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POPAI

PART OF THE shop! GLOBAL NETWORK

RESEARCH REPORTS

IN-STORE INSIGHTS

FULL REPORTS FREE TO POPAI MEMBERS

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DEDICATED TO ENHANCING THE TOTAL SHOPPER EXPERIENCE

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Welcome to the latest edition of In-Store Insights. The mercury has dropped a little since the last issue, when we were all sweltering in the heatwave. Is this the end of summer or is there one last hurrah? Let's hope so (but maybe a little less hot).

P-O-P has changed massively over the years. And now our members can see exactly how, with the launch of our Reilly Archives. Named after one of our founder members, Carl Reilly, they track the journey of the P-O-P industry from the 1950s to the 1990s. It's fascinating stuff.

POPAI members can also now enjoy an exclusive new deal. We've teamed up with Roamler to offer you a cost-effective, bespoke shopper insight report – an invaluable way to learn more about shopper habits. Plus we've also launched our new Consumer Electronics Storedits and Digital Survival Toolkit – all designed to help you gain deeper insights into the industry.

Some retailers are facing uncertain times at the moment, so it's heartening to see the pet products sector is thriving. Our furry, feathered and scaly friends are adored by their owners and the future is bright for the category. In our Shopper Investigation on page 4 we take a look at which stores are best in class, and which need a little more animal magic.

And while we're focusing more on healthy eating, it seems we still like a little sweet indulgence now and then. When it comes to chocolate, what influences our buying decisions? Our Shopper Segmentation report on page 8 explores the different type of chocolate shoppers, and asks: what hits the sweet spot?

Consumer electronics is a vast and complicated market, with subcategories galore. It's one of the key areas where physical stores remain vital. Our Storedits report on page 12 takes a look at the sector in the UK and abroad. Just how switched on is the UK compared with our overseas counterparts?

Sustainability and effective waste management are reaching new levels of expectation amongst shoppers. So how are brands tackling this? Interestingly, when it comes to cardboard there are different schools of thought. Our Global Trends report on page 16 explains more.

And, excitingly, it's almost time for the POPAI Awards, with winners announced at our ever-brilliant presentation ceremony in October. If you missed out this year, why not apply for next year? The 2019 Awards are now open for entries.

Phil Day
POPAI

POPAI IN-STORE INSIGHTS
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SHOPPER INVESTIGATION

PET PRODUCTS

Many pet owners prioritise their pet purchases over other expenses. In our Shopper Investigation we examine which retailers are best in class, and which need a little more animal magic.

Puppy love

The majority of Brits own a pet, although pet ownership in the UK is in long-term decline, due to an ageing population, increased urban living, the rise of rented accommodation and longer working hours.[1]

Total spend in the UK on pet care is estimated to be £4.5bn in 2018. While there has been a decline in sales volumes, sales values look set to grow to an estimated £5.2bn in 2023.[2]

64% of shoppers favoured supermarkets for food, bedding and grooming products

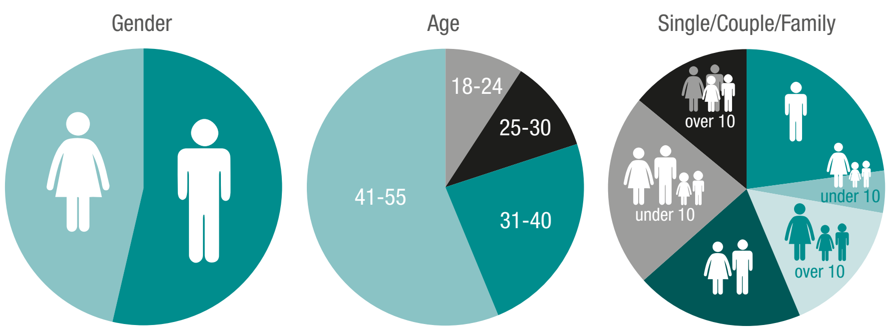
Source: POPAI/Roamler

Our shoppers

We asked 100 shoppers to visit a range of pet product retailers: specialists, supermarkets, discounters and value stores. They were asked to record their observations regarding store navigation, display use, merchandising, signage, promotional activity and product information.

