NON-MEMBER EDITION

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RESEARCH REPORTS

IN-STORE INSIGHTS

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Cosmetics and Skin Care

In this robust, resilient market, what does good really look like? Our report on page 5 takes a closer look at the role of P-O-P.

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Fashion

Fashion shopping is highly personal. Our report on page 9 asks: how can brands and retailers appeal to a range of shopping styles?

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Grocery Promotions

When it comes to the weekly shop, are we faithful to our chosen store or fickle in the face of an offer? We explore on page 14.

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GLOBAL TRENDS

On the Contrary

Is it time for a new era of retail? Our report on page 19 investigates how reinvention is ripping up the rule book.

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DEDICATED TO ENHANCING THE TOTAL SHOPPER EXPERIENCE

Welcome to the latest edition of In-Store Insights. I'll start by braving a mention of the B word – are you ready for Brexit? It's a tricky subject to broach, as it's fraught with uncertainties and what-ifs and maybes... but post-Brexit trading will certainly affect many of you. Your local Chamber of Commerce or the official Get Ready for Brexit websites are good places to start if you need more information.

Moving swiftly on to less choppy waters, the annual POPAI Awards are nearly here. Always a fantastic evening celebrating and recognising the top talent in the industry, the Awards are a great way to showcase your creative, innovative and frankly brilliant achievements.

We're taking a broad look at the industry in this issue. We're constantly reading gloomy headlines about the decline of the physical store, but the cosmetics and skin care market is proving the naysayers well and truly wrong. This robust, resilient category continues to thrive, and our report on page 5 explores current global P-O-P trends, asking the question: what does good really look like?

Our fascinating Shopper Segmentation report on page 9 shines the spotlight on fashion shoppers. Who are they, what are they looking for when they shop, and how can retailers appeal to a wide range of shopping styles?

Moving on to a very different type of shopping, our Roamler report on page 14 explores the fickle world of grocery shopping. Do we bin the shopping list when faced with a special offer? Or cheat on our favourite supermarket when a more appealing proposition comes our way?

Finally, is it time for brands to tear up the rule book? In our Global Trends report on page 19, we take a closer look at how reinvention is now the name of the game. Challenging accepted conventions is never easy, but could be essential in order for brands to stay relevant and competitive long term.

On that note, enjoy the issue and I'll see you next time.

Phil Day
POPAI

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Visit our website for the latest news, reports and events from POPAI. In addition, you will find a back catalogue of industry research and the POPAI Awards gallery.

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Becoming a POPAI member is simple: just go to popai.co.uk/whyjoin. You will receive a personal account that allows you to access all of our premium content with exclusive access to the full POPAI research archive.

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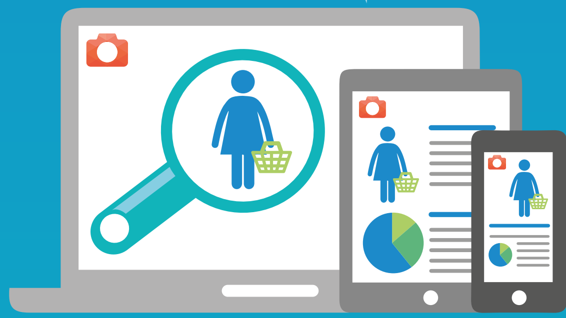
SHOPPER **Snapshot**

Quick, accessible insight report providing key information about shopping habits and what shoppers see in-store.



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Receive an outline report from POPAI to understand the headline result

STOREDITS

COSMETICS AND SKIN CARE

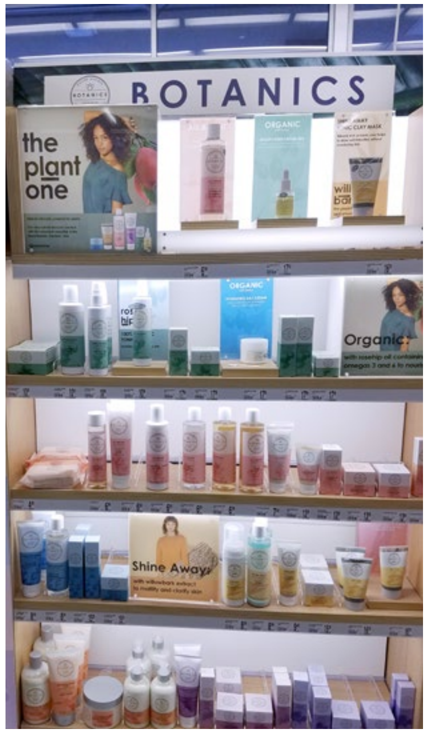
Physical stores play a huge part in the cosmetics and skin care market. Our research explored the current and changing global trends, seeking to understand the role of P-O-P across the world.

