Master thesis

Shopping behavior patterns on the Russian confectionery market and their implications on shopper marketing strategies of chocolate manufacturers.

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ABSTRACT

Several studies have confirmed that most of buying decisions take place in-store. Consumer marketing plays a great role in attracting shoppers to the store. However, the in-store buying decision depends on the number of factors that brand marketers sometimes overlook. In order to stand out in the retail environment leading FMCG (Fast Moving Consumer Goods) companies use various shopper marketing strategies. These strategies are based on the shopper insights in the particular market.

The purpose of this research is to verify if the shopper behavior in the Russian confectionery market differs from the one in the United States and Europe. This has been done by qualitative (in-depth interviews) and quantitative (in-store survey) analysis. Upon examination of the results, it was found out that the shopper behavior in Russia has its patterns, which need to be taken into account by companies when designing their shopper marketing strategies. Based on this research, the recommendations were developed for chocolate manufacturers to uncover opportunities on the Russian market and generate more sales by delivering added value for the company and its customers (retailers).

CHAPTER 1. INTRODUCTION

1.1. Problem Identification and Objectives of the Study

Russian confectionery market showed a significant rate of value growth and a moderate rate of volume growth during the period of 2009-2013, according to MarketLine report (2014). This has been driven by overall growth of the economy and disposable incomes of the population. However, starting from 2013 economy has become less stable, which lead to the slowdown in market growth. In the forecasted period of 2013-2018, the confectionery market growth is expected to decelerate in value terms, and slightly increase in volume terms, although value and volume growth will still be assessed as strong and moderate, overall. In 2018, the Russian confectionery market is forecast to have a volume of 1,937.6 million kilograms, an increase of 19% since 2013, according to MarketLine report (2014).

Retailing in Russia showed the positive growth during the year of 2013, with both store-based retailing and non-store retailing contributing to this trend. The expansion of the major retail chains throughout the country and the steady demand for basic grocery products were the two key reasons for the positive trend. Nonetheless, changes in the economic conditions have affected many consumers. Hence, as the economic situation in Russia gets worse, most of the population is very price-sensitive.

In spite of the decelerating economy, Russian market remains attractive not only for local layers, but also for foreign manufacturers. Russian chocolate confectionery market is relatively concentrated, with the top five companies accounting for 53% of sales, according to MarketLine report (2014). Players in the confectionery market are diversified and the degree of rivalry in the market is assessed to be moderate with the tendency to increase.

Confectionery manufacturers are developing sophisticated brand marketing strategies, which are based on the knowledge of the end consumer. The importance of these strategies cannot be overestimated. However, several research and industry experts show that it is not enough. The key to success is to know the shopper habits in the local market and use this knowledge as a base for the development of shopper marketing strategy. This approach proves to be effective and, if executed properly, leads to the growth of sales figures and market share.

Global chocolate manufacturers, which entered the Russian market in early 1990s, have experienced double digit growth for a more than a decade, thanks to growing demand in the chocolate market. However, this growth rate has slowed down lately. For more than twenty years of operations in Russia foreign companies have been relying mostly on the global shopper studies assuming that shopping habits in the chocolate market globally are similar. However, the shopping behavior of Russians is unique due to the number of factors, mostly social and economic. No research on the shopping habits in the Russian confectionery market has been conducted so far.

Thus, there is a clear empirical gap that exists in the shopping behavior patterns in the Russian confectionery market. For many foreign market players Russian confectionery market is a major growth opportunity and the absence of knowledge in this field may lead to limited growth possibilities in future. Unless this empirical gap is addressed, it is difficult to develop an effective shopper marketing strategy and cooperate with retailers for its execution. This thesis examines this problem and attempts to fill this empirical gap. The main focus of the research is the chocolate market. The research question of this study is:

What are the key differentiating factors of shopping behavior in the Russian chocolate market and how they could be addressed for development of effective shopper marketing strategy by chocolate manufacturers?

In order to give an answer to the research question of this study, the following sub questions were formulated:

- **How do FMCG industry experts consider level of development of shopper marketing in Russia?**
- **Is chocolate planned or impulse category among Russian shoppers and why?**
- **What are the key factors influencing the choice of chocolate products?**
- **What zones in the store are the most effective for additional placement of chocolate confectionery and why?**
- **What are the barriers of chocolate category penetration (what stops shoppers from making a chocolate purchase) and how to address them for growing the category by manufacturers and retailers?**

1.2. Conceptualization and Hypothesis

This study examines the shopping behavior in the Russian confectionery market in the modern trade (minimarkets, supermarkets and hypermarkets) setup. Empirical investigation shopper studies have been conducted Mars Chocolate Inc. and Ferrero SpA. Departments of Consumer Market Insights and Category Management in United States and in Europe have conducted global shopper studies. Drawing on these research, I have developed the research objective and hypothesis regarding the Russian confectionery shopper.

This study assesses the shopping mission of Russian confectionery shoppers, the size and content of shopping basket, the level of impulse buying, the shopper interactions with different zones in a store, the effective chocolate placement, the product attributes influencing the choice of chocolate. The following hypotheses are considered in the study:

H1: FMCG (Fast Moving Consumer Goods) industry is considered to be at an early stage of development in Russia.

H2: Russian shoppers make chocolate purchases less impulsively than shoppers in the US and Europe due to the decline in the disposable income.

H3: The chocolate purchase decision depends on the shopping mission and the format of the store.

H4: The effective placement of different types of chocolate products depend on the location in the store.

H5: Some shopper barriers exist in the Russian market for chocolate category penetration.

Based on the qualitative and quantitative research the main shopping behavior patterns on the Russian confectionery market were identified. These shopper insights were used as a basement for the development of recommendations regarding the shopper marketing strategy for chocolate manufacturers and its customers (retailers).

CHAPTER 2. LITERATURE REVIEW

2.1. Shopper marketing in the Fast Moving Consumer Goods industry.

2.1.1. Shopper marketing: the definition of the concept.

In recent years, there has been renewed interest in understanding the actual consumer action of buying. There are numerous possible reasons for this emphasis on the “moment of truth,” compared to other perspectives on consumers (e.g., consumer needs, brand preferences, usage). One explanation is that the traditional marketing approach is no longer effective alone, and has become too separated from the actual consumer who makes decisions to buy. Marketing needs to engage more with the shopper in order to drive the growth of brands.

Growing interest in shopper marketing reflects manufacturers’ interests in managing their brands at retail, and retailers’ interest in growing category demand and overall sales, including private label. Both manufacturers and retailers also have an interest in enhancing the experience for shoppers, potentially delivering a “triple win.”

The new shopper marketing orientation focuses more heavily on the shopper and shopping mode, compared to the traditional brand and consumption focus. Brand building is achieved more through triggers in the shopping cycle. This contrasts with the traditional focus on awareness building and push-and-pull marketing. Rather than focus primarily on individual product categories and in-store activities, the new orientation expands to multiple categories across all touch points and channels (Bell, Corsten and Knox, 2011).

Shopper marketing means understanding how one’s target consumers behave as shoppers, in different channels and formats, and leveraging this intelligence to the benefit of all stakeholders, defined as brands, consumers, retailers and shoppers. It is also called marketing at retail, as well as first moment of truth marketing (Ståhlberg and Maila, 2010) Shopper marketing is the new rubric for engaging buyers, catering to the attitudes they bring into the store and creating interactive shopping experiences for them.

Shopper marketing can be also defined as the capability to drive growth through insight-led, shopper-based demand creation and fulfilment. It’s about institutionalizing shopper insights to drive business growth. The topic is of current interest of big number of retailers and manufacturers. In

May 2008, Oxford SM conducted a survey on shopper marketing among 28 top Fast Moving Consumer Goods manufacturers and retailers on behalf of ECR Europe, revealing that companies already see shopper marketing as critical to success, and expect its value to rise dramatically in a downturn. (Moore and Foxlee, 2009). As a case in point, the survey conducted by Ferrero among 127 retailers and manufacturers in Germany shows the growing interest to the topic. According to Ferrero's research, 79% of respondents believe that Shopper Marketing will be of long-term importance. Both manufacturers and retailers share this assessment.

The shopper-centric activities have become more complex, which means that these campaigns involve a bigger number of stakeholders, as well as require both longer lead times and sophisticated approach to budget allocation. In a great number of cases such activities are more difficult to measure. If the shopper-led campaigns are executed properly, they deliver not only increase in sales, but also improved relationships with the retailer, increase footfall in the category, new usage occasions for a particular category or brand and increased household penetration[1] (McCarthy, 2011).

Shopper marketing is sometimes associated with trade marketing. Indeed, these two business areas are close and interconnected. However, the shopper marketing is different from the traditional trade marketing approach. Shopper marketing takes the broader approach and is more long-term, than short-term. The objectives of shopper marketing are based on sales, marketing and retailer objectives while trade marketing objectives are usually based only on sales measures.

The consumer marketing (also known as brand marketing) and shopper marketing are also interconnected. According to Ipsos Shopper Framework (Figure 1), consumer marketing is focused on brand image building, product features selection and development of communication campaigns (media and other influences), while shopper marketing is focused on the whole shopping journey, starting from the rise of desire and ending with the actual purchase. Together consumer marketing and shopper marketing represent an effective cycle, which influences the shopper, drives the desire and triggers a purchase.

[1] See definition in the glossary

Figure 1. Ipsos Shopper Framework.

The shopper marketing concept is also known as Retailization (Thomassen, Lincoln and Aconis, 2006). It means reaching target consumers through the retail environment. This can boost the sale of the branded products and move the company toward retail success. Retailization is a defensive, new marketing effort by brand owners. It is based on optimizing sales by connecting their brands to shoppers by using the sales potential of a retail setting to their brands' advantage. (Thomassen, Lincoln and Aconis, 2006)

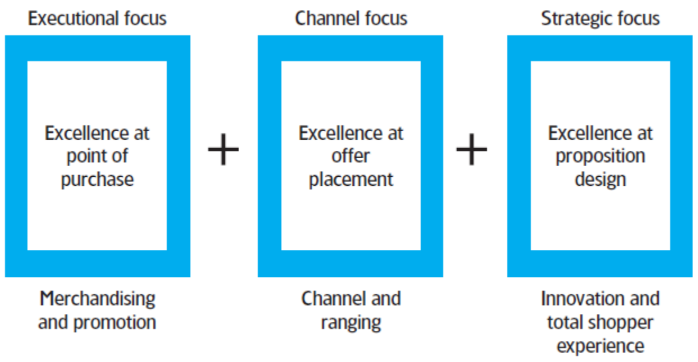
2.1.2. The evolution of shopper marketing and its tools.

In order to be successful in a store, brands must have distinct identities and features. To make a product to stand out in the retail environment, companies use a highly visible in-store fixture with combination of location, scale and visibility (Ståhlberg and Maila, 2010).

ECR (Efficient Consumer Response) survey indicated a significant variation in how effectively and widely manufacturers and retailers leverage shopper insight in order to build distinctive shopper marketing strategy. Leading companies are those who are applying shopper insight most widely (Moore and Foxlee, 2009).

Shopper marketing as a concept has been developing through several stages (Figure 2). Each stage corresponds to the particular focus of the shopper marketing strategy.

Figure 2. The evolution of the Shopper Marketing by Moore and Foxlee, 2009.



Excellence at point of purchase is the most basic shopper marketing strategy, which is focused on optimization and promotion of the offer at the point of sale by means of merchandizing, pricing, display and promotion (price promotion or consumer promotion). This strategy is based on in-depth shopper understanding and is usually highly effective. A case in point of such strategy is P&G that uses shopper messages of the shelf-ready packaging, as in Fairy Antibacterial washing-up liquid stating 'Stop bacteria breeding on your sponge tonight'. That is an example of the instant call for action versus other products in this category with no message at all.

Excellence at offer placement means identifying the best place and store format to place an offer. It is the second step of a shopper marketing evolution. An example of channel customization of the product offer is the Coca-Cola Company, an expert in defining needs based on shopper mission and channel, launching its lunchtime promotion in the convenience stores, with the message "buy a sandwich, bag of crisps and a Coke". This promotion shows an understanding of the shopper mission in the specific time of the day and in the specific retail format.

Excellence at proposition design is the most complex strategy among all listed above. This strategy is about the strategic innovation in the shopper marketing and delivery of the cutting-edge the shopper experience. Leading companies listen carefully to the voice of the shopper when taking strategic decisions regarding the new growth platforms and product innovation. The example of this strategy is P&G's "shop-in-shop"[2] Look Fab studios, which are engaged with the total shopper experience (Moore and Foxlee, 2009).

[2] See the definition in the glossary

2.1.3. The role of retailing in the shopper marketing strategy development and execution.

While manufacturers used to hold the power in terms of money, data and knowledge, retailers over time began to consolidate their own power in part by becoming smart marketers themselves. On the other hand, the advances in technology and intelligence passed into consumers' hands, who now make informed and intelligent shopping decisions both online and offline. Now more than ever, brands and retailers have to strengthen relationships to work together to make a sale. Shopper marketing brings together aspects of equity marketing and trade or price marketing. More importantly, it creates a compromise between brands and a retailer's needs. By joining forces, a brand has a strong voice in influencing the shopper, which means retailers get the sales they're looking for (Diaz, M.B., 2014).

The main challenge brands face within the retail environment is that shoppers encounter between 3,500 and 5,000 marketing messages during an average shopping trip and that only about one fifth of shoppers actually see an average product on a supermarket shelf (Underhill, P. 1999). Shopping is often conducted on autopilot. Creating a positive interruption is essential to ensuring the brand is selected. However, as with everything in the in-store environment, retailer engagement is crucial.

If it comes to shopper marketing campaigns, retailer and supplier objectives are not always aligned. If a manufacturer shows that it can help a retailer achieve its objectives, rather than just meet its own objectives, it can get very strong buy-in. Collaboration between manufacturers and their retail partners has always held the dual promise of reduced antagonism and gains in competitive advantage for both parties.

With the ability to interpret insights from shopper data and translate that into the physical space, retailers and manufacturers have a better chance of getting to the shopping experience that keeps people in the store longer, strengthens a brand's position, increases share, enhances Return on Investment (ROI), saves marketing and trade budgets, while making life easier for the shopper (Thomassen, Lincoln and Aconis, 2006).

As shopper marketing becomes more prominent as an advertising method, manufacturers must understand that retailers call the shots. Walmart is an excellent example of this trend. If a manufacturer's display does not meet Walmart's specifications, the company won't use it. Brands are everything to manufacturers, but retailers don't worry as much about brands as they do about improving their customers' overall shopping experience. For national brands to succeed in this retail environment, they must become part of each retailer's particular shopping solutions.

The shopper experience in the retail environment is deeply elaborated in "Retailization" Model (Thomassen, Lincoln and Aconis, 2006). The model consists of several parts: the store, the shelf, the shopper, the product, the purchase decision and the pitch. Each part of the model is explained in more detail below.

The Store

The manufacturers who control brands are no longer in charge of the stores. Retail store is where consumers consider and buy or reject branded products. A giant discount retail store holds thousands of brands, so brand marketers must try to reclaim their spot on the battleground. However, instead of fighting the retailer (which is pointless), they need to establish proprietary distribution, either by reinventing their place in the competitive arena or by cooperating with the retailer on the field of combat.

The Shelf

The context of the competition affects the brand performance. Analyzing other brands on the shelves next to manufacturer's product is extremely important, because that is where its product's critical competition occurs. Customers will only buy a limited supply of the same item, so manufacturers have to steal sales from their closest competitors on the retail shelf. It becomes possible from studying competing products and working to understand how each of these brands is trying "to marry" the customer. The retailer objective is to create choice for the shopper, while the main purpose of the manufacturer is to make its brand the customer's choice.

The Shopper

The brand owner's challenge is to capture the shopper by offering a product that goes beyond merely meeting his or her needs, and arouses a stronger-than-expected yearning for a product. Understand the shopper and prepare for the unexpected – that is what manufacturers need to do.

The Product

The idea behind the product may require reconsideration, which means that a manufacturer might need to take an obvious item and recast it as something better or wholly different to achieve a stronger market position. To create a forward-looking image, it needs to delve into the very nature of the product it makes and sells.

The Purchase Decision

This is so-called the moment of truth: either manufacturer's brand, product or concept touches the consumer or it does not. The span of time a shopper uses to make a retail decision is very short; brand managers have found that shoppers use only a few seconds to decide whether to explore the possibility of buying one product instead of thousands of others.

The Pitch

The manufacturer's ambition is to create maximum impact at the retail level. Set out to reach its audience at the two critical junctures in retailing: "buy and try." First, letting people know the product is out there - this means marketing campaigns and advertising. The purpose of the message is to draw consumers and make them customers of manufacturer's products. TV advertising must tantalize people to go beyond loving the cute ad or watching the sponsored program. The brand manager must go further by developing advertising that push people to the retail store to buy and try the product. This kind of communication can take many forms. Communication within the retail environment is crucial because about 70% of brand buying decisions are made in-store (Thomassen, Lincoln and Aconis, 2006).

Thus, the development and execution of manufacturer's shopper marketing strategy is highly dependent on the commitment of the retailer. Manufacturers need to engage with their customers in order to deliver added value for themselves, the retailers and shoppers.

2.2. Key shopper insights in Fast Moving Consumer Goods industry.

2.2.1. The study of shopper in-store experience.

Recently, shoppers have been experiencing the transformation from passive buyers to active co-creators of new consumption experiences, proactively participating in the process of collaborative marketing. The experiential paradigm of consumer behavior views consumption as a holistic expression of symbolic meanings, hedonic (emotional) responses, and sensory pleasures (Hirschman and Holbrook 1982).

Shopping involves diverse aspects of in-store experiences requiring a substantial level of interactions among shoppers, salespeople and the atmosphere in the store. Given this characteristic, the shopping process entails sensory, emotional, and rational experiences that shoppers may encounter in an interactive fashion. For instance, shoppers, upon entering a store, come into contact with store atmosphere that stimulate their sensory appeals, such as the in-store merchandise display, interior, aroma, lighting, and background music (Meda and Plaias, 2013). Such sensory stimuli can then evoke emotional responses such as joy, delight, and excitement, among others. While searching for desired goods, shoppers have rational experiences (e.g., they process information for alternative product choices), but in this course they subconsciously get involved in impulse buying (Bashar, Ahmad and Wasiq, 2013).

A long-standing theory based on a 1995 study by Meyers Research Center for the Point of Purchase Advertising Institute (POPAI) confirm the data of Thomassen, Lincoln and Aconis (2006) that 70% of buying decisions take place in-store. A more recent study by OgilvyAction found that only 39% of U.S. shoppers wait until they're in the store to decide what brand to buy, about 10% change their minds about brands in the store, 29% buy from categories they didn't intend to buy from, and almost 20% leave a product they had planned to buy on the shelf (Miller and Washington, 2013).

Overall, the study found that about 30% of shoppers make major purchase decisions in the store. While significantly lower than the POPAI estimate, the OgilvyAction assessment still confirmed that customers do a lot of decision-making in-store.

2.2.2. Unplanned purchasing and impulse buying drivers.

Bell, Corsten and Knox (2011) in their research uncover opportunities for retailers to generate more unplanned buying from existing shoppers. It was found out that the number of unplanned purchases increases proportionally with the abstractness of the overall shopping mission that is established before the shopper enters the store. Store linked goals also affect unplanned buying: unplanned buying is higher on trips in which the shopper chooses the store for low pricing policy and lower on trips in which the shopper chooses the store as part of a multi-store shopping trip. Although out-of-store marketing has no direct effect on the in-store purchase decision, it reinforces the increase in unplanned buying from shoppers who use marketing materials inside the store.

