

Leveraging Behavioral Science to Optimize Retail Growth Strategies

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Today's Speakers



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Why Behavioral Science?



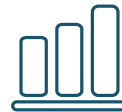
A NEW LENS REVEALS NEW INSIGHTS

BeSci provides a deeper understanding of the **contextual**, **nonconscious**, and, often **hidden**, drivers of behavior.



MAKING ACTIVATION WORK

At Ipsos, we have a team of **Ph.D** behavioral scientists who are experienced in the real-world **application** of theory to **research design** and **marketing activation**.



SUSTAINABLE COMPETITIVE ADVANTAGE

BeSci allow you to create **new processes** for insights and activation that are **not easily copied**.

Today's goal ...



Think differently about
winning the shopping trip &
extract more value from
your learnings



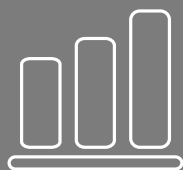
What you do is important ...
you need **the right products**,
right price, right variety, but

... it also important to think **how**
you say it, **how you present** it

We have helped our clients



Develop in-store interventions for small brands to disrupt the automatic behaviors that benefit category leaders



Create intuitive sub-categories that nudge shoppers to make incremental purchases



Retain & expand category captaincy for market leaders in current channels



Create in-store principles to increase traffic and sales in a struggling store sectors

Today's Agenda

01.

Behavioral
Science - Quick
Overview

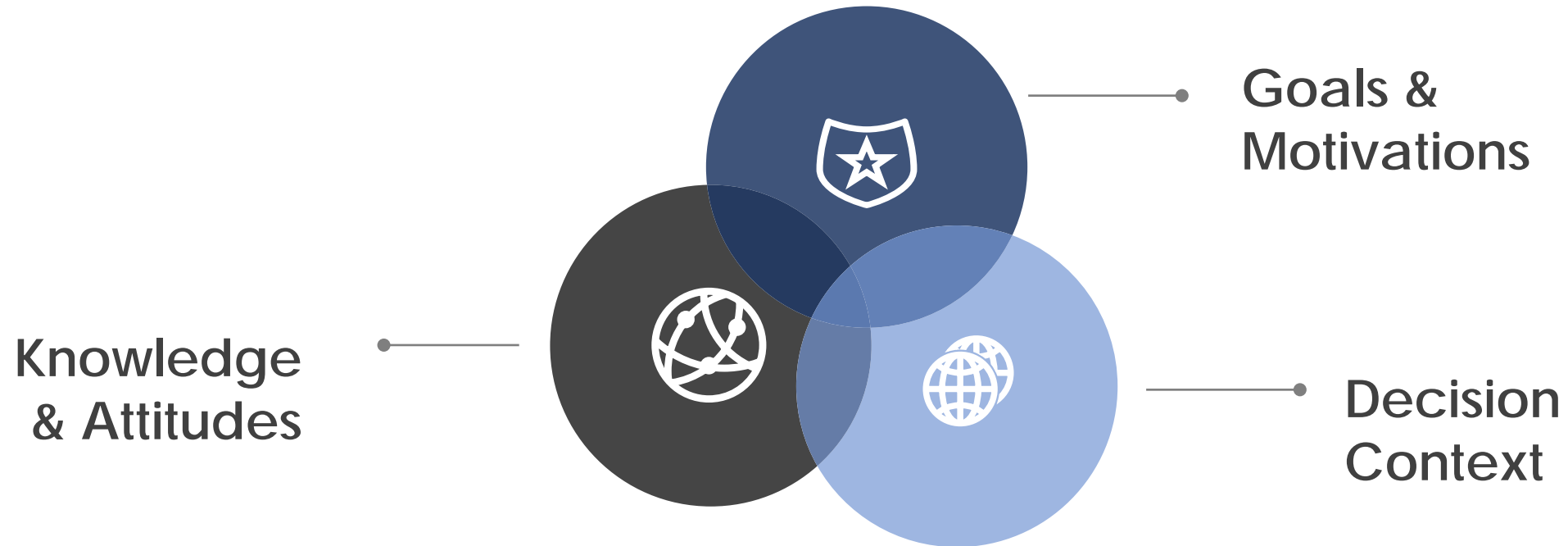
02.

Understanding
your Shoppers
Mind States

03.

