

Nielsen Featured Insights

Delivering consumer clarity

Uncovering the Billion \$ Shoppertunity: The First Time Modern Trade Shopper



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- First Time Modern Trade Shopper (F.T.M.T.S.) spends at modern trade seen tripling to \$1 billion by 2015
- Number of First Time Modern Trade Shoppers to increase by 15% each year
- Two out of five F.T.M.T.S indulge in unplanned purchases

The first time modern trade shopper or F.T.M.T.S, is one who for the very first time is exposed to the reality of organized retail, to the deluge of brands, to the proliferation of choice and to the profusion of categories they've never had before. Poised to add a billion dollars in sales to the FMCG sector in the next three years, the F.T.M.T.S is a segment that retailers simply cannot afford to ignore.

The F.T.M.T.S Opportunity

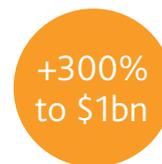
Today, we discover that a fourth of all modern trade shoppers are first time modern trade shoppers and already spend over a quarter of a billion dollars at modern trade stores on FMCG products. At the current proportion of their spends in modern trade, a third of their total FMCG spends will be in modern trade and will triple to a billion dollars in just three years!



1 IN 4 MODERN TRADE SHOPPERS IS F.T.M.T.S



SPENDS AT MODERN TRADE STORES

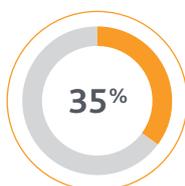


SPENDS AT MODERN TRADE BY 2015

Source: Nielsen

Sizeable, Inclusive & Growing

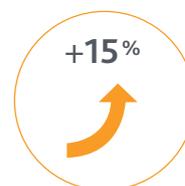
The first time modern trade shopper segment is large and now sees a greater representation of lower socio-economic classes than ever before. This breed of shoppers now buy 35 percent of their FMCG purchases from modern trade, and the number of first time shoppers entering modern trade is growing by 15 percent each year.



FMCG SPEND @MT



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NEW SHOPPERS

Source: Nielsen

An impulsive shopper

The in-store environment at modern trade seems to have a liberating effect on first time shoppers, as they loosen their purse strings. Over a third of F.T.M.T.S. purchases are based on impulse and two in five actually bought more than they planned. Not only are they upsizing in terms of quantity or upgrading in terms of price but also 'supersizing' – a combination of larger quantities and higher prices within categories. It tells brands and retailers that smart in-store and at-shelf strategies can unlock an impressive 100 million dollars with this shopper. But how do you get them into the store?



Source: Nielsen

'Push & Pull' to ensure sustainability

Key factors that drive the first time shopper into modern trade stores include promotions, offers or mega events; but this represents only the push.

Why we feel this momentum is sustainable is because of two other key factors that are driving this segment to modern trade - word-of-mouth and a strong urge to explore and discover new products.

Though the pull is stronger than the push, it may not always ensure that shoppers keep coming back. Doing that requires two things – first, understanding what they really want when they enter the modern trade environment and second, how their behaviour is likely to change with relation to categories.



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Strategies to win with F.T.M.T.S

Here's what neuroscience tells us are the key factors that can influence return trips by first time shoppers.

First, ensure positive interruptions in-store so that your offering is not lost in the sea of sameness - a likely risk when brands within a category are stocked in endless racks next to each other.

Second, appropriate category adjacencies can help extend the shopping experience and shopping basket. The right connections can stimulate larger, more diversified baskets that traditional trade will find hard to match.

Most importantly, retailers can help new shoppers overcome the anxiety of being overwhelmed by too much by simplifying navigation within the store.

Do these things and you've got them coming back to modern trade but how can you direct them to the brands you want to?

KEY LEARNINGS

Avoid Repetition Blindness: If everything looks the same, everything will suffer

Connections Inspire Purchase: Clear associations between similar and complementary products remind shoppers to consider and buy

Keep It Simple: Clutter overwhelms and frustrates the shopping brain

Influencing buyer behaviour

For a breed of shoppers who gravitate towards modern trade because of the wider range, the key is to manage their transition from traditional to modern trade.

Shoppers usually change their buying behaviour along two dimensions. They either change the pack they buy or change the brand. Sometimes they may change both at the same time.

While new and premium products are the routes to drive loyalty to modern trade, the arrangement of products on the shelf will differentiate retailers. By redefining the range of assortment and winning the confidence of the F.T.M.T.S, retailers can expect to gain an additional \$100M annually. Success lies in making the first-time shopper spend as much as the regular modern trade shopper.

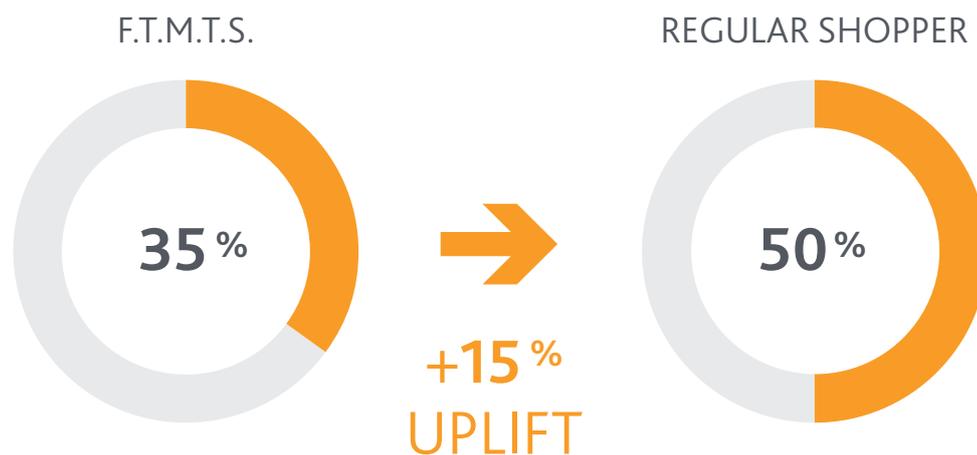


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Winning over the F.T.M.T.S

Winning over the first-time modern trade shopper is about catering to their need for enlightenment and a desire to seem smarter and more knowledgeable than their peers. We can achieve this through smarter ranging techniques to grow their consumption in quantity and quality and more importantly, providing an opportunity to discover new experiences. Doing this successfully can make them ambassadors to other shoppers who have not yet had their taste of modern trade.

Rashmi Nambiar and Lekha Naiksatam from Nielsen's Retail and Shopper Practice contributed to this issue of Featured Insights.

About Nielsen

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