

HERB SORENSEN, Ph.D.

with Mark Heckman, *Accelerated Merchandising*, and  
James Sorensen, *Kantar Retail*

Second Edition



# INSIDE THE MIND OF THE SHOPPER

The Science of Retailing

Study questions by **Svetlana Bogomolova**, *Ehrenberg-Bass Institute of Uni.So. Australia*

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## **Praise from First Edition of *Inside the Mind of the Shopper***

“Read it, do it, and you will sell more!”

—**Hermann W. Braun, Director of Category Management and Shopper Marketing, Ferrero Germany**

“This is a unique book that examines and explains the need for the measurement of actual shopper behavior in retail environments. Based on real shopper studies, this takes analysis beyond POS data. Herb Sorensen pays particular attention to precise measurement of nonintuitive aspects of shopper interaction with the shelf.”

—**Franz A. Dill, Former Manager and Founder of Procter & Gamble’s Retail Innovation Center**

“Herb Sorensen’s ideas and observations about in-store shopper behavior have been instrumental in shaping my recent research. He has an uncanny ability to see beyond surface details and detect meaningful patterns of genuine interest to front-line managers and senior executives. It’s great that so much of his wisdom—and that of other researchers he has influenced—is collected together here.”

—**Peter Fader, Professor of Marketing, The Wharton School of the University of Pennsylvania**

“Every year retailers disrupt their customers by spending time, money, and resources remodeling stores. Before remodeling one more store, read what Herb Sorensen has learned about how customers shop and how you can use it to improve your customer’s shopping performance and your earnings.

One hundred years ago retailers ran their stores by watching their customers closely. Somewhere during the last hundred years, spread sheets, slotting allowances, and quarterly performance replaced the basic principles of the business. Sorensen’s book puts you back on the floor of the store and allows you to see how the customer sees your store. What Sorensen shows you will make your stores better and more efficient for the customer and will maximize the money you are investing in design and remodels.”

—**Norm Myhr, Group Vice President Sales Promotion and Marketing, Fred Meyer**

“This book is priceless for anyone in retailing. It is based on 40 years of retail experience, and Herb Sorensen opens the doors to a new world. He serves us with masses of empirical data and examples, but also with new metrics and a new theory of shopper behavior. I am certain that he will challenge most retailers as well as researchers and force them to check if what he states can really be so. He challenged me, I had to check, and he was right!”

—Jens Nordfaült, Assistant Professor, Stockholm School of Economics; Dean, Nordic School of Retail Management; CEO, Hakon Swenson Research Foundation

“*Inside the Mind of the Shopper* is the preeminent handbook for any marketer or retailer seeking to understand why people do what they do when they shop. Armed with the knowledge in this book, marketers and retailers can work together to predict how shoppers will respond (or not!) to package and label design, selling messages, shelf plans, and the entire retail space.”

—Matt Ohligschlager, Senior Manager, Consumer and Market Knowledge, Procter & Gamble

“A must-read for anyone who is passionate about understanding shopping.”

—Joe Radabaugh, Director, Shopper Marketing, Nestlé USA

“From his 40 years of observing shoppers, Herb Sorensen has given us the gift of understanding shoppers. Now, we clearly see that the store layouts merchants want are not what shoppers want. On the ground, managers THINK they know their shoppers, but anyone who follows Herb’s handbook on shopper insights will know them a lot better.”

—Joel Rubinson, Chief Research Officer, The Advertising Research Foundation

“Herb Sorensen is the dean of behaviorally responsive shopper marketing. Crammed with stats and crisp insights, his book guides retail professionals through the maze of motivations that lead shoppers to locate, stop, and buy.”

—James Tenser, Principal, VSN Strategies

## **Praise for the Second Edition of *Inside the Mind of the Shopper***

“The Second Edition of *Inside the Mind of the Shopper* is a goldmine for anyone trying to wrap their heads around the disruptions reshaping retail in the 21st Century. It provides much-needed clarity to a variety of hotly contested issues, from a pragmatic approach to ‘moments of truth’ to a dispassionate assessment of how physical and digital retailing can co-exist, compete, and (most importantly) be managed. But, for me at least, while there is much new ground broken here, none is more fertile than Sorensen’s notions of shopping as a ‘directional search’ and the idea of the retail area as the interface of products’ and shoppers’ competition for space. The author has given us many things to learn and even more to think about.”

—Ryan Mathews, CEO, Black Monk Consulting; author of *The Myth of Excellence*; *The Deviant’s Advantage*; and *What’s Your Story?*

“The author’s new chapters really contribute to making his ideas about active retailing even clearer, and making the book more up to date with the comparisons between online and offline. The book is so refreshing due to the author’s unique perspective and approach to retailing. I am used to both the practitioner’s ways of reasoning as well as academic literature on retailing, but the author’s perspective is distinct. He seems to have the mind of both an engineer as well as that of a retailer.”

—Jens Nordfält, Head of Research, Hakon Swenson Research Foundation; Assistant Professor, Stockholm School of Economics

“The Second Edition of *Inside the Mind of the Shopper* is version 2.0, not 1.1. Rarely does an update pave so much new ground that it could be considered an entirely new book. In the first edition, the author summarized the wisdom he developed from watching shoppers across close to a million shopping trips. In the second edition, the author examines today’s most pressing questions for retailers—how to rapidly evolve into a hybrid world of bricks, clicks, digital, social, and mobile. The second edition is an essential read whether or not you’ve read the first edition. Most of the information is new and virtually all of it is essential.”

—Neale Martin, CEO, Sublime Marketing; Professor of Innovation, Coles College of Management, Kennesaw State University; author of *Habit: The 95% of Behavior Marketers Ignore*

“Herb Sorensen’s seminal first edition of *Inside the Mind of the Shopper* has not only become prescribed reading for our consultants, but it has also become the go-to read for many of our clients. This is not a cover-to-cover read but rather a constant companion for any retail or shopper marketing practitioner, as it is packed with valuable insights drawn from over 40 years of shopper understanding. The updated second edition takes into account the dramatic changes technology has brought about since the launch of the first edition seven years ago. Technology has not only changed shopper behavior, but it has also played a significant role in how retailers and marketers engage the shopper. The author’s recommendations for how bricks and mortar retail should venture forth in this digital age are both reassuring and energizing. One thing that hasn’t changed over the two editions is the message that the shopper should be at the heart of everything we do as retailers and brand owners.”

