



# THE NEW FRONT END

Answering the Challenge of Impulse Conversion

# THE CHALLENGE

THE MORE CONVENIENCE WE ARE GIVEN, THE MORE WE GROW TO EXPECT

**If there is one thing all brands, retailers and marketers can agree on, it's that today's shopper is busy — and in turn, fragmented, distracted and impatient.**

That said, retailers are constantly adopting new services in an attempt to meet all the emerging touchpoints, speed and expectations along today's shopper journey. Apart from serving the needs of the shopper, retailers have their own motivation to improve store efficiencies and reduce labor costs in order to offset and compete with the impact of e-commerce.

From the widely accepted self-checkout, to rapidly growing online to offline collection points and delivery, to technology in testing such as the just-walk-out format, the pace of change has and will continue to escalate as retailers move closer and closer to the alluring, convenience-based "frictionless shopping experience."



## STATE OF THE FRONT END

**According to Kantar, "64% of executives across channels in the United States predict the majority of supermarkets will be checkout free by 2023."**

As each channel evolves, so will its correlating merchandising strategies. Most noticeable to the everyday shopper, front of store has become a focal point for change in the renovation race.

True of most disruptive changes, the impact of self-checkout has grown far beyond what was originally intended, impacting surrounding points in the shopper's journey. In this case, the increased convenience brought to checkout and payment leaves

the traditional front-of-store impulse buy at risk. The idea of the impulse buy is far from extinct, but strategies and touchpoints to win in the space today must be rethought.

To keep stride with marketplace trends and rest of store, opportunities for impulse sales must move toward a bigger-thinking, creative and collaborative process in which brands and retailers aim to grow and transform the front end together.

# THE VALUABLE FRONT-END MARKET AND SHOPPER

**According to FMI, the front end accounts for more than \$6.5 billion of supermarket sales.**

Impulse buys are essential to the health of many categories and brands. To further highlight the scale of the challenge, the bulk of impulse sales are made up from a number of diverse categories, including food and beverage, health and beauty, household, pet care and consumer electronics. Retailer health relies on the significant sales generated by front-of-store purchases.

**Shoppers who purchase the front end spend 9% more per trip and annually**

Aligned with the value of the market, front-end shoppers themselves are essential to the CPG business at large. According to Kantar, frequent front-of-store shoppers are bigger spenders, ultra-convenience seekers and new product discoverers.



## CURRENT FRONT-OF-STORE SHOPPERS

- Front-end shoppers are variety seekers, making them prime targets for discovery and new product trial.
- It comes as no surprise that front-end shoppers are ultra convenience oriented, over-indexing in rest of store aisles like cereal, pasta, frozen foods and prepared shelf-stable meals.
- Quick and fill-in trips capture the most front-end times.
- Beverages and chocolate have the highest front-end basket penetration and attract the most new shoppers to the front end.

***As the impulse buy and front end models shift, marketing will stay grounded in these foundational consumer insights.***

# RESHAPING THE TRADITIONAL FRONT-END MODEL AND RECREATING THE IMPULSE OPPORTUNITY

**The average U.S. consumer spends \$5,400 annually on self-categorized spontaneous purchases, according to a CNBC report.**

The mindsets, spaces and behaviors associated with impulse shopping can and should be applied to other areas both in and out of the store. Past the initial barriers associated with the

breakdown and reshaping of the traditional front end model lies opportunity for significant expansion and growth in the area of impulse.

## MINDSETS FUELING IMPULSE BUYS

### 1. "I forgot."

*Pantry loading and replenishment*

Simplify the shopper's life with enticing value-added promotions, cross-category solution hubs, pre-populated lists or last-minute basket additions.

### 2. "I've never seen this before."

*New product trial*

Facilitate online and offline discovery through bundles that mitigate "risk," e.g., pairing tried-and-true staples with new products, variants and pack sizes. Driving discovery can take many shapes, from monthly subscription boxes to loyalty offers and beyond.

### 3. "I want/need this now."

*Immediate-need fulfillment*

Predict impulse through previous purchases inspiration or complementary product recommendations. Smart merchandising that introduces shoppers to complete solutions they've never thought of.



# IMPULSE PHYSICAL/DIGITAL SPACES AND CORRELATING TACTICS TO ENGAGE

## 1. Beyond-the-Register Hot Zones for In-Store Impulse

Be mindful of other areas in the store that can instigate unplanned purchases

- In-aisle: Look toward product merchandising adjacencies- soft drinks alongside shelf-stable and chilled snacks.
- Prepared food placements: Consider item pairings aligned with salad bars, deli stations or hot bars.
- Freestanding displays: Strategic placements at self-checkout or high-traffic aisles.
- In-store brand zones: Create dedicated brand spaces in stores to engage customers in new and exciting ways, prompting unplanned purchasing.

## 2. Capture the Curbside

Many large retailers are investing significantly in scaling curbside locations, presenting opportunity to bring shopper experiences to the streets.

- Vending machines: Locate at curbside pickup hubs, in store entryways, near in- or out-of-store pickup lockers.
- The point of pick up: Relocate traditional front-end shelving beneath customer service, returns and online order counters.
- Push notifications for favorite/relevant items to shoppers in store: Add offer to pick-up confirmation or pick-up reminder texts and location-based push notifications.

## 3. Impulse Optimize the Online Experience

Create opportunity for an unplanned purchase during an order or browsing session. Utilize smart technology to interpret the shoppers' behavior and choices online to effectively drive in-store spending.

- Last minute basket add-ons: Attach "Don't Forget" messaging with relevant purchases.
- Frequent auto-replenishment: Participate in Subscribe and Save programs, offer discounts for stocking up and deliver emails triggering repurchases.
- Product recommendations: Utilize "trending in your area," "because you viewed" and "based on your views" suggestions and recommendations.

## 4. Miscellaneous

Use other non-traditional or emerging tactics to trigger impulse.

- Intermediary influence: Partnering with last-mile, meal kit or food delivery services to add physical coupons to delivery or online experiences, food delivery services or ride-share companies.
- Creating experiences: Go deeper in experiential marketing, creative pop-ups, existing event sponsorship or participation and smaller scale in-store events.

# CLOSING TIPS AND CONSIDERATIONS

- Impulse strategies must be channel-specific. Not all channels can be treated the same.
- Work with and lean into retailers' innovation. Be open to trying new things.
- Prioritize the understanding and targeting of the front-end shopper and work it into your brand story. Use the value of this shopper as a retail selling point for promotion and program ideas.
- Pseudo front ends to drive impulse at new touchpoints can be found and created anywhere!
- As a larger step, consider ways to evolve your product portfolio to keep stride with shifting impulse strategies.

## CONCLUSION

The impulse market is far from mindless and requires heavy back-end strategy. The concept of impulse can now be instigated long before the shopper enters a store or website, and cultivated beyond the completed purchase. The foundational secret of achieving the spontaneous buy is to build connection at every stage of the shopper journey. Only through becoming a sort of constant background presence will brands truly be ready for the "BUY MOMENT" when an unplanned final purchase is made.

Consumers want speed and efficiency, but they also want personalized experiences, proactive recommendations, unique in-store engagements and, even if they aren't consciously aware of it, their impulse needs fulfilled!

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### References

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