



# **NUDGE PRINCIPLES FOR RETAILERS: HOW TO ENCOURAGE PLANT-BASED PURCHASES AND DRIVE SALES**



# INTRODUCTION

## What are 'nudge principles' and why are they useful for plant-based businesses?

Shoppers are constantly influenced by the environments in which they shop – but this isn't a forceful or obvious influence. Instead, shoppers are gently encouraged to make decisions based on what is around them, for example, the location, positioning, and pricing of products, promotions, discounts, offers, and marketing materials.

By carefully understanding how these elements work together, retailers can create an environment in which shopping decisions can be influenced. This is what is known as 'choice architecture' – "the practice of influencing choice by organising the context in which people make decisions."<sup>1</sup>

A 'nudge principle' is "any aspect of the choice architecture that alters people's behaviour in a predictable way without forbidding any options or significantly changing their economic incentives."<sup>2</sup>

# INTRODUCTION

To count as a mere nudge, consumers must be able to avoid it. Nudges are not mandates – putting fruit at eye level counts as a nudge, but banning junk food does not.<sup>3</sup>

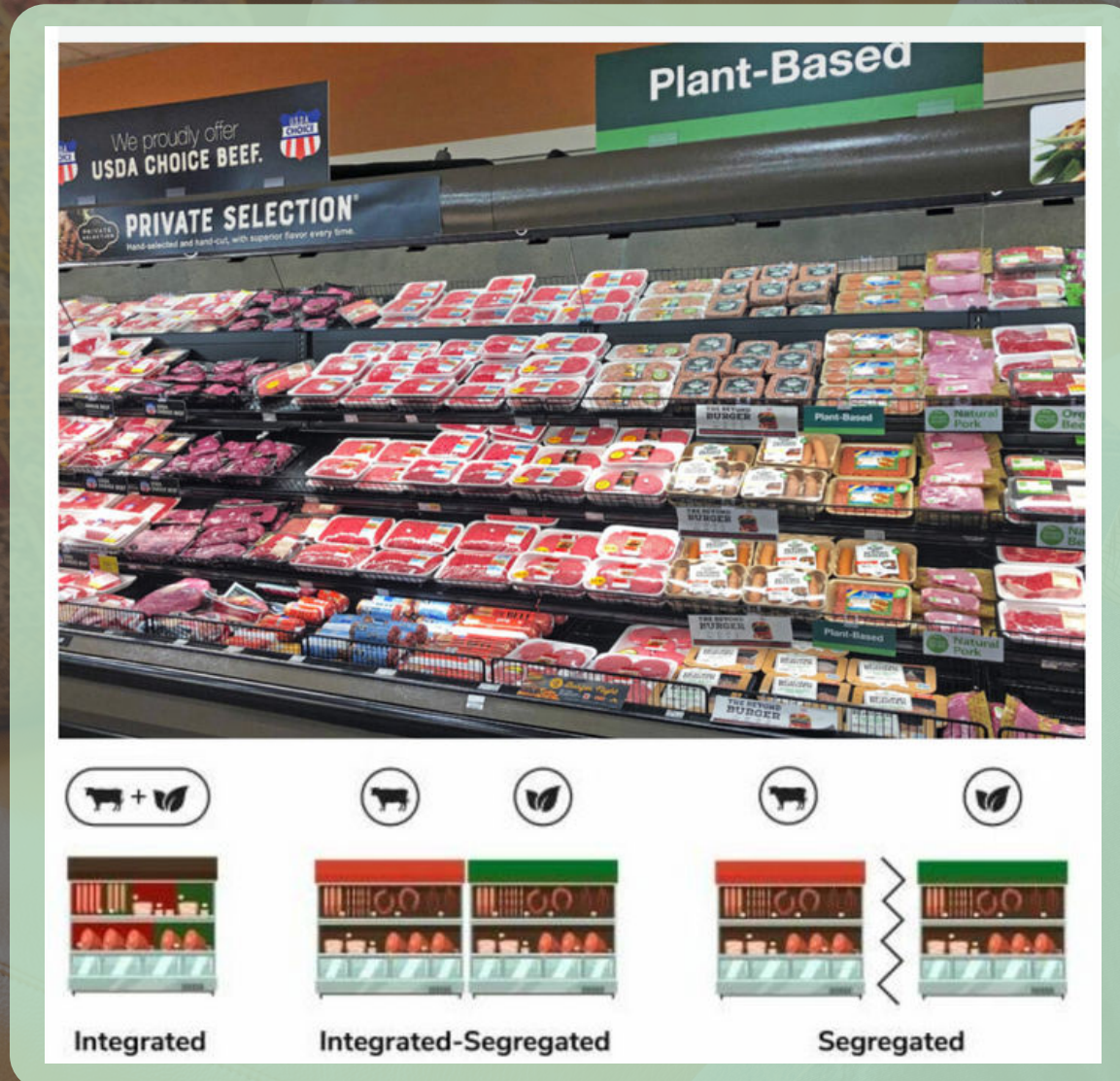
This takes us to social proof, which is a related, earlier concept explaining how humans often make decisions when they're unsure about something. "Informational influence occurs in ambiguous situations where we are uncertain about how to behave and look to others for information or cues. Social proof is an informational influence (or descriptive norm) and can lead to herd behaviour."<sup>4</sup>

