



Course Correction

Does the Shopper Marketing Notion Need A Reset?



On Site. *Insight.*



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Pity the freshly degreed MBA just now entering into the CPG business world. They must wonder: “whatever happened to the “consumer” that I studied in Marketing 101?” The rampant growth of the “shopper” marketing nomenclature in the U.S. marketing and retail industry has been astounding, often replacing the consumer discussion in the trade press.

The buzz is seductive. Listening to it one might conclude that the Shopper Marketing discipline is fully integrated into brand marketing plans, and is a core part of the go-to-market strategy for marketers and their distribution channel partners.

Unfortunately, it is not so. The fact is that Marketers are struggling with bringing the promise of Shopper Marketing to life, and Retailers are moving in their own, often different, directions.



A review of the literature concludes that Marketers have failed to grapple with the fact that Shopper Marketing is a *retailing* concept, not just a rebranding of old-style consumer marketing. The focus has been on studying their version of “shopper insights” rather than building programming initiatives that begin with and work backwards from top customer initiatives.

This may have contributed to many Marketers missing a critical trend - the increasing impact and influence that top Retailer’s own Shopper Marketing departments are having on retailer-initiated programming.

Recent examples cited in the press include: Walmart’s *Project Impact* initiative; Walgreens’ hiring of promotional and shopper marketing agency *Arc* as AOR; and SuperValu’s formation of an in-house Shopper Marketing group. In the new Shopper Marketing world of tomorrow, you had better not bring a program to SuperValu without vetting it through their Shopper Marketing team first.

We have watched this shift evolving for some time, but note a dramatic acceleration in recent months. Perhaps this traces to economic pressures, along with the need for retailers to differentiate themselves on dimensions other than price.

The future power of these retailer departments will reshape the Shopper Marketing landscape and will, we believe, necessitate a reframing of the Brand Marketer’s traditional marketing plan development as well as traditional sales/buyer conversations.

The alternative is that Marketers will be coerced into Retailer pre-packaged programs and leaned on to provide incremental funding of proprietary retailer media to support this activity. For example, one could hardly watch television this past holiday season without seeing some form of Walmart advertising seamlessly including a variety of national brands.

We are watching 5 key implication areas for Marketers:

- *Cross-Discipline Restructuring* – preparing the organization to facilitate effective customer conversations.
- *Shopper Solution Sensitivity* – responding to the fact that Shoppers are store, trip and problem driven, before they are brand driven.
- *In-Store Media Planning* – building a shopper communications strategic and execution capability.
- *Improved Behavioral Research* – that provides real in-store answers to how shoppers shop.
- *Asset Leverage* – thinking “outside the retailer box” to identify Retailer and Marketer assets that could be leveraged to their mutual benefit.

There are also 3 key areas of implication for Retailers:

- *Tapping Vendor Leveragable Assets* – national brands have much more to offer than budgets.
- *Tearing Down the Walls* - shopper solutions require cross merchandising, which, in turn mandates interdepartmental cooperation.
- *Differentiate Yourself* - promotional programming built on evergreen events can enhance shopper store appeal.

Brand Marketer Implications

Cross-Discipline Restructuring. At the end of the day, Marketer programs cannot work without Retailer support. The operative word is *collaboration*: working together with Retailers to talk to *their* shoppers, not to *your* consumers.

The disconnect is that the traditional sales/buyer approach is ill equipped to handle this dialog. As the Shopper Marketing discipline gains focus at retail, it is more and more difficult for traditional CPG sales personnel to leverage the full scope of potential opportunities. In fact, the buying and merchandising departments with whom they interface frequently are not even in the shopper marketing program development loop. This is resulting in increased costs, inefficiencies and missed opportunities.

Dechert Hampe reports on this disconnect in their “Sales Force of the Future” annual survey. Senior manufacturer sales and retail executives were asked to rate the current and future importance of twenty-one key attributes of the selling organization, and how well they thought the sales community is doing at meeting these priorities.

The study suggests that the gaps in Consumer Marketing/Merchandising, Retail Merchandising and Shopper Insights are particularly large. All but one of the retailers’ ratings are at 4.00 or higher, while only one manufacturers’ rating is over 4.00.



The situation is compounded by the fact that retailers are developing their own seasonal calendars and programming. They are less and less likely to even need what individual CPG brands are offering.

As such, the Marketer's process of initiating Retailer conversations must be changed before the promise of Shopper Marketing can hope to be met. Beyond the importance of understanding shopper motivations and actions, it is becoming just as important to understand retailer infrastructure and how it can be leveraged within a sales support ecosystem.

We would also argue that the increasing focus by top Retailers on marketing vs. traditional merchandising will necessitate a reframing of the marketing plan development process. This will be increasingly true as research and insights shape the Shopper Marketing landscape of the future.

