

Click for candy: How online retailers boost impulse buys

March 1 2017, by Candice Choi



In this June 17, 2014, file photo, a shopper looks at an item in the dairy section of a Kroger grocery store in Richardson, Texas. Packaged food makers are trying to adapt their selling strategies as more people do their grocery shopping online. The worry is that products won't get as much exposure as in supermarkets, where shoppers have to walk past displays designed to trigger impulse buys. One way companies are trying to trigger impulse buys online is with targeted ads. (AP Photo/LM Otero, File)

Supermarket layouts are carefully calibrated to tempt people into

impulsive purchases, and now food makers are trying to adapt their strategies as people do more of their shopping online.

Part of the worry for companies is that shoppers won't get to see their products as they would at a store, where people often decide they want an item only after walking past it on shelves or in displays . When shoppers order from a website, the thinking is that they aren't as susceptible to tossing extra goodies into their carts.

"They don't buy so many Snickers and Skittles online as they would in the store," said David Ciancio, senior customer strategist at dunnhumby, a shopping analytics company.

So companies are using targeted ads, like to frequent cookie buyers, or suggesting add-ons like gum if someone is just short of getting free shipping. It's still a relatively new arena for packaged food makers, with less than 2 percent of groceries being purchased online, but that figure is expected to keep growing. Here's some of what customers might encounter.

OFFERS THAT PIGGYBACK ON DELIVERIES

A shopper who's just shy of the minimum order necessary to get free delivery might see a selection of traditional checkout lane "impulse products" that would get them to the threshold.

That's what candy maker Mars says it did in China, under a partnership with online retail giant Alibaba that helped it sell more gum. Mars said the array of impulse products presented to each shopper was determined by an algorithm, which drew from about 500 options.

Andrew Clarke, chief marketing officer for Mars, said the company's gum was a good fit because gum is such a "highly impulsive" purchase.

KITCHEN HELPERS

People who might be searching for dinner ideas could see promotions for recipes or preparation tips.

General Mills, for instance, says it promotes "how to" cooking videos featuring its products on grocery sites. So if someone was shopping for chicken on Amazon Fresh, the company said a video for tacos recipes with its Old El Paso products might pop up in an area that suggests additional items.

Last year, Hershey also started offering dessert recipes featuring its chocolates through online meal-kit company Chef'd. The company said it was a way to test and learn about ways to expand sales online, with grocery shopping increasingly becoming about "meal inspiration."

A CLICK FOR COOKIES

Candy and cookie makers are trying to tap into people's impulsive tendencies online the same way they do in stores.

Mondelez uses "big data" to follow people it knows are "Oreo users" with targeted ads, said Tim Cofer, the company's chief growth officer. And the ads are tailored depending on whether people are thought to be frequent buyers or "lapsed users," he said.

Last year, Mondelez also started putting a "shop now" button in the ads on various sites that took them to Amazon where they could buy Oreos.

THE RIGHT MIX

Shoppers might see different products or package sizes online than they would in stores.

On Amazon, for instance, Mondelez said it takes into account that people who aren't Prime members might be looking for larger package sizes that will qualify them for free delivery. Offering the right packages helps ensure the product is purchased frequently, the company said, which turn helps it move up in the search rankings on sites.

Mars also said it created five larger packs for its chocolates for Amazon.

Plus, stores have a finite amount of space, meaning only the most popular items get stocked. Online, Campbell Soup said, its more obscure items, such as Spaghetti-Os with Sliced Franks, have found a receptive audience.

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Citation: Click for candy: How online retailers boost impulse buys (2017, March 1) retrieved 15 May 2024 from <https://phys.org/news/2017-03-click-candy-online-retailers-boost.html>

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