Consumers are habit-driven, meaning that there's an inherent obstacle to them adopting new eating habits, even if the desire is there in the first place. Nudge principles are a useful tool for retailers trying to overcome this obstacle and drive sales of their plant-based products. They can be used to encourage customers to choose more plant-based items during their next shop.

Let's take a look at some of the most useful nudges and how you can implement them in your retail setting.



# 1. PROMOTE PLANT-BASED PRODUCTS NEXT TO ANIMAL-BASED PRODUCTS IN-STORE AND ONLINE



Research shows that the **location of plant-based products** in stores and online really affects customer pick-up-and-purchase rates. **Where and how you position products** on a shelf and in which aisle or online category matters.

**So, what are the best locations and positions for plant-based products in order to encourage consumers to put them in their baskets? It's simple: group them next to or near their conventional counterparts on shelves and on websites.**

At ProVeg, we recommend utilising what's known as an **'integrated-segregated' approach**, whereby plant-based products are grouped together but positioned within animal-based-product aisles. This merchandising technique and nudge, which **takes plant-based products to where the most potential shoppers are**, normalises plant-based products, demonstrates their utility, and makes it as easy as possible for consumers to find them.



# 1. PROMOTE PLANT-BASED PRODUCTS NEXT TO ANIMAL-BASED PRODUCTS IN-STORE AND ONLINE

Flexitarians and mixed eaters are **less likely to venture into separate plant-based aisles.**

By grouping plant-based products in a 'vegan' aisle, you **group them as 'only for vegan consumers'** and not for flexitarians and reducetarians, nudging them in the wrong way.



“[Integrated merchandising is] an effective way to sway the thinking of people who may never have thought they would try these kinds of products. Plant-based foods become normalised when consumers see them with animal-meat-based products and that gives a higher chance of them being trialled.”

Lisa Gawthorne, Founder of Bravura Foods



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To better understand why this works, let's look at the other side. **What are the effects of segregated merchandising?** The Behavioural Insights Team believe that choice architecture is vital for retail venues, saying that the "segregation of vegetarian items in shops is **detrimental for multiple reasons.**"<sup>5</sup> They argue that product segregation:

**The more consumers are exposed to plant-based products and encouraged to buy them, the more 'normal' these products will become and the more likely shoppers will be to purchase them.**