This evolution is, in fact, already happening. Forward-thinking Marketers have begun to evolve their Shopper Marketing departments. They are integrating disciplines in order to provide holistic support to sales and customers. These new "teams" might encompass Shopper Insights, Category Management, Research and In-Store Merchandising groups – in an effort to put forth a seamless comprehensive selling story, one that is supported by hard data and analytics.

What seems to be missing from this approach is the anointment of an internal resource charged with identifying and understanding top retail marketing and merchandising initiatives. Working directly with retail marketing and Shopper Marketing teams, these "Directors of Retailer Insights" would provide their sales and marketing groups with ideas as to how to leverage retailer activities to benefit their brands. The objective is to secure awareness and then ownership of appropriate seasonal or strategic programming.

Shopper Solution Sensitivity. Retailers know that shoppers shop for solutions before they shop for brands. For example, a meal solution, a budgeting solution, an entertainment solution or even a time solution like "get-me-out-of-this-store-fast." A shopper solution may include a number of brands from synergistic categories - many times from more than one manufacturer.

So the goal of Brand Marketers should be to be part of a shopper solution, one that stems from a Retailer proposition - one that is unique to that retailer, helps them differentiate their retail store brand, and fits into *their* calendar planning.

As individual brand programs have given way to multi-brand shopper solutions activities, Marketers are discovering that bringing the power of multiple brands together to offer retailer a well thought out shopper solution can often reinforce and/or trump a pre-packaged retailer calendar event.

This requires that today's marketers become not only retail collaborators, but also category collaborators. We like to think of it as moving from the notion of "Category Captain" to "Shopper Solutions Captain."

Additionally, utilizing the shopper and budget impact of multiple brands provides increased funding clout to bring more ammunition to the table.

Shopper Media Planning. It is safe to say that traditional media planners don't think in terms of "in-store impressions" or "shopper CPM." In all likelihood neither does anyone else. And that is a core Shopper Marketing problem, especially as traditional media dollars shift toward in-store Shopper Marketing programs. Our conversations with brand Marketers reveal that few have a real, long-term media plan that includes a *retail* media strategy.

In-store media is the key tactic by which Brand Marketers can control their in-store communication. It includes all forms, not only audio and video media, but display and shelf communication as well.

In this new retail-driven shopper marketing environment, in-store messaging needs to close the sale and communicate your program shopper solutions in a matter of seconds. The dissipation of brand advertising in traditional media has resulted in the fact that in-store message is becoming the prime consumer *and* shopper message.

It is critical then that the translation of brand messaging to in-store messaging be both brand-building and, at the same time, purchase motivating. Sometimes this involves a promotional offer, sometimes not. But it always must be crystal clear and telegraphic.

Treating retail as media by creating a retail media plan is not terribly difficult. The process can be culled down to three critical components: 1) messaging; 2) targeting; and 3) compliance. Optimizing all three can put you well on your way to driving increased volume, profit and, most important, increasing the return on a substantial component of your total marketing investment.



Messaging. Getting the message right begins with understanding that the shopper is a discretely different person than is your consumer, even if literally she is the same person. (Frequently, she is not). When your consumer enters the store, he or she becomes the retailer's shopper. They are seeking solutions, not brands. Only in a few cases will your brand represent the entire solution she's looking for.

Targeting. Your in-store display communications can be planned and activated on a regional or by store basis to reflect both business and demographic variables. This includes planning where, within the store, your brand messaging should be placed. There are data and techniques now available to help you identify where you should be placing your spending and focus. Knowing on which regions and stores to focus attention provides a unique opportunity to differentiate brands and drive substantially increased ROI for in-store display spending.

Compliance. A recent report from the *In-Store Implementation Share Group* quantified the cost to the industry of poor retail display execution, and it isn't pretty. They projected the negative impact on CPG companies to be one percent of sales, or \$10-\$15 billion! Additionally, they estimated that 50 percent of authorized displays are erected either late or not at all, an additional cost of \$25 billion. Imagine the revenue opportunity of simply increasing 50 percent compliance to 75 percent?

Improved Behavioral Research. There is a clear need to improve the methodology of acquiring real in-store answers as to how shoppers shop. The core issue seems to center around the practice of using surveys, focus groups, shoppalongs and other small-scale ad hoc modeling techniques to define shopper behavior.

The resultant data can be confusing if not downright conflicting. For example, take the question of whether or not CPG shoppers use shopping lists. According to a GMA study just

recently issued only 23% enter the store with a detailed shopping list. Almost simultaneously, MARC issued a report that 40% of shoppers say they use a shopping list and IRI issued a report that 64% of shoppers rely on a list. Those are big discrepancies. So who to believe?

The point is that the established and experimental practices that are attempting to provide insight into shopper behavior are fraught with risk. What is needed? More statistically valid information sources that measure what we would term “on-site insight.” The need is to measure real shopper behavior, not what people say they do, but what they really *do* do.

Emerging tech-savvy vendors are beginning to offer these capabilities, notably the *ShopperGauge* offering from the RockTenn/BVI partnership, which employs a combination of in-store video and analytical technology to provide real-time in-store answers.

