

Touching the Elephant

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Shopper marketing is today's marketing elephant — not only because of its size or its power — but because all of the confusion about what it really is reminds us of the parable of the blind men and the elephant.

The parable involves six blind men, each charged with touching an elephant and then describing the experience. Each touches a different part of the elephant: one touches the tail and believes it's a rope; another a leg and believes it's a pillar; another the ear and believes it's a fan; and still another touches a tusk or the trunk. Each has a different experience of the elephant. As their perspectives vary widely, they end up arguing while the elephant walks off into the sunset.

If shopper marketing is the "elephant," many of the industry participants surrounding it are the "blind men" — too often lacking perspective as to what it is and yet bedazzled by its potential. Each sees shopper marketing based on a particular experience or opportunity but cannot see it for what it is.

So, let's look at the "whole" of shopper marketing. Best-practices companies unequivocally position shopper marketing as *brand marketing in a retail environment*. They do not view shopper marketing as an extension of category management, customer marketing or trade marketing, although they do see these latter functions as essential to shopper marketing's success.

This is one reason why 67 percent of the 243 respondents to the most recent *Reveries.com* survey on the subject note that their shopper-marketing departments report either directly to their *marketing departments* (41 percent) or to their *general managers* on the same level as the sales and marketing departments (26 percent).

It is not coincidental that more than 80 percent of the respondents who noted that their shopper-

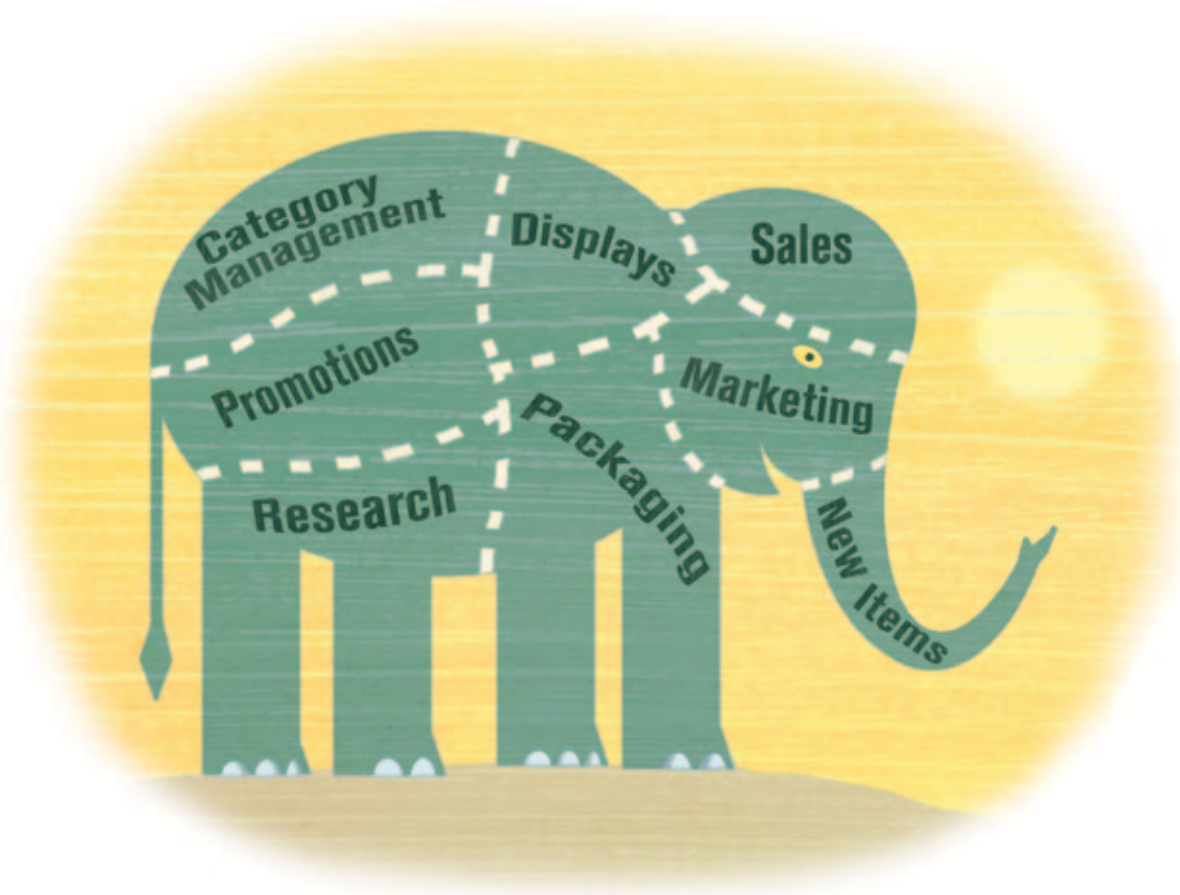
marketing departments report to their sales departments have been in shopper marketing for two years or less. While the sales department is typically where shopper marketing starts, where it ends up organizationally results from an enlightened reappraisal based on top management epiphanies that shopper marketing has genuine strategic potential.

