Convergence: Defining Shopper Marketing for Success

What You’ll Learn

- The three critical areas defining shopper marketing today
- How shopper marketing differs from other marketing disciplines
- Ways shopper marketing is expanding beyond the retail environment
Dear Executive:

The past year has been a busy one for shopper marketing. Its meteoric growth continued in 2013, and the momentum shows no signs of letting up next year. Interest and marketing spend continue to grow as resources are being reallocated from other disciplines in order to focus on shopper marketing.

Some estimates indicate that spending on shopper marketing now accounts for over 8% of total sales. And for many companies that have fully embraced this discipline, the numbers are probably much higher.

However, through several conversations with industry experts, it has come to my attention that there are still many differing opinions regarding the practice of shopper marketing versus its predecessors, promotional and experiential marketing. It is my intent here to clarify how shopper marketing differs from other disciplines and discuss how it can be integrated within a broader marketing plan.

It’s an intriguing topic, and this white paper addresses many outstanding questions—as well as articulates CBD Marketing’s viewpoint and approach to this growing discipline. Hopefully, this is the beginning of a great conversation.

Cheers,

Rob Reents
VP, Director of Shopper Marketing
Convergence: Defining Shopper Marketing for Success

There is a great deal of confusion regarding what shopper marketing is and how it relates to sales promotion and experiential marketing.

The confusion has only been amplified as promotional and experiential agencies have begun to rebrand their discipline as shopper marketing—despite the fact that their offerings remain unchanged. Meanwhile, marketers are defining the discipline in a variety of ways. Within some organizations, shopper marketing is regarded as a sales function, others have groups dedicated strictly to this practice, while still others are integrating the practice into existing marketing services teams. These varying approaches lead us to many questions.

Is shopper marketing simply a rebrand of existing marketing disciplines?

Is it really a different way to approach marketing challenges?

Is shopper marketing only about activities in the retail store?

What activities does shopper marketing really include?

Does it only work for CPG marketers, or can a non-CPG benefit?

At CBD, we believe it’s critical to recognize that shopper marketing is not simply a rebranding exercise, but instead an approach that incorporates the convergence of three critical audiences: the shopper, retailer and brand.

Shopper marketing must be embraced through an integrated approach—wielding the power of individual marketing disciplines in a unified manner, while placing the shopper at the center of all activity. Because, while shopper marketing at its onset focused on CPGs through grocery and mass channels, it has evolved into a powerful marketing practice that significantly impacts brands outside of the CPG industry.

Here, we will clarify how shopper marketing differs from other disciplines and discuss how it should be integrated within a broader marketing plan.
Multiple Practices Shape Today’s Shopper Marketing

First, let’s define the overlapping practices: promotional, experiential and shopper marketing.

**Promotional marketing**

This discipline is often defined by its many tactics—sweepstakes, games, contests, refunds, rebates, coupons and other discounted offers. It’s focused solely on immediate sales-building activities, with less emphasis on enhancing brand equity and relationships with the consumer.

**Experiential marketing**

This practice is all about one-on-one engagement. While the specific tactics have varied over the years, they tend to be defined by mobile, event or stunt-based executions. The real value in an experiential execution is that it engages a consumer, through some form of interactivity that allows them to learn more about a product.

**Shopper marketing**

This brings us to shopper marketing, which has varied definitions. The most universal one comes to us courtesy of Chris Hoyt, founder of the Path to Purchase Institute: “Shopper marketing is brand marketing in the retail environment.” As such, it includes many marketing disciplines, which are often considered stand-alones—including category management, displays, sales, packaging, promotion, research and marketing. The key here is the emphasis on behavioral understanding of the shopper within differing channels and formats.

Unlike the experiential and promotional disciplines, shopper marketing distinguishes between a user and a buyer. This is not merely semantics. It is critical to understanding this ever-evolving practice, because, while the consumer and shopper may be the same in many situations, this is not always the case.

**Shopper marketing distinguishes between a user and a buyer.**

For example:

A children’s cereal is typically purchased by a parent, which means the child is simply an influencer. And while the child may consider taste, characters, freebies or printed games as the decision factors, the parent likely has a different set of purchase requirements such as nutrition, price and utility. Since shopper marketing focuses on purchasers, this is an important distinction because the actual end user/consumer may only be an influencer in that decision.
Shifting Landscapes: Shopper Behavior Within Retailers

Shopper marketing relies on the ability to leverage information about a retailer’s customer. Consider the following example of a shopper marketing program:

- Assume that Ben’s Dollar Store shoppers love games of chance. Since Brand “A” wants to increase sales at Ben’s, a sweepstakes is developed specifically to run in Ben’s stores. Is it shopper marketing, or a promotion in a single chain?