- **reinforces perception that plant-based products are different,** which mixed eaters interpret as meaning 'not for me'
- makes it harder for flexitarian consumers to make the plant-based choices they're open to making, because those options **aren't available in the places where they're used to looking**
- subconsciously invites flexitarians to ignore vegan or vegetarian meals, because consumers often find choice overwhelming, and **will often disregard an entire aisle in order to make choosing easier.**<sup>6</sup>



## 2. INCREASE PLANT-BASED PRODUCT VISIBILITY AND AVAILABILITY

### VISIBILITY

Make products **stand out in aisles and on shelves**. This is especially important for attracting flexitarian consumers, who don't want to have to **work too hard** to find their favourite alternatives or stray from their most frequented aisles.

Using **display strategies and physical-merchandising aids**, like signage, are great ways to push shoppers towards buying certain foods.



ProVeg recommends using the following tactics to increase the visibility of plant-based products:

- **signage** throughout the store advertising plant-based ranges and related offers
- pop-up **taster stations** where visitors can sample your plant-based products
- plant-based items placed at the **front of your store**, and at the end of aisles
- plant-based products positioned on **shelves at eye-level**
- clear branding or **promotional messaging** on shelf-edge label strips
- shelf-dividers detailing categories
- 'wobblers' (printed shelf markers that wobble)
- **'bus stops'** (double-sided printed shelf markers or wobblers that highlight a product, offer or price).



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### AVAILABILITY

A 2019 Cambridge University study of 100,000 canteen meals found that **adding an extra vegetarian option to menus reduces meat consumption** without reducing overall sales.<sup>7</sup> In other words, people are open to great alternatives if you provide them. The case is the same in a store – if you **increase the number of plant-based products**, people are more likely to purchase them.



**By increasing the availability of plant-based products you make plant-based products more accessible to consumers. Inevitably, this helps to nudge consumers to put more plant-based products into their carts, driving sales and increasing basket sizes.**







“There is promising evidence that increasing the **availability of healthy and sustainable foods** could help people to make more sustainable choices. The best way to support flexitarians in **reducing their meat intake** is probably through **interventions that make it easy to turn intentions into action**, such as increasing the availability of tasty plant-based products, [or] making it easy to identify stores or restaurants that have a **wide range of plant-based options.**”

**DR FILIPPO BIANCHI**

*Senior Advisor at The Behavioural Insights Team*





# 3. HIGHLIGHT URGENCY AND EXCLUSIVITY

There is another facet to availability, which takes the concept in the opposite direction – urgency and exclusivity. **Highlighting that a product is close to selling out** or is already sold out, often makes that product appear more desirable.

Shoppers tend to conclude that **other people are shopping** for that item, so 'it must be good'. This increases the urgency around the product and nudges more people to purchase it – **'quick, before it's gone!'**

It links to the concept of **'social proof'** mentioned earlier – because people are inherently influenced by others around them.

**Make sure that your plant-based product is still visible and available; ensure that its spot on the shelf is never empty, and use signage to point it out, or else how will shoppers find it? The crux is making consumers think that a product might sell-out, without ever removing that product.**





# 3. HIGHLIGHT URGENCY AND EXCLUSIVITY

Create urgency and exclusivity around a product by giving it a time-limited discount or offer.

Adding a time-limit or pressure component to the experience of shopping in the form of a sale will subtly push a potential customer to commit to purchasing, before it increases in price, helping them to feel that they are getting something that is good value.

Giving an end date to a sale price gives the consumer a window of opportunity in which to get a better price on a product they were already considering buying.

E-commerce sites, especially, will find that creating exclusivity around a product pushes sales.

You can easily use pop-ups on websites, which denote that a product is selling fast, without physically removing that product or reducing stock.

Product counters are also great – seeing a tangible number of remaining products can push a potential shopper to jump to purchase the item themselves so that they don't miss out on buying it before other shoppers snap it up.