—Peter Wilson, Director, koji

“I found this book to be a very important part of the industry. I also think it is a must-read for every merchandiser and category manager and would be the right text book for any retail merchandizing course for retail management programs, and even for management trainee programs. I spent time at Grand Union stores years ago in each of their four phase training programs, and this book would have helped me understand a lot more of how shoppers control the store.”

—Frank Riso, formerly with MSI/Symbol Technologies

“This fresh update to Herb Sorensen’s seminal book *Inside the Mind of the Shopper* is especially timely as retailing in the digital age begins to mature. While the second edition (rightly) still puts emphasis on the shoppers’ time and on ‘Big Head’ categories, there is a new, deep analysis of both digital and bricks-and-mortar retailing. This book is a must-read for every student of shopping, from aspiring marketers and merchants to seasoned veterans.”

—Liz Crawford, SVP Insights MATCH; author of  
*The Shopper Economy*

*“Inside the Mind of the Shopper* gathers the insights of decades of research into shopper behavior by one of the world’s leading retail experts. It pulls off the difficult trick of blending science with immediately accessible descriptions of exactly what is happening when shoppers interact with goods in a retail environment. As you read, you experience a succession of ‘Aha! So that is what is happening!’ moments as realization dawns that your personal experience has a scientific underpinning. This is a must-read for any researcher in the field, and for any store owner or manager.”

—Professor Alan Penn, Dean The Bartlett Faculty of the Built Environment, University College London

“Anyone interested in retail marketing, shopper behaviour, or evidence-based marketing MUST read this book. Here is the evidence you’ve been looking for, and more.”

—Professor Byron Sharp, Director of the Ehrenberg-Bass Institute, and author of *How Brands Grow*

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and James Sorensen, Kantar Retail

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# Dedication

This book is dedicated to Bob Stevens of Procter & Gamble (P&G), the man who set me on the path of “active retailing” and who is also widely viewed as a pioneer in the field of shopper research.

He was a man of many talents: A consummate researcher, he was also an avid sports fan. Indeed, at 15, he began a short career as a professional wrestler, assuming the name “Rocky Stevens.” Later in life, his love of basketball took him to Israel, Italy, and Alaska to cheer on his teams.

Bob was a devout Christian, a loving husband, father, and grandfather, and a philanthropist, too. He raised money for education and, post-retirement, taught and lectured often on market research and management, donating his honoraria to charity. For a time, he served on the board of Hope Cottage, a temporary shelter for abused, abandoned, or neglected children.

The greatest portion of his life, however, was spent at P&G where, beginning in 1951, he spent nearly 40 years as a consumer research manager. Bob was known as an inveterate people-watcher, fascinated by consumers’ behavior both in-store and out, and especially their interaction with products.

His retirement did not put a stop to his professional involvement. He continued to write about marketing and research in a periodic newsletter called “Views from the Hills of Kentucky,” which he emailed or faxed *gratis* to subscribers.

So, what made this man special? He was an advocate for the shopper, for understanding their needs and for doing the right thing as a researcher, often acting as a role model for his peers. He was always curious about what people *did* as opposed to what they *said*. And in many ways, his work has stood the test of time, as brands began to focus more on ethnography.

Bob would always dig a little deeper when it came to research. Bob Goodpaster, who was Vice President of Global Insights for The Hershey Company, recalls that when he worked with him at P&G, Bob would focus on research at one or two stores, giving people coupons to go in

and buy products, while collecting their names and phone numbers for follow-up research.

What he was trying to do was to predict potential repeat purchasing, but working it out over a weekend, without having to wait months and months to read the normal statistical print-outs. He was way ahead of his time.

It couldn't have been easy because, as with any pioneer, there were those who were enthusiastic about change and those who were afraid of it. But Bob persevered, and rarely turned down the chance to innovate. For P&G, this resulted in insights that the company might never have achieved otherwise. Indeed, P&G is one of the most innovative research organizations around today, and Bob played a part in laying the foundations of that continuing innovation.

Bob's philosophy lies at the heart of this book, too. His enthusiasm for researching shoppers, for knowing what goes on when they enter a store, is translated in these pages into a *modus operandi* for retailers (and brand owners) who want to make the most of their businesses.

Earlier, I mentioned his newsletters, which inspired new ways of thinking and working. Two of his favorite topics were, distinguishing between "testers" and "users" and the need for "assessment in context." Bob's views on these issues matched my own major concerns as a scientist transplanted to market research. We believe that customers should be studied in their native environment: This means researching supermarket shoppers in supermarkets; food service patrons in restaurants, schools, and other commercial and non-commercial locations; food service operators in their kitchens; schoolchildren in their schools; and so on. Also, we prefer direct observation of "users," and asking questions, converting them into "testers" as follow-ups, rather than as the foundation of the research.

Our learnings about the messy process of testing in context were inspired by Bob, and became integral to my business following discussions with him. It was Bob who turned my narrow focus from the shoppers and the products, to also include the stores, their natural habitat. I hope that, from whatever lofty peak he's now operating, he feels that I'm still taking his work forward in the ongoing search for truth about shoppers.

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# Acknowledgments

I was born at an early age....

What might have been seen as precocity in the first half of my life has evolved into a certain independence in this half. Here I want to give tribute to some of the key players in bringing this book to fruition.

From my mother, I inherited a drive for improvement, and from my father, hard work as the proper and justifying role of man. I met my wife when I was fourteen, and was blown away by her wise and serious essay on the stages of life, read by her to our English III class in high school. Now past our fifty-fifth wedding anniversary, she has been the tether that keeps me connected to those most important things in life. Five years after our first meeting, we had our first daughter Kris, while I was finishing my senior year in college.

All of my five children grew up inside the business that evolved to deliver this book. Kris managed the operations side of the business during some of the most explosive growth we ever experienced. Beth, even as a pre-teen, was helping with keeping those rows and columns straight, in the days when we did manual tabulation of survey data. Later, she and I set a personal record of 130 respondents recruited and interviewed in one hectic day in Santa Monica.

Jon is the philosopher-musician-writer who helped me begin contributing reports and articles to the marketing research press. This work laid the foundations of this book, helping me to think through some of the issues covered here. James is the right hand that built Sorensen Associates, “The in-store research company;” which the world has come to know. He is the one who transmuted my scientific curiosity into something of practical value for our clientele, which has swelled under his ministrations.