Storedits *[stor-ditz]* is an analytical qualitative survey (or store audit) of a retail space carried out by POPAI.

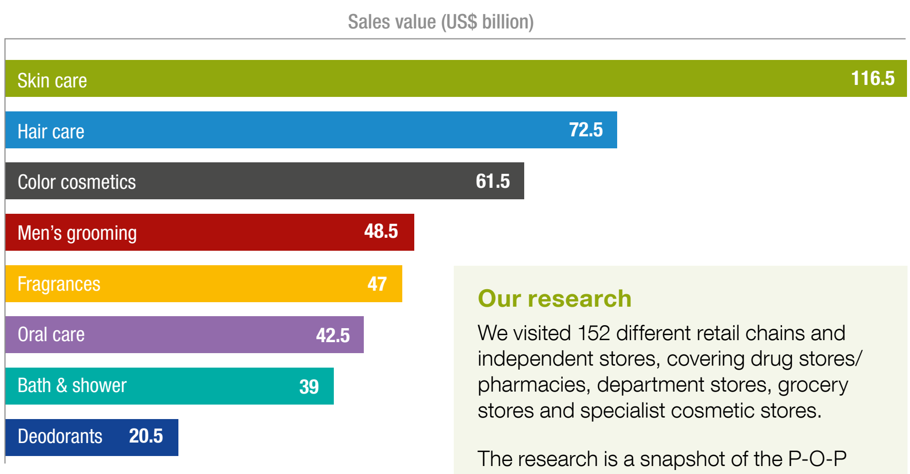
The global cosmetics and skin care market

Looking good and protecting our skin is something of an international inclination. This is reflected in the figures. The global cosmetic products market looks set to continue to thrive – valued at $532.4bn in 2017, it is expected to reach $805.6bn by 2023.[1]

Skin care is the global top priority, taking the highest market share within all beauty categories, followed by hair care and colour cosmetics.



Global beauty market value by category 2016



Source: Statista – Cosmetics Industry Worldwide – 2016

Our research

We visited 152 different retail chains and independent stores, covering drug stores/ pharmacies, department stores, grocery stores and specialist cosmetic stores.

The research is a snapshot of the P-O-P display seen in the stores.

