



VideoMining

The **Category** **Management** Guide to Shopper Science

How AI can decode shopper behavior to drive more effective category growth.

A White Paper by VideoMining

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Executive Summary

In order to effectively influence shopper behavior, you must first inherently understand it.

At the heart of category management lies a singular goal: to create a comprehensive strategy that captivates and motivates shoppers, ultimately encouraging them to take action and fostering growth within the category. This endeavor requires a deep understanding of shopper behavior, as influencing that behavior is paramount to category growth. However, traditional market research methods often fall short, leaving much to speculation. The true movements and behaviors of shoppers remain hidden within the store environment, leading to gaps in insight and missed opportunities.

To bridge this critical gap, we turn to the principles of behavioral science. Understanding the underlying motivations and triggers that drive shopper decisions is essential for crafting strategies that resonate. Yet, traditional approaches to market research typically rely on limited data sources that only tell part of the story, which can lead to incomplete narratives about shopper behavior. The reality is that valuable insights are hidden in the actual shopping experience, where decisions are made in real-time, based on real stimuli within the store environment.

Fortunately, VideoMining's advancements in AI and computer vision technology are revolutionizing this landscape. These innovative tools enable us to capture every movement of shoppers within the store, decoding behaviors and interactions to reveal patterns that are undetectable to the human eye. By analyzing millions of store trips, we connect those dots and gain a comprehensive understanding of how shoppers navigate their purchasing journey.

Better category decisions start with better intelligence. With the power of behavioral science and cutting-edge AI technology, we are poised to uncover the hidden dynamics of shopper behavior. This white paper aims to illuminate these insights, empowering category managers to make informed decisions that not only meet shopper needs but also drive sustainable growth within their categories. Join us as we blow the cover off traditional market research and provide you with the actionable intelligence you need to elevate your category management strategy.

Bringing Behavioral Science Into the Category Management Process

As we delve deeper into category management, a pivotal question arises: Where should I apply behavioral science to enhance my strategy? The answer is clear and unequivocal: at every single step of the category management process.

From initial data collection to strategic planning, execution and evaluation, integrating behavioral science principles allows category managers to better understand and influence shopper behavior. By embedding these insights throughout the process, you can cultivate a more effective and empathetic approach to category management.

Shopper Behavior Science

Builds **authentic empathy** by walking in your shoppers' shoes



Shopper empathy is a crucial element of effective category management because it enable you to truly understand the needs, preferences, and pain points of your customers. By embracing this perspective, category managers can tailor their strategies to create more engaging and relevant shopping experiences. This understanding drives better product selection, optimized layouts and targeted marketing efforts, ultimately resulting in increased customer satisfaction and loyalty. When shoppers feel understood and valued, they are more likely to return, making empathy not just a valuable tool, but the foundation of successful category management.

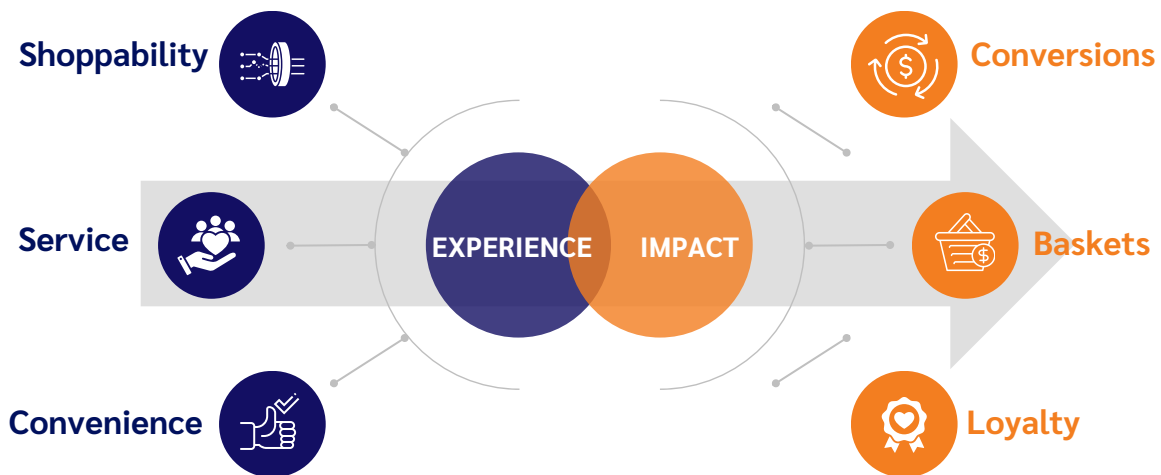
Innovative technologies, like VideoMining's AI-powered behavioral shopper insights platform, fuel better market research in support of category leadership agendas, bringing visibility to the billions of micro-moments that occur during the in-store shopper journey and have measurable impact on shaping shopping behavior.

Behavioral Science, Defined.

Delving into the principles of behavioral science can offer significant insights into consumer behavior. By examining how individuals explore the store and make product choices, marketers can better understand the factors influencing their decisions. This understanding is essential for crafting effective strategies in retail and consumer packaged goods (CPG). When marketers implement behavioral science principles, they can design targeted strategies that establish a stronger connection with their shopper base, ultimately boosting engagement and category performance. Embrace this approach to take your marketing initiatives to the next level.

Behavioral Science	Shopper Behavioral Science
<p>The study of human behavior. Aims to comprehend the decision-making process and conduct of people in various settings, including social, economic, and cultural contexts.</p> <p>This gives us empirical insights into “how people interact with their environment and each other under different conditions”.</p>	<p>The application of behavioral analysis to comprehend shopping decisions and the factors that impact behaviors in-store. At the core of this practice is the concept of impact measurement, where authentic cause-and-effect moments of retail stimulus and resulting shopper behavioral responses are measured to contextualize retail insights.</p>





A core principle in shopper behavioral science states that **all environmental stimuli has some varying degree of impact on human behavior**. In physical retail store settings, there are thousands of elements of environmental stimuli meeting the shopper at every turn, from the level of crowdedness in the aisles, to the volume of the music playing, to the layout of the store and the placement of the secondary displays. The most precise measurements of shopper behavior take all of this into account, and analyze the actions of shoppers within the full context of the store setting.