Bell, Corsten and Knox (2011) suggest that retailers should move beyond competing for customers to competing over shopping trips. Sophisticated retailers and major suppliers are beginning to collect data on shopping patterns and segment shoppers according to their shopping missions (Fox and Sethuraman, 2006) to understand what drives shopping differences across trips for the same household. It was also noted that many observers believe that most purchase decisions are made inside the store (Thomassen, Lincoln and Aconis, 2006). Consequently, marketers allocate funds to in-store marketing to stimulate unplanned buying with in-store displays, promotions, and technological innovations (Albert and Winer, 2008). Bell, Corsten and Knox (2011) believe that marketers can generate unplanned buying by encouraging shoppers to evoke abstract goals. Furthermore, it makes sense to advertise abstract shopping benefits. Some retailers already do this. For instance, Wal-Mart encourages shoppers to “Save Money. Live Better”; Tesco highlights the notion that “Every Little Helps”; and the Dutch supermarket C1000 reminds customers that they are “Always Surprising, Always Advantageous.” The most recent research has advocated that shoppers have in-store slack for grocery trips—that is, they leave room in their mental budgets to make unplanned purchases.

Manufacturers and retailers are increasingly focusing on the importance of in-store decision making. Recently, Procter & Gamble coined the phrase the “first moment of truth” to describe the first three to seven seconds when a consumer sees a product on the shelf. Other manufacturers and retailers are also increasingly investing in in-store decision making (Neff, 2007). In addition, there are a growing number of joint promotions between manufacturers and retailers (Spethmann, 2005).

For first moment of truth to be of such interest, consumers need to be making a substantial number of decisions at the point of purchase. An encouraging statistic in this regard is that shoppers make the majority of their decisions in the store. Specifically, only 30% of purchases are preplanned down to the brand level, and a surprising 59% are totally unplanned before a consumer enters the store (Inman and Winer 1998).

It is seen that shopping mall owners tried to exploit impulses, which are associated with the basic need for instant satisfaction. A consumer in the store might not precisely be shopping for the confectionery goods like, sweets, chocolates, bubble gums, mints and biscuits. However, related confectionery items displayed at prominent places will certainly attract buyer's attention and trigger impulse buying behavior in them. (Bashar, Ahmad and Wasiq, 2013).

Early studies on impulse buying stemmed from managerial and retailer interests. Research in this sphere placed its emphasis on the approach to classifying products into impulse and non-impulse items in order to facilitate marketing strategies such as point-of-purchase advertising, merchandising, or in-store promotions. However, his approach is limited by a definitional myopia, which simply equates impulse buying to unplanned purchasing (Stern, 1962).

Impulse buying is challenging to define. It does not mean doing "unplanned shopping" (Stern, 1962). Purchases may be unplanned but not impulsive, such as habitual purchases, purchases that unexpectedly solve an existing problem, or purchases that are simply too unimportant to plan or think about. Purchases may also be impulsive, but planned, such as shopping to find someone a present, or using the retail environment as "shopping list," for instance when finding ingredients for an Italian style meal (Verplanken and Sato, 2011).

Impulsive buying has been defined as the spontaneous or sudden desire to buy something, and when compared to more contemplative approaches to decision-making, is considered emotional, reactive, and prone to occur with diminished regard for the consequences (Rook, 1987).

Impulse buying is relatively surprising and exciting, while normal shopping is more ordinary and boring. Buying impulses are often powerful and urgent; contemplative purchasing is less so. Also, impulse buying is a fast experience, not a slow one. It is more likely to involve grabbing a product than choosing one. Impulsive behavior is more spontaneous than cautious. A buying impulse tends to disrupt the consumer's behavior stream, while a contemplative purchase is more likely to be a part of one's regular routine. Impulse buying is more emotional than rational, and it is more likely to be perceived as "bad" than "good." Finally, the consumer is more likely to feel out-of-control when buying impulsively than when making contemplative purchases. Researchers have found a relationship between age and impulsive buying. Impulsive buying tends to increase between the ages 18 to 39, and then it declines thereafter (Bellenger, Robertson and Hirshman, 1978).

2.2.3. Shopper insights in the confectionery market.

Mars Inc. and Ferrero has been studying the shopping behavior on the confectionery markets of United States and Europe for several years and based on their research, the main shopper insights were identified.

2.2.3.1. Shopping missions.

The first shopping insights are about the shopping missions in general. The mission is going to give an answer for the following questions of the manufacturer: Who is the shopper? Why is she shopping in the first place? Where does she shop to fulfill different missions?

There are many reasons why someone decides to go shopping. According to TNS research, in two weeks the average shopper makes 12 shopping trips, at 6 different outlets, with 5 different missions. The five main Shopping Missions are:

1. Routine Stock-Up (Main Shop);
2. Fill-In (Top-Up);
3. On the Go;
4. Functional Specific.
5. Leisure Trip;

On the Go and Functional Specific missions are Quick Trips. They both account for 24% of FMCG Sales Value and 57% of all FMCG trips.

According to Mars Inc. research, Routine Stock-Up (Also known as Main Shop) account for 39% of FMCG Sales Value and 17% of all FMCG trips. The reasons for this shopping mission include:

- Bulk buying or serious stocking up;
- Cart shop to stock the pantry – for the medium to long term;
- Covers wide variety of store departments;
- Take advantage of offers / deals;
- Catering for a celebration.

During Routine Stock-Up the shopper generally buys more than 15 items, spend relatively big amount of money ($50 and more). Such shopping trips occur usually weekly and a shopper buys chocolate products every two or three weeks

According to Mars Inc. research, Fill-In (Also known as Top-Up) account for 37% of FMCG Sales Value and 37% of all FMCG Trips. This is a smaller trip and is usually done for several reasons: from forgetting something between routine trips to buying dinner for tonight. Shoppers tend to make this trip more frequently. The main reasons for Fill-In shopping mission include:

- To buy one or two fresh items;
- Run out of something;
- To shop for the meal for tonight;
- Specific meal occasions: breakfast or lunch;
- Forgotten or run out of a few things;
- Wine and spirits;
- Items for a party;
- Buying a few bulk items.

During the Fill-In shopping trip, the average shopper buys 5-15 items and spends between $30 and $80. This shopping mission is more frequent and covers few departments in the store. Most of the purchases are planned, but there exits an opportunity to drive an impulse purchase as well.

Drawing on Mars Inc. research, On the Go (also known as "Have a snack") shopping mission accounts for 18% of all FMCG Trips. Generally it is a very impulsive occasion, and s shopper seeks for an instant gratification. The examples of On the Go shopping mission include:

- Breakfast on the go;
- Lunch;

- Eating while out/on the move (walking, in the car);
- To satisfy a craving;
- To eat while at work or in the office.

According to Mars Inc. research, Functional Specific shopping mission account for 30% of FMCG Trips. The most purchased items during this missions include: cigarettes, gas and other products for the car (oil, map), newspaper or magazine, personal care and medicines, alcohol, cash, services (post office, mobile phone card, ATM). Usually Functional Specific shoppers are short of time, but open to the impulse purchases.

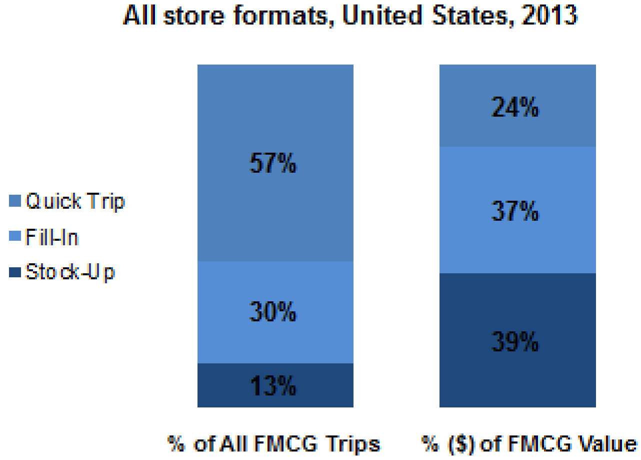
Both On the Go and Functional Specific shopping missions have common specificities. Shoppers buy from 1 to 5 items and usually spend less than $40. When entering the store, they head to the one particular department and use the immediately after the purchase. Usually these shoppers are short of time, but open to temptation (especially on the Front End[3]).

Drawing on Mars Inc. research, Leisure Trip shopping mission accounts for only 4% of FMCG Trips. During such trips people shop for major non-food items (clothes, home, garden) and smaller non-food items (cards, flowers, gifts). Shoppers usually have plenty of time and are open to new things in all categories; they are browsing while looking for ideas and inspiration. They also frequently visiting a store café and consider the shopping trip as a way to get out of the house.

Among all outlets, Quick Trips (On the Go and Functional Specific) represent the most frequent mission – while Stock-Up and Fill-In post the largest spend (Figure 3).

[3] See definition in the glossary

Figure 3. The shopping missions' distribution, US, 2013 (Mars Inc. research).



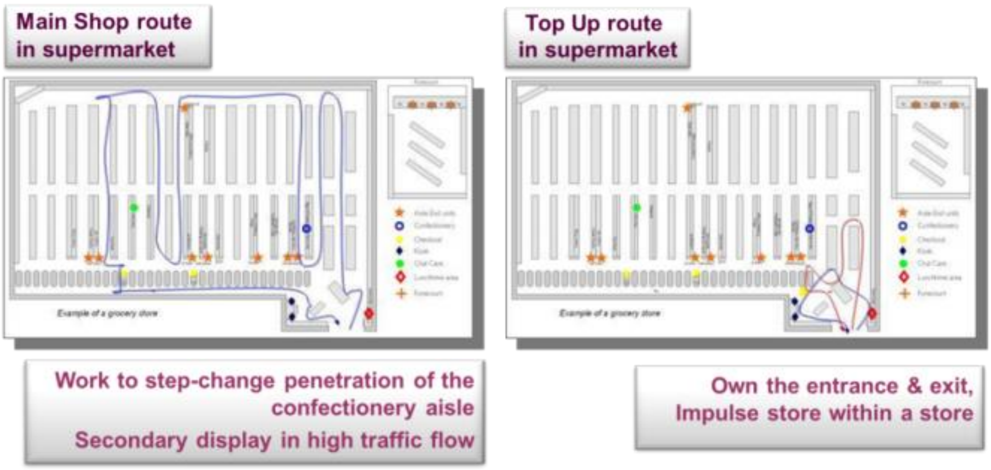
Based on the insights about shopper missions, it can be concluded that store formats have evolved with a focus on specific missions. However, a single store format will attract multiple shopper missions: even in grocery formats, only 40% of shoppers are on a main shop. When choosing a store, shoppers are balancing several criteria, and shopper mission is only one of them. Finally, the shopper profile varies radically across store formats. Generally, the five different shopping missions correspond to the following store formats:

- Main Shop: Supermarket, Hypermarket, Discounter;
- Top Up: Small stores, Petrol stations;
- Leisure Trip: Discounters, Fashion stores, Garden Centers;
- On the Go: Workplace, Kiosks, Vending;
- Functional Specific: Petrol, Newsagent / Tobacconist.

The main implication for manufacturers and retailers is that the store should customize the format and product layout in order to satisfy all shoppers with different shopper missions. Great example of that is presented in the Figure 4, which shows the different routes of shoppers in the supermarket taking into account their shopper missions.

Figure 4. The Main Shop and Top Up shopper routes in a supermarket

(Mars Inc. research, 2011).



Drawing on the different shopper routes' example on the Figure 4, it can be concluded that Main shop and Top-up shopping behaviors in a supermarket would create very different ideas for triggering impulse buying.

2.2.3.2. Arrival to the store.

Arrival is the crucial point as all shoppers on all missions start at the entrance of the store. It can set the tone for the whole shopping journey: shoppers are at their most optimistic and receptive, feeling wallet full. They are focused on their primary mission which is not usually confectionery.

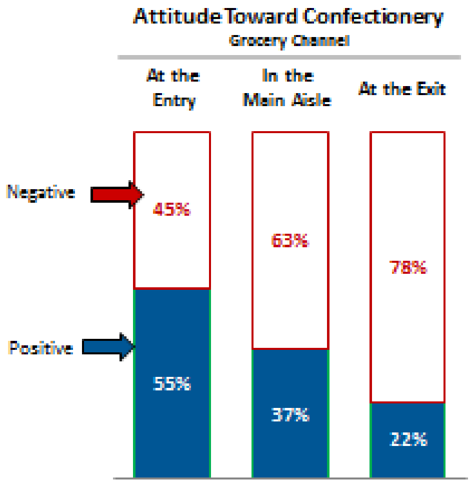
Arrival is a unique moment in the shopping trip where shoppers take stock of their environment. They look around themselves. At this point the manufacturer should think of the following questions: How can I use this time to make sure the shoppers think about confectionery? How to highlight where the confectionery aisle is located?

Shoppers arrive with their wallet mentally 'full'. They haven't yet spent any money. They are also the most positive about confectionery at this moment (Figure 5). When shoppers arrive, they are at their most receptive – a unique time when they are looking around.

Even if shoppers are intending on buying confectionery upon arrival to the store, they are most likely to be thinking of others. But what really gets them to pick up chocolate is their own personal temptation. And this tendency increases as they progress through the store. On arrival in Grocery stores, shoppers are principally thinking about a consumption occasion & buying for others' needs.

Because arriving shoppers are focused on their primary mission, the confectionery manufacturers should use the positive disruption. Interrupters at the entry need to be visible and attractive.

Figure 5. The attitude toward Confectionery, Mars Inc. shopper study, 2013.



2.2.3.3. Shopping Journey.

The Shopping Journey section encompasses the route the shoppers take around the store, how long it takes, what state they are in and many other shopping patterns.

Shoppers are mainly on autopilot as they walk around the store and leave much of the store uncovered. While shopping, 98% percent of shoppers cover less than half the store, according to Mars Inc. research. Where they visit depends on their mission, tending to the perimeter, missing middle aisles and far end of the store. In smaller stores they look for the shortest route to checkout.

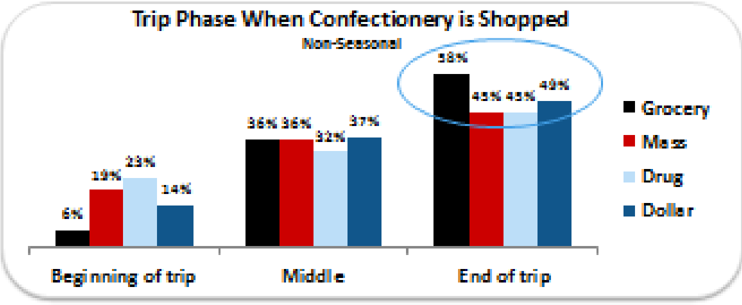
Shoppers have a mental map of the store, often following the same routes, but depending on the specific shopping mission they may shop the store differently. Shoppers learn this mental map of their usually visited stores – 58% take the same route each time.

In impulse, shoppers take the shortest route to the tills. In grocery, shoppers generally follow a racetrack around the outside of a Grocery store, often missing out the middle aisles & back of the store & covering 25% or less of the total store.

Only 10-20% of shoppers visit the confectionery aisle, not because of active avoidance but rather low mental availability[4]. Of those shoppers who didn't go down the aisle, the vast majority (87%) didn't think they needed anything or didn't think about it. Only 13% of shoppers actively avoid the aisle. However, 85% of sales of confectionery come from the main aisle, so the aisle's location and merchandising is the key in order to sell more confectionery products.

Confectionery is shopped late in the store when shoppers are less open to impulse (Figure 6).

Figure 6. The Trip Phase When Confectionery is shopped (Mars Inc. research).



Shoppers are captive audience in the Front End and confectionery is well suited for creating a sought-after distraction. Shoppers are hungry and looking for personal reward. However, shoppers chose a lane based on length, and if confectionery is not there, they will not switch. Hence, the physical availability[5] of chocolate on all lanes is the key.

2.2.3.4. Impulsivity of shopping behavior.

Confectionery is a high impulsive buy in all channels. Consistent with the low mental availability, 66% of occasions the product is not pre-planned, but shoppers open to temptation both within and outside the aisle.

Smart placement of confectionery can drive impulse purchase. Placing the most impulsive at the high traffic flow perimeter drives incremental sales as does bring complementary categories together to suggest consumption moments.

In addition, confectionary is a very emotionally driven category. There is a disconnection with the main aisle, which fails to engage and is pronominally shopped in the functional manner to meet

[4] See definition in the glossary
[5] See definition in the glossary

stocking needs. The in-store environment usually does not deliver the category values and imagery which could lead to move impulse behavior.

Shoppers can be tempted through linkages to categories bought on similar missions or by creating cross category occasions/moments. Shoppers are most likely to be tempted into the chocolate aisle by placing more impulsive products, rather than planned products, at the high traffic flow perimeter.

Whilst the chocolate category is emotionally driven and very tempting, the aisle is predominantly shopped in the main shop mission to meet very functional stocking needs and fails to engage. Promotions can act as an effective point of interruption to tempt shoppers out of auto pilot and change behavior.

2.2.3.5. The Choice of a product

The consumer Decision Tree is filtered through the lens of usage occasion: When, Whom, Where. As a result, the pack format is the pivotal element. Shoppers then choose from their repertoire of favorite brands and consider the economic value for money. However, in all the purchases, the main trigger is the personal temptation.

Shoppers spend very little time choosing. They only read brand, price and format information before purchasing - with written information having little impact – and hardly handle the product.

Shoppers spend under 80 seconds at the fixture and navigate by pack front, which means the packaging need to NAG[6] – help a shopper to Notice, be Attract to Get (understand) what the brand is offering.

The decision hierarchy is consistent across most of Europe, and is driven by moment bundles (for whom/when) satisfied by a repertoire of brands which then need to be at a suitable price. Take home (Multipack/Sharing) confectionery is driven by those relevant moments (for whom/when) and therefore pack format. Eat now (Singles) confectionery is driven by personal needstate.

Lack of product availability has a significant impact on satisfaction and behavior, shoppers more likely to switch brand than switch format. There are two types of decision making at the fixture – finders and deciders.

[6] See definition in the glossary

2.3. Summary

Consumers and shoppers are intrinsically linked, yet they have different behaviors, needs and motivations. Consumer needs drive shopper behavior because shoppers shop to fulfil their consumption needs. However, although the shopper and the consumer may be the same person, their needs are two different yet complementary elements of the overall Path to Purchase.

By aligning consumer and shopper strategies, brand owners and retailers can use the store to influence the propensity to purchase and consume products, and ultimately build brand equity and desire.

Shopper study has become a necessary in the Russian Confectionery Market for the following reasons:

1. Shoppers have changed and need to be studied in detail. Recent economic recession in Russia has changed shopper behaviors and attitudes.
2. Customers (retailers) need it. Competition between retailers in Russia is intensifying and new levers of growth are being sought.
3. Chocolate manufacturers' brands need it. Brand battleground is shifting to point of purchase. Shopper marketing investment are forecasted to accelerate faster than digital marketing in Russia.

Thus, in the study of shopper behavior in the Russian Confectionery Market is of high importance for the triple win for manufacturers, retailers and shoppers.

CHAPTER 3 METHODOLOGY

3.1. Philosophy

The philosophy of the research is mostly logical positivism. I am working in the positivistic paradigm that sees researcher as an objective analyst and interpreter of a tangible social reality.

In case of this research, logical positivism is a structured method combining logical deduction with precise empirical observations of the in-store behavior of shoppers. According to Hussey J. and Hussey R. (1997), positivistic approach seeks the facts or causes of social phenomena, with the little regard to the subjective state of the individual. Positivism is an attitude to knowledge which claims to see the world as it is, and hence to accept it as it is. Positivism has links with realism and empiricism (Preece R., 1994). According to positivists, laws provide the basis of explanation, permit the anticipation of phenomena, predict their occurrence and therefore allow them to be controlled (Preece R., 1994).

Logical positivism implies that a researcher is working with an observable social reality and at the end product of such research can be the derivation of laws or law-like generalizations similar to those produced by physical or natural scientists (Remenyi, D., Williams, B., Money, A. and Swarts, E., 1998). Underlying positivism is the assumption that the researcher is independent of and neither affects nor is affected by the subject of the research.