How so? Let's look at the elephant itself. If we set aside the various tortured definitions people seem to come up with for shopper marketing (including ours!), what defines virtually all shopper-marketing initiatives (our elephant!) is one or more of the following *activities*:

Make it easy for the mutual shopper to find and buy one's brands. Sounds simple, but in some environments, this can involve a coordinated effort between packaging, environmental design, category management, customer marketing, buying, store operations and merchandising — any or all of which can play key roles in attempting to accomplish this seemingly easy-to-accomplish task. If you think this is easy, just ask somebody who markets analgesics, vitamins or hair care — or take a look at any of these departments in any supermarket or supercenter — and you'll get the point quickly.

Extend the equity of one's brands through the door of the store straight-up to the point-of-sale. All retail environments are buttressed by communications along a *path to purchase* beyond the generation of awareness. For nationally advertised brands, the purpose of extending equity is to leverage the awareness that's been built through this advertising via *in-store marketing* and *messaging* that will trigger activation at the point-of-sale by reinforcing this awareness along the path-to-purchase.

This is distinctly a *brand-based* function that *requires* the marketing department's involvement to plan and execute properly. It is in this context



Shopper marketing is the elephant in the room that nobody sees quite the same way.

that shopper marketing offers manufacturers the opportunity to counterbalance the anonymity of category management (in ways that benefit all parties) by establishing an *emotional connection* between *individual brands* and shoppers in a particular retailer.

Make no mistake: This is not category management but a deliberate, blatant focus on growing *brands* through *brand-specific* in-store *marketing* that uses all of the levers traditionally available to market brands on a national basis. Growing the category may be a by-product of this effort, but for best-practice companies (*i.e.*, those currently delivering the highest returns-on-investment for all parties), it is *not* the primary objective.

Provide a source of differentiation for both sponsoring brands and participating retailers.

For manufacturers, shopper marketing is all about

targeting. It is about understanding how one's core target consumers behave as shoppers in different channels, formats and retailers, and leveraging this intelligence to develop shopper-based strategies and initiatives that will grow the business (brands, categories and departments) in ways that benefit all stakeholders—brands, consumers, key retailers and shoppers.

For retailers, shopper marketing is all about *relevance*. It is understanding how one's loyal heavy customers behave as shoppers, either in specific stores (or segments of stores) or as specific shopper segments ("brand aspirational"). It means tailoring platforms, assortments, shelf configurations, in-store environments and in-store marketing and merchandising to best meet the needs of these segments (*e.g.*, Safeway's "Ingredients for Life", Kroger's "Right Store, Right Price" or Walmart's "Save Money. Live Better" platforms).

One cannot achieve these objectives for all stakeholders unless shopper-marketing initiatives are

based on a *thorough understanding* of how ones' core target consumers overlap with a *specific* retailer's heavy loyal shoppers, either demographically, psychographically, behaviorally — or, for that matter, all three.

By definition, this understanding should be sufficiently deep to provide a *source* of differentiation for the development of shopper-marketing strategies and executions that are *inherently* unique — *i.e.*, built from the ground-up to trigger activation among *a particular shopper segment in a particular retailer*.

Companies that do this well and who have been scrupulous about doing post-promotion analyses and good record-keeping are now consistently delivering ROIs of 4-5:1 on their shopper-based initiatives. This is because they *know* what works and doesn't work by brand and event-type in different target retailers and do not deviate from these guidelines. Compare this to the relatively impoverished 0.65-0.75 ROIs that most are happy to get from even the best-executed trade events and decide for yourself whether the effort is worth it.

Activate purchase at the point-of-sale by delighting, engaging and motivating the shopper. Shopper marketing *is not just about promotion!* It encompasses *all* of the tools and levers required *to market to* target consumers in an in-store environment — research, insights development, shopper segmentation analyses, advertising, messaging, environmental design, category management, customer marketing, trade marketing and, of course, promotion merchandising — all of which should work in concert to produce a highly targeted result. In this sense, promotion is just the tip of the iceberg — the culmination of all of the groundwork and other activities that will ultimately pave the way for a promotion's success.

Tailor the above activities to align with the objectives, strategies, platforms and protocols (do's and don'ts) of different channels, formats and retailers. Collaboration with retailers is a critical component of shopper marketing and should be incorporated into the earliest stages of planning. Working together to understand issues, shopper segments and motivational triggers simply brings better results. Remember — the point of shopper marketing is to benefit *all* stakeholders — and, most important, this includes retailers and their shoppers, not just brands and their consumers.

Now that we better understand what the “elephant” is, let's take a look at the “blind men” and how they

view shopper marketing. Each is representative of a group, and yet each sees only a part, not the whole, of shopper marketing. Consider how those who are contemplating getting into shopper marketing might be affected by how each frames the issue.

