



Meeting shoppers' needs at the point of decision

We have all observed firsthand the enormous and rapid changes that COVID has brought to shopping behaviors. Some of these changes are certain to persist well beyond 2020, while others may only be temporary. What we can be certain of, however, is that accelerated change is happening right before our eyes. In a landscape in which shoppers have more options than ever before, Retailers and Brands that can pivot rapidly to serve their shoppers' evolving needs will gain a competitive advantage.

Throughout these changes, the physical store remains very relevant. Grocery visits are returning to pre-COVID levels, with foot traffic for most major banners improving week over week throughout the month of May¹. While we expect e-grocery market share to rise from **3.6%** to **5.3%** in 2020 and further still to **5.9%** in 2021², that still leaves brick and mortar retail as the dominant channel for driving grocery sales.

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Accordingly, one way that Retailers and Brands can meet new and evolving market needs is by engaging shoppers at the shelf-edge – the point of decision for shoppers – with the following strategies:

Be nimble: optimize assortment and space allocation quickly



It is critical that the assortment at shelf reflects what shoppers are seeking. In fact, product selection is one of the primary motivators for shoppers choosing to shop in-store vs. other channels². To ensure that the product set reflects evolving shoppers' needs means that Retailers and Brands must examine assortment more frequently than ever before. What shoppers were looking for a month or two ago is different than right now (and will continue to change). Some examples:

- ▶ Nearly **50%** more consumers in May want to spend as little time as possible cooking vs. in March³ – speaking to an increased need for meal solutions and other convenience options
- ▶ There is a **10-point** increase in consumers stating they are seeking “something interesting” to eat when they cook at home in May vs. March³, pointing to a need for new items or specialty flavors

In this environment, the right product set, in the right store, at the shelf every week is more important than ever to support shoppers and stay relevant. Retailers and Brands that can find ways to adapt to these changes quickly will win their shoppers’ loyalty.

Double down on the shopping experience by creating clarity at shelf

What entails a good shopping experience has drastically shifted. Rather than “Treasure Hunt” behavior we have seen in the past, shoppers now care more about finding what they need quickly and in one place. Indeed, more than half of shoppers in a recent IRI study have cited that one of the main drivers impacting their store choice is ability to get the most items they need in one place⁵.



Shoppers have also become more comfortable switching stores or brands if they can’t find what they need, out of the necessity born from out of stocks at the beginning the pandemic or price considerations. According to recent McKinsey research, **34%** of consumers have increased their shopping on private label products⁴. And **65%** of respondents in an IRI study have said that they tried another brand because their desired one wasn’t available⁵.

In light of these changes, there are several ways Retailers and Brands can leverage the shelf-edge to make the shopping trip a better experience:

- ▶ Reduce “preventable” out of stocks by ensuring store teams are aware of the new shelf sets; don’t unnecessarily drive your shoppers to a different brand or store
- ▶ Help shoppers find what they seek quickly via shelf-edge communications: calling out promotions, relevant product features, health attributes, etc.
- ▶ Keep communicating value at the shelf – **49%** of consumers are concerned about grocery prices, vs. **35%** in March and **43%** in early May²

In this time of continuous change, Retailers and Brands that remain close to what their shoppers need – and then implement changes to meet those needs – will ultimately come out ahead.

For further insights, please contact your Vestcom representative or marketing@vestcom.com

1. Placer.ai, June 2020, 2. Vestcom analysis based on research from McKinsey, Bain, FMI, IRI, Edge by Ascential, & CPG leaders, 3. FMI COVID-19 Tracker, 4. McKinsey, June 2020, 5. IRI, May/June 2020