We also asked them about their pet product shopping habits: where they shop, how often, and the pet product categories they purchase.

All our shoppers were pre-selected on the basis that they were currently pet owners.



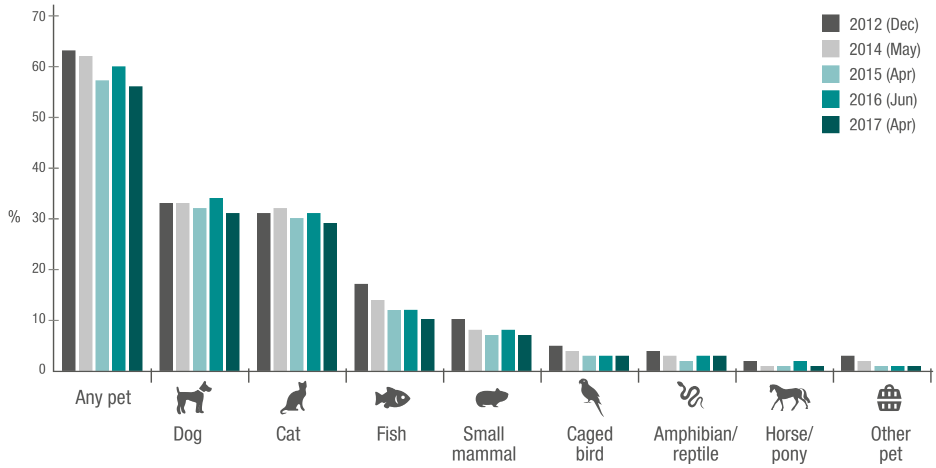
Source: POPAI/Roamler

roamler POWERED BY SMOLLAN

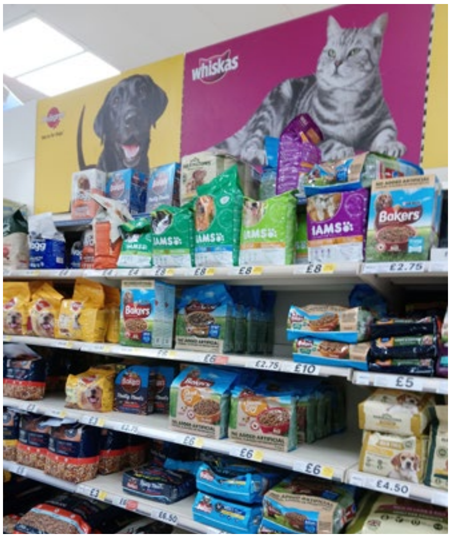
SHOPPER INVESTIGATION

PET PRODUCTS

Pet ownership, December 2012 - April 2017



Source: Mintel - Britain's Pet Owners, UK 2017



Pet favourites

Supermarkets were the most popular choice of store with our shoppers for food, bedding and grooming products, thanks to convenience and price. Specialist retailers were the preferred option for non-food items, due to staff knowledge – for the same reason, veterinary surgeries were the most popular places to buy medical and treatment products.

1/3 of shoppers bought pet products weekly

Source: POPAI/Roamler

Our research found that in the vast majority of stores, products were arranged by pet type, but when it came to ease of navigation, supermarkets and discount stores were the winners, stealing the march on specialist retailers.

Signage for dogs and cats was very common. However, most of the specialist retailers also had signage for a wide range of other pet types.

Most owners take special care selecting their pets' food, and today's pets can feast on an array. It seems retailers are missing a trick here, with signage rarely used to identify food by type or health benefits. However, own-label products, which were spotted in nearly two-thirds of the stores visited, were well signed. In contrast, branded signage or displays were mainly seen in specialist pet retailers.

Wild guesses

43% of shoppers said a particular brand had stood out in the store they visited

Source: POPAI/Roamler

While pets are well catered for, retailers are neglecting owners somewhat. Specialist pet retailers led the way with information and education, featuring displays that demonstrated or explained products, and offering some form of free information or literature regarding pet health and care. Most other retailers, however, were visibly lacking in this area.

Pets remain at the centre of our households and retailers can rest assured that sales values look set to rise. However, there are still obvious areas for improvement.

