judged most difficult.²

4. Shelf squeeze. New products and new formats with less-cluttered layouts are impacting the ability to launch products and forcing some brands off shelves.

5. Merchandising. Merchandising tactics—shelf displays, feature ads and discounts—are an effective sales driver, with a “majority of CPG categories [earning] an average volume lift of 50 percent or more...when merchandising tactics are implemented.” The same study warns, however, “that more than half of CPG categories are now experiencing a decline” in average sale volume lift from merchandising, especially in the drug channel.”³

6. Micromarketing. Diverse

markets and media are increasing marketing complexity. Eighty percent of U.S. women could be reached by a spot on the top three TV networks in the 1960s; today you need to advertise on 100 channels to get the same

coverage. Marketers like Procter & Gamble are using targeted marketing to sustain growth.⁵

7. Product information. Poor packaging and store/shelf information was a leading complaint in the grocery and HBC categories. Too little consumer information is being provided to make decisions. Products that are easy to see and sample are more likely to be purchased.²

8. Placement. Event/sampling areas are the places consumers are most likely to notice signs and displays (44 percent), followed by end-caps (31 percent), entrances (14 percent), shelves (10 percent) and floors (10 percent).⁵

9. Beyond features. More than a third of all food consumers take into account the history, business practices and social responsibility of the company making the product.⁵

10. Cross-channel marketing. Two-thirds of consumers have researched a product online and purchased that product offline. Of those, 51 percent have cross-channel shopped in the past three months, influencing in-store sales of more than \$100 billion.⁷ ■

NEW Shopability Agenda

ACTION ITEMS

- *Be known as a diverse and responsible company*
- *Simplify the shopping experience*
- *Optimize, don't maximize, choice*
- *Replace mass marketing with micromarketing*
- *Optimize merchandising for more results*
- *Make the product a hero*
- *Stock shelves the way people shop*
- *Make shopping a positive experience*
- *Let the package tell the story*
- *See, touch, taste, smell and sample*
- *Let underperforming products go*

DISCUSSION ITEMS

1. *How can diversity in management at your company promote sales?*
2. *What are the positives and negatives of product proliferation?*
3. *Take a product and examine it from a consumer's point of view. How would you make the package more appealing?*
4. *Still wearing your consumer's hat, design the perfect store environment for your category. Compare this planogram to typical layouts in your channel.*
5. *List two or three of your channel's or brands' most successful merchandising techniques. How can these techniques be adapted to other categories?*

Leverage diversity to achieve maximum shopability

Today's diverse and demanding consumers want choice—and are often bewildered when they get it. But manufacturers, distributors and retailers are finding smart solutions to shopability by optimizing product selection, providing selective and innovative merchandising, and using pinpoint marketing to target diverse markets.

Shopability includes packages that let consumers see what they're getting. Shelves and signage that help customers find their favorite products. Sampling that lets them try new things. Stores with wide aisles, uncluttered layouts and inviting perimeter departments. Consumer-oriented merchandising and marketing. And metrics that measure what works.

The Network of Executive Women can help you enhance shopability by building a more diverse workforce that more closely mirrors today's consumers. Our members understand diverse markets. They're not only experienced industry executives but experienced family shoppers themselves.

Tap into their expertise by participating in the Network's active agenda of best practices support, national and regional networking, service opportunities and mentoring, coaching and educational support. Maximize your value by enrolling your company as a NEW sponsor. Working together we can reach today's diverse markets and leverage management diversity to maximize the shopability of your products.

For more information on how diversity and shopability can work together, visit our website, NEWonline.org, or contact our Executive Director, Joan Toth, jtoth@newonline.org, telephone (312) 693-5393.

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