Matching
Retail to Mind
States

The Behavioral Science Lens:



24
HOUR

FITNESS

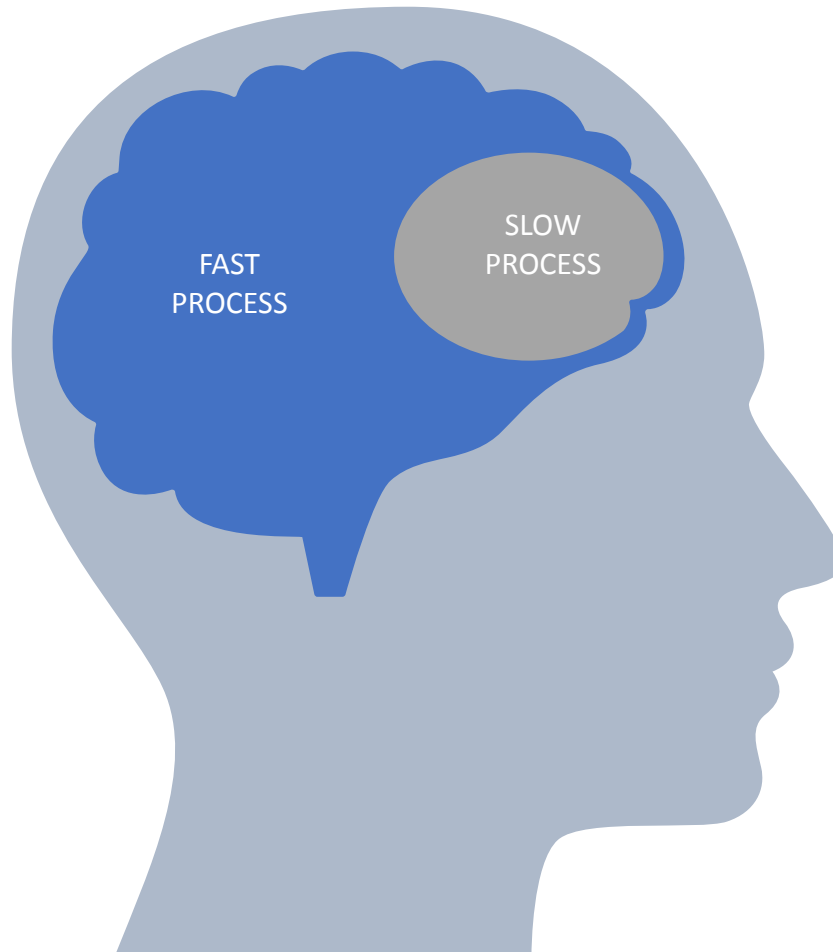


Two Operating Systems in Our Brain

SYSTEM 1

(Fast Processing)

- Intuitive
- Non-logical
- Automatic
- Present-focused
- Seeks Efficiency (low effort)



SYSTEM 2

(Slow Processing)

- Deliberate
- Logical
- Controlled
- Future-focused
- Seeks Accuracy (High effort)

Behavioral Science tells us...



