POPAI/GfK Shopper & Retail Marketing

Industry Survey 2017 - Findings

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Contents

Comparisons 2017 to 2014 study findings:

Better/increase than 2014

Worse/lower than 2014

About the same as 2014

1 Purpose, what we did, who we spoke to

Why a Shopper Marketing & Category industry benchmarking survey in 2017?

It's 3 years since the last one in 2014, we suspect some things will have changed or moved on

Digital technology and shopper adoption of it has changed shopping behaviours – but how much has it changed what is activated?

What's the role of shopper marketing, retail marketing, and category?

What's changed?

What hasn't?

Why not?

What may change?

Where to from here?

Setting the roadmap for change.

What we did

1. Depth interviews x 29

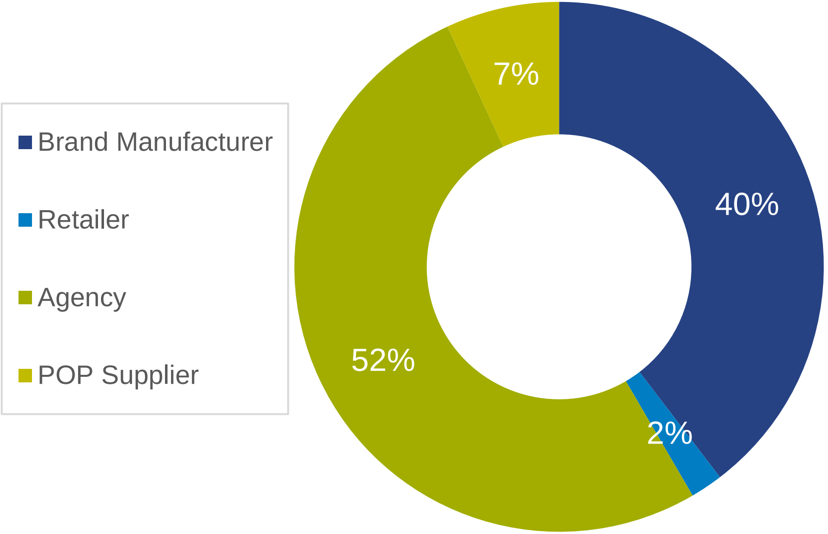
June

Face to face or phone:

- 12 x brands
- 1 x retailer
- 1 x POP supplier
- 9 x creative agencies
- 6 x ‘other’ agencies

2. Online survey, ~25 mins, n=91

September



*P1: Which of the following best describes the **sector** you work in?*

2 Where are we now? What's changed?

What’s changed in 2017 versus 2014?

- Less perception of bandwagon
- More strategic role
- Use of digital and social in programs
- Measuring more often
- Success of programs

- Retailer control of media assets increasing, thereby increasing cost of participating in or running campaigns
- Fewer programs overall (‘fewer, bigger, better’)

- People resources
- Budgets
- Education
- C-suite support and interest
- Shopper led campaigns (vs brand or retailer led)

We’re getting better at it, but there is a ceiling on innovation and effectiveness due to retailer and c-suite limitations, particularly in FMCG. Brands and agencies putting more focus on what they can control.

Scope & Definitions of Shopper Marketing

… and versus Retail Marketing and Category

Definitions of shopper marketing ranged from the broad to the specific

Most definitions involved use of insights resulting in a purchase

Developing insights-lead solutions that achieve a 3-way-win between 1. Brand 2. Shopper 3. Retailer

Understanding how shoppers behave in different channels and leveraging these insights to create engaging experiences

Marketing with the action of purchase and repurchase considered as the primary focus

A marketing communications channel that specifically is tasked with getting people to buy a product or service.

The way in which retailers & manufacturers use insights to engage with the shopper along the path to purchase to increase sales of their products.

Marketing that influences the shopper/ house hold decision maker on the path to purchase decision.

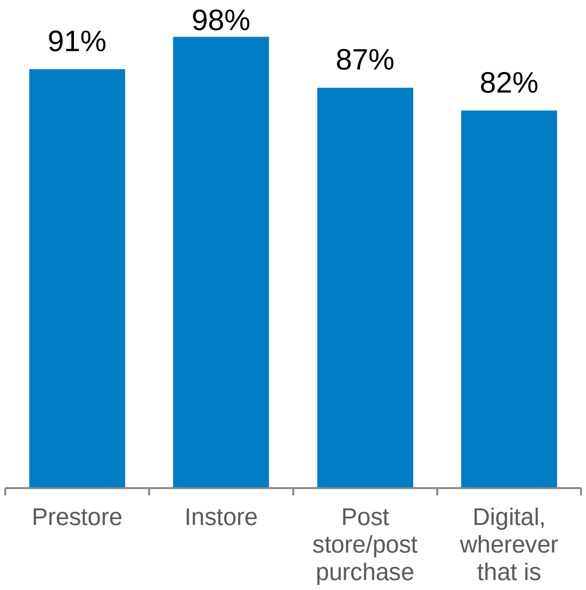
Understanding customer purchase trends and implementing programs and strategies to increase basket size, shopping frequency and shopper numbers

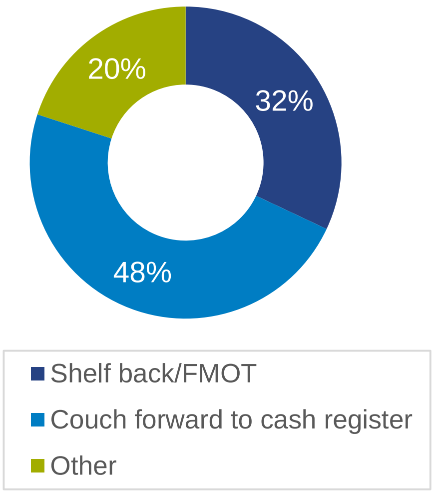
All communication and activities related to the purchase

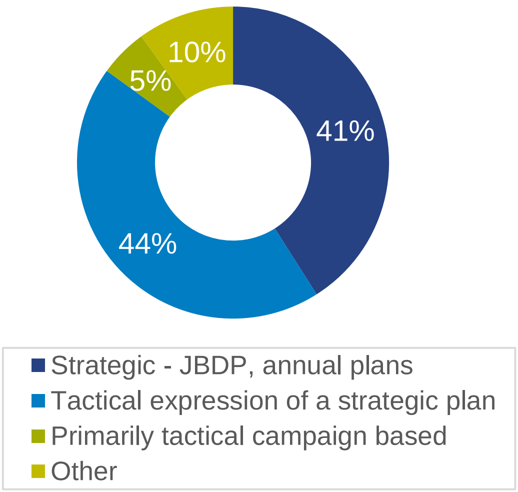
S1. What is your definition of shopper marketing?

2/3 believe shopper marketing is couch to cash register and/or integrating all touchpoints. This has moved on from 2014.

Opinions are evenly split on whether it's strategic or tactical. Some see it as both.







SC4: What is your view of the scope of shopper and retail marketing?
Total base n=91

SC5: What is your perspective on shopper and retail marketing?

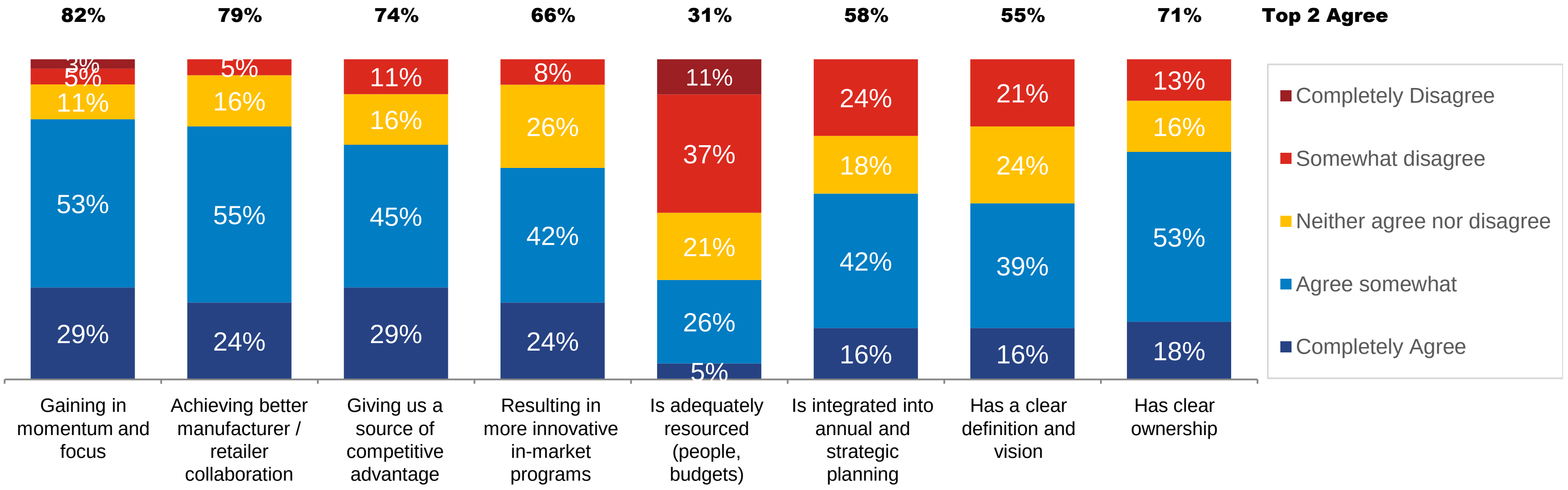
SC6: Which of these comes closest to your perspective on the role of shopper and retail marketing?

Organisation Structure & Support

This section was completed by brands and retailers only

80% agree shopper marketing is gaining momentum and better brand/retailer collaboration.

But still high levels of dissatisfaction with resourcing, jury is out on vision, and only integrated into planning for half.

