The Just-In-Time Consumer: How Shopping Trips Align With Economic Woes

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A recent Wall Street Journal article suggested that the trend of U.S. consumers making more frequent shopping trips, but buying less each trip was new, a result of the continuing tough economic conditions and a desire by consumers â€œto keep cash on hand.â€•

Whatâ€™s more, the article noted that food and consumer packaged goods companies as well as retailers have been introducing smaller package sizes and changing displays to attract shoppers interested in smaller sizes.

Nielsenâ€™s research supports findings in the article and weâ€™ve taken a deeper dive into the issues to identify trends for sm and large trips within specific retail channels and consumer segments.

We can confirm that the biggest increases in small trips to the big-box supercenters and club retail channels have increased and Nielsenâ€™s research shows that those increases are driven by affluent consumers.

On the flip side, while smaller trips are of greater importance to the grocery, drug, convenience/gas and dollar channels, larger trips are gaining ground.

Here too there are differences across income classification, providing opportunities for retailer/store-specific and consumer segment trip-type solutions.

Looking at differences in trip capture across retail channels and retailers, Nielsenâ€™s long-standing research reveals insights that quantifies the categories that are strong drivers of certain trip types and identifies the categories that are likely to be included in those shopping trips.

In this current work, shopping trips are segmented into four types:
* Immediate: low-value, instant -need driven baskets with an average basket ring of $15 per trip
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* Fill-In: slightly higher value baskets averaging $51 per trip
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* Routine: weekly, high-value shopping trips averaging $98 per trip
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* Stock-up: large trips averaging $242 per trip

Itâ€™s All About the Size of the Basket
Looking at how Americans shop, the vast majority (82%) of trips are smaller â€“ either immediate need or fill-in trips.

Larger basket trips are more important for the affluent, but smaller trips are important to all income groups. That said, smaller immediate trips declined slightly in importance from 2008 to 2010, losing one percent, while the other three categories rose, led by fill-in trips, which went up 0.7 percent.

As might be expected given differences in product and service offerings, consumer trip patterns vary greatly by retail channel. Convenience-oriented channels such as c-stores, drug and dollar stores are more reliant on immediate trips.

Meanwhile, supercenters and warehouse club stores are the go-to points for those seeking to stock-up. In the middle are the mass merchandisers and grocery stores, which capture a fair number of immediate, fill-in and routine trips.

Whoâ€™s Buying What Where?
To get a better sense of what exactly is happening in the marketplace, it is useful to look at the trends by retail channel and across demographic segments such as household income:

By Channel
* Grocery â€“ Immediate trips fell in importance by almost one percent as the channel saw minor gains in fill-in, routine and stock-up trips.
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* Supercenters â€“ Immediate and fill-in trips have gained in importance over the past two years, while routine and stock-up

trips declined.
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* Mass merchandisers (excluding supercenters) â€“ Fill-in trips showed slight gains, while all other trip types posted minor declines.
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* Drug â€“ Fill-in and routine trips were up, while immediate trips declined.

* Warehouse Club â€“ There was an up-tick in immediate trips, but the staple of club stores â€“ routine and stock-up trips declined.
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* Convenience/gas â€“ Immediate trips â€“ the hallmark of this channel â€“ have declined by more than two percent, most likely due to rising gas prices.
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* Dollar â€“ Basket size increased, but the immediate trip type continued to dominate.

By Household Income
* Affluent ($100k+) â€“ Increased the percentage of smaller trips within supercenters and club stores, and drove more frequent and larger trips in smaller formats such as drug, convenience and dollar stores.
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* $70k â€“ $99.9k â€“ This group reduced larger trips across most channels, but increased smaller trips within supercenters and club stores. Stock-up trips were generally off among these households.
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* $50k â€“ $69.9k â€“ Middle income households shopped less frequently overall while increasing their trips to value-centric supercenters and dollar stores.
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* $40k â€“ $49.9k â€“ Trips declined across most channels, but these households increased their immediate, fill-in and routine trips to club stores, with smaller and stock-up trips to dollar stores also up.
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* $30k â€“ $39.9k â€“ Small trip growth within supercenters, while stock-up trips declined by 10% in that channel and in all measured channels. All but the very large dollar store trips grew among these households.
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* $20k â€“ $29.9k â€“ Smaller supercenter and club trips grew slightly, while stock-up trips declined by 10% in all measured channels. Dollar stores are performing well among this income group that retailers are targeting.
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* Less than $20k â€“ Drastic cutbacks on small grocery trips, while increasing larger grocery and club trips. This may be indicative of pay period buying behavior. This income group shows big drops in larger supercenter trips and softness in dollar store trips.

In addition to assessing trends in basket size purchasing, Nielsen identified the types of shopping trips U.S. consumers are making to not only demonstrate the importance of the immediate or quick trips, but to also identify the types of shopper missions consumers are making based on the composition of their shopping baskets.

Food-dominant missions, while driving fewer trips, account for the largest percentage of dollar sales.

The Takeaway
Smaller immediate trips continue to capture the greatest share of Americansâ€™ shopping trips. The interesting trend, though, is how the smaller trip is gaining in importance at the larger formats such as supercenters (which have seen an erosion in larger trips over the past two years), while formats such as grocery are seeing increases in larger trips.

There are differences across income groups, with more affluent consumers hitting the big-box retailers for more immediate needs and trip compression among lower income consumers.

From beer or milk runs to large stock-up food trips, Nielsenâ€™s findings isolate opportunities for retailers and manufacturers to collaborate on the right store layout, assortment and promotional support to attract consumers who are in need of solutions to fulfill their unique shopper missions.

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