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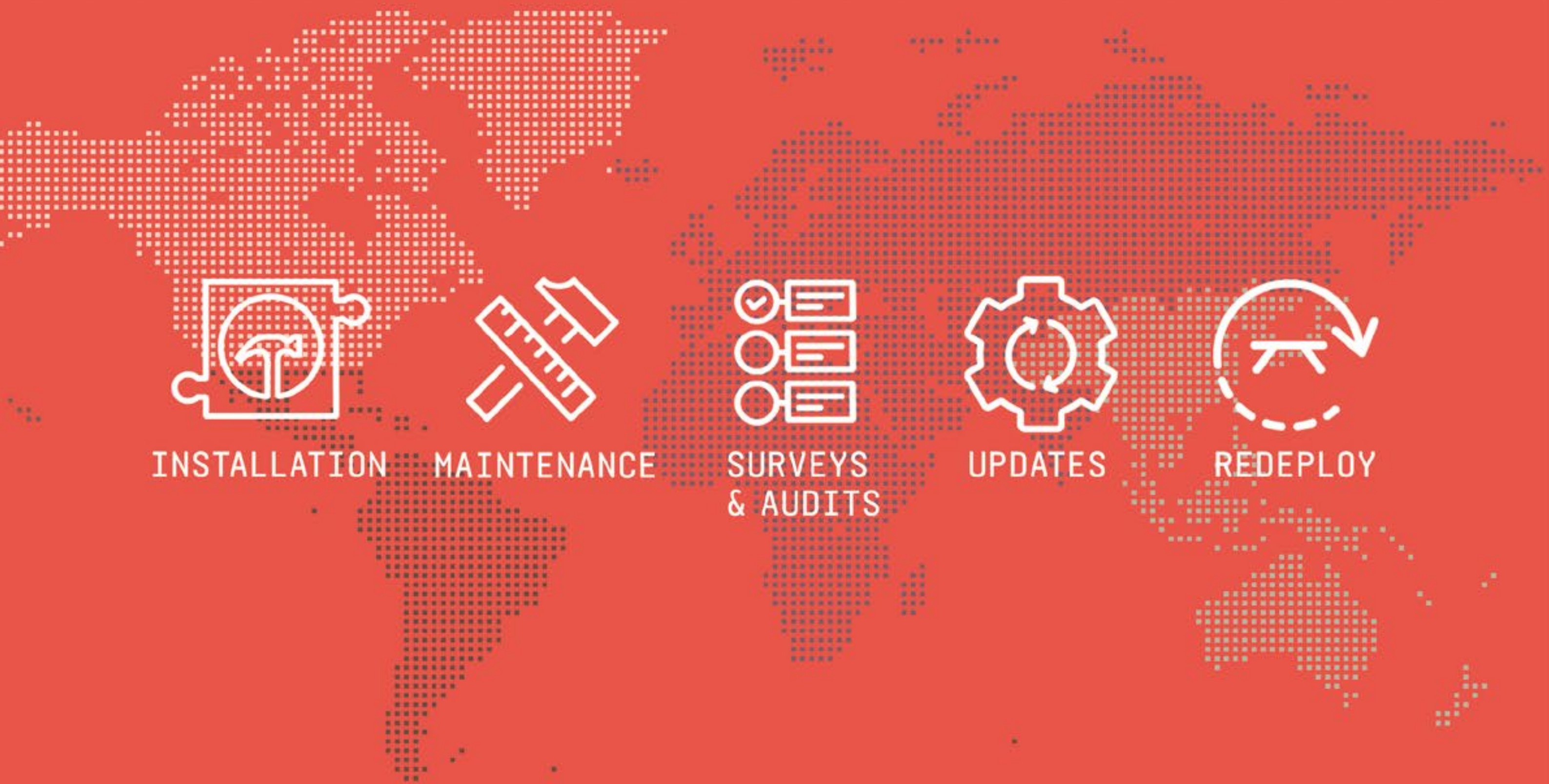

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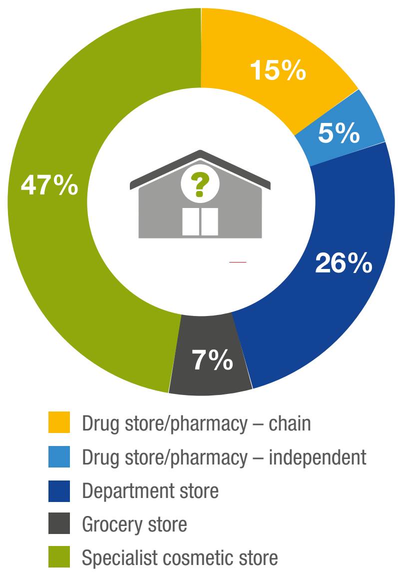
STOREDITS

COSMETICS AND SKIN CARE

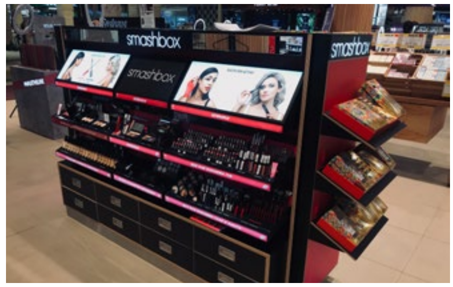
Sales growth of premium and mass beauty products 2016-2021

Source: Statista – Cosmetics Industry Worldwide – 2016

Types of store visited



Source: POPAI



DISPLAY TRENDS

Shoppers often visit a store as they can try and test products. It makes sense, therefore, that incorporating a testing facility on cosmetics fixtures is the current single most important design consideration.

The pressure for displays to accommodate as many different SKUs as possible is intense. But this leaves limited space on displays for brand, product and promotional messages. This can mean some tough decisions in terms of stockholding versus product information.

It is key that cosmetics counters use lighting styles that show off products in the most complimentary way. Illumination continues to play an important role in cosmetics wall and gondola fixtures.

Digital screens are in short supply in the cosmetics sector. It remains difficult to update content and troubleshoot equipment remotely, which is the main barrier to adoption.

Display types and distribution

Department stores had marginally more display equipment in the cosmetics and skin care categories than other retail channels. Specialist stores and pharmacy/drug stores that were part of a chain also employed a large number and type of displays, but grocers used relatively little.

