
Engaging the smart Asian shopper

Bindu Sethi

Imagine a shopper in a retail store. There are many thoughts going through her head. Her shopping purchases are made with reference to not just her need for the category and brand but also in the way she views herself as a shopper, housewife, person and the degree to which the proliferation of brands, categories and information are affecting her.

What does she really want? What are the products that catch her eye? Why does she choose one brand over another? And the biggest question asked by all marketers, what can we do to make her choose our brand over the others?

Answers to these questions and many more are captured in Grey and G2's Eye on Asia - Retail study. The study covers eight key markets in Asia, including Australia, China, India, Indonesia, Japan, Korea, Malaysia and Vietnam. The countries were selected to establish a close representation of developed and emerging markets. A mixture of interviews and shop-along trips were conducted to unveil the considerations of shoppers when she is out buying our brands.

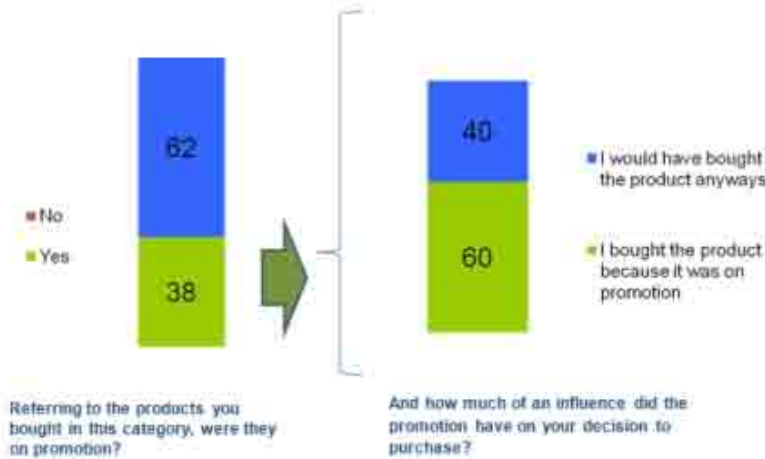
Over 2,100 shoppers revealed their shopping secrets, a mix of single females and mums with kids between four and 12 years of age. The study covers four retail channels, including hypermarkets/supermarkets, pharmacies/drugstores and provision stops/mom & pop stores, with a focus on categories encompassing over-the-counter (OTC) supplements and treatments, health food and drinks, beauty and snacks.

The breadth and depth of the study is a large differentiating factor against other retail studies conducted so far - especially since a variety of techniques is used to study shoppers' habits, as opposed to reporting retailer data. The study draws linkages and gives marketers a full picture, enabling them to redesign the store the way they engage with the consumer when she becomes the shopper.

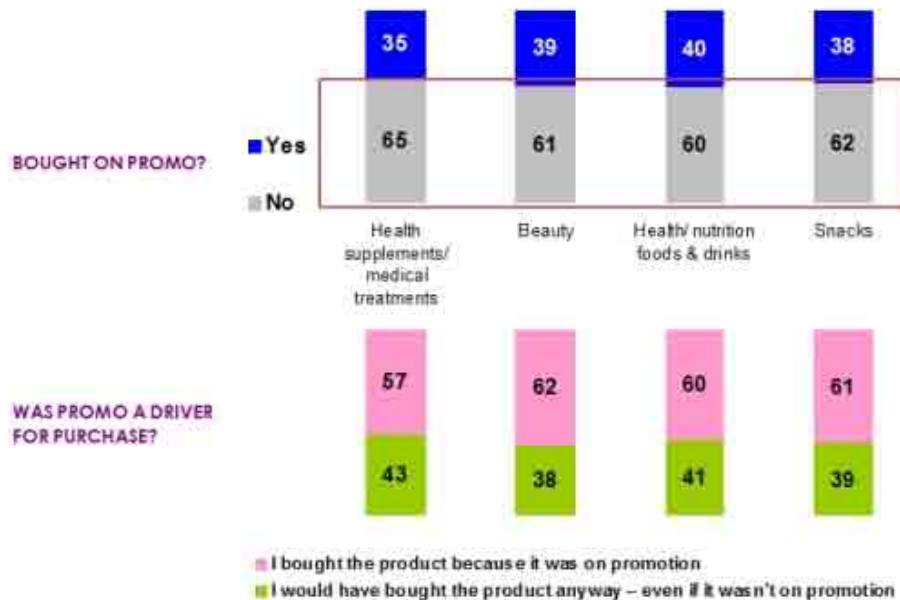
In this article, we shall explore two key findings. Firstly, the study showed almost half of the promotions done in-store are wasted. 62% of Asian shoppers do not buy products on promotion and among those who do, 40% of Asians are not influenced by the promotion and would have bought the brand anyway. One might have expected that it would vary from category to category, that Shoppers should be more loyal to their health food and drinks and beauty products versus snacks. But the truth is that shoppers do not buy into promotions in any category if they do not see the value in the promotion. The smart Asian shopper has already figured out that promotions are not always to their benefit. They can tell when cheap or unsold stuff is being off-loaded on them by marketers. In fact, a Malaysian shopper that was surveyed captured this mindset in her quote:

