



The Brand Challenge

New Research Shows How Shoppers Attitudes to Premium Brands Has Evolved

...Only 51 percent of shoppers define 'premium' on pricing, 76 percent say it's quality...

...Seven in ten shoppers say they don't care where they buy premium brands as long as they get a good price...

London, UK – 18th March 2013 – The latest report from Shoppercentric, an independent agency specialising in shopper research, has been launched today. The research entitled: 'WindowOn... The Brand Challenge' investigates how 'premium' brands are affected by distribution choices i.e. where and how they are sold to shoppers, and whether the shopper actually cares about where they make their purchases. It also examines the impact of 'premium' brands being sold on promotion.

"It's critical for premium brands to fully understand how their customers feel about their products presence and availability through different channels," says Danielle Pinnington, Managing Director at Shoppercentric. "With the ever strengthening presence of the discounters we know this is an issue that continues to challenge brand managers, so it's important to find out from shoppers about their perceptions and buying behaviours."

Key findings:

- **Defining 'Premium':**
 - 'Premium' is considered both a subjective and a relative term: a personal judgment made from an individual vantage point. What was always common from respondents, however, was the sense of trading up from cheaper alternatives in order to achieve a consistent and satisfying result – one that was worth the extra investment
 - When asked to rationalise what characterises 'premium' across the board shoppers reach a clear consensus:
 - 76 percent of shoppers cite 'product quality' as the key defining feature of a premium brand
 - In comparison only 51 percent mention 'price', indicating what appears to be a more discerning value judgment that is being applied
 - Just 16 percent of shoppers feel that upmarket stores are the only place to buy premium brands

- **The Democratisation of Premium:**

- Seven in ten shoppers say they don't care where they buy premium brands as long as they get a good price
- Six in ten shoppers agreed that they hate the snobbery around premium brands and nearly 20 percent strongly agree with this statement
- Just 28 percent of respondents stated that they wanted to feel 'special' when they buy a premium brand

- **Discounting and Promotions on Premium Products:**

- 59 percent of shoppers believe that if they saw a premium brand on reduced price, it would make them question whether the full price was too high
- 74 percent of shoppers agreed that they loved finding a premium brand with a price discount
- 61 percent of shoppers said they only buy premium brands when they are on offer
- 59 percent of shoppers also feel that premium brands who never offer discounts are in fact out of touch with their customers and 37 percent of shoppers agreed that the types of brands who don't discount, don't care about their shoppers

Pinnington commented: "The findings indicate that price alone clearly does not denote superior quality for shoppers anymore. Great (and proven) quality appears to lie at the heart of an unequivocal premium brand definition – but there is clearly also a role for expressing this, through price, packaging, image or even channel and in-store theatre. Care and attention on shelf also mark out a premium brand for many and poor housekeeping, or sloppy merchandising, can go a long way towards undermining a premium brand's cachet. For many shoppers it appears, it isn't about where you sell a premium brand, but how you sell it.

Our evidence suggests that if there is a clear price advantage for shoppers, many will accept what may be an incongruous setting for premium brands. If trust in the brand's integrity is such that quality is assured, any reservations about the retail setting can be swiftly overcome in order to make a decent saving. Of course, there will always be some die-hards for whom the location cue over-rides everything else and for these shoppers a premium brand presence in a discount retailer still gives pause for thought.

In terms of premium brands being on promotion, it's perhaps no surprise that shoppers still love to bag a bargain - indeed price reductions offer access to these products for many shoppers who would otherwise not buy them. However it's important to get the difficult balance of discount/promotions right. To maintain a truly premium position, promotional activity should offer an occasional chance to indulge – or a welcome reward for loyalty – rather than a more continuous expectation which can see perception of 'premium' erode.

Brand owners need to acknowledge that times have changed. Shoppers expect bargains and are being more considered in their purchasing. The retail landscape has shifted: although still relatively small, the discounters are growing and more and more shoppers are adding them to their repertoire. So, considering these changes, brand values may also need to flex to make sure the brand stays in touch with its showroom and shopper. Vanity is simply too expensive to maintain in the current climate."

-ENDS-

About the research

The research is based on 1000 online interviews among adults aged 18-64, with nationally represented quotas, who are solely or jointly responsible for the household shopping.

20 adult shoppers also took part in an online forum over a three day period – again, this group was nationally representative on age, gender, social grade and geography.

About Shoppercentric

Shoppercentric is an independent agency specialising in shopper research, providing brand owners and retailers with the perspective that drives shopper marketing and retail strategies. It was established in 2004 and works with clients ranging from Cadbury to Wickes.

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