



Shopper Insights and Shopper Marketing

“Getting it Right”

By: Win Weber

There is no question that shopper insights will become the primary driver of the collaborative process between consumer products companies and their retail customers while shopper marketing will become an increasingly important component of a brands marketing mix. But, let's put this in perspective. Shopper marketing is not an end-all by itself as so stated by some

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industry experts and by those who are trying to “productize” it for self benefit. It is simply one component of a fully integrated business management process designed to build brand equity and enhance the effectiveness of the shopping experience. It can be an important go-to-market strategy for some companies and less important to others. Where and how it fits in a company

depends on the importance of a company's brands to the marketplace, the category and the retailer; brand consumer positioning; how to best influence consumer purchase behavior; available resources and a number of other factors.

It's not just how shopper marketing is being positioned as an end-all by itself that is bothersome. Its ill-defined and all encompassing positioning is resulting in a broad range of interpretations across the industry. I am constantly asked by companies who have yet to begin or are in the early stage of transformation... “How do you define shopper marketing?” Because of this lack of clarity, some companies are having difficulty securing cross-functional understanding and “buy-in” as to where and how it should be positioned within the company. Others, because of a lack of clarity, are moving forward with misguided transformation initiatives.

Before moving forward to discuss how to “Get it Right”, let's understand what it really is.

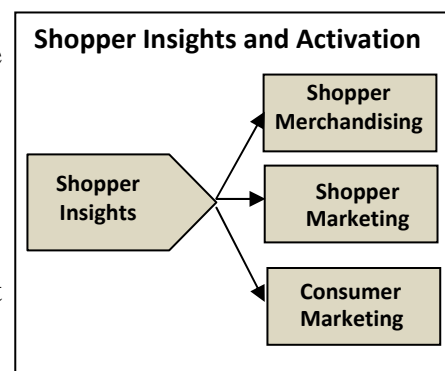
A Way To Think About It That Makes More Sense

Let's begin with shopper insights, which I view as a valuable asset in business planning. I define shopper insights as any insights necessary to understand the shopping experience including shopper need states, shopping occasions, shopper behavior in-store, drivers behind the purchase decision at the shelf and reaction patterns to particular in-store stimuli. If we think about this in practical terms, shopper insights is knowledge that feeds three activation points. These activation points are shopper merchandising, shopper marketing and consumer marketing. Each of these activation points plays an important role in the total marketing mix.

Shopper merchandising is defined as enhancement of the shopping experience through assortment and plan-o-gram alignment with shopper needs; aisle/department/store layout; displays; merchandising fixtures; solution based shopper communications...the full realm of category management.

My definition of Shopper Marketing aligns closely with the Deloitte/GMA study definition, with two exceptions. First, while the Deloitte/GMA study says shopper marketing is the employment of all marketing stimuli, developed based on a deep understanding of shopper behavior, designed to build brand equity, engage the shopper and lead him/her to make a purchase, I can argue that “all” is an overstatement, especially when you consider that shopper marketing is only one of three activation points.

Second, the Deloitte/GMA study says “designed to build brand equity” which is being interpreted by many as meaning the manufacturer’s brand equity alone. I suggest that saying “designed to build manufacturer and/or retailer brand equity” would add clarity and a more balanced perspective. And, talking about a balanced perspective, this is not only about manufacturers and retailers working together to create a more engaging shopping experience. In a few instances a retailer may want to “go it” alone. For example, we have recently been invited by several leading retailers to help them understand how to apply shopper marketing to build store brand equity.



The third activation point, consumer marketing, can be broadly defined in terms of product development, packaging communication and pre-store direct to consumer communication and promotion.

There is no question that thinking about shopper marketing in the context of it being one of three activation points adds clarity. It just makes a lot more sense.

Status, Key Issues and Challenges

Now that I have defined shopper insights and where shopper marketing fits as one of three activation points, I would like to share with you my thoughts regarding the status of shopper insights and shopper marketing in the marketplace, what the key issues and challenges are and provide some guidance, based on our firm’s experience, that may help you in “getting it right”.

During the past several months I’ve had an opportunity to meet with quite a few leading CPG companies, consult with others and share observations with industry sources. A few companies appear to be doing it right, some are heading in the right direction but have a long way to go while many are moving forward with misdirected transformation initiatives or just trying to figure out where and how to start.

