

Shopper Marketing 5.0: Creating Value with Shopper Solutions

By Booz & Co./GMA/Shopper Sciences | November 11, 2011

Where do we stand in the evolution of shopper marketing? How is it evolving as a discipline, and where are the greatest opportunities to drive value for building brands and enhancing sales growth? How do I develop the capabilities required to become a leader? These are some of the questions that the fifth annual Grocery Manufacturers Association (GMA) shopper marketing study seeks to help answer.

As marketers increasingly come to understand that *consumer* behavior is not always a predictor of *shopping* behavior, they are becoming more focused on what drives shopper choice, both in online and physical stores. And as retailers themselves come to understand that their wealth of transaction data (what people bought) doesn't give them true insights into why shoppers behave the way they do, retail merchandising and marketing leaders are questioning everything: store layout, navigation, promotional displays, packaging, associate training, and more.

The evolution of shopper marketing is best understood as an ongoing drive to deliver and capture ever greater value from manufacturer and retailer collaboration. The discipline of shopper marketing emerged from the realization that influencing consumers when they are in shopping mode can enhance sales and return on investment (ROI). Shopper marketing spending grew rapidly, as manufacturers established retailer-specific budgets distinct from but often closely coordinated with trade promotions. The next leap forward was made as manufacturers broadened their focus to reach shoppers along their path to purchase, which includes activities at home and on the go, as well as in the store. The imperative to increase reach and share of voice across the full path to purchase, and the proliferation of vehicles needed to achieve those goals, added much more complexity to the choices confronting shopper marketers.

The most recent evolutionary stage in shopper marketing is the rise of shopper solutions. Retail marketers know that shoppers rarely purchase just one item. It is the combination of items, bought with a particular solution in mind, which often defines a successful shopping trip. The mechanics of stocking, replenishment, and department management require that stores be merchandised mostly by category, rather than by solution. But key metrics for both retailers and manufacturers, such as basket size, wallet share, and average ticket, are perfectly aligned with solutions-based marketing and merchandising.

Shopper solutions are insight-driven events that often feature two or more products that shoppers can purchase together. They can deliver incremental value to shoppers in their shopping and product experience and, thus, simultaneously build brand engagement *and* drive action.

This year's shopper marketing study reveals that leading CPG manufacturers and retailers are increasingly adopting a solutions-based approach to amplify the impact of their shopper marketing investments. This study was designed to accomplish the following:

- Identify the characteristics of winning shopper solution events and programs
- Provide tangible examples of effective solutions and their objectives, insights, vision, execution, and results
- Define the capabilities needed to deliver customizable-at-scale shopper solution programs
- Highlight future opportunities in shopper solutions

Insights and Findings

The solution value equation: The best shopper solution programs actuate the full potential of shopper marketing by enhancing the purchasing and product experience for shoppers. They serve as catalysts for stronger, more collaborative retail relationships, through easily customizable program designs that create differentiation and sales for retailers. They help bridge manufacturers' brand marketing and trade promotions to increase brand equity, sales volume, and profitability.

Solutions-driven results: Shopper solutions create greater influence with retailers, a primary goal of most manufacturers' shopper marketing initiatives. This year's industry survey revealed that 87 percent of respondents agree or strongly agree that their shopper solution efforts have enabled them to improve their relationships with retail partners. Moreover, a majority of respondents report that their shopper solution programs are also delivering increases in sales growth and/or enhanced ROI. Shoppers themselves scored solutions-based merchandising as significantly more attractive on almost all key metrics than item-specific displays and signage.

Leadership defined by capabilities: The leaders—those manufacturers that capture the highest levels of influence and financial results from shopper solutions—are not always the largest and most experienced at shopper marketing. Rather, they are building capabilities that enable them to design and execute shopper solutions that create motivation and drive action simultaneously, leveraging shopper solutions as a natural bridge between brand marketing and trade promotion.

Winning solution events: In order to work at the event level, shopper solutions must be grounded in one or more insights that enable them to deliver value beyond the product itself and price promotions. Best-in-class solution designs combine motivation with a reason to act. They provide easy-to-digest information and enhance convenience by bringing products together for a complete solution.

Customization at scale: Shopper solutions require that the dictates of scale be balanced with demand for customization. Program scale is needed to make shopper solutions economically feasible for manufacturers because they typically require a greater investment in time and resources to field. Late-stage customization is required to provide the individual account differentiation needed to gain the participation and support of retailers.

Capability requirements: A best-in-class shopper solutions capability includes four components: the ability to develop and integrate consumer and shopper insights; the ability to gain an intimate understanding of the needs of retailers and identify opportunities where there is the greatest headroom for growth; the ability to work with external partners and tap into a full arsenal of platforms and vehicles to deploy shopper solutions across the full path to purchase; and the

ability to create a well-oiled organizational machine that can effectively and efficiently execute shopper solution programs and measure their results.

Future opportunities: There are four emerging opportunity areas where a solutions-oriented approach can help unlock additional value (*see Exhibit*). In each, manufacturers can apply best practices in shopper solutions to better align their organizations, focus their resources, and amplify their ROI.

The potential of shopper solutions is enormous. They can deliver significant incremental value to manufacturers, retailers, and shoppers; enhance brand performance; raise trade relationships to new heights of collaboration; and serve as a catalyst for better aligning and optimizing a company's marketing overall. Shopper solutions are also creating strategic opportunities across the shopper marketing ecosystem for agencies, media companies, credit card companies, mobile operators, and other data and technology companies. But though the returns and opportunities that shopper solutions offer are highly attractive, capturing them entails challenges. Solutions must be customizable at scale and will often require capability development. Nevertheless, companies that master shopper solutions will earn the right to win in their chosen markets in the years ahead.

Section One: Shopper Marketing Turns Toward Solutions

Section Two: Defining Winning Shopper Solutions

Section Three: Defining a Shopper Solutions Capability

Section Four: Emerging Opportunities for Shopper Solutions

Conclusion

The potential of shopper solutions is enormous. They are capable of delivering significant incremental value to manufacturers, retailers, and shoppers. They can enhance brand performance and drive trade relationships to new heights of collaboration. Internally, they can serve as an additional catalyst for better aligning and optimizing a company's overall marketing programs, and as a strategic filter for identifying and building out the essential differentiating capabilities.

Shopper solutions are also creating strategic opportunities across the shopper marketing ecosystem for other players. Agencies, media companies, credit card companies, mobile operators, and other data and technology companies can enter this fast-developing area to enhance their value propositions to shoppers, manufacturers, and retailers, and help drive the continuing evolution of shopper marketing.

But though the opportunities that shopper solutions offer are attractive, capturing them entails challenges. Solutions must be customizable at scale to provide the right balance of affordability for manufacturers and differentiating value for retailers—an inherently difficult balance to maintain. Success also requires the development of capabilities in terms of capturing and marrying shopper and consumer insights, retailer intimacy, the design of programs that exploit a full range of platforms and vehicles to span the path to purchase, and execution.

The payoff for all this effort? Manufacturers and retailers that choose to undertake the shopper solution challenge and begin building the capabilities needed to create and execute solutions today will earn the right to win in their chosen categories in the years ahead.

Source: [GMA/Booz & Co.](#)