The “Green” Scene

Series 2 of Gone in 2.3 Seconds:

Capturing Shoppers with Effective In-Store Triggers

Overview

The “Green Scene” is part 2 of a series of mini report extensions from our larger report, *Gone in 2.3 Seconds: Capturing Shoppers with Effective In-store Triggers.* In The “Green” Scene, we explore shopping behavior related to eco-friendly product information in-store. The information presented here will help retailers and manufacturers think differently when developing retail strategies that trigger green purchases.

“Gone in 2.3 Seconds: Capturing Shoppers with Effective In-store Triggers” surveyed 999 US shoppers to identify which in-store and out-of-store marketing communications get their attention and influence their purchase decisions. The survey attempted to enter the mind and decision-making process of today’s shopper to find out what makes them tick.

Study Objective: To determine elements that influence and inspire purchase behavior
Methodology: Online Survey
Sample: 999 Shoppers
Timing: March 2009

A collaborative research project constructed and commissioned by Miller Zell, Inc. in partnership with the National Research Network.

INSIGHTS AND IMPLICATIONS

Shoppers Concerned About Sustainability

Despite today's challenging economic environment, sustainability is still a concern for many shoppers. Research indicates that, across all shopper groups polled, there is a willingness to pay extra for green everyday household products.

The majority of shoppers polled indicated they would be most likely to pay a 10¢ premium for household products*. The desire to pay a premium significantly dipped when the premium reached 28% of the base price of the product. This implies that there is a price sensitivity associated with paying for green. (Fig.2)

This could indicate that quality and efficacy should be injected into the dialogue at shelf level to incent shoppers to pay more. Further exploration of price sensitivity may lead to discussions of whether or not investment diminishes as ticket price increases or is heavily influenced by product category.

Influence of Income

Our research also indicated that lower income shoppers are more willing to pay a 10¢ premium compared to middle and upper income groups. This may be heavily influenced by the number of green-minded Millennials who may make up a disproportionate percentage of the lower income bracket because of their recent entry into the workforce. (Fig.2)

Where Shoppers Go Green

Grocery and Mass are the most likely channels where shoppers expect to purchase green products. This suggests that other channels have an opportunity to get in the game by highlighting and promoting green product offerings in-store. This may be especially true for Department, Electronic and Specialty retailers as shoppers indicated that these are also favorite venues to shop. (Fig.1)

Offering green products and executing related promotions could potentially create an additional positive dimension of brand perception--- which ultimately impacts frequency and purchase behavior.

Some electronic manufacturers are taking the cue and are brand building around green as demonstrated by Motorola. They recently introduced the *Renew* phone made from recyclable materials and offer it at an affordable price – thus changing the perception that going green has to be more expensive.

Green Speak at Shelf Level

While green continues to be a hot topic, shoppers indicated that retailers and manufacturers do a relatively poor job of providing green information in-store. This suggests that shoppers want to be assured that that they are "getting what they are paying for". Further more, they want to know exactly what the "what" is. (Fig.4)

Clearly the definition of "green" is broad---shoppers want to know how it is defined by manufacturers. Upping the ante on green information could potentially impact incremental basket purchases – by simply clarifying and highlighting the features and benefits of green products. On average, 62% of shoppers indicated that green product options can influence unplanned purchases. (Fig.3)

More deliberate and focused communication at the shelf level can serve as a manufacturer's or retailer's prompt to help shoppers choose green products more easily and more often.

Top Seekers of Green

Overall, women are more eco-conscious, closely followed by Gen Y. Both groups top the chart in their willingness to pay a premium for green products* and both are also the least satisfied with the level of communications offered in-store. With a higher frequency of unplanned purchases, women are more likely to be influenced to purchase based on whether or not the product is green. (Fig.3)

Given the increasing buying power of both of these segments, retailers should consider tailoring and targeting messaging to capture their hearts, minds and dollars. In this vein, more is more when communicating green information.

Ziploc recently launched a campaign highlighting its new line of *Evolve* plastic storage bags. The new product uses 25% less plastic (compared to their other Ziploc products) and is manufactured using wind power, while staying price neutral.

