Shopper Intelligence

The Monthly Focus: Healthcare

Healthcare shows promise for convenience

February 2024

Category Challenges in Context

The way we relate to Healthcare has undergone significant change over the past decade.

The role of traditional physicians is changing as people begin to take more ownership of their health through lifestyle and proactive health management.

In fact, there is now a generational divide when we look at the UK population. A recent study on healthcare consumers found that whilst Millennials, Gen X, and Boomers continue to rely on visits to traditional physicians for their healthcare needs, with visitation rates of 66%, 78%, and 85% respectively over the past year, only 40% of Gen Z made the same choice.

The study found that Gen Z and Millennials – proficient at accessing healthcare guidance through internet and social media - are much more likely than Boomers and Gen Xers to seek care at local pharmacies, department stores, or grocery stores.

Unsurprisingly, we have seen this play out in the Healthcare department in-store, as it has evolved from its role as a hub of traditional ‘reactive’ treatments, such as Pain Relief, Indigestion Remedies, Cold & Flu, to include a vast array of ‘proactive’ healthcare, such as Vitamins, Stress Relief and Gut Health.

And from a retailer perspective, hero-ing this department makes a lot of sense.

As the below data shows (figure 1), Healthcare as a department is a more intentional purchase (core to the shopping trip) and can help drive shopper engagement – in particular through shopper loyalty where only Baby scores higher (see figure 2).