Measuring Impact in Shopping Experiences

Measuring behavioral impact in retail settings should involve a comprehensive analysis of various stimuli and the subsequent behaviors they elicit from shoppers. Retail environments are rich with stimuli, including visual elements like signage and product displays, tactile sensations from product handling, and spatial arrangements that guide movement within the store. Each of these factors plays a crucial role in shaping consumer behavior, influencing everything from attention to purchase decisions. To effectively assess this impact, VideoMining provides valuable contextual insights that help category teams understand how different stimuli interact and affect shopper responses. By analyzing these behaviors in relation to the stimuli present, marketers can refine their strategies to create more engaging and effective category experiences.

TYPES OF RETAIL STIMULI

	DEFINITION	EXAMPLES
 VISUAL	Visual stimuli are events perceived through sight, including objects, colors, shapes, patterns, and movements. They can evoke responses that influence emotions, perceptions, and behaviors, such as attracting attention with bright colors or triggering recognition with familiar shapes.	<p>Product Displays and Signage: Eye-catching displays can attract attention and highlight specific products. They might utilize bright colors, unique arrangements and signage to draw shoppers in.</p> <p>Lighting: The strategic use of lighting, such as spotlights on featured products, can enhance the visual appeal and create a desired shopping atmosphere.</p>
 TACTILE	Tactile stimuli are sensory inputs related to touch, arising from physical contact with objects or surfaces. They include textures, temperatures, pressures, and vibrations, influencing emotions and behaviors. For example, the softness of fabric or the warmth of a surface can affect how a person interacts with their surroundings.	<p>Product Texture: The ability to touch and feel products can influence consumer perceptions of quality and desirability. For instance, fresh produce that feels firm may be more appealing.</p> <p>Packaging Design: The presence of carrying handles and packaging shape may influence shopper activity, specifically with heavier and bulkier items.</p>
 SPATIAL	Spatial stimuli are sensory inputs that convey information about the position, distance and arrangement of objects, enhancing our perception and interaction with the environment. They provide cues about depth, size, shape, and spatial relationships through visual, auditory, or tactile means.	<p>Store Layout and Flow: The overall design of the grocery store, including aisle width and product placement, can facilitate or hinder shopping efficiency.</p> <p>Proximity of Products: Placing related items near each other (e.g., chips next to salsa) encourages cross-purchasing and increases the likelihood of basket building.</p>
 TEMPORAL	Temporal stimuli are sensory inputs that convey information about the timing, duration and sequence of events, influencing our perception and understanding of changes in the environment over time.	<p>Shopping Time and Peak Hours: The time of day and week can influence shopper behavior. For example, Sunday and Monday shoppers might be more inclined to bulk shop and meal prep for the week ahead.</p> <p>Sales Promotions: Limited-time offers and seasonal displays create urgency and can impact purchasing behavior.</p>

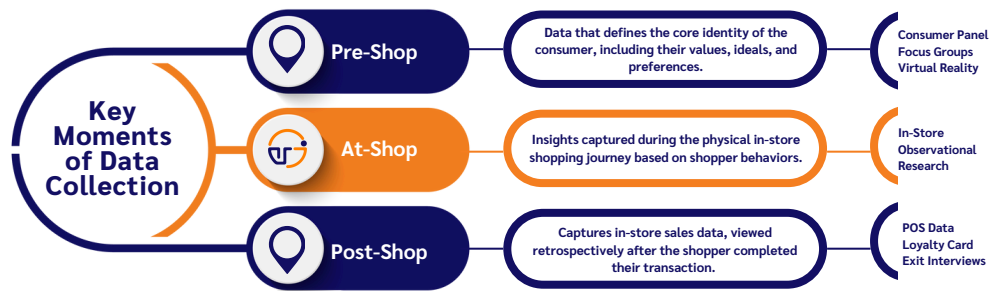
Category management and shopper marketing teams play a crucial role in enhancing the customer experience by strategically leveraging environmental stimuli in all aspects of aisle flow, experiential design, shopper marketing, and more.

Environmental stimuli can be skillfully designed to improve the overall shopping experience. Effective layout strategies, such as optimizing shopper navigation and wayfinding, are essential in guiding customers through a retail space. By clustering products in a way that aligns with shoppers' mental models and category hierarchies, brands can create a more intuitive shopping journey. This thoughtful arrangement not only facilitates easier product discovery but also encourages impulse purchases, basket building, and loyalty. By understanding and implementing these sensory and spatial strategies, category management and shopper marketing teams can significantly enhance the overall shopping experience and support category growth.

The Missing Link in Your Insight Arsenal

Every step of the category management planning cycle can be infused with key principles of behavioral science.

Behavioral insights provide an essential missing piece of the puzzle to establish better visibility to the big picture ahead of category resets.



Observational Research is considered the gold standard of quantitative behavioral research. Here's why.



Reduces responsive performance bias

Observing shoppers as they organically move through the store reduces the risk of data contamination through performance bias, where subjects of research are likely to modify their behavior when they are aware they are "on stage", so to speak.



Eliminates challenges of self-reported behavior

Behavioral scientists have proven the majority of decisions are made subconsciously, and driven largely by emotional and environmental triggers. Therefore, despite survey participant's best efforts to report on their own behavior, they are unable to articulate the big picture because they can't see it themselves.



No interruption to store operations

Anyone who has ever been on store tours with their executive team will tell you the selected stores are polished to perfection, which aren't always representative of the real-life day-to-day shopping experience.



