

Shopper marketing Providing a 360° view of your shoppers and consumers

The challenge

Shoppers today are influenced by a complex network of players, shaping their opinion, needs and purchase behaviour. 3,000 marketing messages a day reach the average consumer. Over 20,000 SKUs await shoppers in the supermarket. The choice can be overwhelming, confusing, tiring almost.

At the same time, the economic downturn is changing purchase and consumption habits. There is a decline in loyalty to brands amongst consumers and a challenge to deliver value at all stages of the chain.

This situation raises a number of questions for consumer products companies:

- Do your marketing teams understand shoppers as well as they understand consumers?
- Can you leverage powerful insights on shoppers to drive revenue growth and innovation?
- Are you effectively collaborating with key retail customers or suppliers, for example by aligning marketing strategies?
- Do you have marketing, sales and insight departments sufficiently connected to provide a 360 degree view of your shoppers and consumers?

It is no longer a case of implementing traditional consumer marketing outside the store and trade promotions initiatives inside the store. The messages communicated need to be compelling and consistent both outside the store and in the store throughout the shopping journey.

Addressing the challenge

Both retailers and manufacturers are increasingly realising the store's potential as a marketing medium and are now targeting shoppers through more shopper-centric approaches, commonly called Shopper Marketing. Shopper marketing moves beyond traditional marketing and trade promotions to understand and engage the shopper and ultimately deliver an enhanced shopping experience.

Shopper marketing activity is exploding. However, few players can articulate their strategy or demonstrate results. The gap between most advanced shopper marketing companies and the rest is widening.

Successful shopper marketing companies differentiate themselves by owning a specific distinctive area of the shopper marketing space. See figure 1.



We are moving beyond a transactional relationship into a strategic collaboration to improve shopper experiences and drive category and cross-category growth.

Global household products manufacturer

Figure 1. The shopper marketing lifecycle



Source: 2008 Deloitte/GMA Report: Delivering the Promise of Shopper Marketing

What is shopper marketing?

Shopper marketing should be consistently defined from the shopper's point-of-view. It should include all marketing stimuli, developed based on a deep understanding of shopper behaviour, designed to build brand equity, engage the shopper (i.e., a consumer in 'shopping mode') and lead him/her to make a purchase.

Unilever targets owning the role as advisor to retailers on Trip Management. For the past several years, Unilever has developed and deployed analysis and insights on shopper segments and trends through the lens of Trip Management, the tactical usage of in-store marketing pieces (e.g. product assortment) to make the retail environment a solution to shoppers' specific trip missions. Ownership of this space provides Unilever with top of mind awareness in the retail community.

Source: 2008 Unilever Trip Management report: Winning Shoppers in Turbulent Times.

Shopper marketing has the potential to deliver a true competitive advantage for manufacturers if built on a robust vision, clear strategy and appreciation of the retailers' cross-category perspective. It enables businesses to:

- Target shopper focused activities that drive the greatest impact
- Differentiate brands in minds of shoppers
- Position the company as strategic advisor to retailers, both within category and across categories
- Prioritise resource allocation.

The shopper marketing journey

The importance of understanding the shopper is recognised but not consistently executed within organisations. Activity should not be mistaken for impact. Consumer products companies progress along the shopper marketing lifecycle dictates the level of strategic advantage shopper marketing programmes can achieve.