"I avoid those that give me free gift of their cheaper stuff. No sincerity."

62% of Asian shoppers do not buy products on promotion. Among those who do, 40% are not influenced by the promotion.



There is a need for clear strategic goals within each and every promo to build profitability – Asians are not simply ‘reward shoppers’

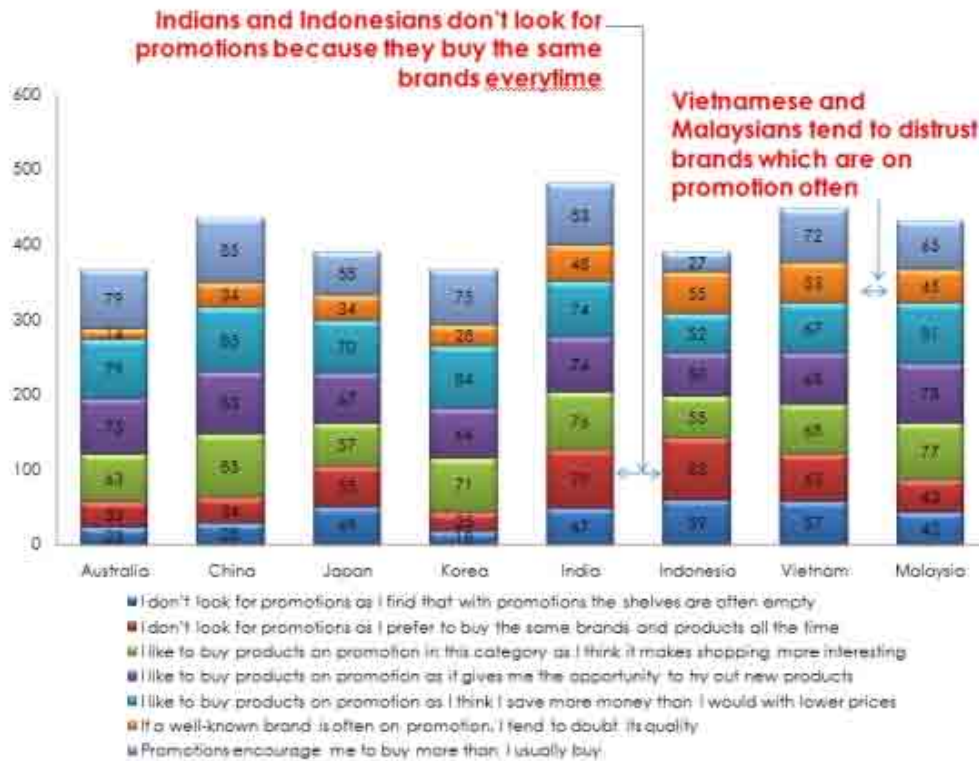


Base: All Categories * Overall Level (All 3 Channels Combined) (Total Asia)

Sometimes, it is not just the obvious problem of the shopper not liking the promotion. She simply does not feel good when she buys into one: 66% of Asian shoppers say that promotions encourage them to buy more, but promotions that offer free packs make the shopper feel as if she is over-indulging because she does not need that many items. Promotions like this only make budget management more difficult for the shopper, particularly in countries like India where every rupee in the monthly budget is accounted for.

