# Henkel Study Identifies Three Main Shopper Styles

Scottsdale, Ariz. -- A new analysis of patterns in shopper behavior by Henkel/Dial Corp. has identified three shopper segments based on unique shopping styles: shoptimizers, mainstreeters and carefrees.

Henkel defines the groups by behavior, beginning with shoptimizers, who conduct a "very high" level of pre-planning (looking at ad circulars, etc.), redeem a "very high" amount of coupons and have a "very high" response rate to every day low price (EDLP) strategies. This group is also sensitive to in-store promotions. Mainstreeters have a "very low" use of pre-planning, a "low" use for coupons and an "average" response to EDLP, but are "highly sensitive" to in-store promotions. Carefrees do not pre-plan or use coupons, have a "low" response to EDLP and are "insensitive" to in-store promotions.

"The most important thing for us at Henkel and our retail partners is the unique responses of each segment to promotional stimuli," says Mack Hoopes, shopper insights research manager. "The absolute behaviors of each group on spending and trip frequency are very different."

The three shopper segments came from an analysis of data from 38,000 to 45,000 households between 2006 and 2008, looking at more than 300 retail categories in mass, food, drug, club, convenience and dollar stores. The household data, from Information Resources Inc., Chicago, is based on a historical shopping diary recorded by shoppers.

"We know where they bought it, at what price they bought it, and what were the effects of promotional stimuli," says Hoopes. "This data is not based on attitudes -- it's strictly behavioral based."

Shoptimizers spend the most amount of money, around $7,200 annually, while the mainstreeters spend about $6,200 and carefrees only about $5,400 (see chart at right). This spend represents all scannable categories in a grocery store along with non-scannable categories such as produce, meat, deli, flowers, etc. Specialty categories like consumer electronics are not included.

On a trip basis, shoptimizers shop almost four times a week across the multiple channel outlets, while mainstreeters shop about two-and-a-half times and carefrees around twice a week. The average basket size for a shoptimizer is $92, $102 for mainstreeters and $108 for carefrees.

"While the shoptimizers might have smaller baskets than average shoppers, they shop a lot," says Hoopes. "This segment is probably the most important shopper for us to capture because this group has been growing in size for three-and-a-half years."

Also interesting was that shoptimizers purchased almost twice as many private-label products as the carefree shoppers, making shoptimizers the highest private-label consumer. "This is very intriguing for our retail partners because of their expansion of private-label products. We're able to show them in what categories shoptimizers are more responsive to private-label products," says Hoopes.

He adds that shoptimizers are also the only group to alter their buying habits looking at new data from the first half of 2009, due to the recession. Coupon redemption went up with them as did purchases of anything on special.

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For the shopper marketing community, the way shoptimizers respond to stimuli is eye-opening, says Hoopes. "The shoptimizer is a group that responds significantly more to ads and television commercials, and they use virtually 100% of all the coupons," he says.

Mainstreeters and shoptimizers are the most sensitive to in-store promotions. The shoptimizer conducts research before going to the store while the mainstreeter decides in-store, but both pay attention to marketing at the store level. However, carefrees do not respond at all to in-store marketing: "It's an accident if carefrees buy something that's on sale or being promoted," says Hoopes.

Mainstreeters are very focused on what happens in the store and respond to temporary price reductions. "They have essentially said they don't have time to spend going through ads; they trust their store. So from a retail marketer's perspective, the focus is on getting mainstreeters to trust in the in-store environment," he says. "Shoptimizers also respond in a similar way, but they're more disposed to buy their preplanned products."

One of the most surprising aspects of the research was that "demographics had no predictability on these particular behaviors," Hoopes says. These segments are equally distributed across income, household size and age. "What that tells us is that these behaviors are enduring and foundational and in fact have been taught across multiple generations," he says.

Henkel has been talking with retail partners about these findings and is sharing the information at various industry conferences. In addition, the company is working with its retail partners to adjust ads and in-store marketing programs to better serve these segments.

"Our retail partners have said this will bring an enhancement to what they currently do, and maybe they will rethink their current segmentation," he says. "We have the information down to a much lower level than previously gathered. That's making us reconsider how we communicate to shoppers and how to satisfy their needs and get them to spend more within the walls of the retail environment."

## Related Images

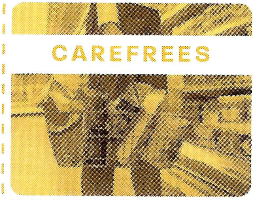
*Henkel Shopper Segments*

## SHOPTIMIZERS

- They seek value—and every shopping trip is a mission
- Not necessarily low income
- Almost all coupon use is represented by this group
- Highest purchase rate of private label
- Shop 4X per week +50% vs Mainstreeters and +81% vs Carefrees
- Large Drug and Super-center users
- Plan their trips and look for value
- Extremely high response to EDLP strategies

## MAINSTREETERS

- Finds value when they're shopping—not before
- Seldom use coupons
- Very responsive to in-store promotions
- Average on private label purchases
- Shop 2.6X per week
- Largest share of super-center purchases
- Represent the "Big Middle"—the basic American shopper
- Average response to EDLP strategies



## CAREFREES

- Not concerned with value shopping
- Virtually never use coupons
- Little influence from in-store promotions
- Less frequent purchaser of private label
- Largest share of club store spending
- Low response to EDLP strategies

| Pre-Planning Pattern | Yearly (Weekly) Trips | Average Annual Spending | Average $/basket Index | In-Store Promotional Response |
|---|---|---|---|---|
| • very likely to select channel with EDLP in mind<br>• prepares list carefully<br>• clips coupons<br>• studies circulars<br>• sticks to budget<br>• more, smaller baskets | 189 (3.6) | $7,148 | 92 | • heavy coupon users<br>• less likely to let in-store messages distract<br>• won't pass up a relevant deal<br>• behaviorally loyal to store and brand |
| • factors EDLP into channel choice<br>• little/light planning<br>• ignores circulars<br>• rarely uses coupons | 137 (2.6) | $6,186 | 102 | • planning is too much effort<br>• will use a few coupons<br>• highly responsive to in-store offers and events |
| • ignores EDLP<br>• just shops<br>• no coupons<br>• ignores prices<br>• fewer, larger baskets | 112 (2.2) | $5,428 | 108 | • hardly notices stimuli<br>• buy what they like<br>• probably shops elsewhere for certain staples |



Henkel's three shopper segments — shoptimizers, mainstreeters and carefrees — are based on behaviors, and the habits are equally represented across household income, size and age. The charts from Henkel above list the habits along with information on each segment's average shopping basket. The segments are color-coded as shoptimizers in green, mainstreeters in purple and carefrees in yellow.