The objective of this research was to open up and confirm causal relationships that are generally valid with a known probability and which can therefore be used for prediction. In my study, my role as a researcher is mostly limited to data collection and interpretation through objective approach and the research findings are observable and quantifiable and can lead to statistical analysis. In addition, as a researcher I am independent from the study and have no human interests within the study. In my research paper, I am making generalizations from sample to population.

On the other hand, since positivistic paradigm imposes certain constraints on the results of highly structured research design and it is impossible for the researcher to be fully objective, I approach some issues in my paper with phenomenology. Purely positivist approaches to gathering information sometimes are associated with the over-simple view of society, with reductionism and naïve understanding of social causes, according to Preece R. (1994).

The key reason for the mixed approach is that I am not only answering first part research question (what are the key differentiating factors of shopping behavior in the Russian chocolate market), but also finding the reasons why this behavior is different in order to come up with reliable recommendations for chocolate manufacturers for development of effective shopper marketing strategies.

3.2. Purpose

The type of research conducted is both exploratory and analytical (explanatory) research.

In the first part of my study I have run exploratory research into an issue which has not been studied before in the Russian market. The aim of this part of the research was to gain insights on shopper marketing development from FMCG industry experts. Gathering these insights was important for development of recommendations for chocolate manufacturers on shopper marketing strategies, taking into account the overall level of shopper marketing competency as well as understanding the importance of the concept in both retailers and chocolate manufacturers.

In addition to this, I used the exploratory research for gathering a wide range of data and impressions on shoppers' in-store behavior and their attitudes towards chocolate category. While conducting this part of research, I was looking for patterns and ideas for guidance for the future analytical research.

Moreover, my research goes beyond describing the characteristics of Russian chocolate shoppers to analysis and explanation of key differentiating factors of shoppers' in-store behavior. The research aims to understand the phenomena why Russian shoppers' behavior is different to the one in United States and Europe by discovering and measuring causal relationships between social and demographic factors, shopping missions, degree of impulse buying of chocolate and other factors.

3.3. Research design

In the research paper I am using the deductive approach. My research is based on both empirical and theoretical work. First of all, I used the theoretical framework, on which my research design was based. Research papers in academic journals, literature, market and company reports were used for development of the framework. In addition, secondary data included shopper studies conducted by Mars Inc. and Ferrero SpA in the US and European markets. Theoretical framework is the fundamental of the positivistic research study as it explains the research question and sub questions. Secondly, hypotheses and research question were formulated, based on theory studied. Finally the research strategy was designed for testing the hypotheses and answering the research question. The outcomes from the research were examined and conclusions were made.

3.4. Methodological choice

The mixed method design is used in this research. It combines both qualitative and quantitative data collection techniques and analysis procedures. The research was started with a qualitative data collection and analysis (in-depth semi-structured interviews with industry experts and in-store in-depth semi-structured interviews with shoppers) and followed this with quantitative data collection and analysis (the in-store survey of shoppers).

In order to answer to the research question by answering all sub questions, both quantitative and qualitative data was collected.

Research question	**What are the key differentiating factors of shopping behavior in the Russian chocolate market and how they could be addressed for development of effective shopper marketing strategy by chocolate manufacturers?**	
Sub question 1	How do FMCG industry experts consider level of development of shopper marketing in Russia?	- In-depth semi-structured one-to-one face-to-face and phone interviews.
Sub question 2	Is chocolate planned or impulse category among Russian shoppers and why?	- In-depth semi-structured one-to-one in-store interviews with shoppers. - In-store shopper survey
Sub question 3	What are the key factors influencing the choice of chocolate products?	- In-depth semi-structured one-to-one in-store interviews with shoppers. - In-store shopper survey
Sub question 4	What zones in the store are the most effective for additional placement of chocolate confectionery and why?	- In-depth semi-structured one-to-one in-store interviews with shoppers.
Sub question 5	What are the barriers of chocolate category penetration (what stops shoppers from making a chocolate purchase) and how to address them for growing the category by manufacturers and retailers?	- In-depth semi-structured one-to-one face-to-face and phone interviews. - In-depth semi-structured one-to-one in-store interviews with shoppers.

3.5. Strategies

I am using survey strategy in my research design. In order not to limit my research to only qualitative or quantitative studies, I am running both in-depth interviews and a survey.

Survey strategy is usually associated with the deductive approach, according to Saunders, Lewis and Thornhill (2007). It is one of the most popular strategies for business and management research and it is most frequently used for exploratory research. The survey strategy allows collecting quantitative data which can be analyzed quantitatively using descriptive and inferential statistics.

Survey is the most convenient strategy for my research because it allows collection of large amount of data from a sizable population in a highly economical way. In addition, since questionnaire is used in my study, the collected data is standardized and allows easy comparison.

Analytical survey was used to collect data in a structured form from a sizeable number of shoppers in order to quantify the knowledge, gained in in-depth interviews with shoppers. Survey is positivistic methodology whereby a sample of subjects is drawn on the population and studied to make inferences about population. In case of my research the population is large, hence only sample of population was used in the research.

The sample of the research is not biased and representative of the population from which it was drawn. The study mainly focuses on the shopping behavior of the modern trade customers, minimarkets, supermarkets and hypermarkets located in Moscow, Russia. Three popular retailer chains were selected for this study, namely X5 RETAIL GROP, MAGNIT and OKEY (Appendix A).

As the sample in the research is representative, the statistical techniques were used to demonstrate the likelihood that the characteristics of the sample will also be found in the population. Thus, it makes it possible to generalize from the findings.

The cross-sectional research was conducted due to time and cost constrains. The survey was run in Moscow, during 2 weeks in January 2015, during the low season for chocolate sales. 233 entry-exit interviews with the structured questionnaire were conducted (Appendix F). The interviews were run in two steps: one part of the questions was asked at the entrance to the store, the second part – at the exit, after the cash desk. The purpose of entry interviews was to get average shopper profile, investigate correctly level of planned purchases, estimate share of confectionary buyers. Exit interviews were focused on confectionary purchases: shopping behavior, shopping missions, shopping decision process and shopping basket.

3.6. Data collection

The study takes into consideration both primary and secondary data. Secondary data was collected from research papers in academic journals, literature, market and company reports, and the Internet. Secondary data also included the shopper studies conducted by Mars Inc. and Ferrero SpA. in the foreign markets. This study heavily depends on the primary data, which was collected through in-depth semi-structured interviews and structured questionnaire.

3.6.1. Qualitative data

Qualitative data is a non-numeric data, concerned more with answering open-ended questions such as “why” and “how”, according to Bedward (1999). It is a way of determining the opinions and attitudes people have.

The qualitative data was gathered by one-to-one face-to-face standardized interviews with industry experts and shoppers. In-depth interviews were used in order to gather insights on the shopper marketing concept development in Russia among retailers and manufacturers, as well as to get the idea of key shopper behavior traits in order to develop the questionnaire for quantitative study.

The in-depth interviews were conducted with twelve experts in the field of Trade Marketing and Category Management from top FMCG (Fast Moving Consumer Goods) companies operating in the Russian Market, including Mars Inc., Unilever, Ferrero, P&G and other companies. The main objective of these interviews was to learn about the companies’ point of view regarding specificity of shopper behavior in Russia and the tools and measures they take in order to localize the global shopper marketing strategy in the Russian retail environment. The interviews were conducted during two months: December 2014 and January 2015. Respondents were selected among the participants of the ECR (Efficient Consumer Response) Forum “ECR Shopper Mania 2014”, which took place in October 2014 in Moscow, Russia. Respondents were asked to fill in the short questionnaire (Appendix D) with some questions open-ended and some questions closed-ended.

In addition to this, another qualitative analysis was conducted with the shoppers. Eighteen in-depth semi-structured interviews were run. As the shopping behavior cannot be studied outside the shopping environment (Underhill, 1999), all the primary data form shoppers was collected in the store. Respondents were asked to answer several questions regarding their shopping experience (Appendix E). The interviews took place in the second half of January 2015 (low season for confectionery sales in Russia). Key shopping insights were identified after the analysis of the in-depth interviews, which were later verified in a quantitative study.

3.6.2. Quantitative data

Quantitative data is numeric data, concerned with answering such questions as “how many”, according to Bedward (1999). It is often used for description of the market size, demand for products, production output, etc. Quantitative research is particularly characterized by the counting of the occurrences or frequencies of qualities, or by determination of their mean values for numbers of individuals (Preece R., 1994). Quantitative methods have developed further to not merely counting and measuring but also the powerful analytical procedures of statistics and many other techniques, such as mathematical modelling and linear programming.

A survey was run in the three major retail chains in Russia. Data was collected from 233 customers who came to these stores and made actual purchases. The respondents were selected by convenience sampling (Appendix B). The unit of analysis was the individual shoppers who came into the store and made an actual purchase. Each supermarket shopper was considered as a respondent for the study. Participants’ eligibility for the study was not determined by any specific demographic information. Therefore, no specific criteria were used to exclude people from the study. Participants were offered a chocolate bar one of Mars Inc. brands after filling in of the questionnaire as an incentive to answer the questionnaire.

3.6.3. Survey questions

Questionnaire (Appendix F) was used in the quantitative research. As the research was conducted in the positivistic methodology, the questionnaire was developed to be used for large-scale survey. Due to large-scale nature of the survey, only closed-end questions were used.

Questions 1-6 were asked at the entrance to the store (entry interviews). Questions 1-3 aim at identification of shopper mission of the respondent. Question 4 is asked to identify claimed type of chocolate, which shopper prefers to buy. Question 5 is asked to know about respondent's family shopping habits and question 6 – to identify the current mood and needs of the shopper.

Questions 7-29 were asked after the cash desk (exit interviews). Questions 7-9 and Questions 11 are about actual purchase of all categories and chocolate specifically. The aim of these questions is to identify if the chocolate category is planned or impulse and reveal the differences of intended and real purchases of confectionery products. Question 10 is asked to identify the key factors, affecting the chocolate purchase.

Questions 12-17 were asked only in case the respondent bought a chocolate product. The objective of these set of questions was to gain insights on the way the person chose the product and to know the reasons why the respondent bought it. Question18 was asked to know the impression shoppers get from additional layouts of products in the store. Factor analysis was conducted based on questions 19 and 20 to gain data of key factors affecting chocolate purchase from both shoppers who made purchase and those who did not buy chocolate this time.

Question 21are included for conjoint analysis of shopping behavior in different retail formats. Combined with question 31 the analysis was performed to identify if the factors affecting the chocolate purchase differ by retail channel.

Questions 22-23 are asked to know the results of the shopping trip: number of items purchased and amount of money spent. Questions 24-25 are included to know the overall attitude of the respondent towards chocolate. Questions 26-29 are social and demographic questions.

Questions 30-31are filled in by the interviewer in order to make the possibility to link the store format and retailer chain with shopping behavior of respondents.

Univariate and bivariate analysis were used to evaluate respondents' views. Statistical Package for Social Science (SPSS 22.0) package and Microsoft Office Excel 2010 are used for the analysis. In order to evaluate collected data, univariate descriptive statistics, bivariate analysis, factor analysis and conjoint analysis are conducted.

3.7 Reliability and Validity

3.7.1. Reliability

For collection of qualitative data semi-structured explanatory interviews were used. Lack of standardization of such interviews may lead to concerns about the reliability of data. According to Saunders M., Lewis, P. and Thornhill, A. (2007), in relation to qualitative research, reliability is concerned with whether alternative researchers would reveal similar information.

Qualitative research using semi-structured in-depth interviews will not be able to be used for statistical generalizations about the entire population, since it is based on small and unrepresentative number of cases. In case of qualitative research, the validity is considered first, which refers to the extent to which the researcher gains access to the participants' knowledge and experience, and is able to infer a meaning that a participant intended from the language that is used by this person (Saunders M., Lewis, P. and Thornhill, A. (2007).

Hence, the reliability of my qualitative research of both FMCG industry experts and shoppers has relatively low reliability due to small sample and possible biases. In case of my research two types of biases should also be taken into consideration. Interviewer bias may took place in my study, when comments, tone or non-verbal behavior me as the interviewer possible have created bias in the way that interviewees responded to the questions being asked. In addition, there could have been another type of bias – response bias. For example in case of in-store interviews respondents may have had time constraints or felt uncomfortable while answering questions about their shopping habits.

In order to gain more reliable insights on shopping behavior, the qualitative data was also gathered during in-store shopper survey. Since I am adopting mostly positivistic paradigm, the data I have collected is mainly quantitative data.

In case of the survey, reliability is concerned with the robustness of the questionnaire and whether it produces consistent findings at different times and under different conditions, such as different samples or with different interviewers (Saunders M., Lewis, P. and Thornhill, A. (2007).

The questionnaire used in this research was tested before the rollout on different respondents under different circumstances (different retailer store formats). The research proved to have high degree of reliability. The major factor affecting the reliability of my research is the time of the day the responses were collected. Most of the interviews were run in the daytime (10:00 am till 2:00 pm), when stores are not overcrowded with shoppers. However, those interviews which were done in the evening (5:00 pm – 7:00 pm) when shopper traffic is high show similar results to the interviews run in the daytime. Hence, in case my research is replicated, it is probable that the results are likely to be similar, which means that reliability of my quantitative data is high.

3.7.2. Validity

Validity is an indication of accuracy in terms of the extent to which a research conclusion corresponds with reality, according to McBurney, D. and White, T. (2007). Saunders, Lewis and Thornhill (2007) also state that validity is the extent to which data collection method(s) accurately measure what they were intended to measure.

There are two major kinds of validity, according to Balnaves and Caputi (2001). They are internal validity and external validity.

Internal validity in relation to questionnaires refers to the ability of the questionnaire to measure what was intended to be measured (Saunders, Lewis and Thornhill, 2007). This means that findings actually represent the reality of what was measured. According to McBurney, D. and White, T. (2007), internal validity is the extent to which a study provides evidence of a cause-effect relationship between the independent and dependent variables. The major threat to internal validity is known as cofounding. Cofounding error occurs when the effects of two variables cannot be separated, resulting in a confusing interpretation of results (Saunders, Lewis and Thornhill, 2007). Internal validity of my research is relatively high, since independent variables in my study were not controlled. The respondents were chosen randomly, not regarding sex, age group or other demographic factors.

External validity concerns whether the results of the research can be generalized to another situation: different subjects, settings, times (McBurney, D. and White, T. 2007). In case my research is repeated with different subject the results are expected to be similar since the sample, which was used in the research is the representative sample of the Russian population. The results may be different if the research is to be repeated in the other regions of Russia, considering the fact that average income in Moscow is generally higher that in the rest parts of country. In addition, different timings are may also affect the results of my study. Chocolate category performance has high degree of seasonality. According to Mars Inc. sales statistics, 40% of the chocolate confectionery volumes are sold in 2 months: December and March. Hence, if the research is to be repeated in these months, there is a high degree of probability that shoppers would plan more chocolate purchases. Thus, the external validity of my research is medium due to the reasons listed above.

According to Hussey J. and Hussey R. (1997), research errors, such as faulty research procedures, poor samples and inaccurate or misleading measurement, can undermine validity.

Talking about the internal validity of the qualitative data, which was gained in in-depth interviews, it is high, since it provides adequate coverage of the topic under study, shopping behavior. As a researcher I have gained the full access to knowledge and meaning of the respondents. The research process was transparent, the evidence was collected sensitively and effectively, the relationship with the respondent was sterile (without participation or empathy), and arguments in the interpretation were reasonable and useful.

CHAPTER 4. ANALYSIS

4.1 How do FMCG industry experts consider level of development of shopper marketing in Russia?

Shopper marketing as a separate area of business strategy has emerged in Russia relatively not so long ago, although it has usually been taken into consideration in the strategies of many brands, mostly global ones. Nowadays it is recognized as being one of the major marketing branches and companies often have a separate budget and personnel for shopper marketing divisions.

The sub question 1 "How do FMCG industry experts consider level of development of shopper marketing in Russia?" was studied with n-depth semi-structured one-to-one face-to-face and phone interviews. Twelve in-depth interviews with Trade Marketing and Category Management specialists from top FMCG companies operating on the Russian Market (Mars Inc., Unilever, Ferrero, P&G, and other) were run in order to get the overall picture of the shopper marketing development in Russia.

The first question "Do you agree that shopper marketing is an important tool for your company in order to grow sales, brand awareness and brand loyalty" was asked with the purpose to identify the overall attitude towards shopper marketing concept in companies. The answers were supposed to show how FMCG associates see the shopper marketing activities. Half of the respondents answered "Totally agree" and 4 respondents answered "I agree to some extent". Only 2 respondents answered "I disagree to some extent" and no one said "Totally disagree". From this data it could be inferred that the vast majority of industry associates agree to some extend that shopper marketing is important for FMCG business.

The second question "What are the main barriers of development of shopper marketing in your company" was aimed at identification of potential problems which do not allow the shopper marketing strategy to work effectively. The respondents could choose multiple answers. "The absence of the common understanding of shopper marketing importance in retailers' and manufacturers' teams" is considered to be biggest barrier among all (Figure 7). This situation is typical not only for the Russian market, but in Russia it is most widespread. The second barrier is "Low level of expertise in the shopper behavior research and insights identification". This situation is typical for all relatively new areas of business, and shopper marketing is one of them. High-quality shopper studies are quite expensive to conduct and companies often do not see the direct impact of such research on sales figures. In addition, there is no common methodology of shopper studies, which also makes it difficult to interpret the results. The third major barrier is “The lack of people resources inside the company”, which is easy to explain by novelty of the shopper marketing as a separate business are. In Russia there are no degrees in shopper marketing and associates learn the subject at work and by attending special conferences.

Figure 7. The main barriers for shopper marketing in FMCG companies in the Russian market.

The third question “What department in your company is responsible for shopper marketing” was asked in order to identify which departments within FMCG Companies are responsible for development and execution of Shopper Marketing strategies. In half of the cases it is Trade Marketing team, which is in charge of for the shopper marketing. The second and third answers are Category Management and Brand Marketing teams. It can be inferred that in most of the companies a separate department of shopper marketing does not exist. Shopper marketers work as a part of other departments.

By answering on the fourth question, “Do you think that the Russian shopper behavior is different from the shopper behavior in other Markets” the industry experts almost unanimously said that Russian shopper is unique if it comes to his behavior in a store. Only one respondent out of twelve answered that there is no significant difference in shopping behaviors in different markets, according to his opinion. Most of the respondents (9 associates) claimed that Russian shopper’s behavior has its own peculiarities, which need to be taken into account when developing the shopper marketing strategy. When asked why they think so, many respondents named such factors as the decrease in the disposable income, the latest devaluation of the local currency and decline of the competitive power of imported goods. In addition, the market economy in Russia exists only for two decades which also have an effect on the shopping behavior of the older population of the country. All of the factors listed above significantly affect the shopper behavior.

One of the most reliable indicators of level of development of the business area is the frequency of research conducted in this field. When answering a question “How often your company conducts research in the field of shopper marketing” most of the respondents (9 respondents) indicated that their companies conduct shopper research once a year, or even more often. It is important to note, that in 8 cases out of 9, companies conducted only global research of shopper behavior, which indicates an empirical gap. Finally, there still exist some companies which have never done shopper research so far, which clearly indicates the lack of seriousness in their approach to shopper marketing.

In order to identify how companies can boost the development of the shopper marketing strategies, the question number seven was asked “Please specify what are the most important knowledge and skills for implementation of shopper marketing strategy in your company”. The respondents could give several answers and the importance of each factor was estimated on the 5-point scale (from 1- the least important, to 5 – extremely important). The results are presented in the Figure 8.

Figure 8. The importance of knowledge and skills for implementation of shopper marketing strategy within a company.