Contextualized learnings show the big picture

Behavior is inherently shaped by context. By observing the full range of stimulus present in the authentic retail environment, we unlock authentic insights that are evidence-based and situationally relevant.

AI Tools Build Shopper Empathy

In today's fast-paced retail environment, understanding the diverse needs and preferences of shoppers can be a daunting challenge, especially when time constraints prevent us from walking in every shoppers' shoes. However, advancements in artificial intelligence are making it possible to bridge this gap and foster deeper shopper empathy. By leveraging AI tools, retailers can now analyze vast amounts of data to uncover insights about consumer behavior, preferences, and pain points. This transformative approach not only enhances category management but also empowers businesses to create more personalized and relevant shopping experiences. Here are several ways AI can revolutionize category management by enabling a more shopper-centric perspective.

Machine Learning

An AI technique that uses algorithms trained on data to detect patterns, make predictions, and provide recommendations without explicit programming instructions. One of the key advantages of machine learning is its ability to continuously learn and improve its predictions and recommendations over time as it is exposed to more data and experiences. This makes it a valuable tool for organizations looking to gain insights into trends and make data-driven decisions.

Computer Vision

An AI field that empowers systems and computers to extract valuable data from visual input. Based on this information, the systems can then take action or make recommendations. With computer vision, AI can see, observe and comprehend at an advanced level. Example applications for retailers include: video and behavioral sensors to capture in-store data, traffic heatmaps, monitor cashier-less stores, and identify shopper demographics.

Generative AI

Refers to an artificial intelligence model that produces content in response to a given prompt. These models are designed to mimic human creativity and intelligence by using algorithms that generate new content based on patterns and rules learned from existing data. With the emergence of ChatGPT as an example, this application of AI has received much recognition over the past few years.

Why AI for Category Management?

Machine learning systems are always, well, learning.

Machine learning is a type of artificial intelligence that empowers a system to learn from information and experiences. It leverages algorithms that are constantly learning and can be further refined by humans to produce more precise outcomes. What makes machine learning so remarkable is its capacity to learn and evolve over time. Complex algorithms can continuously self-improve as they get more feedback and data. In an industry that is evolving at warp speed, having systems that can keep pace is paramount.

They can capture, process, and analyze massive data streams in real-time, far exceeding the limitations of human comprehension.

This allows category management teams to access detailed insights about shopper behavior, preferences, and storewide trends on a scale that was previously impossible. With this information, retailers can make data-driven decisions about everything from product development and pricing to marketing strategies and inventory management.

They have the ability to draw meaningful connections that you may not have even considered.

One of the most exciting things about AI in retail is the potential for unexpected discoveries. By analyzing data in new and innovative ways, retailers may uncover connections and insights that they never would have found through traditional methods. For example, by using artificial intelligence and machine learning algorithms, retailers can quickly identify patterns and trends in behavior, environmental stimuli, store performance, and beyond.

Connecting the Dots

VideoMining’s unique method of observational research captures shoppers’ natural reactions in authentic retail stores without interference or influence. Our patented AI Sensors are placed in stores across the U.S., capturing continuous data that fuels our channel-wide **Behavior Tracker™** program - the largest panel of observed shopper behavior in the U.S., capturing over 1.6 billion trips / year and providing industry-defining benchmarks for the grocery and convenience channel.

With data captured every 1/10 of a second, we construct a comprehensive account of the end-to-end shopping experience and contextualize performance data in a way previously impossible.

Total Store Environment Reveals Realities of Retail and Contextualizes the Shopping Behavior and Store Performance



Shopper Behavior Captured Every 1/10 of a Second to Reveal the Full Intel Behind Each Shopping Micro-Moment



The VideoMining platform gives you visibility to the big picture like never before. Our machine learning algorithms and patented computer vision tools connect the dots to contextualize behaviors through the lens of the actual retail experience.

Shopper Profiles

VideoMining’s patented tools identify gender, age and ethnicity, while also tagging trip type, daypart and group dynamics. This robust shopper profiling leverages advanced machine learning that is continuously learning and improving its algorithmic identifications.

At-Shelf Behaviors

We capture and decode every micro-moment of the shoppers’ behavioral responses: from cognitive glances, to active shopping, navigating, decision making and more. With these patented techniques, we dig deep into the biomechanics and patterns that represent moments that matter.

Full Store Trip Analytics

We go beyond simple footfall mapping and decode the shopping behavior behind the footsteps - from trip sequencing, aisle flow, active shopping, and more. These proprietary tools unlock hidden insights into space productivity, store engagement, and beyond.

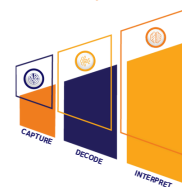
POS Data Integration

We connect in-store behavior and sales performance, assigning POS data to each individual trip to provide accurate basket analysis, cross-promotion affinities, trip mission identification, and category performance.

VideoMining’s patented approach to market research brings behavioral shopper insights to life.

Proprietary AI technology and behavioral science join forces to let you take collective walk in all of your shoppers’ shoes, connecting the dots across millions of store trips to give you evidence-based intel that is traditionally hidden within the four walls of retail. With VideoMining, let the shoppers’ footsteps do the talking and embrace the power of observational research, supercharged with patented AI technology.

proprietary
METHODOLOGY
unlocks empirical evidence



360°

Visibility to in-store conditions and behaviors

1.60B+

Store trips captured annually

20k+

Behavioral micro-moments observed during a single trip

50+

Patents awarded for computer vision and AI behavioral technologies

Applying Behavioral Science to the Category Management Process



Big Picture Understanding

Authentic Shopper Reactions

Real-Life Retail Settings

Connected Commercial Strategy

How to Apply Behavioral Science to the Category Management Process

In the dynamic realm of category management, integrating behavioral science into each stage of the process is essential for driving impactful decisions. Category managers are on a relentless quest for deeper insights, as these insights are pivotal in shaping better category strategies. Achieving this level of understanding requires a holistic view of the shopping experience, enabling managers to grasp the nuances of consumer behavior. In this section, we will explore the critical questions to ask and the challenges to address, equipping you with tips and tricks to enhance your approach. Better category management starts here, where informed decisions are rooted in robust data and behavioral insights.



