

Consumer Behaviour

Case study: Aldi – Becoming the supermarket of choice for the masses

Differentiating factor vs other supermarkets:

- Wide variety of goods across many different categories
- Almost entirely store brands
- BUT perceived as a monthly shop (people stock up on certain items but fill in the visits with weekly shop items from the other supermarket chains).

Areas of concern:

- Lack of brand variety within products
- Unfamiliar brands
- Doubts about quality
- Not Aussie made (German company)

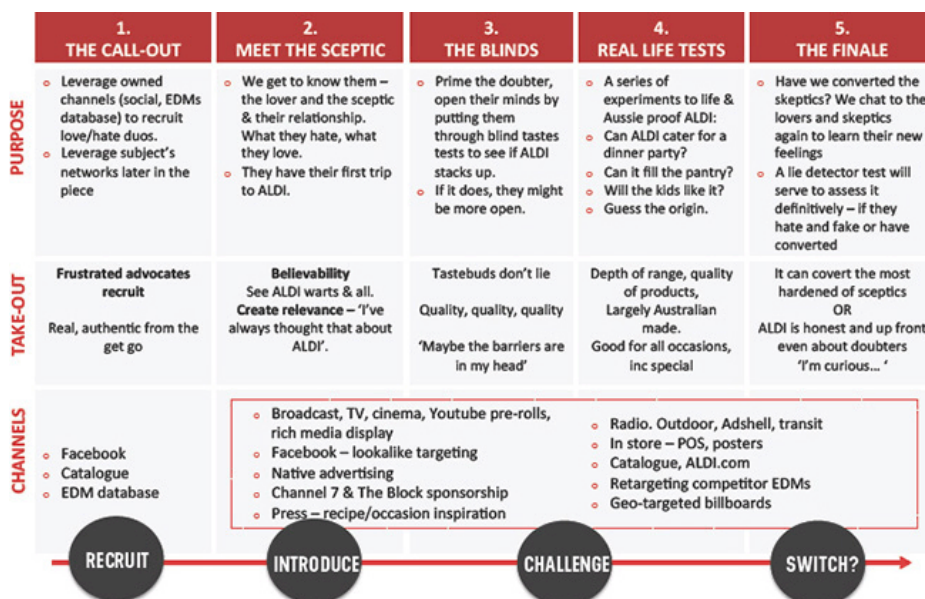
Problem: The problem was not a hate of ALDI. The problem was *hate of ALDI love*. This was caused by **reactance bias** i.e. the urge to do the opposite of what someone wants you to do, out of a need to resist a perceived attempt to constrain your freedom of choice

Suggested improvements:

- Rebranding all store brands towards higher end appearance
- Taste tests and other trials for customers in store
- Source more Australian products and clearly label them
- More locations in convenient areas
- Loyalty program that sends targeted discounts on perishable items

Solution The ALDI Switch Challenge

1. Used existing channels to recruit pairs of one ALDI lover and one ALDI hater
2. Introduced the pair in the campaign; shown to be authentic
3. Put through challenges (e.g. taste tests, or ability to find items to fill up pantry, find Aussie made products etc.)
4. Campaign demonstrates the switch; put through a lie detector test about the company to show the conversion. They were honest about the people who weren't fully convinced and why. This gives authenticity to the campaign.

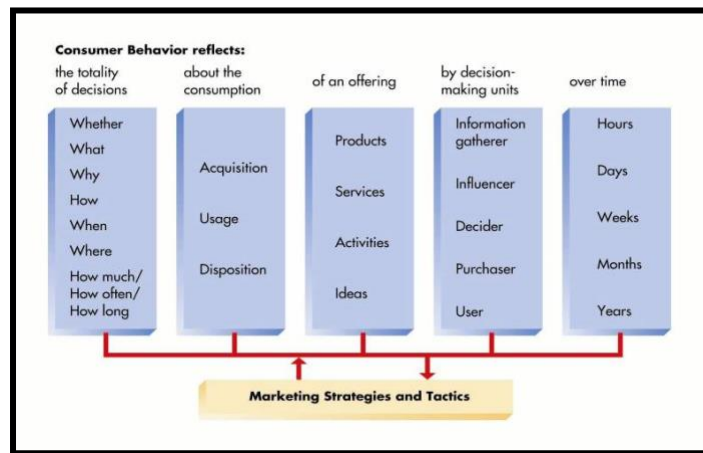


Why it worked:

- Entertaining and enjoyable to watch (light hearted, humorous and authentic)
- Directly challenges bias through empathy with sceptic
- Went beyond the psycho, obsessive ALDI lover ads previously
- Memorable ad, gamification
- Short but concise
- **Omni-channel campaign** that penetrated consumer awareness

Outcomes: increased revenue growth, return on investment/profit, consumer awareness and customer acquisition

Consumer Behaviour: The acquisition, consumption, and disposition (i.e. disposal) of goods, services, time, and ideas by (human) decision-making units over time



Often when observing consumer behaviour, you cannot simply ask consumers about their opinion as often people hide their true thoughts (especially if negative). Instead experiments and studies should be designed to test the variable without the test subjects knowing what that variable is (e.g. shopping lists one contains instant coffee and the other doesn't).

Consumer behaviour allows marketers to understand consumers, predict what they will buy and also influence what consumers will buy (e.g. shop layout)

Shopping psychology:

- Specials/discounts: **scarcity effect** (won't last long), subconscious special = good
- Luxurious packaging allows higher price because it reinforces an image of higher quality even if not actually true (shape, colours, awards, materials)
- Layout: Ease of entrance, fresh produce at the front sets a good mood, popular items closest to middle of the aisle and at eye level draw customers further in so they see and buy more products)
- NB: Supermarkets charge 'slotting fees' for brands who want to display products in prime real-estate (head of the aisle or eye level)

Decoy products: An expanded option to a product range that the company doesn't expect customers to buy, but the major purpose of it is for its price to be compared to other options to make them seem more reasonable.