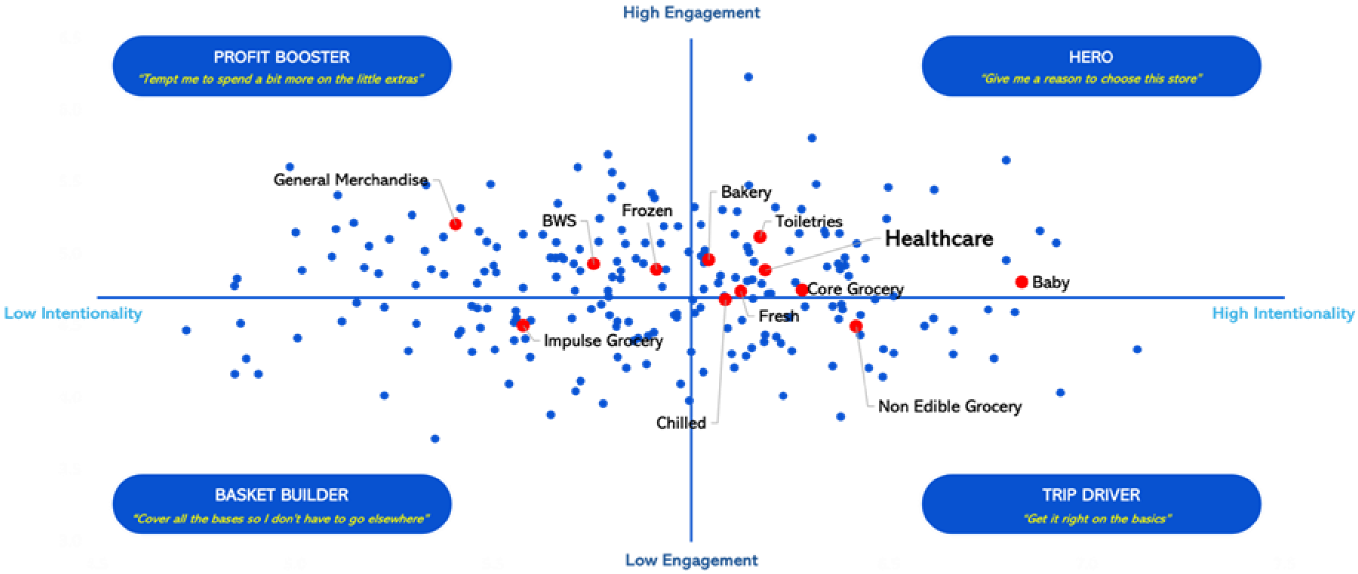

Figure 1: Shopper Intelligence Category Role model—department comparison

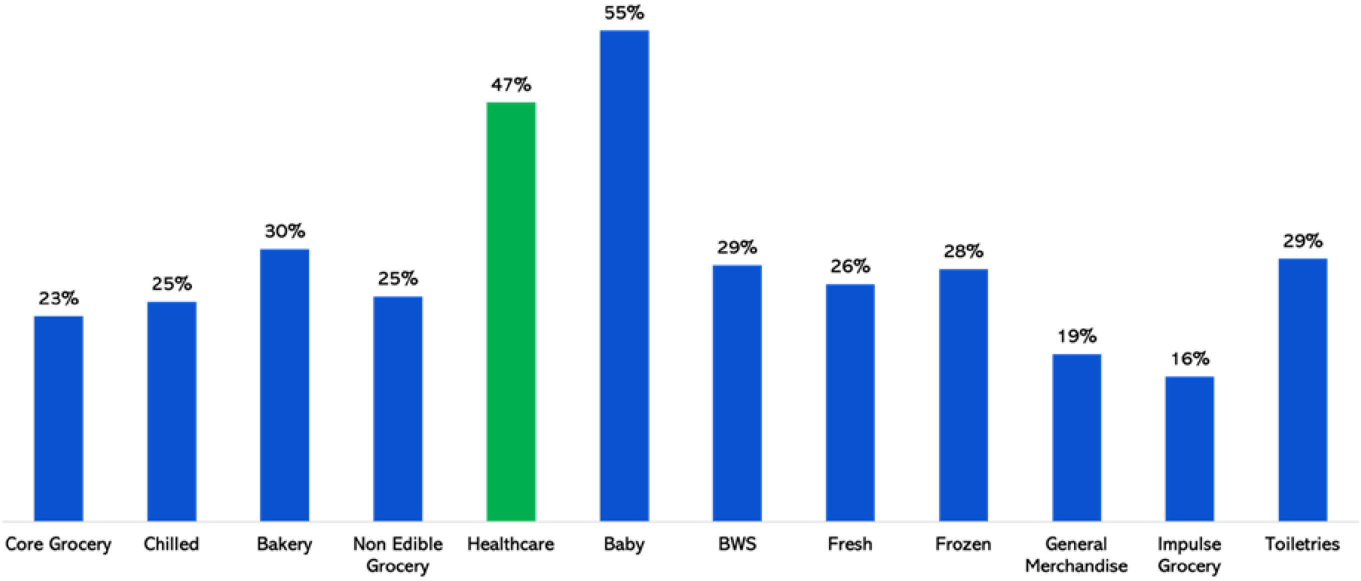

Figure 2: Agreement scores with statement, "if retailer does well, I'm more likely to go back"

It's fair to say that the role of each category within Healthcare will be different – Children's Medicine will play a significantly different role to Sports Nutrition for example, but what remains common across Healthcare categories is the following:

1. These are highly planned categories; 84% planned vs. a 79% average
2. Purchases are triggered by an immediate need to use; a trigger for 10% vs. 5% average; and
3. Healthcare categories are significantly more likely to be bought on an 'immediate use' mission; 18% of missions vs. 8% average

With category dynamics like this it may be no surprise to see this department become a key focus in convenience, a channel that is also undergoing significant development, and one which plays perfectly to the immediate use/distress purchase requirement.

As seen just this month, ASDA announced the opening of 110 ASDA Express Stores, following the lead of Sainsbury's Local, Tesco Express and now, Morrisons Daily with the McColls acquisition.

The good (or bad) news from this, is there's lots that can be done to improve the Healthcare department, shopper satisfaction levels are currently significantly lower than we see across almost all other departments of the store, for all four of the major Grocery mults as shown in figure 3.

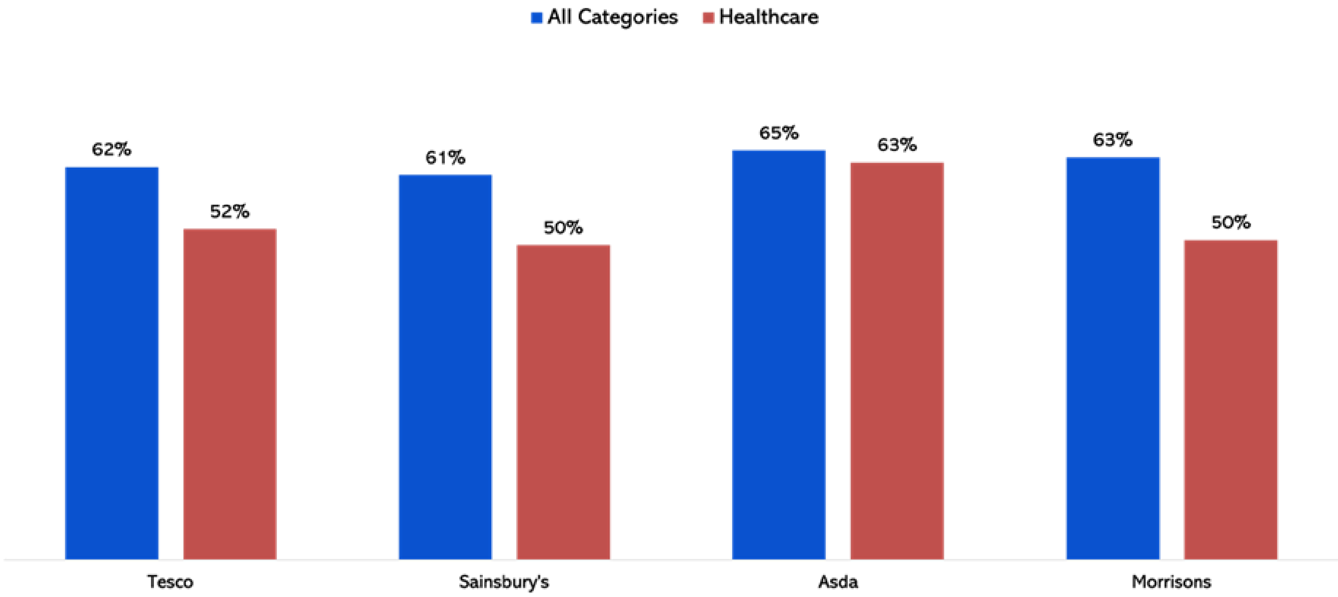

Figure 3: Shopper Intelligence Overall Satisfaction Score, Healthcare vs. All Categories