At each stage of the category management process, successful teams can challenge their existing assumptions and ask deeper questions through the lens of behavioral science. Here are some examples of what leading category teams ask VideoMining to uncover via our market research services:

→ Shopper Journey	How does the shopper navigate total store?
→ Friction	What factors lead engaged shoppers to walk away empty handed?
→ Influence	What behavioral cues can we implement to nudge shoppers towards desired actions?
→ Demographics	What category segments are winning/ losing with key demographic groups at the shelf?

Insight Immersion

The first phase of the category management process, **Insight Immersion**, is not just about collecting data; it's about fostering collaboration and knowledge sharing between retailers and suppliers. Working together to share knowledge is essential for creating a unified vision that drives category success. When both parties actively engage in this process, they can harness their collective expertise to uncover valuable insights.

To achieve buy-in from partners, it's crucial to present concrete evidence and data that support your strategy. This collaborative approach not only strengthens relationships but also lays a solid foundation for future initiatives and a unified vision for category growth.

INSIGHT IMMERSION

FACTORS OF SUCCESS

- 1

CHALLENGE ASSUMPTIONS

As the world evolves, it's essential to discard outdated beliefs and embrace a fresh perspective that reflects current realities.
- 2

DIG DEEPER

By continuously probing with deeper "buy why's", we uncover the underlying motivations and complexities that drive consumer and shopper behavior
- 3

EXPLORE MACRO TRENDS

Understanding broader market dynamics allow us to identify external factors that influence our category and our shoppers' behaviors and adapt our strategies accordingly
- 4


LOOK AT THE BIG PICTURE

Shoppers' decisions are influenced by a myriad of factors, so it's crucial to consider the interconnected elements of the retail environment
- 5

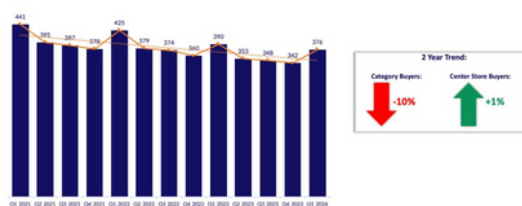
BUILD SHOPPER EMPATHY

Rooting insights in the actual experiences and needs of shoppers ensure that strategies are relevant and effectively meet their expectations, ultimately driving customer satisfaction and category growth.

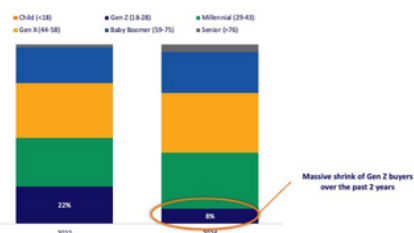
Insights in Action: Category Trend Tracker and Performance Benchmarking

 Diagnosing category performance trends requires a closer look at relevant shopper data, such as demographic shifts, basket changes, and leakage analysis.

Quarterly YoY Weekly Category Buyers



Buyer Demographic Profiles



Category Definition

Step 2 of the category management process, **Category Definition**, is an essential step in establishing a clear framework for how products are organized and segmented within a retail environment. This step goes beyond mere categorization; it requires a deep dive into the behaviors, preferences, and motivations of shoppers. By infusing behavioral insights into this process, retailers can accurately identify what shoppers want, need, and buy, ultimately leading to a more meaningful organization of items within the category. Effective segmentation should reflect the ways in which consumers naturally navigate and define the category, ensuring that the structure resonates with shopping habits and enhances their overall experience. By focusing on these key principles, category managers can create a category definition that not only meets consumer expectations but also drives sales and loyalty.

Applying Behavioral Science to Category Definitions

These four straightforward prompts can shed light on the shopper decision hierarchy and reveal trends that aid in the development of evolving category segmentation and definitions.

Purchasing Patterns
Purchasing frequency, trip missions, basket size, packaging types, basket affinities

Demographic Insights
Segment shoppers by age, gender, ethnicity. Consider the differences in shopping with groups versus solo shoppers as well

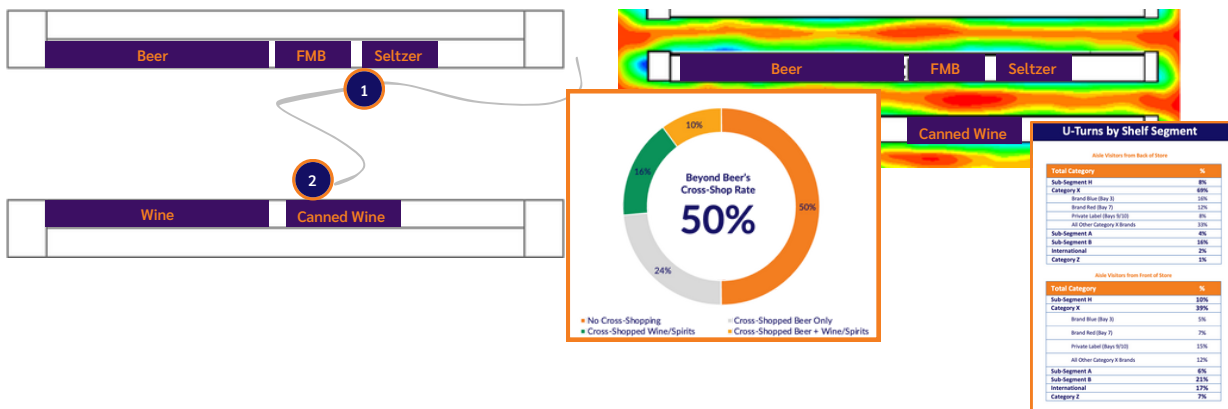
Path to Purchase
Map out shopper journey to identify key touchpoints and behaviors that impact category engagement and sales

At-Shelf Behaviors
Explore how shoppers navigate and interact with the aisle and adjacent categories

Insights in Action: Defining the Category Through the Shoppers' Footsteps

When the boundaries between distinct categories start to blur, behavioral cues can alert category teams to these shifts. While teams may define category parameters in a specific way on paper, shoppers' in-aisle behaviors often reveal valuable insights into how they truly perceive and engage with those categories.