- What if the prize is a trip to a NASCAR race which research indicates fits the profile of a Ben’s shopper? The sweepstakes is a promotion, but does including NASCAR make it shopper marketing, or is NASCAR just a solid marketing strategy?

- Finally, suppose Brand “A” uses the sweeps in Ben’s parking lots as part of a larger national experiential tour visiting other food and mass stores as well, but does not promote the sweepstakes. Is it then just part of a larger experiential event?

And that’s just the beginning. The sweepstakes also leverages loyalty card data as well as digital and mobile opportunities. Is it shopper, promotional, experiential, mobile, loyalty or digital marketing? As you can see, in terms of defining this discipline, things can get very complicated—very quickly.

At CBD, we see it as a shopper marketing program, regardless of the disciplines involved. Here’s why:

- The program was designed specifically to appear in Ben’s stores.
- It capitalizes on the interests of Ben’s shopper base: racing and games of chance.
- In our view, the link to the loyalty program strengthens the tie to Ben’s.
- Mobile and digital simply adds brand touch points while linking strongly with the Ben’s shopper.

Myriad Stakeholders Muddy the Water

With manufacturer investment in shopper marketing growing more than 21% annually, it’s no surprise that several entities are interested in defining the practice. The discussion includes agencies, the Path to Purchase Institute and even the brands themselves. Each group is looking for a definition for different reasons.

- Agencies Define themselves and their services in order to increase appeal among potential clients.
- Brands and Manufacturers Seek clarification in order to properly assign budgets.
- Associations Try to maintain relevance and membership growth, given the changing times.

Regardless of motivation, all stakeholders have increased their interest in shopper marketing. Powerhouse brands are embracing shopper marketing’s focus on purchasing behavior. Retailers are gaining power and want to differentiate themselves from the competition. And brands are working to understand and adapt to shopper decision behavior and thinking.
Understanding the Expanding Shopping Experience

Today, shopper marketing is less about a single event and more about an integrated process. A successful program considers the drivers of behavior and how to impact them. This involves the ability to interpret shoppers’ needs, taking into account where they shop, which stores can influence their decision, and what activities drive their purchase.

Because there are several touch points along the path to purchase, many disciplines should be considered in order to reach this shopper with relevant messaging—including promotional, experiential, mobile, digital, social and WOM.

It is critically important when creating a shopper marketing program that several different disciplines provide a voice for your brand. They must also interact with each other to ensure that your brand positioning remains consistent. However, this does not mean that the message must be identical. Each message must be customized appropriately for each channel. And your communication, regardless of discipline, must match your brand. Ultimately a shopper marketing program must also change or reinforce the behavior of its targeted shopper.

These statistics indicate the strongest opportunities for linking consumer connections to sales.

- **88%** of consumers recalled names of promoted products in past 12 months
- **95%** of consumers say participating in events makes them more inclined to purchase
- **80%** of shoppers use smart phones to check product information
- **81%** of shoppers use their phones for getting second opinions
- **6.9 hours** on Facebook monthly
- **Of the top 10 resources shoppers use for research, 8 are digital**
CBD’s Shopper Approach — Market What’s Meaningful!

At CBD, shopper marketing is defined by the strategy, rather than the specific tactics, that create a successful program. We understand shopper behavior in different environments, and link programs to a particular retailer to meet specific objectives. We know that the shopper is the center of attention, and that the path to purchase is dynamic, not linear—so consideration is given at all relevant touch points in and out of the store.

What’s more, we also believe that every single communication is an opportunity to build or reinforce a relationship designed to reduce the influence of other products and brands along the purchase pathway. And, while promotion and experiential marketing are disciplines of their own, they are also key elements to shopper marketing executions that drown out a competitive presence.

In our view, while the retailer is important, retail executions are not the only drivers. Our approach integrates several key marketing disciplines to create and activate effective, successful shopper marketing programs.
About CBD Marketing

CBD is a B2C and B2B marketing services agency that clarifies and articulates what’s most meaningful about your brand, product or service and helps you build more intimate and profitable relationships with your customers.

At the heart of everything we do is a deep understanding of the rational and emotional drivers that inspire your customers’ choices. At CBD, “market what’s meaningful” is our mission, guiding all disciplines from brand development to media strategy, from public relations to creative.

Let’s Talk!

To talk about how CBD can help you create moments that matter to your audience and better connect them to your brand, product or service, please contact Doug Davila, Director of Business Development, at 312.661.1050 or ddavila@cbdmarketing.com.

About the Author

Rob Reents, VP, Shopper Marketing
Growing up in the point-of-sale industry provided Rob with a solid understanding of early shopper marketing and the relationship between retailers and brands. Over the last 30+ years, Rob has developed strategy and executed marketing activities including promotion, experiential, shopper, direct marketing, digital and word of mouth. His clients have included well-known blue chip marketers including SC Johnson, Kraft, Unilever, Jim Beam and Motorola.