In addition to the advertising campaign, Ziploc has an opportunity to leverage in-store marketing at the shelf level in order to influence the shopper where they are making 60% of purchase decisions.

•Household product @ $2.49

REPORT SNAP SHOT

1/2

Of all shoppers indicated a willingness to pay a **premium** for green products

79%

of shoppers are more likely to pay a premium for green in **Grocery Stores**

Boomers

are more tight fisted in their spending on green products vs. **Gen Y** shoppers who top the charts with **62%** willing to pay more for green

Women

are more likely than men to invest a premium in green products

Shoppers willing to pay a premium are more likely to do so at a threshold of **10¢** with **Lower** income shoppers leading the charge

62%

of shoppers said that green product options will influence their **unplanned** purchases

Information is important to the in-store shopping experience --- and for tech savvy **Gen Y**, the more the better.

WHERE THEY SHOP FOR GREEN...

Green purchases win at mass and grocery

Research shows that **mass merchandisers** get the nod from both men and women as the **most frequented** channel, and a primary place, second to **grocery,** where shoppers anticipate making **green purchases**. While **electronic outlets** and **specialty apparel** have great appeal these outlets **bring up the rear** for those seeking green products.

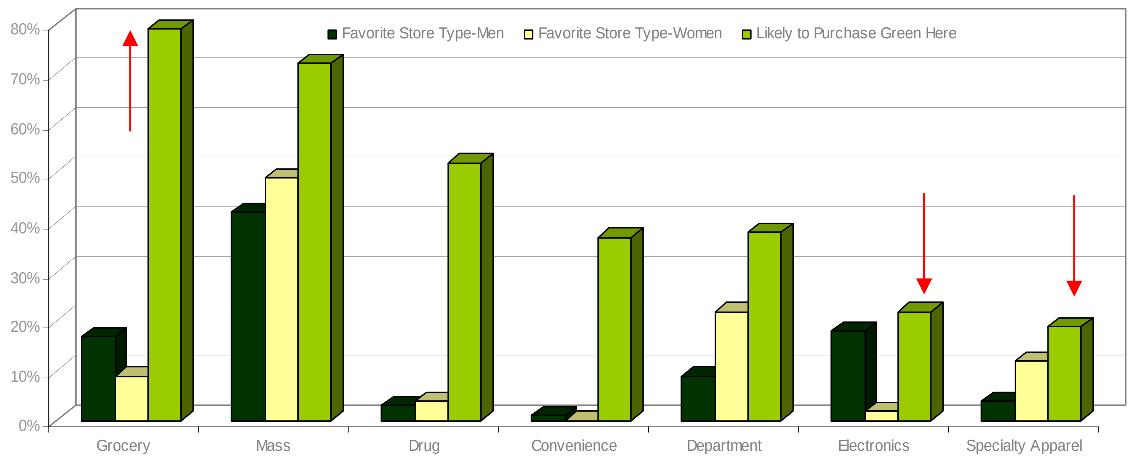

Fig.1

WHAT THEY ARE WILLING TO PAY...

Income level does not necessarily drive green purchases

Results indicate that **disposable income** does not always influence the propensity to spend a premium on green products. Data also revealed that **lower income** shoppers are more likely to pay a premium for green at a **maximum threshold of 10¢ .** Overall **women** and **Gen Y** shoppers are more willing to **pay extra** to help create an eco friendly environment.