Sample Inquiry: How are the category lines blurring between canned wine and hard seltzer?



Internal and External Alignment

Internal and External Alignment is a pivotal moment in the category management process, where the foundational work of gathering insights and defining category parameters comes together with cross-functional collaboration. At this stage, it is essential for various teams—such as marketing, sales, and product development—to engage deeply in understanding the real-world shopping experience, fostering empathy that drives effective decision-making. This alignment not only strengthens internal strategies but also enhances external relationships, as behavioral insights craft a compelling narrative that encourages retailer and supplier partners to embrace your vision.

By leveraging AI market research tools, like those offered by VideoMining, leading CPGs have successfully achieved Category Captaincy, using data-driven insights rooted in shopper behavior to position themselves as trusted advisors and visionaries of category growth. Also, VideoMining's test-and-learn solutions facilitate collaborative experimentation, allowing teams to validate concepts and develop strategic plans alongside retailers, ultimately leading to a more cohesive and impactful category strategy.



BETTER BENCHMARKING

Utilizing behavioral science allows organizations to establish accurate benchmarks that reflect true consumer behavior, fostering enhanced internal and external collaboration. By harnessing deep insights, teams can make informed decisions that align strategies effectively across all functions, leading to improved performance and stronger partnerships.

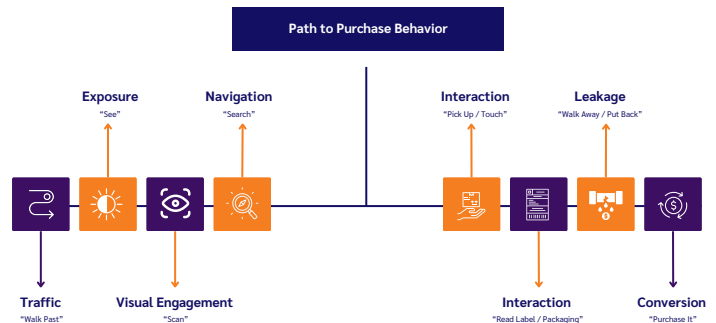
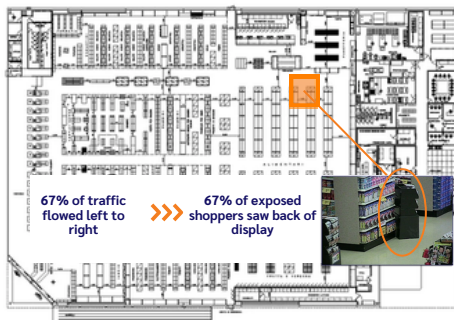
SMARTER TESTING AND LEARNING

Behavioral science improves category management by utilizing smarter testing and learning methods to uncover consumer preferences. This insight helps retailers and suppliers develop effective strategies, validate ideas, and enhance category performance through targeted experiments and collaborative feedback.

Insights in Action: Building Shopper Empathy Cross-Functionally

Merchandise Design and Shopper Marketing

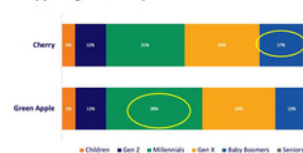
“Our retail execution and merchandising design teams really benefit from getting to walk in the shoes of our shoppers. We build better in-store marketing programs because we are able to stop and ask ourselves ‘does this just look good on paper? or will it move the needle with actual shoppers?’” - Sr. Dir, Category & PPM



Innovation Immersions and Behavior Labs

Behavioral data helps us build brands and category strategies that are inherently based on what the shopper wants. Cross-functionally, we are keeping a pulse on shopper action to keep up with the continually evolving preferences of shoppers.”

Shopper Age Profile by Flavor



[Category] Cross Purchases

Class/Package Category	Q1'21	Q2'21	Q3'21
Confectionery Candy	20%	15%	20%
Phonograph/CD	15%	15%	15%
Energy Drink	15%	15%	15%
Other Confectionery	15%	15%	15%
Water	15%	15%	15%
Flavored Drink	15%	15%	15%
Soft Drink	40%	15%	40%
Water 1.5L	44%	15%	15%
100% Tea	44%	15%	15%
Sparkling Water	40%	15%	44%

Insights in Action: Category Captaincy and Thought Leadership Solidified with Behavioral Shopper Insights

▶ Crafting the Shopper Narrative with Behavioral Science

Behavioral Shopper Insights for Better JBPs

“People are not always rational, and we need to understand the underlying motivations behind their actions. Observational research allows us to see how people truly behave in real-life situations, which builds empathy and helps us design better products and services that meet their actual needs.”

Dan Ariely, Behavioral Economist

	Projects	Details	Outcome
Performance Benchmarking	Assess concrete performance metrics for channel, retailer, and category.	Utilize behavioral data to establish benchmarks for sales, productivity, loyalty, engagement and conversions	<ul style="list-style-type: none"> Improve understanding of performance gaps and strengths Enhance decision-making and prioritize initiatives through data Build robust understanding of the retailer's performance
Aisle of the Future	Innovate aisle experience and promote real-store testing and learning with reduced risks and operational complexities	Analyze shopper behavior to objectively quantify aisle and category performance. Design future layouts and assortments that enhance customer journey and total store sales.	<ul style="list-style-type: none"> Increase productivity per sq. ft. Optimize store layout and flow Improve shoppability Boost category performance and shopper engagement
Experiential Design	Detect hidden friction of the shopping experience and advise retailer on improving shoppability and loyalty	Leverage retailer-specific insights to build empathy of the shopping experience and find better ways to improve store navigation and category performance	<ul style="list-style-type: none"> Enhanced brand perception and customer loyalty More productive trips Bigger baskets Stronger category growth in context of total store

Behavioral Insights to Benchmark, Ideate, Test and Improve



01 Establish Category Benchmarks

Establish clear performance parameters that look at your retailer's category performance versus the total channel. Bring objective and fact-based assessment of current category performance.

