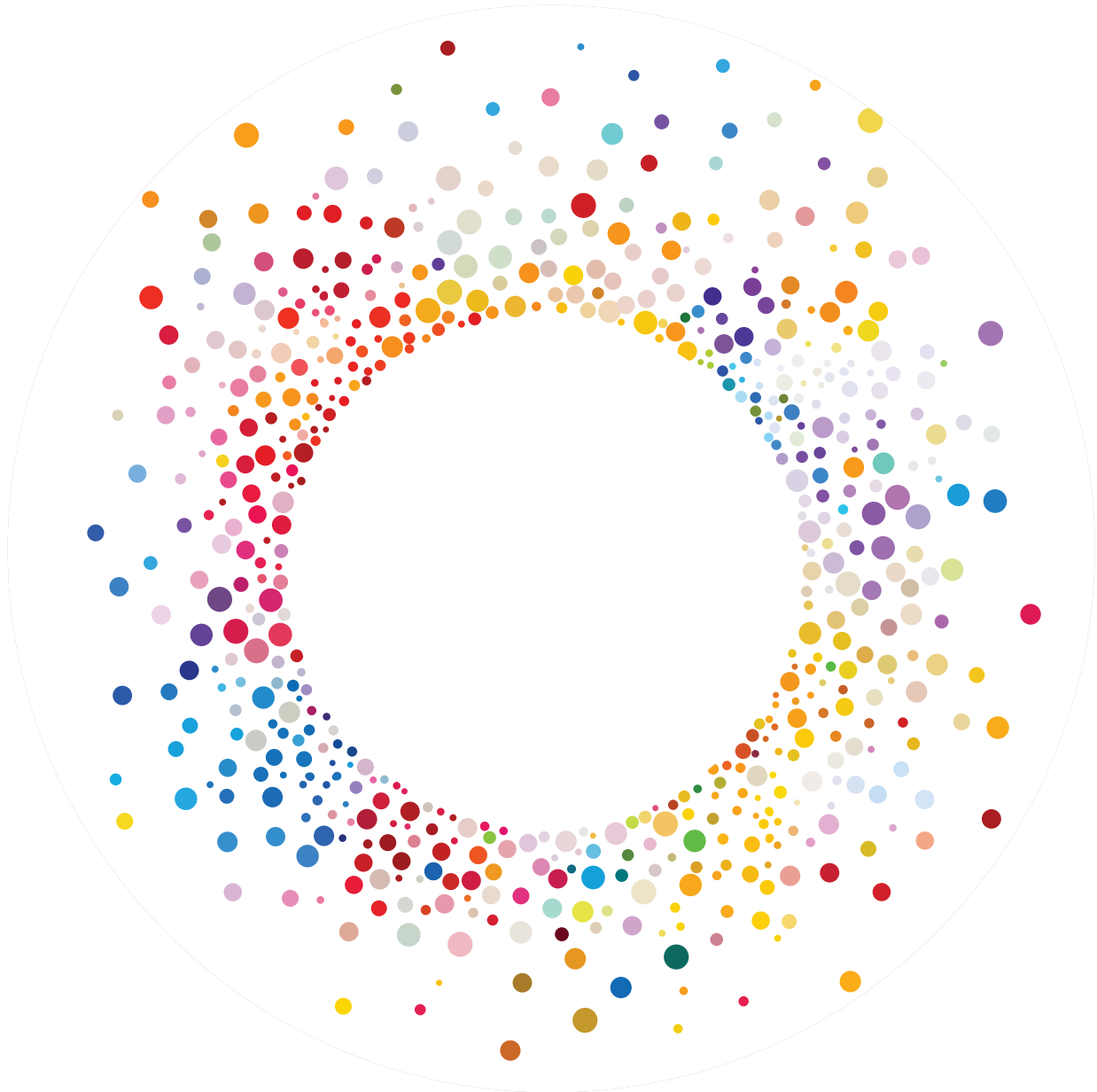


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“Click and connect” with consumer products consumers

Driving purchase and brand loyalty
in a digital-first world

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Driving purchase and brand loyalty in a digital-first world

What will it take for consumer products (CP) companies to drive purchase and brand loyalty in today's digital-first world to "click and connect" with consumers? Many companies are shifting substantial marketing dollars from traditional media to digital channels, but it may not be enough. Increases in digital spend are not always translating into improved consumer engagement and better marketing return on investment (ROI). Often today's always-connected consumers want a dynamic and personalized experience. They want to receive information when, where, and how they want it. So winning at CP marketing in a digital-first world may not be just about

shifting ad dollars. It is also commonly about cost-effectively leveraging targeted content and delivery channels as part of a holistic strategy that uses traditional and new ways of marketing to efficiently and effectively engage with consumers. It also can mean developing new capabilities in four areas that together enable CP companies to be fast, granular, and connected.

