

SHOPPER MARKETING - THE NEXT (ALREADY HERE) REVOLUTION IN MARKETING



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Companies, especially branded manufacturers, have over a long period of time drawn their source of competitive advantage from developing powerful brands and driving depth of distribution. They have continued large and sustained investments in traditional marketing practices such as advertising and trade promotion. Yet brand loyalty, product innovation success rates, and sales lifts remain elusive. As a result, consumer products and retail marketing is in the midst of an evolution. Marketers need something more – and the shift has brought about by a new strategy - Shopper Marketing

Globally, marketers and retail partners have embraced the new go-to-market strategy, a strategy focused on the shopper and in-store elements of the marketing mix that are delivering superior returns on marketing investments.

What Is Shopper Marketing?

“Shopper Marketing is a cross-functional discipline designed to improve business performance by using actionable insights to connect with shoppers and influence behavior along the path to purchase.” To effectively market to shoppers, companies must generate targeted insights for specific shopper segments, specific trip missions and even specific retailers. They must be able to link shopper and consumer insights to develop solutions that delight both shopper and consumer alike. It requires much more granular insights, closer collaboration between manufacturers and retailers, and better integration of cross-functional areas than traditional approaches.

These insights can be derived from a variety of sources and obtained through numerous means, including scanner and loyalty-card data, store intercepts, demographic research, online surveys, consumer panels and focus groups. The only criterion is that they provide actionable data for influencing behavior in the phases of the shopper behavior cycle and along the ‘path to purchase’



“The path to purchase incorporates the genesis of demand for a product and the evaluation of options including outlet, the navigation of the store and the purchase decision.” Initially most path to purchase constructs relied on a linear orientation – from demand generation to outlet selection, to store navigation to product purchase. As Shopper Marketing developed, digital disrupted the original linear model and created a continuous feedback loop with numerous interactive intermediations. It (digital/mobile) now totally surrounds the path to purchase and Shopper Marketing can engage shoppers whenever and wherever they are most ready to buy.

The development of shopper insights is often the first step and biggest investment made as an organization becomes more shopper-centric. From at-home research conducted by shoppers, to the mobile devices that provide the nexus between the home and the store to the shelf itself. To effectively market to shoppers, companies must generate targeted insights for specific shopper segments, specific trip missions and even specific stores; looking at the shopper as a “Segment of 1” - what categories does the shopper prefer, what’s the shopper’s share of wallet and how does the marketer move it in their favour, which retailer does the shopper prefer? Effectively eliminating static segmentation.

Success comes when shopper insights and consumer insights are integrated and a scalable platform is developed for their application across the organization. Viewing the shopper from the vantage point of how they live, how they shop, and how they ultimately use the product is an effective tool for driving this integration. Effective strategy is developed when these two sources of insight are harmonized.

Why Is There A Shift Of Focus To The Shopper And Retailer?

Shoppers are not always consumers and vice versa. Marketers have traditionally focused on affecting or changing consumer behavior; there is now a need to change the focus from purely consumer to consumer and shopper - But it must start with the shopper in order to identify the behavior needed to affect, to accomplish a growth strategy.

Shoppers make products available to consume. In consumer marketing, the focus is on how to make the consumer use the brand more, in Shopper Marketing, the focus is on how to make the shopper buy my brand. Effectively, the consumer is the brand's second moment of truth, while the shopper is the brand's first moment of truth! Understanding this differentiation enables marketers to develop appropriate strategies with the most effective mix of media and messaging to target the right segments of consumers and shoppers. Of course in many instances the consumer is the shopper, however, when planning or engaging in a purchase, a consumer-turned-shopper may have different needs and different behaviors.

Changes in the retail landscape complicate consumer/shopper decision-making and the challenges of marketing through this channel. Recent research and surveys in Kenya show the growth of retail stores. One survey shows that "56% of the respondents shopped in a supermarket in the last week, this, coupled with 5% who shopped in a mall", makes it a representative 61%, shopped in the 'modern trade' in the last week. To most marketers, this may not be earth-shattering news given that 'modern trade' has been growing consistently over the last decade.

The opening of new stores with varied offerings by local players, evidences this across the country and in the region; Nakumatt, Tuskys, Naivas and Chandarana and recently, global players including MAF Carrefour (UAE), Wal-Mart (through Massmart) plus acquisitions recently by Choppies from Botswana. With this growth also comes the rise



of private labels to compete with manufacturer brands - all of these factors influence marketing strategies and tactics at the "first moment of truth."

The premise behind Shopper Marketing is that manufacturers and retailers can together create a more engaging shopper experience, influencing shoppers at the point of purchase where they make the most final buying decisions. Manufacturers and retailers can use Shopper Marketing in concert with traditional marketing strategies to substantially improve the shopping experience for a targeted shopper. When done well, a shopper should feel like the store was designed just for him/her. He/she will visit more frequently, dwell longer and make better product choices.

However, Shopper Marketing is not just an in-store tactic. It is a shopper-centric approach to increase the relevance of products, brands and retailers. Shopper Marketing offers a means of building both brand equity and sales lift. Happier customers dwell longer, buy more and visit more frequently – results that are difficult to match with conventional practices.