Access the full findings from this POPAI research and find out how often our shoppers are buying pet products, their preferred store types and what they found in-store.

Sources

[1] *Mintel - Britain's Pet Owners, UK July 2017*
[2] *Passport – Pet Care in the UK, May 2018*

Read the **FULL REPORT**

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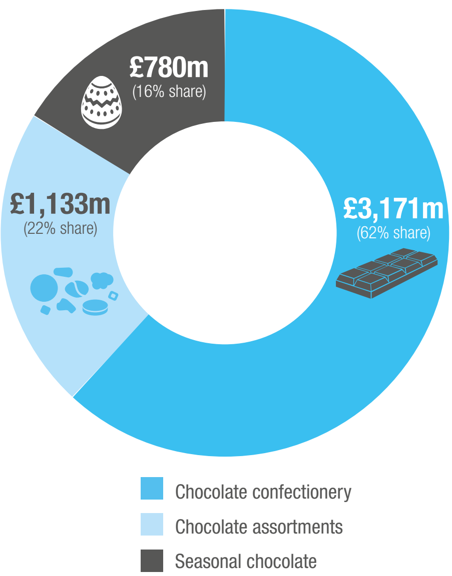
SHOPPER SEGMENTATION

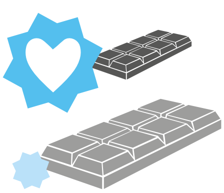
CHOCOLATE

Chocolate is big business. But how do we shop for it? Here, we take a closer look at the role of display on the purchasing decisions of a range of chocolate shoppers and ask: what hits the sweet spot?

UK chocolate market share by category



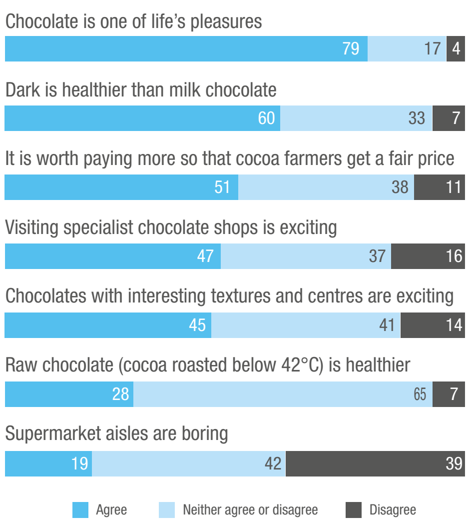
Source: Mintel - Chocolate Confectionery UK, May 2018



38% of chocolate eaters prefer a smaller amount of luxury chocolate to a larger amount of regular chocolate

Source: Mintel

Attitudes towards chocolate (%)



Source: Mintel - Chocolate Confectionery UK, May 2018

The chocolate industry

Chocolate remains a favourite sweet treat in the UK, with a massive 94% of adults eating it.[1]

Despite sales volumes increasing by only 1% in the five years to 2017, sales values in the same period rose by 11%, thanks to premiumisation of products and 'shrinkflation'.[1] Currently, sales are forecast to be just over £6bn by 2020.[2]

Women and 16- to 24-year-olds love chocolate the most, it seems, as they are more likely to have eaten chocolate in the past three months, while the over 65s are the least frequent consumers.[1]

Snacks are an important part of our daily diet: 69% of UK adults snack at least once a day, with chocolate being one of the top three choices, along with crisps and fresh fruit.

SHOPPER SEGMENTATION

CHOCOLATE

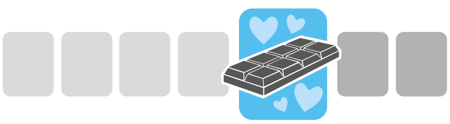
SHOPPER SEGMENTATION

So, who is buying and why? We have identified eight types of shopper, and how displays and merchandising impact them differently. Here is a taste of the first three, to whet your appetite.

The Bulk Buyer

These shop for a number of reasons: stocking up for school or work lunches, replenishing the cupboard, or for a 'big night in'.

Value is important and chocolate will be just another list item. They are tempted by promotions and offers, with impactful exterior, store entrance, confectionery fixture and out-of-category displays influencing them.



