

Revenue Growth For Retailers and Manufacturers Depends On Meeting Shopper Needs And Exceeding Their Expectations

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The consumer and shopper are different and require different strategies and tactics. SmartRevenue's mission is to provide the support for the development and implementation of these strategies and tactics.

Challenging the Present: There Is A New Paradigm

In the good old days of grocery marketing, things for marketers were pretty easy. The big brands typically won the hearts of the consumers with ads on one of three television stations or in a few newspapers and magazines, traditional research methods like conducting household surveys were effective, and there was limited competition in the marketplace.

Now, however, there are multiple retail channels selling more than one million products as well as unlimited consumer and price information available online and from a countless variety of other sources. Less than half of all buying decisions are made before the shopper goes into the store as shoppers are keeping their options open later into the decision process.

To be effective, marketers must look at the shopping trip as the confluence of all promotional activity, starting from the home and/or workplace and leading to the store shelf and the POS. A critical element of this approach is viewing the visit to the store as a primary asset for retailers and manufacturers alike. Only by understanding why, when, how, where and what customers buy can marketers move beyond the existing demand creation paradigms and convert data into competitively useful insights and shopper-centric strategies and tactics to increase conversion at the customer, category and brand levels.

The consumer packaged goods industry spends billions of dollars on creating demand for its products and billions more understanding why shoppers behave the way they do, both in and out of the store. The Shopper-Centric knowledge gleaned from this latter activity is intended to build models of the most effective way to deliver what the shopper wants when and where they want it.

Many companies, though, still regard Shopper-Centric knowledge as an isolated research capability. As a result, they aren't organized to collect information at any of the points where consumers are deciding to make a purchase. There is also often a failure to integrate the information and generate actionable knowledge.

To move to a Shopper-Centric knowledge-based marketing approach, companies need to integrate shopper attitudes with shopper behavior. Shopper-Centric recommendations are based on the integration of observation, interviewing and scanning. For instance, by using a behaviorally triggered questionnaire, marketers show that shoppers in certain categories are far

more involved at the shelf than in others. By digging down, the marketers further learn that shoppers spent more time because they were looking for select attributes. An actionable item based on the shopper decision-tree research could be that the manufacturer needed to move those attributes from the side and back of package to the front of package.

Shoppers are the focus for marketers

Shoppers are the high-value purchase agents for consumers; the shopper, while taking into consideration the needs of the consumers in the household, is the key decision maker and the target for retailers and manufacturers. In order to effectively target the shopper, retailers and manufacturers need to:

- Understand what decisions are made pre-store and what decisions are made in-store to develop an appropriate media mix and precision messaging.
- Understand shopper segments: shopper segmentation is different from consumer segmentation. Consumer segmentation based on demographics and media preferences remain the key tool for driving pre-store marketing. However, the in-store world is flatter than the consumer world and generally includes in four to six meaningful, actionable segments depending on the category and retailer. Depending on their relationship to and value of the category, consumers will fall into shopper segments very different from their consumer segment. For example, a highly affluent consumer may be a value shopper in a category she does not value and a low-income shopper may be a premium shopper in a category tied to her identity and aspirations.
- Develop in-store shopper-centric strategies to create:
 - Displays and other in-store marketing elements that are navigationally targeted to intercept and impact shoppers.
 - Develop planograms based on shopper need-states, trip missions and purchase drivers.

Because of the importance of the shopper, retailers and manufacturers need to adjust their approaches:

- Brand strategy needs to be aligned with retail strategy and execution requiring marketing and sales to work more closely than ever before.
- Marketing research must be accountable to providing information that drives insights and revenue producing strategy and solutions. In effect marketing research has to move from a cost center to profit center.
- All data must be integrated: consumer research, shopper insights, sales data, panel data and loyalty card information need to be integrated to make revenue impacting solutions.
- If the shopper does not win, the retailer and manufacturer will not win. Shoppers whose needs are not met will bypass the retailer, category and brand. Retailers and manufacturers need to work closely together to meet and exceed shoppers' needs and expectations.

Improvement Will Not Come Without A System and A Commitment To Integrating Marketing, Sales, and Store Operations

SmartRevenue's mission is to be the leading provider of actionable, revenue-producing differentiated shopper-centric solutions. SmartRevenue believes differentiated and integrated data is essential to drive these solutions. From its inception, SmartRevenue has taken a different approach from the research establishment, which generally views analysis as the high-value activity and data collection as an outsourced commodity. Consequently, SmartRevenue has built from the ground up:

- The largest, best educated and best paid field staff in the United States. SmartRevenue directly manages, trains and supervises a field force of about 1,000 ethnographers averaging more than two years of graduate-level education. These ethnographers, with core training in anthropology and psychology, are skilled in establishing rapport with shoppers, observing their behavior, recognizing behavior patterns, administering sophisticated technologies and conducting complex multi-lingual interviews.
- The use of the best and most appropriate technologies. While SmartRevenue built one of the first and best on-line survey systems and one of the first and best PDA based survey systems, the company is committed to identifying and partnering with best-of-class technologies to bring the right tool to the right job at the right price.
- A relentless focus on the top and bottom line of our clients. SmartRevenue views effective research as a core deliverable but only a first step in understanding our clients' businesses and helping them grow their revenues.
- A commitment to excellence in service and fairness in pricing. SmartRevenue is dedicated to:
 - Meeting and exceeding all expectations.
 - Keeping senior leadership involved in all client work.
 - Offering the best of small company attention with large company scale.
 - Growing our business through satisfied word-of-mouth marketing, which enables us to keep our sales, marketing and administrative costs low and our deliverables high.

SmartRevenue works with many top retailers and manufacturers and will provide references upon request to provide actual case studies.

SmartRevenue believes that CPG companies have significant opportunities to improve top and bottom line performance. While insights and strategy lay the foundation for these changes, internal linkages need to be created to fully realize the financial opportunity. Marketing, sales, market research, merchandising and category management all need to be aligned and linked to create an operating system that is ongoing, strategic, revenue producing, insightful and solutions- and ROI-based.

SmartRevenue uses the term "operating system" as the key concept. Manufacturing has long had the "Six Sigma" approach to manufacturing excellence. SmartRevenue believes that to achieve ongoing, strategic, revenue producing, insights and solutions, sales and marketing needs an operating system. SmartRevenue calls their approach to building this operating system "OSIRIS".

OSIRIS is a system built by combining best-of-class shopper insights and category management methods and technologies. The overall mission of OSIRIS is to rapidly activate and operationalize shopper insights with the goal of building more shopper-centric stores, displays and planograms. Specific benefits include improved speed to market, more accurate hypothesis testing, increased revenue and more efficient spending.

Key participants in OSIRIS are marketing, sales and marketing research working on a unified platform to align brand strategy with retail strategy and execution. Specific steps required include:

- Creating an empowered and funded task force to bridge the gap between marketing and sales.
- Creating unified marketing and sales strategies and tactics.
- Building the quantification of ROI into the process from the start.

By using Shopper-Centric knowledge processes, companies can develop and execute more “sure win” marketing campaigns by focusing on the customer at all buying decision points. Marketing need to build an insight network that mobilizes partners to collect and analyze the appropriate information and then provide decision-makers with actionable data.

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