Simple, inexpensive posters were the most frequently witnessed display types. However, more complex and costly cosmetics testing stations were the second most common.

Category display approach

Women were clearly the target audience in the categories surveyed, with over

half of the displays recorded being for women's cosmetics and over a quarter for women's skin care. The ratio of cosmetics displays to skin care was fairly consistent across the retail channels. Only independent pharmacy/drug stores placed a much greater emphasis on skin care than the other retailers.

Display characteristics

Three-quarters of the displays seen were permanent, with an even higher percentage found in cosmetic displays.

Interestingly, 16% of the P-O-P displays did not feature any actual products for sale, and were either tester or make-up application units, used to highlight products or for brand or product messaging.

Despite its key role, lighting was seen on just 31% of the displays, most prominently in department stores. In keeping with shoppers' desire to try products, 451 displays incorporated a mirror and testing facilities.

The future for the colour cosmetics, skin care and deodorant markets looks rosy, with strong growth forecast in all categories across all major global markets. Given the sheer number of manufacturers and the range and variety of products, it is not surprising that P-O-P display plays a fundamental role.

Sources

[1] *Mordor Intelligence 2019*

Access the full findings from this research to discover more of our findings from the cosmetics and skin care sector.

Read the **FULL REPORT**

Become a POPAI member. Sign up online, and visit: **www.popai.co.uk**

SHOPPER SEGMENTATION

FASHION

Clothing, footwear, sportswear: the way we dress is highly personal. In this report, we look at the role of display and the types of fashion shopper.

The fashion industry

Fashion sales, including clothing, sportswear and footwear, were worth £53.5bn in 2018, and are forecast to exceed £66bn by 2023. The rise of athleisure – wearing sports clothes for leisure purposes – is one of the main drivers of growth.[1]

Another growth area is modest fashion, and it clearly has much more potential – 86% of Muslim women believe they are being ignored by high street fashion brands.[2]

The market is highly fragmented. The top 18 brands account for less than half of all clothing and footwear sales.[1]

Bricks-and-mortar retail still commands the lion's share of the UK fashion industry, and is forecast to continue to do so.

However, high street retailers continue to feel the pressure from online competitors, with digital channels expected to account for 34.5% of clothing and footwear sales by 2023.[3]

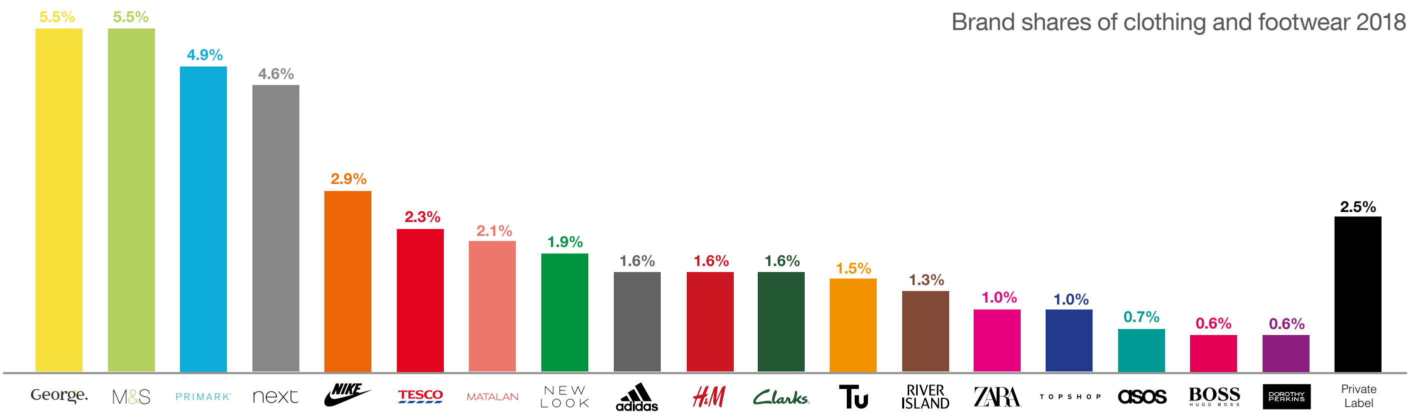
Shopper behaviour

Fashion shopping begins at home, with most shoppers looking first to what they have in their wardrobe. From here, they buy clothes they do not already own, items to match what they have, or both. Interestingly, only 38% of shoppers say they try to keep up with shopper trends.[4]