Excessive promotions do not just have a counter-productive impact on the shopper. Brands, too, need to watch out as excessive promotions do cause brand equity erosion and harm categories. Regular promotions have conditioned shoppers to expect promotional pricing in countries like China and Malaysia. Notably, a Chinese shopper told us that she would only buy packs when they are on

promotion. Malaysian shoppers on the other hand have become so accustomed to some brands being on promotion that they would rather switch malls than buy non-promotion packs.



The most telling piece of data is that almost 40% of Asians agree with the statement, "If a well-known brand is often on promotion, I tend to doubt its quality". Consumers' true opinion of promotions is that, "if it is not selling without promotion, maybe there is something not right with it".

Grey and G2's Eye on Retail study highlights the fact that shoppers need to be convinced that the promotion is for their benefit and not for the marketer's benefit. Promotions should be positioned to create a feeling of 'profitability' for shoppers and not simply a 'freebie'. Today's Asian shopper is smart and wants marketers to see her as such.

Now, does this mean that marketers should not offer promotions? Absolutely not. An average of 69% of Asian shoppers love promotions - indeed, promotions inspire them to buy. But marketers must make an effort to find out what consumers perceive to have real value. The challenge - and the opportunity - is that this definition of value varies between countries, categories and shopper types.

For maximum returns on any promotion, there is a need to develop an understanding of the key drivers that influence a shopper's purchase decision journey and choice drivers in-store. For example, 71% of Asians love promotions on snacks as they are given a chance to try new products. Furthermore, 78% of Asians like to buy health nutrition food and drinks on promotions as they would save more money, which is important to them. Take the juice category in India, for example. The category is relatively new with a lot of players. To create a greater impact, brands were offering a buy one, get one pack free offer over a long period. The consumer sees value in getting two packs and not just a larger one pack. But the point is, when she begins to expect such promotions, how will the category ever manage to convince her to buy single packs in future?

Therefore, it becomes imperative for marketers to run promotions while keeping in mind what the shopper wants without diluting the brand, and, importantly, making sure that promotions do not become par for the course.

Another interesting finding that the study has thrown up is the discovery that Asian shoppers visit stores not just for products but also for the experience. Shopping today is not just about buying products but, more importantly, is about the experiential journey enjoyed by shoppers. When shoppers were questioned on how they felt when they were shopping, an overwhelming 85% of Asians associate positive emotions like fun, happy, adventurous, relaxed, excited, open to something new. The shopping experience it is an endless journey of discovery.

In hypermarkets/supermarkets, the novelty of experiences makes shopper moods more positive in China and Indonesia, as compared to developed markets such as Japan and Australia

MOODS IN STORE	Overall	Australia	Japan	Korea	China	India	Indonesia	Vietnam	Malaysia
Positives (NETT)	85	64	74	86	94	98	97	94	86
Fun	48	14	49	56	42	71	68	59	42
Relaxed	39	39	19	35	59	26	80	25	57
Happy	38	25	16	21	53	70	81	32	42
Excited	23	12	7	21	40	31	37	32	17
Open to something new	23	15	25	30	29	17	33	16	21
Adventurous	22	10	3	24	40	69	18	1	11
Negatives (NETT)	20	26	12	25	15	19	17	18	23
Monotonous	8	11	2	9	6	5	5	5	20
Rushed	6	11	6	9	5	2	3	4	2
Confused	5	1	3	10	4	4	10	7	4
Bored	4	6	0	3	7	4	3	2	3
Irritated	3	3	1	2	2	9	6	4	0

