

Grocery Shopping

**A study of
Behaviour & Attitudes**

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Prepared by: Behaviour & Attitudes

DB/bs

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Introduction

This report presents the findings of a compact quantitative study carried out by Behaviour & Attitudes as part of their “end of year poll” for 2002.

The objectives of the research were two-fold:

- To provide an overview of consumer perceptions of the main retail grocery chains in the republic of Ireland: a subject we felt would be of interest to many of our clients and to a broad range of people with an interest in marketing in Ireland.
- To provide an indicator of how it is possible to collect a great deal of interesting information using very economic data collection methods.

A very short questionnaire was developed covering the following areas:

- Awareness and usage of the main retail chains operating in the Republic of Ireland.
- Perceptions of the image characteristics of the major outlets.
- Reported expenditure on grocery items in a typical week nowadays and in a comparable period a year ago.
- Basic demographic characteristics of shoppers

The questionnaire was included in the Behaviour & Attitudes Barometer survey for late October 2002.

Barometer is a syndicated survey conducted on a fortnightly basis. Each survey covers a nationally representative sample of 1,200 adults, quota controlled by all the normal demographic variables to reflect correctly the known characteristics of the population of the Republic of Ireland.

Interviewing is conducted on a face-to-face basis at 60 separate sampling locations selected with probability proportional to population. This ensures a proper region and area balance within the sample.

All interviewing was conducted by trained members of the Behaviour & Attitudes fieldforce, working under supervision and within the guidelines of ESOMAR and the Marketing Society of Ireland.

NOTE ON REPORT FORMAT

Following on from this introduction we present a brief resume of the key findings from the research. This is then followed by a more detailed commentary on all aspects covered in the research. Given that part of our objective was to illustrate different methods of analysis of data, the report format is slightly longer than would normally be the case and involves some degree of overlap between sections.

The commentary divides into the following areas:

- Key performance measures: an analysis of each of the key elements of performance, brand and advertising awareness, availability, trial and regular usage of each of the main retail outlets.
- Store Analysis: In this section we look at each of the major retail outlets in turn, comparing their performance against the norms for the market as a whole
- Brand Image Analysis: this is the longest section of the report. In it we attempt to illustrate how image data can be looked at from a number of vantage points to distinguish between two important concepts: brand definers and brand drivers. The distinction is explained in more detail in the text
- Price Perceptions: here we examine consumer perceptions of how much they are paying for groceries nowadays as compared to a year ago. We relate this to price sensitivity measures and consider how this impacts on consumer choice of supermarket.

The report is then completed by the following technical appendices:

- Appendix A – Analysis of Sample
- Appendix B – Sampling locations
- Appendix C – Questionnaire

A full set of tabular results from this study is available on request via the following contact:- des@banda.ie

Summary & Conclusions

The main findings of this report can be summarised as follows:

Store Performance

- Dunnes Stores has the highest ‘top-of-mind’ awareness of any of the major retailers.
- This obviously derives from a number of influences but there is strong evidence in the research to suggest that consistency in advertising approach has been a major contributor.
- SuperValu is the retail chain with the broadest reach of the major retailers. Almost 7 in 10 shoppers claim to have a SuperValu store available to them locally.
- SuperValu also has the largest number of regular shoppers.
- Dunnes and Tesco get a relatively larger proportion of their “business” from occasional shoppers.
- Superquinn is relatively constrained by its more limited availability throughout the country. However the Superquinn share of regular shoppers (estimated at 10%) is constrained by factors other than pure availability: principally by its more exclusive image.
- The LRDs have created a significant impact to date:
 - Almost 4 in 10 shoppers are aware of at least one (Aldi or Lidl)
 - A third have these stores available to them and almost all of these have at least sampled the stores.
 - As yet, only 4% of shoppers use Aldi or Lidl as their most regular choice for shopping. However significant numbers continue to use them on an occasional basis: influenced to a significant degree by perceptions of relative pricing and value.

Brand Drivers

- Our analysis of brand imagery for the major retail outlets provides very strong evidence of just how competitive the Irish market has become.
- All of the 17 possible drivers considered in the research are of importance to at least half of the shopper population.
- Tesco and Dunnes compete very directly on certain key dimensions:
 - Tesco is thought to have the edge in this “head to head” in the areas of:-
 - Frozen Food
 - Better selection of brands
 - Convenience
 - Better layout
 - Dunnes is more favoured in this “head to head” on the basis of a stronger linkage with:
 - Cheaper prices
 - Value for money
- Elements that are very finely balanced in the Tesco/Dunnes contest are - perceptions of toiletries, own label and off-licence offerings.
- Superquinn and SuperValu have more in common in image terms than many observers might appreciate (albeit working in different geographic territories).
- The LRDs (Aldi and Lidl) are very strongly driven by their image for value and cheaper prices.
- Given their geographic distribution, the LRDs might have been expected to impact most heavily on SuperValu. In reality the evidence suggests that they are intruding more on the Dunnes Stores franchise.
- Their “genetic fingerprint” is closer to that of Dunnes Stores and this seems to count more than geographic propinquity to SuperValu outlets. (An interesting insight into the value and influence of branding).

Price Sensitivity

- Just over half the shopper population choose, at their main shopping outlet, a store that they believe offers cheapest prices.
- The other half of the population does not.
- In general, the evidence suggests that price sensitive shoppers are much more demanding across a whole range of criteria than are those who are less focused on price as an issue.
- There is a really remarkable difference in the choice of main store between price sensitive and non price sensitive shoppers. Dunnes, Tesco and the LRDs have a combined share of 71% among price sensitive shoppers. Their equivalent share among non-price sensitive shoppers is only 30%.

Shopper Profiles

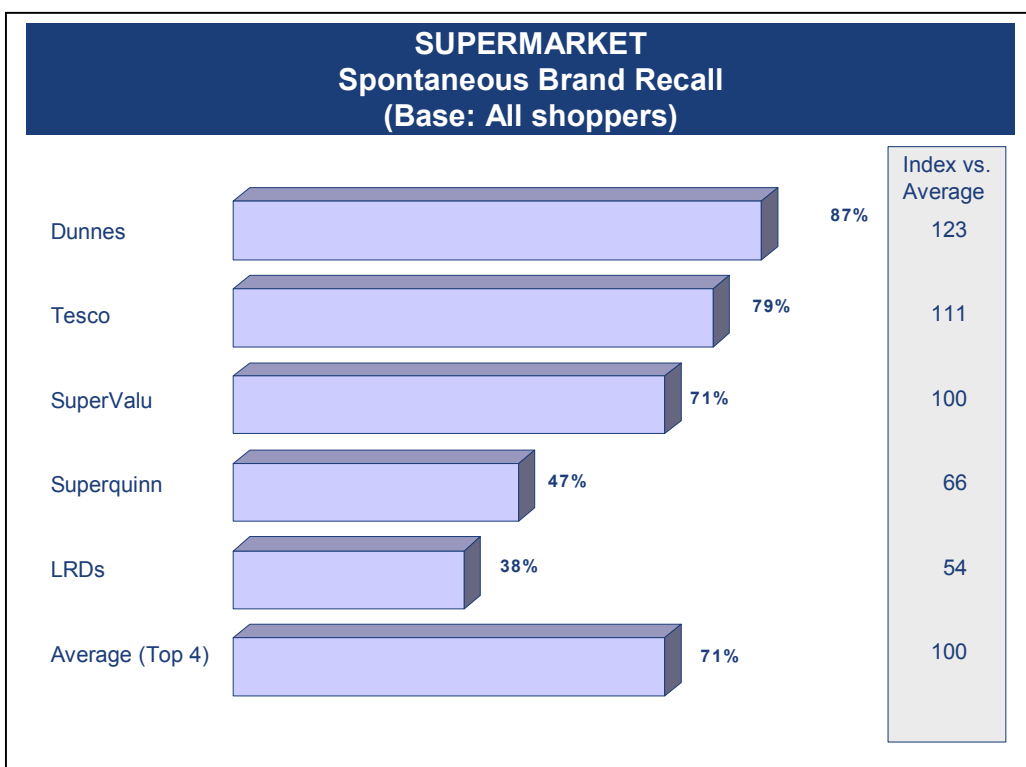
- The main retail outlets have very distinctive shopper profiles.
- This is particularly true in the case of main shoppers at Aldi and Lidl.
- LRD main shoppers tend to be:
 - Significantly younger than average
 - With a strong working class bias
 - With significantly larger than average families
 - And a higher than average weekly grocery spend, as a consequence.
- Occasional shoppers at the LRDs are much more broadly based in demographic terms. There is a strong hint that these shoppers like to avail of the promised lower prices on at least an occasional basis.
- It will be very interesting to track how these patterns shift in response to the changing economic environment in the months ahead.

Chapter One – Brand Performance Rating

In this section of the report we compare some key performance measures for the major multiples. In the charted data the term LRD is used to describe the two retail chains Aldi and Lidl. Figures have not been shown separately for the two chains but these are available on request.

1.1 Brand Recall

There is a clear rank order in spontaneous awareness of the main retail multiples, as is evident here:



Dunnes is the brand that comes most readily to mind for consumers in the retail multiple area. Tesco ranks in second place on this measure with SuperValu slightly behind that.

There is then quite a significant gap between these three and the next most prominent brand – Superquinn reflecting its more localised presence. Almost 4 in 10 shoppers think spontaneously of one or other of the LRDs in this context.

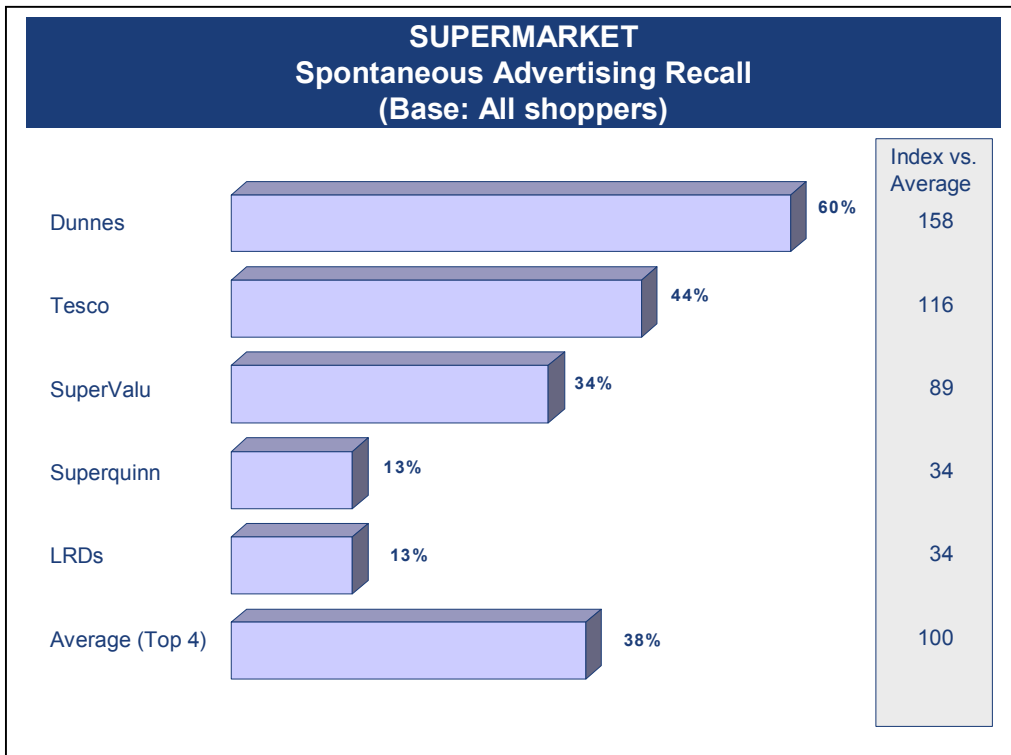
In the chart we have compiled an average ‘spontaneous mentions’ figure for the top four retailers. It can be seen that this averages out at 71%. The index column in the right hand side of the chart shows how each of the main multiples compare with this average index. Dunnes is about a quarter above the average: Tesco just over 10% above average.

SuperValu marks the average and the remaining two outlet types are significantly below this level. The significance of these averages will become evident later in the report.

1.2 Spontaneous Advertising Recall

Gaps in terms of advertising recall for each of the multiples are noticeably more marked than the overall brand awareness figures: suggesting that advertising is working harder for some outlets than for others.

