

Case Study

Battling Price Perceptions: Grocer Seeks to Understand Customers

Client Objective

A Fortune 500 grocer came to TrendSource with a need to gain a better understanding of their customers and perceptions of their competition in a specific region. Specifically, the client hoped to determine customers' perceptions of their prices, quality and service in comparison to their competitors. Key questions were identified:

- Determine customers' price perceptions of the grocer in comparison to competitors, both in terms of overall price perception and price perception across specific products categories.
- Determine customer thoughts surrounding produce and frequency of purchase; specifically, with price and selection.
- What customer experience factors are most important to customers?
- How do customers rate the grocer on these key factors?
- How satisfied are customers with product quality and selection?
- Gain insight into customer spending habits, shopping frequency and demographic information.

Methodology

With the intent of collecting the least biased sample, TrendSource recommended on-site customer intercepts (exit interviews). 300 customer intercepts were conducted across 3 client locations. Customers that were interviewed were primary household shoppers who were at least 18 years of age.



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Analysis & Results

- **Quality and Price** – Results found that most customers believed the client to be better than other local grocery options in their *quality* and *variety* of produce, meat, seafood, and prepared foods. However, the price for these items was perceived to be equal or worse than other local grocery options. This was a primary area where customers indicated the grocer could improve.
- **Customer Satisfaction** – Although customer satisfaction scores were high across all attributes, the main drivers were “Availability of Organic Products”, and “Overall Variety and Selections”. The lowest scores for customer satisfaction were “Animal Welfare Standards” and “Community Involvement”.
- **Customer Profile** – The sampled population was for the most part female, married, and having no children or pets. The demographic distribution of the sample population suggested that the most individuals who shop at this particular grocer had a monthly expenditure of \$400-\$800 US dollars in groceries.

Outcome

Armed with the knowledge from this study, the grocer focused on the following strategic initiatives:

- **Pricing Strategy:** Focusing on produce, the client communicated their new lower prices which allowed them to gain additional market share in the region
- **Targeted Marketing:** Having a thorough understanding of their customer profile allowed the grocer to start targeting their marketing messages to the appropriate demographic audience
- **Employee Training:** Changing their training processes allowed the grocer to deliver better service and improve overall customer satisfaction