



# Book Inside the Mind of the Shopper

## The Science of Retailing

Herb Sorensen  
Wharton School Publishing, 2009  
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## Recommendation

Have you ever wondered why the milk is in the back of the grocery store, far away from the entrance? Supermarket managers put it there in hopes of enticing shoppers to buy some of the thousands of items they pass on their way to the dairy case. However, shopping behaviorist Herb Sorensen disagrees with this strategy. He suggests that it causes shoppers emotional distress and they will simply buy their milk elsewhere. This type of product placement tactic is the kind of “misconception” that Sorensen identifies as retailers’ and manufacturers’ biggest problem. They spend billions learning about their customers and then fail to understand how consumers behave in their stores. Sorensen proselytizes heavily about the virtues of shopper research, which is not surprising since it is his field of expertise. Given his intricate factual material, backed with research, charts, statistics and case histories, *BooksInShort* believes that he will persuade most readers to accept his methods by the time they finish his book. This is a crucial read for retailers who aspire to increase sales by understanding what shoppers want and providing it.

## Take-Aways

- Marketers know little about what happens once a person enters a store.
- Retailers can improve sales by gaining a better understanding of shoppers’ behavior.
- If you make the shopper’s experience fast and efficient, you will garner more sales.
- Shoppers fall into three categories: “quick, fill-in and stock-up.”
- On more than half of all shopping trips, people seek fewer than five items, but retailers design stores for stock-up shoppers.
- Retailers should rethink store design to cater to different types of shoppers.
- Products that generate the largest proportion of sales are called “the big head.”
- The thousands of other items sold in small numbers make up “the long tail.”
- Product packaging and store placement are crucial to the selling process.
- Brand owners and retailers can work together to change placement, pricing, store design, merchandise and marketing in ways that benefit customers and improve sales.

## Summary

### “Inside the Mind of the Shopper”

Marketing’s goal is to get customers into stores. Companies carefully study their targeted demographic audiences, learning everything possible to polish their marketing efforts. However, they know little about what happens once a potential buyer enters a store. The weakness of modern retail strategy is that its marketing efforts ignore

what the shopper does while shopping. For instance, most people spend around 80% of their time in a store simply moving from one spot to another. Moreover, retailers set up their stores for the convenience of the “stock-up” shopper, the one who is coming in to buy a lot of goods. Yet, more than 50% of shoppers go into stores to buy one to five items, and must walk by full shelves of products to find what they want.

“There are tremendous opportunities to improve sales and profits by understanding shoppers better.”

Retailers’ lack of knowledge about a shopper’s thoughts and feelings presents a wonderful opportunity. With just a few adjustments, retailers can improve their profit margins by gaining a better understanding of shopping behavior and acting upon it.

One chain that does things right is Stew Leonard’s, a market in Connecticut and New York that generates around \$100 million in sales every year. Although its managers attribute the chain’s success to excellent customer service, two additional factors differentiate it from its competitors. First, its stores have just one aisle, which follows a “serpentine” pattern. You enter the store and then follow the aisle’s curves until you reach the cash registers. This reduces “navigational angst.” The second feature that contributes to Stew Leonard’s amazing success is less choice. The market carries only 2,000 or so items, rather than the 30,000 to 50,000 items in a typical supermarket. This reduces “choice angst.” Fewer choices actually lead to more sales. Stew Leonard’s shoppers find that their trips to the store are quicker and more efficient. The store’s managers believe that “the faster you close sales – the less time wasted for the shopper – the more sales you will make.”

## Types of Shopping and Shoppers

Researchers who study shopping behavior divide shoppers into three groups based on how long they stay in a store, how much ground they cover and how fast they shop. The groups are:

1. **“Quick”** – “Short time, small area, slow walk, high spending speed, very efficient,” with an average expenditure of \$20.
2. **“Fill-in”** – “Medium time, medium area, slow walk, average spending speed, modest efficiency,” with an average ticket of \$50.
3. **“Stock-up”** – “Long time, large area, fast walk, low spending speed, lowest efficiency,” with an average tally of \$100.