The spontaneous ad recall measures are shown here:



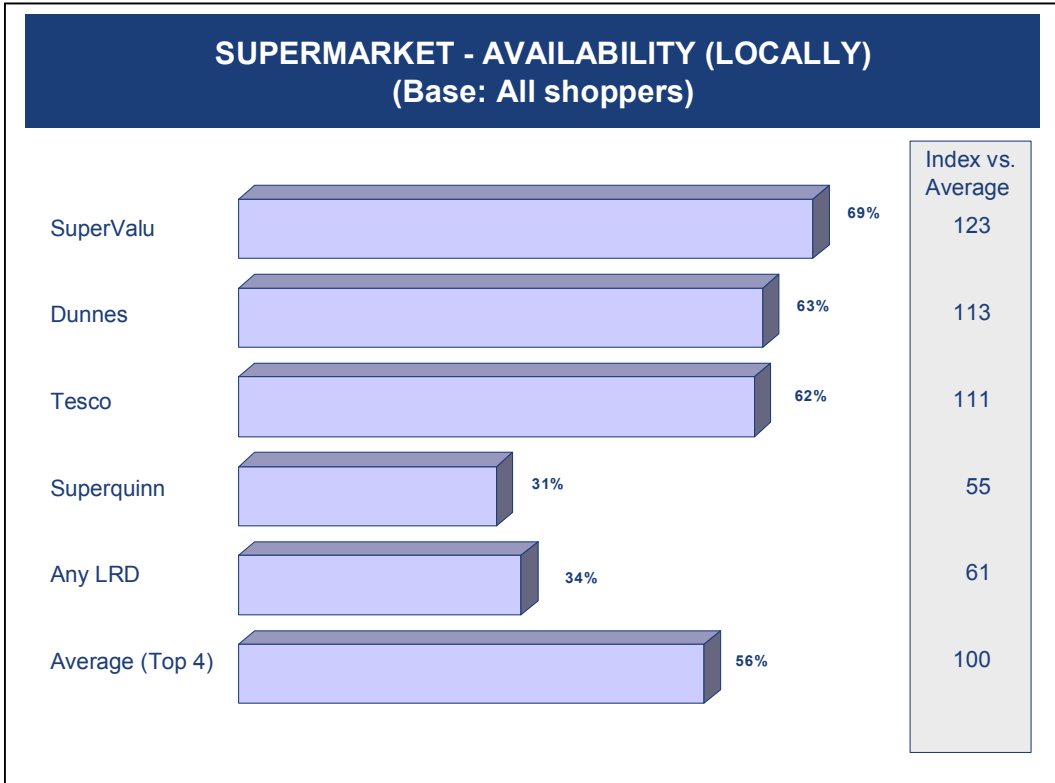
A similar indexation system has been used on this chart. From it, we can see that there is strong evidence that Dunnes shows the benefit of long-term consistency in advertising approach over an extended period of time.

One could compare these advertising recall levels with the total amount spent on advertising by each of the main multiples in recent years to get an indicator of relative advertising efficiency.

One interesting point is that the LRDs have the same level of advertising awareness as has Superquinn. The spontaneous advertising recall level for SuperValu is only a bit over half that for Dunnes.

1.3 Marked Disparities in Availability

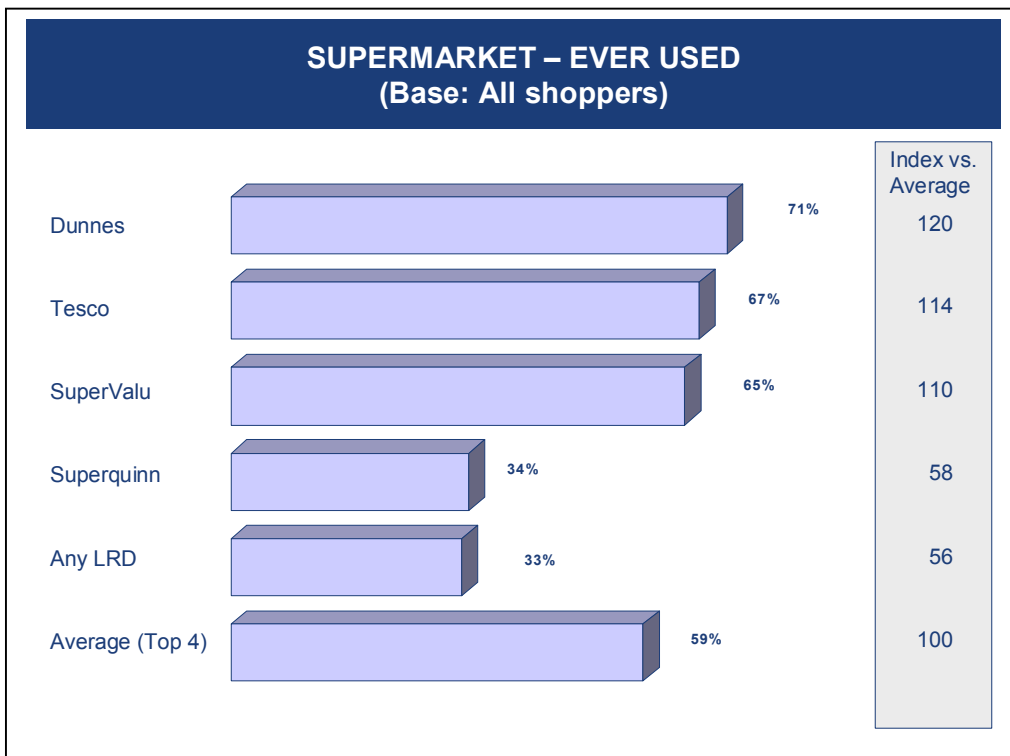
SuperValu is the multiple retailer with the broadest “reach” in the population. This is evident from the following chart:



Almost 7 in 10 shoppers feel they have a SuperValu store within range of their homes. The equivalent figures for Tesco and Dunnes are approximately 6 in 10 shoppers, while those for Superquinn and the LRDs are approximately half that level.

1.4 A gap between reach and touch

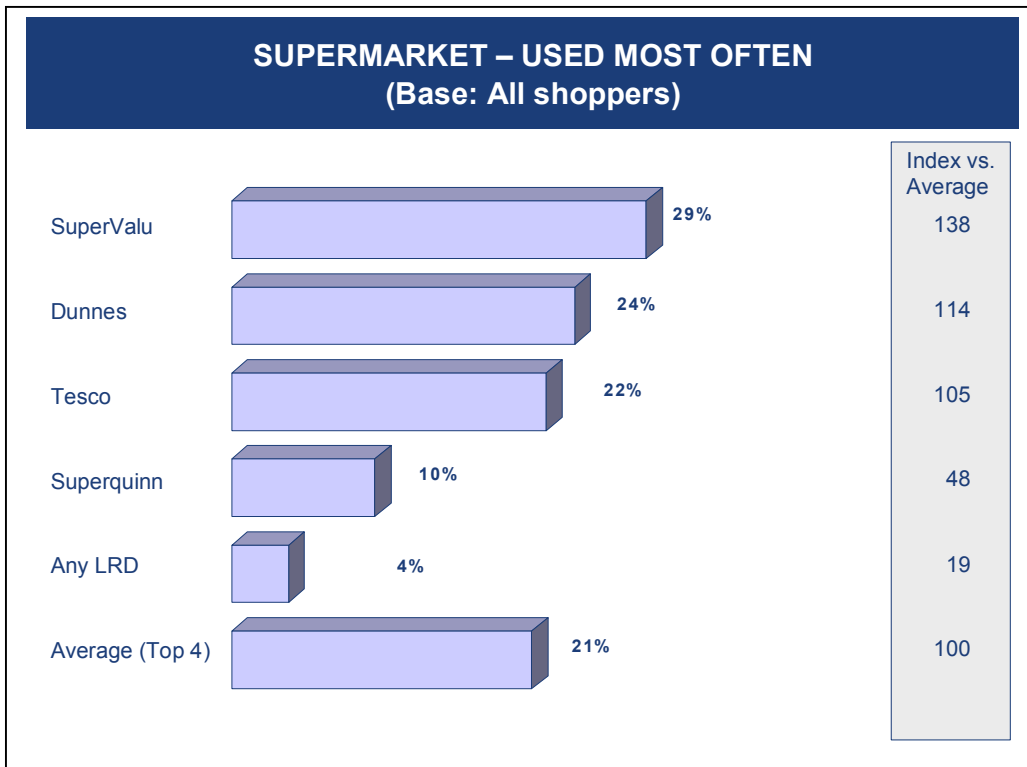
We have just seen that SuperValu has the broadest reach in the marketplace. It doesn't however have the broadest "touch". More people have used Dunnes Stores and Tesco than have used SuperValu as is evident below:



The other interesting point in this chart is that a third of all shoppers have now used at least one of the LRDs.

1.5 Stores used most often

SuperValu's wider reach does however reflect in an advantage for the brand when it comes to considering the shops used most often nowadays. SuperValu has the widest franchise: somewhat ahead of both Dunnes Stores and Tesco in this context as is evident here:



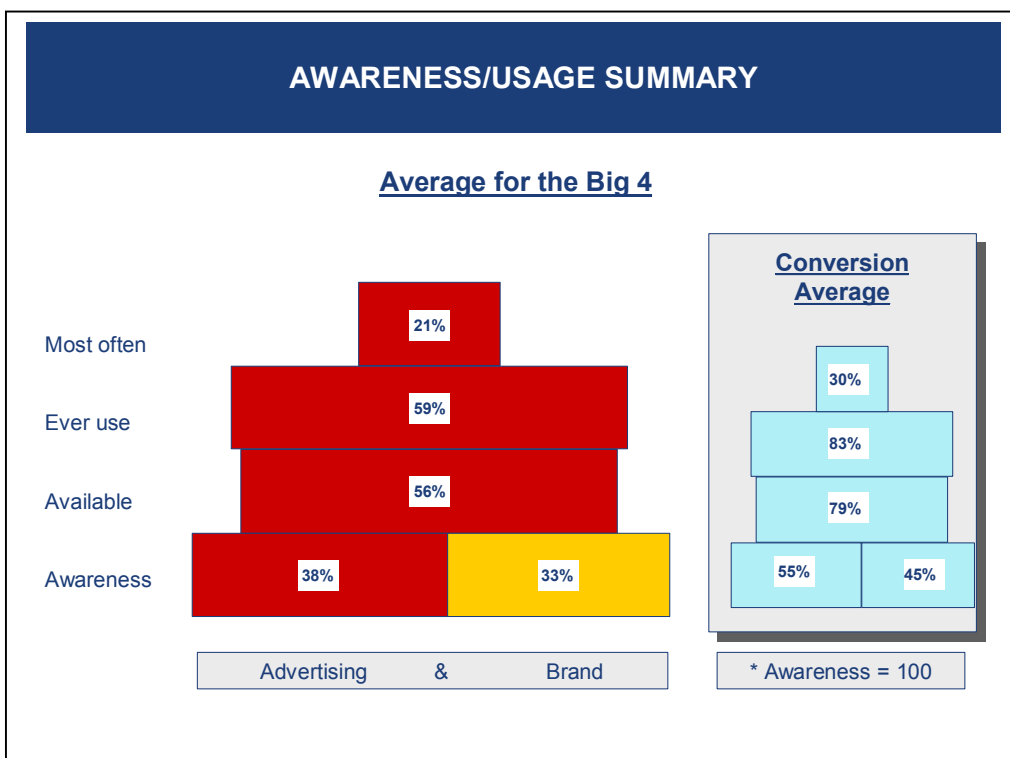
It is interesting that despite a similar overall trial level for Superquinn and the LRDs, a considerable gap emerges when we get to the issue of shops used most often. Only 4% claim to use an LRDs most often. However their market share is undoubtedly much higher than this because of the high level of occasional usage indicated earlier. (A point confirmed in an earlier report on this topic:- Aldi/Lidl Barometer Research October 2002)

Chapter Two – Brand Essence Review

In this section of the report we look in greater detail at each of the main stores consolidating the assessments for awareness, availability, trial and regular usage to see what it tells us about the different influences at work for each of the major multipliers.

2.1 Establishing a benchmark

In Section One of the report we looked at each of the elements of brand performance separately. In the relevant charts we calculated an average performance figure for each of the key criteria for the top four stores. In summary these can be illustrated as follows:



In overall terms the average brand awareness level for the Top 4 stores is 71% (38% made up of advertising awareness and the balance not specifically linked to advertising).

The average availability figure for one of the top 4 stores is 56%. Perhaps surprisingly, the average usage level is higher than that for availability: suggesting that Irish shoppers are willing to move outside their immediate catchment area to avail of supermarket offerings. The average regular usage figure for the Top 4 stores is 21%.

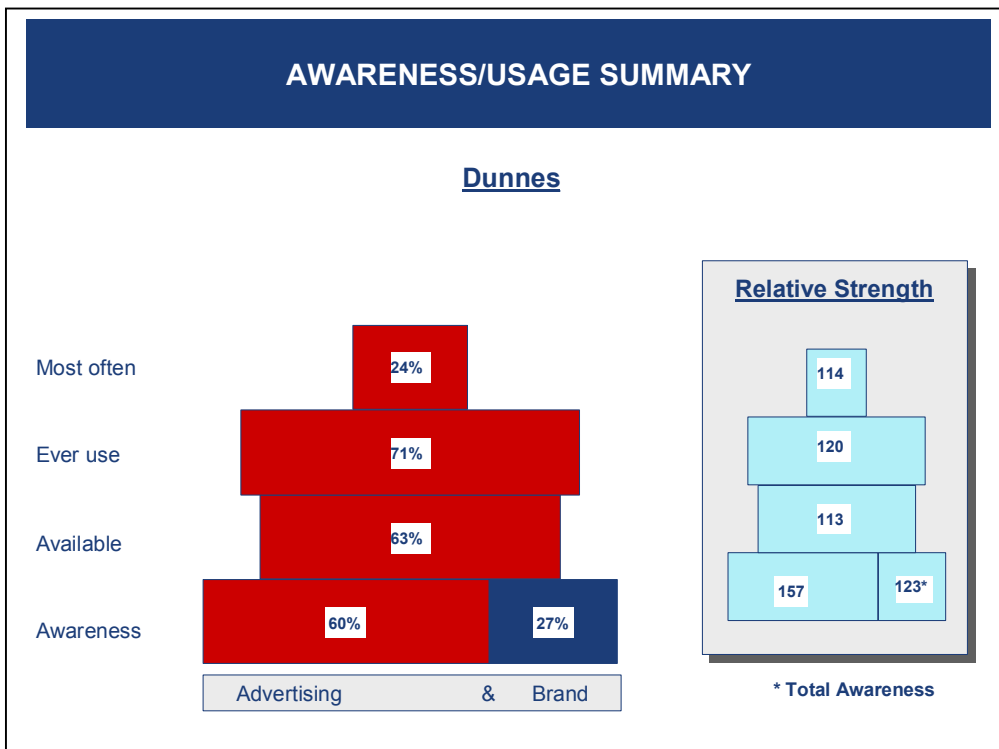
In the right hand part of the chart we have taken the overall awareness figure as an index of 100, to illustrate how usage levels derive from this base awareness line.

