

Master retail:
winning
strategies
for the
future of
retail



Embracing a shopper-centric strategy may help retailers thrive in the face of current and future market challenges

The constant evolution of the markets can lead retailers and distributors to adopt short-sighted strategies that erode brand strength. This is dangerous as brand strength is critical to thriving in a difficult market.

Currently, retailers are faced with a cost-of-living crisis that is causing shoppers to look for low-price alternatives. To deal with this challenge, many are pushing down their prices to become the cheapest retailer in their category. As there can only be one winner with the lowest price, this strategy results in low margins that will be difficult to increase at a later point.

Fortunately, embracing a consumer-focused strategy will help retailers drive results both now and in the future. The strategy requires consistently delivering the right message to relevant consumers over the right channels – creating a preference for one retailer when shoppers could easily find the same basket of products elsewhere, even at a lower price.

So, what should retailers do to leverage this strategy and win in a highly competitive market?



Generate new demand



Generate new demand by understanding shopper mindsets

Within a saturated market, retailers cannot drive demand without first understanding new and prospective shoppers. This consumer-led strategy requires that retailers know who their shoppers are, what they want and need, what they value, and how they see the world. Only then is it possible to build a retail concept, brand, and experience that stands out from the competition.

While understanding existing shoppers will help retailers retain them and increase the frequency of purchases, at some stage retailers are unable to grow without attracting new shoppers. Winning new shoppers is especially important as customers become less loyal to retailers. As GfK insights show, there is not one shopper that buys a category from the same retailer, in any situation.

Generating demand is different for each type of retailer. This is impacted by how often retailers see the same shopper in their virtual or brick-and-mortar store and depends on the categories they sell. For instance, according to GfK research, close to 90% of consumers in Great Britain go grocery shopping at least once a week. In contrast, about 70% of people shop less than once per month for tech and durables products.

Understanding multiple shopping patterns and consumer motivations per category will impact which products to stock, which pricing and promotions strategies to pursue, and how to position marketing to draw in new customers. Getting data on shoppers and their purchasing patterns involves:

- **Implementing robust data analytics systems** — to collect and analyze customer data across various touchpoints.
- **Performing shopper and market research** — consisting of a range of research methodologies, including surveys, focus groups, and PoS data analysis, shopper research provides vital insights into shopper attitudes, needs, and motivations.
- **Partnering with a retail, consumer, and market intelligence firm** — either to supplement your research or for consulting support determining retail strategy. Either way, partnering with experienced firms is a valuable strategy for gaining a complete picture of shoppers.

Win shoppers



Win shoppers by the strength of your retailer brand(s)

The importance of a retailer's brand cannot be overstated. [GfK Brand Architect](#) research reveals that 30% of company revenue is generated by branding. Brand identity is equally significant to shoppers, as 60% of all shopper decisions are impacted by the retail brand they're dealing with.

There's an important distinction in how people think of retail brands. According to GfK consumer intelligence, shoppers choose between types of brands, such as premium vs discount brands. Therefore, the more strongly a retail brand is positioned in its category, the more likely consumers will buy from its stores.

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Purchasing behavior is a key factor to consider for crafting retailer strategies. Shoppers explore different options depending on the product category they shop for: buyers of fast-moving consumer goods, for instance, visit (virtually or physically) an average of four different retailers within 3 months but only end up buying from three retailers. Tech & durables shoppers, in comparison, visit three retailers and only buy from two within 12 months.

Oliver Schmitz

Head of Retail DE & AT, GfK



The impact of brand strength

30%

company revenue is generated by brand building activity

60%

shopper decisions are impacted by retail brand strength

FMCG shoppers

buy from 3 out of 4 retailers visited in 3 months

T&D shoppers

buy from 2 out of 3 retailers visited in 12 months

Source: GfK Brand Architect

To stand out, retailers should focus their brand-building on the three reasons why consumers choose one retail brand over another. These are:

- **Relevance** – shoppers have different needs depending on the occasion of the shopping trip. The better a brand aligns with a shopper's specific needs and preferences, the higher the relevance. Improving relevance with target consumers requires a thorough understanding of shoppers and tailoring offerings to cater to their unique requirements.
- **Ease of access** – convenience and accessibility play a crucial role in shoppers' brand choices. Whether it's the proximity of physical stores, the availability of online shopping options, or the ease of navigating a website or mobile app, winning retailers provide seamless and hassle-free access to their portfolio. This involves offering user-friendly interfaces and multiple channels for engagement and purchase. Keep in mind that planned shopping excursions have different access requirements than spontaneous shopping.
- **Shopper experience** – this encompasses all touchpoints and interactions a shopper has with a retailer brand. Retailers that provide excellent experiences achieve future relevance. This is earned by improving: customer service, store ambiance, product quality, checkout process, and post-purchase support.

Identify and master the most efficient advertising channels besides your (virtual) stores

With shoppers experiencing a constant barrage of messaging, adverts need to arrest attention and be delivered in the right context to stand a chance of being seen by consumers. At the same time, competing retail brands are running their own ad campaigns. [GfK campaign performance](#) research reveals that consumers see adverts from an average of three different CPG retailers and two different T&D retailers every three months. This means that, in any given month, an ad is fighting for attention against one or more competitors.

As shoppers need to be constantly convinced that a retailer is best suited to meet their needs, how and where does that retailer convey its messages?

The other answer is to develop a robust omnichannel strategy. Accessing comprehensive data on campaign performance is key to knowing what channels and messaging to activate. This is easier said than done. [GfK research](#) shows that only one in three CMOs are confident in their data sources. The same research reveals that 80% of marketing leaders see data and analytics as vital to winning and retaining customers. There's a tension here: to succeed, marketers need data. But they don't always trust their data sources. The solution, then, is to find a data source that can be trusted. One that provides a bird's-eye-view over campaign performance and enables retailers to identify which channels and messaging deliver results.



Win the retail market



Find out how GfK's brand and marketing solutions can help you improve retailer brand strength, optimize your marketing, and drive Return-on-Marketing-Investment. Our solutions include consumer and market intelligence for building future-proof and shopper-centric retail strategies.

Find out more about our brand and marketing solutions



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