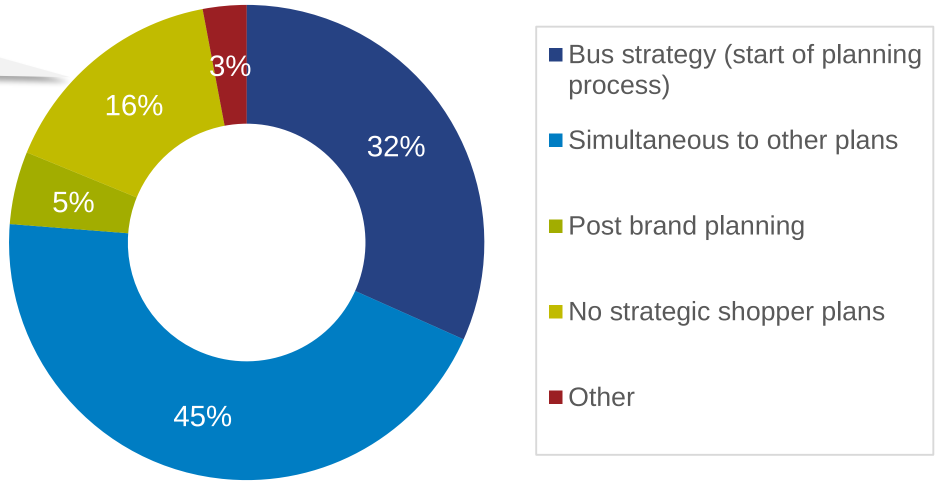


OS10: How would you describe the status of Shopper & Retail Marketing in your organisation? Shopper marketing is ….
Total base n=91

1/3 are doing shopper and retail marketing strategic planning upfront, nearly half say at the same time as other plans

Brands and Retailers only

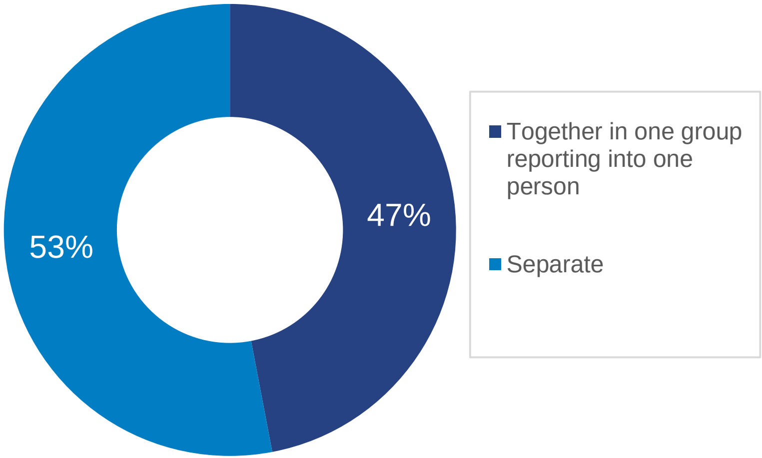
1 in 6 don't have strategic shopper plans (may be part of category strategy?)



SA1: Which of the following best describes where shopper and retail marketing strategic planning sits in your organisation's planning process?
Base total n=91

Customer/trade marketing departments are still more prevalent than shopper/retail marketing teams.

Category teams exist for 7 in 10, and where there is both category and shopper these are evenly split between being together or separate.



OS1: Which of these functions exist as dedicated roles in your business?
OS2: You mentioned there are both shopper and category people in your organisation. Are the shopper and category functions in your organisation …
Total base n=91

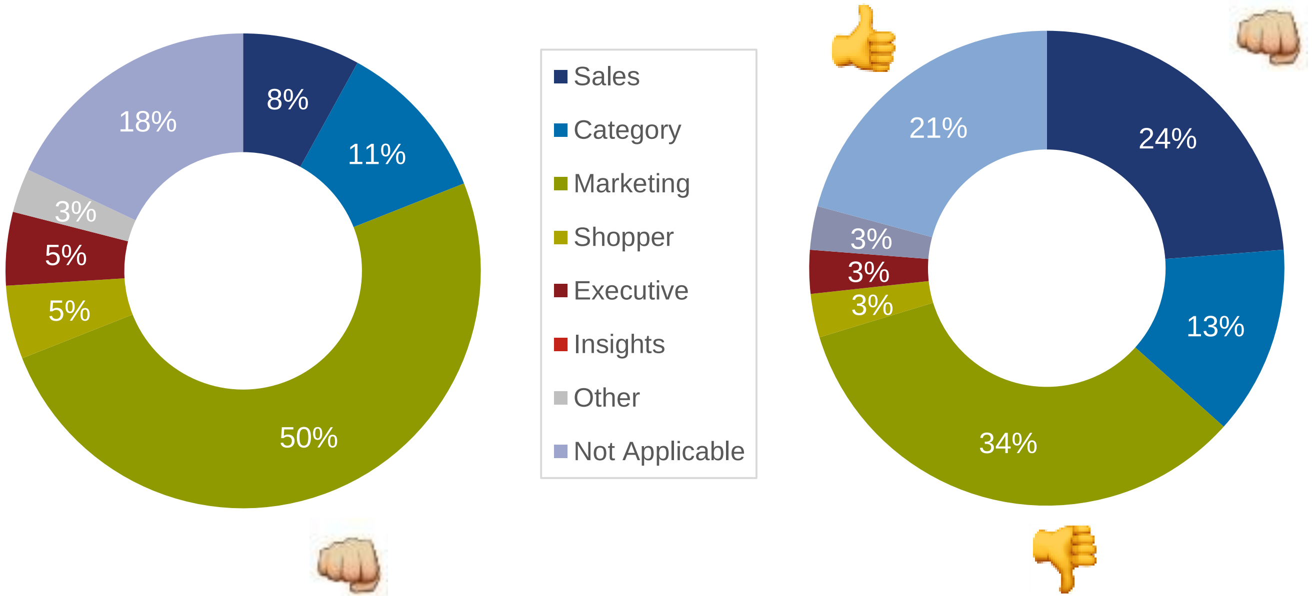
Shopper marketing is most likely to report to marketing. Customer/trade marketing increasingly report to sales, particularly if retailer specific.

Shopper / Retail Marketing

Reports into …

Customer / Trade marketing

Reports into …

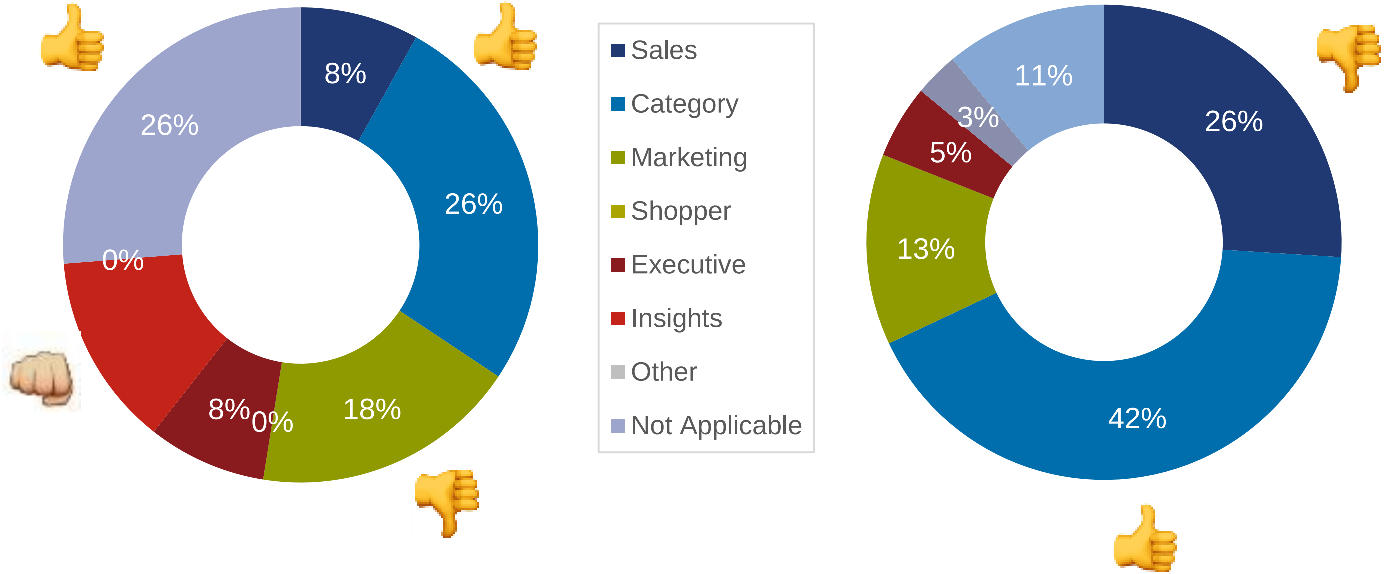


OS3: For each of the following functions, where do they report to?

Shopper Insights most likely to report into category, as is category development. Virtually none of these functions report into the executive

Shopper Insights reports to ...