Approximately 8 in 10 shoppers who are aware of a store will have that store available to them locally. A similar proportion will use that store at least occasionally and about 3 in 10 of shoppers who are aware of any store will, on average, end up using that store as their most regular choice.

This provides us with our benchmark for assessing the performance of the individual outlets which we now consider.

2.2 Dunnes

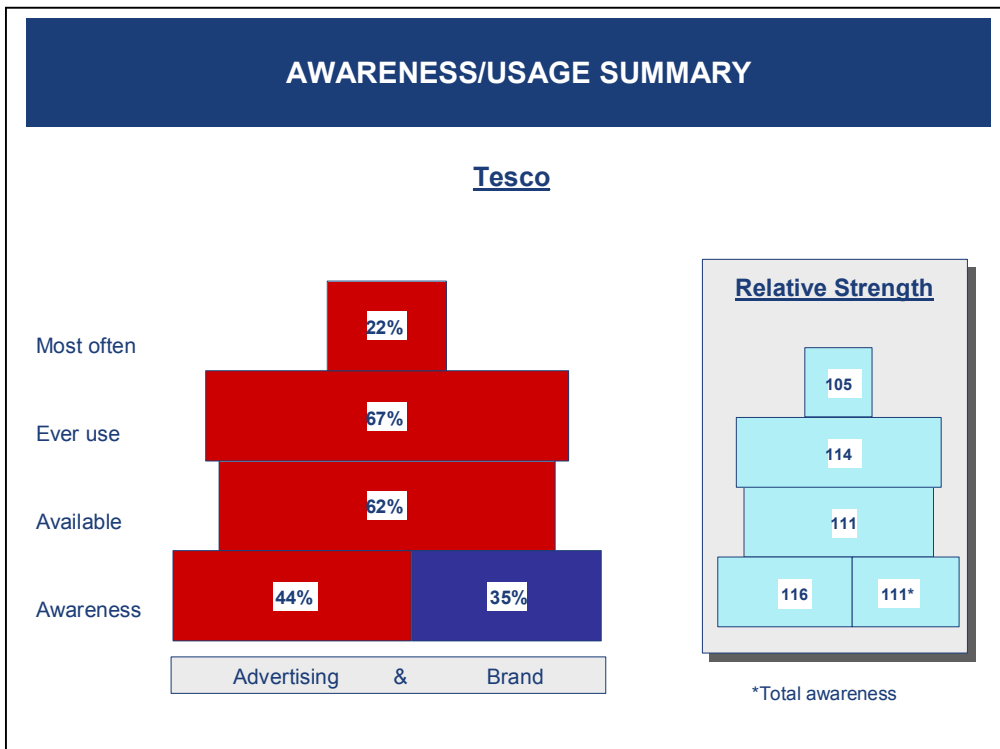
The brand essence summary for Dunnes Stores is as follows:



The main points of note here are:

- Dunnes Stores benefits, to a significantly above average degree, from spontaneous consumer association with advertising. Our suspicion is that the sheer consistency of the brand over the years comes to its benefit in this context.
- Dunnes Stores also benefits to a significant degree from occasional usage.

2.3 Tesco

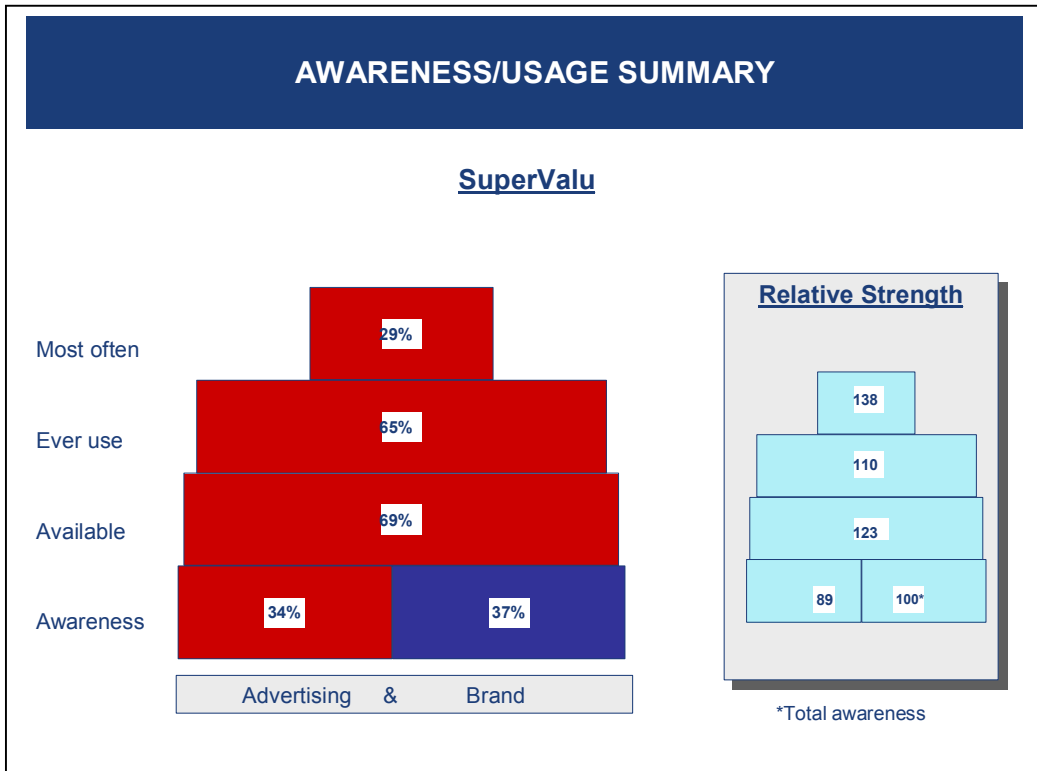


The brand essence summary for Tesco is as follows:

- Tesco is remarkably close to the average pattern for the Top 4 shops on almost all of the indices.
- It has a slight edge in terms of advertising awareness and occasional usage, but neither of these are as marked as in the case of Dunnes.

2.4 SuperValu

The brand essence chart for SuperValu is rather different as is evident here:

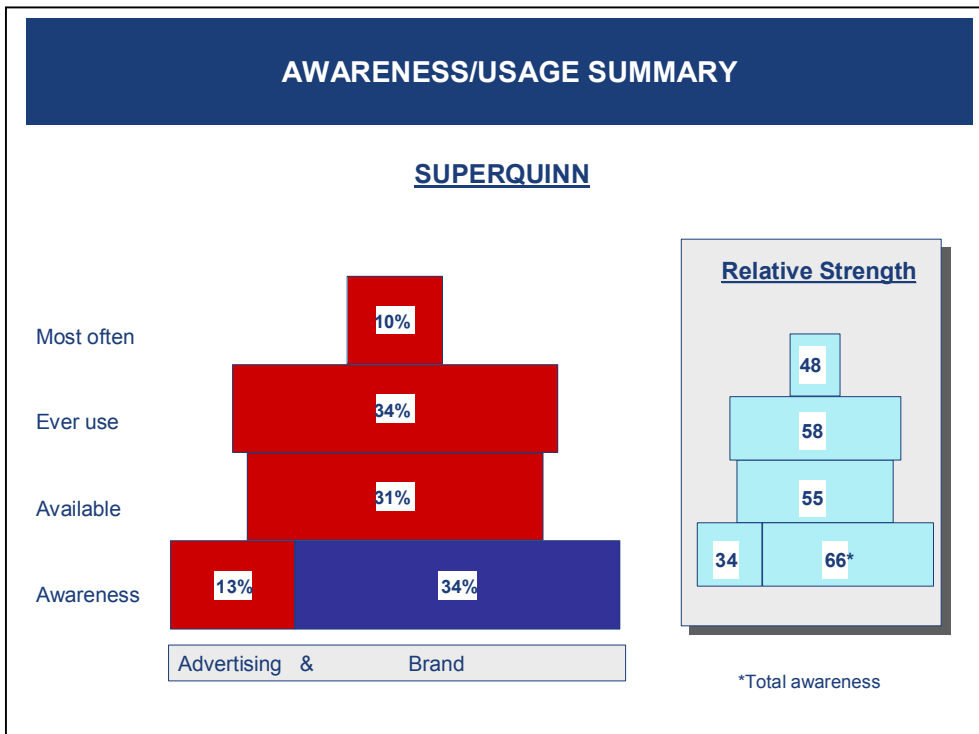


The essential driver for SuperValu is that of availability. SuperValu has a lower than average input from its advertising “push”.

The strength of the brand in terms of availability is particularly important in driving SuperValu’s atypically large number of regular shoppers

2.5 Superquinn

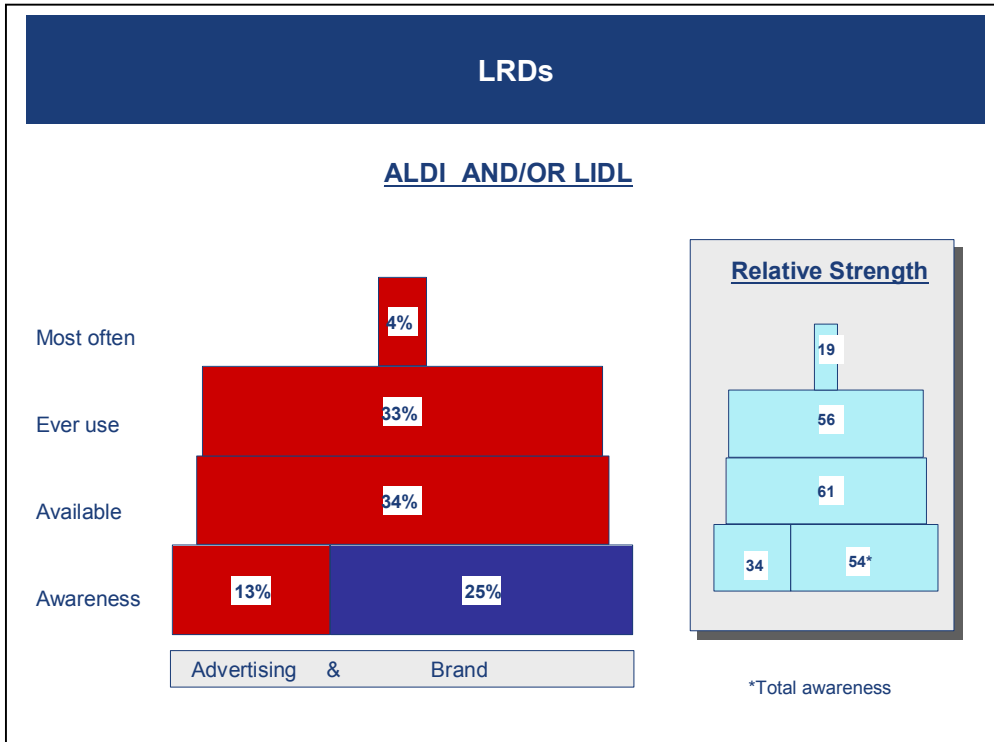
The pattern for Superquinn is different yet again as is evident here:



Superquinn has approximately two-thirds of the awareness level of an average Top 4 store. Its availability is even more constrained than this (about 55% of the average). It is less driven than other brands by its advertising salience and has a smaller share of regular shoppers than either its awareness level or distribution level might dictate.

2.6 Aldi and Lidl

Given the recency of the arrival of Aldi and Lidl on the Irish market and their relatively small number of stores it is not surprising to find that the brand essence (pyramid) for the LRDs is significantly different from that reviewed in relation to the other brands. The position is as follows:



The LRDs have about half the awareness level of the average Top 4 store. Their advertising awareness is even more limited than this. Their availability is slightly stronger than their awareness level would suggest, while their overall trial level is about on a par with what one would expect from one of the top retailers.

However their conversion from trial level to most regular usage is quite limited to date. We will examine why this might be so, later in the report.

Linking this to an earlier report (Aldi/Lidl Barometer Research Oct 2002) one might be inclined to think that the LRDs still have some potential to increase their market share in the months ahead.

Chapter Three – Brand Image Review

Many marketing people who are experienced in the area of consumer research have difficulty with some of the underlying concepts of brand image analysis.

Our purpose in this report is to illustrate how brand image data can serve to explain brand performance as reviewed in the opening sections of this report.