“The modern battle for retail ascendancy will be won inside the store.”

Not only are more than 50% of all shopping trips for five items or fewer, nearly 16% are for just one item. Quick-trip shoppers are a major segment most retailers ignore as they focus on stock-up shoppers. Convenience stores and small markets, like Lidl and Aldi, have emerged to fill this gap.

“If you want to understand our society, taking a trip with a shopper down a supermarket aisle is a very good start.”

Most households purchase 300 to 400 “distinct items” a year. Even though stores carry thousands of items, about 80 items account for 20% of a supermarket’s sales, with milk and bananas at the forefront. Half of all sales come from approximately 1,000 items. The few items that generate most sales are called “the big head.” The store’s thousands of other items are “the long tail.” Thus, understanding which items are big-head goods and which are long-tail items is very important. Selling more big-head items is easier than increasing sales of long-tail pieces. And, an increase in big-head product sales will bring in more revenue than a rise in long-tail unit sales.

“Retailers and manufacturers typically focus on purchases and products, but the shopping experience is much richer and more complex.”

Why do supermarkets often place milk at the farthest corner of the store, a long walk from the entrance? Many retailers want to force shoppers to walk past long-tail products to reach big-head merchandise. They hope this will prod shoppers to buy some of the additional items they pass. However, research shows that this seldom works. Instead, it makes shoppers anxious and frustrated, and leads to a loss of big-head sales. Research says retailers should rethink store design to cater to different types of shoppers. This calls for a “layered merchandising” plan that includes a common area for all shoppers, a secondary area for quick-trip and fill-in shoppers, and a third area for stock-up shoppers. It also includes a long-tail area where shoppers can find almost anything on their lists.

## In Threes

Every minute a shopper is in a store is a sales opportunity. Retailers can maximize “shopper seconds” by taking customers through “three moments of truth”: “reach, stopping/holding and closing.” These steps parallel the advertising concepts of “exposures, impressions and sales.”

“The food industry is the world’s largest industry – the African Serengeti of our modern consumer society, an ecosystem teeming with life and activity.”

Reach or exposure to an item is the first moment of truth in the shopping process. When the customer and the products are in the same place, the product has “reached” the customer. But just putting merchandise in front of shoppers does not mean that it will catch their eye. Customers walk past thousands of shelved items daily without taking any notice of what they pass. Retail store displays expose customers to multiple commercial impressions, including floor and shelf ads, coupon dispensers, shopping cart ads and various types of displays. Research shows that in-store flyers, aisle-end displays and freestanding displays have the most impact on consumers. Packaging also greatly influences them.

“Take the product to the shopper. That’s the approach of the active retailer.”

Stopping and holding, the second steps in the shopping process, kick in when seeing the product makes a strong enough impression to affect shoppers’ behavior. Something – usually packaging – grabs their attention and they pause to consider buying. Four categories of products exert different levels of “stopping and closing power”:

1. **“Leaders”** – These product groups have strong stop-and-close power. To increase sales of leader-level products, like soft drinks, display them at checkout stands and on the endcaps of aisles.
2. **“Niche”** – “Few stop to shop, but those who do, buy.” Put niche products in places with high visibility from heavily trafficked areas of the store.
3. **“High interest”** – “These are window-shopping categories. Shoppers stop to shop, but don’t buy.” Pricing and merchandising work better than placement to

increase these sales.

4. **“Underdeveloped”** – “Few stop to shop, and the few who shop don’t buy.” Place products in this group in low-traffic areas or promote them as if they were new products.

“The reason the long tail is wagging the dog in retail is that brand owners are investing in promoting their many products in the long tail.”

The last step is the close, when the shopper decides to buy. Shoppers invest time and emotion as well as money. In return, they want to be satisfied with their purchases. The retailer who minimizes shoppers’ “time, money and angst” will close more sales.