40% of chocolate lovers turn to their favourite treat at least once a week to de-stress

Source: Mintel

The Gifter

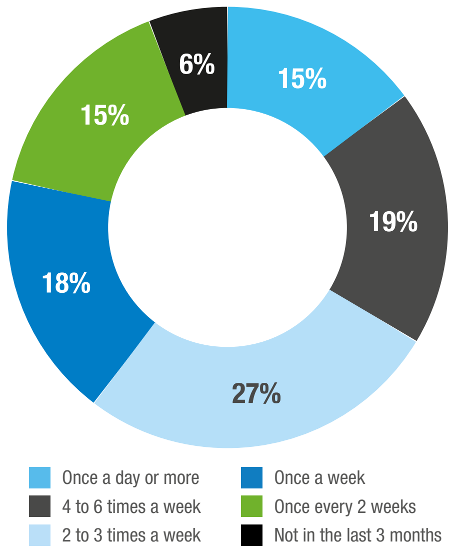
This shopper is looking to impress and show they have been thoughtful. They will seek something premium, and make considered purchases. Look and feel is key to gain this shopper's attention. Premium displays which exude quality and those in or near the confectionery aisle provide inspiration.

The Indulger

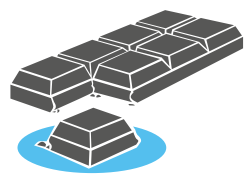
This shopper loves chocolate in the evening. They do not mind indulging alone, possibly as a treat or reward, or just to pamper themselves.

The indulger looks for premium chocolate of all types. Here is where display and signage can communicate and reinforce luxury.

Frequency of chocolate consumption



Source: Mintel - Chocolate Confectionery UK, May 2018



61% of chocolate eaters limit the amount of chocolate they eat

Source: Mintel

Access the full findings from this POPAI report to find out more about the different types of chocolate shopper and what influence displays can have on their purchasing decisions.

Sources

[1] *Mintel – Chocolate Confectionery UK, May 2018*
[2] *Passport – Chocolate confectionery in the UK, July 2017*

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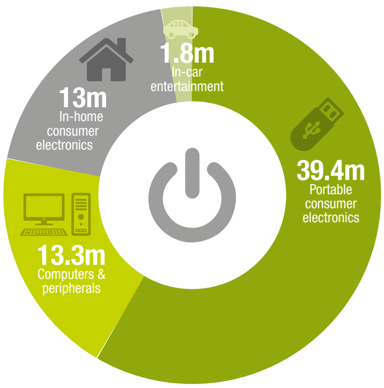
STOREDITS

CONSUMER ELECTRONICS

In this report, we compare the UK's consumer electronics in-store marketing activity with that in other European countries and the USA. Just how switched on is the UK?

2017 UK sales volumes of consumer electronics products



Source: Passport – Consumer Electronics in the UK, July 2017

The consumer electronics market

Consumer electronics is a vast and complex market encompassing many subcategories and technologies.

The market's global value is expected to reach $3tn by 2020.[1] The UK's share of this market was worth £16.1bn in 2016, having grown 3.1% from 2015.[2]

Perhaps unsurprisingly, recent growth has been driven by smart technology, with 3G and 4G technologies also powering demand.[3]

The market in the UK is highly fragmented, with only two brands achieving more than double digit market share. The European landscape is also dominated by a small number of companies.[4]

Online retailing is growing in this sector, commanding a 29% share of the UK retail volume in 2017, with retailers investing heavily in online and mobile platforms.[5]

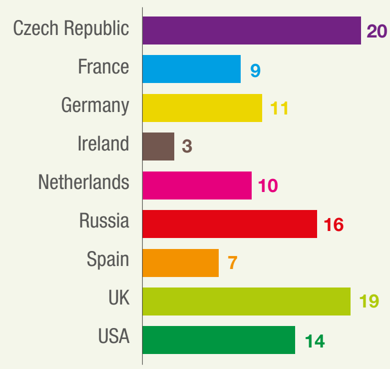
Most customers prefer to purchase directly in stores, giving retailers a strong opportunity to drive sales through in-store specialist advice and excellent customer service.[5]