Social media sites are continuing to drive online sales, with 28% of orders and 26% of the total order value for large online fashion retailers coming directly from search and social sites.[5]

Conversely, 48% of shoppers will shop online having seen something they liked in-store.[4]

Brand shares of clothing and footwear 2018

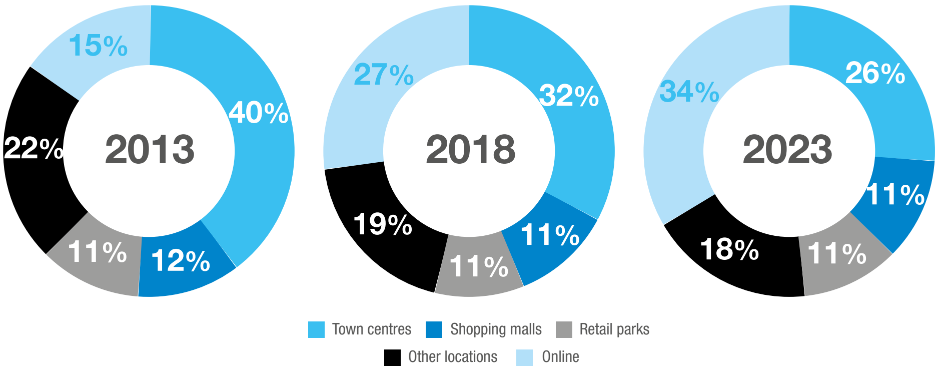


Source: Passport – Apparel and Footwear in the UK – January 2019

SHOPPER SEGMENTATION

FASHION

UK clothing and footwear spend



Source: GlobalData – April 2019

SHOPPER SEGMENTATION

The Fun and Reward Seeker

This shopper seeks inspiration and does not want to be rushed. They enjoy the experience and want those accompanying them to feel the same way. They could also be 'reward' shopping, on a specific mission to treat themselves.

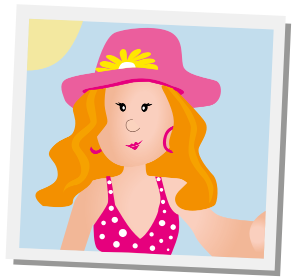
Relaxed surroundings and ambience helps this shopper revel in the retail experience. They will spend more time browsing and will potentially trade up in terms of both quality and quantity.

The Sales Shopper

Depending on their mission, the Sales Shopper can find the experience fun or tedious. Some are hoping to find a bargain for an upcoming holiday, while others have a more mundane purpose and are looking for practical items such as work clothing. This shopper will often only buy products that are on offer, meaning they shop infrequently. However, they do tend to spend a significant amount on each trip.

The Sales Shopper wants to plan their trip, especially if they are intending to buy several items. Retailers can seize the opportunity to draw them in by offering advance notice of sales through above-the-line advertising, window signage and in-store information.

The Holiday Shopper



The rise and rise of social media means that holiday fashion has become big business. This shopper wants to look good on the beach, at the airport and when sightseeing on city breaks. It is important to get that great image for Instagram.

This shopping mission is all about capturing the holiday mood, and the Holiday Shopper wants a fun and inspirational environment.

Sources

[1] *Passport – Apparel and Footwear in the UK – January 2019*

[2] *Marketing Week – February 2019*

[3] *GlobalData – April 2019*

[4] *Mintel – Purchasing Journey for Fashion – UK – June 2019*

[5] *Internet Retailing – April 2019*

Sign up to POPAI to find out more about the different types of fashion shoppers.