? *What percent of actively engaged category shoppers walked away empty-handed?*

✓ Establish baseline leakage trends
Quantify size of pie for improvement

\$ Leakage



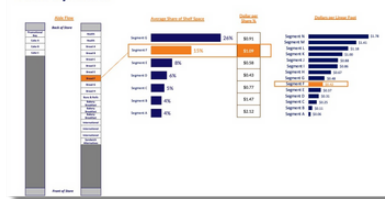
02 Dig Deeper Into Category Diagnostics and In-Aisle Behaviors

Establish collaborative process and “what-if” ideation with retailer. Dive deeper into retailer-specific behavioral trends by conducting observational research in select stores

? *How does the shopper interact with the category at the shelf?*

✓ Identify wayfinding and navigation trends
Track shopper decision-making at the shelf
Diagnose space productivity and barriers to category growth

Aisle Dynamics

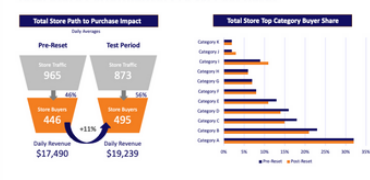


03 Test New Concepts and Iterate to Greatness

Deploy tests in a small set of retailer stores to quantify impact based on real shopper behavior, saving time, money and resources before rolling out national resets.

✓ Iterative testing with Behavior Labs™ leads to optimal output and most productive aisle redesign

Total Store Performance: Pre vs. Post Reset



Goal Setting and Scorecarding

Traditional methods for evaluating the effectiveness of category resets often miss the mark by overlooking the complexities of shopper behavior and the overall store environment. Conventional approaches usually focus on macro industry trends and point-of-sale data, failing to consider their direct effects on the shopping experience and the intricate realities of consumer interactions. To accurately measure the impact of category strategies and assess the shoppability of updated purchasing paths, it is crucial to incorporate behavioral insights into the goal-setting and scorecarding processes.

By utilizing VideoMining’s AI Behavior Sensing Platform, category teams can enhance their scorecarding approach, paving the way for more robust category growth. This innovative strategy introduces a fresh perspective on category measurement, allowing for the evaluation of category sales performance through the lens of changes in shopper behavior. Unlike standard scorecards that primarily emphasize sales metrics, such as units sold and revenue, behavioral scorecarding offers a more holistic assessment of impact, encompassing conversion rates, shoppability, and sales velocity. By embracing these insights, category teams can more effectively benchmark their performance and position themselves for long-term success.

VideoMining offers a new dimension to category reset assessments to further contextualized category sales performance through the lens of the resulting pre-and-post reset shopping behavior.



Historically-leveraged scorecard, which looked solely at category sales



Contextualized behavioral science-powered scorecard that proved shoppability and sales velocity

Behavioral Scorecarding

Behavioral scorecarding provides necessary context to illuminate performance implications along the entire path to purchase. Here are some sample metrics that can be tracked along the shopper journey, providing essential context to support the *why* and *how* behind sales performance data.



Tactics

In Step 5 of the category management process, the focus shifts to the tactical execution of strategies that bridge the gap between recognizing opportunities and implementing effective solutions. Category managers should approach the tactical drivers—product, placement, pricing, and promotion—as distinct yet interrelated workstreams. This structured approach allows for ongoing analysis, enabling managers to assess and measure the influence of each tactic on overall category performance. It is essential to recognize that each category will have its own tailored



set of tactics, which will evolve over time in response to shifting consumer expectations and dynamic channel environments. By grounding these tactics in the comprehensive insights gathered during prior stages, category managers can ensure that their strategies are not only relevant but also adaptable, ultimately driving sustained category growth and enhancing consumer engagement.

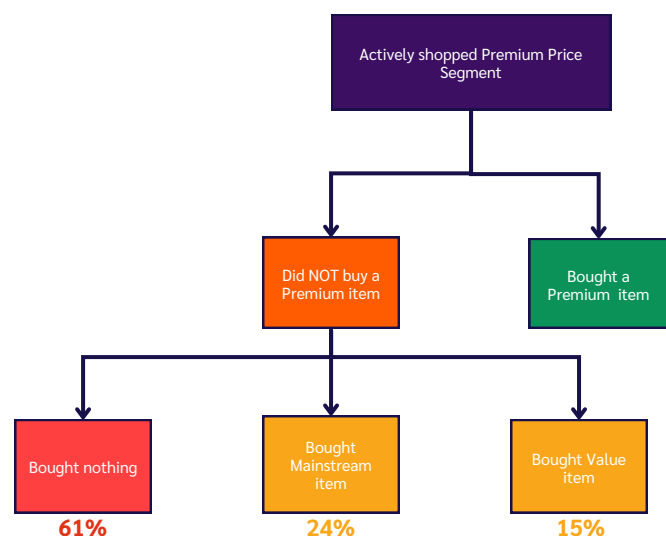
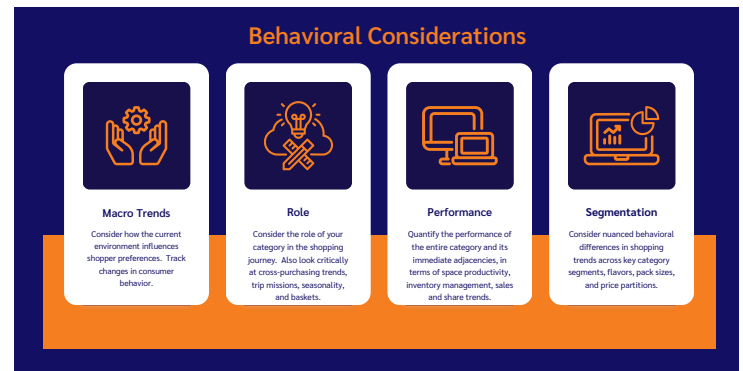
Insights in Action: Shopper Behavioral Science Applied to Category Tactics