## Smarter Store Design

Most retailers base the design of their stores on the false assumption that people will find the products they need once they are inside. This passive approach makes the customer do all the work, often at the cost of time and aggravation. Retailers who study how shoppers act in a store can place products in ways that help them sell more readily. Retailers control where customers enter and exit their stores, so they should promote the sales process right at the entrance. Studies of shoppers’ behavior show:

- “Trips always start at the entrance and end at the checkout [or] exit.”
- “After pausing at the entrance, shoppers tend to move to the back of the store, especially if that pathway is broad and attractive.”
- “Once at the back of the store, shoppers will tend to turn to the left, counterclockwise, and immediately begin to exhibit exit behavior.”
- “The appearance of checkout stands on their left, at the front of the store, will attract many [shoppers] to move there.”
- Having “several extra-wide aisles will hasten the growing rush to exit the store.”

“If you don’t know how to manage the big head part of the store strictly in the shoppers’ interest, learn or retire.”

Tracking shopping patterns quickly puts one misconception to rest: Products do not drive traffic flow. In fact, other factors have more influence. For example, once people enter a store, the checkout line draws them like a magnet. Shoppers also gravitate toward open space and large aisles, regardless of product placement, though merchandise displays do attract attention and increase sales. The “pyramidal sloping-back” fixture is optimal because its banked shelves create a feeling of space and make it easier for shoppers to see everything on display. Retailers can choose among five store designs to facilitate sales:

1. **“Enhanced perimeter”** – A wide aisle goes around the edge of the store.
2. **“Inverted perimeter”** – This setup features a large open area in the middle of the store. Costco, a big-box retailer, uses this design quite successfully.
3. **“Serpentine design”** – Stew Leonard’s uses this layout, which takes advantage of customers’ instinctive behavior.
4. **“Compound stores”** – This design clusters several types of stores in one location.
5. **“Big head”** – These stores, like Trader Joe’s, offer strategically limited selections.

## Packaging, Packaging, Packaging

Proactive retailers who learn about consumers’ typical in-store behavior can convert people into shoppers and, ultimately, into buyers. Product placement is pivotal in this process, but packaging also plays a leading role. The package must grab attention and make customers want the item. Packaging is crucial to the selling process for many reasons. Many customers learn about a product for the first time when they see it on the shelf, so its package is its advertisement and explanation. Packaging drives “trial and awareness.” The package is the ultimate destination for closing the sale. “A typical package generates” up to 570 million impressions annually, just being on display in countless stores. Use those impressions effectively. An attractive, engaging package promotes impulse purchases and breaks through the clutter.

## Pay Attention!

Why haven’t retailers tried to understand shoppers’ behavior better? Surprisingly, it’s because shoppers themselves have less impact on profits than some other factors. The four main sources of supermarket earnings are:

1. **“Trade and promotional allowances from the brand suppliers”** – Supermarkets make money on rebates and by acting as warehouses for products.
2. **“Float on cash”** – Large reserves of cash earn interest as products turn over.
3. **“Real estate”** – The market’s building may be worth as much as, or more than, the value of its contents.
4. **“Margin on sales”** – The supermarket’s service departments, such as the bakery and the deli, are tremendous profit sources.

“Each shopper second is a moment of truth – an opportunity to sell something.”

When brand owners and retailers decide to work together, they can drive sales upward. Once they identify exactly how shoppers behave in stores, they can consider changes that will benefit the customer as well as the retailer and the brand. Stores can base their new designs on the dynamics of shoppers’ movements through the aisles. Prioritize identifying the best placement for products in leader categories. Then place related products, called “affinities,” next to the leaders to increase sales of both items – for example, put batteries beside flashlights. Brand managers and retailers can work together proactively on total store design. Getting “inside the mind of the shopper” allows them to close in on the “Holy Grail of Retailing,” which is:

- “To know...what [shoppers want], or may buy, as they come through the front door.”
- “To deliver that to them right away, accepting their cash quickly and speeding them on their way.”

## About the Author

**Herb Sorensen**, Ph.D., is president of TNS Sorensen, a company that specializes in shopping behavior research.