Paul is an award-winning nuclear physicist who wrote the software for our TURF analysis (Total Unduplicated Reach and Frequency). We continue to use the procedures he developed for shopper flow analysis in our PathTracker® Tool Suite.

Beyond the core of my family, the towering influence from my early professional years was Lloyd Ingraham, my major professor at the University of California at Davis. His was an open and searching mind that encouraged the same for me. What an incredible experience, to be given free range and funding to follow my nose into nuclear quadrupole resonance, chick embryo metabolism, the quantum chemistry of small ring heterocycles, the role of thiamine in muscular dystrophy, and radio-carbon and dendrochronology, all resulting in peer-reviewed scientific papers in one three-year period.

Leaping forward nearly 30 years found me with an eclectic history encompassing university faculty positions, board-certified clinical chemistry, which evolved through a food laboratory and sensory science to market research. The logical connection through all this is curiosity.

In 2000, three things converged: my long-standing curiosity about the overall movement of shoppers through stores, my acquaintance with Peter Fader at Wharton, and client support by Sandy Swan at Dr. Pepper/7UP for an initiative to conduct the study. Although a few others followed, it was Sandy's immediate financial encouragement that launched PathTracker®, the most extensive study of shopper paths (and much more) ever conducted. Sandy was with me on the early work when the insights were accumulating, but the knowledge of how to use the insights profitably was slow to coalesce.

And then, Peter Fader's immediate and enthusiastic support for the project rendered the objective, academic *imprimatur* that I valued more than the money. His practical views on the relation of online and offline retailing are covered in our interview in Chapter 4, "Integrating Online and Offline Retailing: An Interview with Professors Peter Fader (The Wharton School) and Wendy Moe (University of Maryland)."

Mike Twitty of Unilever was another major influence. Mike and I both participated in the first IIR Shopper Insights Conference (2001), and I recognized early on that Mike was a *serious* student of the shopper. Mike Twitty has had the "quick trip" as a focus for several years, and my own overwhelming data forced me to recognize the unclaimed potential in this area. Mike is making a tremendous contribution to the entire industry through the insights he shares from this work in Chapter 7, "The Quick-Trip Paradox: An Interview with Unilever's Mike Twitty."



I've mentioned the role of curiosity in my career and this book. Science is, of course, another prominent motif. But *independence* is perhaps as important. Not caring what anyone else thinks is a strength and flaw encouraged by a decade or more of living, like Thoreau, in my own mountain-forest semi-isolation. My independence, however, is tempered by a healthy dose of personal insecurity, which always secretly seeks confirmation and approval. But I am very picky about whose approval and confirmation I care about.

This is the significance of Fader, Twitty; and later of Bill Bean, then at Pepsi; then Mark Heckman, who preceded my shopper tracking work at Marsh—the “Marsh Super Study” in the early '90s and now a partner with me in Accelerated Merchandising LLC; and even later of Cliff McGregor of Nestlé; and, finally, Siemon Scammell-Katz of ID Magasin, then at TNS/Kantar. In any budding and exciting field like “shopper,” there are always plenty of thin poseurs. But these folks are genuine gold, having their own independent and advanced expertise in the shopper that I know and care about.

Bill Bean, while at Pepsi, sponsored a study of four supermarkets using the RFID tracking technology, while it was still cutting/bleeding edge. Bill took the raw data from those four stores and did his own independent study, using intelligent agent modeling with Icosystem, which confirmed and went beyond many of the things I was learning myself. (The Wharton group under Fader has also operated independently, following its own curiosity and analytical strengths.)

My professional collaboration with Mark Heckman over the past decade, has deepened considerably. His real-world retailer perspective included years actually incorporating our joint insights into profitable retail practice at Marsh and other retailers. This gave us tools for looking, not only from the outside in on the business, but from the inside looking out. Mark has collaborated extensively on this second edition, including focus on the “*The Five Vital Tenets of Active Retailing*,” a blueprint for his second chapter in this edition, ***Transitioning Retailers from Passive to Active Mode***.

Siemon Scammell-Katz is the first person I ever met who knew many of the principles and truths that were emerging from PathTracker® but had no prior exposure to the intricacies of our work. His knowledge was a result of having spent more than a decade studying shoppers' behavior

on a tenth of a second by tenth of a second basis (fixation by fixation) from point-of-focus eye tracking studies, primarily in Europe. Siemon's independent work not only served as confirmation, but also stimulated me to a renewed interest in eye tracking, particularly linking the foot-path to the eye path.

Finally, Cliff McGregor at Nestlé and I have had many illuminating (to me) discussions. These interested me greatly, initially, because of Cliff's former participation in the Envirosell organization in Australia before he joined Nestlé. I've mentioned in the book my great respect for Paco Underhill's work, although we have never been connected professionally, other than my reading his books and sitting in his audiences.

Cliff did me the kindness of reading the entire first draft of the first edition and commenting, to my profit, on various features. I spent a very pleasant day in 2007 chatting with Cliff about our mutual views on shoppers. This was very helpful because of my own newness to the global scene and his wide experience of global retailing, as well as a more detailed view into the cultural anthropological approach to studying shoppers. In this sense, Siemon and Cliff, both enhanced my own study and focus by broadening my scope to a bigger, global picture, as well as a more detailed focus on the individual shopper.

In my mind, I have something of an artificial boundary between myself and "my" company, which in reality has been run for quite a few years by my son, James. But at the same time, there is an obvious connection, beyond family. Frankly, I could never have learned what I have about shoppers if I had stayed tethered to our clients' questions and interests. On the other hand, had the company not focused on those, we wouldn't exist. It is James and his staff that have mediated the learnings from PathTracker® to the world of our clients. But James has been the stern "client" that always disciplines me with, "So what?" And it has not been an indifferent "So what." This is why Chapter 10, "Brands, Retailers, and Shoppers: Why the Long Tail Is Wagging the Dog," is in reality a collaboration between myself, James, Siemon, and Ginger Sack, our senior researcher on the client side.

There was a significant lapse in our focus in the first edition: and that was the lack of attention to the substantial amount of retail focusing on major, and typically, infrequent purchases. James Sorensen, now Executive Vice President, Shopper Insights, at Kantar Retail, has remedied this with his chapter 6, "Long Cycle Purchasing."

