

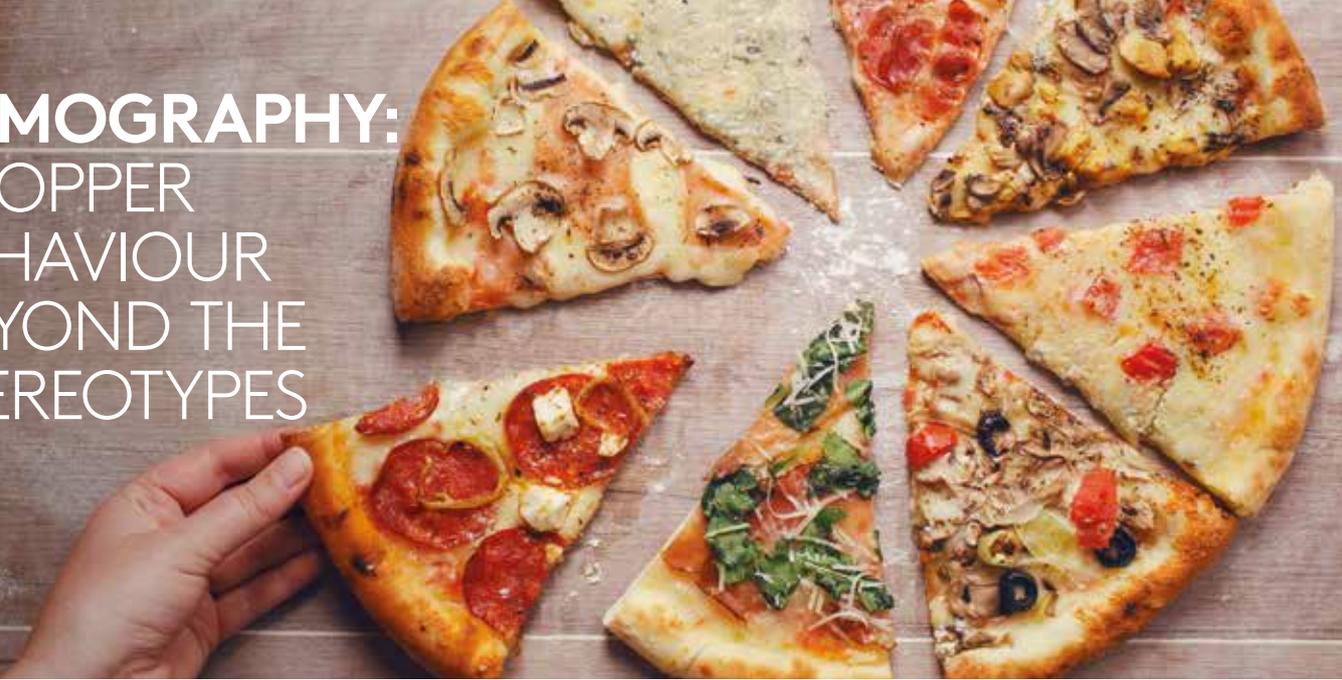
DEMOGRAPHY:
SHOPPER BEHAVIOUR
BEYOND THE STEREOTYPES



THOUGHTS ON...

KANTAR WORLDPANEL

DEMOGRAPHY: SHOPPER BEHAVIOUR BEYOND THE STEREOTYPES



 Demography is big news: whether it's the eating habits of millennials, the benefits of being a baby boomer or the strain an ageing population places on the NHS, a glance at any newspaper's headlines makes clear that demographics are more relevant than ever.

But can demography ever be anything more than a set of hackneyed stereotypes? If you subscribe to Byron Sharp's view that successfully growing your brand simply means targeting everyone all the time, then dividing potential buyers into groups (segmentation) may seem like a pointless exercise.

By definition, demographics reveal only fairly straightforward facts about individuals. Alone, they can tend towards generalisation. However, when combined with behavioural data and insight it becomes possible to identify far more meaningful groups.

By the same token, not all demographics are equally useful in all circumstances. A supermarket examining the profile of its typical shopper may start with splitting by age or income, but this doesn't reveal everything. Most supermarkets attract shoppers of all ages and incomes.

Look instead at regional variations and you learn more. For all but one of Britain's major retailers the distribution of stores within an area is the single most important factor determining where an individual chooses to shop. This challenges many deeply held beliefs about typical Waitrose customers, or the kind of person who shops at Aldi, and demography holds similar insights for brands and manufacturers too.

For all but one of Britain's major retailers the distribution of stores within an area is the single most important factor determining where an individual chooses to shop.