Factor	Importance index
Collection and analysis of information regarding shopper insights, shopper behavior in the store	2,88
The usage of shopper insights in the in-store activation	2,46
The establishment of effective relationships with partners (retailers)	2,00
The effective in-store execution of activities for shoppers	2,00
Long-term planning of activities for shoppers	1,80
The post-evaluation and analysis of activities for shoppers	2,51

It could be inferred from the table above, that "Collection and analysis of information regarding shopper insights, shopper behavior in the store" is the most crucial skill that a company need to possess for shopper marketing strategy development (score 2,88), according to the opinion of industry experts. Several quotes were selected to highlight this issue:

- "We need a better way of taking insights from our buyers";
- "Shopper insight could be a greater enabler strategically, as a selling tool";
- "Nobody's mining or connecting the dots to leverage on the insights from our shoppers".

In addition to this, respondents also see "The post-evaluation and analysis of activities for shoppers" (score 2,51) and "The usage of shopper insights in the in-store activation" (score 2,46) as almost equally important skills for effective shopper marketing. Thus, the research programs and the advancement of expertise in the shopper marketing field are considered to be more important than the effort on the level of execution of activities.

The answers for the question "Please specify what tools for shopper activation have your company been using for the last 3 years" are of a big interest as they give an overall picture of shopper marketing tools currently in use in the Russian market. The summary of the answers is presented in the Figure 9.

Figure 9. The shopper marketing tools used in the Russian FMCG market.

Shopper marketing tool	Very often / always	Sometimes / occasionally
POS Materials	75,0%	25,0%
Price promotions	66,7%	33,3%
Presence in retailers' catalogues	58,3%	25,0%
Present for a purchase	41,7%	33,3%
Additional points of sale (displays, pallets)	50,0%	33,3%
Sampling / Testing	41,7%	16,7%
Loyalty programs for buyers	33,3%	33,3%
Lotteries, competitions	25,0%	41,7%
In-store video/audio	8,3%	25,0%

From the table above it is clearly seen that the most popular shopper marketing tool is POSM[7] (Point Of Sale Materials). The possible explanation of such popularity among shopper marketers is the rise of POSM quality and the possibility to choose customized, high-tech solutions, which allows to address a great variety of tasks. The second tool by popularity is Price Promotions. Almost 67% of respondents indicated that they regularly use this tool to drive sales. Presence in retailers' catalogues is the third widespread shopper marketing tool. It is important to note that all the tools listed above are being in use by shopper marketers, which means that the variety of tools and methods is big.

The last question "To what extent do you think it is important to collaborate with retailers it the following shopper marketing activities" addressed the issue of collaboration between the manufacturers and retailers in the field of shopper marketing. The results are presented in the Figure 10.

Figure 10. The importance of collaboration with retailers in shopper marketing activities.

Activity	Impotence index
Yearly planning of activities for in-store promotions of products	4,2
In-depth understanding and analysis of shopper insights and identification of shopper trends	4,75
Usage of shopper insights for planning and development of marketing promotions	4,4
Development of new innovative and unique activities for shoppers	4,2
Execution of marketing programs for buyers	4,45
The post-evaluation and sharing of gathered data	4,7

In-depth understanding and analysis of shopper insights and identification of shopper trends was named as most important activity (score 4,75) along with the post-evaluation and share of gathered data (score 4,7). These results confirm once again the necessity of the development of expertise in

[7] See the definition in the glossary

shopper behavior research of parties, manufacturers and retailers. Several quotes were selected to prove the importance of manufacturer-retailer collaboration:

- “No vision for the category has led to a weak innovation pipeline and to poor collaboration with customers long-term”;
- “We’re not category captain anywhere – we don’t control the planograms[8]”;
- “It’s our customer who decides on the listing of new products, location of primary and secondary displays and many other crucial things. Without his engagement we as a manufacturer can do little to attract shoppers’ attention in the retail environment”.

All these findings confirm that Russian market is in the first stage of development, according to the model of Moore and Foxlee, 2009. The first stage is called “Excellence at point of purchase” and is considered to be the most basic shopper marketing strategy. It is mostly focused on optimization and promotion of the offer at the point of sale by means of merchandizing, pricing, display and promotion (price promotion or consumer promotion). Several FMCG companies are on their way to the second stage, which is called “Excellence at offer placement”. Some industry experts told about different shopper strategies by retail channel, which are based on deep understanding of shopper needs.

Hypothesis 1 “FMCG industry is considered to be at an early stage of development in Russia” was confirmed in the study. Russian FMCG companies and retailers are now beginning their journey in shopper marketing development.

Several conclusions can be drawn on this qualitative study:

1. The importance of shopper marketing as a new business area in Russia has already become evident to the number of professionals working in FMCG sector.
2. Two major barriers in the effective development of shopper marketing in Russia are the absence of the common understanding of shopper marketing importance in retailers’ and manufacturers’ teams and the lack of expertise in this field.
3. The most widespread shopper marketing tools are POSM and Price Promotions. Most probable, trade and shopper marketers will put most of their effort in these two directions.

[8] See definition in the glossary

4. The key condition of successful development of shopper marketing is the collaboration and coordination of manufacturers and retailers in the advancement of expertize in this field as well as realization and analysis of shopper studies.

4.2 Is chocolate planned or impulse category among Russian shoppers and why?

In order to answer this question, both an exploratory qualitative study was done and the quantitative data was gathered with survey in order to confirm the finding of the qualitative study. The exploratory qualitative study was run in the retail environment. The interview was semi-structured (Appendix E). The study was conducted in the retail environment, in a supermarket. After the analysis of gathered data, several trends of shopper behavior were identified.

According to the results of in-depth interviews, Russian shoppers plan to buy confectionery products only if they are looking for a gift to someone, planning a visit to friends or relatives, or waiting for guests. In other cases they rarely put it in the shopping list (even if it is only mental). Some of the respondents told that they plan to buy confectionery in case they are going to shop the products for the week or more. When asked if they normally visit the confectionery aisle, the majority of respondents told that they occasionally go there unless they need something from the store zones which are located nearby. The results confirm the Mars Inc. shopper study (2011) which indicates that only 25 percent of all shoppers in the store visit the confectionery aisle in the global markets. This could be partly explained by the distant location of this aisle in shops relatively to destination categories such as bread and diary. If there is a bakery with fresh bread in a store, shoppers are more likely to visit the main shelf for confectionery along with the bakery. Thus, the results of qualitative study indicate that shoppers do not usually plan their chocolate purchased before entering the store.

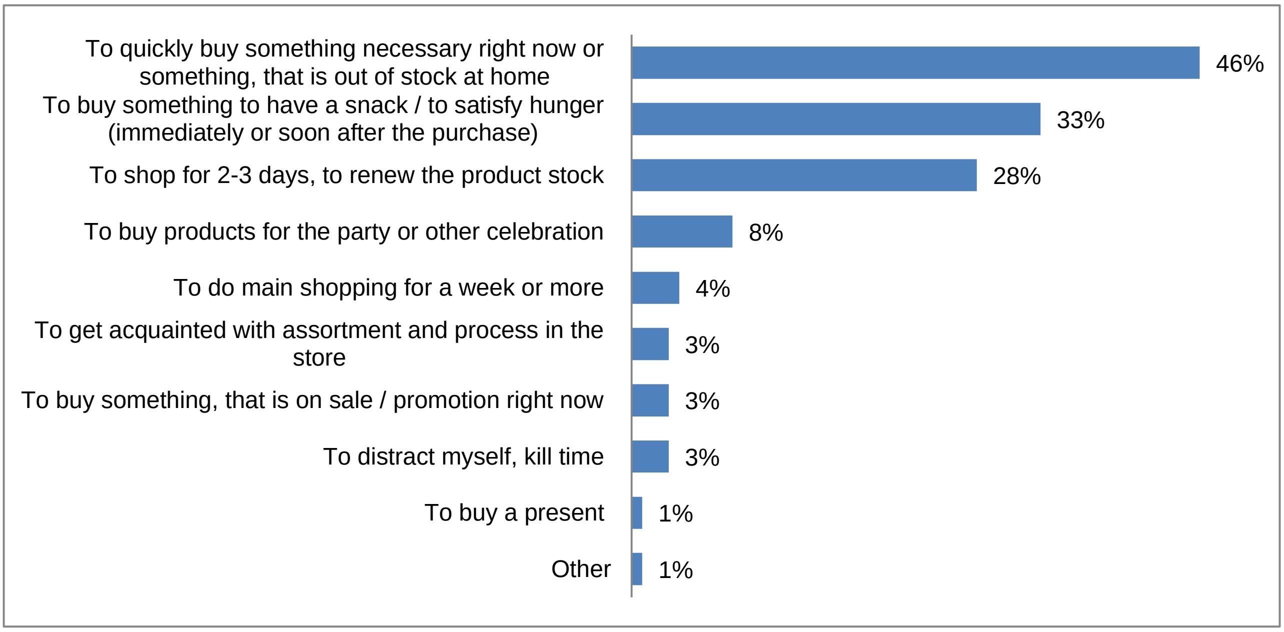
These findings were checked in the quantitative survey. The results of the shopper survey were examined in Statistical Package for Social Science (SPSS 22.0) package and Microsoft Office Excel 2010. All the tables with outputs used for interpretation of results of the study are in the Appendix G.

In order to study the impulsivity of shopper behavior, the shopping missions were first identified in the survey. In the study I plan to check if the decision to buy chocolate depend on shopper mission and the shopping experience (H3). After the analysis of missions and experience, conclusions about the impulsivity of chocolate purchase can be made.

4.2.1 Shopping missions.

The analysis started from the identification of shopping missions of respondents. Each respondent was asked a question regarding the purpose of his or her visit to the store (Q1). The shoppers were asked to evaluate to what extent the statements regarding their shopping missions are applicable to them on a nine-point scale. Only the highest scores of 7, 8, and 9 were taken for the analysis. The results are displayed at the Figure 11.

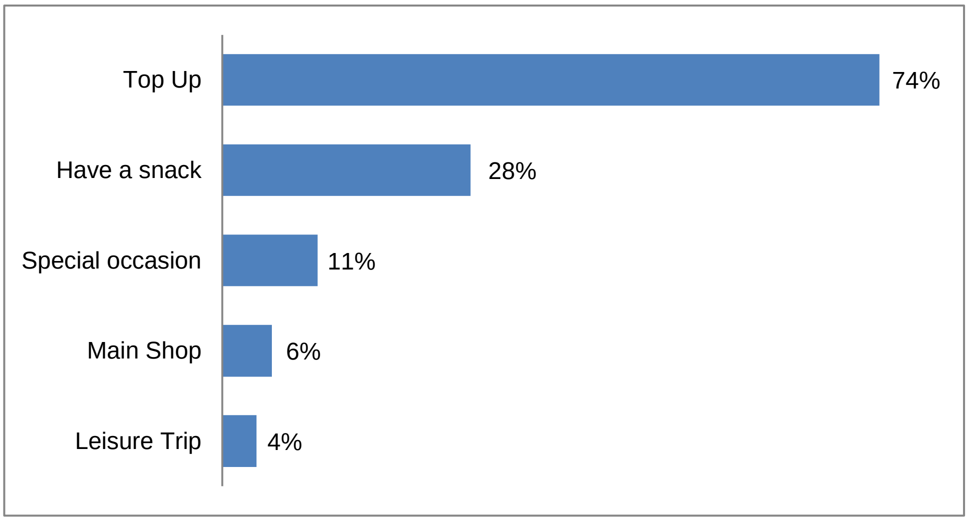
Figure 11. The shopping missions.



For analysis purposes and some missions were combined (Figure 12) in order to evaluate the results according to the global shopper insights.

Missions "To quickly buy something necessary right now or something, that is out of stock at home" and "To shop for 2-3 days, to renew the product stock" were combined to one shopping mission – "Top Up". Mission "To buy something to have a snack / to satisfy hunger (immediately or soon after the purchase)" was renamed to "Have a snack" to better reflect its essence (it also could be named "On the Go"). Missions "To buy products for the party or other celebration" and "To buy a present" were combined and named "Special Occasion. Mission "To do main shopping for a week or more" was renamed to "Main Shop". Missions "To distract myself, kill time" and "To get acquainted with assortment and process in the store" were combined and named "Leisure Trip". The results are displayed on the Figure 12.

Figure 12. Shopping missions combined.



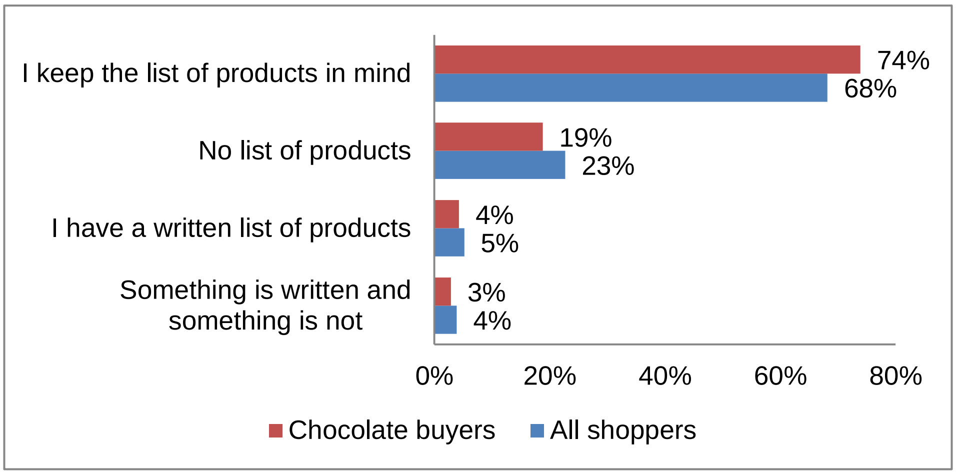
It can be concluded that the breakdown of shoppers by their missions in Russia is relatively close to the US and European data, although some peculiarities exist. The leader in the FMCG trip is the Top Up mission both in Russia and globally.

The major difference in the results is that Main Shop mission in Russia accounts for only for 4 percent of the sample, while it accounts for 17 percent of all FMCG trips globally, according to Mars Inc. shopper research (2011). These results can be partly explained by the fact the survey was run during weekdays while Main Shop shopping mission is more usual for weekends. Overall, according to the survey, the vast majority of shoppers in Russia come to the Store with the “Top Up” shopping mission (74 percent) and these shoppers should be considered as a target audience for the shopper marketing strategy at the first place. The second largest group of shoppers is those who came with “Have a snack” mission (28 percent). These shoppers have different needs from all other groups of shoppers, which is very important to take into account for customization of the shopper marketing approach for “Have a snack” shoppers.

4.2.2 Arrival to the store.

Generally shoppers know what products they are going to buy, but only few have a written list. Question 2 was analyzed both for all shoppers and for the chocolate buyers only. There is no significant difference between these two groups of shoppers (Figure 13).

Figure 13. Q2. Do you have a list of products?



From the results of the analysis it can be inferred that shoppers in general do not have a fixed list of products and the opportunity to create an unplanned or impulse purchase exists.

Twelve respondents from the sample indicated that they plan to buy either Chocolate or Confectionery (Table 9). When asked about the particular product type in mind, boxed chocolate (mean 7,25) and sweets or loose chocolate (mean 5,92) have received the highest scores. These two types of products are the most planned among all listed in the questionnaire. The least planned product type is a chocolate bar (mean 3,27). The results can be explained by the way the products are consumed. Boxed and loose chocolate are "take home" formats, while "chocolate bar" is an impulse category, usually not planned in advance.

Majority of shoppers from our sample belong to gatekeepers (Table 11). Gatekeepers are people responsible for nutrition or children under 12 years old in the family. Responses to the question "Who in your family is responsible for buying products, i.e. plans list of products and makes a decision which products to buy" were analyzed and combined. Responses "Only I" and "Mostly I" combined account for almost 53% of all shoppers, those are main shoppers within a family unit. Another 22% of shoppers (response "I and other family members") are partly main shoppers. Those customers can be called Gatekeepers – family members who decide which products to choose. If it comes to families with children, gatekeepers are central to the approach to responsible marketing. Chocolate is a very sensitive category and responsible producers made a commitment not to target their communication campaigns to children under 12 years old. Thus, gatekeepers are empowered and have the right information to take decisions about what is right for their children's diet.

Finally, the shoppers' needs were studied upon their arrival to the store (Table 12). It is interesting to note, that out of shoppers who answered "I want to eat, feel hunger" (27 of the sample) only 6% have bought chocolate bars and 3% bought tablets. This finding indicates that there exists an opportunity to uncover the market potential further by communicating in store that chocolate is a nourishing product, which is helps to still hunger. In other words, chocolate manufacturers have an opportunity to create more consumption occasions for chocolate and communicate them to shoppers.

4.2.3 Shopping journey.

This part of the analysis is aimed at understanding how to store shoppers into the Chocolate Category. All the responses for this part of the questionnaire were collected at the exit from the store, after the shopper has crossed the cash counter.

First of all, shoppers were asked to indicate what products they have bought (Table 14). When the responses were combined with the planned purchases, an important observation was made (Table 15). While only 3% of the respondents planned to buy chocolate when entering the store, 30% of them made a purchase. The same is true for Confectionery, 18% of respondents bought confectionery products, while only 2% of them planned to buy confectionery. Thus, it can be inferred that chocolate and confectionery are very impulsive categories for Russian shoppers. One of the hypotheses in the beginning of the study was that Russian shoppers make chocolate purchases less impulsively those shoppers in the United States and Europe (H1). The logic behind the hypothesis was explained with the decline in the disposable income of Russians. From the results of this study, it becomes clear that the majority of chocolate purchases in Russia are unplanned or impulse (92% of purchases), while in the United States and Europe this figure is less than 60%, according to Mars Inc. research (2011).

It was also asked if there are any confectionery products shoppers planned to buy, but did not make a purchase (Table 16). The results of the survey show, that there are only 3 respondents who did not buy chocolate, although planned to do so. Two types of product they planned buy are chocolate tablet and chocolate bar. The main reason why the purchase was not made was that shoppers could not find the product (mean 6,0) (Table 17). Therefore, the visibility of the product in store plays a critical role for the shopper marketing strategy.

Question 11 was asked to identify what types of chocolate products were bought by shoppers (Table 19). 69 respondents bought chocolate products, which accounts for 29,6 % of the total sample. The most popular chocolate type is chocolates in bags or loose chocolate. 32% of chocolate buyers have chosen these products. This could be explained by Russian traditions to always have a stock of chocolate at home and put it in a special pot for sweets. The second popular chocolate type was boxed chocolate (27, 5 % of chocolate purchases), which is also the most planned chocolate category among all, as was identified earlier in this study. Chocolate bars and tablets account for 21, 7% and 18, 8% of all chocolate purchases respectively. It was analyzed in which zone of a store each product was taken (Tables 20-23). The leader in chocolate products – sweets in bags or loose chocolate – were taken by shoppers from the main shelf (Table 20), 68,1% of all purchases was made there. Boxed chocolate (Table 23) was taken partly form the main shelf (52,6% of purchases) , and partly from the secondary display (47,3 % of purchases). Although chocolate tablets (Table 21) are also taken mostly from the main shelf (53, 8% of purchases), 30,7% of shoppers took them at the secondary placement (display or pallet). Finally, it was identified that chocolate bars are mostly taken from the Front End (Table 20), with 66, 7% of shoppers claiming to take their chocolate bars there. Thus, in could be inferred that particular types of products are associated with particular zones in a store and shoppers have a habit to look for them mostly in these zones.

Talking about additional displays and the attitude of shoppers towards them (Table 34), our respondents say that they pay attention to the products on these shelves (mean 7,51). By giving a score of 7 and higher, 88% of shoppers indicated that. It could be also concluded that the overall attitude towards additional shelves are positive with 66% of shoppers thinking that bestselling products are displayed on these shelves (mean 6,22). Only 26 of shoppers believe that the products with the elapsing shelf life are displayed on additional shelves (mean 3,92). Thus, the retailers should exploit the opportunity to drive additional sales by placing products on additional shelves and displays.