Of course, many at TNS Sorensen played crucial roles in supporting my studies, and I thank them all, but three have been the heavy-lifters in research and development. Dave Albers is the concept and numbers genius that always improved every idea I brought him, Jamin Roth is my database right hand, and Marcus Geroux is the creative talent who does the same with devices, electronics, and anything requiring “making.” I told Marcus once that he must have apprenticed with James Bond’s “Q.” All three have played key roles in one or more of the suite of patents underlying the PathTracker® Tool Suite.

I must mention also my increasing involvement with Byron Sharp, director of the Ehrenberg-Bass Institute at the University of South Australia, and many of his staff, but particularly with Svetlana Bogomolova, who joined this second edition team as we were doing the final editing. But in addition to helpful reviewing of the work, added two sidebars in chapter 2, and stimulated very wide thoughts, leading to an Afterward, which is in reality a survey of the research needed going forward. Svetlana, Mark Heckman and I have collaborated in that final work of this second edition.

My sincere thanks to the giants mentioned here, upon whose shoulders I have stood.

I am yet grateful to Laura Mazur and Louella Miles, who spent the better part of a year coaxing and encouraging me in the writing of the first edition, drafting content from my interviews, rewriting and stitching together a vast quilt from the multifarious pieces I had assembled willy-nilly over the years. It was then that Robert Gunther added his creative polish to the first edition. My nephew, Ray Sorensen, a very fine writer in his own right, recently undertook the formidable task of integrating my new work, and that of Mark Heckman and James Sorensen, in moving the content from that appropriate to 2008, to the real world of global retail of 2016, that is, now *Convergent Online, Mobile and Bricks* (COMB) retail. Of course, I retain all responsibility for the content of the final document, so send any brickbats my way. Kudos to the rest!

## About the Author



**Herb Sorensen** is a preeminent authority on observing and measuring shopping behavior and attitudes within the four walls of the store. He has worked with Fortune 100 retailers and consumer packaged-goods manufacturers for more than 40 years, studying shopper behavior, motivations, and perceptions at the point of purchase. Sorensen's methods are helping to revolutionize retail-marketing strategies from a traditional "product-centric" perspective to a new "shopper-centric" focus. As *Baseline* magazine commented, "Herb Sorensen and Paco Underhill are the yin and yang of observational research."

Herb has conducted studies in North America, Europe, Asia, Australia, and South America. His research has been published in *AMA's Marketing Research*, *The Journal of Advertising Research*, *FMI Advantage Magazine*, *Progressive Grocer*, and *Chain Drug Review*. He has also been utilized as an expert source for *The Wall Street Journal*, *Supermarket News*, and *BusinessWeek*. Herb appeared on the television show *Dr. Oz* as an expert on the movement of the eyes as part of the shopping process. Additionally, he is currently a panelist of Retail Wire's "Brain Trust" and blogs at [www.shopperscientist.com](http://www.shopperscientist.com).

Herb's career intertwines the world of science with the world of business. His Ph.D. in biochemistry from the University of California at Davis, 1970, resulted in publications ranging from metabolism, to chemical and electron structures. He is also a Diplomate of the American Board of Clinical Chemistry. In 1972 he launched a food laboratory, specializing in nutrition, safety, and HACCP quality programs.

His second company, Sorensen Associates, "The In-store Research Company™," grew at an annualized rate of nearly 30% from 1979–2009. In the 90s a mentor, Bob Stevens of P&G, encouraged a sharper focus on "assessment in context." This led to the invention and patenting of PathTracker®, a second-by-second method of electronically studying

shopper behavior in stores. Early on, PathTracker® enjoyed mentoring and advice from Peter Fader, and Herb shared in the honor of the AMA's EXPLOR award in 2007, with Fader and his group at the Wharton School of Business of the University of Pennsylvania.

In 2004 *Fast Company Magazine* named Herb one of its top 50 innovators. In 2013, he received the Charles Coolidge Parlin Marketing Research Award, "honoring distinguished academics and practitioners who have demonstrated outstanding leadership and sustained impact on the evolving profession of marketing research over an extended period." In receiving this prestigious award, Sorensen joined other marketing research legends such as Robert Wood Johnson, Peter Drucker, Arthur C. Nielsen, George Gallup, August A. Busch III, Paul E. Green, John A. Howard, Philip Kotler, Robert J. Lavidge, and Jagdish Sheth.

Globalization of Herb's work expanded when he sold his company to TNS/Kantar and published the first edition of *Inside the Mind of the Shopper* and through affiliation with the Ehrenberg-Bass Institute at the University of South Australia as an Adjunct Senior Research Fellow. Herb is collaborating with Mark Heckman on Accelerated Merchandising™, increasing sales and profits through shopper efficiency.

# Preface

## *Who Is #1?*

As you read the second edition of *Inside the Mind of the Shopper*, consider the various players at retail: shoppers, retailers, brand suppliers, and other supporting businesses. Ask yourself, out of these players, who is the top dog? Who is the most important? *Who is #1?* The answer(s) to that question will provide insight necessary for understanding many of the concepts we discuss in *Inside the Mind of the Shopper*.

First of all, #1 is a coveted position in most human endeavors. Clearly, in the world of retail, Walmart is #1, approaching a half trillion in annual sales. Costco is #2, with about a quarter of the sales volume of Walmart. You might consider Amazon a distant competitor, but their outsized annual growth makes clear that it is only a matter of time before they reach #3, globally. You could study just these three global retailers and learn a large share of what you need to know. If we want to add a fourth, it should be Kroger, because of their steady quarter after quarter growth in the United States alone.