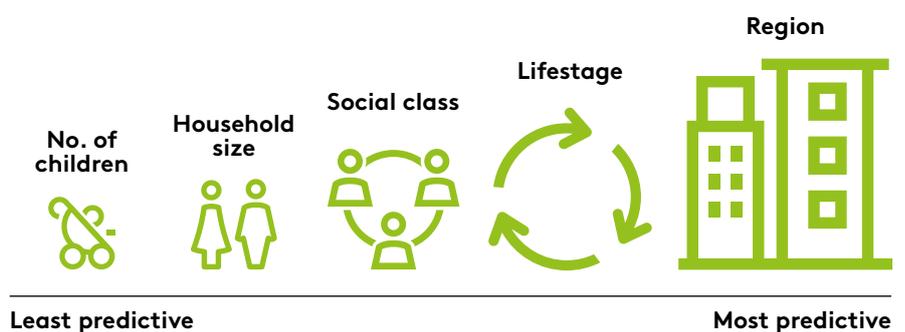
Demography and brands – finding the right approach

Increasing penetration – the percentage of the population buying your product – is key to growing your brand, and demographics can help effectively target different groups of buyers or prospective buyers. Even if a brand's ambition is to target everyone who buys their category, it's likely that a range of approaches determined by the varying needs of different groups will be the most realistic way to achieve this. Demographics can identify a gap in your customer base, inform new product development or redefine your target market.

One bakery brand discovered there were two factors limiting growth for its crumpet range: people mainly ate crumpets for breakfast, and the snack was not popular with younger shoppers. To overcome these challenges the brand developed a larger crumpet. The aim was to convince shoppers that crumpets belong on a dinner plate too, creating the kind of convenient meal popular with busy, younger shoppers.

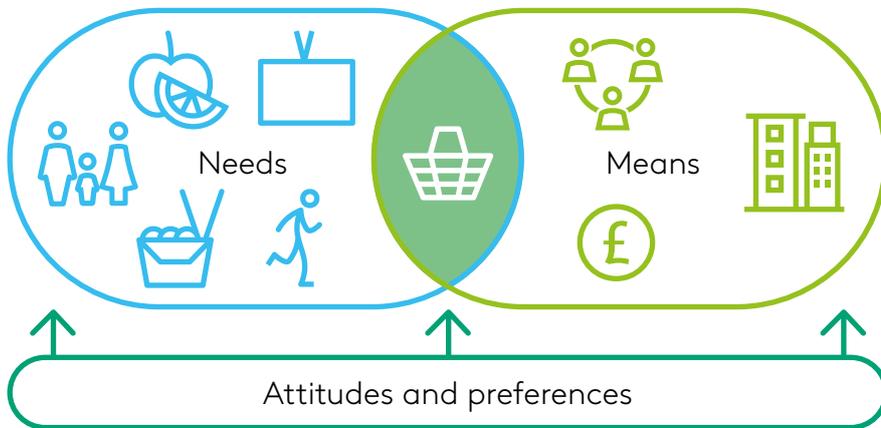
One year after launch, consumption of crumpets as both a morning snack and evening meal had risen, as had purchasing for several demographic groups including men aged 16-34.

Most predictive demographic influences on store choice



What affects consumer behaviour?

Factors influencing a purchase decision



Demography and segmentation are part of understanding how people behave. Our analysts have developed a way of understanding the interplay between factors which influence decision making: a person's needs versus their means. A 'need' is a facet of a person's identity which governs the choices they make, for example their age or household size. 'Means', such as income or time available to prepare food, determine the way in which they fulfil those needs. These fundamental factors are then influenced by a person's attitudes and preferences, creating a tripartite model.

Combining segments is helpful in identifying more niche demographics. Bringing together age, gender, life stage and income creates new segmentations such as 'hurried mums' or 'time-rich, cash-poor elderly men'. This multifaceted approach gives a more holistic view and helps brands respond to a variety of consumer needs, rather than just one.

Why a shopper buys something can be as important as who they are in predicting their behaviour – is your customer doing a weekly shop or picking up dinner for tonight? Understanding how consumers use your product is also vital – do they eat it as a snack or in front of the TV for a weekend treat? Understanding these patterns of behaviour allows brands to tailor existing products more effectively and identify unmet needs where new products could work well.

Cohort or life stage?

Another layer it is important to understand is whether a person's need is defined by either cohort – a group with certain preferences in common – or lifestage. For example, older people buy far more marmalade than any other demographic. This is not because ageing necessitates buying marmalade, but rather because our current older generation contains a significant cohort that likes marmalade. Older people are also more likely to buy incontinence products, but this is a direct result of ageing and nothing to do with tastes and preferences.

Problems can develop when a cohort is limited to a specific age group. Marmalade is experiencing cohort decline as its older fans come to the end of their lives. Marmalade manufacturers need to either convince younger shoppers to pick up a jar – through imaginative advertising campaigns or expanding consumption beyond breakfast – or develop other flavours or spreads with broader appeal.

