

Shopper Marketing's Role

Measuring the effectiveness of Shopper Marketing requires collaboration between brand and retailer to exploit the mass of transactional and consumer behavioural data available, writes OgilvyAction's **Manita Khuller**

A new norm of protracted economic recession in the developed markets of the world combined with volatile consumer demand in developing markets has placed new emphasis on value in marketing investment. Every CEO is seeking greater ROI. Unilever's CFO has announced a worldwide drive on ROI. Jean-Marc Huet said: "Our efforts are focused on a programme we call 'Return on Marketing Investment'." A frequent refrain, we will hear more of as markets and companies struggle back to growth. However, sound investment in Shopper Marketing can help here.

Measurement of marketing investments has always been a challenge. Traditionally, brand marketing has targeted the consumer masses, and proving direct causal relationships has been difficult, while Shopper Marketing, as the newest addition to the marketing family of investments, has some different challenges, as we explore here.

Investment in Shopper Marketing programmes is often seen as a 'rob from Peter to pay Paul' story. This prevents programmes from achieving a scale that can deliver real bottom-line impact. As budgets have typically been held in either a marketing or sales bucket, siphoning off large scale funds from either to invest in other newer types of activity programmes gets mixed support – a common casualty of a lack of integration in marketing.

A fear of uncharted waters also plays into this, leading to too little and too late in the funding of Shopper Marketing initiatives. Hence, though Shopper Marketing promises much in terms of driving demand at the point of purchase, it often fails to deliver because

of small budgets. And any new movement meets organisational inertia to change existing behaviour until proven metrics are deployed. Which is a bit chicken and egg, you might say. A total brand investment model is something we should see more of in the future that targets the brands' consumers and shoppers – who are often not the same people – through their path to purchase.

Historically, brands and retailers have had different and conflicting agendas. Unlike brand marketing activities. Shopper Marketing is most effective when done in collaboration with retailers. The best Shopper Marketing programmes that benefit from scale adoption and implementation have been engineered with retailer strategies and objectives in mind, not a purely brand focus. Retailers engage with programmes that drive shoppers to their stores, to spend more and more often than their competitors.

The metrics of that strategy are very quantifiable and transparent, sometimes disconnected, with brand-centric and often soft measures, such as brand awareness, equity enhancement or brand market share. Shopper Marketing presents an opportunity for a common meeting ground of the two camps and a common measurement. Really

successful shopper programmes demonstrate increased brand sales and superior shopper satisfaction, together with increased sales and profits for the retailer. Hence, growth is driven by collaboration between brands and retailers towards common goals and not conflict.

Typically, mass marketing has meant broadcast media and large-scale brand marketing programmes measured by macro measures, such as awareness, reach, frequency and brand equity enhancement. The units of measurement are in millions reached, % of total adults aged 18-55 and so on. Measurement in Shopper Marketing is a major departure from the marketing measurement norm. There is a whole new framework on what, how and where we measure for effectiveness. The DNA of shopper marketing offers great scope for measurability. This is because it is 'micro-marketing' not mass, executed much closer to the point of purchase, and within retail. In fact, it is micro-marketing done on a large scale. Large scale is important if we are to significantly impact the bottom line and revenues. If something huge happens in one store on one day, it may be amazing, but will hardly impact the overall result for a brand.



WHAT TO MEASURE AND HOW

Typically, Shopper Marketing measurement falls into three buckets and can be short term or longer term (Figure 1). There is a parallel to consumers and brands, where short-term behaviour is measured in units and sales, whereas attitudes towards brands are formed and measured in the longer term.

Alongside all the consumer behavioural and attitudinal data, market shares, penetration etc, which marketing teams have traditionally measured, a complementary set of shopper data points are now available to those who want to measure their shopper programmes. There is more data available now that retailers have vast amounts of transaction data through electronic point-of-sale systems and loyalty cards.

Shopper Marketing activities generate new types of data, beyond macro-marketing data and it needs fresh analytical skills. Linked closely to shopper programme objectives, Shopper Marketing success can be assessed with both short-term and long-term benefits.

