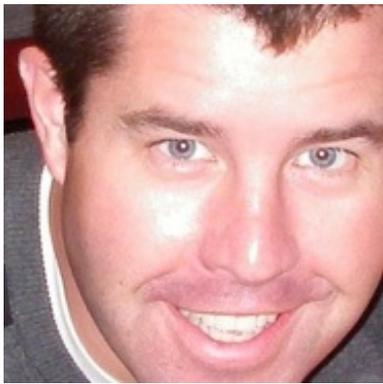


COLUMNS

A data-driven perspective on CPG mobile marketing

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Luxury Daily

This holiday season saw retailers accelerate the instrumentation of bricks-and-mortar stores to create interactive shopping experiences, which is a lot like their online counterparts.

In 2014 it will become table-stakes for competitive retail, given consumer adoption of mobile devices which place coupons, reviews, comparison prices, social connections and commerce at a shopper's fingertips.

The mobilized shopper has retailers adding the technology and data-driven processes needed to ensure reliable and rich digital experiences within the confines of the store environment.

While a lot has been written about retailers' efforts to adapt to the omnichannel shopper, not much has been said about how suppliers can participate, add value and ultimately leverage this activity themselves.

Perhaps this is because it is very challenging. Gartner views the opportunity as complex, requiring new types of data and analytic collaboration between retailers and consumer goods manufacturers to support what they term context-aware offers that intelligently

engage consumers based on their shopping mission as opposed to less relevant blanket communications:

“We [Gartner] envision a future in which you will walk into your grocery store and receive messages and offers via mobile devices based on your precise location in the store, and customized to match your preferences and habits. These offers will be generated by a complex technology and analytical ecosystem that draws from a wide assortment of data and insights contributed by you and a host of other unique individuals ... This scenario is in the early stages of development ... We think it will be at least five to 10 years before it becomes scalable.”

The timeline cited by Gartner is as much about structural issues in the way CPG manufacturers and retailers collaborate today as it is technology considerations.

Per Gartner, “The way promotions are executed has also not changed much in recent decades. As a result, change will be very difficult. For that matter, change is always difficult with manufacturers and retailers because real collaboration is not typical. Most relationships are based on getting the upper hand.”

It does not help that many companies are in a state of confusion when it comes to leveraging Big Data – arguably the biggest opportunity to sprout from mobile marketing activity if you can see past the hype to concrete ways that data drives better marketing.

I would like to suggest three equally powerful, cooperative win-win mobile marketing efforts achievable in 2014 given the current state of retailer and manufacturer relationships.

Interactive packaging

When rich media is possible inside a store, static product packaging can transform into a virtual assistant able to help a shopper make a buy decision in your brand’s favor.

Free Wi-Fi Internet connections are now common in retail environments, setting the stage for manufacturers to connect shoppers to interactive experiences.

In food segments, packaging can feature a mobile Web site link enabled via a trackable Quick Response (QR) code or text message short code that connects to a promotion, coupon or recipe which results in complementary product category sales.

Given greater bandwidth, Web links can connect to how-to videos illustrating meal preparation that promotes products in many categories.

While a link remains a constant on packaging, the media it connects to can change over time to support new technologies such as augmented reality. This flexibility allows interactions to be customized based on promotional needs, seasonality or unique trade agreements with particular retailers with no change required to package design.

In more considered purchase segments like health/beauty, apparel or consumer electronics, interactions can illustrate usage scenarios, or like in the food segment, propose complementary products which support sales in peripheral categories.

Of course, links can also connect to CPG loyalty programs, where consumers register and provide permission to directly communicate with them.

Ultimately, interactive packaging represents a win-win for manufacturer and retailer alike. Sales volume improves, manufacturers establish direct consumer relationships and growth within and across categories happens for retailers.

Content marketing

Progressive CPG marketers are employing direct digital consumer connections to fuel content marketing efforts that focus less on product attributes, and more on how the product lives and adds value within the consumer's world.

This class of brand-driven storytelling is necessary at a time when product differentiation often matters less than price in the minds of most consumers. Content marketing fuels and is built upon a unique and valuable perspective into consumer behavior.

Retailers, conversely, tend to focus on product mix and price, maximizing total market basket value, and the best next offer. That is a gap that CPG marketers can exploit if they have moved to capture and integrate consumer data obtained in the course of digital marketing efforts.

Greater knowledge of consumers' lifestyles and households can inform shopper marketing and category growth strategies that impact promotional, planogram, product placement and bundling plans.

Gartner notes challenges to achieving this degree of collaboration:

“Each consumer will become a unique combination of consumer profile and purchase history. There are many other areas where collaboration will have to take place, but for the most part, there will have to be an attitude of profiting mutually, as opposed to at the expense of a trading partner.”

It does not need to be this way. A win-win is possible if manufacturer shopper marketing teams lead retailer discussions with outcomes – category growth, higher margin promotion, and more satisfied customers.

The secret sauce will be the rich consumer lifestyle and household understanding that manufacturers bring to the table to leverage in line with transactional insights possessed by the retailer.

In-store location-based offers

Digital coupons make up a small but growing percentage of overall couponing activity. Yet even when digitized and delivered via email, coupons – like their paper counterparts – give away more value than they create in the name of sales volume.

Poised to disrupt push marketing efforts such as couponing are location-based and contextually aware pull offers triggered by the presence of mobile device-carrying consumers in specific areas of a store.

Thank Apple for adding a new feature to its iOS mobile operating system called iBeacon that facilitates this interaction.

iBeacon is an indoor positioning system that Apple describes as a new class of low-powered, low-cost transmitters that can notify nearby iOS7 devices of their presence. It is even compatible with Android handsets so the potential reach is considerable.

While Apple sets the stage for triggered communications based on a shopper's position in the store, it will not account for ensuring interactions are relevant or contextual.

The unintended consequence of this capability could have shoppers disabling the feature if bombarded with generic offers as they walk through the store.

So you can imagine the most successful use of this micro-targeting technology will be directed by the best insights both retailers and manufacturers can derive in partnership.

Gartner's context-aware offers then become reality now, not in five to 10 years.

Disrupting ZMOT

Although it was just announced, iBeacon is already supported by popular third-party mobile shopping and rewards application Shopkick.

Even before iBeacon, Shopkick was employed by many leading retailers and manufacturers to deliver less precise location-based offers and rewards to shoppers, but I suspect it is been complementary to out-of-store decision making characteristic of Google's "Zero Moment of Truth" (ZMOT).

iBeacon has the potential to disrupt ZMOT by making the store environment as interactive and engaging as any out-of-store online activity.

Whether using a third party such as Shopkick or their own branded mobile application, manufacturers and retailers need to make the most of the opportunity to engage with shoppers using technologies such as iBeacon.

Blended data and insights powering relevant, contextual communications can ensure interactions are received positively by shoppers and not turn them away.

CPG SHOPPER MARKETING teams are best positioned to lead the way.

If the CPG organization is capturing and integrating direct consumer digital marketing data, the resulting insights can help retail partners develop more relevant offers no matter what application they are served through.

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