Read the **FULL REPORT**

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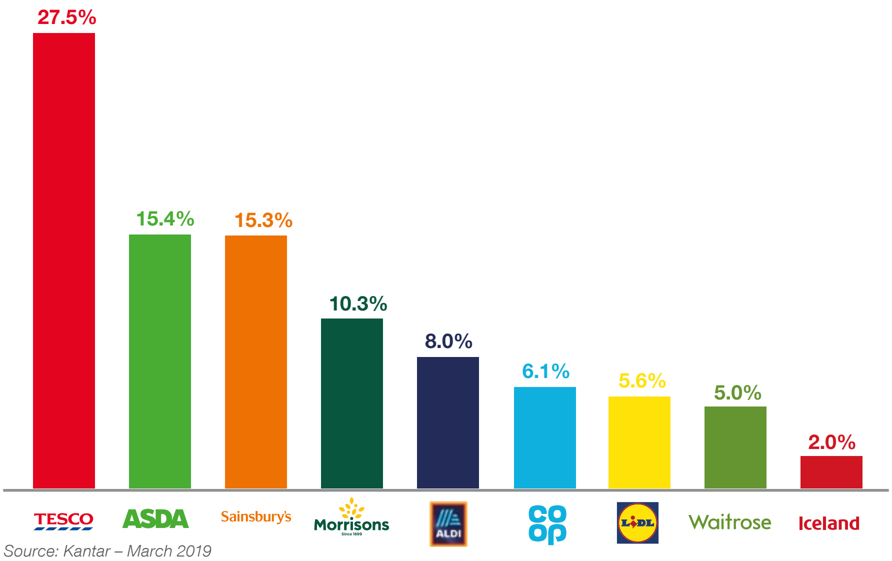
SHOPPER INVESTIGATION

GROCERY PROMOTIONS

The weekly shop is part of the fabric of many households in the UK. But with an eye-watering array of promotions of grocery products on offer, how do we choose where and when to shop?

Top UK supermarkets by market share



Source: Kantar – March 2019

The UK grocery market: promotions

Bargain-loving UK shoppers are the global leaders for buying groceries on offer, with the average household spending £1,480 on promoted products annually. Over a third of FMCG spending is for these products, a number which rises to 45% for the 'big four' supermarket chains, Asda, Morrisons, Sainsbury's and Tesco.[1]

SHOPPER INVESTIGATION

GROCERY PROMOTIONS

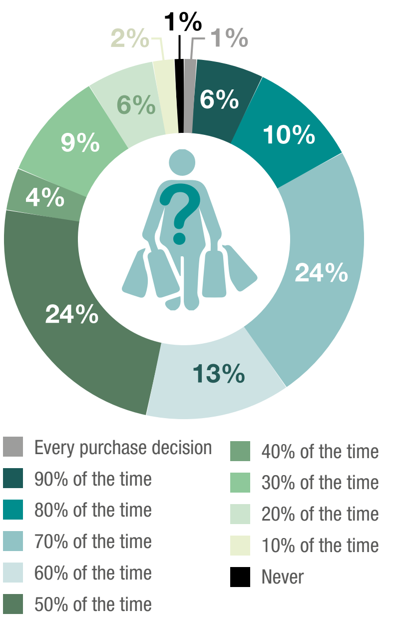
Shopper habits

Nearly three-quarters of our shoppers usually visit the same supermarket chain for their weekly shop. Convenience and value for money were the two main reasons, but over a quarter listed shopping experience as an important factor in their choice.

Meal planning and budgets lead 64% of shoppers to make a shopping list before doing their weekly shop. A similar number research prices and offers before their shop – online in the majority of cases.

"The gondola ends as you are walking along the aisle attract your attention"

Likelihood of shoppers changing their purchase decision in-store in response to promotional offers



Source: POPAI/Roamler

Promotional offers are key in influencing shoppers' choices. A staggering 91% said they would change their choice of retailer based on promotional offers they found prior to going to the shops, while 89% would change their planned product purchase based on promotional offers.

Shoppers are extremely susceptible to change when it comes to offers, with just 1% saying they would not be influenced into changing planned purchases in response to in-store offers.

Price reduction on a single product was easily the most popular offer, with almost three-quarters citing this as the most likely to encourage them to change their minds.

"The discounted items with tags on the shelves - as they clearly highlighted what was on offer and made it easy for me to pick these items"

AT THE STORE

Our shoppers noticed a significant and diverse amount of promotional offer signage. Unsurprisingly, the larger supermarket chains were seen to be using the most external display types.

Promotional displays were found in the store foyers and entrances in 68% of the shops visited.

The majority of stores also had one or more dedicated aisles or bays to promote seasonal categories such as summer and barbecue products.

The most popular locations for three-dimensional display with promotional products were aisle ends, the main 'power aisle' usually running down the centre of the store, and store entrances. Over half the shoppers also noticed displays at the main belted checkouts.

"Free-standing display units stand out the most"

FSDUs appeared to be the most popular form of off-shelf secondary-sited display, closely followed by pallet displays.

Gondola ends dressed with either branded or retailer-themed promotional messaging were seen by 78% of shoppers, with similar dressed bays in aisles seen by 55%.