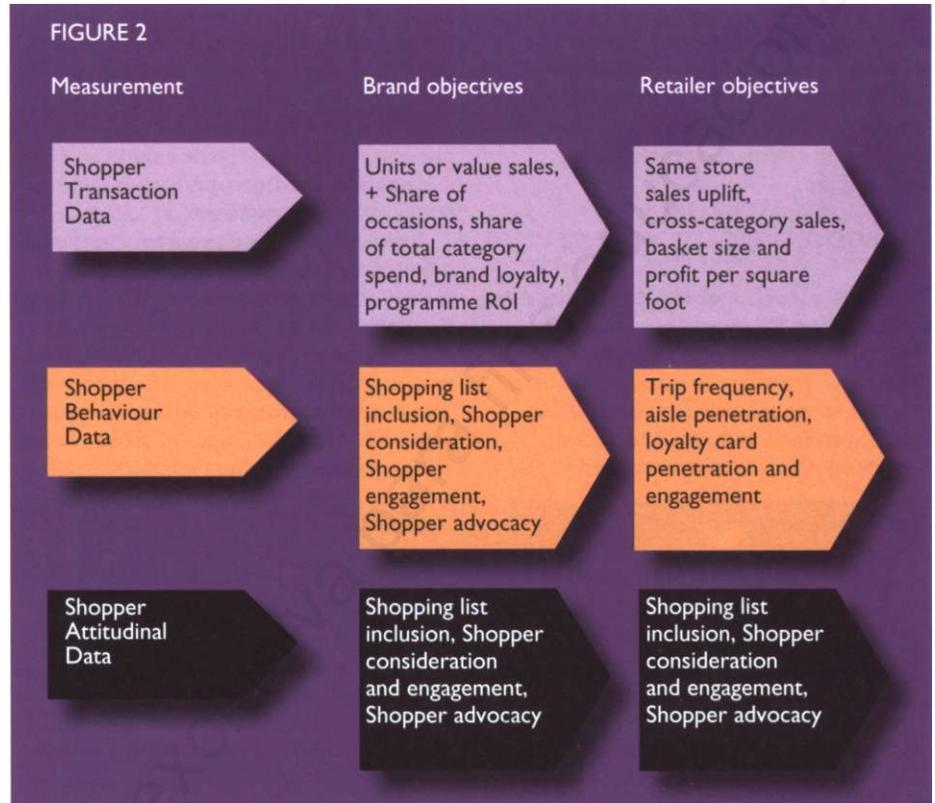
In the short term, shopper data relates to one of the following, either units sold, percentage uplift in sales or behaviour data, which measures changes in how shoppers behave. In the longer term, shopper attitudes and perceptions can be monitored.

To be meaningful, the measurement of anything has to be closely related to what the initial objective is. As Shopper Marketing is essentially executed in a retail environment, most often not owned by the brand, the retailer's objectives need to form part of the benchmarks for success. That is, if you want longer-term sustainable programmes and not a series of one-offs.

Brands and companies who proactively develop win-win programmes with retailers, setting a new growth agenda are proven to deliver more longer-term, sustainable business gains, aside from enhance trading relationships with their retailers.

A mutuality of objectives should be sought, challenging though that is. Usually, Shopper Marketing teams, representing the brand's agenda, do the setting of win-win business objectives, working closely with the sales teams who negotiate with retailer organisations.

Often, a brand may set its objective as increased unit sales or value sales, the



corresponding objective for a retailer could be same-store sales year on year and increased basket spend.

Typically, a brand marketing measurement programme would not consider retailers' same-stores sales impacts or overall basket-spend. But good Shopper Marketing practice usually does. Every comprehensive Shopper Marketing measurement programme should incorporate both brand and retailer performance measures (Figure 2).

A new and interesting measure of shopper programme success is longer-term 'share of wallet' or total spend on a category or within a specific retailer. Measured per shopper as: $\text{Shopper Share of Wallet} = \frac{\text{spend on a brand anywhere}}{\text{total spend on the brand's category or segment}}$. It's a bit like brand market share per individual shopper, but a lot harder to measure as the data comes from multiple sources.