Effectively, marketers now need to focus on three areas required to drive growth

1. Create desire to consume the brand
2. Motivate retailers to support the brand
3. Maximise the opportunity to purchase the brand

CASE STUDY 1

In 2007 Unilever was awarded the CPG Award for Innovation and Creativity by the Grocery Manufacturers Association (GMA) in conjunction with its Associate Member Council (AMC)

After partnering with Ahold's Stop & Shop, Unilever drove store sales by increasing conversion from food to health and beauty care. It executed its program with a three-pronged approach that used:

- 1. Co-marketing promotions to incentivize consumers to make larger shopping trips*
- 2. In-store "programming" to increase purchases by shoppers across categories*
- 3. Simplified and enhanced low-traffic aisles to ease the shopping experience*

Unilever reported outstanding results: shopper trips to the store up by 90 percent, multiple category purchases up by 80 percent, sales per trip increasing by 25 percent, and total store sales up by 138 percent

Source: Grocery Manufacturers Association (USA)

How Can Companies Become Successful In Shopper Marketing

Shopper Marketing is not a destination; it is a means to an end. It fills a critical void in the industry's goal of 360-degree marketing which integrates all marketing stimuli into a single holistic story. It allows marketers to ensure those shoppers' in-store experiences align with out-of-store brand connections. In short, Shopper Marketing helps marketers look at the whole picture of the people who buy and use their products. Consumer goods companies in Kenya especially multi-national companies have started to develop their Shopper Marketing capabilities recognizing the potential for growth. "But to achieve its growth and full promise, Shopper Marketing must evolve beyond a siloed, tactical practice and become a strategic capability that is better integrated with other major investments across the marketing and media ecosystem. "

Shopper Marketing capabilities follow a three-stage natural lifecycle - companies must go through this natural lifecycle in the implementation of Shopper Marketing in order to achieve the potential results. Successful shopper centric companies have designated



resources and begun developing programs (stage one), they have then built the capabilities required to perform with scale (stage two). Success comes from culturally embedding (stage three) this new and different way of thinking and working.

These companies with advanced Shopper Marketing capabilities report that their initiatives perform significantly better at driving company-level results such as boosting top line growth, driving value from relationships, and building brand equity. As an example, “models created based on actual consumer goods companies’ experiences indicate that effective Shopper Marketing can grow a brand’s revenue 25 percent faster than the overall category. “

CASE STUDY 2

FLONASE (Allergy Relief) Over-the-Counter Launch – EFFIE GOLD 2016

This campaign won an EFFIE (Effectiveness in Marketing & Communications) new product Gold Award in 2016. Launching prescription-strength FLONASE over-the-counter meant introducing the brand into a category where people traditionally shop on autopilot. In order to grab their attention, GSK created the biggest launch in history, using an omni-channel approach to educate allergy sufferers about the more complete allergy relief of FLONASE, and drew their attention to the allergy aisle at top retailers nationwide. Within the first six months of the launch, the brand exceeded target brand share and in the process, grew the category for all of their retail partners

Source: Effie Awards 2016, North America.

The Future is Here

“Eight out of ten consumers globally are using an electronic device as they shop whether online or in-store.” The mobile revolution puts your money, your shopping and payment mechanism on the same screen at the moment of purchase. Mobile devices have accelerated shopping – payment, money and shopping in one. Shoppers are using mobile devices to decide what they want (research), can they afford it (access to their offline or online accounts) and is it the best price. This makes consumers better shoppers. How do marketers and retailers make use of this experience?

It is important to note that this is not about e-commerce-there is a buzz about e-commerce but globally e-commerce hasn't broken 10% in any sector. Even in countries with a high level of online shopping like the USA, 90% of retail shopping still occurs in the brick and mortar stores. The story about the convergence of the retail store and mobile technology is much bigger than just e-commerce - even companies that were traditionally in e-commerce like Amazon are now setting up physical stores.

Tech companies have taken on the challenge of helping retailers and marketers bridge the gap between digital and physical commerce through features ranging from Wi-Fi based beacons that collect data on shopper behavior, to in-store sensors to track foot traffic and shopper behavior, to augmented reality displays. Online/digital insights, in store technology, and mobile money have become critical players in giving a 360° view of the shopper. Pioneering companies are creating value by meeting changing shopper and consumer expectations with new business models, products, and services. All the local retailers are in the process of launching new business models driven by these developments.

Outside of technology, a key driver of the future of Shopper Marketing is the Millennials. Millennials are currently the largest living generation in the world and they are shaping

the future for many sectors including retail. It is not in question that they are digital natives and though their disposable income is still growing, their expectation is a 21st Century expectation, and both marketers and retailers must meet this expectation with a 21st Century experience. This requires immediacy and convenience in one package – the brick and mortar stores must have technology integrated into them

Conclusion;

“To unleash Shopper Marketing’s full potential and amplify the effectiveness of the rest of the company’s marketing, it must be integrated and coordinated. The key is building organizational capabilities, not just running ‘programs. Shopper marketers will need to work seamlessly with insight developers, new technologies, brand and category marketers as well as sales and trade promotions teams to deliver fully integrated programs that meet the needs of the manufacturer, and retailer – this is the only way to deliver on topline growth.

Note:

Shopper Marketing Not Restricted To Consumer Packaged Goods.

Whilst consumer packaged goods have been fundamental to the growth and evolution of Shopper Marketing, the discipline of Shopper Marketing looks at the shopper in totality, including of shoppers of services (financial, technology, etc) and other consumables like clothing, white goods and fresh groceries.

The path to purchase for these categories may vary, but the same principles of Shopper Marketing apply – “understand how shoppers really behave, prioritize the right channels and find the activities that count.” Shopper Marketing for services and other consumable goods is also an area that requires extensive focus, albeit separately.



Sources;

Shopper Marketing Expo 2015, (P2P Institute)

Effie Awards 2016

Shopper Marketing – Capturing A Shopper’s Mind Hears and Wallet & Delivering The Promise Of Shopper Marketing – GMA/Deloitte

GeoPoll Survey, Jan 2016