

PHIL. DAILY INQUIRER
FRIDAY, JANUARY 12, 2018
B6

FOR SUPERMARKETS, IT'S ADAPT OR DIE

By Josiah Go
@InquirerBiz

The entry of more online stores and delivery services, brought about by increasing market penetration of smartphones and broadband, will continue to solve many pain points of harried consumers.

These include heavy traffic, parking space and fees, store operating hours limit, long queues and time and effort to locate and carry goods.

If brick-and-mortar stores like supermarkets will not improve and offer a more compelling value proposition, online shops will eventually overpower them.

In the Philippines, with the increasing middle class and young population, Google predicted that the value of the online market will reach P918 billion by 2025.

Supermarket operators need

to remember five important things to deeply understand new needs that may determine if they will survive or fall by the wayside.

Here are the 5 I's of new supermarket consumers:

1. Informed

Consumers and shoppers are now better informed. Progressive stores want to be consumer advocates by being transparent, giving their customers access to vital information about their products, because they aim to deliver the value expected from them.

2. Impatient

Shoppers, especially those buying during peak hours of weekday evenings, are concerned about time, considering the family members who are waiting for food on their dining table. A much lower price is no longer an excuse for longer check outs, because technology should be helping shoppers spend less time in the stores do-

ing nonvalue-adding activities. Supermarkets need to genuinely respect the limited time of the shoppers.

3. In touch

Shoppers have social circles in social media allowing greater speed for sharing a brand or store experience. They just post using their social media accounts instead of writing complaint letters or feedback—a double-edged sword for the store, as bad comments are as free to be shared as good remarks.

4. Improvement mentality

Consumers buy products or services because they constantly look for better ways to create an ideal version of themselves. Stores should align their strategy to this insight.

5. Identity

Benefits expected by shoppers go beyond functional (features) and economic (price/value), because these are just buyers' minimum expectations. In a brick-and-mortar store, shop-

pers and their choices can be seen by other people.

Therefore, in formulating the store's marketing plan, it is very important to consider emotional (feeling) and social (perception of others) needs.

Future supermarkets

While the online market continuously grows and presents advantages, brick-and-mortar stores can stay relevant. Apart from creating their own online channel, supermarkets can use these 5Cs to challenge online convenience:

1. Culinary studio

Think experiential. Understand the joy of cooking and bonding with house guests over food. The culinary studio will have its resident culinary expert who can facilitate cooking demos and share food recipes, history and cooking methodologies, a connect-and-develop (C&D) type of full-time job function. Supermarkets and suppli-

ers implementing category management can work together toward this transformation. In other words, aside from "average sales per square meter," supermarkets need to include "experience per square meter" as part of the metrics.

2. Community

Think human problems that require efficiency—visiting the laundry, the drugstore and many more. By understanding the importance of having more quality time with loved ones, supermarkets can incorporate outside services that are actually helpful and time-saving for the customers.

3. Context

Think about customization. Shoppers' moods and motivations vary depending on the time of the day or the day of the week. Supermarkets should align with them through themes, games and gimmicks that match the time or day to enhance customer satisfaction.

4. Connections

Think about relationships. Supermarkets can serve as an avenue where people get to meet and network with like-minded individuals. This will be market segmentation at work.

5. Cost control

Think about profit. Reduce the number of stock keeping units from over 20,000 items. This can be done by reducing the number of brands and items per category.

The simplification can also help shoppers navigate stores with ease.

Cost control also involves more private label brands for different market segments.

—CONTRIBUTED INQ



Josiah Go is chairman of marketing consulting firm Mansmith and Fielders Inc. For his interviews with thought leaders, please follow www.josiahgo.com

* CONSUMERS