REACHING YOUR AUDIENCE

The rise of programmatic media has brought the need for high-quality data into sharp focus. Classic demographics are a convenient planning tool and shareable currency in targeting advertising campaigns, but identifying someone by demography alone is not enough. Join up your data sources – remembering the huge variation within cohorts – and layer on other lifestyle indicators, distinctive attitudes and ultimately brand disposition.

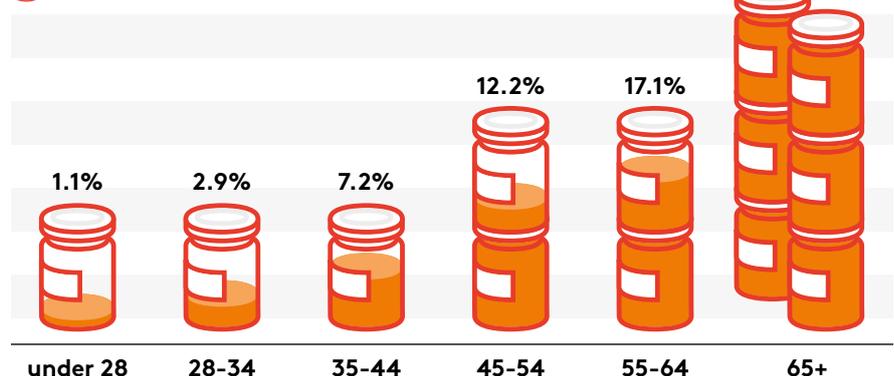
Don't presume which media younger people want to engage with. Generation Z may have grown up with smartphones, but British youngsters have a higher antipathy towards advertising methods outside their control. They are more likely to deploy ad blockers and even go out of their way to avoid digital advertising.

Outdoor and TV advertising have a role to play if only due to sheer reach, but brands and marketers need a better understanding of their media-savvy audiences to be able to reach them.

*Nigel Hollis,
Executive Vice President
and Chief Global Analyst
at Kantar Millward Brown*

Marmalade is experiencing cohort decline

 Total marmalade purchases by age group, %





DEMOGRAPHY: THE FUTURE

After the fact? Getting the most out of demographics

Demography is not the only way to isolate shoppers with particular characteristics, and two shoppers with the same demographic DNA may have very different attitudes to your product. Instead demography is a starting point, helping brands effectively target marketing spend where it is most likely to attract new shoppers.

But even when brands can see its value, all too often demographic work is undertaken to justify a decision already made. Brands often have a very fixed self-perception, asking questions like 'I want to sell to ABC1 women under 45; how do I do that?' While this can be helpful if you have identified a gap in your customer base, it's often not the right approach to drive brand growth most effectively.

To have the best impact on strategy, demographic insights should be used earlier – to inform rather than justify. Too many brands and manufacturers are concerned with only one demographic, for example preferring to grow their reach with ABC1s than increase overall market share. While targeting certain groups of the population may appeal to a brand's ego, increased penetration is the aim of the game no matter where it comes from.

Using demography earlier in the process might lead to uncomfortable questions, but ultimately you need an accurate picture of who buys your products to be able to move forward positively. If you want to grow your brand, understanding both your current shoppers and your prospective shoppers – and having the tools to effectively redirect strategy based on what you learn – is absolutely crucial.

The average age in Britain has hit 40 for the first time, making the UK one of the world's older nations. We're yet to see how this will impact our mindset. We might see greater intergenerational conflict as younger cohorts gain power and influence, while hard economics still favours their parents' generation. This tussle for dominance in societal values and attitudes will have profound implications for businesses and brands.

Our outdated ideas about ageing will rapidly need to catch up with the reality of the incomes, behaviour and values of this older group. They're more social, more affluent, and more physically active than stereotypes would have you believe, and brands need to recognise this before they can engage effectively with this new breed of shoppers.

*Andrew Curry, Director at
Kantar Futures*

METHODOLOGY

The insights in this report come from our continuous panels which monitor behaviour across take home grocery, out of home food and drink, food and drink consumption, personal care usage, fashion, entertainment and telecoms.

All our panels are demographically representative of Great Britain.

We collect detailed demographic information about our panellists including age, social class, location, life stage and media consumption.

Other segmentations can be built upon bespoke behaviours and attitudes. The potential level of detail from our panels goes well beyond that used in this report to help manufacturers and retailers analyse their performance at a granular, consumer level.

To get in touch with the team behind this Thoughts On paper please contact:

Andrew Walker, Katie Shade and Katie Thomas
T +44 (0)20 8967 0007
E Andrew.Walker@KantarWorldpanel.com
E Katherine.Shade@KantarWorldpanel.com
E Katie.Thomas@KantarWorldpanel.com
www.kantarworldpanel.co.uk



Published
April 2017