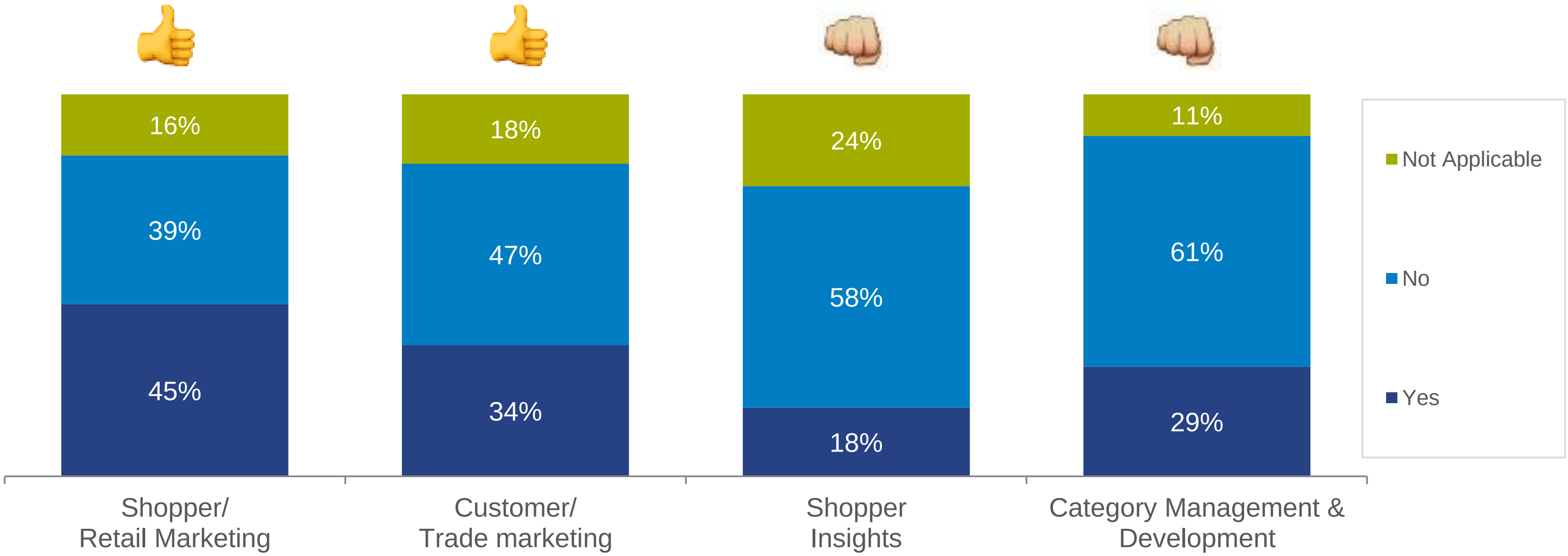
Category Management & Development reports to ...



OS3: For each of the following functions, where do they report to?

Nearly half expect to increase their shopper/retail marketing resources

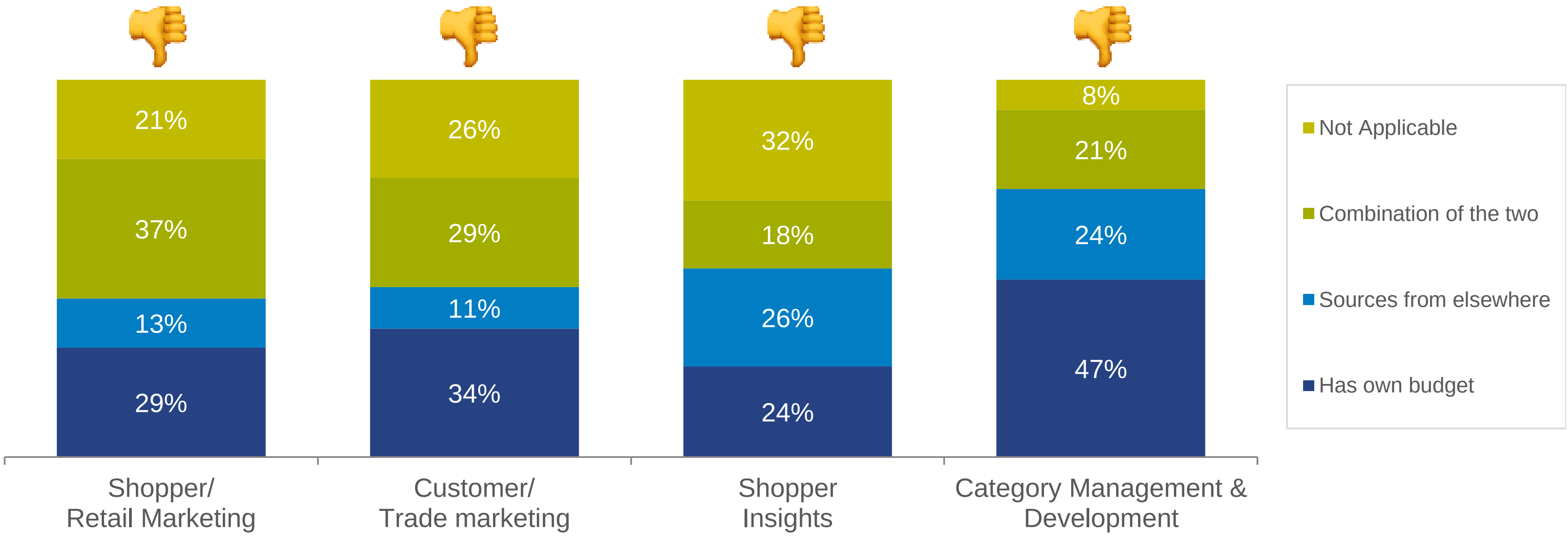
Around 1/3 of each of trade marketing and category expect to increase resources, but fewer than 1 in 5 for shopper insights



OS5: Do you expect the number of people responsible for / involved in the following functions in your company to increase over the next 12-18 months?
Total base n=91

1/3 or less of shopper and trade marketing practitioners have their own budget. 1/3 have their own plus source from elsewhere.

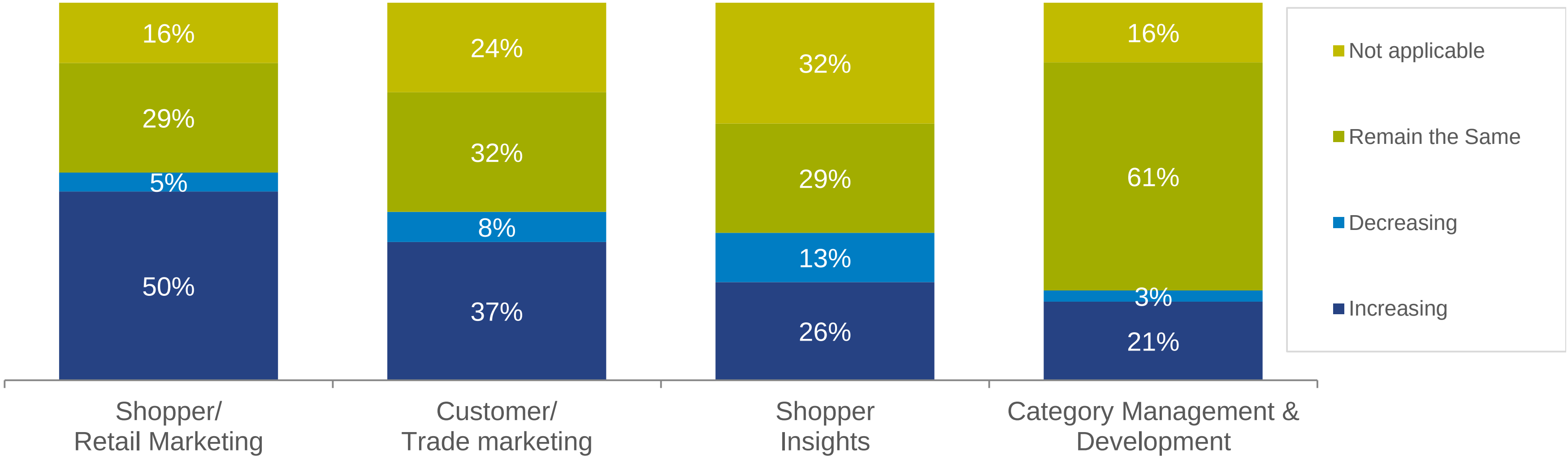
Where nearly half of category people have their own budget (albeit that category typically requires fewer executional $$ than does shopper)



OS6: For each of the following functions, with regard to budget, do they:
Total base n=91

Half expect shopper marketing budgets to increase. Less bullish for shopper insights, despite overall increasing interest in this area.

Category budgets largely expected to stay the same.



OS8: With regard to budget for each of these functions, do you see it increasing, decreasing or remaining the same over the next 2 years?
Total base n=91

If more budget were available, more than half would spend it on digital/social/mobile

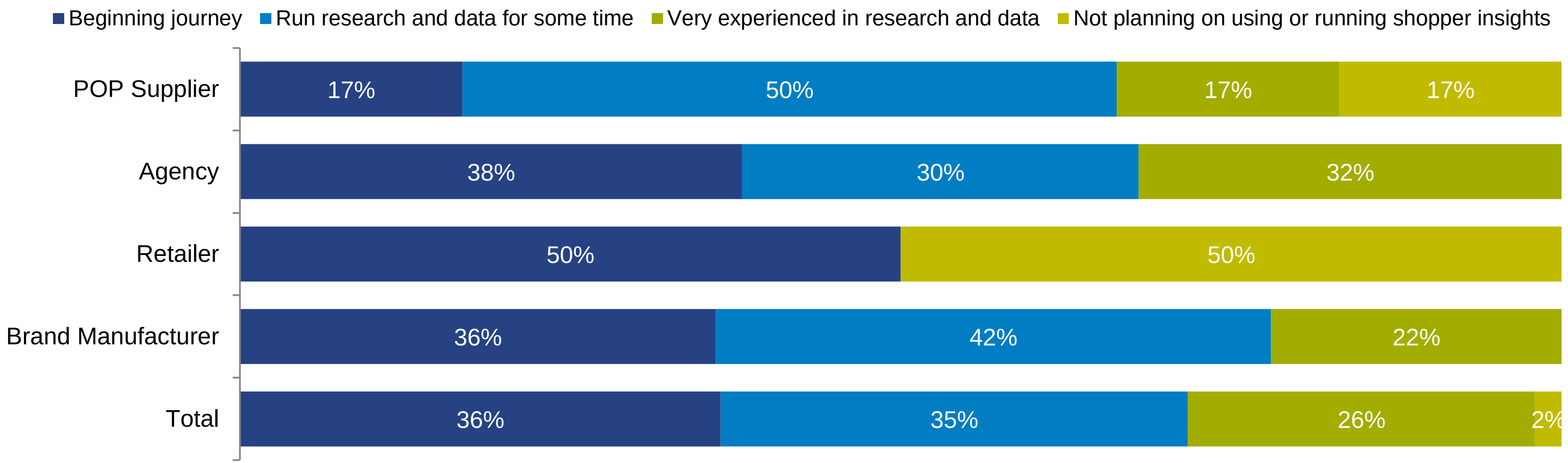
1/3 would spend more on shopper research and insights

OS9: Where would you deploy more budget and / or people resources, if they became available?
Total base n=91

Shopper Insights

1 in 3 overall say they are still in the beginning stages of shopper insights

Another 1/3 say they have run research and data analysis for some time.