Our grocery shopping habits are clearly somewhat fickle. While many shoppers have a preferred retailer, most are happy to be swayed by offers, promotions and discounts. Good news for retailers and brands looking to poach customers...but they must bear in mind that their own customers are equally being hunted.

Sources

[1] *Kantar - Have we reached peak supermarket promotion? - 2016*

Access our complete findings about shoppers' grocery promotion buying habits.

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GLOBAL TRENDS

ON THE CONTRARY

Established brands need to think differently more than ever before to create offers that really resonate with modern consumers.

Traditionally, most innovation has taken the form of optimisation. While the basic rules of retail remained the same and traditions were unchallenged, this approach worked well. But that era of retail is over.

Brands and retailers must now be asking whether their offer would be better served by a complete reinvention.

Sustainable reboots

One area suddenly rife with disruptive innovation is CPG/FMCG, where brands are exploring new propositions that do not rely on single-use plastics and minimise water usage and the carbon footprint of the logistic infrastructure.

Loop is a new e-commerce platform and ecosystem that delivers groceries and household products to customers in reusable packaging. It creates an entirely new and sustainable model for delivery and replenishment.

DS3 from P&G reinvents the product itself. Its personal and homecare products come in concentrated tablet form to which consumers add water before use. The tablets, made from bamboo pulp, are liquid free.

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GLOBAL TRENDS
ON THE CONTRARY

Rejecting traditional approaches

In the spirits industry, a number of emerging brands are challenging traditional rules, finding better ways to create unique and special products.

Lost Spirits uses experimental, scientific methods of distilling to create premium rum and malts in a fraction of the time. For example, rather than ageing its alcoholic drinks in barrels, it stores them in glass tubes full of small offcuts from oak barrels and then blasts the containers with a bright, high-energy light, which breaks down the wood in a really accelerated way.

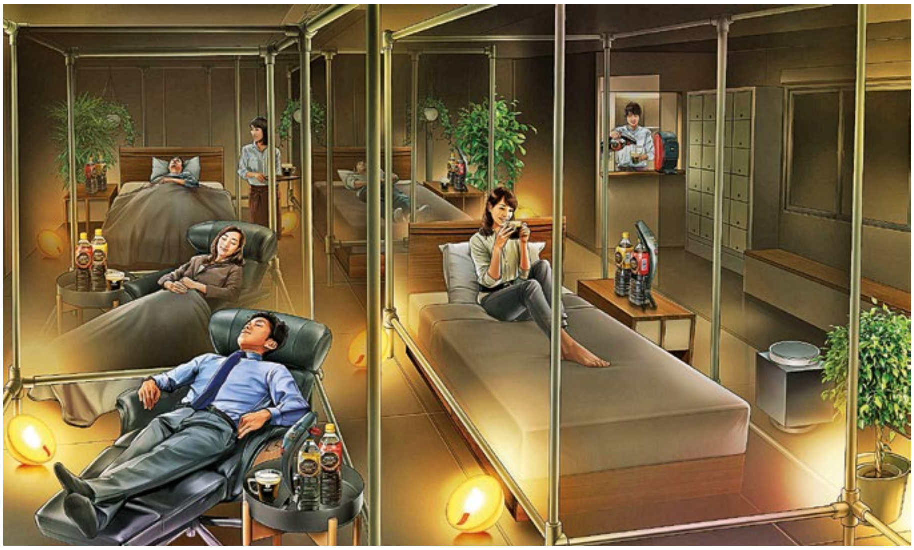
Elsewhere, Empirical Spirits in Copenhagen merges science and innovative fermentation techniques, with high-quality ingredients to create bespoke 'new' spirits that do not fit into any traditional beverage categories.

Unlikely reframings

Some companies are creating new outlets for their brands by moving them into new spaces which appear to be contrary to category rules or norms.

American wellness brand Four Sigmatic has launched Mushroom Face Mask & Tonic, which is both a skincare product and a superfood tonic. By creating a face mask so pure you can eat it, the brand is subtly putting a question mark next to the credentials of its rivals' offers.

Elsewhere, NESCAFÉ has launched a permanent café in Tokyo centred around sleep – something that logically appears to be the antithesis of its caffeinated products. Customers can choose from a range of offers that pair coffee and sleep, such as a 30-minute nap in a reclining leather chair, with a regular cup of coffee to be taken just before napping, or a three-hour nap in a bed which starts with a decaffeinated coffee and ends with a regular coffee.