3.1 Initial Summary

The brand image data in this report was collected using a fairly conventional and compact questioning method.

Respondents were presented with a list of the main retail outlets and they were asked which of those they felt might be best described by a series of 19 brand descriptors.

The basic outcome from this question was as follows:

| BRAND IMAGERY - OVERALL SUMMARY (Base: All respondents) | | | | | |
|---|--------------------------|-------------------|------------------|--------------|-------------|
| | Dunnes Stores | Superquinn | Supervalu | Tesco | LRDS |
| | % | % | % | % | % |
| Tends to have the best store layout | 28 | 19 | 21 | 23 | 3 |
| Has the best staff | 21 | 20 | 27 | 17 | 3 |
| Best for fresh food and vegetables | 23 | 21 | 24 | 21 | 5 |
| Has the best selection of brands | 27 | 15 | 21 | 28 | 3 |
| Best value for money | 33 | 6 | 15 | 20 | 16 |
| Most convenient for you personally | 24 | 8 | 33 | 24 | 4 |
| Has the best own label range | 32 | 9 | 18 | 24 | 4 |
| Has the best off-licence section | 27 | 9 | 13 | 23 | 4 |
| Best for fresh meat | 17 | 18 | 26 | 13 | 1 |
| Best for toiletries | 26 | 12 | 18 | 26 | 8 |
| Best for courtesy and friendly | 23 | 18 | 30 | 18 | 4 |
| Setting trends for others to follow | 22 | 21 | 17 | 19 | 8 |
| Best for cleanliness and hygiene | 23 | 22 | 26 | 18 | 4 |
| Speediest in clearing queues | 20 | 18 | 21 | 16 | 6 |
| Has the best bakery section | 19 | 24 | 20 | 18 | 1 |
| The best frozen food section | 27 | 12 | 18 | 25 | 3 |
| The cheapest for prices | 33 | 3 | 12 | 18 | 18 |
| One that you find yourself using | 22 | 6 | 24 | 17 | 8 |
| One that you find yourself less often | 19 | 10 | 11 | 17 | 4 |

To the non-researcher it is difficult to decide which figures to focus on in a detailed summary of this kind. There is also a danger that this kind of information can be misinterpreted.

These types of data are always susceptible to two sources of bias:

- a) Some brands are always stronger than others. The stronger brands will tend to “capture” most of the praise.
- b) Some descriptors are easier to assign than others. For example, in the data set out above, almost everybody has a view on which of the stores has the best layout but only about three-quarters of respondents have a view on which of the shops offers the best fresh meat.

In order to accommodate these biases we can prepare an “expected” set of results by asking what would happen if the answers were purely random. In other words if the people having a view on any topic simply distributed their “votes” between these stores on the basis of their overall average strength.

We can then compare the actual outcome with this expected set of results to see where there are major variations from this expected norm.

The expected set of results would look like this

| IMAGE REVIEW – EXPECTED RESULTS | | | | | | | |
|---------------------------------|------------------|------|--------|------|--------|-------|-------|
| | | ALDI | DUNNES | LIDL | SQUINN | SVALU | TESCO |
| | - | % | % | % | % | % | % |
| 1 | Best layout | 2 | 27 | 4 | 16 | 23 | 22 |
| 2 | Best staff | 2 | 25 | 4 | 15 | 21 | 21 |
| 3 | Fresh food/veg | 2 | 27 | 4 | 16 | 23 | 22 |
| 4 | Best selection | 2 | 27 | 4 | 16 | 23 | 22 |
| 5 | Value for money | 2 | 26 | 4 | 15 | 22 | 21 |
| 6 | Convenient | 2 | 27 | 4 | 15 | 22 | 22 |
| 7 | Own label | 2 | 25 | 4 | 14 | 21 | 21 |
| 8 | Off-licence | 2 | 22 | 3 | 13 | 18 | 18 |
| 9 | Fresh meat | 2 | 22 | 3 | 13 | 18 | 18 |
| 10 | Toiletries | 2 | 26 | 4 | 15 | 22 | 21 |
| 11 | Service | 2 | 26 | 4 | 15 | 22 | 22 |
| 12 | Setting trends | 2 | 25 | 4 | 14 | 21 | 20 |
| 13 | Hygiene | 2 | 26 | 4 | 15 | 22 | 22 |
| 14 | Speediest queues | 2 | 23 | 4 | 13 | 20 | 19 |
| 15 | Bakery | 2 | 24 | 4 | 14 | 20 | 20 |
| 16 | Frozen food | 2 | 25 | 4 | 14 | 21 | 20 |
| 17 | Cheapest | 2 | 24 | 4 | 14 | 21 | 20 |
| 18 | More often | 2 | 22 | 3 | 13 | 19 | 18 |
| 19 | Less often | 1 | 17 | 3 | 10 | 15 | 14 |

The actual results vary from these “expected levels” in the manner indicated in the following chart:

| IMAGE REVIEW – VARIATION FROM EXPECTED | | | | | | | |
|--|------------------|------|--------|------|--------|-------|-------|
| | | ALDI | DUNNES | LIDL | SQUINN | SVALU | TESCO |
| - | | % | % | % | % | % | % |
| 1 | best layout | -1 | 1 | -2 | 3 | -2 | 0 |
| 2 | best staff | -1 | -4 | -2 | 6 | 5 | -4 |
| 3 | fresh food/veg | 0 | -4 | -1 | 5 | 1 | -1 |
| 4 | best selection | -1 | 0 | -2 | -1 | -2 | 6 |
| 5 | value for money | 3 | 7 | 7 | -9 | -7 | -1 |
| 6 | convenient | -1 | -3 | 0 | -7 | 10 | 2 |
| 7 | own label | -1 | 7 | -1 | -5 | -3 | 3 |
| 8 | off-licence | -1 | 5 | 0 | -3 | -5 | 5 |
| 9 | fresh meat | -1 | -5 | -2 | 5 | 8 | -5 |
| 10 | toiletries | 1 | 0 | 1 | -3 | -4 | 4 |
| 11 | service | -1 | -4 | -1 | 3 | 7 | -4 |
| 12 | Setting trends | 1 | -2 | 1 | 6 | -4 | -1 |
| 13 | hygiene | -1 | -3 | -1 | 6 | 3 | -4 |
| 14 | Speediest queues | 1 | -3 | 0 | 4 | 2 | -3 |
| 15 | bakery | -1 | -5 | -3 | 10 | 0 | -1 |
| 16 | frozen food | -1 | 2 | -2 | -2 | -2 | 5 |
| 17 | cheapest | 5 | 8 | 8 | -11 | -8 | -2 |
| 18 | more often | 1 | 0 | 1 | -7 | 5 | -1 |
| 19 | less often | 0 | 2 | 0 | -1 | -3 | 3 |

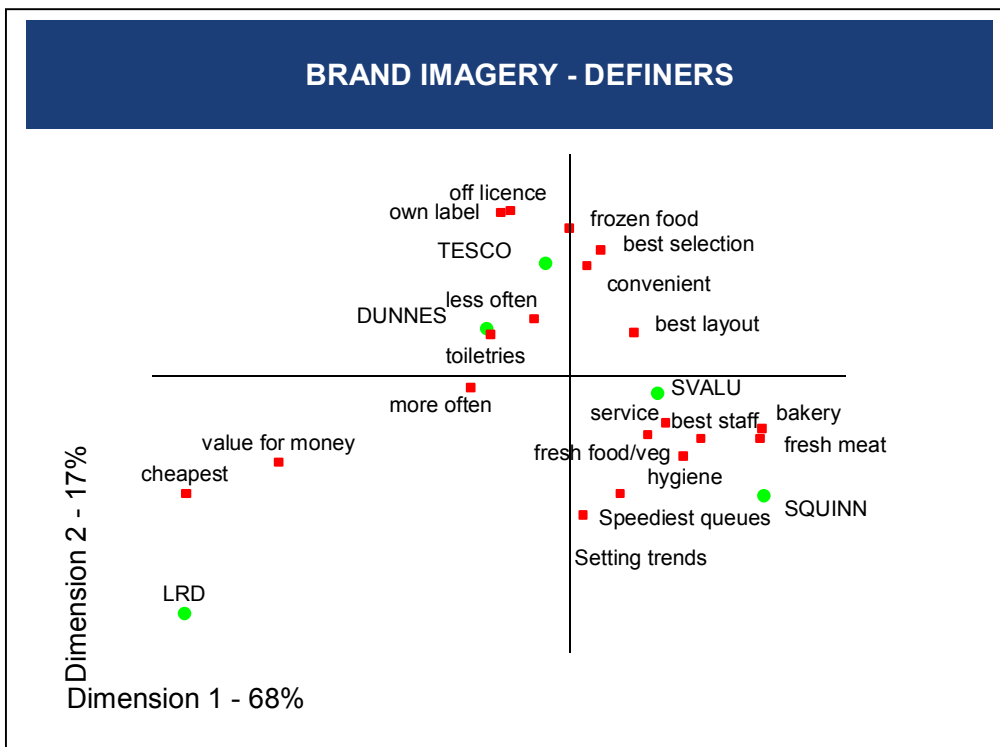
We have highlighted in the shaded areas, the major variations from expected results for each of the stores.

In this analysis it can be seen that:

- Dunnes has a particular strength in regard to cheapest prices, value for money, own label options and a good off-licence. Its weaknesses are in regard to perceptions of their bakery and fresh meat offering, their fresh fruit and veg and the quality of their staff.
- Tesco has particular strengths in the areas of selection of brands, a good frozen food area, a strong off-licence section, good toiletries and also a pretty good own label option.
- The main Tesco weaknesses are in regard to fresh meat, staff and services.
- Superquinn’s strengths are in very defined (and probably predictable) areas: bakery, staff, hygiene, fresh fruit and veg, fresh meat and speedy queues.
- On the negative side Superquinn is identifiably weak (relative to expectations) in offering cheap prices, value for money, convenience (of location) and in its own label offering.

- SuperValu scores very well on convenience (as one would expect).
- However it has other significant strengths particularly in regard to reputation for fresh meat, service and good quality staff. Interestingly, SuperValu also scores very well as being a shop which people feel they are using more often. This would hint at the fact that their particular drivers may be increasing in relevance from a consumer perspective. This is despite the fact that SuperValu does not have a strong reputation in regard to cheap prices or value for money.
- Aldi and Lidl have their main strengths in the areas of cheap prices and value for money: putting them into direct “spiritual” competition with Dunnes Stores even though in regional terms they may line up more directly with SuperValu (given the strengths of their distribution outside Dublin). This is an interesting point we will return to later.

There is a mapping technique (correspondence mapping) which captures much of the information from the preceding table and displays it in a more visual way. The map looks like this:



This map attempts to compress all of the data from the preceding table into a two dimensional array. Its success in doing that is indicated by the summary statistics in the bottom left hand corner of the chart. The chart captures 85% of all the variance in the earlier table. In other words it is a pretty good representation of what that table has to say.

To read the chart properly one needs to use the following guidelines:

- a) The brands are indicated by green circles. The image attributes by red squares.
- b) Non-discriminating brands and variables tend to be drawn towards the centre of the two axes. The further any point is located away from the crossover point, the more distinctive that item is.
- c) To check the relationship between a brand and an image value one needs to draw two imaginary lines connecting the brand and the relevant image attribute to the centre point in the “cross hairs”. The shallower the angle between these connecting lines the stronger the association between the brand and the image value. The broader the angle, the weaker the link.

Following these guidelines we can see that:-

- The LRDs are very distinct from other brands and are particularly associated with cheap prices and value for money.
- Dunnes and Tesco are competing very directly with each other on the issues of toiletries, own label and off-licence.
- Tesco is distinguished from Dunnes by having an edge in terms of frozen food, better selection, convenience and better layout.
- Dunnes is distinguished from Tesco by a stronger linkage with cheaper prices and value for money, although Aldi and Lidl have started to intrude on this space (as is evident from the chart).
- Superquinn and SuperValu line up as direct competitors (albeit with a regional distinction between the two). It is also the case that SuperValu is closer to the average pattern (located more in the centre of the chart) while Superquinn is more distinctive (off to the edge). These two “brands” do however share quite a significant amount in image terms.

This type of map is a very efficient way of identifying brand attributes that can be termed definers. There is a considerable degree of agreement in the market place on the linkage between certain brands and selected image attributes. Those attributes serve to define the personality of each store.

The missing element in this analysis is the importance of those attributes. Definers that have a high degree of importance become drivers of choice.

We now need to examine the data to see what it tells us about the importance of attributes.

Chapter Four - The Importance of Being

Clearly it makes sense to attempt to assign some importance weighting to the different image attributes reviewed so far.