We are cognitive misers

Constantly looking for ways to minimize effort



Saliency is key

We are drawn to what is readily available



We use mental shortcuts

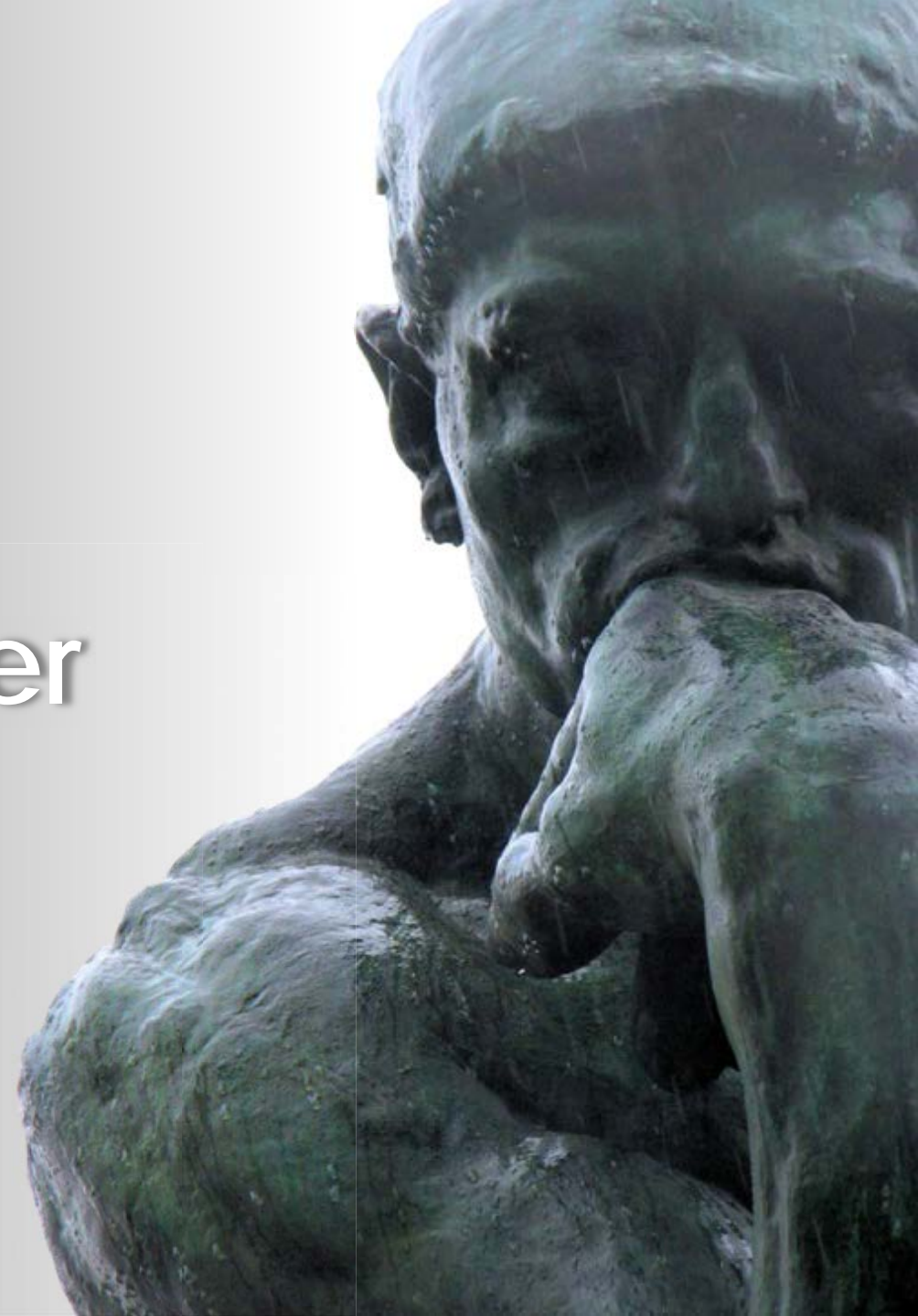
We strive for decision that are "good enough"



We are predictable

Shortcuts are learned

Understanding Shopper Mind States



How do we determine mind states?

We Determine **System 1** vs. **System 2** by analyzing:



For System 1



Focus more on emotional, nonconscious, contextual factors in decisions

Cue
Habitual
Behavior

Social
Norms and
Roles

Make it
Easy

Tap Into
Emotions

Prime Job
Association

Make it easy for shoppers and focus on the immediate reward

For System 2



Pay attention to conscious motivations, beliefs, attitudes, and satisfaction

Attribute Comparisons

Best Claims

Justification

Goal Fulfillment

Drive Disfluency

Win the debate and focus on the long-term goal

Is this shopper in System 1 or System 2?

System 1

- ☒ Low v. High Effort
- ☒ Distracted v. Focused
- ☒ Short v. Long-Term Goals
- ☒ Emotional v. Rational
- ☒ Rushed v. Relaxed
- ☐ Private v. Public

System 2



Anna

(Working mom headed to the store after a long day at work)

"I need to make a quick stop to purchase groceries, find a solution for tonight's dinner and purchase a razor for my preteen son."

Anna sees these 2 endcaps:



Which is more likely to resonate with her?

She may ignore System 2 Information



Why does it win?



Simple & Intuitive

Shows the product in use with human caricature
Emotional cue : Young kid using the product
Regimen is physically available (blades, cream, lotion).

SYSTEM 1 Nudges



Ambiguous & Time-Consuming

Men's and Women's products shelved together
Video interface for the product benefit
Regimen items are not shelved together.

What is the desired mind state for the brand or retailer?

SYSTEM 1

- You are a leading brand and want to retain category captaincy
- There is little time between product purchase and product benefit
- Want people to buy based on habitual actions or beliefs

SYSTEM 2

- You are challenging a big brand and need consumers to reconsider
- You're launching a new product in a stable category
- You want to change the reason “why” people buy a product



Matching Shopping Experience to Consumer Mind States

Optimizing the System 1 & 2 Shopping Experience

Driving
Attention

Creating
Value

Digital
Commerce

Driving Attention

Driving Attention: Intuitive Guidance

SYSTEM 1

Attention leads to action



1. What you **buy** depends on where you **stop**.
2. Where you **stop** depends on how you **define the category**.
3. How you **define the category** depends on how you **visually group** items together.