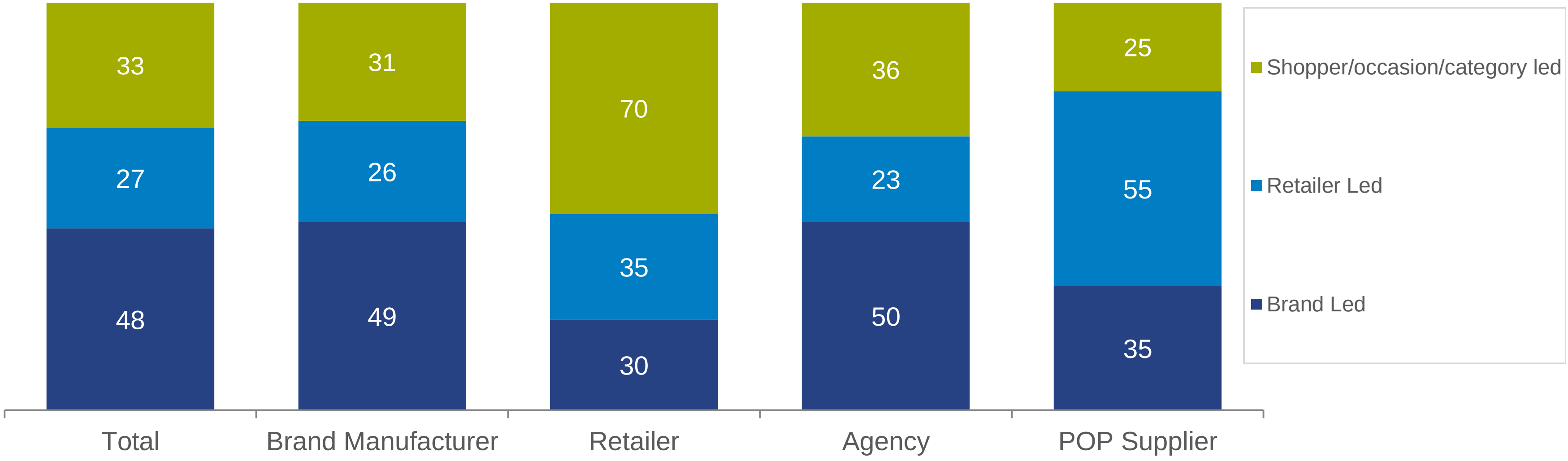


SI1: Which of the following best describes your organisation's relationship with shopper insights?

Shopper Marketing Activities

Half of shopper programs are brand led, a quarter are retailer led and 1/3 are shopper/category/occasion led

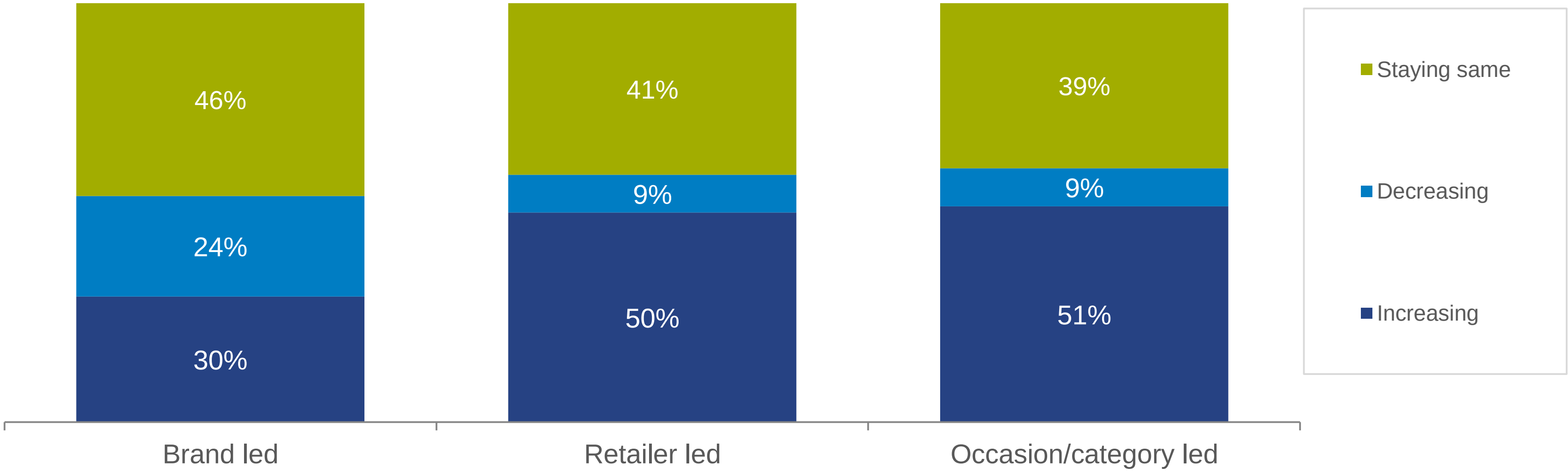
POP suppliers are doing more retailer led work, where agencies are doing more brand led work.



SA2: What % of shopper / retail marketing programs do you activate that are:
Total base n=91

Retailer led and occasion/category led programs are perceived to be increasing.

However, retailer led programs and use of retailers' media assets is perceived to be increasing costs, leading to 'fewer, bigger, better'



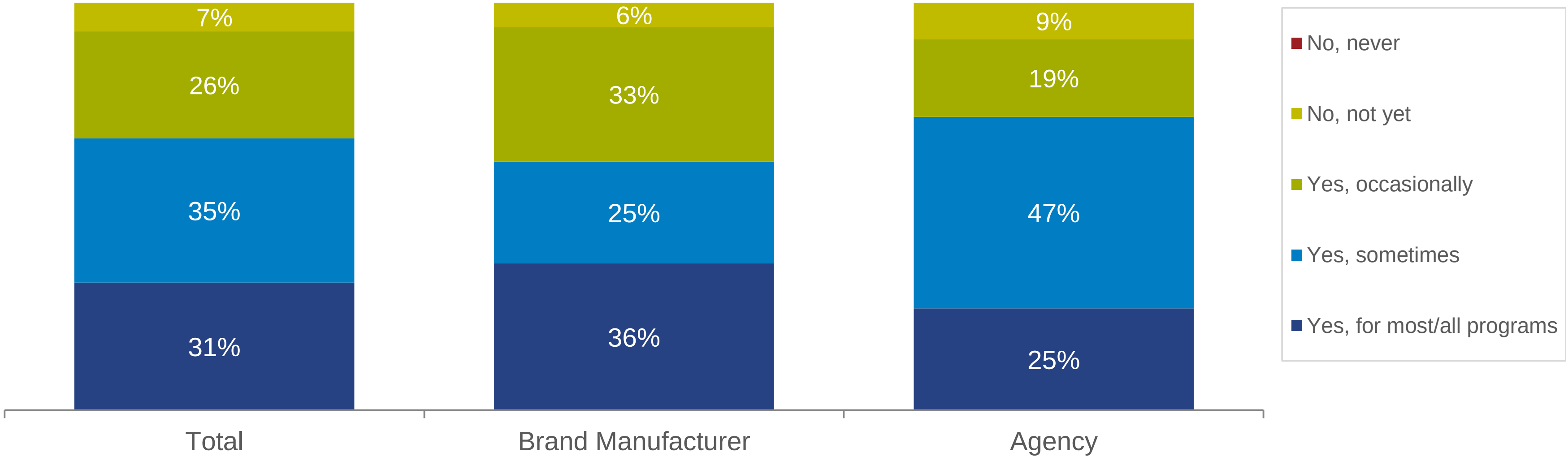
Retailers taking control of the touchpoints and charging to pay to play means cost is going up

SA3: Are the number of these program types in which you are participating increasing, decreasing, or staying the same?
Total base n=91

90% are using retailers‘ media assets to some degree. 1/3 are using retailers‘ assets for all programs.

Retailers are clipping the ticket on where agencies used to make money in fulfilment and production. There is an ongoing shift of marketing spend from brands/agencies to retailers.

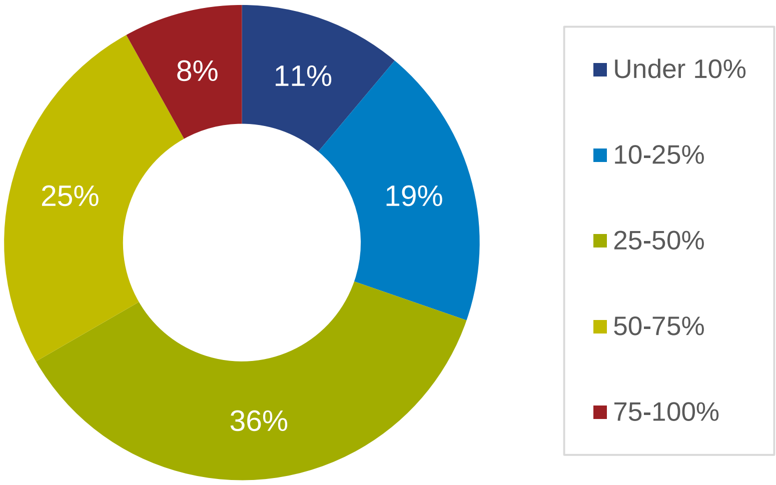
Brand and Agency



S97: Are you using retailers’ media assets as part of shopper & retail marketing programs?
Total base n=91

2/3 of brand manufacturers have fewer than half of their campaign pitches actually make it into market.

