



# White Paper

Identifying Solutions Delivering Results

## Is It Time to Reset Your Shopper Marketing? Do you know if your investment in Shopper Marketing is working?



In a 2015 survey conducted by the Path to Purchase Institute, only 25% of consumer product marketers said that shopper marketing is delivering incremental sales growth for their companies. Meanwhile, 14% said it hasn't produced any significant growth — while the other 62% still haven't adequately measured the impact.

So, if your shopper marketing isn't working as well as you hoped, you don't have to feel bad because you're obviously not alone. Fortunately, there's no reason to lose hope either, because the solution to the problem is fairly simple: start paying closer attention to the store.

The marketing industry as a whole has always been easily distracted by consumer trends and technological fads. And let's be honest, it's also never thought much about in-store marketing, a below-the-line activity that is often perceived as effective at driving volume but not necessarily at helping to build the brand. Those two realities have led many shopper marketers to become so preoccupied with new, trendier elements of the "path to purchase" — online product research, social media, e-commerce — that they've lost sight of the place where the path still most often ends: the brick-and-mortar store.

Yes, shopping behavior has changed dramatically. The path to purchase can be far less linear and far more complicated than it used to be. It can require a lot more steps — or, conversely, it can begin and end quickly with the simple click of a button. And, yes, there's a greater chance that it will end online, without a single trip to a physical store. Brand marketers must address these dramatic changes in behavior or they'll soon be out of a job.

However, nine out of 10 times, the path to purchase does still end inside a brick-and-mortar store. What's more, 90% of the product searches on Amazon.com ultimately result in purchases at a physical location — so even when the earlier stages of the path are conducted online, the sale still takes place in the store.

Need more evidence? In February 2015, Walmart announced an alarming change in its marketing strategy, telling product vendors to scale back on displays and in-store promotions and instead invest their money in helping the retailer re-emphasize its EDLP strategy. It's almost as if shopper marketing was given a back seat to pricing. Vendors began feeling the impact almost immediately. Mondelez International reported that a decline in first-quarter revenue was "largely due to a change in a large customer's in-store strategy."



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Kellogg Co. similarly acknowledged that display reductions at one "large customer" had "adversely impacted" sales. Both companies said they were working with the retailer to find some middle ground that would bring back some of the lost display opportunities.

So developing a shopper marketing plan that emphasizes these newer stages of the path to purchase but gives little attention to traditional retail is a huge mistake. It's like dressing up for a formal morning wedding — top hat, tails, ascot, cane — but forgetting to put on your pants.

It's also missing the whole point of shopper marketing, because you can't influence shopping behavior if your brand isn't visible in the place where most shopping still occurs. So, how do you reset your shopper marketing strategy so it will achieve its full potential? You can start by addressing three critical truths about today's marketing landscape that most organizations have yet to even acknowledge:

## **1. Brand Destiny Now Rests Largely in the Hands of the Distribution Channel.**

In a recent survey conducted by IRI, millennial consumers claimed that in-store kiosks have a greater impact on their purchase decisions than previous experience with or trust of the brand being considered. That fact should send a chill up the spine of any brand marketer who's still focused on using consumer media to build awareness and consideration.

Today's shoppers are less brand-loyal than their predecessors were, and therefore are far more likely to be influenced by immediate stimuli than preconceived notions. Long gone are the days of building up all the brand awareness and purchase intent you need before the store. Brands now need to make their case right where the decisions are being made. (This also holds true when it comes to e-commerce. By the way - anyone devoting their digital marketing to brand awareness alone is probably wasting a lot of sales opportunities.)

## **2. Retail Visibility is the New Brand Advertising.**

Roughly 140 million shoppers visit Walmart every seven days. To reach the same number of consumers in one week via television, you'd have to advertise during nine of the 10 highest-rated series. The multi-millions of dollars that would cost could produce a lot of eye-catching product displays. Media consumption is actually on the rise. But consumption today takes place across so many media channels and programming types that it's next to impossible for a brand to find its full audience affordably. "Mass media" isn't quite a misnomer yet, but it sure doesn't deliver the audience that it once did. But you can be reasonably sure that they're still visiting a store.

## **3. Renaming Old Consumer-Centric Thinking as “Shopper Marketing” Ignores the First Two Truths.**

A leading reason why shopper marketing hasn't reached its potential is that too many companies have done nothing more than rechristen their traditional retail practices — using the term as a fancier synonym for the same old trade promotion, account-specific activity or in-store marketing. But securing secondary placement for a product display is not shopper marketing. Those in-store or retail veterans who tell you they've been "shopper marketers" for the last 20 years?



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They're not entirely wrong, but they're dismissing some of the important strategic nuances that make shopper marketing different. The most important nuance is the development of "on-site insight," the deep understanding of both the retailer and its shoppers that can turn tactical in-store executions into strategic shopper marketing programs.

Of course, the easiest way to gain such on-site insight is to collaborate with the retailer. Although another reason why shopper marketing hasn't met expectations is that it all-too-often doesn't involve actual collaboration, instead it mostly involves manufacturers delivering their own brand-focused programs or retailers seeking brand support for their efforts. (In fact, the level of real collaboration has actually decreased in the last four years, according to Path to Purchase Institute data.)

Even when formal collaboration isn't possible, smart marketers will still employ retailer-specific business intelligence and unique shopper insights to develop innovative programs that couldn't be executed at another chain — the kind that the retailer won't be able to turn down (maybe even a price-focused Walmart). Here's a big hint: Don't worry solely about your brand. Focus on the category, the total transaction, the unique shopper solution that will drive sales and brand equity for both you and your retailer partner.

***Make no mistake: This is not an easy task.*** One major issue is that it requires greater cross-functional alignment within the organization to develop marketing strategies that can be effectively translated into the store environment. The mantra should be: "If it doesn't increase brand visibility at retail, it's not worth doing."

But if you can get it done, your retailers will be a lot more interested in supporting your brand. And, you'll be helping shopper marketing to finally start reaching its potential.