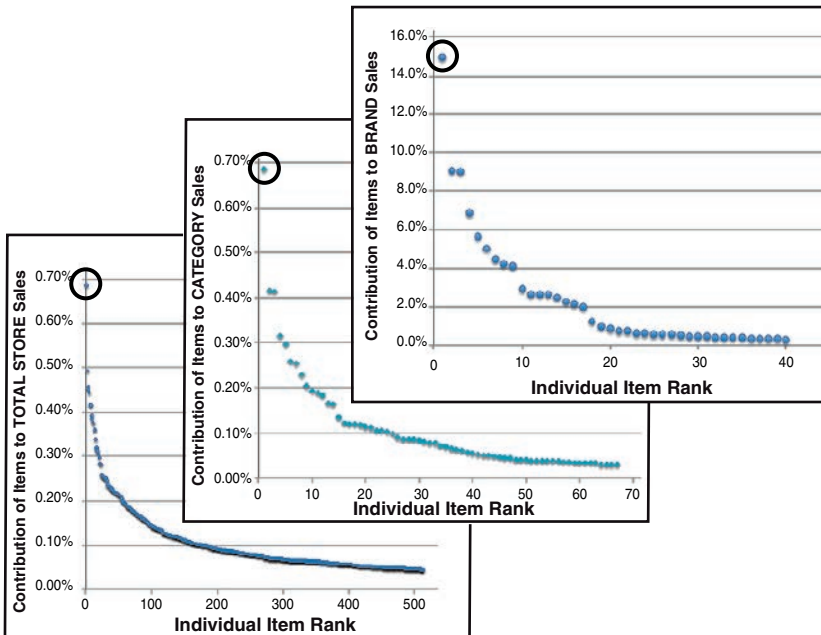
Caution should weigh heavily on anyone who considers this through a historical perspective. As British Prime Minister Benjamin Disraeli remarked on ascending to the office: “At last I have reached the top of the greasy pole.” One hundred years ago, a new retailer, The Great A&P, with a new business model, quickly became the first retailer in the world to reach a billion dollars of sales. And just recently they filed their final liquidation bankruptcy, after decades of descent, with fruitless reorganization. The caution is that retailing is *still* a greasy pole.

It is my intention with this book to provide a very new perspective on who is #1. I’m quite confident that the shopper is #1, and I’m not saying that as some kind of feel-good PR fluff. Each of the four retailers first mentioned here, and many others, have all risen to their stature through making *some* aspect of the shopper #1, at some point in time. Walmart efficiently leveraged price, groceries, and a large selection to achieve their dominance. Costco *efficiently* leveraged price, groceries, and a limited selection, much of it non-grocery,

to drive their growth. Amazon has *efficiently* leveraged novel technology for all three basic components of retail sales: a meeting of the minds of buyer and seller; close the sale with payment; delivery of the goods to the customer. And as the “Everything Store,” Amazon effectively has an infinite Long Tail. Kroger is in the chase because they have focused on the efficiency of the shopper, without neglecting their own efficiency.

You will see in Mark Heckman’s chapter on the *Five Tenets*, exactly what we mean about building your own sales through the efficiency of your shoppers. But here I want to put a spotlight on the reality of everyday retail, on what happens behind the screen, unseen by the shoppers. Indeed, many managers within the industry probably haven’t given adequate consideration to these facts.

These three graphs (Figure P.1) show some solid illustrative data on who is #1. From these, it is important to see how the views of shoppers are related to, but radically different than, those of the typical



**Figure P.1** Whether total store, category, or brand, each has a #1 for the shopper

bricks-and-mortar retailer. In the first graph on the left, the share of the store's sales contributed by single items is displayed. The circled high point is in fact the #1 selling product in that store. In the second, middle graph, we see only the contribution of items in a *single category* to sales of that particular category. And the circled high point is the #1 selling item in that category. The third graph, in the upper-right, is the same type of graph, but in this case it includes data for only a single *brand* in the category. As with the other graphs, the circled high point is the #1 selling item *for that brand manufacturer*.

Each one of these #1s has a special significance for one of the three major manager categories at retailers around the world. The first major manager type is management representing the retail store itself. The stark fact is that many of these managers may not know just what that #1 selling item is. The reason is simple: That item is probably one of anywhere from a few thousand to hundreds of thousands of items in one of possibly hundreds or thousands of stores under their purview. Management is focused on a *massive* undertaking that scarcely makes allowance for focus on any one item.

The second type of manager we want to notice is the one associated with the manufacturers brand, the *brand manager*, whose product suite is illustrated in the upper-right graph. Brand managers have a greater opportunity for focus, with possibly anywhere from dozens to hundreds of items managed across a wide variety of retailers. The relatively tiny brand catalog—tiny in comparison to the retailer catalog—means that no retailer can be expected to have the knowledge of individual brand items that the brand manager does.

Now comes a major complicating factor. No one can reasonably manage 50,000 items. This can be thought of in terms of management span-of-control theory. Basically, supervisors work most effectively with 3–10 employees. As the number of employees increases, span-of-control increases—supervision becomes more problematic. Products are not people, but the general principle applies there also. In the interests of managing 40,000 different items in a store, retailers have been grouping them together into a couple hundred different categories. This reduces the problem from one of a totally unmanageable 40,000 items to one of maybe 200 categories with more like 500 to a few thousand items. For the past 30 years, the *science* of category management has come a long way.



## NEW IN THE 2ND EDITION

In this edition of *Inside the Mind of the Shopper* we still explore the insights gained through the scientific study of shoppers and the shopping process and we discuss how retailers can apply these insights to increase sales in their stores. But, now, we inspect these insights through the prism of the evolution currently taking place within retail. Dramatic changes in technology and society are quickly propelling this evolution. These changes recall the seismic societal and technological shifts that transformed the industry a century ago in the wake of the Industrial Revolution. That transformation saw the demise of thousands of small retailers and the emergence of a few industry giants. By understanding how history shaped the current state of retail and how modern developments such as online retail and its convergence with bricks and mortar retail continue to mold the industry, retailers can better position themselves to exploit this evolution and thrive in the 21st century.

However, there are still embedded serious conflicts that keep anyone from focusing on the shoppers. Please recognize that if you were buried under 40,000 items, or even a couple thousand items in a category, as a category manager, you would be overwhelmed from a span-of-control point of view. And this is exacerbated by the fact that all those different brands in the category are *competitors*. Competitors are not your friends, even if you are all polite. I don't want to overemphasize the angst, but I have actually seen a grown man cry in a store because of what he believed his competitor was doing to him—through his “little children,” the brand products he was responsible for managing, on behalf of his manufacturer employer.

This is to give meaning to my statement that what is going on in the aisles of the stores is brand-on-brand mayhem, a gladiatorial contest with civilizing rules. Now, the interesting thing is that the retailer has someone assigned to each category, who ultimately has responsibility for what happens in that category. But every brand knows that only a certain amount of shelf space is allotted to the category, and to put it simply, every slot Brand A doesn't fill, Brand X, Y, or Z will.