Shopper marketers also look to measure the underlying behaviour that leads to sales increases. So, for example, if shoppers can be influenced to include your brand more

often in their shopping lists, or show more engagement at the point of purchase, then it is more likely that they will buy your brand. Here, the retailer's objectives have more in common with the brand, as they seek to deliver greater satisfaction to their shoppers

Increasingly, larger organisations have Shopper Marketing teams, who devise programmes in conjunction with retailers and their retail account teams. The shopper marketer would define the initial shopper objectives, both short-term and longer-term – aligned with the brand's larger objectives. Often such shopper teams are quite lean and do not have the resources to do large-scale data analytics independently. In the spirit of integrated marketing, the shopper analytical capability can rest anywhere within the data and analytics teams. They can integrate shopper thinking and success criteria into their analytics set, as this requires a somewhat different focus, using different kinds of data. Rather than be divisive here, it pays dividends to build capabilities of the overall data team to take on board shopper

metrics and data sources.

Shopper Marketing agency partners should also be challenged with delivering clearly measurable results on programmes in conjunction with brand leads. The incentive here is longer-term sustainable agency partnerships.

METHODOLOGIES FOR MEASUREMENT

Typical data sources for consumer marketing look at *ad hoc* and continuous studies, likewise shopper data can be found in largely four ways: *ad hoc* shopper studies: to measure shopper behaviour (often within specific retailers), including eye-tracking studies; continuous data: through additional

as brands do. The difference being that retailers want shoppers who are advocates of them (their retail brand); the supplier brand is the conduit. Though this does not overjoy brand custodians, this does not necessarily place brands and retailers at opposite ends, it just means a broader approach is required, not a narrow parochial one.

In the US, new 'single source' shopper behaviour measurement methodologies are being worked on which could provide interesting findings, marrying media consumption with purchase behaviour. Very simplistically, single-source methodologies 'tag' each shopper and track the entire path-to-purchase behaviour of each shopper, linking with media consumption and online/

productivity and business results. Increasingly, Shopper Marketing is not just what happens in the store for all categories – especially for categories with long purchase cycles. The rapid acceleration of new digital shopping behaviours is impacting brands, and in some categories over 10% of total sales (and growing) are anticipated from shopper e-commerce. That also means new multichannel shopping data and the need for a seamless brand and shopping experience. The need to look at total shopper satisfaction and performance, not just online cannibalising offline and vice versa.

Increasingly, shoppers search and plan both offline and online before making their purchases. Shopper decisions made at the point of purchase are influenced by factors beyond brand and media influences, based on convenience and suitability to consumption occasions and value. Measurement of planning intention and actual behaviour shifts will become increasingly possible and necessary to respond to new shopping needs.

This has been completely the case in the recent divergent retail performances in the UK of some big players. One of the winners in the Christmas 2012 retailer league table of performance was the upmarket department store chain, House of Fraser, which recognised and answered to the way shoppers want a seamless experience online and offline. Making shopping easy, but also collection and no-quibble returns at multiple store locations. Other retailers that did not recognise this new online shopper need and behaviours paid the price with business failure, such as electronics chain Comet.

The Tesco Online and Waitrose (Ocado) success stories in the UK also show that things are changing rapidly in grocery shopping too, which has traditionally been more about the physical retail store and environment.

There is a compelling argument and urgency to drive Shopper Marketing measurement before scepticism sets in. Clear benefits should be quickly established for Shopper Marketing, as this could vastly increase the overall effectiveness of the totality of brand marketing efforts.

 more on shopper
marketing at
www.warc.com



questions added into brand-tracking studies; retailer scanning systems or self-scanning; and retailer loyalty cards.

Different methodologies can be deployed depending upon budget, scale and timings of the programmes being measured. A potential hurdle here is that retailers own the sales scanning data. They may be reluctant to share this with suppliers without a cost or a good business reason. The key to unlock the access to the data is often embarking on a mutual growth agenda. Essentially, because there is more common ground than is usually expected.

Commonality stems from retailers wanting more loyal shoppers and advocates as much

offline behaviour, right up to the point of purchase. These developments are some way off reaching other countries, but the vision for measuring shopper programme effectiveness is an exciting one.

THE FUTURE

"The future is here, just unevenly distributed..." This is certainly true of shopper marketing and its measurement. There are pockets of expertise, but many organisations still need to embed an understanding of what Shopper Marketing is and how it brings a new set of challenges and data points, which can yield greater