The obvious way of ascertaining importance is to ask consumers directly. There are however some, widely accepted, problems with this approach:

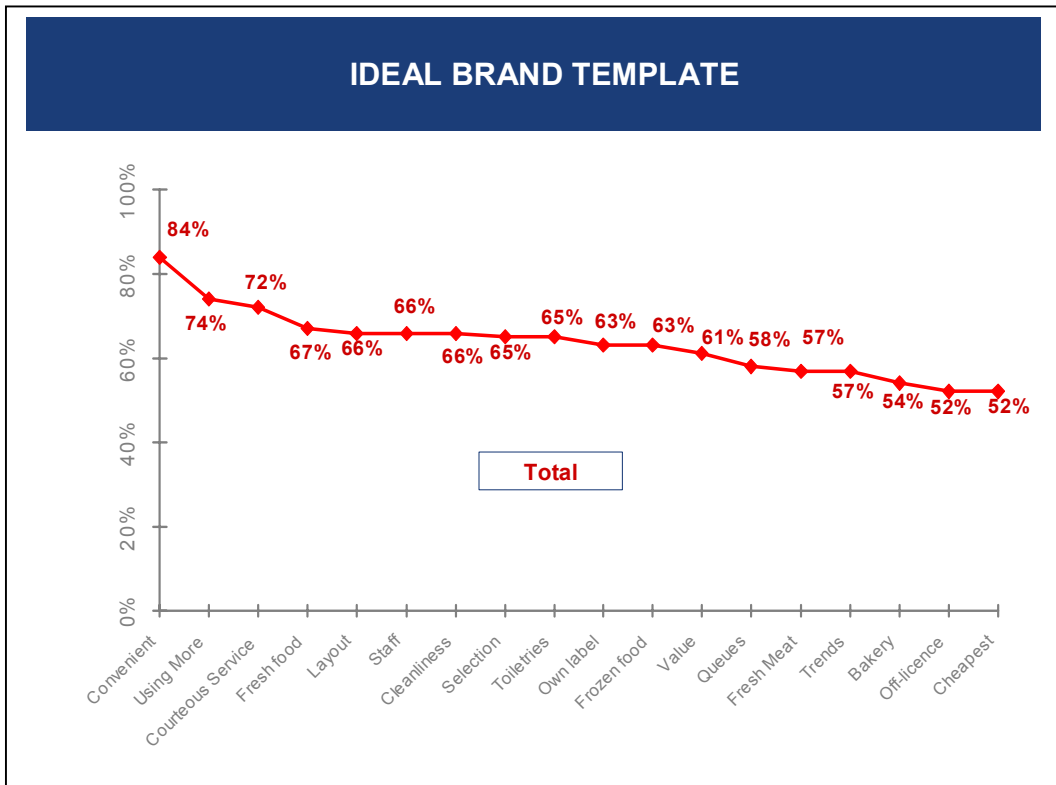
- a) Consumers do not, in the normal course of events, assess image criteria in this way. It is therefore a rather unnatural process
- b) Experience shows that when consumers are asked to do this kind of evaluation, they tend to put undue emphasis on rational considerations and tend to understate the importance of more emotional issues.
- c) Questioning respondents about the importance of a range of issues and then about brand connections can cause confusion and irritation for the respondent.
- d) Finally, this approach can add significantly to the questionnaire length (and cost of a study).

There is an alternative approach which, we have found, tends to provide rather more usable results.

We can interrogate the data to identify those aspects of imagery which any individual respondent attaches to his or her main choice of brand. Generally speaking this is a good surrogate for assessing what people want. It is not perfect, but it is applicable in most circumstances. It also has the advantage of tying in with the consumers actual choice in the market place.

By adding together the inferred desirable elements from our full cross-section of shoppers we can arrive at an ideal brand template which identifies the proportion of respondents who choose a brand which they consider to be good value, high quality, convenient and so on.

We have done this analysis for the shopper data in our current survey and it produces the following template.



This is the average set of requirements for a cross-sectional sample of Irish shoppers. Their primary requirement is for convenience, followed by courtesy, service, having a first class fresh food offer and good store layout.

It may come as something of a surprise to find that the lowest ranked item in this particular idealised set of needs is cheapest pricing. Here is the rub however. Even the lowest ranking items (off-licence and cheapest pricing) are an ideal requirement for more than half the total shopper population.

The reality is that 17 of the 18 items are of importance to between half and three-quarters of shoppers. (The only exception is the obvious one of convenience). In other words a 22 percentage point gap spans the remaining 17 items when we try to rank them in importance terms.

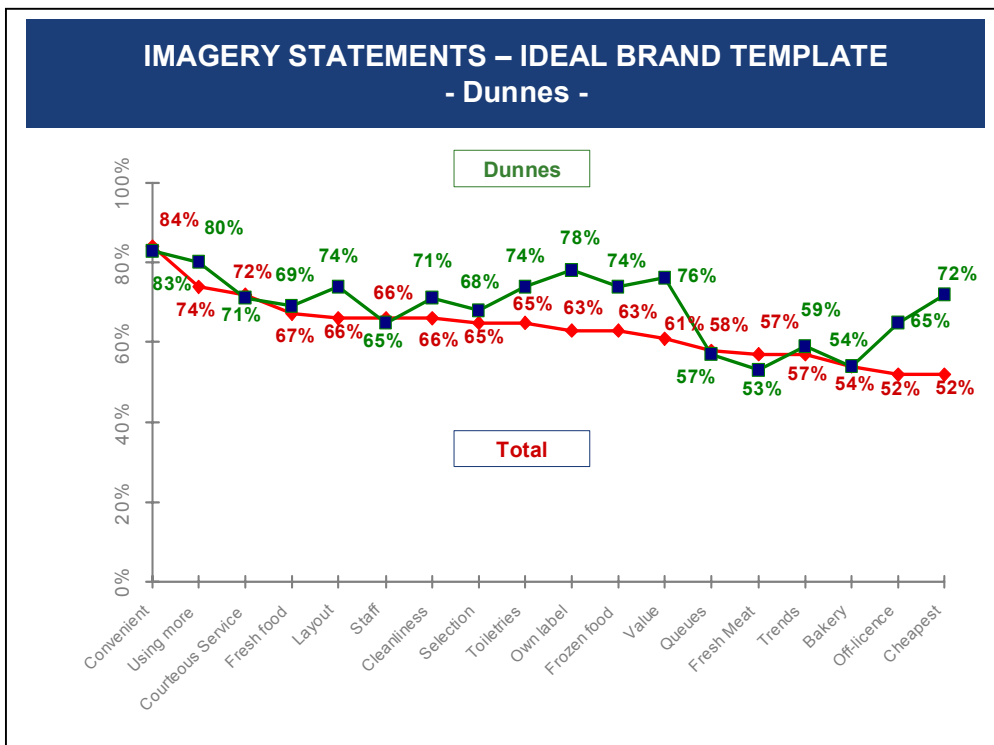
This pinpoints the reality of the fact that we are living in a world of “millimetre marketing”. A perceived advantage in any one of these finely graded attributes will be sufficient to swing matters for some group of consumers.

This brings us to the next point in our analysis: the fact that not all consumers have the same set of requirements. This becomes

immediately evident if we compare the ideal brand template for regular shoppers in Dunnes, Superquinn and so on with this overall average template. This, we do, in the following paragraphs.

4.1 Distinctive requirements of the Dunnes Stores shopper

The typical Dunnes Stores shopper is quite a demanding individual as is evident from the following chart



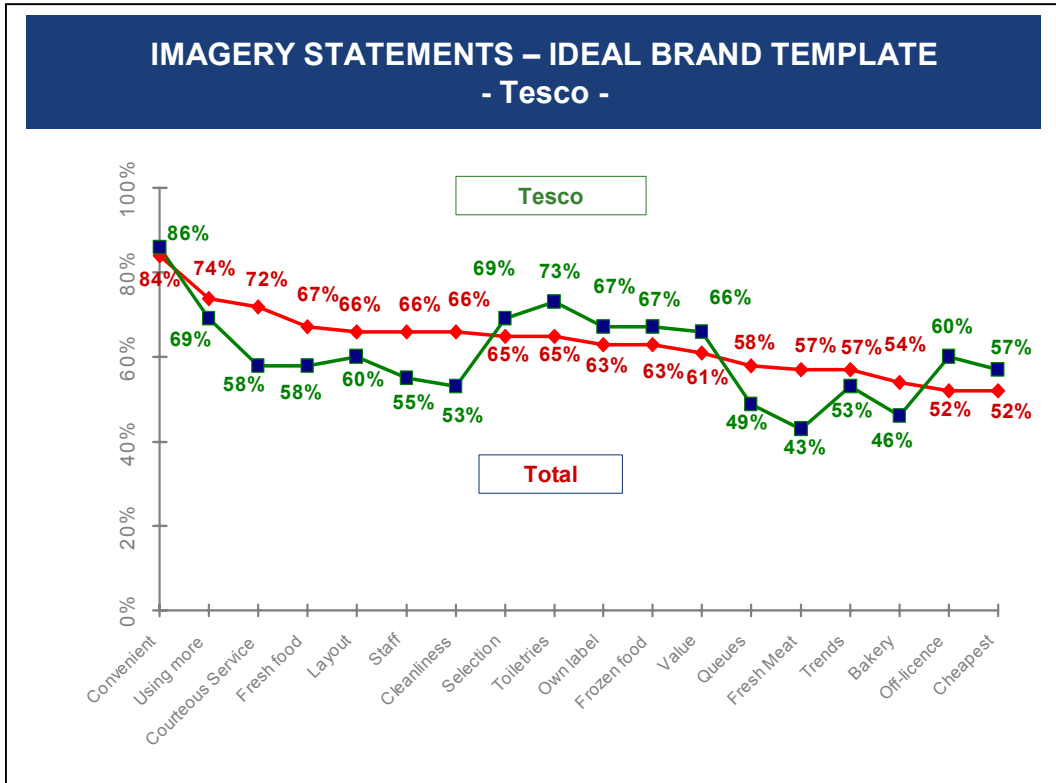
The typical Dunnes Store's shopper expects excellence, to an above average degree, on almost all of the issues set out in the template. The Dunnes Store's shopper is particularly keen, to an above average degree, on:

- Good own label options
- A good range of frozen food
- Value for money
- A good off-licence
- Cheap prices

Just over half of all shoppers demand that their main shop should give them the cheapest prices. Three-quarters of Dunnes Stores shoppers feel this way.

4.2 Distinctive characteristics – The Tesco shopper

The typical Tesco shopper is somewhat less demanding than the Dunnes Stores counterpart: in number of attributes if not in depth of feeling (a more qualitative consideration).

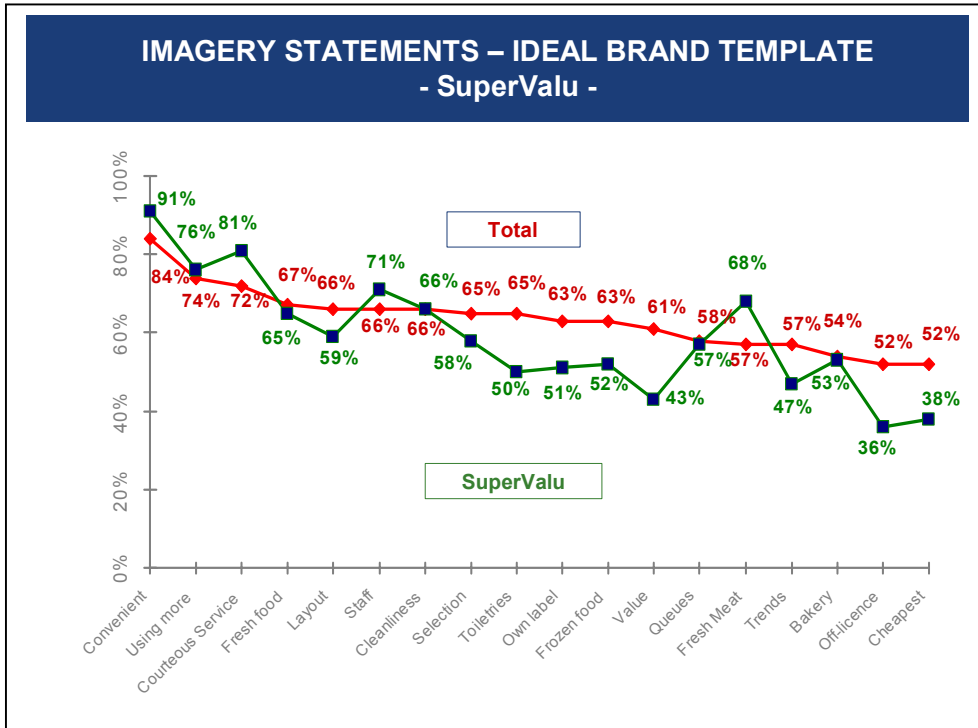


There are however some things that the Tesco shopper wants to an above average degree:

- A good selection of brands
- A good range of toiletries
- Good own label options and a range of frozen foods
- A good off-licence
- Value and cheap prices: but not to the same “driven” extent as the typical Dunnes Stores shopper.