Our research

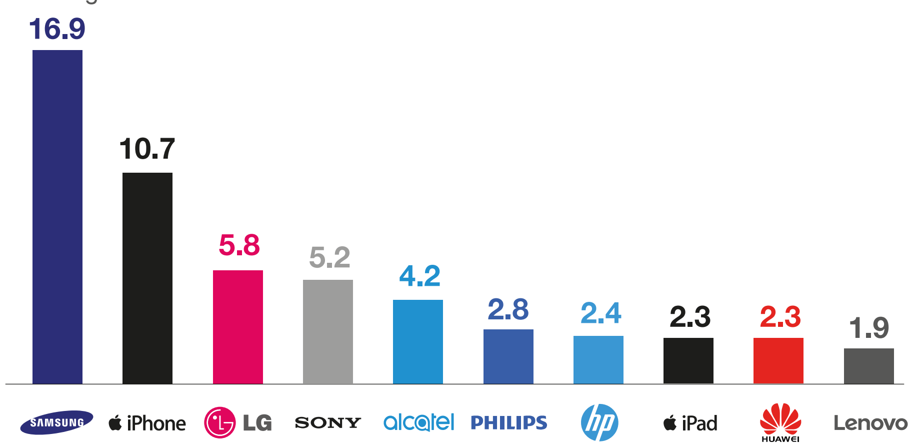
Storedits (stor-ditz) is an analytic qualitative survey of retail space conducted by POPAI.

We visited 109 consumer electronics stores in 9 countries, covering 88 retail chains, department stores and independent outlets. The research explored several aspects of the retail environment. We then analysed our observations, looking at areas where the UK stores differed significantly from those in other countries.

Number of stores visited in each country



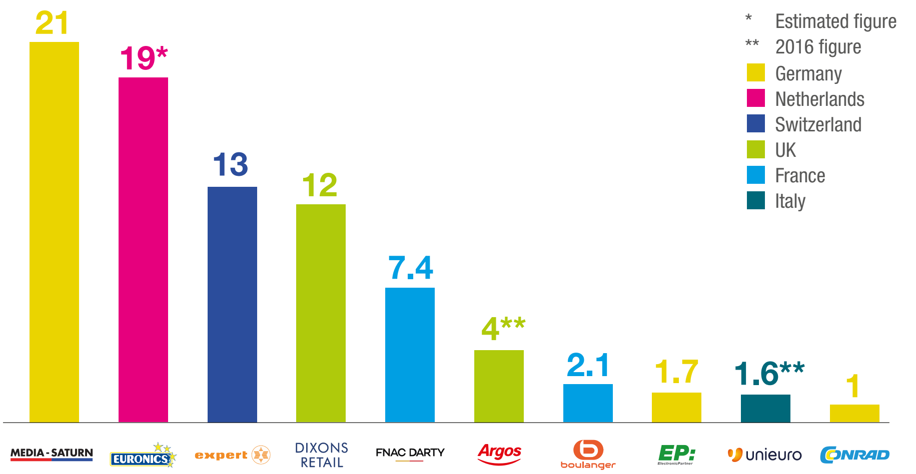
2017 top ten consumer electronics (excluding white goods and appliances) brands by percentage share of UK retail volume



Source: Passport – Consumer Electronics in the UK, July 2017

STOREDITS
CONSUMER ELECTRONICS

2017 top European consumer electronic retailers (turnover, €bn)

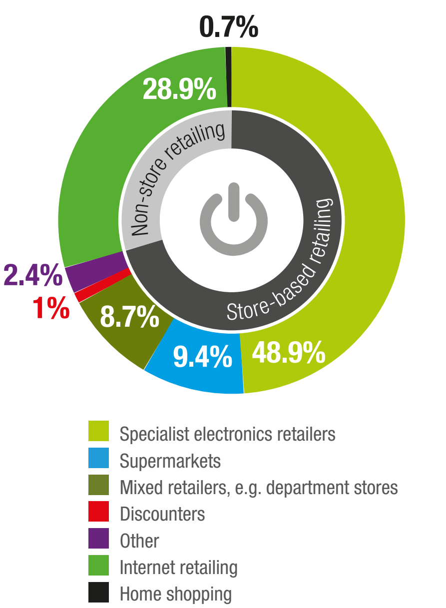


Source: Retail Index – Consumer Electronics Retailers in Europe, 2017

Window shopping

From our research, the percentage of stores with shop windows was similar across all countries and the types of display were consistent. However, window graphics were favoured more overseas, and A-boards were more popular in the UK.