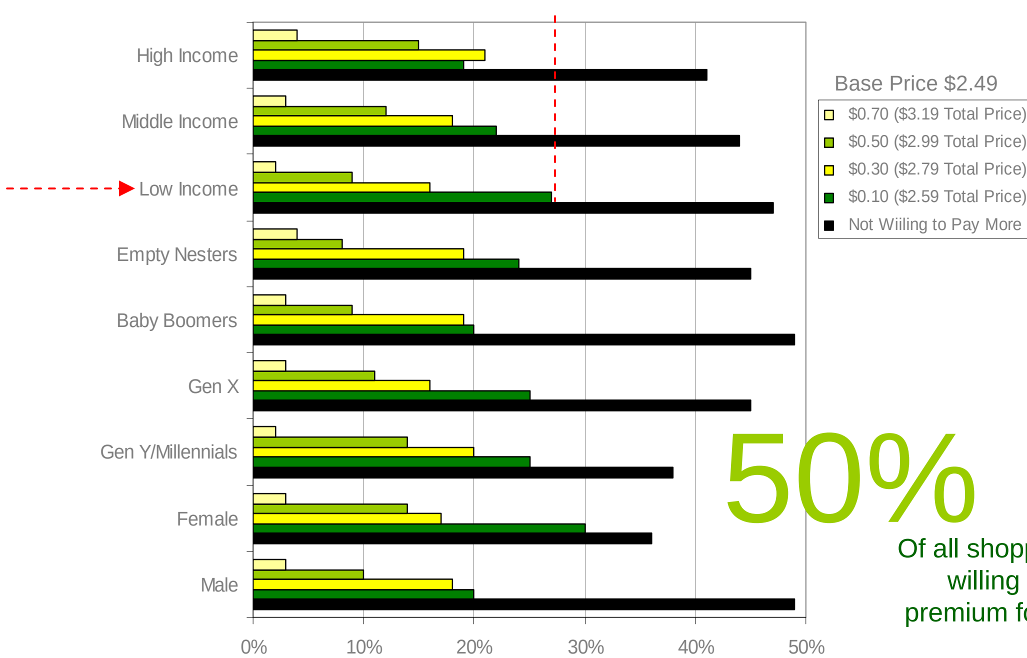

Fig.2

50%

Of all shoppers are willing to pay a premium for green

COLOR MY PURCHASE GREEN…

The greening of unplanned purchases

On average, **62%** of shoppers indicated that green product options can **impact** unplanned purchases. Regardless of income, age or gender the influence of green was **largely consistent**.

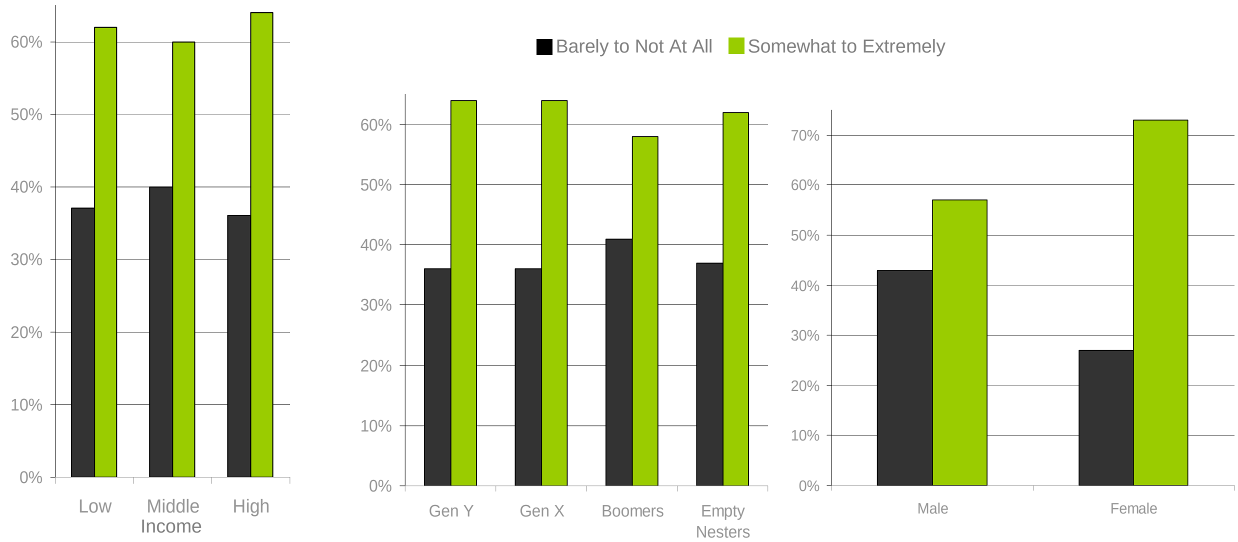

Fig.3

INFORMATION IS A GOOD THING…

Shoppers say "Give me more!"