Brand manufacturers

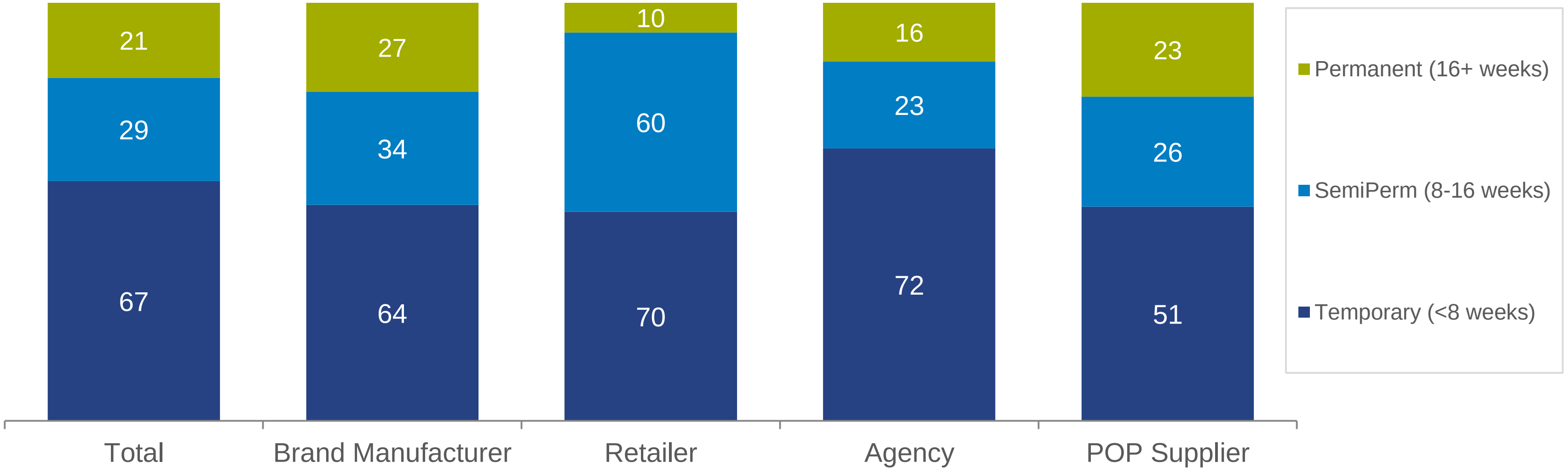


Retailers say they want innovation but if can't demonstrate the return, it gets knocked back.

SA5: In the past 12 months how many of the brand or sopper / occasion / category led campaigns which you have pitched to major retail customers, have actually made it into market?
Base total n=91

Nearly 2/3 of what is being activated is temporary (higher for agencies)

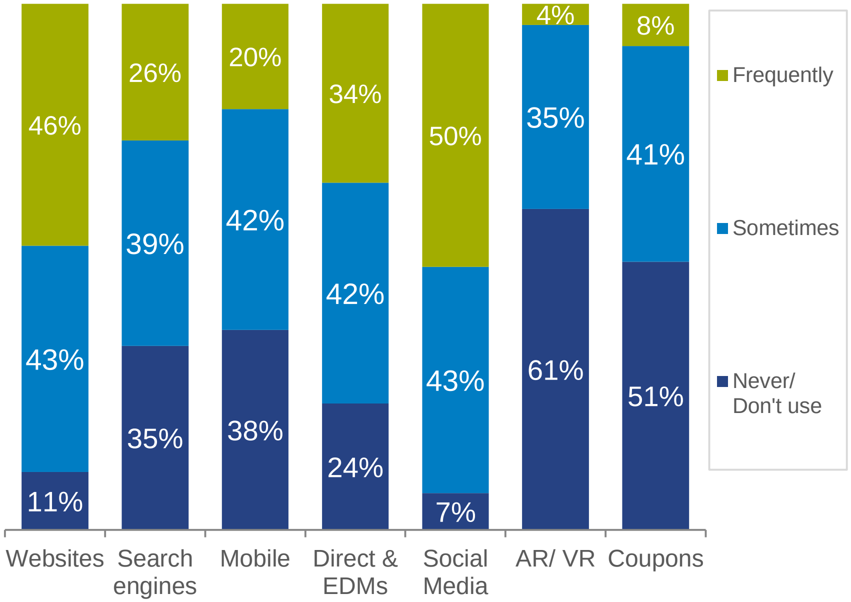
Most shopper activations are semipermanent and campaign based. This will continue with digital being temporary and having interchangeable content.

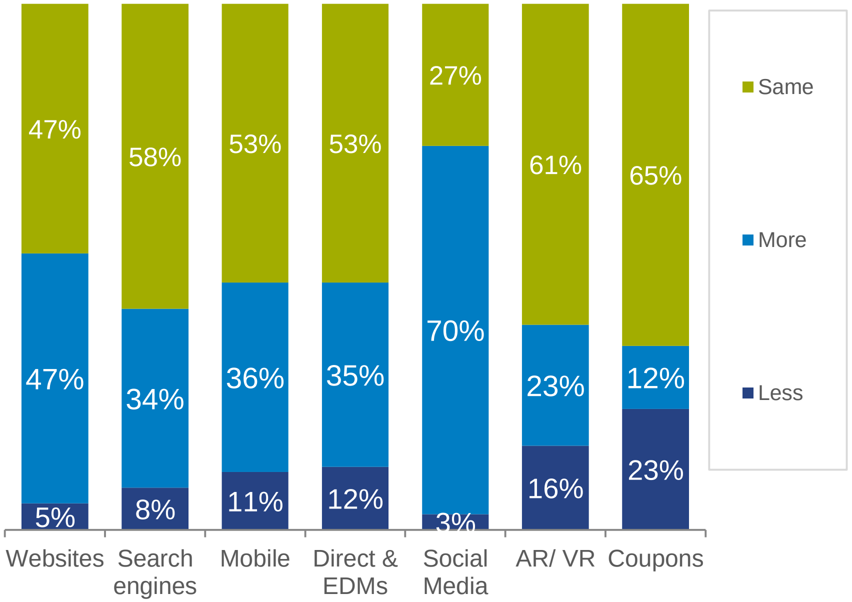


SA4: What % of shopper/retail marketing programs do you activate that are:
Total base n=91

Websites, social media and eDMs used most frequently. Most digital tools have increasead versus 2014, and expected to continue to increase, particularly social media.

Digital tools & techniques employed

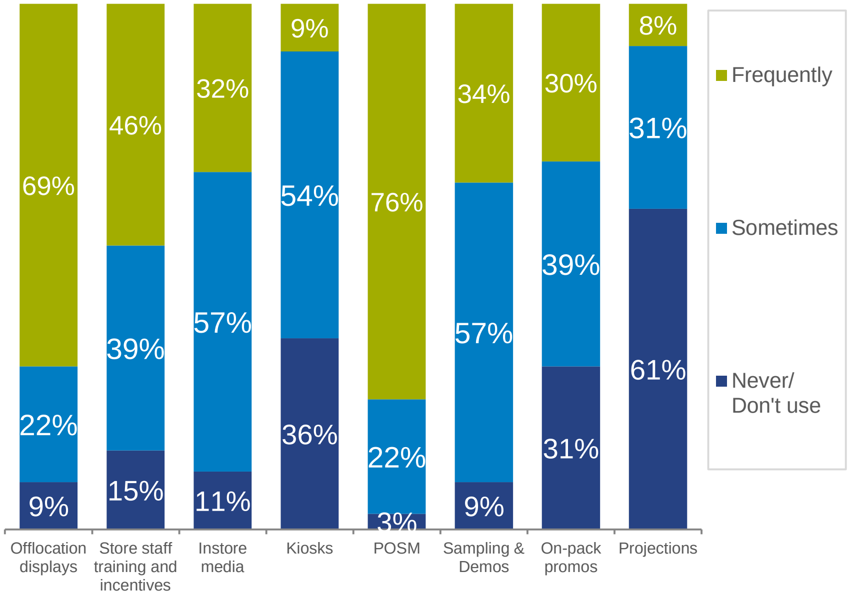


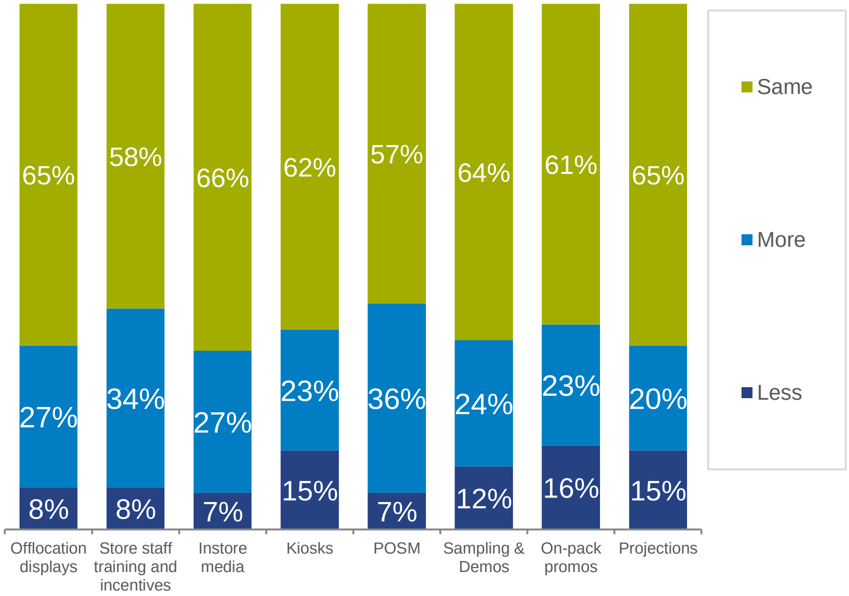


SA8: Which of the following shopper & retail marketing activity types do you currently employ in your shopper & retail marketing programs?
SA8a: And which tools, techniques and touchpoints are you using more or less of than a year or so ago in your shopper and retail marketing programs?
Total base n=91

Offlocation displays and POS materials used the most frequently. Store staff incentives increased frequency since 2014. 1 in 3-4 say they will use more of most instore tools.