Driving Attention: Intuitive Guidance

SYSTEM 1

Attention leads to action



Driving Attention: Intuitive Guidance

SYSTEM 1

Attention leads to action



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Driving Attention: Disfluency

SYSTEM 2

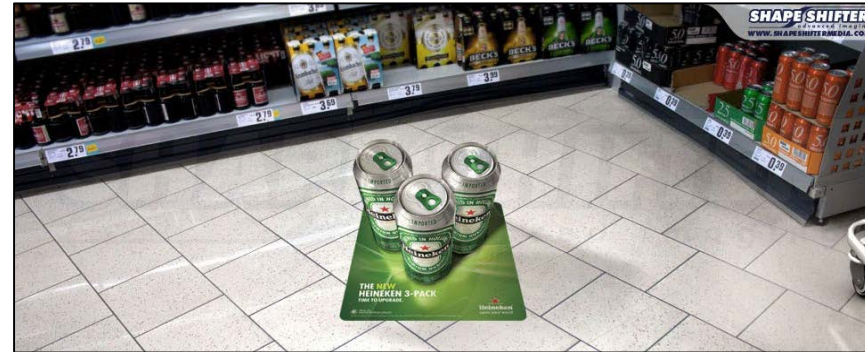


Things that we feel ourselves having to “figure out” are subjectively difficult or “disfluent”

When items are disfluent:

- Brain rewards attention to novel stimuli.
- Produce physiological arousal.
- Activate Memory - Our memory for disfluent items is better than it is for fluent ones.

Driving Attention: Disfluency



SYSTEM 2

Attention leads to action:

Disfluency raises motivation to use System 2

Driving Attention: Disfluency

SYSTEM 2

Attention leads to action: Disfluency encourages System 2



Driving Attention: Disfluency

SYSTEM 2

Attention leads to action: Disfluency signals information



Creating Product Value

System 2 derives value from facts

Departments

aa batteries


Comparison Assistant

Remove All

You've selected **3 items** to compare.

You may compare **1** additional item.


RETURN TO SHOPPING



Rayovac High Energy Alkaline AA Batteries

\$9.97


ADD TO CART



Duracell Coppertop Alkaline AA Batteries

\$11.99

ADD TO CART



Energizer MAX Alkaline AA Batteries

\$11.99

ADD TO CART

SYSTEM 2

Win the Debate

Allow for Comparisons

Behavioral
Science
Center

Ipsos

System 1 perceives value intuitively ... quantity scarcity

SYSTEM 1

of Cans Sold



System 1 perceives value intuitively ... time scarcity

Don't Miss Out!

Hurry for huge savings.
Quantities are limited.

Samsung
22" LCD HDTV
just
\$358

Garmin nuvi 200 Portable GPS just **\$108**

Nintendo DS Lite with Bonus Game from **\$129**



SYSTEM 1

System 1 perceives value intuitively ... social proof



SYSTEM 1

+16% in average
produce spend per shopper

*Collin R. Payne, C., Niculescu, M., Justb, D., and Kelly, M. (2015). Shopper marketing nutrition interventions: Social norms on grocery carts increase produce spending without increasing shopper budgets. Journal of Preventative Medicine Reports.

System 1 perceives value intuitively ... social proof



SYSTEM 1

Social Poof/Pressure
“Completeness”, or
“Incompleteness” show social
desire

Digital Commerce

Variety seeking varies by time of day



People start their day in a more system-2, deliberate thinking

Variety seeking is low in the morning (goal directed)

Implications

- *Keep searches directed*
- *Sort searches by relevancy*
- *Minimize cross/up-selling*



At end of the day, people rely more on system 1, automatic processing

Variety seeking behavior increases at night (indulgent)

Implications

- *Allow for exploration*
- *Integrate adjacencies in search results*
- *Present indulgent/ variety options*

Screen size encourages different thinking styles



SYSTEM 1

People are more efficient on small screen (e.g. phones)

- Make it easy – quick shopping
- Prime immediate need – show in use



SYSTEM 2

People are more deliberate on big screens (e.g. laptops)

- Win the debate, facilitate comparisons
- Tap into long-term goals

Look over there! Use others to orient the shopper

- Having people look at the product guides the shopper's attention
- Action imagery gets people to imagine using the product – prompts motivation



VS



Key Takeaways



Questions?



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