2017 UK channel distribution for consumer electronics



Source: Passport – Consumer Electronics in the UK, July 2017

The inside story

Display materials in the store entrance were far more prevalent abroad, seen in 90% of stores compared with only 58% in the UK.

The most noticeable differences in the UK included a lack of posters, less use of digital screens, and fewer gondola end displays.

Sensory engagement on P-O-P displays and audio-demonstration rooms were both in short supply in the UK compared with their overseas counterparts.

11% of UK stores had shop-in-shop displays compared with 50% in Czech stores

Source: POPAI

Mapping the way

It seems the UK also has work to do with navigational signage, with just 21% of UK stores being deemed to be excellent or good in this area, compared with 37% overseas.

While promotional signage was seen in an average of 29% fewer UK stores, the type of messages were fairly consistent. The main points of difference were the use of 'save' offers, seen far more often in UK stores than overseas.

26% of UK stores clearly offered Wi-Fi compared with 40% of overseas stores

Source: POPAI

As shoppers prefer purchasing consumer electronics goods in store, there is a wealth of opportunity for retailers to invest in store environments and provide an unrivalled customer service.

Access this full report to find out what the UK can learn from its overseas counterparts.

Sources

[1] Market Research.com, June 2017
[2] Futuresource UK Consumer Electronics Update, 19th September 2017
[3] Personal/Consumer Electronics Market Analysis by Product (Smartphones, Tablets, Desktops, Laptops/ Notebooks, Digital Cameras, Hard Disk Drives, E-readers) And Segment Forecasts To 2020 - Grand View Research, Inc. – September 2015
[4] Passport – Consumer Electronics in the United Kingdom, July 2017
[5] Retail Index – Consumer Electronics Retailers in Europe

GLOBAL TRENDS

CARDBOARD AS A CHANNEL

During the last decade there has been a real shift in consumers' expectations of how brands approach sustainability and waste.

One statistic in The Ellen MacArthur Foundation's 2016 study revealed that there will be more plastic than fish in our seas by 2050. This has intensified the focus on brands' sustainability efforts, the ingredients they use in their products and the materials and practices they use in their production processes.

But what about other materials and types of packaging? Increasingly savvy shoppers are demanding not just a reduction in plastics, but improvement in all areas.

Amid this changing landscape, it has been interesting to see brands creatively leveraging cardboard as a vehicle to extend engagement with consumers and to sprinkle on an extra layer of storytelling.

In this report, GDR Creative Intelligence explores two fundamentally different approaches. One where brands still use the same materials, but are layering extra engagement and purpose onto the cardboard, and secondly, where brands have changed the way they use cardboard to signal positive messages about their ethos.

In the full report we explore six case studies including these two.

Amazon boxes' QR codes encourage a post-purchase ritual of craft

One third of Amazon boxes shipped in the US now contain 'SmileCodes', QR codes that trigger videos demonstrating how boxes can be crafted into various creations. Using the Amazon app, people can scan the code to launch a video which reveals how to make creations, such as a dinosaur or cowboy hat, by cutting along dotted lines.

Fundamentally, Amazon has not changed its boxes, nor has it made them more sustainable, but by introducing a fun activity, a potentially negative brand asset inherently linked with waste is being turned into a positive one.

Lush's 'Naked' Milan store has no product packaging

In its recently-opened 'Naked' Milan store, where there is no packaging on any of the products, homemade cosmetics brand Lush has trialled an augmented reality app for shoppers to find out additional product information. The removal of the packaging has caused shoppers to physically alter how they shop, thereby continually confronting customers with the brand's eco-friendly credentials.

Access the full trend report from GDR Creative Intelligence, exclusively prepared for POPAI Members, to find out how brands and retailers are using cardboard to their, and their customers', advantage.