Note too that federal law forbids, under the threat of severe punishment, any collusion among the brands that *might* be disadvantageous to the

shoppers. Another possibly shocking fact: Retailers do not want any one supplier to be too successful in selling their products to the shoppers. The reason for this is obvious when you realize that most of the retailer's profits come from what are basically advertising fees paid by the brands supplying products to the retailer. These fees are totally legitimate, but they have to be negotiated independently with each supplier. This leads to the retailer essentially managing a serial blind auction in which each supplier comes in and makes a deal for his products with the retailer armed with no knowledge of the deals the retailer is making with others (as specified by law).

The result is that each supplier is essentially a “customer” for the retailer's services: store, shelves, shoppers, and displays. And the retailer does best with a good number of healthy suppliers, with no one being dominant.

Now, obviously, this is not as neat as I have outlined here, but it reasonably accurately explains why *no one is paying much attention to the shopper*, other than being polite and pleasant and operating a store that is reasonably convenient to the shopper. After all, the retailer is essentially a merchant warehouseman who makes his money on that basis. And for self-service retailers, the shopper is an unpaid stock-picker who picks the products she wants and takes them to the exit to make payment. (All this means that the retailer mantra of 100 years ago, “Pile it high, and let it fly!” is still deeply embedded yet today in an industry that's poorly understood, even by the global hordes employed in the industry.)

With all this in mind, you should see that any item that is #1 (or #2, #3, #4, and so on) actually got that way because the shopper, the true #1, gave that product the sales and rank it has. The shopper is always the real #1, and it is their innermost feelings and desires that are manifested in the total sales occurring in the store.

As you read this second edition of *Inside the Mind of the Shopper* and consider the concepts and ideas, the history and trajectory of global retail that we explore, remember: With all the power, money, and products at retail, *it is the shopper that is #1!*

—**Herb Sorensen, Ph.D.**  
**Shopper Scientist**

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# Introduction

**F**rom time to time a researcher has the opportunity to see their earlier ideas combine in a way that brings the current subject of study into sharper focus. This was the case as I sat down to write an issue of my occasional online publication, *Views on the World of Shoppers, Retailers, and Brands*. As I thought about my endeavors to look at shopping from a strictly scientific point of view—but, at the same time, with tremendous commercial significance—three earlier ideas came together and brought into focus the issue of *navigability* through stores.

Before exploring each of these ideas, let's set the scene with a single shopper purchasing a single item (see Figure I.1). All of retail, whether bricks or clicks, builds on this as the basic unit of sales:



**Figure I.1** The three-dimensional shopper interacts with the three-dimensional shelf.

The illustration above shows the two parties to the purchase, the shopper and the product. Note the complementarity between the two. In other words, if you take either one of them out of the picture, the purchase will not happen. Here we balance the interests of the two. By diagramming this complementarity dimensionally, we capture both parties to the purchase in a common metric system, rather than in a separate one for each. This will be very significant going forward in understanding the *process* by which purchases occur. Purchases are not simply events to be tabulated. They are examples of a process to be understood.

## Bidirectional Search

The first idea that demonstrates how navigability drives shopping is what I call *bidirectional search*. This idea is important because it is the fundamental process of shopping, whether online or in bricks-and-mortar stores. In bidirectional search, as the illustration above shows, retailers and suppliers are searching for shoppers, while at the same time shoppers are searching for products. Much of the time the industry does not properly recognize the first part of this bidirectional search, primarily because of the relatively passive role retailers and suppliers play at the final point of purchase.

I've written about this passivity in my post, "*Googling*" the Store,<sup>1</sup> in the aforementioned *Views* (in this edition of this book, I frequently reference material that I and others have previously published. We provide notes and links to all of these sources). Passivity, in turn, leads merchant warehouse retailers, whose neighborhood warehouses merely store merchandise until a shopper puts it in her basket, to fail in reaching their full potential in sales. This stark description is my attempt to break through the mechanical way we tend to look at retailing, particularly the accounting, or more accurately the *counting* of events, that has become deeply embedded in the industry's thinking and retail metrics.

Retailers and suppliers are of course not physically present to search for shoppers. Instead, they rely on their surrogates, the displays and products, to do the searching for them. For the retailer, a display is a display, whereas for the supplier it is more about products. That is, the suppliers are sending in their brands and individual products to represent them, whereas the retailers take a more aggregate approach, with entire displays, aisles, and departments representing them.

So all the displays and products in the store do their best to shout at shoppers as they pass by: “Buy me! Buy me!” “No, no, no, *buy me!*” It’s no wonder shoppers typically shop the store so superficially. They have to in order to retain their sanity. The shopper’s *clutter filter* maintains a state of obliviousness by screening from consideration everything except the little bit of information that makes it through the cacophonous roar that retailers and suppliers orchestrate in their search for shoppers to buy their products.

Never forget this bidirectional perspective: shoppers looking for products; products looking for shoppers. It should drive store design and operations. Mr. Retailer, Ms. Brand Supplier, you can be far more effective on your side of the search by working *with* the shopper, rather than by indiscriminately shotgunning from your side of the aisle and display interface.

## Products/Shoppers Competition

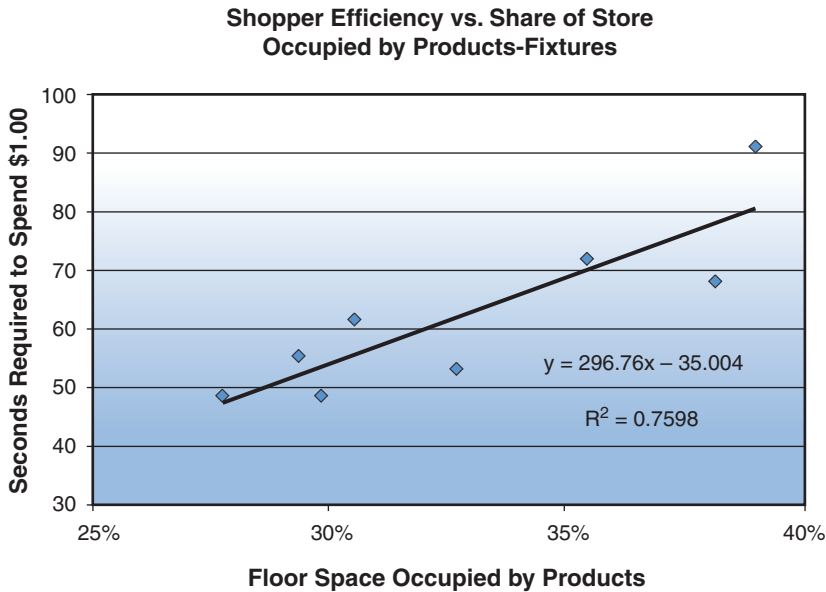
The second idea that brings navigability into focus here is that there is an actual competition occurring in the store between the products and the shoppers. This competition gets very personal, particularly in the selection process when it is *this* shelf or product display talking to *this* specific shopper or passerby (see illustration above.) I won’t discuss this in detail here because that personal communication between products and shoppers has more to do with package and planogram design than store design, which is what we focus on here. I will, however, mention one at-the-shelf principle: *Shoppers do not like to be talked down to!*