Instore tools & techniques employed





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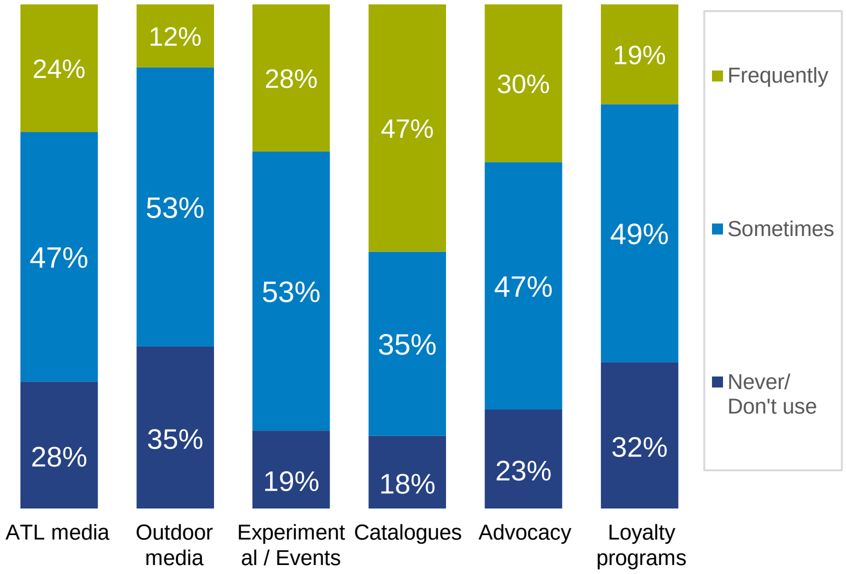
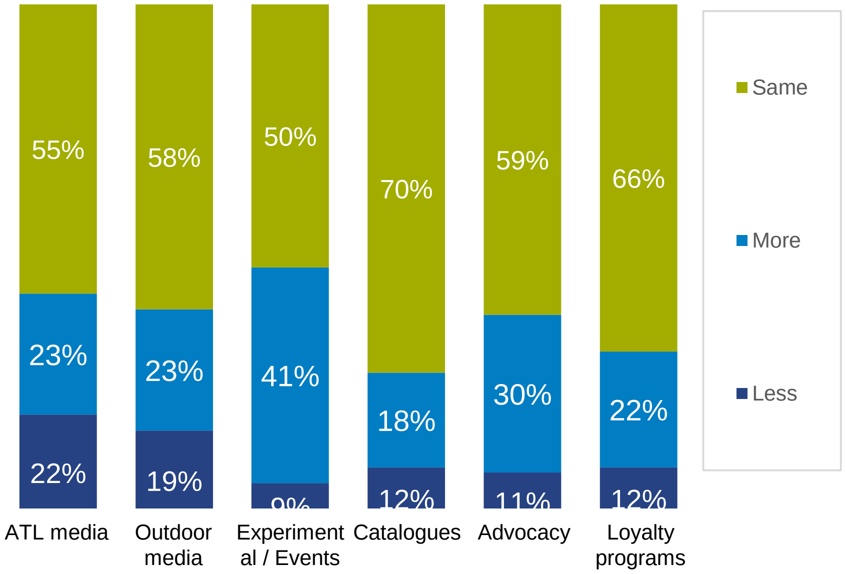
Total base n=91

Catalogues and advocacy programs the most frequently used out of store. Experiential expected to increase the most.

Experiential drives emotion but also interaction, not just awareness. If move to online sales, then role of physical store is more experiential. Retailers limit or charge for what can be done instore, so we invest in experiential out of store.

Out of store tools and techniques employed

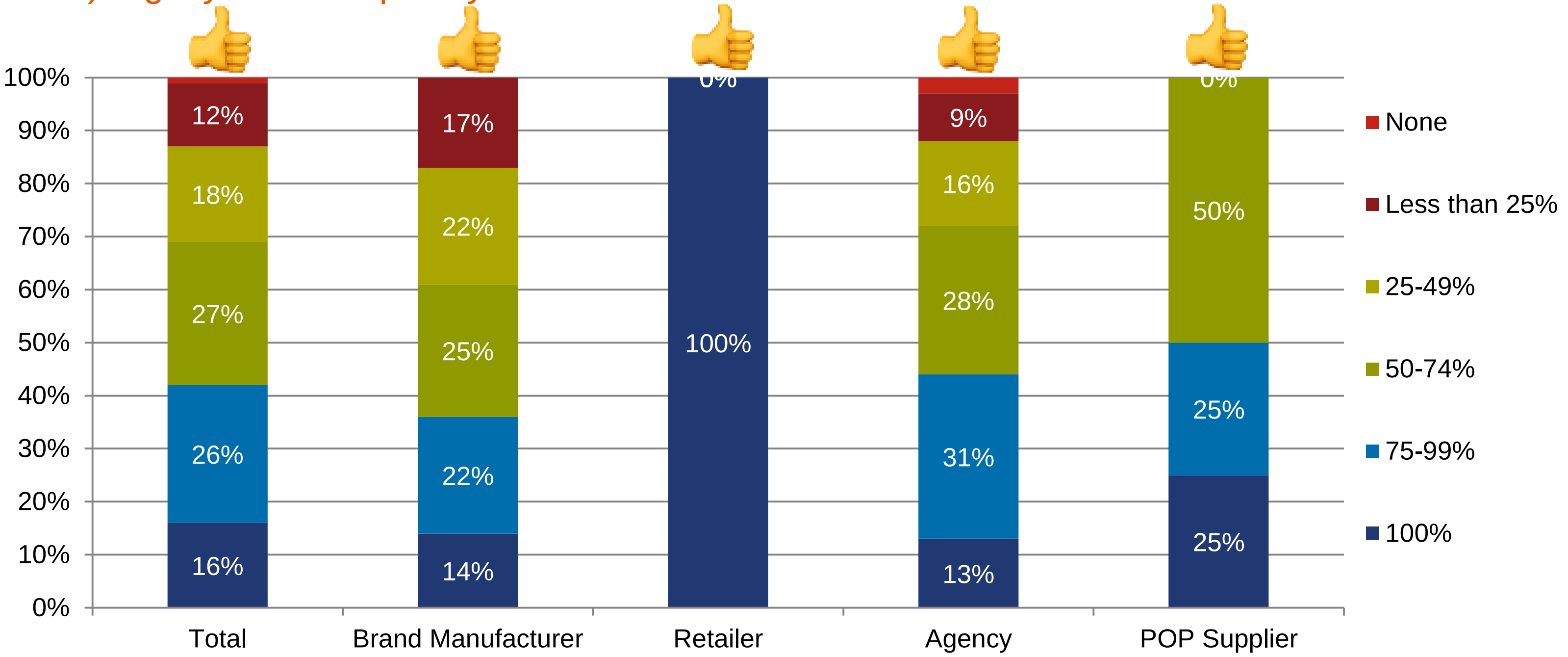




SA8: Which of the following shopper & retail marketing activity types do you currently employ in your shopper & retail marketing programs?
SA8a: And which tools, techniques and touchpoints are you using more or less of than a year or so ago in your shopper and retail marketing programs?
Total base n=91

4 in 10 say they measure 75%+ of their campaigns.
But nearly 1 in 3 are measuring campaigns less than 25% of the time

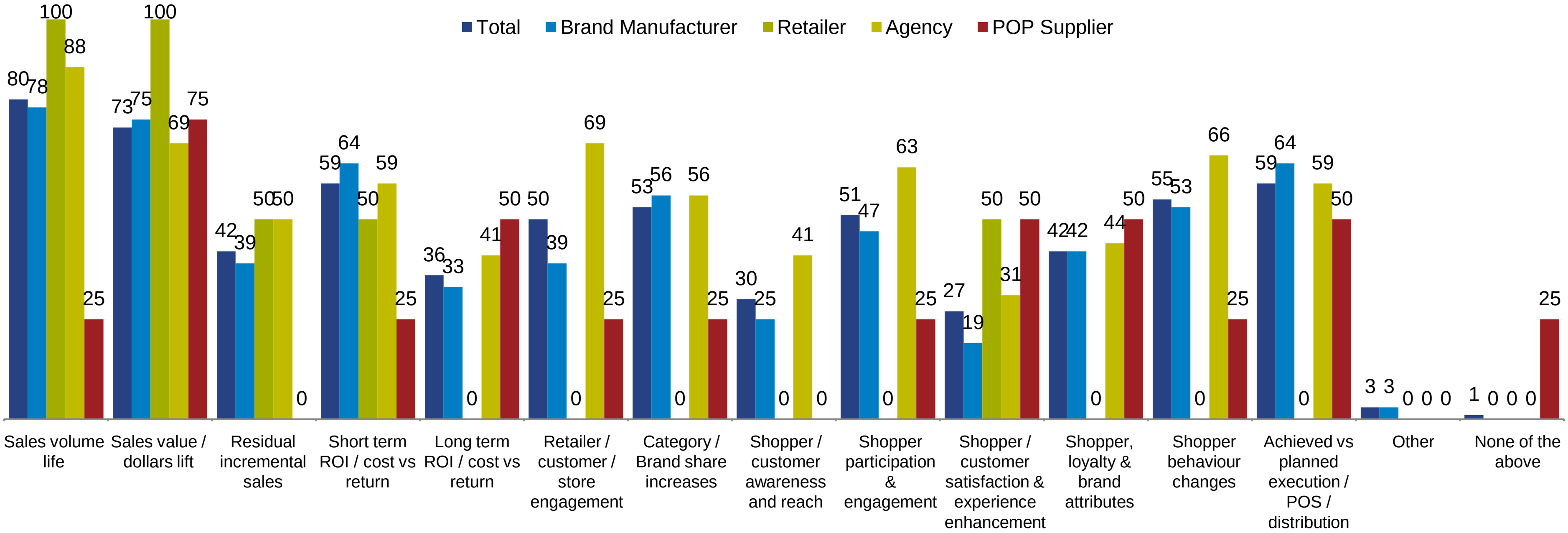
Agencies say they are measuring more campaigns (or at least the campaigns they are involved in are measured) slightly more frequently than brand manufacturers