Hypermarkets/Supermarkets - Across Markets

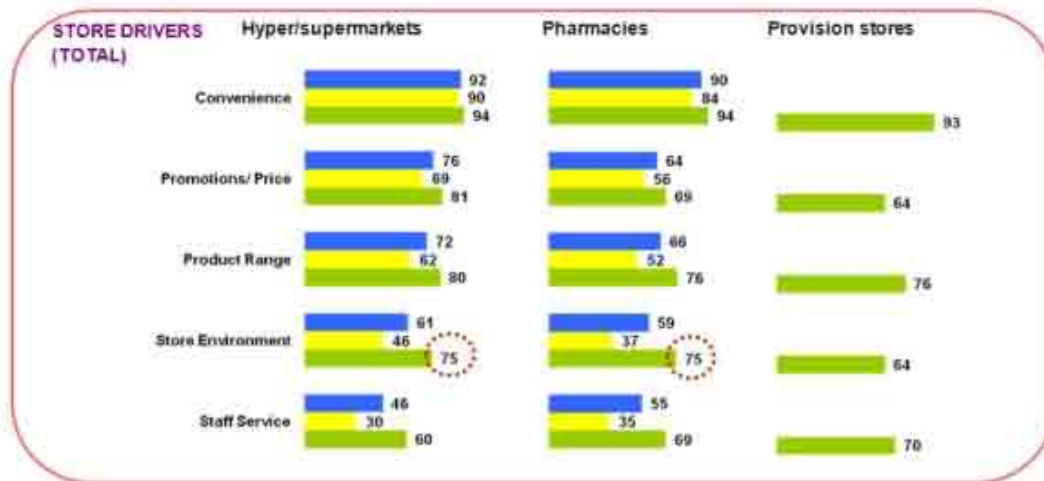
Base: All Respondents

What is surprising is that this is not just true of hypermarkets/supermarkets, where we would expect the in-store environment and promotions to work more effectively; the positivity extends to provision shops/mom-and-pop stores (86%) and pharmacies/drugstores (83%) as well. This opens up new opportunities for brands to create positive experiences in-store that enhance these positive emotions. Free hair washes by shampoo brands, foot massages for all day shoppers and children's corners by toy manufacturers are some possibilities to take retail engagement to the next level.

The reasons for this positivity vary around the region. Chinese and Indian shoppers find that shopping is adventurous. The hunter and seeker spirit of these shoppers is fuelled by the in-store environment, range and promotions that stores offer. 68% of Indians find provision stores/mom-and-pop stores fun, while 83% of Indonesians find pharmacies/drugstores relaxing. Indian shoppers also maintain a close relationship with their local shopkeepers, adding positivity to their provision store shopping experience. The Australians and the Japanese are a little less happy when in-store (positivity index: 64% and 74%, respectively), but that is also an opportunity for marketers. As these consumers are accustomed to shopping in fascinating retail environments, a little boredom has set in, with shopping turning into a chore. As such, a brand that adds an element of excitement is definitely to create an impact and get noticed.

For emerging markets, promotions and the in-store environment are the key traffic drivers

■ Overall Asia
■ Developed
■ Emerging



Base: All Respondents

The study underscores the brilliance of the Asian shopper. What marketers need to do is realise that the shopper needs to feel that she is making smart choices. It does not help the brand if she feels that she is being taken for a ride. Offering real value and unique experiences may just be the best promotion.

About the Author

Bindu Sethi is Chief Strategy Officer at Grey Asia Pacific

© Copyright Warc 2010

Warc Ltd.
 85 Newman Street, London, United Kingdom, W1T 3EX
 Tel: +44 (0)20 7467 8100, Fax: + (0)20 7467 8101
 All rights reserved including database rights. This electronic file is for the personal use of authorised users based at the subscribing company's office location. It may not be reproduced, posted on intranets, extranets or the internet, e-mailed, archived or shared electronically either within the purchaser's organisation or externally without express written permission from Warc.



www.warc.com