This is why top shelves are typically very poor places to sell anything. Shoppers do not want their products staring at them from eye level. Rather, the products should be humble supplicants looking up to the shopper from 30 to 60 inches above the floor. That is where most purchasing occurs. Those products have the decency to respectfully look up to their masters, the shoppers. One way to achieve this proper product humility is to place the bottom shelf protruding into the aisle a few inches, with a slight tip upward. This is an excellent way to give that bottom shelf a bit more prominence. The products are well displayed, humble supplicants to the shopper at the cost of only a few inches of crowding of the shopper’s feet, something they really don’t mind at all.

A little intrusion into the aisle down there is no serious offense: The feet scarcely notice!

Other than right at the shelf, the competition between products and shoppers is almost totally under the control of the store designer. The store designer manages this competition through how much space the designer allocates to displays and products versus how much space he allocates to the shoppers. Here we are talking about the total area of the store, and its division into shelves, displays, and other *product* areas versus the actual square footage in which the *shoppers* can walk, navigate, and shop. We call this measure *product/shopper allocation*.<sup>2</sup> The more products and displays you jam into the store, the less space for shoppers.

This ratio, product-space to shopper-space, is a major controller of the efficiency of the store. (See Figure I.2, below.)



**Figure I.2** The mathematical effect of the competition between products and shoppers.

All stores must have space for both shoppers and products. But this chart shows that at a certain point the amount of space allocated to

products can actually suppress sales rather than increase them. This is not a simple relationship, but it further demonstrates how open space attracts shoppers and generates sales.

Although retailers may be unaware of it, they have learned to provide lots of open space on the perimeter, in produce, and other areas of their stores where the vast majority of sales occur. Increased sales in these areas are not due to the specific merchandise offered there, only, but rather, also, to the attractive way retailers display the products in these locations.

## **Open Space Actually Attracts Shoppers—Think Navigation!**

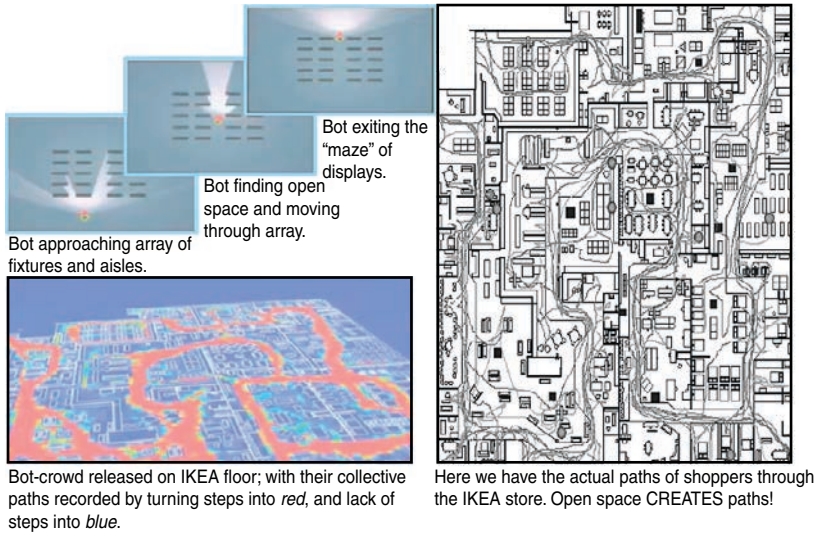
The third idea that supports navigability of the store is that shoppers are subconsciously drawn to open space. This happens because shoppers shop through their eyes. They do not look for products through careful, rational thinking, but by habit and instinct. This is why I often urge, “If the shopper does not see it, it’s effectively not in the store.” The shopper sees only a small fraction of the store up close and personal. If you are going to manage the sales process, you better know what that small fraction is.

Everything about store design is about seeing. An ideal store design includes a wide, open track that circumnavigates the store. Low displays on at least one side of that track allow a wide vista so that shoppers see to the furthest areas of the store. It’s okay for shoppers to see lots of merchandise at a distance. Let the shopper go that distance if that merchandise resonates with them. Don’t jam it all into their faces, limiting their ability to see more of the store and more available products. See Chapter 3 of this book.

Professor Allen Penn of the University College of London showed exactly how open space moves shoppers around the store.<sup>3</sup> Professor Penn and one of his students ingeniously illustrated how shoppers respond to the space in an IKEA floor plan by creating a model store that consisted of only floor space and blank blocks representing the displays and fixtures. (Upper left of Figure I.3) They then sent bots programed to seek out open spaces through the floor plan. Here you can see how their



open-space sensitive bots created the exact same paths that real shoppers walked in the real, fully stocked store:



**Figure I.3** Open space driving the shoppers' navigation. (Images provided by Professor Alan Penn, UCL.)

In the upper-left of Figure I.3, you see three successive scenes of a bot approaching an array of shelf displays that block vision, with seeable open spaces indicated by the lights penetrating the array. The bot moves in the direction of the most light and seeable space and makes its way to the widest aisle, and down that to the exit of the array of displays.

On the lower-left you see this principle applied with a crowd of these bots making their way through an IKEA store model with fixtures matching a real store. The steps of the bots on the floor turns the floor redder, and areas where they don't step, over time, turn bluer. On the right, the white lines on the same floor plan is the recorded paths of actual shoppers in the real IKEA store. Open space *drives* the paths of the shoppers. There may be multiple major paths, but all of them will have the characteristic of wide visual accessibility.