Analyzing the overall shopping experience (Question 10), it was noted that the most important factor for the satisfactory shopping trip is the presence of all necessary products in stock (95% of respondents claim it is important). The second and third key attributes are “easy to find the wanted product” (91% of respondents) and “good product assortment” (90% of respondents). It turned out that the least important factor is “prices lower than in other shops” (63% of respondents).

4.2.4 Impulsivity of shopping behavior.

In order to learn how to convert the shoppers, the company needs to know how impulsive their approach to the choice of a product is. The respondents were asked if their purchase of chocolate was planned or not (Question 15). Overall, the majority of respondents said they planned to buy something sweet (53, 4%), while other 40% of shoppers claim they did not plan to buy chocolate at all (Table 26). If these results are broken down by shopping mission (Tables 27-30), the results are the following. The majority of Top Up shoppers planned to buy something sweet (54%), On the Go (also known as Have a snack) shoppers either did not plan to buy chocolate at all (42%) or planned to buy something sweet (58%). Most of the Special Occasion shoppers did not plan to buy chocolate at all (50%) and Leisure Trip and Main Shop respondents planned to buy something sweet. Thus, from these results it became clear that there exists a need to consume confectionery products, but not necessarily chocolate. In the beginning of this study, the second hypothesis was that the chocolate purchase decision depends on the shopping mission and the format of the store (H3). According to the results of this study, this hypothesis can be accepted. That is evident that the different shopping missions drive the purchase of different chocolate types. The choice of the store format, in its turn, depends heavily on the shopping mission, according to this research.

All chocolate buyers from the sample were also questioned about the way they usually buy chocolate product (Table 33). The vast majority of respondents (44, 9%) told that they buy this product periodically, but do not watch to have it. This is a semi-impulse purchase behavior. Respondents who answered “I buy this product occasionally” (18, 8%) and “Usually don’t buy it” (17, 4%) demonstrated pure impulse shopping behavior. Only 8, 7% of all chocolate buyers indicated that they always have this product in stock.

The findings of this research are very close to the finding of Miller and Washington (2013), that 39% of U.S. shoppers wait until they’re in the store to decide what brand to buy, about 10% change their minds about brands in the store, 29% buy from categories they didn’t intend to buy from, and almost 20% leave a product they had planned to buy on the shelf.

To sup up, Hypothesis 2 “Russian shoppers make chocolate purchases less impulsively than shoppers in the US and Europe due to the decline in the disposable income” is rejected. Russians less plan chocolate purchases and buy chocolate mostly on impulse. Hypothesis 3 “The chocolate purchase decision depends on the shopping mission and the format of the store” is confirmed.

4.3 What are the key factors influencing the choice of chocolate products?

In order to answer this question, both qualitative exploratory study and quantitative survey was used.

In-depth interviews with shopper indicate the following results. When asked about the preferred formats of products, respondents indicate that the types of products are dependent on the usage occasion and the way the product is consumed. In general, the consumption occasions could be classified as following:

- Consumed inside (at home, at work): tea-drinking at home (traditional activity, very popular in Russia) with family, tea-drinking at home with guests, tea-drinking at work with colleagues, indulgence, a treat for a child, a sweet distraction (something to "chew").
- Consumed outside: a shack on the go, to feed a child, to refresh breath.

For themselves shoppers prefer to choose "take home" formats of chocolates, especially loose chocolate. Historically this segment of chocolate has been highly developed with a tough competition among different brands (mostly local ones). In addition, some respondents also mention multi-packs of chocolate bars of international brands as preferred "take home" format of chocolate. As a present shoppers tend to choose boxed chocolate. The two main attributes considered are package design (seasonal package is preferred) and price. If a person choses a gift for a close person, the main drivers of chose are brand and taste. On the other hand, the price promotion is a driver to the purchase of boxed chocolates in case of formal gift. It is notable that the actual size of the discount does not matter significantly.

According Mars Inc. research (2011), chocolate category is the most advertised grocery category in Russia. During in-depth interviews shoppers were asked about the recent chocolate TV commercials they saw. It turned out, that Russian shoppers remember several TV commercials featuring chocolate. In general, the chocolate advertising is highly emotional one. It often evokes a sense of pleasure, enjoyment and delight (chocolate tablets, boxed chocolate) or is very energetic (especially for chocolate bars). This explains why shoppers easily recall these chocolate TV commercials. Advertising has a direct impact on the willingness to try a product, most of the respondent indicated that they have bought a chocolate product under the influence of advertising at least once. Among other important product attributes affecting the purchase are: brand name, promotions (price promotion or consumer promo), nutritional features, price, price, taste, design of the package, functionality of the package, according to my research.

If it comes to the county of origin, the opinions of respondent have been divided into two groups: local brands' lovers and foreign brands' fans. There exist a relatively big segment of shoppers, which prefer Russian chocolate products, mostly loose chocolates and tablets. These shoppers are usually older people with the disposable income less than average. Shoppers who claimed to prefer foreign brands named Switzerland, France and Italy as the counties of best chocolate producers. They usually choose either plain dark chocolate or chocolate with unusual fillings.

The results of the qualitative study were validated in the quantitative survey. The chocolate buyers from our sample who indicated that their purchase was not planned were asked about the drivers of their unplanned purchase (Table 32). Attractive package (35,7%), Promotion or Sale (21,4%) and willingness to try new product (14,3%) turned out to be the key drivers of unplanned chocolate purchase.

In order to increase the frequency of chocolate purchases, it is crucial to know what the main drivers of the purchase are and what makes a shopper give a preference to one product over another one.

Firstly the Needstates (Table 24) and Consumption occasions (Table 35) were analyzed. Shoppers, who made a purchase of chocolate, were asked to explain the reason why they have decided to go for this particular product. The most popular reason to buy chocolate was "to tea" (mean 3, 75). It can be explained with the popular Russian tradition of tea drinking, with family, guests and colleagues. To have a pot with chocolates or other sweets at home is decency, especially for elder generation of Russians. The second reason shoppers have chosen chocolate is the sense of indulgence (mean 2, 9). Chocolate is a pleasurable fuel, a tasty product which evokes positive emotions. Shoppers, especially women, often make an unplanned purchase of chocolate being seduced by the attractive communication featuring such emotions as excitement and pleasure. The leader in consumption occasions is "for everyday" (60, 9% of respondents), which proves the previous finding regarding the necessity to have something sweet "to tea". 11, 6% of shoppers told that they bought chocolate to eat on the street and 10,1% claimed they made a purchase to take it to school, university, or to work.

In order to estimate which factors affect the purchase of chocolate, the factor analysis was run in SPSS. The question 19 (Q19) “Which of these attributes are the most important for you, when you choose chocolate products?” and question 20 (Q20) “To what extent you agree with the following statements?” were combined. The results of factor analysis could be found in Tables 35-39. First of all, the KMO Measure and Bartlett’s criteria were checked in order to understand whether the usage of factor analysis is rational. In our study KMO is 0,621 (Table 35), which means that factorial model is adequate (KMO higher than 0, 5) there is no other external variables that explain the model. The Bartlett’s test checks Ho about absence of correlation between variables. Since p-value equals to 0.000, Ho isn’t accepted so there is a correlation. By checking the Communalities table (Table 36) we ensure that value of “extraction” of all the components is more or less high, so we do not need to exclude any variables from the model. The optimal number of factors is estimated with both Scree Plot (Table 38) and Principal Component analysis (Table 37). Six factors were identified by rotated component matrix (Table 39). These factors were named:

- The impact of branding
- The impact of packaging
- The impact of tastiness
- The impact of pricing and promo
- The impact of activities
- The impact of health-consciousness

Finally, for the estimation of relative importance of different attributes of chocolate product offer affecting the choice of product the conjoint analysis was run (Tables 40-47). Four main attributes were selected:

- Type of chocolate product (chocolate bar, chocolate tablet, boxed or loose chocolate);
- Type of filling (plain chocolate, chocolate with filling);
- Country of origin (produced in Russia, produced overseas);
- Promotion (with price of consumer promotion; without any type of promotion).

By using the orthogonal design (Table 40), 8 cards were generated and respondents were asked to evaluate each scenario with a 9-point scale (1 – least preferable, 9 – most preferable). Conjoint analysis was run separately for all three types of shore formats, where the survey was made:

Hypermarket shoppers

The combination of these attributes is the best scenario for our sample: boxed or loose chocolates, with filling, produced abroad, with promotion (Table 42). The utility of County of origin and promotion are the highest among all (Table 43).

Supermarket shoppers

The combination of these attributes is the best scenario for our sample: a tablet of plain chocolate, produced abroad, with promotion (Table 44). The utility of County of origin is significantly higher than utility of other attributes (Table 45).

Discounter shoppers

The best scenario for discounters is the same as for hypermarkets: boxed or loose chocolates, with filling, produced abroad, with promotion (Table 46). Although Country of origin stays the attribute with the highest utility (Table 47), the chocolate type also plays an important role in discounters.

4.4. What zones in the store are the most effective for additional placement of chocolate confectionery and why?

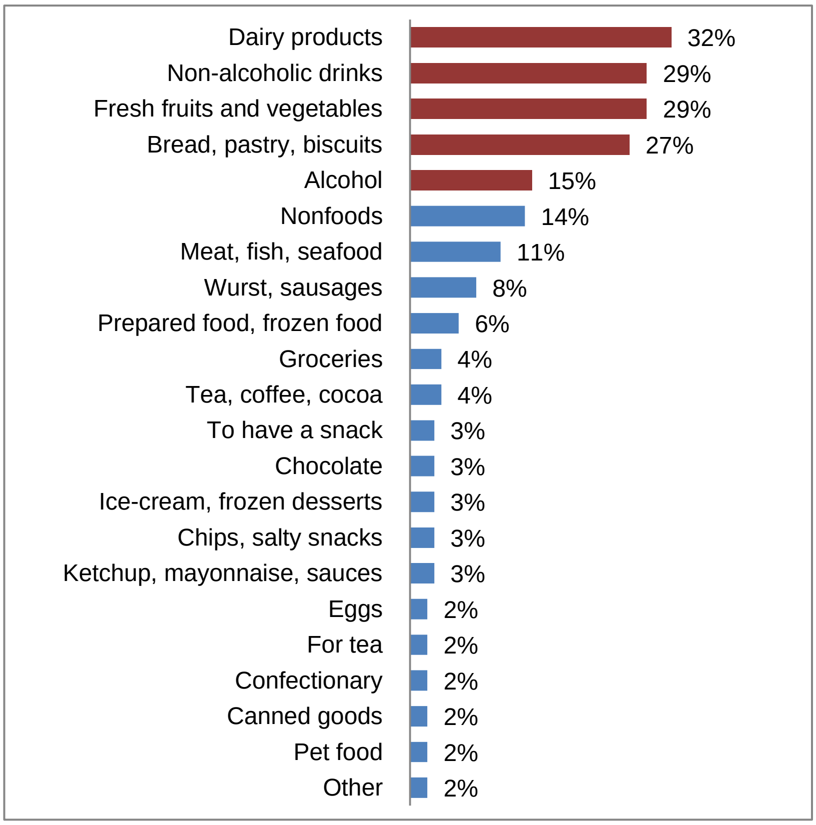
Both qualitative and quantitative study was used to answer this question.

The qualitative study showed the following results. In the supermarket, where the in-depth interviews took place, one additional chocolate product display was located. The display was located on the shopper traffic, before the main confectionery aisle. More than half of the respondents indicated that they have noticed the additional display with chocolate at of the store. This indicates that additional displays attract more shoppers' attention because they interrupt their routine shopping behavior. On the other hand, only few shoppers could answer where the confectionery main shelf is located.

Almost all respondents said they expect to find chocolate at the Front End (at the cash desk). In Russia retailers actively use this area within a store in order to trigger an impulse purchase when shoppers waiting in a queue. Many types of impulse chocolate and other sweets are displayed at the Front End. The product assortment is often not the same on every checkout counter, because of limited shelf space. When choosing the checkout shoppers navigate by the length of a queue and they are often not ready to change the line in case they do not find their favorite chocolate bar. They prefer to switch to another brand or not to buy chocolate at all.

According to the qualitative study, dairy products, non-alcoholic drinks, fruits and vegetables and bread are the anchor categories when entering the shop (Figure 14). These categories are also called destination categories. Confectionary or chocolate products are not generally in mind of shoppers upon arrival to the store, according to the results of in-depth shopper interviews. It is very important to know the shoppers' destination categories in order to forecast the shopper footfall in the store. From our study it can be inferred that the shopper footfall is highest in such categories as Dairy products, Non-alcoholic drinks, Bread and pastry, Alcohol, Fresh fruits and vegetables. Thus, the main effort for attracting shoppers' attention to chocolate must be put in these zones of the store.

Figure 14. Top of mind products when entering the store (% of shoppers).



4.5 What are the barriers of chocolate category penetration (what stops shoppers from making a chocolate purchase) and how to address them for growing the category by manufacturers and retailers?

One of the objectives of this study was to identify what barriers exist, that limit the category growth potential in the Russian market. After the analysis of in-depth interviews, the following barriers to the purchase of chocolate were identified:

1. Shoppers do not think of a chocolate category;
2. Shoppers do not see chocolate products in store or cannot find them;
3. The product is not relevant for their needstate (the state of needing something) or occasion;
4. The product is too expensive (not good value for money);
5. Chocolate is not permissible.

The first barrier of chocolate purchase is that shoppers often do not think of chocolate when they enter the store. Chocolate category or particular brands do not come to their minds. Consumers might not be in the mood for chocolate when they are doing shopping. Manufacturers and retailers can overcome the first barrier with the effective shopper marketing strategy. Candy is already 5th most advertised grocery category, according to IPSOS research. Relevant in-store messaging and brand awareness driving tactics can address top-of-mind awareness.

Chocolate does not grab shoppers' attention as they walk around the store (out of the confectionery aisle). They simply do not see chocolate products in store or cannot find them. This represents the second barrier of chocolate purchase. Chocolate category does not have regular place from store to store, very often it is divided on several places. The biggest problem for shoppers is to find tablets. Chocolate category often is placed in the middle or end of shopper traffic. Only 25% of customers (across all retailers) actually visit the confectionery aisle. For most of the shoppers "Easy to find" is the main factor influencing shopping experience on Main Shelf, where the competition among brands and products is the highest.

The first two barriers could be addressed with the clear in store navigation and attractive and visible displays. Chocolate need to be present in all store zoned where shoppers expect to find it plus in relevant product categories. Main and additional displays need to be placed in a proper way in order to be effective.

Delivering great display means matching the needs of Customers (retailers), Shoppers and Manufacturer. The displays should be highly branded and impactful and perfectly adapted to the channel and to the store. For both chocolate manufacturer and retailer it is also important to ensure that the display has the measured and proven Return on Investment (ROI).

The third chocolate purchase barrier in the Russian market that was identified in our study is that the product is not relevant for their needstate or occasion. Chocolate products face though competition in store with other product categories. For many consumption occasions chocolate has strong substitutes. For instance, salty snacks, yogurts, cakes (also ice-cream and fruits in summer) are the substitutes of chocolate in case of snacking consumption occasion.

Chocolate might not be fitting On the Go shopping mission in the following cases:

- Chocolate melts in summer season – shopper is looking for something less messy;
- There are more suitable summer products (ice-cream, fruits);
- It's difficult to limit chocolate consumption;
- There are more suitable snack products;
- Packaging is not convenient for eating on the go;
- Packaging not as easy to store.

Taking into account all the factors listed above, the manufacturer should adapt his product offer by the type of occasions and place the product accordingly in a store. As different packaging format are more relevant to various usage occasions and seasons, the shopper marketing strategy need to meet these factors. For example, during high season of New Year and Christmas, St. Valentine's day and 8th of March the emphasis of the strategy should be put on boxed chocolate. During low season in summer, chocolate dragees should be supported in trade, such as M&M's® (because they do not melt on hot weather). There is also so-called "back-to-school" season in late August and September, during which the multi-packs of chocolate bars are the most relevant. To sum up, the in store support should meet relevant consumption and gifting occasions.

The fourth barrier of chocolate purchase of that the product may too expensive (not good value for money). This is a significant barrier, taking into account the decline in the disposable income of Russians. However, to meet this barrier, shopper marketing methods could also be applied. Price promotion is the key tool for addressing this barrier. The manufacturer not only needs to adapt his product portfolio to different consumer segments of the market, it also needs to develop the promo strategy. The SKUs with the highest turnover rate are usually used for price promotions. Retailers are aware of the effect of price promotions - shoppers positively react on this strategy. Thus, they are ready to negotiate favorable conditions regarding displays and Point of Sale materials. Price promo is equally beneficial for all parties, shoppers, customers and manufacturer.

The last barrier of chocolate purchase is that chocolate is not permissible. There could be several reasons why a shopper actively rejects chocolate. They include:

- Chocolate has many calories (fat);
- Shopper prefers something healthier;
- Chocolate does not fit a diet or eating plans.

It is the only barrier that cannot be addressed with shopper marketing strategy. If a customer actively avoids chocolate in his shopping basket, there are no methods that can force him to buy a product.

To sum up, the results of the qualitative and quantitative study show that the shopping behavior in the Russian confectionery markets differs significantly from the shopper behavior in the US and Europe. The main findings are:

1. Russian chocolate shoppers make chocolate purchase mostly on impulse. The vast majority of chocolate purchases are either impulse, or unplanned.
2. The chocolate purchase decision (especially the type of product selected) depends heavily on shopper mission, which, in its turn, correlates with the store format.
3. Shoppers expect to find certain types of chocolate in the certain zones of the store. Some product categories are more effective for additional chocolate placement than others.
4. There exist five main barriers of penetration for the chocolate category on the Russian market. They are the following:
   - 4.1. Shoppers do not think of a chocolate category;
   - 4.2. Shoppers do not see chocolate products in store or cannot find them;
   - 4.3. The product is not relevant for their needstate or occasion;
   - 4.4. The product is too expensive (not good value for money);
   - 4.5. Chocolate is not permissible.

CHAPTER 5. IMPLICATIONS

In the beginning of the research study, several objectives were set up in order to get a deep understanding of shopper behavior in the Russian confectionery market. The main goals of the study were to understand the way shoppers buy chocolate and estimate the extent to which are they exposed to impulse decisions, to identify key drivers influencing the choice of chocolate products, to find out the most effective zones in the store for chocolate placement and study the barriers of penetration of chocolate category. The results of the study are of high importance for development of effective shopper marketing strategy of chocolate manufacturers.

Chocolate purchases are much more impulsive on the Russian market in comparison with the US and European markets. It is the first and the most fundamental shopper insight, which was revealed during this study. Although the level of impulsivity depends on the type of product, with the highest scores for chocolate bars and the lowest - for boxed chocolate, the overall rate of impulsivity is high. These findings could be explained by the fact that the “Future Consumption” segment of chocolate category is still underdeveloped in Russia. Multi-pack formats of chocolate bars are very popular in the developed markets, especially for households with more than 4 family members. These big formats of chocolate products could be found only in the principal hypermarkets in Russia. Hence, shoppers are more affected by instant emotions in the store and buy chocolate bars and tablets mostly on impulse, especially if their shopping mission is to have a snack.

Highly impulsive shopping behavior pattern in the chocolate category plays a huge role in the way shoppers are making a purchase. Confectionery manufacturers and retailers should always keep it in mind in order to drive the impulse purchase chocolate and grow the sales figures.

It is highly recommended to take into account the regional shopping behavior specificity when developing and executing the shopper marketing strategy. Based on the results of this study, several recommendations on shopper marketing strategy are developed.

5.1. Development and location of chocolate displays.

Based on our understanding of shopper behavior, there is huge business opportunity for those brands and products that can better interrupt shoppers and drive impulse purchasing. In the Russian market this opportunity is much higher than in the developed markets. The chocolate category in Russia is still relatively underdeveloped in comparison with the US and European markets.

According to the MarketLine research (2013), in Russia the yearly per capita consumption of chocolate is about 4 kg versus 10-11 kg in such countries as Ireland, Germany and Switzerland.