- Big data and analytics
- A new integrated media model
- Personalization in targeting offers and communication
- Seamless execution across channels

Digital is driving consumers' journey to purchase¹

Armed with their smartphones, tablets, and a wealth of e-commerce and social media sites, today's consumers are digitally empowered² and in control, profoundly disrupting the traditional journey to purchase.

CP companies are being challenged to engage with consumers in this new environment to influence their journey from initial awareness to the purchase decision, product use, and—ideally—product reuse.³

In addition, growing numbers of consumers are relying on the sharing culture of social media to learn about products and services, rate and review them, and to show support for their favorite companies and brands. Results from Deloitte's 2015 study, *Navigating the new digital divide, capitalizing on digital influences on retail*,⁹ show that consumers who use social media have a greater likelihood of purchasing products:

- Shoppers are 29 percent more likely to make a purchase the same day when they use social media to help shop either before or during their trip (90 percent versus 70 percent conversion).
- Consumers who use social media during their shopping process are four times more likely than non-users to spend more or significantly more on purchases as a result of a digital shopping experience.
- Consumers who consider themselves somewhat or very influenced by social media are six times more likely to spend significantly more than non-users (42 percent versus seven percent) due to their digital shopping experiences.

So how are CP companies responding to this sea change? Many are shifting dollars from traditional media to digital channels. But, for the most part, companies' changes to date have primarily been to their marketing spend, not their marketing model. Successful CP companies will evolve from digital marketing to marketing in the digital era, developing an arsenal of digitally enabled capabilities to engage and drive desired behavior during the moments that matter most in the consumer journey.

Why hasn't digital marketing been effective?

Digital advertising spend in the US CPG industry grew from \$2.5 billion in 2011 to \$6.25 billion in 2016 and is projected to grow to \$10.26 billion by 2020.¹⁰ Unfortunately, many organizations are not getting expected ROI from their new online investments. For example:

- Only 15 percent of CMOs participating in the annual CMO Survey¹¹ (sponsored by Duke University, Deloitte, and the American Marketing Association) said they have been able to prove the impact of social media on a quantitative basis. The most common metric used is "hits/visits/page views" which provides insight into awareness building efforts, but is not very diagnostic of subsequent purchasing.
- Deloitte's 2016 Digital Democracy Survey shows that 27 percent of consumer blocked digital advertising.¹²



CP companies' digital marketing efforts are treading water for a number of reasons, including:

1. **Missed moments**—pushing out messages too early or too late in the consumer decision-making process
2. **Inauthentic messaging**—sending the wrong message to consumers, for example, based on their demographics, and ignoring other relevant factors, such as context
3. **Failing to engage**—not fully optimizing high-engagement channels like mobile to deliver in-context promotions, price-matching offers, personalized product reviews, QR codes, and coupons.¹³

And while many CP companies are increasing digital spending and/or investing in one-off "test and learn" digital initiatives (linked to a campaign or brand), few organizations are building the insights and capabilities required to transform their marketing operations and realize the full potential of their digital and technology investments.

Winning at CP marketing in a digital-first world is not just about shifting ad dollars and measuring page views. It is about investing in resources and spend beyond digital media. Consider a holistic strategy that combines traditional and new ways of marketing to truly "click" with consumers; one that optimally leverages targeted content in both digital and traditional delivery channels.



What will it take for CP companies to win in today's digital-first world?

Winning CP companies in a digital-first world will likely need new capabilities that help make them:

- **Fast:** Ability to move quickly, with agility, to sense and respond to consumer changes, disruptive competitors, and market conditions at the ever-increasing speed of the business cycle.
- **Granular:** Ability to access data and analytics to provide a hyper-local, real-time view of growth pockets, with pinpoint execution visibility, driving strategic and tactical marketing decision-making.
- **Connected:** Ability to leverage "always-on" connectivity across the ecosystem of consumers, customers, and employees to increase agility, provide transparency, and deepen engagement.

Since shifting dollars to digital is likely not enough to drive improved engagement, sales, and marketing ROI, how could CP companies be changing their marketing model to be fast, granular, and connected? By building, acquiring, and leveraging new capabilities in four key areas: big data and analytics; a new integrated media model; personalization in targeting, offering, and communication; and seamless execution across channels. This may require investing in new types of talent, more effective data management, new technologies, and revamped organizational processes.