4.3 Distinctive characteristics – The SuperValu shopper

The typical SuperValu shopper is rather more “laid back” and perhaps less driven. He or she has a clear agenda:-



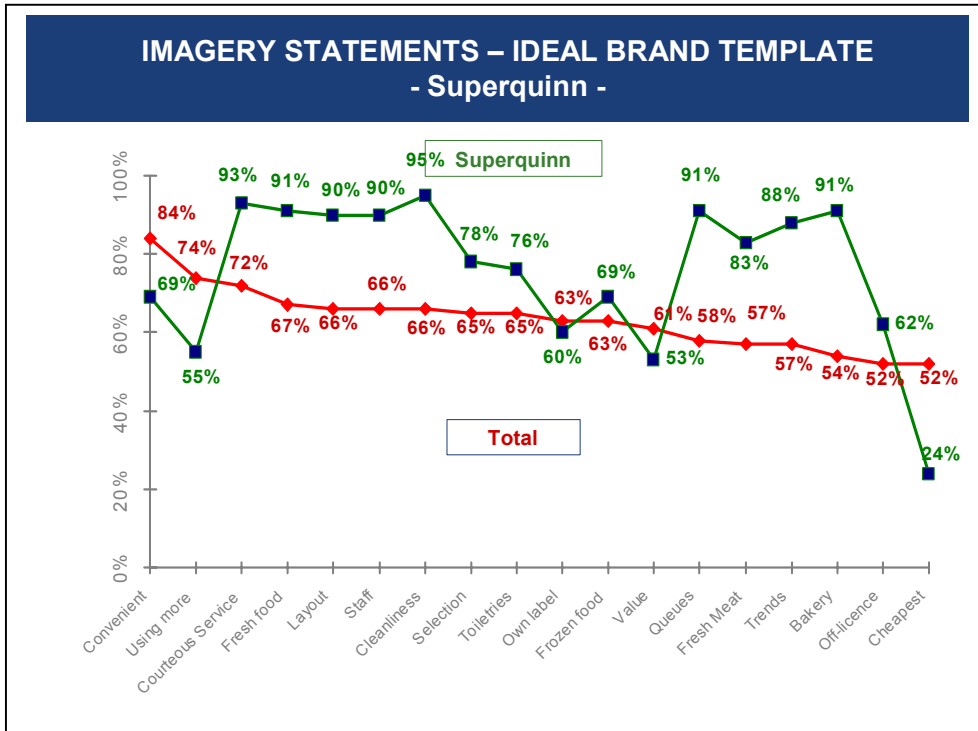
- Convenience is a primary importance
- So is service.
- This individual places a high priority on good staff
- And, to an above average degree, on the fresh meat offering.

The typical SuperValu shopper is less convinced than average that he or she is getting really low prices or exceptional value for money. This individual clearly places greater emphasis (for the moment at least) on aspects of personal service.

The emergence of extra competition, in response to population movements for example, may shift the agenda over time.

4.4 Distinctive characteristics – The Superquinn Shopper

The typical Superquinn shopper is concerned to an above average degree to get excellence in almost all aspects of service with the exceptions of value, and cheap prices.



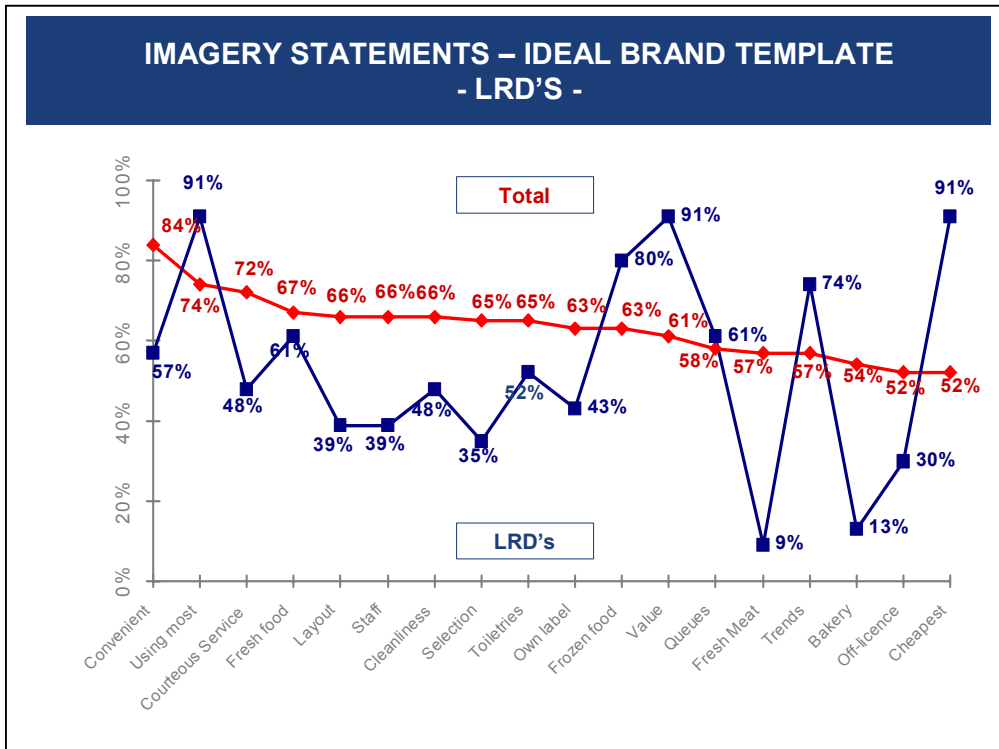
The typical person in this group puts a really high priority on:-

- Cleanliness
- Courteous Service
- Fresh food
- Speedy queues
- A high quality bakery
- Good staff
- Good layout
- Excellence in fresh meat

The Superquinn shopper sees Superquinn as setting trends in regard to these specific needs. As we will see later, the regular shopper in Aldi and Lidl sees these stores setting a completely different set of trends.

4.5 Distinctive characteristics – The LRD Shopper

Our final chart in this sequence summarises the very specific needs of the LRD shopper by comparison with the average template.



The typical regular LRD shopper is primarily concerned to get:-

- Cheapest prices
- Good value
- A good selection of frozen food

This individual is not expecting high standards of fresh meat and a good bakery. They are almost certainly using specialist shops to fill these particular needs.

One can see that the LRD shopper is convinced that these stores are setting trends in the market place. It must be evident however that the trends they identify are working to a different agenda than that which is the key focus for Superquinn shoppers.

4.6 A different perspective

There are many ways of looking at data.

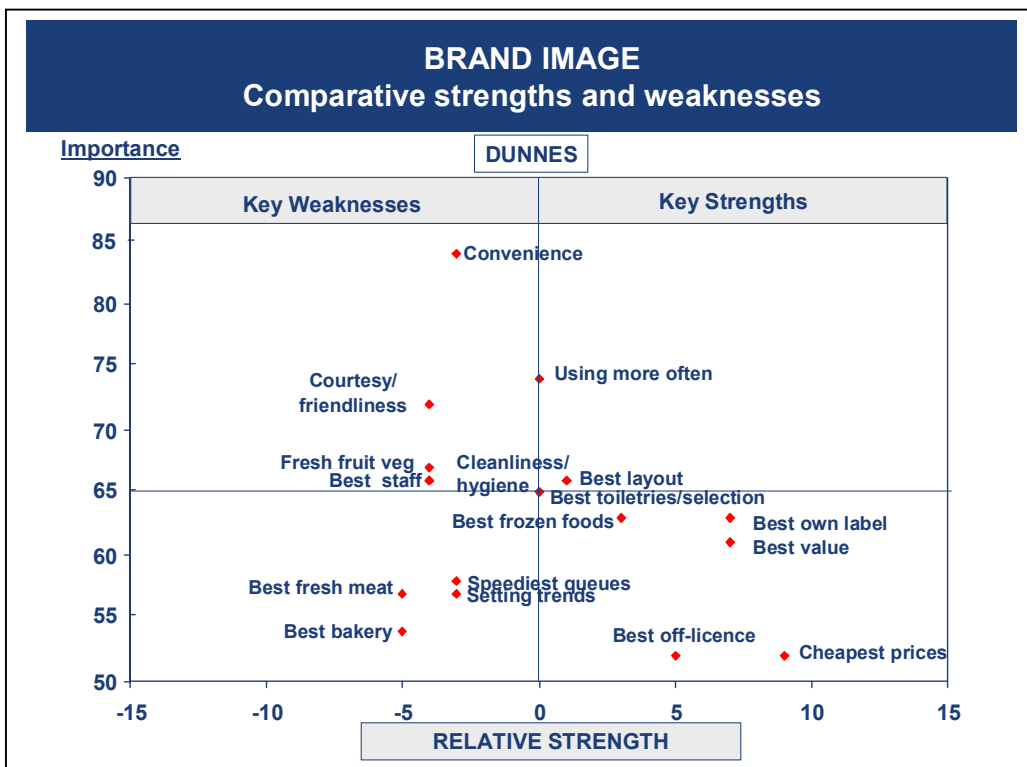
We have just seen how one can use shopper ratings of their most regular store to compile an ideal brand template.

To some degree one can view this as an importance ranking for individual attributes. We can then combine this with another piece of evidence to create a different type of map.

In an earlier section of this report (see page 21) we identified the relative strengths and weaknesses of individual brands on each of these attributes. We can now create a two dimensional map which takes importance as one axis and relative brand strength as the other to plot the strengths and weaknesses of each brand, taking into account one form of measurement of the importance of the individual attributes.

This takes us a step closer to identifying brand drivers.

The resultant analysis for Dunnes Stores is set out below:



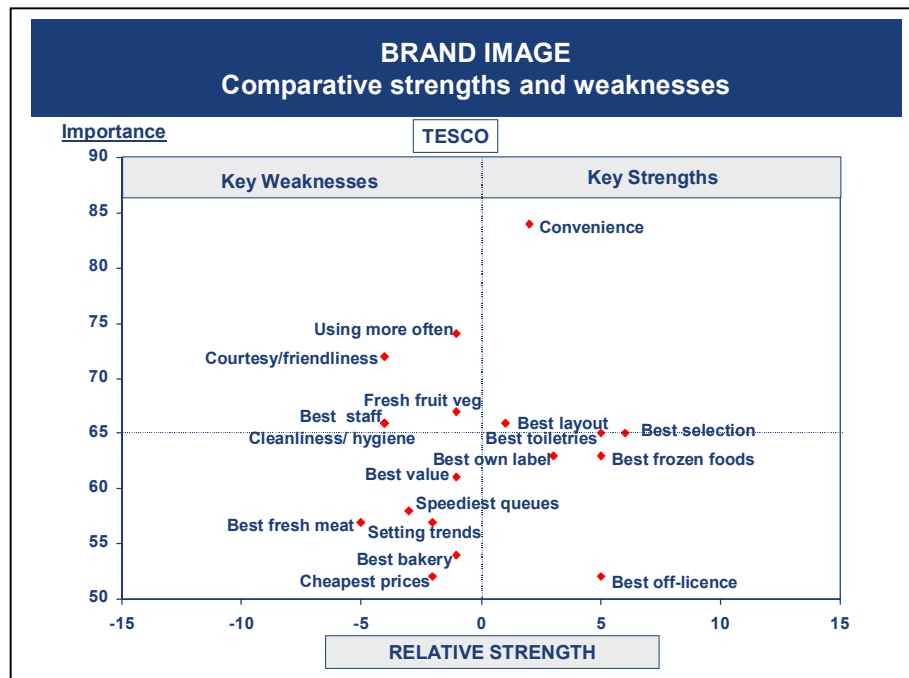
The chart divides into four quadrants:

- Areas of relative strength are shown for Dunnes Stores in the right hand boxes. Their relative weaknesses are identified in the left hand boxes.

- High importance items (where 65% or more of consumers specify that attribute as something they associate with their main store) are shown in the top two boxes. The bottom two focus on issues that have a somewhat narrower appeal. We must stress however that all of these issues are important to at least 50% of the total target audience.

It can be seen that most of the image strengths of Dunnes Stores lie in this bottom right hand quadrant. This is a pattern we are beginning to observe in many sophisticated competitive markets. The degree of competition is so intense that most brands have to do a good job in serving the high priority needs of customers in their market. The opportunity for differentiation can sometimes arise slightly lower down the rank order of priorities where there is perhaps a little more room for discretion.

We see a similar pattern if we examine the equivalent map for Tesco:

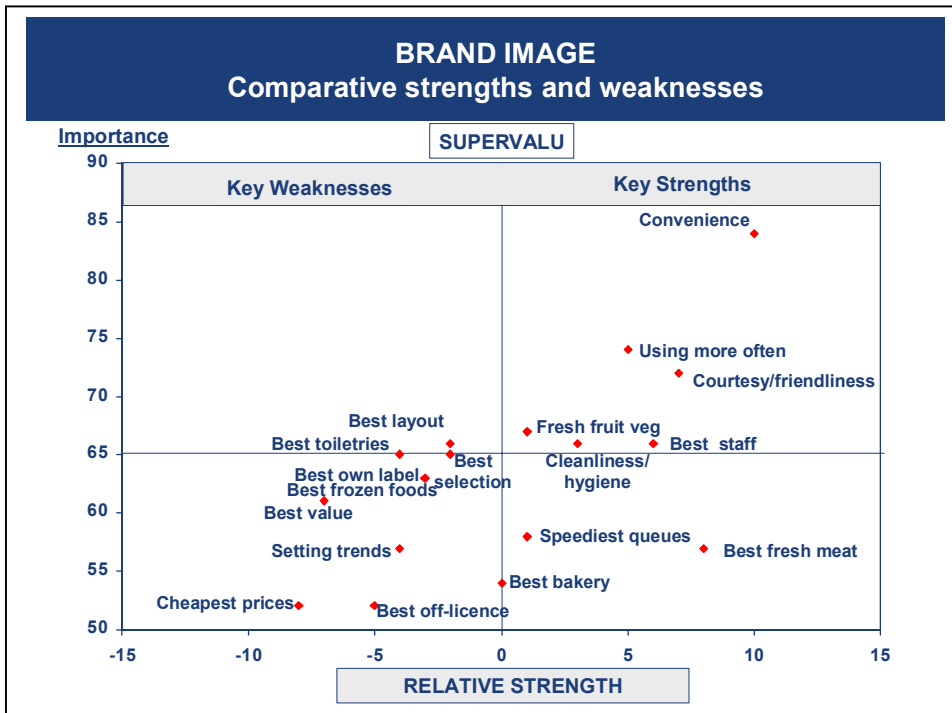


Again the bulk of significant advantages for Tesco lie in this bottom right hand segment.