SA11: How many (what percentage) of your shopper marketing campaigns are measured and evaluated?
Total base n=91

More than 3 in 4 are measuring campaigns using volume/value uplift

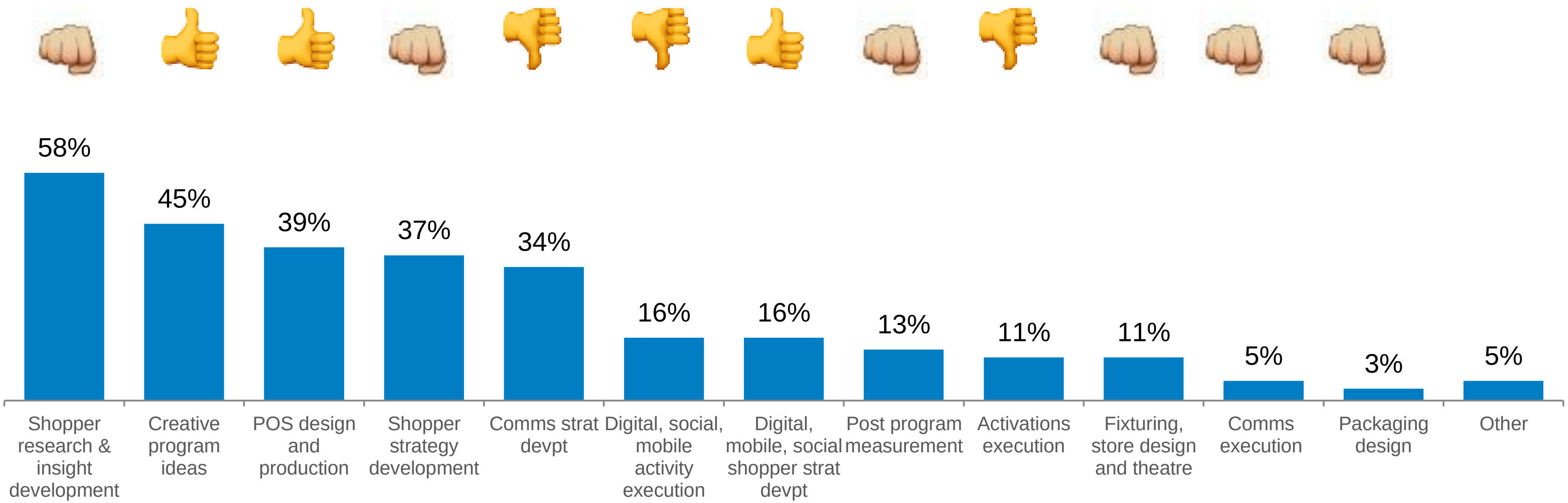
Around half are using impact and influence measures such as engagement, participation, reach



SA10: Which ways do you measure shopper and retail marketing activities in your organisation?
Total base n=91

Brands and retailers look to agencies primarily for research and insights, creative program ideas, POS production. But also strategy.

Brand and retailer



SA14: What role or functions are most important for shopper marketing-related agencies to provide?
Total base n=91

Retailers look to brands for similar things than what they look to agencies for. Plus funding.

Retailer

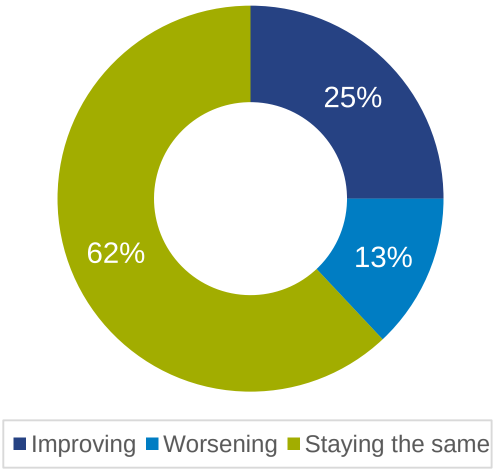
- Ideas that will drive traffic and spend
- Funding
- Creative ideas
- Ideas that will improve the shopper experience
- Shopper and category insights

SA15: What are the most important things a brand supplier can bring to the table for shopper and retail marketing programs?
Total base n=91

1 in 4 think the quality of client briefs is improving. 2 in 3 think it's the same.

Agency & POP suppliers

Fewer pop suppliers than agencies thought briefs improving. More POP suppliers than agencies said briefs worsening or staying the same.



Improving

Clients are upskilling as times goes on.

New technologies, new tools, new people so new opportunities.

More importance being placed on shopper and retailer engagement.

The better ones involve insights led strategies.

Worsening

Brand, category and marketing managers are utilising multiple channels to market and services without mastering any of them. Spread too thinly and too many are inexperienced. Suppliers are expected to spend a lot of time coming up with multiple solutions, when in reality, we are second guessing based on very loose briefs."

State of the economy. Lack of strategic planning by retailers.

Staying the same

Still a lack of expertise and understanding of Shopper and Retail Marketing.

Clients [briefers] are time-poor and find it harder to keep up with what they could get and ask for; suppliers [external or internal] are paid for being data-providers not solution providers. Very few are bridging the gap.

Silo mentality between insights, brand and shopper teams.

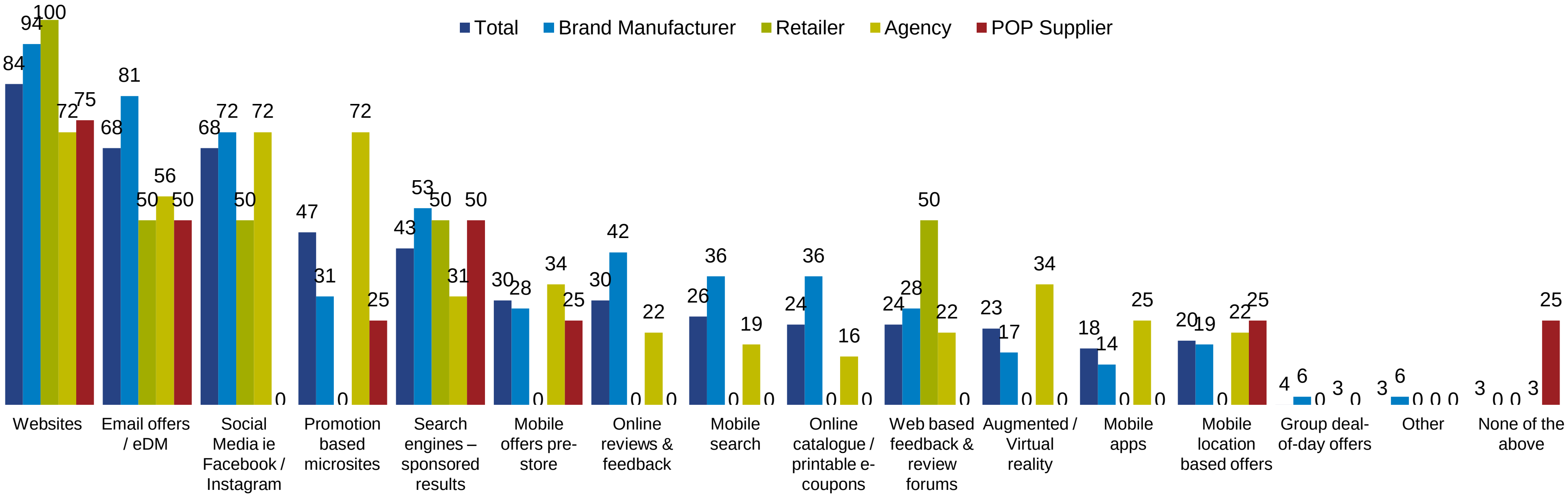
SA16: Is the quality of the shopper / retail marketing briefs you receive from clients …
SA16a: What do you think is behind this?

Digital, Mobile, Social

Websites, eDMs, and social media used by more than 2 in 3 in past 18 months. Brands doing more of most things than agencies

Agencies are more likely than brands to use microsites, AR/VR, mobile apps.

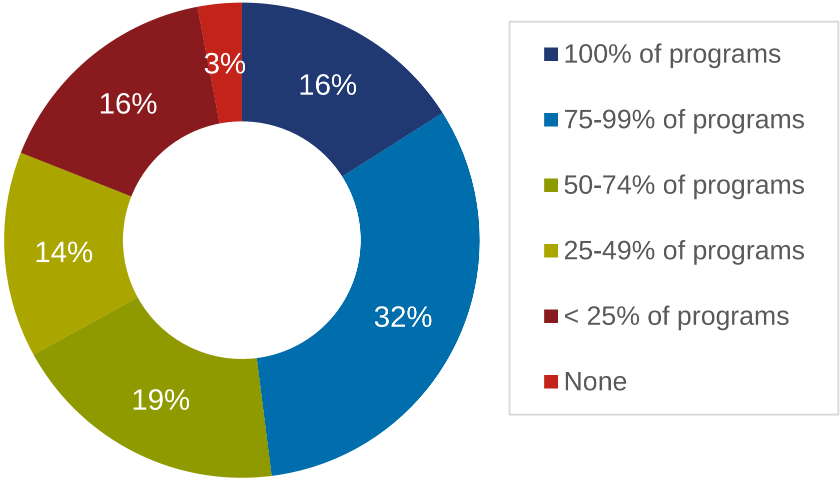
Mobile use still in its infancy, under 30%



DOM1: Which digital, online or social media techniques have you trialled or adopted for shopper & retail marketing in the past 12-18 months?
Total base n=91

Nearly half of agencies and brands are using digital in 75-100% of programs

A quarter of brands say they use digital 100% of the time



Toe in the water but not on scale.