The first opportunity to grow the category lies in the most widespread shopper marketing tool - in-store product displays. According to our study, there are several high priority locations for the chocolate in the store. These places could be divided into main zones and additional zones. Main zones include Confectionery main shelf and the Front End (cash counter). Additional zones include all the high priority locations – anchor categories which are complementary for chocolate. These zones are called Points of Interruption. A Point of Interruption is a high priority location in store where high visibility secondary display can interrupt routine shopping behavior and inspire impulse purchases to increase chocolate penetration per basket, mutually growing sales. Points of Interruption are aimed at two strategic directions: mental availability of the brand and physical availability of the product.

5.1.1. Confectionery aisle as a high priority location for planned chocolate.

Confectionery main shelf is important because all competitors are present there, the brand has to face tough competition and stand out from the great number of SKUs[9] with comparable characteristics. Shopper penetration of confectionery aisle is low worldwide. In Russia only 25 percent of shoppers visit the main shelf due to the distant location of this category in stores. However, the majority of Confectionery purchases are still made here. This zone remains the critical hub for Confectionary sales, especially for loose chocolate and boxed chocolate in the Russian market, according to this study. 80% of all chocolate is purchased from the Confectionery aisle (company estimation). For those confectionery purchases that are pre-planned this aisle is the key destination for these planned purchases.

Chocolate manufacturers should always monitor such metrics as shelf share and the number of facings of each SKU. In order to stand out in the competitive landscape, the products need to be displayed at the level of shopper’s eyes. In addition to this, the “brand blocks” are very important – shoppers are recognizing the brand by NAG (Notice, Attract, Get) brand attributes, such as color, logo, shape of the package, etc. To build such brand blocks merchandisers need to put several facings of each SKU on the confectionery shelf. The examples of brand blocks of the main shelf are displayed in the Appendix H.

[9] See definition in the glossary

To sum up, the confectionery main shelf is visited mostly for preplanned purchases in Russia. In order to make shoppers choose their products chocolate manufacturers need to help shoppers to find quickly what they are looking for in the main shelf. It could be done by best location on the shelf (at the eye level), shelf share and brand blocks by displaying several faces of top SKUs.

5.1.2. Front End (Checkout) as a high priority location for impulse chocolate.

The Chekout is visible to 100% of Shoppers and is at the end of every shopping trip. It is the 1st or 2nd most effective location in-store for Chocolate, depending on the store format and size. The Checkout delivers a disproportionate amount of store Profit (1.1% of Profit for 0.9% Sales, according to ECR estimations). As Shoppers progress through their trip, they become increasingly receptive to personal reward and treats bought on impulse. They are most open to these (impulse) purchases at Checkout, where Shoppers are twice as likely to shop for themselves.

Front-end shopper deals with 3 key need states:

- Reward/Immediate Consumption for s shopper;
- Reward/Immediate Consumption for a kid;
- Convenience.

In general, at the Front End shoppers expect to see products which meet the following criteria: narrow and expected range of products, small product formats and affordable prices. Shoppers are highly inertial and expect to see products they are used to see at the checkout. It is natural for shoppers to expect to see small-format products or products which do not take too much space and are neatly and attractively displayed. In order to choose products of the categories, which shoppers expect to meet at the Front End, they do not need to see a wide range. Finally, the affordable price is the key to success for creation of an impulse purchase at checkout. Products, that can be purchased “on top” and for which the cost of mistake is low, need to be placed there. The examples of effective Front End chocolate placement could be found in Appendix H.

Front end conversion rate[10] is the highest when representing power categories which have high levels of the following metrics: household penetration, frequency of purchase, impulsivity in

[10] See definition in the glossary

purchase. Shopper at the Front End is busy loading their purchases on the belt and there is not much time to capture the shoppers' attention, they need to be able to make a decision as quickly as possible. Simplicity of shelving at the Front End dramatically increases conversion rate. Shoppers naturally look 15 to 30 degrees downwards, ignoring anything above shoulder level. Thus, the most popular SKUs need to be placed there. Finally, the main reason for choosing a lane is the length of the queue (the shorter the better). Hence, the shopper will not switch lanes if the item they are looking for is not available, resulting in a lost impulse sales for both, chocolate manufacturer and retailer.

5.1.3. Additional display as a high priority location for planned and impulse chocolate.

There exist two types of displays: regular and activity. The regular display is the long-term in-store equipment, usually displaying the regular chocolate SKUs. These displays may be either branded or non-branded. The example regular display may be Front End equipment. The activity display is a short-term placement of product – it is usually used for trade support of common types of product activities (price promotion, consumer promotion, seasonal products, and limited editions of products). Examples of product displays could be found in Appendix H.

Chocolate manufacturers can drive cross-category purchase for chocolate in different consumption occasions. Chocolate is one of the most impulsive categories and it can be bought on top (plus to other category). More than 80% shoppers buy chocolate without planning the purchase beforehand.

It is recommended to put big number of small cross-category displays. Chocolate off-shelf works better than others (50% shoppers buy chocolate from off-shelf and others categories only 15%, according to the company global research). Bars, tablets, bite-size are the most impulse products and their price is affordable. Thus, they can be bought on top to another product category.

One of the objectives of the study was to understand in which zones of the store the placement of chocolate is the most effective in Russia. In the survey the destination categories were identified - the categories with the biggest shopper footfall and basket penetration[11]. Dairy products, soft drinks and water, fresh fruits and vegetables, bread and pastry and alcohol are the destination categories in Russia. Placing the additional display in these zones of the store grows the chances that the routine shopper behavior will be interrupted by chocolate and lead to an impulse purchase. Those are the

[11] See definition in the glossary

high priority locations in the store. Talking about the store zones, which should be avoided, it should never be considered to place chocolate in such categories as meat and fish, household detergents, goods for children. Not only these categories are not complementary for chocolate, placing the products there may harm their quality characteristics, since chocolate absorbs the smell of the outside environment.

There are two main performing indicators to consider for execution and evaluation of additional display: location of display and quality of display. Location of the display needs to meet several criteria. First of all, it needs to be located in the highest footfall in the outlet. For manufacturer it is important to ensure that the display is the first chocolate display in the outlet (located before chocolate displays of competitors and before the confectionery aisle). The display should be located next to the categories with open mind to chocolate: bread, diary, soft drinks, water/juices, tea/coffee, salty snacks, biscuits, alcohol. The display also should be set up facing shopper flow[12], so that a shopper sees the product immediately, not the side part of the display. Finally, it is important to ensure that the display is hot hidden by other store equipment or other displays and is seen from minimum four meters form the main shopper flow.

The quality of display includes several aspects. First of all, the display should contain the right assortment and right planogram. Optimal stock of the display (more than 70% of each SKU) should also be in place. Finally, price tags need to be present on all products and, in case of price promotion, the special price tag should be used.

To sum up, the effect of additional displays cannot be underestimated. If shoppers don't enter the confectionery main shelf they can see chocolate in other product categories. Consumers have stable habits to consume or not consume chocolate with other products in different occasions (Gifting, Guests, Snacking, etc.). Chocolate manufacturers need to remind shoppers to buy or draw attention to chocolate as a relevant product for the occasion.

[12] See definition in the glossary

CHAPTER 7. CONCLUSION

This study was focused on the critical evaluation of the shopper behavior in the Russian confectionery market. The research was aimed to identify whether there exits any peculiarities in the shopping behavior in the Russian chocolate market. The goal of the research was also to find the ways these peculiarities could be addressed for the development of shopper marketing strategy by chocolate manufacturers.

Primary and secondary resources were used in the study. For primary data, the qualitative research was done: the in-depth semi-structured interviews with industry experts and the in-depth semi-structured interviews with supermarket shoppers (conducted in the retail environment). After the qualitative study, the researcher has conducted a survey in the real retail environment with shoppers as participants. A structured questionnaire was used for data gathering. The answers of the respondents were then processed by computing their correspondent weighted mean, standard deviation and frequency. The results of the computation were then utilized as basis for the data analysis. Secondary resources derived from different publications including books and scientific journals to support the findings.

Based on the results of the in-depth interview with shoppers and the survey, it could be inferred that the shoppers in the Russian chocolate market behave in a different way than shoppers in the developed countries, such as the United States and Europe. These peculiarities in the shopping behavior should be taken into account for the development of shopper marketing strategy in the Russian market.

Drawing on the results of the study, Russian shoppers make in-store purchase decisions for chocolate with high degree of impulsivity. Among the main drivers that influence the purchase decision are the country of origin, the brand, the packaging and the presence of either consumer promotion or price promotion.

When planning the shopper marketing strategy, chocolate manufacturers should take into account the fact that the shoppers’ purchase decision for chocolate depend heavily on the shopping mission and the retail format to adapt the strategy accordingly. In addition, the research has shown that within a particular store, where exist more favorable zones for chocolate placement, where the shopper marketing efforts should be concentrated. These zones are regular, such as confectionery aisle and Front End, and additional (extra placements of chocolate in a store). When considering the additional placement of chocolate, the manufacturer is recommended to put the product display in the destination categories with the highest shopper footfall. These categories include dairy products, bread and pastry, tea, coffee and soft drinks, alcohol.

Finally, in the study the barriers for chocolate category penetration been identified and the measures to address these barriers were proposed. These barriers are the following:

1. Shoppers do not think of a chocolate category;
2. Shoppers do not see chocolate products in store or cannot find them;
3. The product is not relevant for their needstate or occasion;
4. The product is too expensive (not good value for money);
5. Chocolate is not permissible.

The first four barriers could be addressed with the effective shopper marketing strategy.

CHAPTER 8. LIMITATIONS AND FUTURE DIRECTIONS.

One limitation of the study is its relatively small sample size (233 respondents). In addition, the participants of the survey were the shoppers of the retail chain stores, located only in Moscow. The increased diversity of the sample could have provided more generalized results of the study.

The study is also limited to only one trade channel – the self-service stores of three formats: hypermarkets, supermarkets and discounters. The results of the study may be different in the alternative channels, such as Behind-the-Counter shops, Petrol stations, convenience stores, etc.

In addition, only stores of major retail chains were considered in the study, while most of the Russian trade, especially in regions, consists of the independent stores. The recommendations that were made in this thesis are more relevant to the retail chains and should be updated for the regional trade stores.

APPENDIX A. RETAILER CHAINS IN THE SHOPPER STUDY.

X5RETAILGROUP	X5 Retail Group NV • The leading retailer in Russia with revenue of $11.3 bln (company data, 2012) • Presents in all 3 main retail formats: discounters, supermarkets, hypermarkets • Revenue from 1 m2 : $9 500 (INFOline-Analitika estimations)
Розничная сеть МАГНИТ ВСЕГДА НИЗКИЕ ЦЕНЫ	Tander ZAO • The retailer #2 in Russia with revenue of $7.7 bln (company data, 2012) • The leader in regional retail • Presents mainly in discounter format, but also in hypermarkets • Revenue from 1 m2 : $8 100 (INFOline-Analitika estimations)
О'КЕЙ СЕТЬ МАГАЗИНОВ	O'Key OOO • 5th largest hypermarket chain by revenue with revenue of $2.7 bln (company data, 2012) • Presents only in hypermarkets format • Only one hypermarket in Moscow (at the moment of the study) • Revenue from 1 m2 : $10 100 (INFOline-Analitika estimations)

APPENDIX B. RESEARCH SAMPLE.

Store name	Channel	Retailer name	Entry-exit interviews
Magnit (2 stores)	Discounter	Tander ZAO	78
Pyaterochka (2 stores)	Discounter	X5 Retail Group NV	35
Perekrestok (2 stores)	Supermarket	X5 Retail Group NV	34
OKey	Supermarket	O'Key OOO	51
Karusel	Hypermarket	X5 Retail Group NV	35
Total sample			233

APPENDIX C. CHOCOLATE CATEGORY BY TYPE OF PRODUCT.

Product type	Examples
Chocolate bars	Chocolate bars of all sizes (Snickers, etc)
	Premium bars (Kinder Bueno, Dove Promises)
	Chocolate bars with milk filling (Milky Way)
	Kinder chocolates (Kinder Country)
Multi-packs	All multi-packs (Snickers, Twix, etc.)
Tablets	Chocolate tablets of all sizes (including small tablets & Kinder chocolate
Sweets in packs of 3-4 items	Raffaello, Ferrero
Chocolate eggs	Kinder Surprise
Figured chocolate	Chocolate hares, father frosts
Chocolate dragee, nuts in chocolate	M&M’s, Crispello, Hazelnut in chocolate
Boxed chocolates	All chocolates in boxes
Traditional chocolate sweets	Various domestic chocolate sweets in bags or loose
Mini-bars (miniatures)	Packs of 5 mini-bars (Snickers, Mars, etc)

APPENDIX D. SURVEY INSTRUMENT.

Questionnaire for in-depth semi-structured interviews with industry experts.

Q1. Do you agree that shopper marketing is an important tool for your company in order to grow sales, brand awareness and brand loyalty? Please, specify why do you think so?

- ❍ Totally agree
- ❍ I agree to some extent
- ❍ I disagree to some extent
- ❍ Absolutely disagree

Q2. What are the main barriers of development of shopper marketing in your company? Please elaborate on this topic.

- ❑ My company does not allocate enough budget for execution of shopper marketing strategy
- ❑ The absence of the common understanding of shopper marketing importance in retailers' and manufacturers' teams
- ❑ The absence of crucial skills and knowledge in shopper marketing area
- ❑ The lack of people resources inside the company
- ❑ The lack of support from the management team
- ❑ Low level of expertise in shopper marketing in the advertising industry
- ❑ Low level of expertise in the shopper behavior research and insights identification
- ❑ Other reason (please, specify)

Q3. What department in your company is responsible for shopper marketing?

- ❍ Shopper marketing department
- ❍ Trade marketing
- ❍ Sales department
- ❍ Marketing

- Category Management department
- Other (please, specify)

Q4. Do you think that the Russian shopper behavior is different from the shopper behavior in other Markets? Why do you think so?

- I think the Russian shopper behavior is totally different
- I think that Russian shopper behavior has its own specificities but in general is close to the shopper behavior in other Markets
- I think there is no significant difference in shopping behaviors in different markets

Q5. How often your company conducts research in the field of shopper marketing?

- More often than once a year
- Once a year
- Less often than once a year
- Never

Q6. Is it only global research or local as well?

- Only Global
- Both Global and local
- Only Local

Q7. Please specify what are the most important knowledge and skills for implementation of shopper marketing strategy in your company? (1-least important, 5- the most important). If other, please specify.

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)
Collection and analysis of information regarding shopper insights, shopper behavior in the store	❍	❍	❍	❍	❍
The usage of shopper insights in the in-store activation	❍	❍	❍	❍	❍
The establishment of effective relationships with partners (retailers)	❍	❍	❍	❍	❍
The effective in-store execution of activities for shoppers	❍	❍	❍	❍	❍
Long-term planning of activities for shoppers	❍	❍	❍	❍	❍
The post-evaluation and analysis of activities for shoppers	❍	❍	❍	❍	❍

Q8. Please specify what tools for shopper activation have your company been using for the last 3 years? If other, please elaborate.

	Very often / always (1)	Sometimes / occasionally (2)
POS Materials	❍	❍
Price promotions	❍	❍
Presence in retailers' catalogues	❍	❍
Present for a purchase	❍	❍
Additional points of sale (displays, pallets)	❍	❍
Sampling / Testing	❍	❍
Loyalty programs for buyers	❍	❍
Lotteries, competitions	❍	❍
In-store video/audio	❍	❍

Q9. To what extent do you think it is important to collaborate with retailers it the following shopper marketing activities? (1-least important, 5- the most important).

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)
Yearly planning of activities for in-store promotions of products	❍	❍	❍	❍	❍
In-depth understanding and analysis of shopper insights and identification of shopper trends	❍	❍	❍	❍	❍
Usage of shopper insights for planning and development of marketing promotions	❍	❍	❍	❍	❍
Development of new innovative and unique activities for shoppers	❍	❍	❍	❍	❍
Execution of marketing programs for buyers	❍	❍	❍	❍	❍
The post-evaluation and sharing of gathered data	❍	❍	❍	❍	❍

APPENDIX E. IN-DEPTH INTERVIEW INSTRUMENT.

In-depth semi-structured interviews with shoppers.

Q1. Do you usually plan a purchase of confectionery when coming to the store or do you decide to buy it during your shopper journey?

Q2. During your usual shopping trip, do you normally visit confectionery aisle in the store?

Q3. What types of product do you prefer to choose as a gift, for a kid, to tea, as a snack?

Q4. What factors do you consider when choosing confectionery products?

Q5. What is your favorite chocolate product? What type of chocolate do you prefer? (dark, milk, plain or with filling)

Q6. What can make you buy a chocolate product that you have never tried before?

Q7. Do you remember any TV commercials featuring Chocolate products? Do you want to try these products?

Q8. When choosing a chocolate product, do you pay attention to the county of origin of the product? What countries do you consider to be experts in chocolate?

Q9. Have you noticed any additional displays of chocolate in this store? How often in general you take products from such displays?

Q10. Do you pay attention to the products displayed at the Front End? What products do you expect to find there? How often do you buy these products? If you do not find your favorite product there what would you do?

APPENDIX F. SURVEY INSTRUMENT.

Questionnaire: entry interviews.

Q1. What is your purpose(s) of visiting this shop today? Please specify the extent to which it the following statements are relevant for you? (1 – not relevant at all, 9 – very relevant)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)
To quickly buy something necessary right now or something, that is out of stock at home	❍	❍	❍	❍	❍	❍	❍	❍	❍
To buy something to have a snack / to satisfy hunger (immediately or soon after the purchase)	❍	❍	❍	❍	❍	❍	❍	❍	❍
To shop for 2-3 days, to renew the product stock	❍	❍	❍	❍	❍	❍	❍	❍	❍
To buy products for the party or other celebration	❍	❍	❍	❍	❍	❍	❍	❍	❍
To do main shopping for a week or more	❍	❍	❍	❍	❍	❍	❍	❍	❍
To get acquainted with assortment and process in the store	❍	❍	❍	❍	❍	❍	❍	❍	❍
To buy something, that is on sale / promotion right now	❍	❍	❍	❍	❍	❍	❍	❍	❍
To distract myself, kill time	❍	❍	❍	❍	❍	❍	❍	❍	❍
To buy a present	❍	❍	❍	❍	❍	❍	❍	❍	❍
Other	❍	❍	❍	❍	❍	❍	❍	❍	❍

Q2. Do you have a list of purchases even if you just keep it in mind?

❍ I have a written list of products

❍ Something is written and something is not

- ❍ I keep the list of products in mind
- ❍ No list of products

Q3. Which products you are going to buy in this shop today?

- ❑ Dairy products
- ❑ Non-alcoholic drinks
- ❑ Fresh fruits and vegetables
- ❑ Bread, pastry, biscuits
- ❑ Alcohol
- ❑ Nonfoods
- ❑ Meat, fish, seafood
- ❑ Wurst, sausages
- ❑ Prepared food, frozen food
- ❑ Groceries
- ❑ Tea, coffee, cocoa
- ❑ To have a snack
- ❑ Chocolate
- ❑ Ice-cream, frozen desserts
- ❑ Chips, salty snacks
- ❑ Ketchup, mayonnaise, sauces
- ❑ Eggs
- ❑ For tea
- ❑ Confectionary
- ❑ Canned goods
- ❑ Pet food
- ❑ Other

Q4. [If in Q3 person ticks “Chocolate” or “Confectionery”]

You said you are going to buy Chocolate or Confectionery. Please rate what is the likelihood that you will buy the following products (1 – very low, 9 – very high)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)
Sweets / loose chocolate	❍	❍	❍	❍	❍	❍	❍	❍	❍
Chocolate tablet	❍	❍	❍	❍	❍	❍	❍	❍	❍
Chocolate bar	❍	❍	❍	❍	❍	❍	❍	❍	❍
Boxed chocolate	❍	❍	❍	❍	❍	❍	❍	❍	❍
Zefyr / Pastila	❍	❍	❍	❍	❍	❍	❍	❍	❍

Q5. Who in your family is responsible for buying products, i.e. plans list of products and makes a decision which products to buy?