Advertising and Media Agencies. This group is the newest to jump into shopper marketing and, despite their self-proclaimed role as strategists, is unable to see shopper marketing as anything but tactical. Shopper marketing usually is positioned as a new medium in which to advertise (the retail store) with some interesting new vehicles (*e.g.*, in-store video networks).

Few, however, have grasped the concept that the shopper is not just “a consumer in a store,” nor have they taken the time to understand what drives shopper behavior. Because “retail” is not their primary business, what most (not all!) of these folks do is get most of their information on shopper marketing from secondary sources — one of which is the trade press.

When the advertising trade press makes statements like “shopper marketing, formerly known as trade promotion” (*Advertising Age*), or “shopper marketing... the in-store appeals that take the form of shelf-talkers, end-aisle displays and the newest in-store video networks” (*Brandweek*), it is easy to understand why this is truly a case of the “blind leading the blind.”

The most recent (from *Advertising Age* on Feb 23): “Just what is shopper marketing, anyway? Is it really a form of advertising that takes place in a store? Or is it a gussied-up name for trade promotion or temporary price reduction designed to move product, often at the expense of brand equity?” Clearly, one is in serious jeopardy if one takes advice on shopper-based subjects from advertising or media agencies given their current knowledge of the subject — and yet they have the closest ties to manufacturer top management.

Promotion Agencies. For many in this group, shopper marketing is about retail programs. The good agencies use insight-based understanding of how the shopper behaves in different channels and formats to develop programs that activate purchases. They understand that the “big idea” is only big if it is based on this understanding and can simply and easily be executed in an in-store environment. They understand that a winning program is a win for the retailer as well as for the brand and shopper.

The best promotion agencies view shopper marketing as a strategy and operate based on a cohesive plan that connects with the shopper consistently and over time to build devotion for their

clients' brands across different retailers. For these agencies, shopper-based initiatives are not a series of disconnected "one-offs," but planned within a strategic framework to accomplish specific shopper-based objectives.

Consulting Firms. This group generally defines shopper marketing based on existing skill sets within their own organizations and attempts to create linkages between what they know and shopper marketing. Those who have been exclusively brand-focused tend to minimize the role that the shopper's choice of retailer plays in shopper behavior. Those with roots in category management attempt to "sell" shopper marketing as an extension of category management.

Within this latter group, we are confronted with meaningless terms such as "category demand drivers" or counter-productive positions like, "Due to the nature of the retail environment, all shopper-marketing planning must place category before brand." The fact is that one simply cannot establish an emotional connection with a *category* or extend/build equity for a *category*.

While we have often heard shoppers say something like "I really love Charmin!" we have never heard anyone say, "Oh, how I love toilet paper!" Neither have we ever heard anyone say something like "Let's advertise the Pet Foods category!" No, shopper marketing is definitely not "The Next Wave of Best Practices for Category Management" — for manufacturers or retailers.

Retailers. This group defines shopper marketing as a means of increasing the relevance of their stores to current or potential shoppers. Originally (for many) a defensive move to combat competitive pricing pressure, today's most successful retailers have learned that focusing on customers (rather than just categories) is an engine for growth. To that end, these retailers are employing classic *marketing* practices — most notably, segmentation, target identification and communications platforms — in addition to their traditional merchandising practices. They are, in essence, learning to brand their stores.

Sales Departments. Since most manufacturer sales organizations are incented based on volume, it is to be expected that this group focuses on the volume-building potential of shopper marketing — *and* the fact that shopper marketing can potentially bring incremental funding to their accounts. To this group, shopper marketing means bigger and better promotions that drive higher incremental sales.

A side benefit is that collaboration with higher-level retailer executives on shopper marketing subjects often "greases the skids" for promotions or launches. Understandably, most of this group has little interest in the longer-term equity-building aspects of shopper marketing, but this is not a reason to "stop relying on brand-driven shopper ideas," as some respected industry leaders are advising.

Marketing Departments. As a group, marketing departments have been slow to accept shopper marketing. Many reasons have been cited for this: a lack of comparable benchmarking tools; over-weighting of advertising and promotion budgets on trade promotion; and a dug-in belief that "retail" is tactical are among the most frequently cited. Unfortunately, Nielsen's recent decision to abandon PRISM will only tend to reinforce this.

However, our experience is that the real reasons may be attributed to two things: a) lack of adequate research on what shopper marketing is and is not, its growth and ROI potential and what it really involves; and b) the reluctance of top management to make the tough decisions that "best practice" shopper marketing implementation requires — like telling brand managers that they will have to spend time on customer teams as a part of their career paths, or ruthlessly cutting trade spending to fund shopper-based initiatives.

While it's natural that different constituencies see shopper marketing as it relates to their own interests, it is important that all constituencies understand that shopper marketing is more than just what they touch. To restrict shopper marketing to one's own purview is to limit the opportunities — not just in the absolute but for each of the constituencies as well.

Moral of the Parable: If you are contemplating getting in to shopper marketing — or want to revamp your current approach — know the point-of-view of those with whom you are talking and talk to as many of these folks as possible in order to understand the composition of the entire elephant *before* making decisions! ■



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