Comparing the patterns for Tesco and Dunnes it would appear that Tesco is driven slightly more by a better reputation for selection of brands generally, better toiletries and a better frozen foods offer.

In this particular “head to head” the Dunnes Stores advantages are in regard to perceived cheaper prices, better value and better own label.

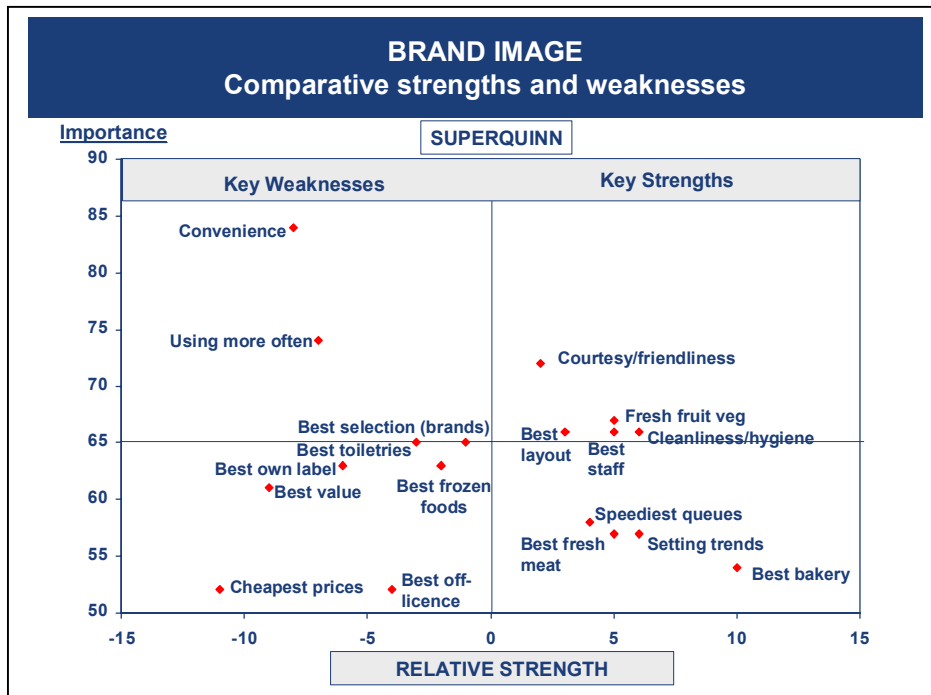
When we examined the equivalent picture for SuperValu we see a very different pattern. Here is the SuperValu brand map:



The first point that probably strikes in looking at this map is that SuperValu has a richer brand image than conventional wisdom might dictate. The second point is that a number of the SuperValu strengths arise in the high importance segment. How come they can achieve this?

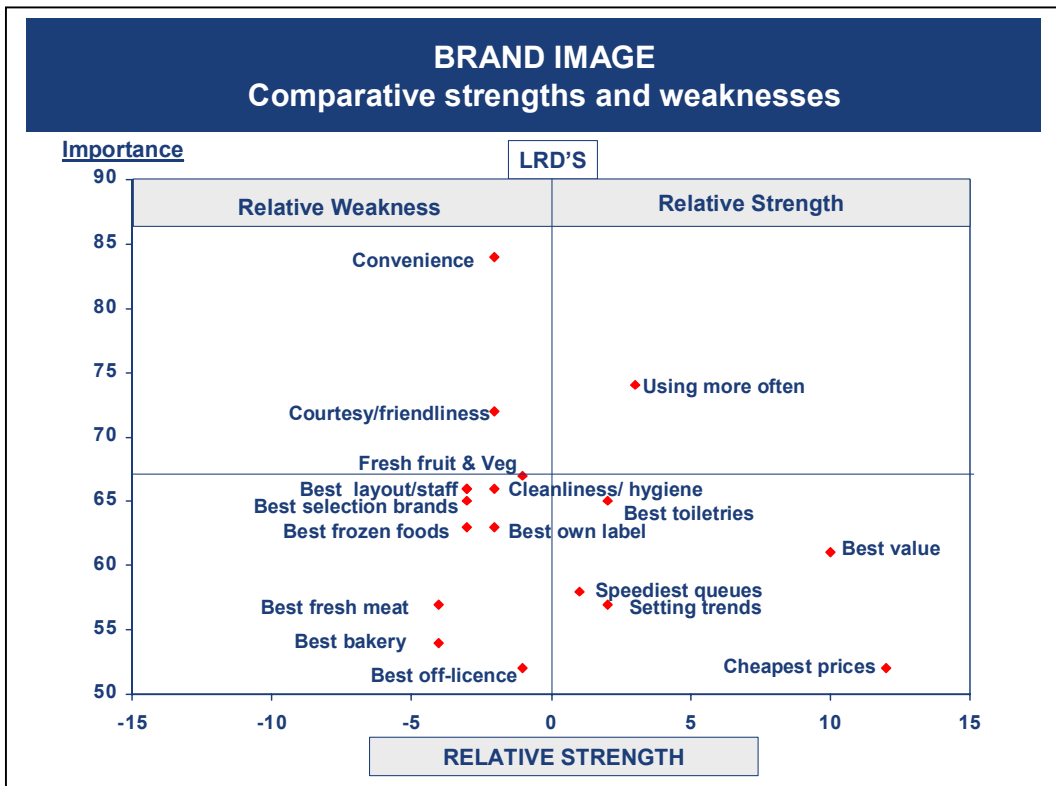
Here we need to think about the competitive context for different stores. Tesco and Dunnes Stores tend to exist in a more competitive environment. SuperValu, with their broader distribution of stores in less densely populated parts of the country have a greater opportunity to stand out from their immediate competitive set, even on these key priority items.

The position for Superquinn is summarised in our next chart:



The key strengths of Superquinn fit very closely with the stereotype for this store. Their main significant weaknesses are in convenience (because of the limited number of stores) and cheap prices. As we saw earlier however cheaper prices are less of a concern for the typical Superquinn shopper. They place a greater importance than average on the elements that are strengths of Superquinn and end up choosing them as a consequence.

Armed with these image maps for the main established stores we can now look at the equivalent data for the LRDs (Aldi and Lidl). The position for them is as follows;



We can see clearly that Aldi and Lidl do have significant perceived advantages in cheap pricing and value. They also seem to have at least an acceptable service in a wide variety of other key areas.

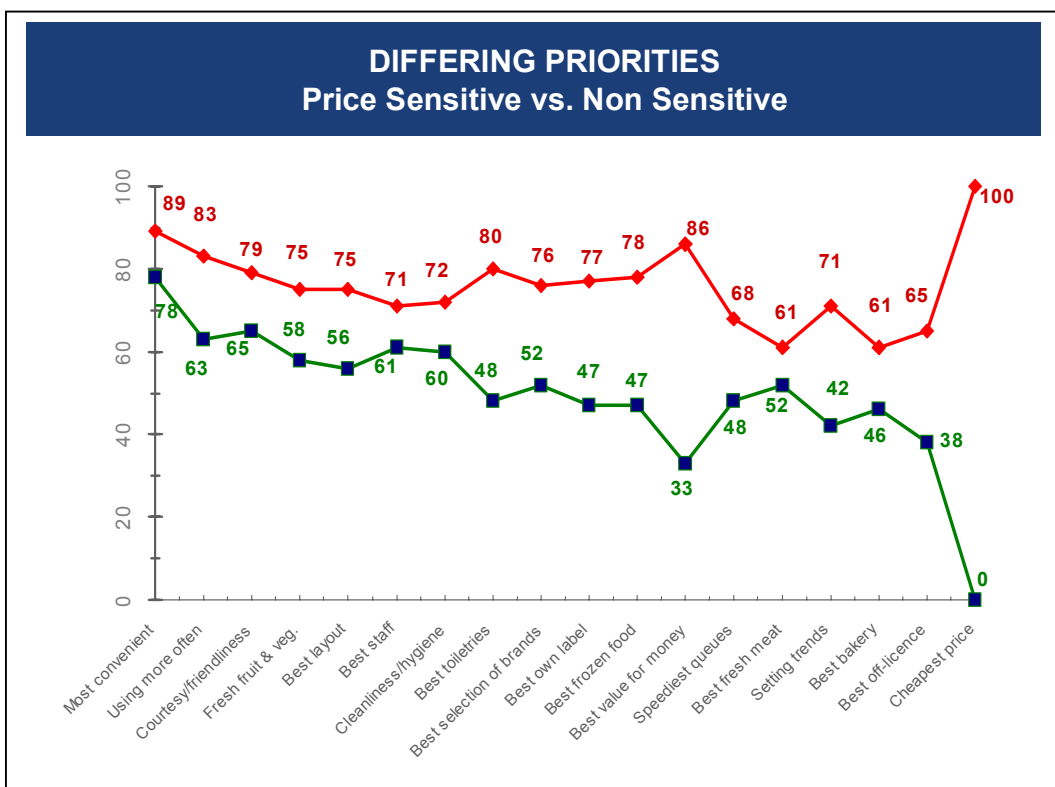
The analysis of these image maps sheds an interesting light on the importance of branding. We have seen from an earlier document (Aldi and Lidl report No. 1 October 2002), that Aldi and Lidl have their main strengths in provincial locations. They might have been expected, given this distribution, to have a particular impact on SuperValu. In reality, the evidence suggests that Dunnes Stores and, to a lesser extent Tesco, have suffered most from the arrival of Aldi and Lidl.

The similarity in image profile (for keen pricing and value) between the LRDs and Dunnes Stores seems to count more than the geographic influence (where SuperValu and LRDs would share an ex-Dublin bias).

4.7 A focus on Price Sensitive Consumers

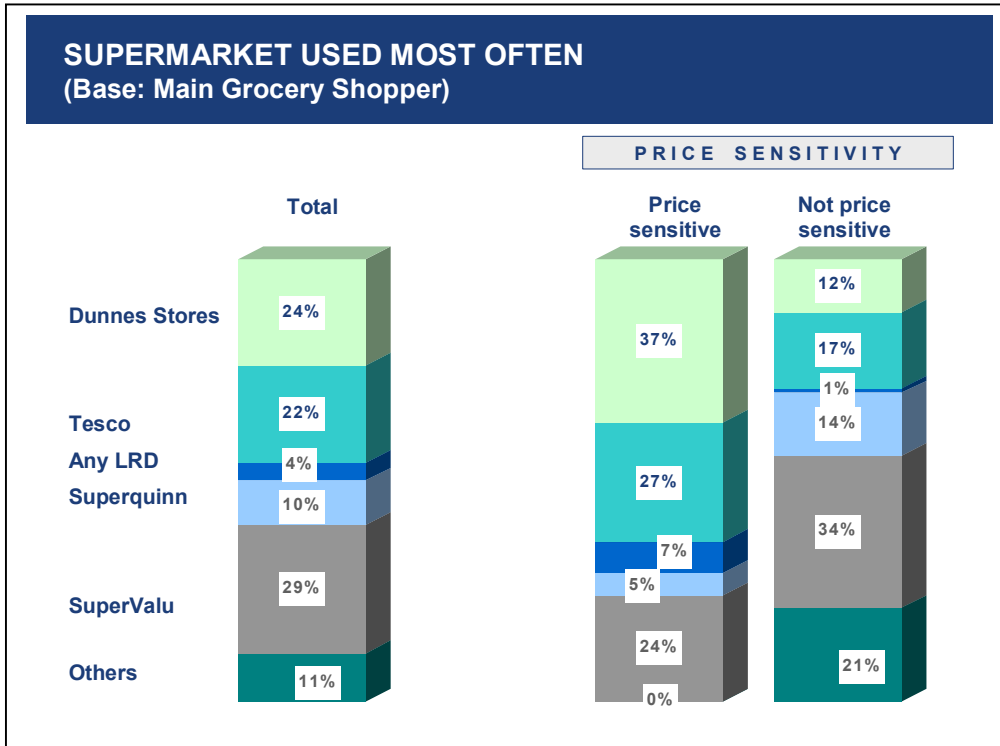
In deriving our ideal brand template we made the point that about half of the shopper population think of their main store as offering the cheapest prices to them. The corollary is that half the shopper population, at this point in time, do not see this as a characteristic of their main store. The fact that they are willing to choose a store that is not offering the best prices suggest that these people are, to some degree at least, less price sensitive.

Taking this indicator provides us with a further opportunity to interrogate our data. We can split our sample into people who demonstrate a price sensitivity and those who do not. We can then analyse these groups in demographic terms to see if they differ to any significant degree. We find that, in most respects they don't. We find that they differ very significantly however in their priorities in choosing a main store. This is evident from the following chart:



In overall terms the price sensitive people (red line) are much more demanding across the board. Their particular points of differentiation from the rest however are in regard to perceptions of cheaper pricing and better value for money.

