

# Digital Shopper Marketing

BY JASON KATZ

CATAPULT ACTION-BIASED MARKETING

**W**e can get stats on how many people are text messaging, playing games or downloading apps. We can take an endless number of phone calls from vendors selling any number of digital ideas.

But until we partnered with Forrester Research last fall, there had been no studies into the way shoppers are using these technologies along the path-to-purchase. Nor was there any way to evaluate which, if any, actually make a sale and build a brand.

As shopper marketing becomes more prominent in the marketplace, we have become that much more focused on understanding when a person is in a shopper mode versus a consumer mode.

## Research reveals the digital tools that work best for shoppers.

We have also become that much more aware that our retail partners are investing heavily in developing shopper insights and segmentations. At the same time, they are looking closely at digital opportunities — social networking, promotional microsites, and more.

This presents challenges because in some cases it means fewer traditional opportunities for brands to communicate with shoppers in the store. But it also presents opportunities to help retailers create more meaningful shopping experiences, connect with shoppers on their own terms, and build their businesses.

These challenges and opportunities have given rise to a new discipline that we call Digital Shopper Marketing, or DSM. We define DSM as the use of

digital communications to engage shoppers along the path-to-purchase — from at-home to on-the-go, to in-store touch-points to drive sales, build equity, develop relationships and, above all, drive an attractive return-on-investment.

Achieving this requires a whole new level of insights into shopping behavior. That's why we teamed with Forrester to explore exactly how grocery shoppers perceive and utilize the various digital technologies in their shopping practices.

Leveraging the perspectives of 1,100 shoppers across a full spectrum of demographic and geographic groups, our goal was to understand how to navigate the new, DSM landscape.

### WHERE TO INVEST FIRST

It's a given that we can now retool the blunt instrument of passive consumer-focused, one-way messaging, and create a more active dialog with shoppers. However, all new technologies are not created equal. Some solve a real shopper need; others are merely sizzle without substance.

Our central issue is this: Where should marketers invest dollars first? Specifically, our study examined these questions:

- ▶ Which technologies move-the-needle on hard purchase metrics, and which have the potential to build brand equity and deeper customer relationships profitably in the long run?
- ▶ Which roles can retailers and brand marketers play in making direct shopper connections and driving category growth?
- ▶ How is technology changing shopping behavior from year to year?

We were not just looking for how many people are texting, but rather how many find cellphone coupons helpful, and whether they actually buy the product as a result. We wanted to know where, exactly, online search fits into the shopper's path-to-purchase.

We found, for example, that shoppers are going to retail and brand sites for different reasons. They may be going to a brand site for recipes, ideas and promotions, while also visiting a retailer site for price information and deals.

This certainly suggests ways in which brands and retailers can collaborate to bring greater value to shoppers.

Significant numbers of shoppers are indeed using the internet to pre-shop the store. According to our study, more than 60 percent of Gen X and Gen Y shoppers go online before they shop for groceries—many on the same day of their trip, giving us a great opportunity to influence their decision-making before they reach the store.

However, we also learned that while shoppers today are generally bullish on technology, multiple barriers exist to their adoption of some DSM tools. We could offer the most helpful app in the world from a brand’s or retailer’s perspective, but if shoppers don’t understand it, or it feels like an invasion of their privacy, it won’t fly.

That said, mobile DSM technologies do offer the greatest future opportunity, given the current low penetration of “smart” phones but heavy user engagement with the devices. Mobile paperless coupons, GPS-enabled location-based services, shopping lists and apps spark strong interest.

Self-checkout also scores well, primarily because shoppers are on a mission in the store and looking for the most efficient possible experience. Other promising time-saving or value-producing in-store technologies include handheld scanners, kiosks, touch-screen signage and on-pack/online or text promotions.

The bottom line is that the most successful innovations—those that are being used by shoppers and influencing their purchases—provide shopper value, facilitate decision-making or improve the ease of shopping.

#### SEEING PAST SHINY OBJECTS

Our research unfortunately found that some technologies are little more than “shiny objects” that simply serve up information without a call-to-action or offer. This type of technology is not as well received as those that are clearly designed to activate shoppers. To capture this, we categorized the ways in which specific technologies stack up at-home, on-the-go and in-store (*see chart below*).

As technologies move from launch through maturity, they must clear a series of hurdles. To get from launch to early adoption, budding technologies must first pass the awareness hurdle to become *early bets*. To get to the stage of accelerated growth, new technologies must then generate interest among a broader audience—