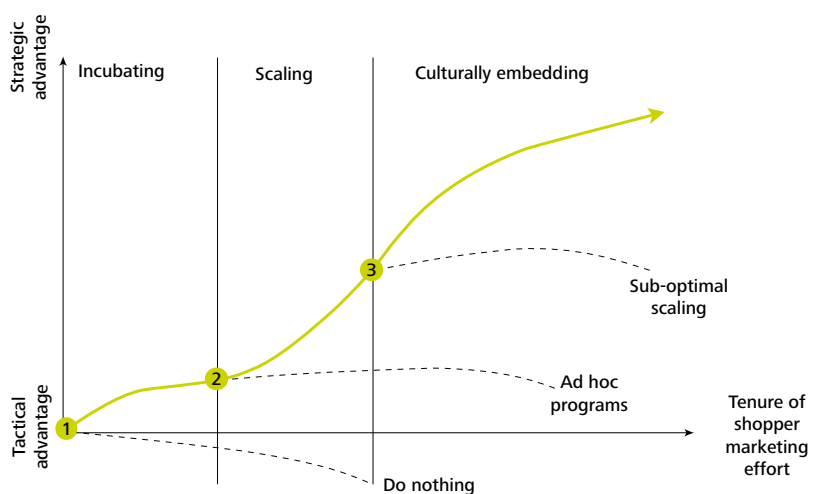
In the initial incubating stage shopper marketing has a small scale impact as ad hoc programmes drive positive return. Scaling and rolling out a successful pilot can drive further sales growth but also grow costs. Only when shopper marketing is culturally embedded, can it deliver its full potential by generating significant margin improvement and further incremental growth due to integration and optimisation. See figure 2.

Companies must traverse the naturally occurring inflection points that can either drive the organisation forward or stall the effort.

“There is a distinction between the manufacturers who ‘get it’ and those who do not. Working with the ones who do not is like squeezing water from a rock.”

Retailer

Figure 2. The shopper marketing journey



Source: 2008 Deloitte/GMA Report: Delivering the Promise of Shopper Marketing

1. Incubating

- Get organisational buy-in to shopper marketing
- Recognise risk of early failures owing to lack of appreciation of the retailers cross-category perspective

2. Scaling

- Integrate marketing and sales processes around a holistic consumer/shopper perspective
- Establish sufficient and capable resource
- Ensure adequate scale and sophistication in consumer and shopper insight
- Decide what to be famous for

3. Culturally embedding

- Fully embed shopper perspectives within strategic demand planning
- Integrate category expertise with cross-category understanding

Figure 3. Benefits of shopper marketing

Benefit	Rationale
Enhanced strategic relevance with retailers	Proactive insight and solution development along with collaborative relationships will lead to win-win shopper marketing programmes.
Improved shopper loyalty	Consistent shopper messages both in and out of store will build shopper engagement and loyalty.
Increased preference in in-store programmes	Enhanced strategic relationships lead to additional opportunities to pursue in-store programmes.
Improvement in innovation planning and execution	Enhanced shopper insights feed into the innovation pipeline and help drive successful product introductions.
Reduction in out of stock	Range optimisation and improved forecasting through shopper understanding leads to reduction of out of stock in stores.
Improved brand equity	Shifting focus away from trade promotion levers and towards brand enhancing activities will build brand equity.

Source: 2008 Deloitte/GMA Report: Delivering the Promise of Shopper Marketing

The benefits

The promise of shopper marketing is enormous for those who do it well – strategically and operationally. Companies engaged in shopper marketing initiatives are growing an average of 50% faster than the categories they compete in.

Our approach

Setting the vision and strategy

The shopper marketing journey starts with a compelling vision which can be clearly translated into strategy.

Our first step therefore involves analysis of the business to develop strategic clarity on what the vision and strategy for shopper marketing could be. This involves identifying which markets, retailers, categories and brands could deliver the biggest difference and the greatest competitive advantage through enhanced shopper understanding. This will answer the following questions:

- What do I want to be famous for?
- What products/categories are most important to us?
- How do we combine our category focus with the retailers cross-category shopper marketing objectives?
- Which brands have the most potential as a platform for a shopper marketing programme?
- Where can shopper marketing drive my and my business partners' strategic objectives?

The output of this step is a clearly articulated shopper marketing vision and strategy, supported by a business case.