Now, let’s talk about the few who appear to be doing it right. These companies have a clear vision and activation strategy for shopper insights and shopper marketing; have effectively aligned their shopper insights and shopper marketing functions within the organization; repositioned their category management, customer marketing, marketing and consumer research functions; designed effective shopper research and shopper marketing strategies; performance measures are in place; and they have done a fairly good job implementing planning and knowledge transfer processes that encourage cross functional collaboration. This being said, many of these companies still have a way to go. While at the corporate level they have built solid capabilities to work on a collaborative basis with several of their largest retail customers, we find that in most of these companies shopper insights and shopper marketing competencies have not been adequately translated down to their field sales and category management

organizations. Transformation to a shopper insights capability, and I mean just the basic knowledge and skills requirements, is seriously lacking.

The next group of companies, those who are heading in the right direction but have a long way to go, typically have senior management commitment, have implemented a shopper insights and/or shopper marketing function, are in the early stages of building organizational capabilities, are investing in some market wide shopper research and may be conducting some retailer specific research. Most have not yet defined a research strategy or identified the appropriate research partners; shopper marketing strategies within each brand or brand group are in the early stages of development; ROI measures are not clearly defined and there are issues related to skills development and the translation of shopper insights and shopper marketing competencies down to their field sales and category management organizations.

Before I go further, I would like to make one important observation regarding the first two groups of companies mentioned above.

We find that in most cases, with the focus being on building shopper insights and shopper marketing capabilities, not enough attention is being paid to the development of strategic customer management skills within sales teams and field sales organizations. You should consider the importance of productive “top-to-top” strategic dialogue and cross-functional involvement by a retailer’s senior merchandising, marketing and store operations executives when planning retailer specific shopper insights and shopper marketing initiatives. Enhancing these skills to the fullest is a must.

I can state unequivocally that retailer specific shopper insights and shopper marketing initiative ROI, unless framed by retailer senior management involvement and commitment across functions, will not be fully realized.

Finally, what about the majority who are moving forward with misdirected transformation initiatives or just trying to figure out where and how to start? Many in this group are making a huge mistake by just “testing the water”, trying one or two shopper insights customer specific projects outside the context of a clear strategy and defined transformation plan. We find that in many of these cases senior management may not be fully committed; there is a lack of understanding as to the potential value shopper insights and shopper marketing investment may mean to the company; or these companies simply do not know how to go about it. This ad hoc, trial and error approach, in most instances, will lead to misdirected resources, considerable re-work and an inability to fully leverage shopper insights and shopper marketing to optimize business performance. Some companies in this group are trying to do it right by organizing cross functional teams designed to determine the potential of shopper insights and shopper marketing investment, what it should look like and how it should work. The quality of output from these teams will depend on how well they are staffed with talent. Some may get it right; many won’t.

Key Transformation Challenges

- Getting consensus on a clear vision for shopper insights and shopper marketing.
- Understanding the role of shopper insights and shopper marketing in the overall marketing mix.
- Setting up the structure, process and knowledge sharing for effective cross functional collaboration.
- Developing new funding and resource allocations and challenging old priorities.
- Designing an effective research strategy and selecting quality research partners.
- Building consumer and shopper insights knowledge and skills into the organization.
- Establishing collaborative relationships at the strategic level with key retailers... based on brand positioning, category leadership and shopper insights, etc.
- Incorporating retailer merchandising strategies and store execution into planning and prioritization of retailer programs.

What About Retailer Capabilities?

Retailer readiness varies considerably. Most major retailers are adding shopper insights functions and upgrading their marketing capabilities to support shopper insights and shopper marketing initiatives. However, their resources are still quite limited. Retailers with whom I have met say they only have the resources to handle a limited number of priority category, aisle or department level projects with manufacturers. They are saying they must rely heavily on manufacturers to provide the necessary resources. Smaller projects are being relegated down to the category manager level.

What about store execution? Even the largest “best-in-class” manufacturers are saying their biggest challenge is getting beyond concept agreement to store tests and eventually broad scale rollout. As we have all seen with category management initiatives, store execution has been the Achilles heel in retailing. Based on my observations, store execution related to shopper insights and shopper marketing initiatives has not been much better.

