

RETAIL

## Measurement and ROI tracking remain priorities for retailers: report

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*Retailers need to unify their brand and trade marketing budgets*

By DANNY PARISI

Traditionally marketing budgets are split between trade, or retailer-level, and brand, or consumer-level, but the rise of ecommerce is causing many brands to combine these two into one category.

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This data comes from Criteo's new report with Kantar Milward Brown, "Trade Marketing in Transition," which seeks to understand the current relationship between brands, marketers and retailers. The report found that measurement and trackability are two of the main concerns for modern retailers.

"The luxury retail industry has been slower to embrace online shopping, but Bain & Co. expects growth in this sector to jump to 25 percent of total luxury sales by 2025, from 8 percent today," said Jonathan Opdyke, president of brand solutions at [Criteo](#), New York.

"These ecommerce marketing late-comers have an opportunity to shift to targeting shoppers both offline and online and merge trade and brand budgets in order to capitalize on this expected growth and overcome the impact of Top Rank Persistence and Amazon's growing dominance, identified in the report from Criteo and Millward Brown," he said.

### Marketing budgets

With ecommerce threatening so many retailers, it is important for them to be able to adapt to a changing world.

With that goal in mind, Criteo surveyed a number of retailers across sectors about the relationship between them and their customers, marketers and brands.

One of the most notable results is that half of the respondents said that ecommerce was extremely disruptive to the retail landscape and to their business in particular. Ecommerce, especially from the juggernaut Amazon, has been a thorn in retail's side as many consumers are preferring to do all their shopping online and eschewing the store experience.

## Disruption

Q. How much of a disruption do you believe online sales are having on your industry?



### *Online sales are very disruptive to retailers' business*

When it comes to marketing products online, retailers listed Amazon's price setting, conflicts between the retailer and brands and the complexity of digital marketing as the top three concerns.

In response to these concerns, brands are adjusting their strategies. Criteo found that paid search marketing is the category where retailers will be spending more money this year while print advertising is the category that will see the biggest drop-off in spend.

This strategy is endorsed by Criteo, which states that retailers should continue to develop paid search as a means of securing themselves against ecommerce threats.

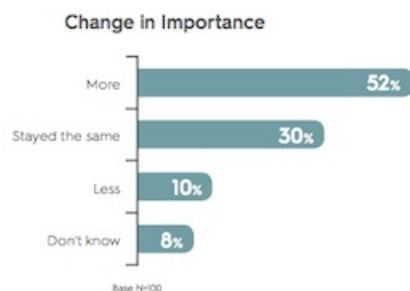
### Digital complexity

For luxury retailers, there may be a desire to think that ecommerce will not affect them as much given luxury consumers' desire for high-quality in-store experiences, but this is not necessarily true. In fact, luxury consumers are more likely to make impulse purchases online than non-luxury buyers.

Luxury marketers who do not have an optimal mobile experience are missing out on a huge opportunity, according to ContentSquare. Affluent consumers that purchase luxury products take less time looking at each product online compared to the standard buyer and make up their purchasing decisions via emotion ([see story](#)).

Creating a rewarding digital experience is so important to consumers, they are often willing to make sacrifices to get it.

Q. Has Shopper Marketing become more or less important to you over the last five years?



### *Marketing directly to shoppers has become more popular over time*

Accenture Strategy's latest report shows that 37 percent of consumers in the United States will allow companies to mine their data in exchange for a rewarding experience or finances. The "Painting the Digital Future of Retail and Consumer Goods Companies" report also showed 37 percent would subscribe to lists that will consistently provide cheapest pricing ([see story](#)).

Even for sectors that traditionally rely on word-of-mouth, digital is paramount given the prominence of social media in the average consumer's life.

In a new study from HRC Retail Advisory, findings showed that word of mouth is still the main avenue for consumers looking for recommendations on products. However, the channels in which these recommendations are delivered to consumers have shifted toward the digital world with YouTube tutorials and social media feedback,

especially for the beauty industry ([see story](#)).

While it is understandable that the complexity of digital advertising is a major concern for retailers, Criteo suggests a good place to start: a system for accurately tracking ROI of digital ads.

"Trade marketing is undergoing a profound shift," Mr. Opdyke said. "To profitably target and acquire shoppers, both online and offline, marketers must adapt their trade practices and budgets.

"This study confirms that retail marketers need solutions that allow for real-time measurement of ROI and an end to the debate between offline versus online, in favor of an omnichannel," he said.

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