

MARKETING

Shopper marketing influences long-term behavior in digital age: report

July 27, 2016



Millennial shopper

By FORREST CARDAMENIS

Once a vehicle for driving short-term sales, shopper marketing now plays a role in motivating behavior, according to findings from the Association of National Advertisers and GfK.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246** ▶

While 41 percent identified driving conversion among shoppers as a key role in shopper marketing, 35 percent identified it as a way to motivate behavior through means other than price. The increase in online shopping and its convergence with in-store has spurred increase in shopper marketing as it becomes a viable means of instigating long-term gains.

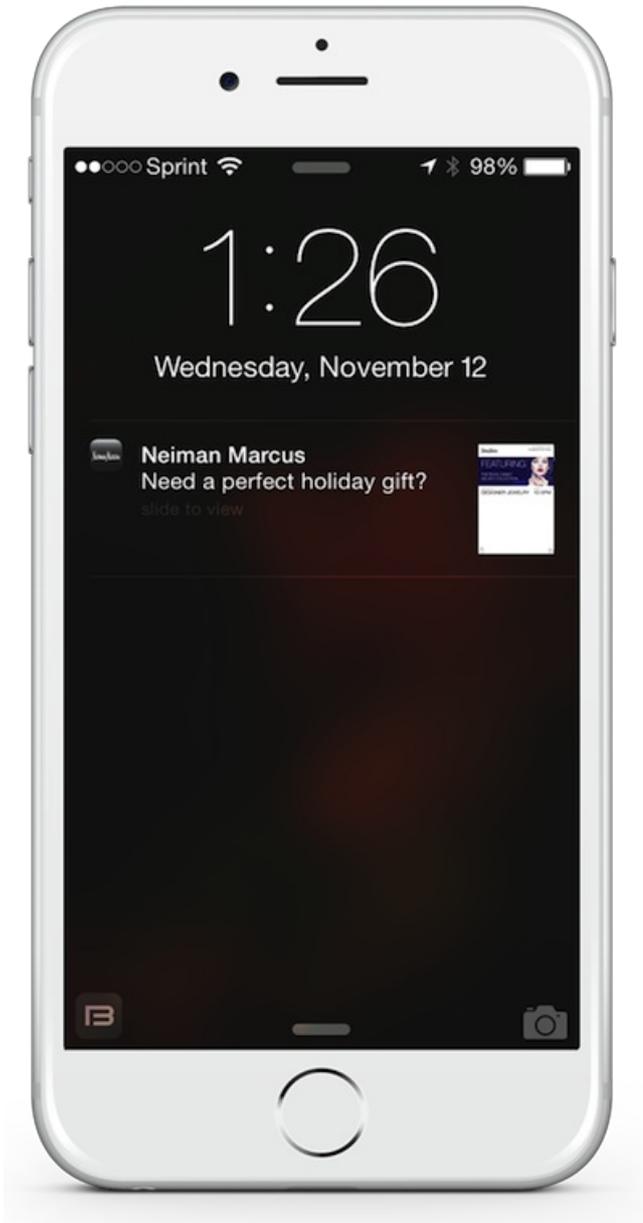
"Initially shopper marketing was primarily about influence shopper behavior within bricks-and-mortars' four walls," said Sarah Gleason, senior vice president, GfK shopper and retail strategy. "With the advent of online and digital and mobile that has included influencing behavior wherever the shopper is, online or in-store.

"That means not just when they're making a purchase but also when they're researching and looking for coupons and gather product info, compare price, understand benefits, etc.," she said. "All of that now needs to be available when and where a shopper is considering shopping."

"Shopper Marketing: The Next Generation" represents data from 185 marketers with an average of 12 years in marketing. Approximately 40 percent were directors or higher-level positions.

Short-term and long-term

The rise of digital has transformed shopper marketing into an omnichannel experience designed to reach and influence shoppers across touchpoints. As consumers use phones pre-visit, geolocation and targeted marketing are emerging as means of commanding a shopping excursion, and the phone has also become a site to extend a visit following a purchase.



Beacon message from Neiman Marcus

Despite the marketing opportunities they present, the advent of digital and mobile technologies empower the shopper rather than the retailer. Consumers can now easily compare prices and check supply across numerous retailers, allowing them freedom from traditional elements of shopper marketing such as packaging, category management, displays and sales.

Accordingly, the projected compound annual growth rate for shopper marketing through 2020 is 5.8 percent, greater than overall marketing spend, to \$18.6 billion.

Among organizations who have had dedicated shopper marketing teams for three years, more than half believe it is a competitive advantage and that it reflects the convergence of consumer, brand and retailer. Despite the numbers, more than 40 percent of organizations are still without dedicated teams.

Shopper marketing teams also have more direct contact with consumers and can see results more clearly, generating insights for marketing teams to incorporate. Those that follow this model see shopper marketing as a strategic initiative more than those who do not.



Saks Fifth Avenue

Among respondents, 70 percent say that shopper marketing can lead to the development of programs designed to overcome shopper purchase barriers, but only 40 percent agree they have the necessary funding.

Over the next four years, those who see shopper marketing as a competitive advantage indicate that it will be more informed by actual rather than suspected behavior. The availability of competitor stock and prices at the tips of consumers' fingers will also lead to post-purchase communications in an effort to build loyalty.

The full report will be released in August.

Consumer benefits

While traditional marketing strategies revolve around demographics, digital and mobile shopping allows brands to track and identify consumers, granting a more specific and personalized understanding.

A new segment of shopper is emerging who uses mobile devices more frequently and represents the greatest opportunity to increase revenue via a focused mobile in-store strategy, according to a recent report from DMI.

The report, *Shoppers Want More From In-Store Mobile*, focused on shopping behaviors instead of demographics, discovering that 33 percent of shoppers regularly use a mobile device while shopping in a store. Additionally, the lion's share of these shoppers would visit a store more often and buy more if leading in-store mobile shopping tools were available ([see story](#)).

Retailers are currently in the investment and adoption phase of the future of retail, a plateau on which practices and consumer behavior have yet to catch up with technology, according to a report by Walker Sands.

Walker Sands' third annual "[Future of Retail 2016](#)" study analyzes emerging retail technologies, placing an emphasis on consumer reaction to these potential game-changers and how the adoption of such strategies will affect spending habits. As to be expected, the technology leading retail's evolution is ecommerce, with nearly a third of surveyed consumers shopping online at least once a week, a jump of 41 percent from 2014 ([see story](#)).

"Shoppers have taken control," Ms. Gleason said. "If you think about it historically, in the '50s with the advent of brand marketers they were in control, but then as retailers got bigger they got in control, and now with mobile and digital, shoppers are in control.

"It's not bad at all; it requires a lot greater level of insight and understanding that are these moments of truth where you can truly influence or intersect with a consumer or shopper," she said. "There is this huge range of places they may be interacting with you, but not all are going to have the same level of impact and influence on their purchase decisions.

"Today, you need to have more understanding of the shopper that you are going after."