Tequila brand Patrón also blurred the lines between different categories when it released bath bomb-inspired fizzers, which can be dropped into a measure of tequila to make a cocktail.

GDR
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GDR Creative Intelligence is a London-based foresight agency, which provides the world's leading retailers and brands with all the intelligence and analysis they need to make smarter choices – online, in-store and in person.

These case studies were featured in its quarterly trends publication, the Global Innovation Report, and on its digital platform.

An in-depth report will be available to POPAI members soon.

To find out more, contact **john@gdruk.com** Follow GDR Creative Intelligence **@gdruk** on Twitter and sign up to the weekly newsletter, Strategic Inspiration for Retail: **http://eepurl.com/dg5arH**

It is time to be brave and to challenge even the most core practices of organisations to explore whether they could be reinvented in ways that are much more meaningful and efficient.

Access the full findings from this research to find out more about unconventional retail.

Read the **FULL REPORT**

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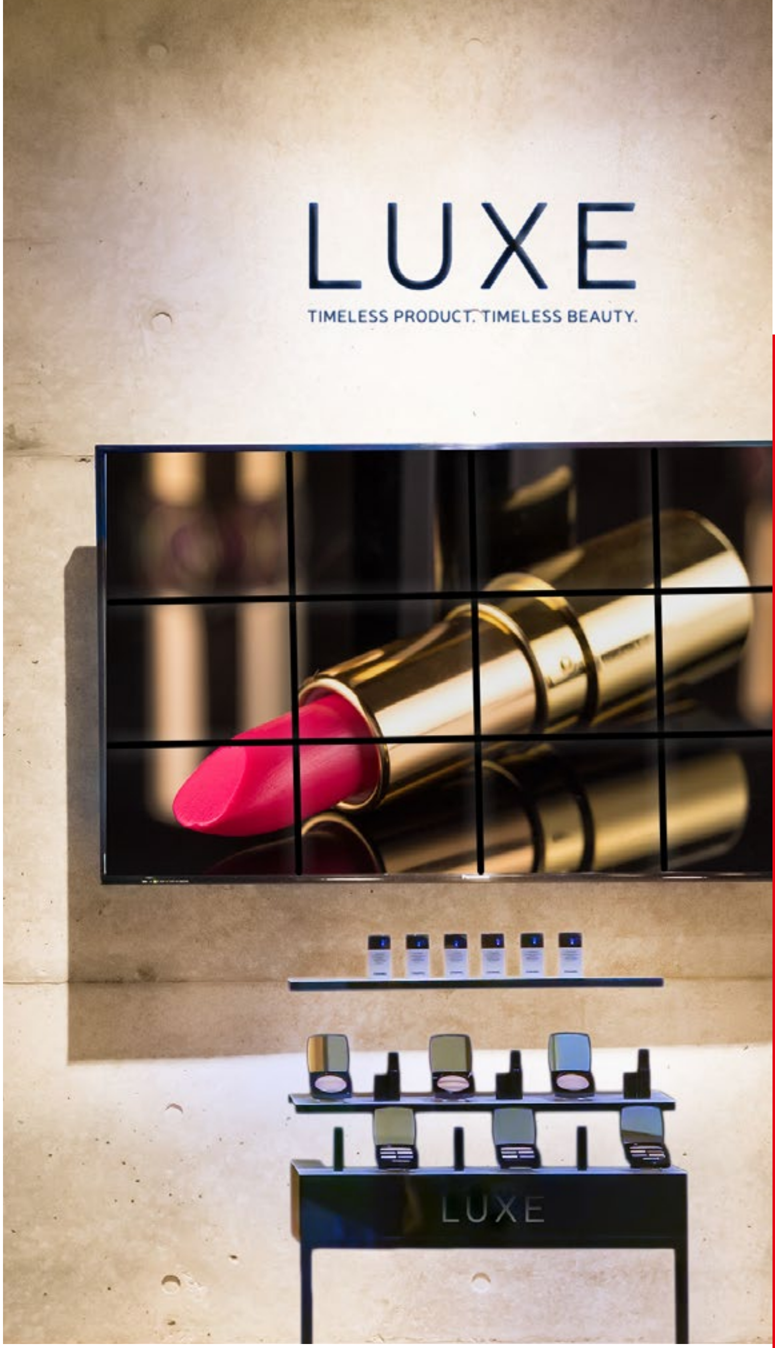

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