We have discussed three ideas that should drive store design and impact selection at the shelf:

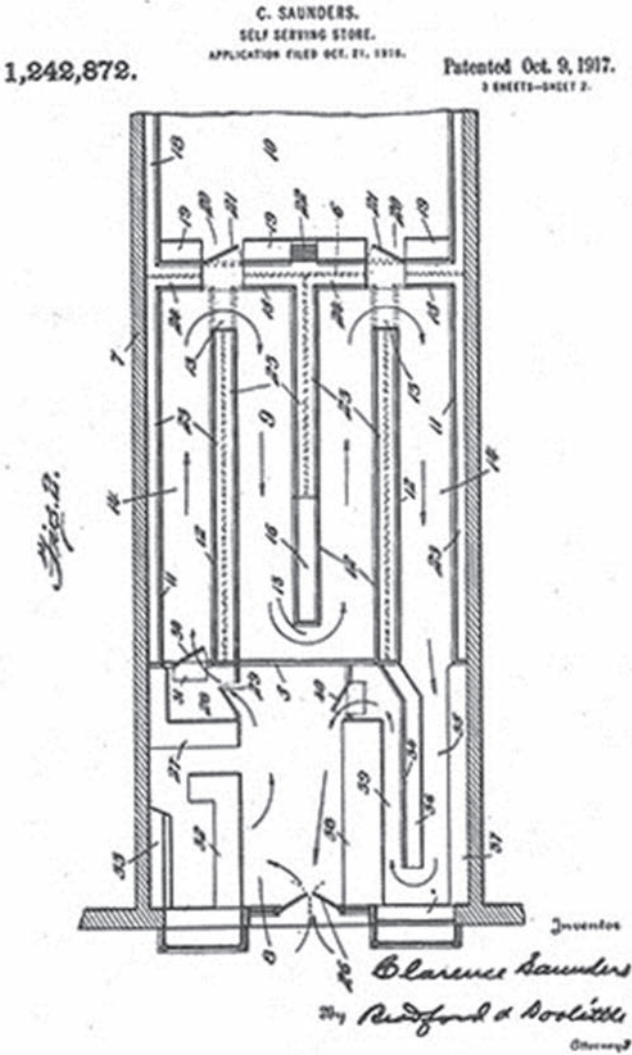
- **Bidirectional search**—Products search for shoppers; shoppers search for products.
- **Products/shoppers compete for space**—They occupy interfacing spaces.
- **Open space actually attracts shoppers**—Think navigation!

We have recognized and appreciated these principles before, but we have not recognized them as part of the mosaic of shopping, and particularly navigation, in the store. This reminds me of something J. R. R. Tolkien observed about a beautiful painting that you might buy and hang in a prominent place for your regular enjoyment. As time goes by, and you see it again and again, the painting gradually fades from your consciousness, until, possibly, a guest seeing it for the first time exclaims, “What a beautiful painting!” And then you look at it anew and say, “Yes, it is quite lovely!”

This principle applies to the wonder and joy of this incredible thing we have, self-service retailing, which came into being only about 100 years ago. It had a massive and positive global impact for consumers, retailers, and their suppliers. In fact, a century ago, some people understood the glories of self-service retail going on around them, and didn't just see it as “pile it high, and let it fly!” In 1916, an American visionary filed a patent for a self-serving store.<sup>4</sup> You can still find that spirit of innovation and efficiency today.<sup>5</sup> (See also: The “Path-to-Purchase” is Often a U-Turn<sup>6</sup>.)

For retailers, the reduction or elimination of their sales team/staff, meant that their focus moved to logistics, supplier management/negotiations, and matching merchandise selection with their shoppers. No real selling was needed. Again, self-service means, “shopper, sell yourself.” But the death of retailer *selling* (as contrasted with merchandising) was resisted by a few retailers. One in particular, Clarence Saunders, continually

pressed for more efficiency in selling, and patented the store design represented here:



Notice the vestibule area at the front of the store, where shoppers can enter the display area, on the left, and pass in a serpentine path up and down a series of aisles. The purpose of this serpentine path was to allow the merchant to introduce the shopper to an “appropriate” offering of merchandise in a systematic way. In this way, Clarence Saunders retained

control of the selling process, and was able to assist the shopper with their purchases. In effect, in these serpentine stores, the retailer assumed responsibility for selling, to an extent, instead of passively abdicating this responsibility for the sale to the shopper.

Obviously, instead of following this lead, retailers the world over abandoned Saunders' serpentine path, multiplied aisles, for which manufacturers generously rewarded them, and turned shoppers loose, to their own devices, in mini-warehouses. Retailers became passive in the process of shoppers making purchase decisions, essentially allowing selling skills to atrophy.

It is no wonder shoppers waste 80% of their time in the store, wandering about seeking something to buy - not to mention vast options when they finally arrive in an area where a purchase will actually occur. But there are modern incarnations of the serpentine store. Ikea is probably the best known global example. But for the CPG/FMCG market the pre-eminent example is Stew Leonards, where they achieve something like \$100 million in sales with the serpentine path.<sup>5</sup>

By studying that history, and by measuring everything going on in the store, I like to think we have scraped the dull overfamiliarity off of this marvelous painting, to once again stand in awe at the view. It might seem odd that it would take a scientist, mindful of Lord Kelvin's dictum, "If you cannot express your knowledge in numbers, it is of a meager and unsatisfactory sort!" to understand the *art* of modern self-service retailing. But I am hoping an increasing number of fellow viewers will delight in the perspective—to see the obvious, again, possibly for the very first time.

My colleague, Mark Heckman, and I are getting closer to rolling out a comprehensive retail management system we call *Accelerated Merchandising*. Thinking things through from scratch again—in particular, putting the science of retailing into an historical perspective—has been a privilege. Every principle discovered can be validated by the successes and failures of the past 100 years, and accounts for the rise and fall of the retail giants in our own time. We believe it shows the way from where we are today to increased performance for all self-service retailers, both bricks and online, going forward. Here we want to share a significantly different view of the self-service sales process going on in stores around the world. I hope you find this useful to your own thinking!

## Review Questions

1. Discuss what the term *bidirectional search* means. What are the two components of bidirectional search?
2. How does bidirectional search look in a passive store?
3. What does the author mean by a shopper's *clutter filter*? Why is this coping mechanism necessary in a contemporary store?
4. Is eye-level the best place on a shelf? What areas of a shelf are potentially more appealing from the shopper perspective?
5. What is meant by *product/shopper allocation*? Why does a store designer need to consider space for shoppers, not just a space for store fixtures and products?
6. What is the role of open space in in-store navigation and product visibility?

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