FLASH SALE



## 4. SELL PLANT-BASED PRODUCTS AT THE SAME PRICE AS ANIMAL-BASED PRODUCTS (OR CHEAPER)

Price is a major barrier for consumers. It's up there with taste when it comes to top purchase motivations.<sup>8</sup>

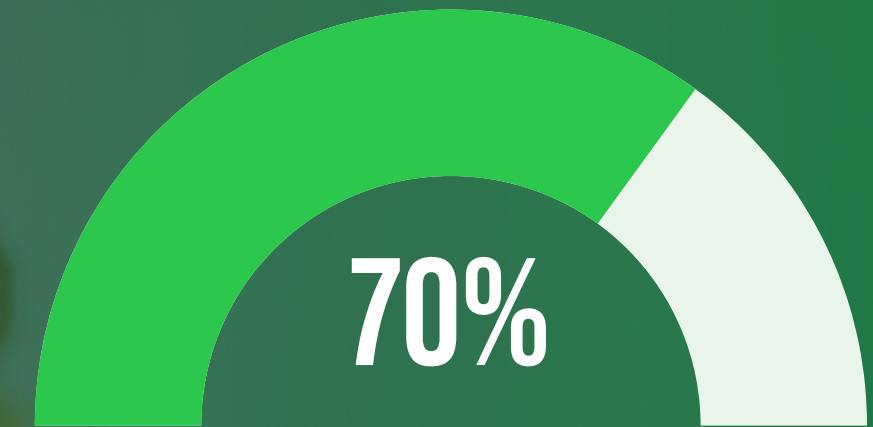
52%

of consumers say price remains a key barrier to purchasing plant-based products



Nearly half

of people would choose plant-based foods if they were cheaper than the animal-based equivalents<sup>10</sup>



of consumers agree that plant-based food products generally cost more than animal products<sup>11</sup>

A common complaint from consumers seeking plant-based alternatives is that they're **more expensive than conventional products**. The Pan-EU Smart Protein Study led by ProVeg found that this **price premium was a key barrier** to the mainstream adoption of plant-based alternatives.<sup>12</sup>



## 4. SELL PLANT-BASED PRODUCTS AT THE SAME PRICE AS ANIMAL-BASED PRODUCTS (OR CHEAPER)

Pricing is a classic example of nudge behaviour. By raising the price of a product, you can subtly deter people from buying it.

An example of this is the sugar tax levied on sweet drinks in numerous countries. Governments worldwide have introduced levies on sugary drinks to combat rising rates of obesity and diabetes. Data has shown this simple intervention to be effective in multiple regards, forcing brands to create lower-sugar formulas and reducing consumer demand for unhealthy products.<sup>13</sup>



