



White Paper

Identifying Solutions Delivering Results

Is It Time For A Shopper Marketing Reboot?



The Tie That Binds

Is it time for a Shopper Marketing reboot? With the benefit of 20/20 hindsight, in 2007, Shopper Marketing seemed to leap almost fullyformed into the industry vernacular. It was driven by the Deloitte/GMA report, “Capturing A Shoppers Mind Heart and Wallet.” The report was filled with what seems to be common sense today, such as:

“The store is compelling and an Ideal marketing canvas transformational change is required, and It’s quite complex. The industry is a believer and the time is right in reality, shopper marketing programs, called co-marketing, was being practiced, as a tactic as early as 2004, but with limited industry or retail support.”

In 2008 “Delivering The Promise Of Shopper Marketing” was a quick follow-up to the successful 2007 Deloitte report. The documented shift in industry behavior in a single year was unprecedented for traditional FMCG marketers and retailers. According to the “Year II” study, the number of respondents with “significant” Shopper Marketing Departments had increased by 500%. Respondents claimed the discipline was predicted to grow “at a higher rate than that for almost any other marketing tactic.”

A New Industry Has Blossomed

These two studies seemed to foster a completely new industry, and the land grab began. The POP Times, led by one of the industries great visionaries, Peter Hoyt, changed its name to Shopper Marketing Magazine and became the beacon for discipline evangelization. Freestanding agencies, as well as holding company subsidiaries, were formed. A new marketing disciple was born.

Unfortunately, creating a new discipline is not so simple. The need was clear. What these fast-growing departments and budgets were supposed to do, and where they fit in the organization, was not. Sales seemed to be the most logical home as the majority of budgets were used to drive promotional price and feature. However, with Marketing still in the driver’s seat, many felt this new group should report to the “brand holder” in the Marketing Department. With no clear definition to frame deliverables, and no clear location in organization, the discipline waffled.



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Fast Forward to Today's Shopper Marketing

Today, we live in a whole new world. While shopper marketing departments and agencies are now commonplace, many of the same questions remain. However, answers to the important questions of roles and organizational reporting structures may be clearer. Shopper marketing needs to be reframed to focus on tying together many traditional marketing and sales disciplines, roles & responsibilities. Especially as the retail and shopper environment continues to shift at an ever-increasing rate.

The reality is that virtually every traditional business practice is being disrupted at an unbelievably fast pace. Among a host of other trends, in just the past year: Aldi and Lidl dramatically increased their presence in the US, Amazon bought Whole Foods, and Prime Membership expanded to over 80 Million US HH's at the same time. According to investment firm Mizuho, over 113M units of the Amazon controlled speaker system "Alexa" will be sold in the next 4 years, accounting for over \$7B in transactions. Tomorrow, shoppers will shop from multiple platforms accessing a wide variety of competitive solutions.

These new shopping methods present a host of new challenges.

Shopper Marketing Reboot? Here's What's Needed:

With shopping now an "anywhere, anytime" activity, there is a clear role for shopper marketing. Melding the traditional disparate roles of sales and marketing into clear, retail-centric, shopper-focused, retailer-specific programming. Shopper Marketing practitioners need to understand a whole new interconnected ecosystem of requirements. They must help retailers and brands find ways to build differentiation and equity in a complex competitive environment.

They will also need to understand that retailers now mandate their vendors help them deliver against three critical objectives; differentiation, building shopper loyalty and increasing basket load. Shopper marketing teams need to also understand the rapidly evolving retail technology landscape, and the resources that support it. This means identifying new partners, and/or requiring more from existing suppliers.

Understanding requirements and asking the right questions are critical. It's no longer about "low cost" but identification of "best cost". In sum, after 10 years the role of what shopper marketing must become is increasingly clear and important. Shopper teams need to become the tie that binds together the traditional roles of sales & marketing.