The study indicated that across all channels there is an **opportunity** to supply more green information at **store level**. On average, close to **40%** of shoppers are **left wanting** more, with a slightly **healthier appetite** amongst the tech savvy **GenY** shopper.

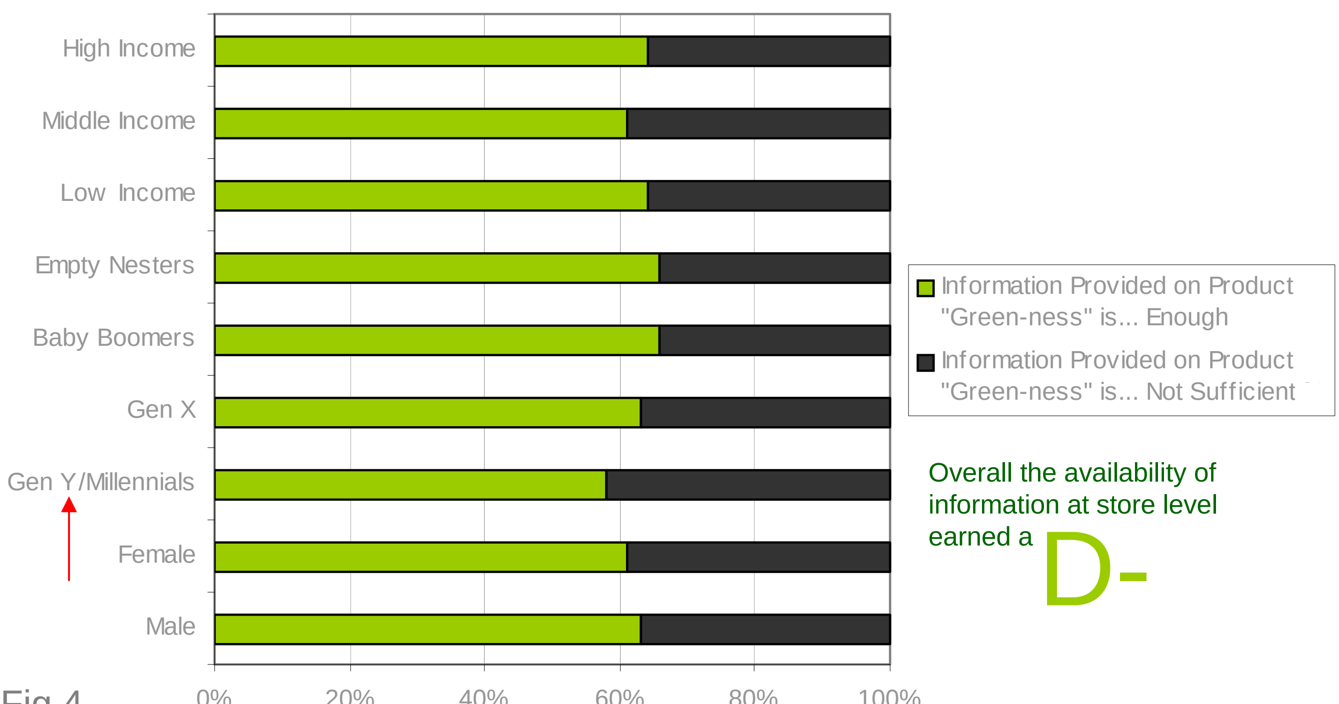

Fig.4

Overall the availability of information at store level earned a D-

Miller Zell

Miller Zell is a leader in strategic retail consulting specializing in retail design, shopper marketing and store implementation, serving some of the world's best known brands. For over 30 years, the Atlanta based firm has been *Making the World a Better Place to Shop*™ with award-winning selling environments across multiple retail sectors including grocery, financial institutions, dealer-based businesses, restaurant chains, consumer products, and mass merchandise. Miller Zeller employees LEED certified personnel and also helps clients incorporate sustainabilty practices into design and egineering solutions.

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