Developing the capability roadmap

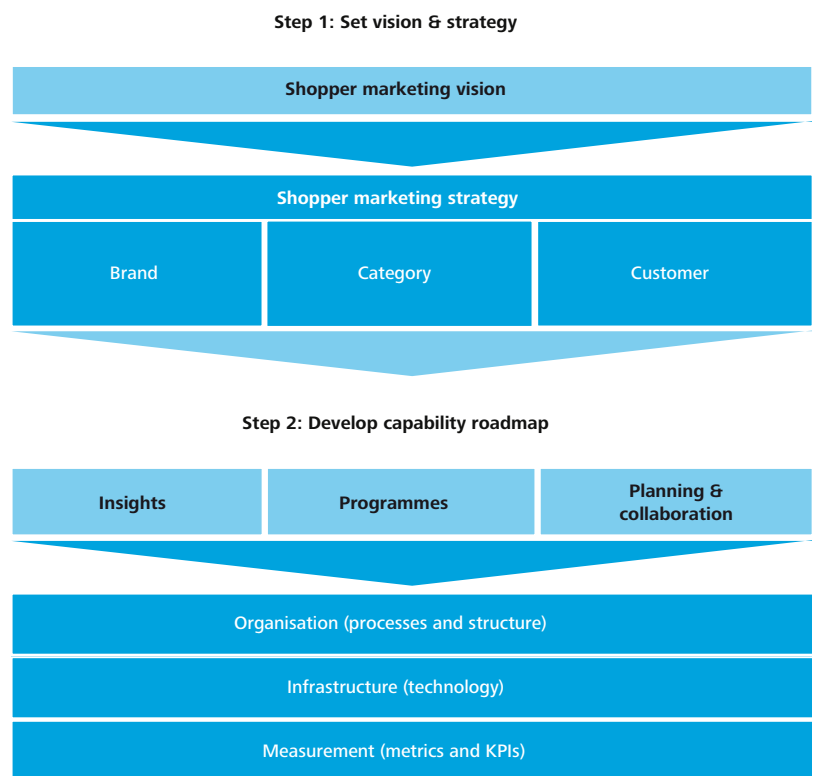
The next step on the journey to establishing shopper marketing as a core competency involves analysing in more detail the capability development required to support and embed the vision and strategy within the business.

This involves an assessment of:

- Current organisational capability, including for example, shopper and consumer insight and its use in both brand development and key account relationships
- Adequacy of enabling processes and infrastructure
- Current performance management framework and how they need to be adapted to deliver the vision.

The output includes an assessment of the To-Be vs. As-Is, and a three year roadmap for the three dimensions – organisation, infrastructure and measurement – in order to culturally embed shopper marketing and reap the benefits.

Figure 4. Our approach to shopper marketing



Source: 2008 Deloitte/GMA Report: Delivering the Promise of Shopper Marketing

Why the Deloitte approach is different

Deloitte offers an objective and impartial view of the marketplace. We are independent of the many agencies that can influence the shopper at different points of the shopping cycle and that have a vested interest in delivering shopper marketing. We bring analytical rigour to the process and understand your consumers, your shoppers, your channels to market and the changes that are taking place in the industry today. This insight is constantly informed and updated by the work we do with our clients across the industry and by the ground-breaking research programmes we invest in.

“The more retailers and manufacturers investigate shopper marketing, the more they see inherent difficulties. Success can only come as a result of careful planning, strategic investment and total organisational commitment.”

Global household products manufacturer

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Deloitte is the world's largest privately held professional services firm with nearly 150,000 employees providing audit, tax, consulting and financial advisory services. Consulting professionals provide a full range of business consulting services in the areas of strategy, operations, technology integration and human capital. Deloitte serves consumer products manufacturers and retailers around the world. Practical experience and ongoing industry research programmes ensure Deloitte's expertise in the choices facing consumer products businesses today.

Current Deloitte research programmes

We continuously invest in ground breaking research programmes that tackle the strategic issues facing the industry. Current examples include:

'Shopper marketing' – with the Grocery Manufacturers Association in the US

Demonstrates the increasing importance of shopper centricity in brand development and demand management. Looks at the need for closer integration of marketing activities that take place outside the store with those inside the store.

'Empowering shopper choice' – with the Coca-Cola Retailing Research Council Europe

Looks at the changing ways in which consumers and shoppers are using information to inform their choices about where to shop and what to buy and the opportunities for retailers and manufacturers to influence those choices more effectively.

'Sustainability and the future consumer' – with the World Economic Forum

Focused on developing a business case framework for sustainability that will aim to provide a platform to help align government policymakers, business leaders and consumers around a more sustainable model of production, distribution, purchase and re-use of resources.

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