Digital Shopper-Marketing Opportunities			
	AT-HOME	ON-THE-GO*	IN-STORE
<b>Proven Winners</b> <i>Technologies with high adoption today that are viewed by shoppers as helpful and influential in purchase decisions.</i>	<ul style="list-style-type: none"> <li>▶ Printed coupons from the internet</li> <li>▶ Emails from brands and retailers</li> <li>▶ Online customer ratings &amp; reviews</li> </ul>		<ul style="list-style-type: none"> <li>▶ Self-checkout</li> </ul>
<b>Emerging Favorites</b> <i>Moderate levels of awareness among shoppers with high interest.</i>	<ul style="list-style-type: none"> <li>▶ Printable shopping list from website</li> </ul>	<ul style="list-style-type: none"> <li>▶ GPS-based location services</li> <li>▶ Shopping lists on phone</li> <li>▶ iPhone apps</li> </ul>	<ul style="list-style-type: none"> <li>▶ Handheld scanners</li> <li>▶ Kiosks</li> <li>▶ Touch-screen digital signs</li> <li>▶ On-pack promotions: online &amp; text</li> </ul>
<b>Early Bets</b> <i>Low awareness levels, but high opinions about helpfulness and influence.</i>	<ul style="list-style-type: none"> <li>▶ Paperless coupons sent to loyalty card</li> <li>▶ Desktop shopping widgets</li> </ul>	<ul style="list-style-type: none"> <li>▶ Mobile coupons</li> <li>▶ Bluetooth offers</li> </ul>	<ul style="list-style-type: none"> <li>▶ Smart carts with mini-computers</li> <li>▶ Scannable QR codes</li> </ul>

\*Audience is Smart Phone users; findings are directional due to small sample size.

SOURCE: Catapult Action-Biased Marketing

## Digital Shopper-Marketing Golden Rules

Simply integrating technologies into your shopper-marketing plans does not equate to instant success. Here are some strategic golden rules for optimizing Digital Shopper Marketing:

- ▶ **Not all DSM tools are created equal.** Don't forget *proven winners* such as emails and printable online coupons. While they won't necessarily differentiate your brand, they are a proven part of the marketing mix. Invest next in *emerging favorites* and test *early bets*.
- ▶ **Create an integrated, digital, path-to-purchase.** *At-home, on-the-go* and *in-store* solutions must work together to bring shoppers to retail and facilitate a purchase. Retailers and manufacturers should link their strategies to create value for the shopper.
- ▶ **Pay special attention to the mobile channel.** Mobile is *the* new battleground for shoppers' hearts

and minds. Test and gather in-market knowledge now, as adoption will grow rapidly.

- ▶ **Don't forget about the shopper.** Listen to shoppers about what will improve the experience and ultimately influence the purchase decision. Present technology and benefits in a simple, clear, relevant way, and reassure them about privacy.
- ▶ **Optimize contact and content strategies by driving what we call TRIPs.**
  - **Time:** Respect the shopper's time. Help her on her shopping mission
  - **Relevance:** Drive 1:1 dialog
  - **Immediacy:** Provide instant value
  - **Place:** Customize content and offers based on the shopper's proximity to store, location inside store, etc.

SOURCE: Catapult Action-Biased Marketing

these then become *emerging favorites*.

Ultimately, to be successful, and scale as *proven winners*, they must directly drive incremental purchases. Failure at any stage means that a given technology must be fixed or repurposed to meet a pressing need, or scrapped. Adding this life-cycle dimension to our analysis of opportunities produces our portfolio view of how to think about technology investment.

We are currently testing several DSM technologies with Mars Petcare US, including trial-driving digital couponing programs (paperless, mobile, kiosks) at key accounts including Target, Kroger and Safeway. Redemption rates have been very strong—ten to 20 times higher than paper couponing, in fact.

To develop ROI models, we are in the process of evaluating many of these vehicles in-market with volumetric reads. Based on results, we will be able to determine coupon spending allocations, by vehicle, for future programs.

We are also testing loyalty and category growth initiatives at key accounts. These involve text messaging, in-store kiosks and co-branded promotional microsites that provide shoppers with product recommendations, health and nutritional information, as well as special offers.

For example, the Kmart/Pedigree Brand Essay Contest in support of National Pet Month was designed to establish an emotional connection to the Pedigree brand and Kmart, and secure displays and in-store signage.

Chuck Steinell, director of shopper marketing and design of Mars Petcare US, comments, "By partnering with key retail accounts, Mars will drive trial and incremental volume for our brands and drive category growth for our key retailer partners."

An integrated, multi-channel program was developed with an exclusive website. Kmart shoppers were driven from the point-of-sale to enter an online essay contest for a chance to win free Pedigree food and treats.

Digital Shopper Marketing is the new frontier of shopper marketing as the technology is being embraced by shoppers and retailers alike. Marketers can engage shoppers in ways not possible before when they are at-home, on-the-go and in-store, allowing for more cost-effective and impactful shopper-centric programming.

It's not just about building websites; this is shopper marketing and we've got to approach it that way. This is a new way of thinking and applying digital from a shopper point-of-view, and not just from a consumer point-of-view. ■



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### 2010 Key Deliverables

- **UNLOCK** the power of emotion to drive shopping behavior
- **CREATE** cohesive brand expression across marketing tactics
- The role of **STRATEGIC DESIGN** partners, the role of research methodologies, their relevance/efficacy
- **MANAGING** large global brand franchises with passion
- Demonstrating the **ROI** of design on brand health
- **LEARN SKILLS** for generating, evaluating, and actualizing new ideas
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