Asset Leverage. An often overlooked shopper marketing strategy involves Marketers conducting a deep-dive analysis of assets that might be embraced by Retailers as applicable to their in-store strategic approach.

In major manufacturer corporations these assets might not be so obvious, sometimes because they are created and managed by departments with no day-to-day connection to the Shopper Marketing group. These could include supply chain capabilities, product-customization flexibilities, or simply “consumer” marketing assets that weren’t originally acquired for the purpose of shopper marketing. For example, a corporate sponsorship, such as NASCAR, and the programs developed around it, might not be common knowledge in the Shopper Marketing department, but could have strong Retailer appeal, especially a retailer with their own racing affiliation. Additionally the use of “value added” media from traditional broadcast or print could be offered to a retailer to support an in-store solution.

One benefit of asset analysis to a multi-brand solution approach is that it forces marketers to think “outside the retailer box” and leverage Retailer and Marketer assets that retailers rarely think about as adjuncts to their “merchandising focused” seasonal events.

Retailer Implications

Look To Vendors For Leveragable Assets - Lest we forget, national brands are the vertebrae in the backbone that makes retailing work. In addition to the shopper equity they represent, brand Marketers have a multiplicity of resources available that rarely hit the retailer radar screen, often tracing to the aforementioned lack of knowledge by the Marketer’s own sales force.

These include sports sponsorships that can be used to reinforce seasonal promotions, or media buys with value added overlays to drive incremental awareness of in-store promotional activities. The well-established brand icon assets like the Pillsbury Dough Boy, or the M&M’s



characters can also be used to drive shopper engagement. The asset leverage conversation should become a core component of all sales/buyer conversations.

Tear Down Your Walls - Time starved Shoppers are in stores looking for solutions. They don't think departments first, just like they don't think brands first. Acknowledging this fact requires that retailers facilitate collaboration between departments. As one leading retail spokesperson said: "Meal Solutions are a core shopper appeal. And those solutions, by definition require cross-departmental merchandising. It is no longer acceptable not to have a clear process in place to cross merchandise solution bundles." Retailers must encourage and motivate their buyers and merchandisers to be responsible to shoppers first, not to their own category needs. This may require a major restructuring and retraining effort.

Differentiate Yourself - Retail promotional calendars run the risk of all looking the same. Back-To-School is BTS for everybody. But does it have to be? The challenge is how to make seasonal programs uniquely appealing - how to use them to extend and support your core strategy and point-of-difference. Walmart is doing an excellent job of tying their seasonal programming back to their core message of *Save Money. Live Better*. For example their "Game Time" theme bridges the full potential of the football-viewing season.

These strategies should flow from the marketing department, but then be communicated throughout the organization and be translated into action across all appropriate departments. Seasonal vendor conversations need to start with a communication of what the season means for your store and how you are using this programming to communicate your point-of-difference.

The Emerging Future

The evolution of retail focus from a *stack-it-high-watch-it-fly* merchandising to a *shopper solution* marketing orientation is prompting the need for Marketers to view in-store real estate as a "branding" opportunity. "Retail strategy" is no longer a contradiction in terms. Marketers need to evaluate in-store communication as media and apply the same rigor to it that they apply to traditional media planning.

Shopper Marketing in the future will be a marriage of *Brand*, *Shopper* and *Retailer* Insights, that leads to a leveraging of combined Marketer and Retailer assets, charged with a major dose of creativity. This process will achieve success via category and occasions *solutions*, innovative *programming* and *measured* results.



However, the need to provide multi-disciplinary shopper insights married with individual retailer knowledge, means that Shopper Marketing departments can no longer stand on their own, and expect to get results.

The good news is that all of the above is “marketplace ready.” Retailers are more eager than ever to work with manufacturers to better understand the impact of in-store marketing programming, to share data and analytics and to develop mutually-beneficial shopper solutions approaches.

With only a bit more course correction on the part of both parties, the promise of “shopper marketing” can become fulfilled.

The bad news, for our entry-level MBA, is that marketing is no longer an ivory-tower “consumer” discipline. It requires practitioners to get out into stores and really understand what’s going on with *shoppers*. If that’s not what you signed up for, you may be in the wrong line of work.

About the Authors

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Jon is CMO, RockTenn Merchandising Displays. He is an acknowledged leader in helping marketers address the challenges of competing in today's complex environment - where channel consolidation, media fragmentation and changing consumer demand has raised the bar on required skill sets. Jon's vision for the future includes the convergence of promotion, advertising, and new media in store.

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Award-winning creative director and marketing strategist, Bernie likes to say that he helps clients "sell more stuff." He is a specialist at marketing integration, with a career track record that has encompassed top marketing and sales roles as well as agency principal. Over the past 15 years Bernie has been on the forefront of the continuing evolution to brand-building in-store marketing and promotion.



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