Product Assortment

In the competitive retail landscape, product assortment is essential for attracting and retaining customers. The right mix of products not only meets shoppers' needs but also enhances their shopping experience. A well-curated assortment allows retailers to showcase a variety of options, catering to different preferences and encouraging customers to explore. By understanding shopper behavior, retailers can tailor their assortments to align with consumer preferences, ultimately driving sales and fostering brand loyalty. In essence, effective product assortment is key to connecting with customers and staying ahead in the market.

61% of shoppers who actively engaged Premium Price segment at the shelf but did not find what they were looking for **walked away empty-handed** rather than **trade down**.

 Price Sensitivity = protect shelf facings



Insights in Action: Shopper Behavioral Science Applied to Category Tactics

Placement and Shelf Optimization

Behavioral science insights provide a deep understanding of how shoppers interact, navigate, and make purchasing decisions at the shelf. Strategic aisle configurations and product placement decisions, such as placing popular items at eye level or along natural walking paths, can encourage impulse buying. Additionally, utilizing color, lighting, and signage effectively influences shopper preferences and navigation.

By aligning store design with shoppers' emotional and cognitive needs, you create a welcoming atmosphere that benefits both consumers and the category as a whole. This approach optimizes space and inventory, making shopping enjoyable and efficient.

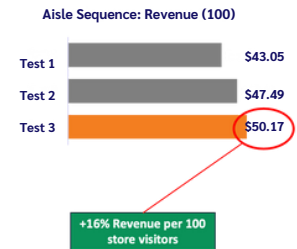
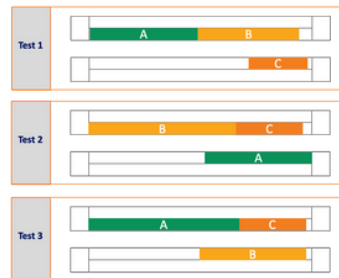
Behavioral Metrics to Leverage for Smarter Shelf Flow:

- Aisle Adjacencies
- Category Layout by Sides/Facings
- Through-Traffic and U-Turns
- Shoppability Score
- Aisle Navigation and Friction
- Engagement Heat Mapping

Shelf Height, Shopper Interaction and Hot Spots



Aisle Configuration and Flow



A/B Test Various Shelf Flows to Measure Concrete Impact with Behavior Labs™

Pricing and Promotions

Leading category teams are increasingly turning to behavioral shopper insights derived from AI-powered observational research to enhance their pricing and promotion strategies. By leveraging advanced analytics that track real-time shopper behavior, category managers gain a deeper understanding of consumer preferences, shopping patterns, and price sensitivity. This data-driven approach enables them to identify optimal pricing points, tailor promotions to meet specific customer needs, and ultimately drive sales growth. By integrating these insights into their decision-making processes, category managers can create more effective pricing strategies that resonate with shoppers, boost customer loyalty, and enhance overall market competitiveness.

Evidence-Based Approach

Fact-Based Attribution

- VideoMining uses a patented model for measuring display performance with laser precision, enabling accurate identification of the "source of sale" by location, category featured, size of display, and more.

Best Practices and Merchandising Standards

- Use real store data to identify highest-value touch points for each category and identified merchandising best practices, such as # of SKUs featured, size and scale of display, signage copyrighting, promotional messaging.

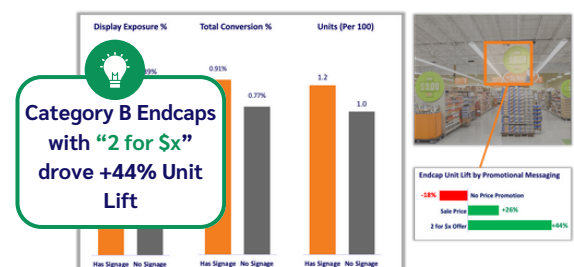
Iterative Testing:

- Unlock new method of rapid testing and adaptation to quickly refine campaigns based on precise behavioral data.

Display Attributes to Track

- Store Quadrant / Department
- On/Off Primary Aisle
- Role of Signage / Promotion
- # of Categories and # of SKUs Featured
- Seasonality
- Pack Sizes and Packaging Types
- Point-of-Connection Material: Size, Scale, Themes

Role of Signage in Category A Endcap Success



Implementation

As category managers embark on Step 6 of the category management process—**implementation**—they face the critical task of translating strategic insights into actionable outcomes. This stage is where plans are taken across the finish line, necessitating detailed reset plans, effective in-store execution, and real-life compliance to ensure success. Applying behavioral science at this juncture is essential, as it allows managers to understand and anticipate shopper reactions to new strategies. A playbook grounded in behavioral data ensures that resets are not only well-informed but also resonate with customer motivations and preferences. By leveraging insights into decision-making triggers, emotional responses, and habitual behaviors, category managers can design environments that enhance shopper engagement, drive compliance among staff, and ultimately lead to a successful execution of pricing and promotional initiatives.