My suggestion! Add shopper centricity readiness to your customer profiling process. If a retailer is not ready to commit and execute shopping experience improvement initiatives, think twice before spending your money.

Located In Sales Or Marketing?

The reporting relationship of the shopper insights and shopper marketing functions within an organization is often a hotly debated issue, even after the final decision has been made. We find that most companies are locating the shopper insights function within sales, some are within centers of excellence and a few are within shopper marketing or consumer research. Most companies are locating shopper marketing within sales, and in some instances, while reporting

The customer, the store, and therefore the shopper are the domain of sales and category management to sales, embedding shopper marketing personnel in marketing. A few have shopper marketing reporting directly to marketing. Some have combined shopper insights and shopper marketing as one function reporting to sales. Where do I think the shopper insights and shopper marketing functions should be located? It depends on a number of considerations, but apart from extenuating circumstances, I can build a strong argument to suggest that both functions should be located in sales.

“Getting It Right”

Key questions being asked by many companies include... Why should we invest in shopper insights and shopper marketing? If so, to what extent should we invest in shopper insights and shopper marketing? If not, what are the implications? There are no pat answers. A vast majority are also asking... How should we begin and evolve the shopper insights and shopper marketing transformation process?

These and more questions can be easily answered by assessing the current situation against “shopper centricity” benchmarks. There are four benchmarking groups, each with considerable supporting detail. This essential and comprehensive first step, which preferably is done by a third party with extensive shopper insights and shopper marketing expertise, provides the framework for determining the role and importance of shopper insights and shopper marketing within the framework of the corporate and brand strategies. This process also uncovers potential challenges ahead: the reluctance to tamper with traditional organization alignment, roles and responsibilities (turf protection); legacy processes and the challenges of redesign; resource allocations based on old priorities; inadequate skills across the organization etc.

Can any company “get it right”? Absolutely, if they are willing to adhere to the following shopper insights and shopper marketing transformation guiding principles:

Strategy

- Develop a clear vision and strategy for shopper insights and shopper marketing to gain commitment across the organization and to guide transformation going forward.
- Determine the role of shopper insights and shopper marketing as it relates to brand strategy and the customer value proposition.

Structure

- The reporting relationship and structure for shopper insights and shopper marketing will vary based on the culture and capabilities of the organization along with current brand positioning.
- Evolve to a vertically integrated organization structure, with support processes, that provides an approximate 50/50 balance between headquarter and field shopper insights and shopper marketing capabilities.

Process

- Extensive thought and effort needs to be applied toward organization alignment principles and processes that ensure efficient knowledge transfer and integrated planning between Sales, Shopper Insights, Shopper Marketing, Category Management, Customer Marketing, Marketing and Consumer Research.
- Effective processes involve a HQ push of market wide insights and integrated marketing programs; and customer/field pull of information in terms of adapting programs to retailer specific requests related to business development opportunities.

Insights

- Develop well rounded and robust insights to understand the entire path to purchase... consumer, shopper and retailer insights.
- Shopper insights are most effective when embedded into a 360° integrated marketing approach.
- Synchronize data sources to create an information management system designed to provide a more self-serve environment and improve awareness and accessibility of available data/research.

Knowledge/Skills

- Sales, category management and customer development personnel will need to develop new skills.
- It may be necessary to recruit new expertise and experiences from other functions or from outside to drive shopper insights and shopper marketing.

Implement

- Employ a targeted and highly disciplined approach for shopper insights and shopper marketing initiatives, including retailer readiness segmentation and defined performance measures designed to maximize ROI.
- Develop a thoughtful transformation plan...How far, how fast.
- It is important to prove processes and concepts; and again early wins to build organization momentum.

Yes, I guarantee any company can “get it right” by following the aforementioned guiding principles and tailoring shopper insights and shopper marketing to fit your company.



Win Weber is Chairman and CEO of Winston Weber & Associates, Inc. (WWA), a management consulting firm that provides a wide range of consulting services to manufacturers and retailers in the consumer products industry. He is recognized as one of the original architects of category management and architect of the recently announced beyond category management model, Shopper Centric RetailingSM. Win is recognized as a leading industry expert on transformation to shopper centricity. To learn more, he can be reached at winweber@winstonweber.com.