1. Big data and analytics: Competency in big data and analytics is a core part of the foundation—to enable a new marketing model and maximize the power of digital to deliver personalized communications. Strength in big data and analytics can give CP companies insights to guide who to target and how to optimize content, tactics and spend. This may involve enhancing capabilities in segmentation, consumer and shopper insights, analytics, and data

Case study: Nestle deploys big data and analytics¹⁴

Strategic objective Build brand equity

Value created Real-time insight to action

Nestle's digital acceleration team uses big data tools to develop consumer insights and actionable recommendations to build brand equity. On a daily basis, the team produces 1500+ pieces of content on social media. The team adheres to three core disciplines: **Listen.** Nestle monitors social media conversations on Facebook, Twitter and YouTube and applies proprietary analytic tools to stay on top of, for example, the number of each brand's followers; their level of brand interaction; consumer sentiment; and consumer comments. **Engage.** When appropriate, Nestle responds to or participates in conversations with consumers at important points of contact, giving the company the opportunity to influence the consumer purchase journey. **Inspire.** Lessons learned are shared within the organization and become a source of consumer insights, actionable recommendations, and innovation.

2. New media model: Developing content that both breaks through online “noise” and connects with today’s consumers are essential components in building a new media model that is reflective of “always-on” content publishing (content creation/management/distribution), immersive social media, and integrated paid/earned/owned media.

Case study: Adidas creates “digital newsrooms”¹⁵

Strategic objective Expand brand reach

Value created Real-time communications to engage audiences

To enhance its approach to real-time marketing, Adidas created digital newsrooms in 12 cities around the world which monitor trending topics linked to the brand, such as a win by a team adidas sponsors or a star athlete wearing its footwear or apparel. Marketers staffing the newsrooms are empowered to act on the trend by creating and deploying content in real time. For example, during the 2016 summer football season (including the UEFA Champions League Final, Copa America, and UEFA EURO 2016), adidas used its digital newsroom capability to maximize consumer interaction with its #FirstNeverFollows campaign. The product focus was footwear worn by a number of the world’s biggest soccer stars, with storytelling to give consumers context about the feeling of being first. adidas broadcast content on all major social media platforms and stadium LEDs. During the UEFA EURO 2016, adidas led shares across brands for 27 of 30 days, and received over 1.17M shares, more than twice the number of the next biggest brand. The hashtag use was more than seven times that of the closest competitor.

3. Personalization: Just because people are online doesn’t mean they are paying attention. To win with consumers along their new purchase journey typically requires personalizing and deploying marketing messages wherever consumers will see them. This can be achieved through the application of digital tools and channels, analytics, and new technologies to transform capabilities in campaign planning and execution, targeted offerings, engagement innovation, and loyalty.

Case study: Kellogg’s eliminates wasted impressions¹⁷

Strategic objective Improve return on marketing spend

Value created Personalized, in-context offerings

To increase the efficiency and effectiveness of its digital marketing programs by eliminating wasted impressions, Kellogg’s is deploying Krux’s Cross-Channel Frequency Management solution, which enables marketers to control the delivery of customer touches before a campaign becomes annoying or ineffective. This gives Kellogg’s the ability to manage and allocate ad frequency to individual consumers, enabling one-to-one personalization at the right moment and right number of times. For example, the solution enables capping of advertising impressions, saving money on wasted ad delivery. Kellogg’s has concurrently amplified brand awareness and sales, and saved \$20.5 million in wasted video and display advertising spend for an ROI of more than 25 times.

4. Seamless execution: To help drive conversion and loyalty, consumers' experience with a brand should appear seamless across multiple channels and touch points. This suggests enhancing point-of-sale (POS) execution, while developing new capabilities in e-commerce, POS experience innovation, and marketing automation.

Commit to click and connect

Today's empowered, digitally savvy shoppers can access product information anywhere, at any time, and on any connected device they choose. Many are proactively mining company websites, online retail sites, search engines, online forums, mobile apps, and social media platforms for information to aid their purchase decisions. Consumers' embrace of all things digital can present major marketing challenges for CP companies.

Clicking and connecting with consumers in a digital-first world requires CP companies to cost-effectively leverage targeted content and delivery channels as part of a holistic strategy that uses traditional and new ways of marketing to drive demand along the path to purchase. It is not necessarily simply about shifting spend. Instead, it does require that companies invest to develop and institute new, innovative, scalable capabilities to make the company faster, more granular, and connected—and to reap the benefits in brand equity, share, and ROI.



Case study: P&G launches Tide laundry clubs¹⁸

Strategic objective Maintain market leadership

Value-created Consumer/shopper engagement at point-of-sale (POS)

In light of the success of many subscription-based services which distribute CP products directly to the consumer, Procter & Gamble (P&G) launched the Tide Wash Club and Tide Spin Club. Tide Wash Club provides free shipping of Tide Pods at regular intervals, while Tide Spin Club allows customers to use a smartphone app to order laundry pick-up and delivery from Tide-branded couriers. P&G also is developing new capabilities to develop and execute these programs by trying to optimize the customer experience across multiple touchpoints, particularly since consumers will likely expect the same level of service they've experienced from other subscription-based services and e-commerce retailers.

End notes

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