Read the **FULL REPORT**

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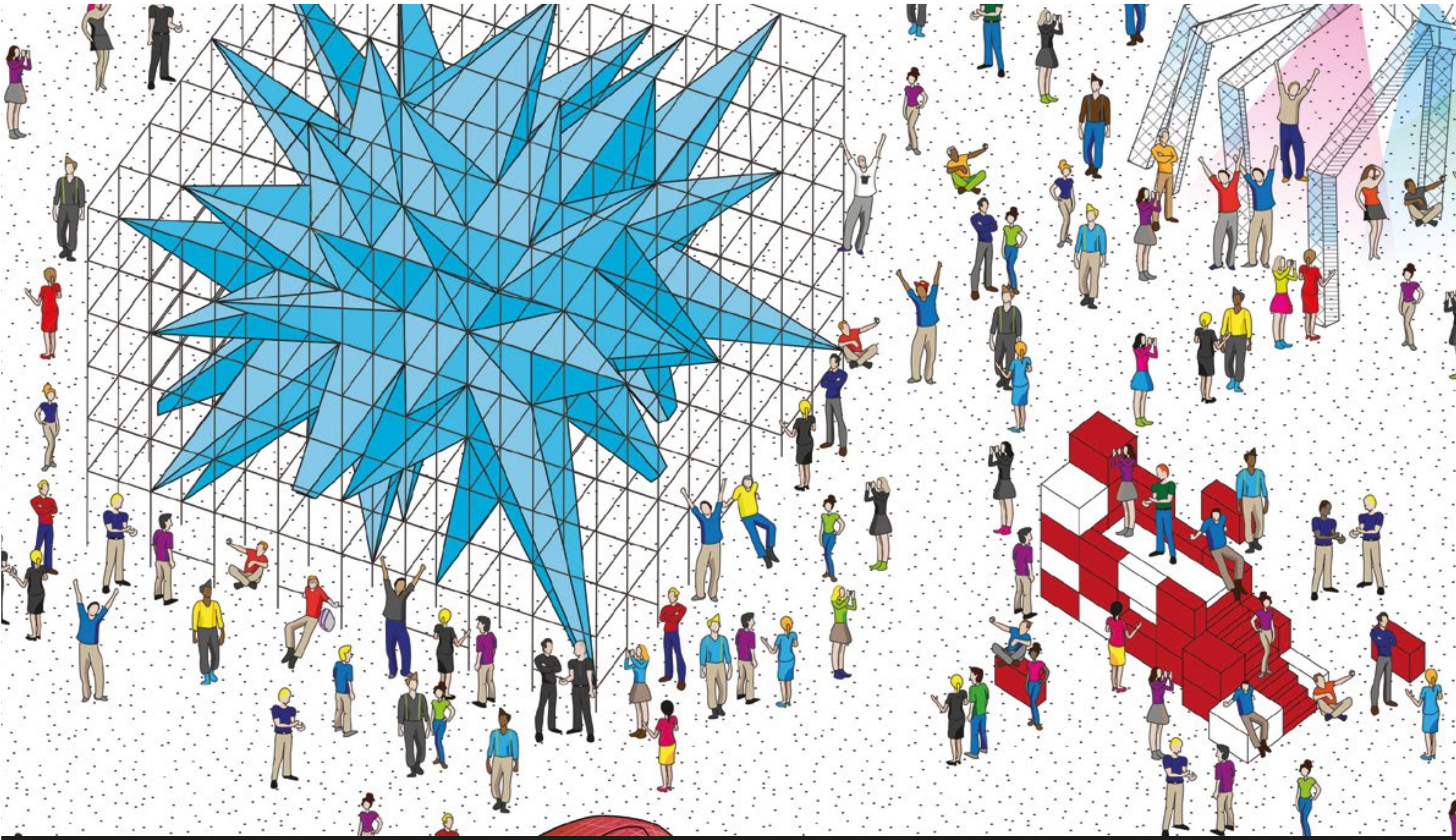

Image originally featured on the cover of GDR's Global Innovation Report 47, 2013. Design by HWKN.com