❍ Only I

❍ Mostly I

❍ I and other family members

❍ Mostly others

Q6. For each of these statements tell me, to which extent are they relevant for you? (1 – not relevant at all, 9 – very relevant)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)
I want to drink, feel thirst	❍	❍	❍	❍	❍	❍	❍	❍	❍
I am tired, want to rest	❍	❍	❍	❍	❍	❍	❍	❍	❍
I want to eat, I feel hungry	❍	❍	❍	❍	❍	❍	❍	❍	❍
I want to refresh my breath	❍	❍	❍	❍	❍	❍	❍	❍	❍

Questionnaire: exit interviews.

Q7. Tell me please which of the following products have you bought today?

- ❑ Dairy products
- ❑ Non-alcoholic drinks
- ❑ Fresh fruits and vegetables
- ❑ Bread, pastry, biscuits
- ❑ Alcohol
- ❑ Nonfoods
- ❑ Meat, fish, seafood
- ❑ Wurst, sausages
- ❑ Prepared food, frozen food
- ❑ Groceries
- ❑ Tea, coffee, cocoa
- ❑ To have a snack
- ❑ Chocolate

- ❑ Ice-cream, frozen desserts
- ❑ Chips, salty snacks
- ❑ Ketchup, mayonnaise, sauces
- ❑ Eggs
- ❑ For tea
- ❑ Confectionary
- ❑ Canned goods
- ❑ Pet food
- ❑ Other

Q8. Please, look at this list. Are there some products which you have **NOT** bought, but planned to buy before enter the shop? (1 – not relevant at all, 9 – very relevant)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)
Chocolate bar	❍	❍	❍	❍	❍	❍	❍	❍	❍
Chocolate tablet	❍	❍	❍	❍	❍	❍	❍	❍	❍
Chocolate in packets or loose	❍	❍	❍	❍	❍	❍	❍	❍	❍
Boxed chocolates	❍	❍	❍	❍	❍	❍	❍	❍	❍

Q9. Why have not you bought this product [Product from Q8 with mark more than 6]? (1 – absolutely disagree, 9 – totally agree)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)
Changed my mind, no longer wanted to buy	❍	❍	❍	❍	❍	❍	❍	❍	❍
Replaced it with product of another category	❍	❍	❍	❍	❍	❍	❍	❍	❍
Forgot to buy	❍	❍	❍	❍	❍	❍	❍	❍	❍
Replaced it with another variant of the product	❍	❍	❍	❍	❍	❍	❍	❍	❍
Have not found the product	❍	❍	❍	❍	❍	❍	❍	❍	❍
Have bought many other products, run out of money	❍	❍	❍	❍	❍	❍	❍	❍	❍

Q10. Which of these attributes are the most important for you, when you choose product in this shop?

❑ Accurate product laying out

❑ All necessary products are always in stock

❑ Easy to find wanted product

❑ Easy and comfortable to take products from the shelf

❑ Good product assortment

❑ All product assortment is well seen

❑ Has products, not available in other shops

❑ Price-lists are well-seen

❑ Prices lower than in other shops

Q11. Did you buy chocolate today? If yes, what product?

❑ No, I didn't buy any chocolate products

❑ Yes, I bought chocolate bar

❑ Yes, I bought chocolate tablet

❑ Yes, I bought chocolate in packets or loose

❑ Yes, I bought boxed chocolates

Questions Q12-Q17 were asked only in case a person made a purchase of a chocolate product

Q12. Tell me please where have you taken this product?

	I did not buy that product (1)	I took it at the main shelf (2)	I took it at the Front End (3)	I took it from the secondary display (4)
Q12_1 Chocolate bar	❍	❍	❍	❍
Q12_2 Chocolate tablet	❍	❍	❍	❍
Q12_3 Chocolate in bags or loose chocolate	❍	❍	❍	❍
Q12_4 Boxed chocolate	❍	❍	❍	❍

Q13. What of the following best describes for what have you bought chocolate?

(1 – totally disagree, 9 – completely agree)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)
To tea	❍	❍	❍	❍	❍	❍	❍	❍	❍
To indulge myself / close people	❍	❍	❍	❍	❍	❍	❍	❍	❍
Enjoy the taste	❍	❍	❍	❍	❍	❍	❍	❍	❍
Refresh breathing	❍	❍	❍	❍	❍	❍	❍	❍	❍

Q14. Look at this list. For what situation have you bought this product?

❍ For everyday

❍ To eat at the street

❍ For a kid (as a sweet)

❍ As a present

❍ For other adults

❍ To take to work / to school / to university

Q15. Which of these phrases best describes how you planned or did not plan to buy this product?

❍ I did not plan to buy this product

❍ I planned to buy something sweet

❍ I planned to buy chocolate, but not exactly this product

❍ I planned to buy exactly this product

Q16. [Question asked only if a respondent says the purchase was not planned]

You said, you didn't plan to buy this product today. So why did you buy it?

❍ Attractive package

- ❍ Kid/Child asked to buy
- ❍ Somebody else asked
- ❍ A lot of product on the shelf
- ❍ To try something new
- ❍ Promotion / Sale
- ❍ That is my favorite product
- ❍ Other

Q17. Which of the following sentences best describes how you buy this product?

- ❍ Buy this product periodically, but don`t watch to have it
- ❍ Buy this product occasionally
- ❍ Usually don`t buy it
- ❍ Always try to have the stock of this product
- ❍ Buy only when it ends

Q18. Shops often use such additional goods layouts in sales area. Tell me please are you agree or disagree with every of these statements about these shelves (1 – completely disagree, 9 – totally agree).

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)
I pay attention to products on these shelves	❍	❍	❍	❍	❍	❍	❍	❍	❍
Best selling products are often exposed on these shelves	❍	❍	❍	❍	❍	❍	❍	❍	❍
New goods are often exposed on these shelves	❍	❍	❍	❍	❍	❍	❍	❍	❍
Slow selling products are often exposed on these shelves	❍	❍	❍	❍	❍	❍	❍	❍	❍
Products with elapsing shelf life are often exposed on these shelves	❍	❍	❍	❍	❍	❍	❍	❍	❍

Q19. Which of these attributes are the most important for you, when you choose chocolate products? (1-not important at all, 9 – very important)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)
Brand awareness	❍	❍	❍	❍	❍	❍	❍	❍	❍
Advertising	❍	❍	❍	❍	❍	❍	❍	❍	❍
Country of origin	❍	❍	❍	❍	❍	❍	❍	❍	❍
Brand name	❍	❍	❍	❍	❍	❍	❍	❍	❍
Promotions	❍	❍	❍	❍	❍	❍	❍	❍	❍
Nutritional features	❍	❍	❍	❍	❍	❍	❍	❍	❍
Price	❍	❍	❍	❍	❍	❍	❍	❍	❍
Taste	❍	❍	❍	❍	❍	❍	❍	❍	❍
Attractiveness of pack	❍	❍	❍	❍	❍	❍	❍	❍	❍
Attractiveness of display	❍	❍	❍	❍	❍	❍	❍	❍	❍
Quality of ingredients	❍	❍	❍	❍	❍	❍	❍	❍	❍
Functionality of the pack	❍	❍	❍	❍	❍	❍	❍	❍	❍

Q20. To what extent you agree with the following statements? (1-completely disagree, 9 – totally agree)

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)
I am an active person, love various activities	❍	❍	❍	❍	❍	❍	❍	❍	❍
I am a busy person, I usually do not have enough time to take a proper meal and often eat on the go	❍	❍	❍	❍	❍	❍	❍	❍	❍
I am a health-conscious person and I pay significant attention to the products I consume	❍	❍	❍	❍	❍	❍	❍	❍	❍
I am very loyal to the brands and products that I like	❍	❍	❍	❍	❍	❍	❍	❍	❍
I adore chocolate and buy it to indulge myself	❍	❍	❍	❍	❍	❍	❍	❍	❍

Q21. Imagine that you choosing a chocolate product. Please evaluate the following options to scale from 1 (I don't like it at all) to 9 (I like it very much). Imagine, that the price and weight of each option is the same.

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	9 (9)
Boxed or loose chocolate, with filling, with promotion, produced abroad	❍	❍	❍	❍	❍	❍	❍	❍	❍
Chocolate bar, with filling, produced abroad, without promotion	❍	❍	❍	❍	❍	❍	❍	❍	❍
Chocolate tablet, with filling, produced in Russia, without promotion	❍	❍	❍	❍	❍	❍	❍	❍	❍
A chocolate tablet with plain chocolate, produced abroad, with promotion	❍	❍	❍	❍	❍	❍	❍	❍	❍
Boxed or loose chocolate, with plain chocolate, with promotion, produced in Russia	❍	❍	❍	❍	❍	❍	❍	❍	❍
A chocolate bar, with plain chocolate, without promotion, produced abroad	❍	❍	❍	❍	❍	❍	❍	❍	❍
A chocolate bar, with plain chocolate, produced in Russia, without promotion	❍	❍	❍	❍	❍	❍	❍	❍	❍
A chocolate bar with filling, produced in Russia, with promotion	❍	❍	❍	❍	❍	❍	❍	❍	❍

Q22. Please estimate how many products have you bought in total.

Q23. Please estimate roughly how much did you spent today in total (in Rubles).

Q24. How often do you eat chocolate?

- More than once a day
- Once a day
- 2-3 Times per week
- Once a week
- 2-3 times per month
- Never

Q25. How often do you usually buy chocolate?

- Every day
- Several times per week
- Once a week
- 2-3 times per month
- Never

Q26. Please, specify your gender

- Female
- Male

Q27. Please, specify your age (Write number of full years)

Q28. Please, specify your occupation:

- ❍ High school student
- ❍ University student
- ❍ Employee
- ❍ Executive
- ❍ Independent worker
- ❍ Unemployed
- ❍ Retired
- ❍ Other

Q29. What is your monthly income range? (in Rubles)

- ❍ < 30 000 RUR
- ❍ 30 000 – 50 000 RUR
- ❍ 60 000 – 100 000 RUR
- ❍ 100 000 – 150 000 RUR
- ❍ > 150 000 RUR

Q30 and Q31 are filled in by the Interviewer.

Q30. Store Chain

- ❍ X5 Retail Group
- ❍ ZAO "Tander"
- ❍ OOO "Okey"

Q31. Store Format

- ❍ Hypermarket

- Supermarket
- Discounter

APPENDIX G. TABLES.

Analysis of the shopper survey in retail environment.

Table 1

Q1. What is your purpose(s) of visiting this shop tofay? Please specify the extent to which the following statements are relevant for you? (1-not relevant at all, 9 - very relevant)

	N	Mean	Median	Std. Deviation	Minimum	Maximum
	Valid					
To quickly buy something necessary right now or something, that is out of stock at home	233	5,50	6,00	2,635	1	9
To buy something to have a snack / to satisfy hunger (immediately or soon after the purchase)	233	4,77	4,00	2,559	1	9
To shop for 2-3 days, to renew the product stock	233	4,51	4,00	2,553	1	9
To buy products for the party or other celebration	233	3,14	3,00	1,916	1	9
To do main shopping for a week or more	233	2,88	3,00	1,602	1	9
To get acquainted with assortment and process in the store	233	3,13	3,00	1,627	1	9
To buy something, that is on sale / promotion right now	233	3,76	4,00	1,543	1	9
To distract myself, kill time	233	3,23	3,00	1,781	1	9
To buy a present	233	3,18	3,00	1,571	1	9
Other	233	3,12	3,00	1,553	1	8

Table 2

Q1. What is your purpose(s) of visiting this shop today? Please specify the extent to which it the following statements are relevant for you?

Top_up

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	172	73,8	100,0	100,0
Missing	System	61	26,2		
Total		233	100,0		

Table 3

Q1. What is your purpose(s) of visiting this shop today? Please specify the extent to which it the following statements are relevant for you?

Have_a_snack

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	65	27,9	100,0	100,0
Missing	System	168	72,1		
Total		233	100,0		

Table 4

Q1. What is your purpose(s) of visiting this shop today? Please specify the extent to which it the following statements are relevant for you?

Special_occasion

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,0	25	10,7	100,0	100,0
Missing	System	208	89,3		
Total		233	100,0		

Table 5

Q1. What is your purpose(s) of visiting this shop today? Please specify the extent to which it the following statements are relevant for you?

Leisure_trip

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,0	9	3,9	100,0	100,0
Missing	System	224	96,1		
Total		233	100,0		

Table 6

Q1. What is your purpose(s) of visiting this shop today? Please specify the extent to which it the following statements are relevant for you?

Main-Shop

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	13	5,6	100,0	100,0
Missing	System	220	94,4		
Total		233	100,0		

Table 7

Q2. Do you have a list of purchases even if you just keep it in mind?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I have a written list of products	12	5,2	5,2	5,2
	I keep the list of products in mind	159	68,2	68,2	73,4
	No list of products	53	22,7	22,7	96,1
	Something is written and something is not	9	3,9	3,9	100,0
	Total	233	100,0	100,0	

Table 8

Q2. Do you have a list of purchases even if you just keep it in mind? (Chocolate buyers only)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I have a written list of products	3	4,3	4,3	4,3
	I keep the list of products in mind	51	73,9	73,9	78,3
	No list of products	13	18,8	18,8	97,1
	Something is written and something is not	2	2,9	2,9	100,0
	Total	69	100,0	100,0	

Table 9

Q3. Which products you are doing to buy in this shop today?

	N
	Valid
Dairy_products	75
Non-alcoholic_drinks	68
Fresh_fruits_and_vegetables	68
Bread_pastry_biscuits	63
Alcohol	35
Nonfoods	33
Meat_fish_seafood	26
Wurst_sausages	19
Prepared_food_frozen_food	14
Groceries	9
Tea_coffee_cocoa	9
To_have_a_snack	7
Chocolate	7
Ice-cream	7
Chips_and_saulty_snacks	7
Ketchup_mayonnaise_sauses	7
Eggs	5
For_tea	5
Confectionery	5
Canned_goods	5
Pet_food	5
Other	5

Table 10

Q4. You said you are going to buy Chocolate or Confectionery. Please rate what is the likelihood that you will buy the following products? (1 - very low, 9 - very high)

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Boxed Chocolate	12	2	9	7,25	2,598	6,750
Sweets or loose chocolate	12	1	9	5,92	2,539	6,447
Zefyr or pastila	12	2	9	5,50	3,030	3,182
Chocolate tablet	12	1	9	5,42	2,778	7,720
Chocolate bar	12	1	8	3,27	1,923	3,697
Valid N (listwise)	12					

Table 11

Q5. Who in your family is responsible for buying products, i.e. plans a list of products and makes the decision which products to buy?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I and other family members	75	32,2	32,2	32,2
	Mostly I	51	21,9	21,9	54,1
	Mostly others	35	15,0	15,0	69,1
	Only I	72	30,9	30,9	100,0
	Total	233	100,0	100,0	

Table 12

Q6 For each of these statements tell me, to which extent are they relevant for you? (1 – not relevant at all, 9 – very relevant)

	N	Minimum	Maximum	Mean	Std. Deviation
I want to drink, feel thirst	233	1	9	5,01	2,781
I am tired, want to rest	233	1	8	4,24	2,416
I want to eat, fell hungry	233	1	9	4,03	2,557
I want to refresh my breath	233	1	9	3,77	2,245
Valid N (listwise)	233				

Table 13

Q4. For each of these statements tell me, to what extent are they relevant for you?

		I want to drink, feel thirst	I am tired, want to rest (1)	I want to eat, fell hungry	I want to refresh my breath
N	Valid	92	84	63	42

Table 14

Q7. Tell me please which of the following products have you bought today?

	N
	Valid
Dairy_products	104
Non-alcoholic_drinks	54
Fresh_fruits_and_vegetables	46
Bread_pastry_biscuits	77
Alcohol	52
Nonfoods	49
Meat_fish_seafood	41
Wurst_sausages	42
Prepared_food_frozen_food	28
Groceries	39
Tea_coffee_cocoa	23
To_have_a_snack	33
Chocolate	69
Ice-cream	25
Chips_and_saulty_snacks	32
Ketchup_mayonnaise_sauses	18
Eggs	28
For_tea	47
Confectionery	43
Canned_goods	28
Pet_food	24
Other	19

Table 15

Planned purchases versus actual purchases.

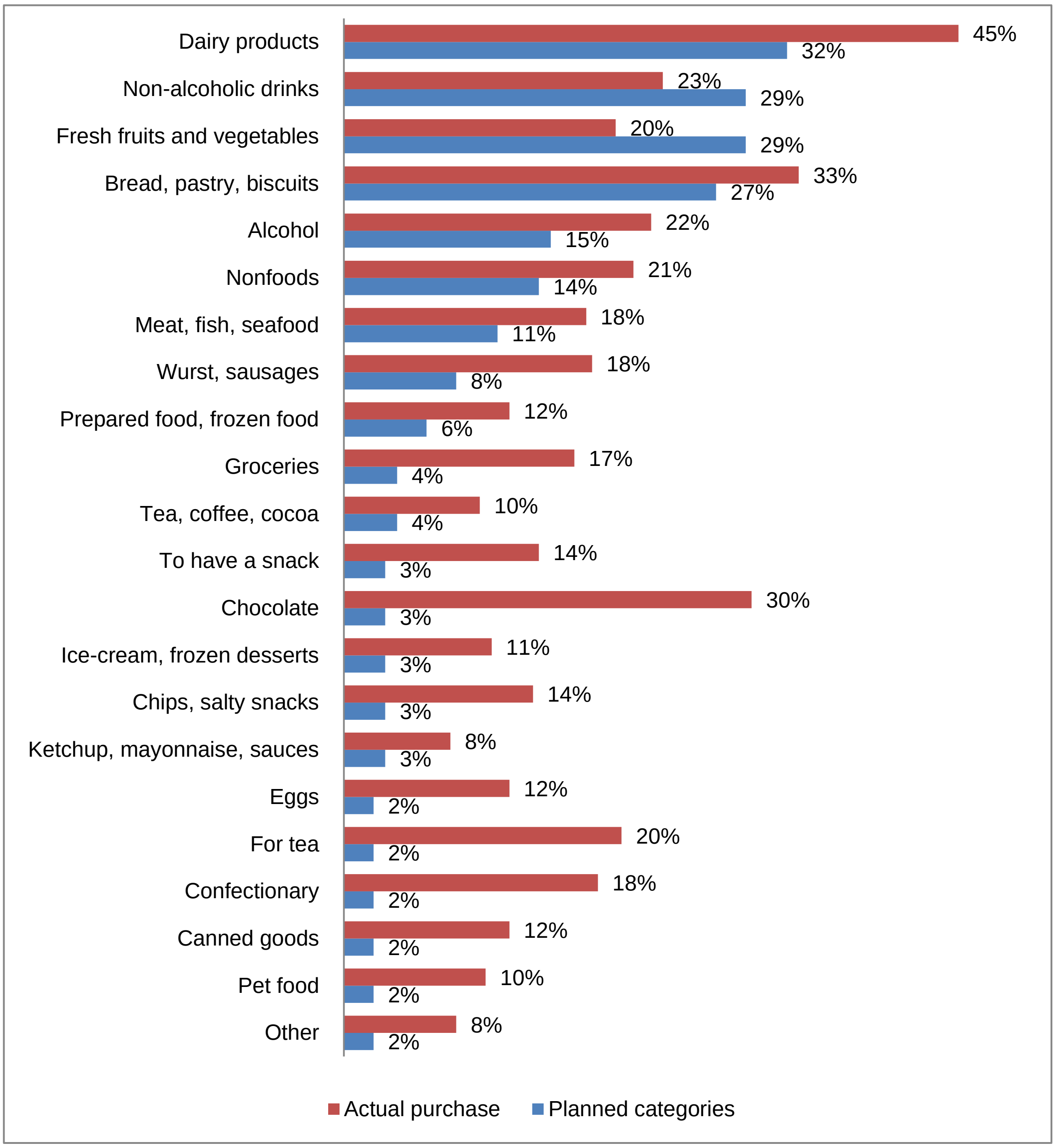


Table 16

Q8. Please, look at this list. Are there some products which you have NOT bought, but planned to buy before enter the shop? (1 – not relevant at all, 9 – very relevant)

	N	Minimum	Maximum	Mean	Std. Deviation
Chocolate bar	3	3	9	7,00	3,464
Chocolate tablet	3	3	9	6,33	3,055
Chocolate in packets or loose	3	1	4	2,33	1,528
Boxed chocolates	3	2	3	2,33	,577
Valid N (listwise)	3				

Table 17

Q9. Why have not you bought this product [Product from Q8 with mark more than 6]? (1 – absolutely disagree, 9 – totally agree)

	N	Minimum	Maximum	Mean	Std. Deviation
Changed my mind, no longer wanted to buy	3	1	8	3,67	3,786
Replaced it with product of another category	3	1	3	2,00	1,000
Forgot to buy	3	1	1	1,00	,000
Replaced it with another variant of the product	3	1	2	1,33	,577
Have not found the product	3	1	9	6,00	4,359
Have bought many other products, run out of money	3	1	2	1,33	,577
Valid N (listwise)	3				

Table 18

Q10. Which of these attributes are the most important for you, when you choose product in this shop?

