

## **Fixed shopping budget?**

How much gets filled into a shopping cart and the types of brands which gets thrown in is determined by the consumer's budget. This is a straight forward and innocuous statement to make, given the fact that this is a general belief held sacrosanct by marketers and retailers, and any attempt of even trying to suggest otherwise is bound to be met with opposition and ridicule.

Nevertheless, Grey and G2's Eye on Asia – Retail study threw up an interesting set of numbers which tells quite a different story and provides me enough ammunition to re-think my stance on the issue.

### **Brands can determine the consumer's shopping budget.**

To start with, the fixed shopping budget is a myth. Consumers set out on a typical shopping mission with a range of products in mind, and not a fixed amount. Chinese shoppers can spend anywhere between RMB 100 – 200 and Malaysians are willing to spend between RM 100 – 200 during each regular shopping trip. Therefore, the belief that there is a fixed number governing consumer shopping decisions seems to be on shaky ground, given that the number itself is non-existent.

One might point out that even though it is not a fixed number, consumers do have a limit set in their minds. According to the study, the limit is an elastic number, more often with consumers stretching the amount.

For example, Indian shoppers claim to spend an average of 30% more than their budgeted amount each time.

So why does this happen?

The first would be impulse. Consumers add items to their shopping basket based on impulse. The study indicates that at least 35% of the brands purchased in store are bought on impulse, with the number rising to as high as 53% when it comes to snacks. Impulse purchases have a peculiar characteristic – they tend to override any rational decision algorithms that the consumer might have in his or her mind. Therefore, the moment impulse takes over, budget considerations and shopping lists are thrown out of the window.

The second reason is new news and delights which could be in the form of promotions, new brands, variants or packaging. Shopping lists and budgets are usually made outside the store environment with a set of information that the consumer has collated from a combination of previous shopping trips and communication stimuli. However, the minute, the consumer steps into a dynamic shopping environment, the various products, promotions and information create distraction and the neat and orderly shopping plan is forgotten.

Grey and G2's Eye on Asia – Retail study indicates that Asian shoppers are more likely to spend more in a hypermarket/supermarket than at provision stores or via other retail channels. This difference arises primarily out of the frequency with which they visit these outlets.

Consumers on average visit a supermarket 2 times a month vis-a-vis 7-8 trips a month to provision stores. Therefore, the chances of having their mind changed, based on news is higher in supermarkets/hypermarkets. Additionally, the store layout appeals to consumers, enabling them to spend more time browsing the aisles, which later translates into a higher shopping bill.

Therefore, the net implication of these numbers is that consumers seem mentally prepared to loosen their purse strings and now it is up to marketers to pull the cord.

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