Implementation Best Practices

- **Leverage Behavioral Data for Compelling Reasons to Believe:** Utilize shopper behavior analytics to inform pricing and promotion strategies, ensuring they align with consumer preferences and buying patterns
- **Create Clear Reset Plans:** Develop detailed reset plans that outline specific goals, timelines, and responsibilities to streamline the implementation process.
- **Engage Operations and Execution Staff:** Train and engage in-store staff on the behavioral insights behind the changes to foster buy-in and ensure consistent execution.
- **Monitor Compliance:** Establish systems to track in-store compliance with the new strategies, allowing for quick adjustments based on performance data.
- **Test and Learn:** Implement A/B testing for pricing and promotions to evaluate shopper responses and iteratively refine strategies based on findings.
- **Communicate Clearly:** Ensure that all stakeholders, from suppliers to store teams, are informed about the changes and the rationale behind them to enhance collaboration and compliance.

Compliance Tracking

Compliance Tracking allows for ongoing measurement of adherence to established guidelines and standards for presenting products in a retail environment and measure impact of non-compliance.



Cross-Merchandising Plans v. Retail Realities:

Tuna Fish
+
Margarita Mix
+
Energy Drinks



Brand Standards

Are visual standards followed, in terms of color schemes, layout guidelines, product assortment, and signage?



In-Store Placement

Are merchandising elements placed in the correct area within the store? Are they facing the right direction?



Clean, Complete, and Stocked

Are elements properly built and maintained? Is it well stocked with the correct product assortment? Are all elements free from damage and tidy?

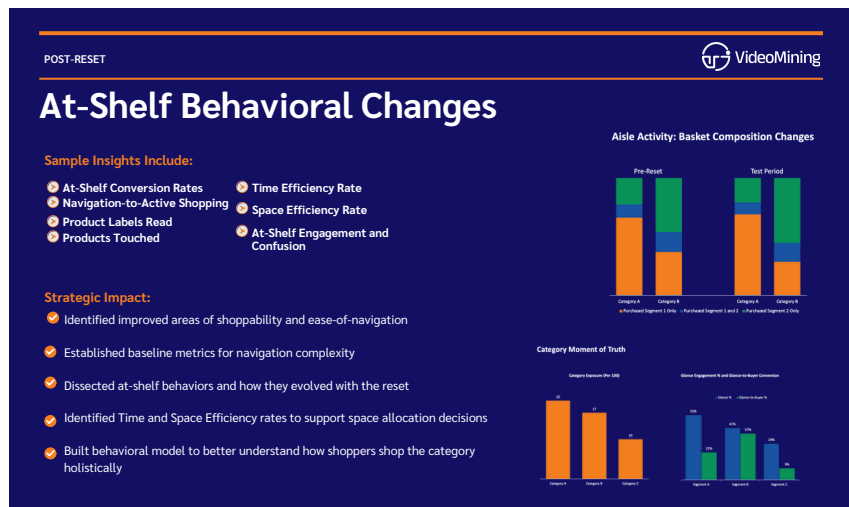
In one brand-led merchandising compliance study, 33% of displays accounted for zero sales due to incomplete execution

Measure, Learn, Grow

The final stage of the category management process—**measure/learn/grow**—serves as a critical feedback loop that enables retailers and brands to refine their strategies based on real-world insights. By leveraging behavioral science, this phase can include an emphasis of understanding actual shopper behavior and category performance through data-driven analysis. Utilizing tools like VideoMining's AI-powered behavioral science market research allows businesses to capture nuanced shopper interactions and preferences, providing a more accurate pulse on consumer trends. The power of iterative testing and learning becomes evident as brands can experiment with various merchandising and category strategies at scale, rapidly assessing their effectiveness and iterating towards further greatness. This dynamic approach not only fosters continuous improvement but also empowers retailers to adapt swiftly to changing market conditions, ultimately driving growth and enhancing the shopper experience.



Pilot turnkey in-store testing and learning programs with select retailers to build collaborative growth and establish proven category strategies



In today's fast-paced retail landscape, the ability to innovate quickly and effectively is paramount for success. As consumer preferences evolve and competition intensifies, brands must adopt a proactive approach to testing and learning that not only accelerates their innovation processes but also enhances their understanding of shopper behavior. By implementing best practices that prioritize speed, real-world insights, and iterative growth, companies can better navigate the complexities of the market. These strategies empower retailers and brands to push the boundaries of creativity while ensuring that their initiatives resonate with shoppers. Here are some essential best practices to foster better innovation and drive sustainable growth in your business.

- **Prioritize Quick Turnaround:** Develop a culture of speed while ensuring that insights are valuable; leverage testing partners who facilitate rapid iteration.
- **Test in Real Environments:** Conduct research in actual retail settings to capture genuine shopper interactions and responses.
- **Utilize Observational Techniques:** Implement observational research to gather unbiased data on shopper behavior and preferences.
- **Encourage Iteration:** Foster a mindset of continuous improvement, allowing for adjustments based on test results to optimize outcomes.
- **Focus on Small Tweaks:** Recognize that minor changes can lead to significant improvements in performance and consumer engagement.
- **Engage Diverse Teams:** Involve cross-functional teams in the innovation process to benefit from a wide range of perspectives and expertise.
- **Embrace Data-Driven Decision Making:** Base innovations on solid data analysis to ensure that strategies are effective and aligned with consumer needs.
- **Leverage VideoMining's Market Research Services:** Utilize VideoMining's advanced AI-powered behavioral insights to streamline your testing processes and enhance your understanding of shopper behavior for more effective innovation.



VideoMining is a market research firm that specializes in Behavioral Shopper Insights, fusing patented AI technology and behavioral science to unlock unprecedented insights across the entire in-store experience. With our proprietary Behavior Sensing Technology™ and AI-Powered Data Decoding Systems, we bring visibility to the big picture – connecting retail environment and sales performance data with authentic shopper behavioral metrics. We own and operate a nationwide *Behavior Tracker*™ program in partnership with leading chain retailers to provide ongoing fact-based industry and shopper trends, along with a network of *Behavior Labs*™ for accelerating innovation through "testing and learning" in real stores with real shopper input.

VideoMining unlocks the power of behavioral shopper insights with AI.

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