	N
	Valid
Accurate product laying out	207
All necessary products are always in stock	221
Easy to find wanted product	212
Easy and comfortable to take products from the shelf	182
Good product assortment	210
All product assortment is well seen	214
Has products, not available in other shops	177
Price-lists are well-seen	154
Prices lower than in other shops	147

Table 19

Q11. Did you buy chocolate today? If yes, what product?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No, I didn't buy any chocolate products	164	70,4	70,4	70,4
	Yes, I bought chocolate bar	15	6,4	6,4	76,8
	Yes, I bought chocolate tablet	13	5,6	5,6	82,4
	Yes, I bought chocolate in packets or loose	22	9,4	9,4	91,8
	Yes, I bought boxed chocolates	19	8,2	8,2	100,0
	Total	233	100,0	100,0	

Table 20

Q12. Tell me please where have you taken this product?
Q12_1 Chocolate bar

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I did not buy that product	54	78,3	78,3	78,3
	I took it at the main shelf	2	2,9	2,9	81,2
	I took it at the Front End	10	14,5	14,5	95,7
	I took it from the secondary display	3	4,3	4,3	100,0
	Total	69	100,0	100,0	

Table 21

Q12. Tell me please where have you taken this product?
Q12_2 Chocolate tablet

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I did not buy that product	56	81,2	81,2	81,2
	I took it at the main shelf	7	10,1	10,1	91,3
	I took it at the Front End	2	2,9	2,9	94,2
	I took it from the secondary display	4	5,8	5,8	100,0
	Total	69	100,0	100,0	

Table 22

Q12. Tell me please where have you taken this product?
Q12_3 Chocolate in bags or loose chocolate

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I did not buy that product	47	68,1	68,1	68,1
	I took it at the main shelf	15	21,7	21,7	89,9
	I took it from the secondary display	7	10,1	10,1	100,0
	Total	69	100,0	100,0	

Table 23

Q12. Tell me please where have you taken this product?
Q12_4 Boxed chocolate

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I did not buy that product	50	72,5	72,5	72,5
	I took it at the main shelf	10	14,5	14,5	87,0
	I took it from the secondary display	9	13,0	13,0	100,0
	Total	69	100,0	100,0	

Table 24

Q13. What of the following best describes for what have you bought chocolate?
(1 – totally disagree, 9 – completely agree)

	Mean	Std. Deviation	N
To tea	3,754	3,5950	69
To indulge myself / close people	2,942	3,2033	69
Enjoy the taste	2,507	3,0274	69
Refresh breathing	2,014	2,5117	69

Table 25

Q14. Look at this list. For what situation have you bought this product?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	For everyday	42	60,9	60,9	60,9
	To eat at the street	8	11,6	11,6	72,5
	For a kid (as a sweet)	4	5,8	5,8	78,3
	As a present	4	5,8	5,8	84,1
	For other adults	4	5,8	5,8	89,9
	To take to work / to school / to university	7	10,1	10,1	100,0
	Total	69	100,0	100,0	

Table 26

Q15. Which of these phrases best describes how you planned or did not plan to buy this product?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I did not plan to buy this product	28	40,6	40,6	40,6
	I planned to buy something sweet	37	53,6	53,6	94,2
	I planned to buy chocolate, but not exactly this product	3	4,3	4,3	98,6
	I planned to buy exactly this product	1	1,4	1,4	100,0
	Total	69	100,0	100,0	

Table 27

Q15 * Top_up Crosstabulation

Statistics Count

Top Up Shopping mission		Number of respondents
Q15	I did not plan to buy this product	19
	I planned to buy something sweet	27
	I planned to buy chocolate, but not exactly this product	3
	I planned to buy exactly this product	1
Total		50

Table 28

Q15 * Have_a_snack Crosstabulation

Statistics Count

Have a snack Shopping mission		Number of respondents
Q15	I did not plan to buy this product	8
	I planned to buy something sweet	9
	I planned to buy chocolate, but not exactly this product	1
	I planned to buy exactly this product	0
Total		18

Table 29

Q15 * Special_occasion Crosstabulation

Statistics Count

Special Occasion Shopping mission		Number of respondents
Q15	I did not plan to buy this product	3
	I planned to buy something sweet	2
	I planned to buy chocolate, but not exactly this product	1
Total		6

Table 30

Q15 * Leisure_trip Crosstabulation

Statistics Count

Leisure Trip Shopping mission		Number of respondents
Q15	I planned to buy something sweet	2
Total		2

Table 31

Q15 * Main-Shop Crosstabulation

Statistics Count

Main Shop Shopping mission		Number of respondents
Q15	I did not plan to buy this product	1
	I planned to buy something sweet	6
Total		7

Table 32

Q16. [Question asked only if a respondent says the chocolate purchase was not planned] You said, you didn't plan to buy this product today. So why did you buy it?

		Frequency	Valid Percent	Cumulative Percent
Valid	Attractive package	10	35,7	35,7
	Kid/Child asked to buy	2	7,1	42,9
	Somebody else asked	2	7,1	50,0
	A lot of product on the shelf	1	3,6	53,6
	To try something new	4	14,3	67,9
	Promotion / Sale	6	21,4	89,3
	That is my favorite product	2	7,1	96,4
	Other	1	3,6	100,0
	Total	28	100,0	

Q17. Which of the following sentences best describes how you buy this product?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Buy this product periodically, but don`t watch to have it	31	44,9	44,9	44,9
	Buy this product occasionally	13	18,8	18,8	63,8
	Usually don`t buy it	12	17,4	17,4	81,2
	Always try to have the stock of this product	6	8,7	8,7	89,9
	Buy only when it ends	7	10,1	10,1	100,0
	Total	69	100,0	100,0	

Table 33

Table 34

Q18. Shops often use such additional goods layouts in sales area. Tell me please are you agree or disagree with every of these statements about these shelves (1 – completely disagree, 9 – totally agree).

	N	Minimum	Maximum	Mean	Std. Deviation
I pay attention to products on these shelves	233	1	9	7,51	1,985
Best selling products are often exposed on these shelves	233	1	9	6,22	2,830
New goods are often exposed on these shelves	233	1	9	5,76	2,935
Slow selling products are often exposed on these shelves	233	1	9	5,09	3,003
Products with elapsing shelf life are often exposed on these shelves	233	1	9	3,92	2,658
Valid N (listwise)	233				

Table 35

Q19 x Q20 Which of these attributes are the most important for you, when you choose chocolate products? x To what extent you agree with the following statements?

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,621
Bartlett's Test of Sphericity	Approx. Chi-Square	781,850
	df	136
	Sig.	,000

Table 36

Q19 x Q20 Which of these attributes are the most important for you, when you choose chocolate products? x To what extent you agree with the following statements?

Communalities

	Initial	Extraction
Brand_awareness	1,000	,545
Advertising	1,000	,652
Country_of_origin	1,000	,504
Brand_name	1,000	,674
Promotion	1,000	,458
Nutritional_features	1,000	,679
Price	1,000	,650
Taste	1,000	,760
Attractiveness_of_pack	1,000	,600
Attractiveness_display	1,000	,704
Quality_ingredients	1,000	,713
Functionality_of_pack	1,000	,625
Active lifestyle	1,000	,529
Eat on the go	1,000	,515
Health-consious	1,000	,522
Loyal to the brand	1,000	,677
Ingulgence	1,000	,567

Extraction Method: Principal Component Analysis.

Table 37

Q19 x Q20 Which of these attributes are the most important for you, when you choose chocolate products? x To what extent you agree with the following statements?

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,742	16,129	16,129	2,742	16,129	16,129	2,276	13,390	13,390
2	2,389	14,052	30,181	2,389	14,052	30,181	1,991	11,712	25,102
3	1,527	8,980	39,160	1,527	8,980	39,160	1,748	10,282	35,384
4	1,358	7,986	47,146	1,358	7,986	47,146	1,735	10,206	45,589
5	1,317	7,745	54,892	1,317	7,745	54,892	1,513	8,899	54,488
6	1,044	6,142	61,034	1,044	6,142	61,034	1,113	6,546	61,034
7	1,006	5,919	66,953						
8	,892	5,247	72,200						
9	,791	4,653	76,853						
10	,775	4,557	81,411						
11	,617	3,628	85,039						
12	,579	3,405	88,443						
13	,541	3,183	91,627						
14	,404	2,375	94,002						
15	,367	2,159	96,161						
16	,344	2,025	98,186						
17	,308	1,814	100,000						

Extraction Method: Principal Component Analysis.

Table 38

Q19 x Q20 Which of these attributes are the most important for you, when you choose chocolate products? x To what extent you agree with the following statements?

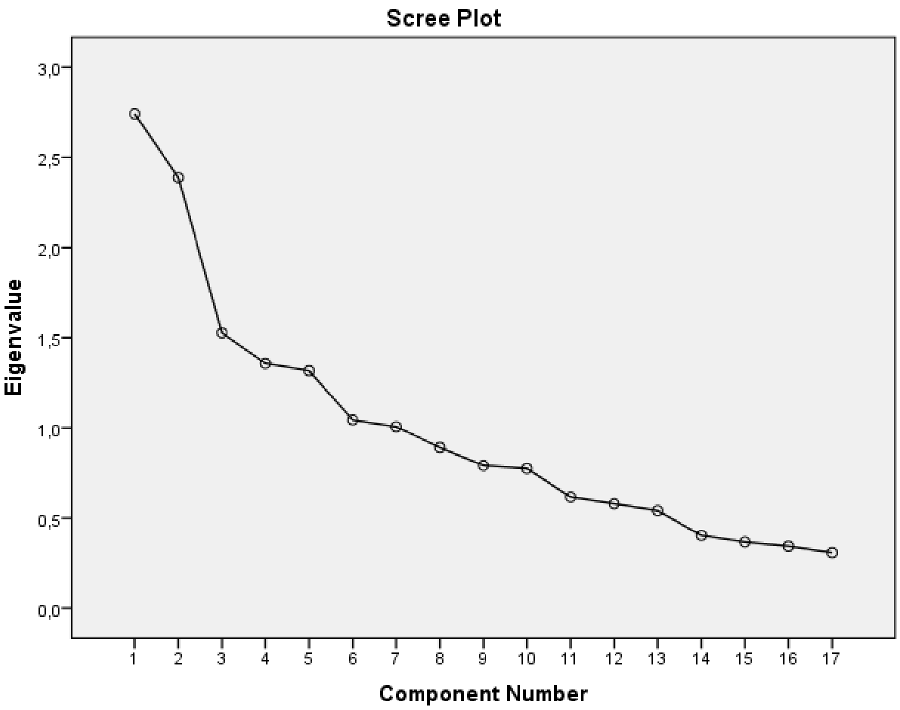

Scree Plot
3,0
2,5
2,0
1,5
1,0
0,5
0,0
Eigenvalue
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17
Component Number

Table 39

Q19 x Q20 Which of these attributes are the most important for you, when you choose chocolate products? x To what extent you agree with the following statements?

Rotated Component Matrix[a]

	Component					
	1	2	3	4	5	6
Brand_name	,790					
Advertising	,707					
Brand_awareness	,688					
Country_of_origin	,609					
Attractiveness_display		,811				
Attractiveness_of_pack		,724				
Functionality_of_pack		,640	-,440			
Taste			,854			
Quality_ingredients			,814			
Nutritional_features				,791		
Price				,744		
Promotion				,508		
Loyal to the brand					,812	
Active lifestyle					,676	
Eat on the go					,566	
Ingulgence						-,709
Health-consious						,661

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Table 40

Q21. Imagine that you choosing a chocolate product. Please evaluate the following options to scale from 1 (I don't like it at all) to 9 (I like it very much). Imagine, that the price and weight of each option is the same.

Orthogonal design

Chocolate_type	Filling	Country	Promo	STATUS_	CARD_
3,00	2,00	2,00	1,00	0	1
1,00	2,00	2,00	2,00	0	2
2,00	2,00	1,00	2,00	0	3
2,00	1,00	2,00	1,00	0	4
3,00	1,00	1,00	2,00	0	5
1,00	1,00	2,00	2,00	0	6
1,00	1,00	1,00	1,00	0	7
1,00	2,00	1,00	1,00	0	8

Table 41

Q21. Imagine that you choosing a chocolate product. Please evaluate the following options to scale from 1 (I don't like it at all) to 9 (I like it very much). Imagine, that the price and weight of each option is the same.

Model Description

	N of Levels	Relation to Ranks or Scores
Chocolate_type	3	Discrete
Filling	2	Discrete
Country	2	Discrete
Promo	2	Discrete

All factors are orthogonal.

Table 42

Q21. Imagine that you choosing a chocolate product. Please evaluate the following options to scale from 1 (I don't like it at all) to 9 (I like it very much). Imagine, that the price and weight of each option is the same.

Q21. Utilities_Hypermarket Shoppers

		Utility Estimate	Std. Error
Chocolate_type	Chocolate Bar	-,610	,405
	Chocolate tablet	-,424	,474
	Boxed or loose chocolate	1,033	,474
Filling	Plain Chocolate	-,279	,303
	Chocolate with filling	,279	,303
Country	Produced in Russia	-1,086	,303
	Produced abroad	1,086	,303
Promo	With promo	1,057	,303
	No promo	-1,057	,303
(Constant)		4,995	,320

Table 43

Q21. Imagine that you choosing a chocolate product. Please evaluate the following options to scale from 1 (I don't like it at all) to 9 (I like it very much). Imagine that the price and weight of each option is the same.

Q21. Importance values_Hypermarket Shoppers

Chocolate_type	27,680
Filling	8,981
Country	32,065
Promo	31,274

Averaged Importance Score

Table 44

Q21. Imagine that you choosing a chocolate product. Please evaluate the following options to scale from 1 (I don't like it at all) to 9 (I like it very much). Imagine that the price and weight of each option is the same.

Q21. Utilities_Supermarket Shoppers

		Utility Estimate	Std. Error
Chocolate_type	Chocolate Bar	-,431	,830
	Chocolate tablet	,410	,973
	Boxed or loose chocolate	,022	,973
Filling	Plain Chocolate	,044	,622
	Chocolate with filling	-,044	,622
Country	Produced in Russia	-1,688	,622
	Produced abroad	1,688	,622
Promo	With promo	,494	,622
	No promo	-,494	,622
(Constant)		4,802	,656

Table 45

Q21. Imagine that you choosing a chocolate product. Please evaluate the following options to scale from 1 (I don't like it at all) to 9 (I like it very much). Imagine that the price and weight of each option is the same.

Q21. Importance values_Supermarket Shoppers

Chocolate_type	19,914
Filling	8,535
Country	55,205
Promo	16,347

Averaged Importance Score

Table 46

Q21. Imagine that you choosing a chocolate product. Please evaluate the following options to scale from 1 (I don't like it at all) to 9 (I like it very much). Imagine that the price and weight of each option is the same.

Q21. Utilities_Discounter Shoppers

		Utility Estimate	Std. Error
Chocolate_type	Chocolate Bar	-,973	,293
	Chocolate tablet	,119	,343
	Boxed or loose chocolate	,854	,343
Filling	Plain Chocolate	-,648	,220
	Chocolate with filling	,648	,220
Country	Produced in Russia	-1,268	,220
	Produced abroad	1,268	,220
Promo	With promo	,883	,220
	No promo	-,883	,220
(Constant)		4,257	,232

Table 47

Q21. Imagine that you choosing a chocolate product. Please evaluate the following options to scale from 1 (I don't like it at all) to 9 (I like it very much). Imagine that the price and weight of each option is the same.

Q21. Importance values_Discounter Shoppers

Chocolate_type	25,766
Filling	17,059
Country	33,834
Promo	23,341

Averaged Importance Score

Table 50

Q26. Please, specify your gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	122	52,4	52,4	52,4
	Male	111	47,6	47,6	100,0
	Total	233	100,0	100,0	

Table 51

Q27. Please, specify your age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	16-25	27	11,6	11,6	11,6
	26-35	31	13,3	13,3	24,9
	36-45	66	28,3	28,3	53,2
	46-60	109	46,8	46,8	100,0
	Total	233	100,0	100,0	

Table 52

Q27. Please, specify your occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employee	49	21,0	21,0	21,0
	Executive	27	11,6	11,6	32,6
	High school student	11	4,7	4,7	37,3
	Independent worker	57	24,5	24,5	61,8
	Other	23	9,9	9,9	71,7
	Retired	24	10,3	10,3	82,0
	Unemployed	31	13,3	13,3	95,3
	University student	11	4,7	4,7	100,0
	Total	233	100,0	100,0	

APPENDIX H. EXAMPLES OF PRODUCT DISPLAYS.

Image 1. The brand blocks on the main shelf.

Image 2. Example of Front End product display.

Image 3. Examples of Activity displays.


НОВЫЙ
SNICKERS
С СЕМЕЧКАМИ
ОГРАНИЧЕННАЯ СЕРИЯ
ТЬФУ НА ГОЛОД!

А.КОРКУНОВ
Dove

m&m's

m&m's

APPENDIX I. GLOSSARY.

Basket penetration. The proportion of the number of baskets containing a given product in the retail to the total number of baskets during the fixed time period.

Conversion rate. In the retail environment it is a measure of the proportion of visitors to a retail outlet who make a purchase.

Front End. Front End of the store is the zone where the Cashier Checkouts are located.

Household penetration. The percentage of households in a market buying a particular brand in a given year.

Mental Availability. The ability of the brands to build conscious and strong presence in consumers' minds via being noticed, remembered and understood.

Physical Availability. The ability of brands to deliver accessibility and performance to reach all consumers (i.e. in stores and in use).

Planogram. A diagram that shows how and where specific retail products should be placed on retail shelves or displays in order to increase customer purchases.

Point of Sale Materials (POSM). The materials that are used for executing advertising campaigns in-store. As an effective marketing tool POSM attract shoppers attention and promote the brand in the retail environment.

Scale. The ability of the brands to generate the efficiencies required to sustain the investment required to hold share or grow in the market place.

Shopper flow. The direction that a shopper walks past at any given point in the store. The direction of shopper flow is often shown on planograms to aid merchandising decisions.

Shopper footfall. The measurement of the number of people entering a store or the particular category within a store.

Stock Keeping Unit (SKU). A distinct item for sale (product) and all the attributes associated with the product that distinguish it from other products. These attributes include, but are not limited to, manufacturer, product description, material, size, color and packaging.

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