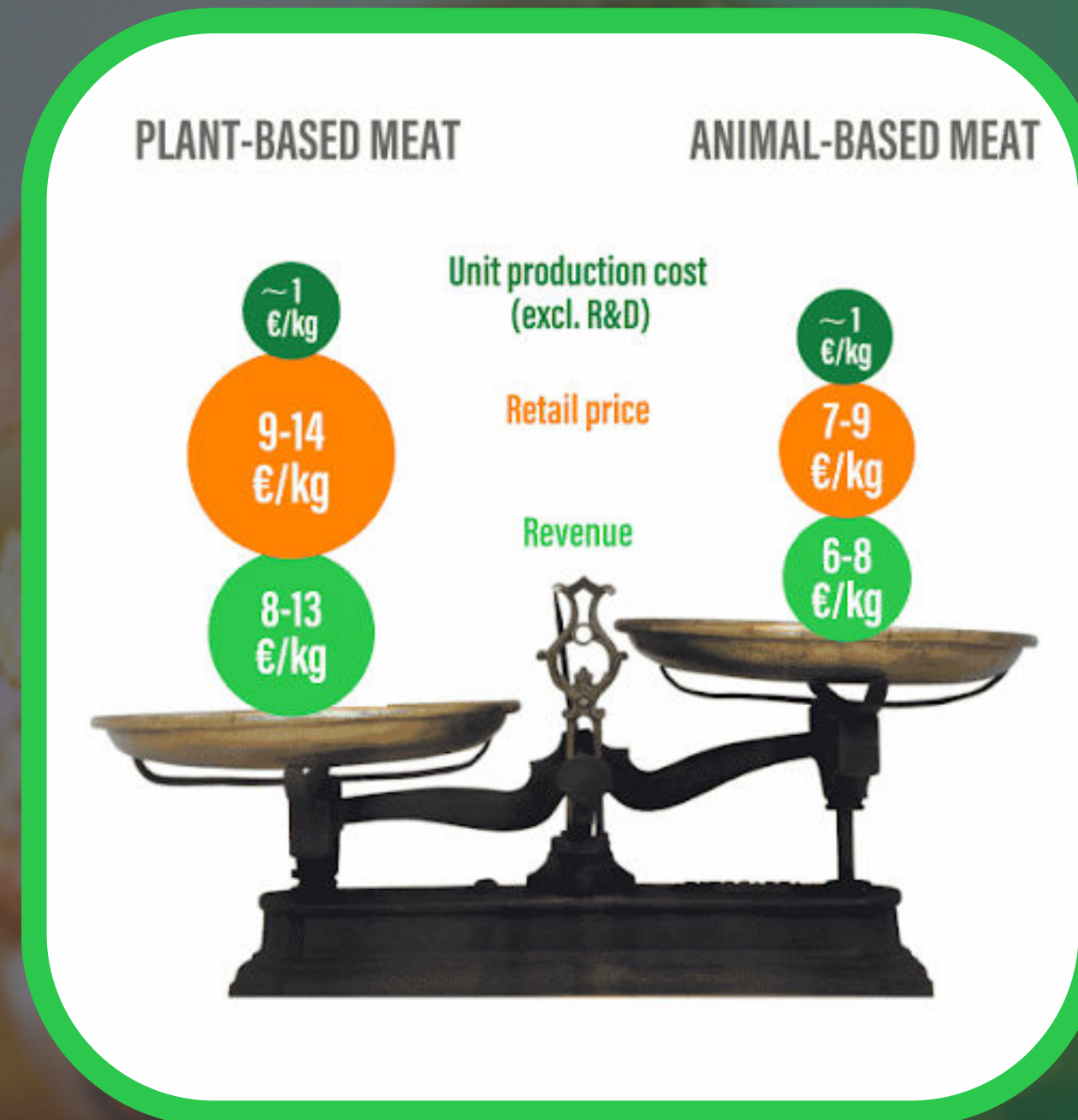
Unfortunately for consumers, the pricing structure of many plant-based alternatives often involves a premium, which similarly acts as an unintended deterrent.

Based on our research, many retailers and manufacturers charge a 30–40% margin on their plant-based products, compared to just 4–8% on animal-based equivalents. Why? Because historically, the small vegan segment of consumers has been willing to pay a high price for their values.



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Mainstream consumers are time-poor and overloaded with decision fatigue. Price is their number-one motivator and the best way to get their attention.



By reducing margins and lowering prices, you can attract more of the flexitarian mass market. This will drive turnover and increase your overall revenue.



# KEY TAKEAWAYS

ProVeg recommends that retailers make use of the following tactics to **nudge consumers** towards buying more plant-based products:

- ➔ 1. Promote plant-based products **next to animal-based products** in-store and online.
- ➔ 2. Increase plant-based product **visibility and availability**.
- ➔ 3. Highlight **urgency and exclusivity**.
- ➔ 4. Sell plant-based products at the **same price** as animal-based products.

If you want to learn how to attract more customers and instigate a greater number of plant-based purchases, ProVeg can help. Get in touch to talk over and develop your plant-based strategy by emailing us at [corporate@proveg.com](mailto:corporate@proveg.com).



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