Digital tie ins with what retailers are doing - loyalty edms etc

Digital is in its infancy - trial stages for shopper. People don't have a great handle on it, but this will change quickly.

DOM2: In the past 12 months, how many (what %) of your shopper & retail marketing programs and campaigns include digital / social / mobile elements?
Base total n=91

A third have run exclusively digital shopper campaigns.

32%

Yes

68%

No

DOM4D: Have you run any exclusively digital shopper campaigns (ie. with no physical store execution)?

Biggest opportunities around digital are in measurement, reach, and targeting.

Barriers around ownership, 'keeping up', complexity, and privacy

Opportunities

Measuring ROI.

Better targeting.

Being able to connect with the customer and drive the sale process directly with them.

Reach. Ability to scale.

Efficiency & effectiveness.

Closing the loop, taking in store activities online and vice versa.

Data, knowledge, insights.

Fully integrated campaigns.

Barriers

Digital noise and clutter.

Lots of choices, limited resources = don't know where to spend the time and money.

Changes fast – difficult to keep up and stay across what works and what doesn't.

Ownership over who is responsible … and finding dedicated experts.

Cost of leveraging retailer databases and subsequent inability to create longer term loyalty and reengagement program with those audiences.

Privacy concerns and data restrictions.

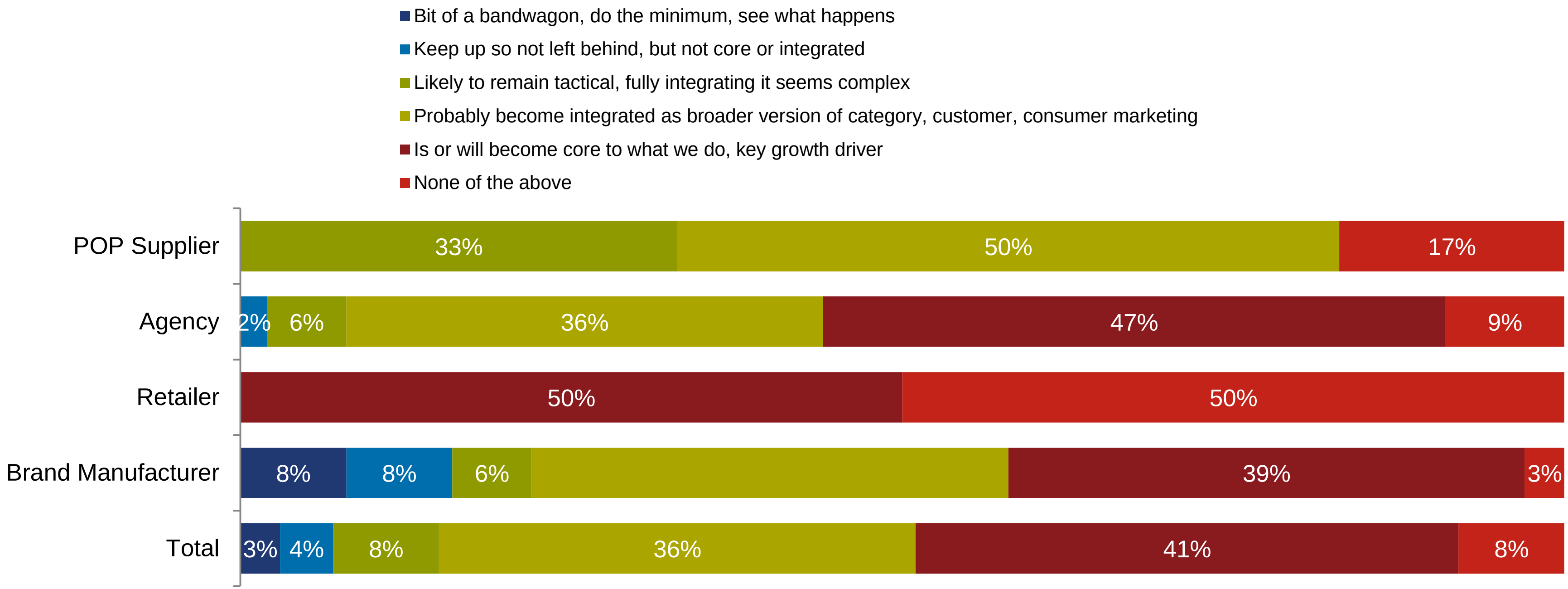
Integration with other commerce, communication and relationship vehicles.

DOM5: What do you see as the biggest opportunities and challenges in leveraging digital technologies for shopper and retail marketing?

3. The Future – where are we going?

Shopper Marketing seen as core for 4 in 10, and likely to become integrated for 1 in 3.

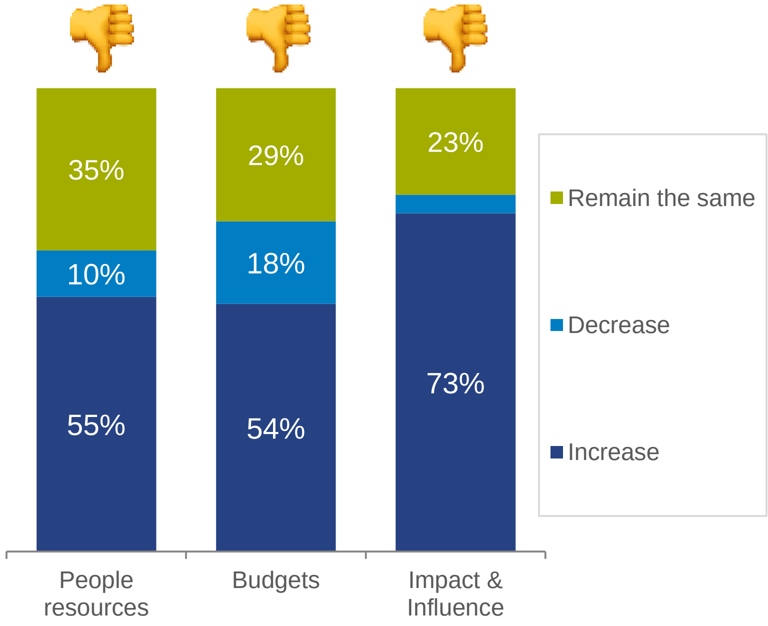
Virtually noone sees the function as a bandwagon any more or are doing it merely to keep up.



F1: Which of the following best describes what you see as the medium term future of shopper & retail marketing in your company?

Half expect resources and budgets to increase, and 3 in 4 expect the discipline's impact and influence to increase – but these numbers are down versus 2014 expectations

Trend



Opportunities

Personalisation. Bespoke and tailored experiences.

New types of touchpoints.

Become more focussed on shopper, rather than trying to satisfy retailer needs / wants or to increase brand awareness.

Better measurability.

Integration at the strategic level.

Harnessing data and insights.

Better collaboration between business units, and between brands and retailers.

Education, particularly at the senior level as to what the disciplines are and can deliver.

Test and learn.

F2: With regard to the future of shopper & retail marketing as a discipline, outside of your company, do you think the following will increase, decrease or remain the same?
F3: What do you see as the biggest opportunities for shopper & retail marketing?
Total base n=91

Biggest success limiters remain lack of experience, resources, and senior management support

Fear and short termist thinking also play a part

A general lack of experience and understanding within the industry, plus fear of change for many established players brought up on a diet of TV advertising.

Insufficient budgets, lack of lead times to integrate shopper correctly and lack of measurement of campaigns.

Growth of online shopping

Lack of resources – both people and budgets.

Senior Management's level of knowledge & interest.

Data and privacy issues.

Short termist thinking: both brands and retailers. Proving the return or you don't get to do anything

Ignorance, fear and emphasis from mainstream agencies that the dinosaur of TV will remain. Mainstream agency snobbery.

Being seen as 'end of the line' execution people.

F4: What do you see as the biggest success limiters, impediments and roadblocks for shopper and retail marketing?

In sum …

Some improvements in strategy, measurement, digital, test and learn.
But pace of change is slow.

Inertia:

Brand manufacturers a combination of 'templated' (resulting in 'lazy'), junior, understaffed, risk averse, resigned/punch drunk in dealing with retailers

Best Practice:

Still considered to be internal and external collaboration. Not there yet for most, particularly externally

Insights:

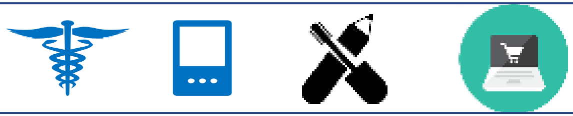
Doing more with less means insights perceived to be growing sector to help with proving ROI

However little evidence of increased investment in insights sources or people

Capability:

Low to medium, but improving over time. Few offer roadmaps or capability training – opportunity here. What does 'advanced' shopper marketing look like?

The Future



Channels

- Future not in FMCG, too limiting by retailers. Talent and brain drain in FMCG

- More opportunities in pharmacy, technology, beauty (and people with FMCG smarts are moving into these channels)

- Increasingly online/seamless/digital

Horizon

- Not much change in the immediate term

- Mid term yes, see a tipping point coming – expect Amazon and others will create need for retailer/market change through shopper behavioural change that will drive other retailers to rethink.

- Future will either become experiential (ie UK) or analytics/price based (USA).

What's changed in 2017 versus 2014?

- Less perception of bandwagon
- More strategic role
- Use of digital and social in programs
- Measuring more often
- Success of programs

- Retailer control of media assets increasing, thereby increasing cost of participating in or running campaigns
- Fewer programs overall ('fewer, bigger, better')

- People resources
- Budgets
- Education
- C-suite support and interest
- Shopper led campaigns (vs brand or retailer led)

We're getting better at it, but there is a ceiling on innovation and effectiveness due to retailer and c-suite limitations, particularly in FMCG. Brands and agencies putting more focus on what they can control.

THANK YOU

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