We also found some interesting results if we examine the main grocery store choice of these two audiences: the 50% who demonstrate price sensitivity and the remainder who don't. The position is summarised below:



It can be seen that Dunnes, Tesco and the LRDs all have significantly higher shares in the price sensitive segment. Superquinn and SuperValu come into their own among less price sensitive consumers.

The Behaviour & Attitudes Confidence Monitor (see separate report) indicates a significant decline in consumer confidence throughout the year 2002. It will be interesting to track over time how this impacts on consumer price sensitivity and how this, in turn, has a bearing on the fortunes of the main retail groups.

This is the essence of brand tracking. We could equally examine over time how shopper requirements are changing in regard to convenience, hygiene, branded vs. own label options etc. We would then be in a position to gain a clearer understanding of how these changing tastes drive brand shares in the shopping context.

In the final section of this report we show an interesting illustration of what has happened in regard to price sensitivity in the past 12 months.

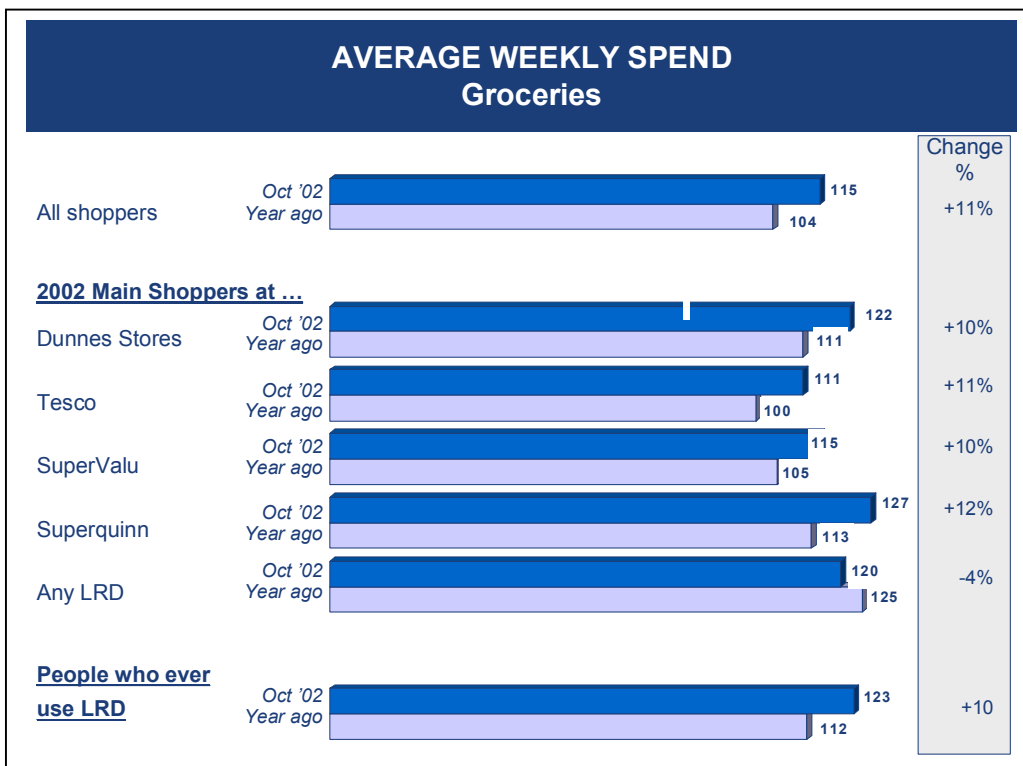
Chapter Five - Trends in expenditure patterns

Two final questions were included in the current study:

- How much do people spend in a typical week on their groceries nowadays?
- What was the equivalent amount spent a year ago?

In overall terms the average claimed expenditure per week nowadays is €115. The equivalent figure for last year was €104: a reported increase of 11%. We know from an earlier report (Aldi and Lidl Report No.1) that Irish consumers tend to regard this as a very significant price increase indeed.

We get an interesting insight from examining these data from the perspective of people who, in this current year, are main shoppers in each of the main retail outlets. The position is as follows:



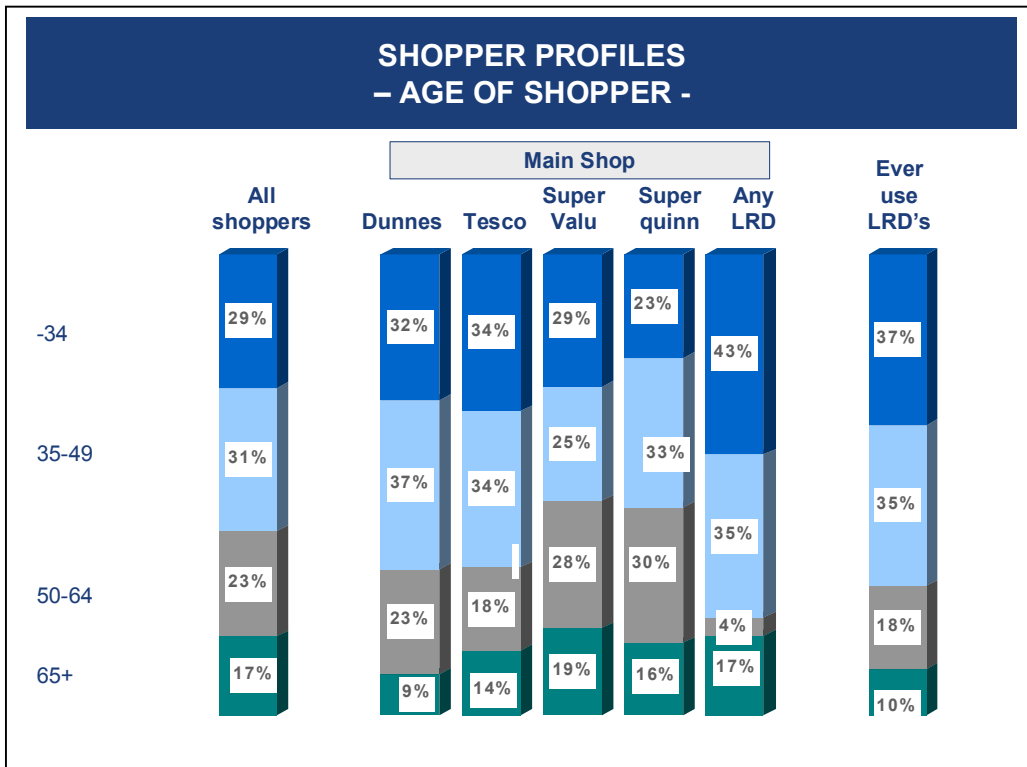
The main shoppers in all of the established multiples have experienced similar increases over this period of time. The one exception to the rule arises among people who currently use one of the LRDs for the main grocery shopping. These people are heavier than average shoppers. They spend an average of €120 per week. However, they report this as

representing a saving of 4% by comparison with last year. Linking this to the image data reviewed earlier we can understand why these people have chosen the LRD option.

The final element of this chart shows equivalent data for people who have ever used one of the LRDs. They, in general, have experienced a similar pattern of increase to the generality of shoppers. However they are heavier than average spenders in overall terms. Qualitative research would suggest that many of these people to visit Aldi or Lidl once every four to six weeks to take advantage of price savings on an occasional basis and on selected grocery items.

Chapter Six – A final insight

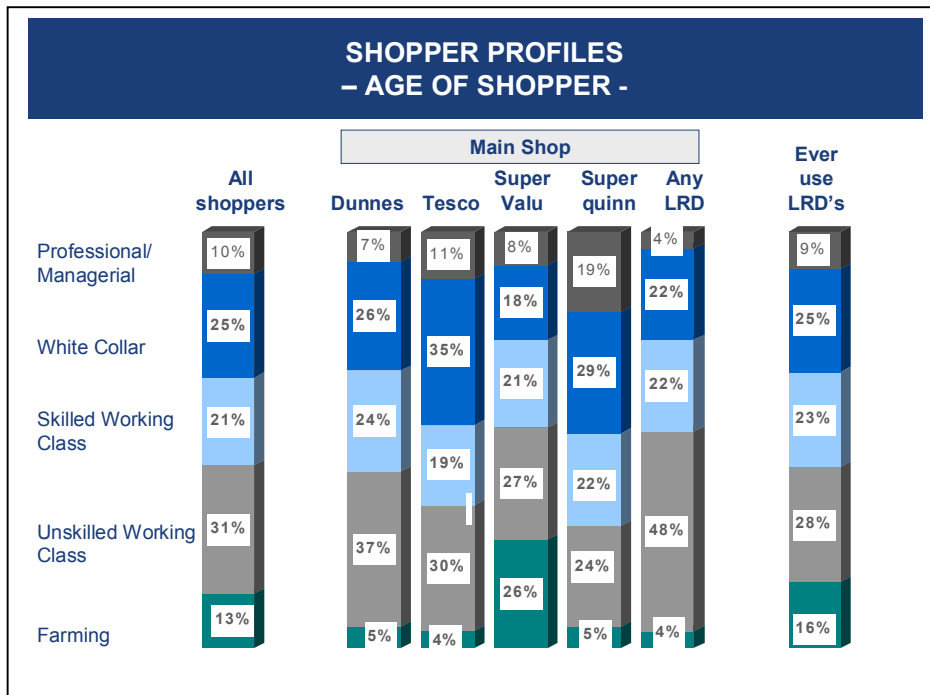
Our final series of charts looks at the demographic differences of main shoppers at each of the multiples. As one would expect, they show marked differences. If we look at age patterns first we see the following:



From this it can be seen that:

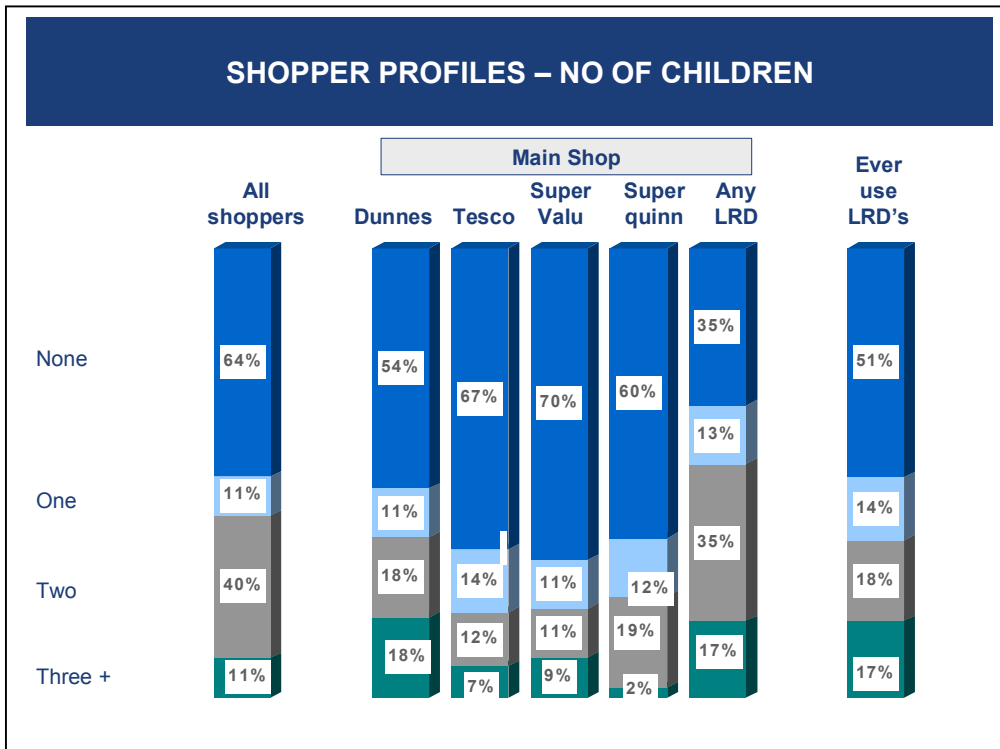
- SuperValu shoppers tend to be slightly older than average
- Superquinn shoppers tend to be rather more middle-aged.
- Dunnes and Tesco shoppers have similar age profiles: a bias towards the under 50's.
- The LRDs have the youngest shopper profile. This is true in regard to regular and occasional shoppers at LRDs.

Examining social class profiles we see even more marked differences (as might be expected).



- Superquinn has the most middle class profile, followed by Tesco.
- Dunnes Stores has a more working class profile
- SuperValu has an unusually high share of shoppers from farming backgrounds: reflecting the regional distribution of their stores.
- The regular shopper base at the LRDs is very markedly working class. Their occasional shopper base is much more normally distributed in social class terms.

One of the most interesting analyses is to look at the size of family information on this basis. The position is as follows:



The key differences are:

- SuperValu and Tesco tend to have a higher than average proportion of households without children.
- Superquinn has a higher than average pattern of one and two children households.
- Shoppers at Dunnes Stores tend to have larger than average families.
- This is even more markedly the case with shoppers at the LRDs: especially those who choose Aldi or Lidl as their main retail outlet.

This latter point of difference goes a long way towards explaining why these shoppers spend larger amounts than average on their grocery shopping. It also goes a long way to explaining why keen pricing matters to them.