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## SHELF HELP A GUIDE TO SHOPPER MARKETING

In the world of marketing, the big idea is an endangered species. No matter how bold and beautiful the print ad or eventful and star-studded the television spot, its several smaller ideas, well-executed and tailored to specific retailers that are becoming the norm for marketers hoping to move products off store shelves.

Two years ago packaged goods giant Procter & Gamble initiated a “store back” program that requires its advertising and marketing partners to put “the moment of truth” at the forefront of all campaign ideas. In other words, if an idea doesn’t sell a product in the store, it’s not going to work at all.

This emphasis on success at the shelf level is driving a cultural revolution in marketers’ thinking. Though definitions vary, shopper marketing is a broad practice of tactics based on in-store data and insights aimed at influencing a shopper’s behaviour, both in the store and prior to their visit.

“It’s probably the biggest paradigm shift that’s happened to the marketing and packaged goods world since the advent of consumer and shopper strategy at Toronto-based Spider Marketing. “You’ve got somebody at shelf level. They can pick up product A or product B. What are you going to do while they’re there at that retail moment to get them to connect with your brand and hopefully put it in their bag?”

The most obvious way to track the rise of shopper marketing is to follow the money. According to a Deloitte study from

the Grocery Manufacturers Association, consumer packaged goods (CPG) investment in in-store shopper centric campaigns has doubled since 2004 and has had an annual growth rate of 21%. The trend is expected to continue over the next two years at the expense of traditional marketing channels, such as print, billboards and television.

Two factors driving shopper marketing are the fragmentation of the media landscape and the consolidation of major retail outlets into a select, powerful few. In this new landscape, real-time technology that can measure data and sway in-store decisions has come to the fore, the dynamic between retailers and manufacturers has become more nuanced and collaborative, and there’s a greater impetus on executing campaigns in a timely manner.

“Marketers need to understand more about sales – it is not about drafting consumer campaigns in isolation,” says Liesbeth Teerink, VP managing partner of promotional and shopper marketing agency LAUNCH! “They need to have great collaboration skills to work with retailers and their partners in the sales department. They need to be innovative



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and not afraid to experiment. And most of all, they need to walk the talk. It's time for marketers to spend more time at those touch-points close to the point of purchase."

### "Collaboration is king"

The speed with which data is gathered has allowed retailers to glean more accurate information about the right shoppers in a timely manner. They can then partner with manufacturers to make shopper centric decisions about all areas that impact the moment of truth: price, promotion, assortment, or in-store merchandising.

The rise of shopper marketing has caused a slight shift in the balance of knowledge in favor of retailers, meaning marketers

must collaborate more closely to capitalize on that knowledge.

"Collaboration is king," says Adam Murphy, VP, global retail & shopper practice at The Nielsen Company. "The challenge in realizing this is reconciling the 'whole of store' perspective and objectives of retailers, with more focused objectives of manufacturers. Delivering a 'win-win' is impeded when we don't acknowledge that we have different objectives. We work with our partners to develop collaborative frameworks. Successful collaboration balances retailer breadth of knowledge on shopper trips and baskets with manufacturer depth of knowledge in a category."

Retailers are more and more willing to share customer information with their key manufacturers, says Aidan Tracey,

CEO of experiential marketing, sales and merchandising agency Mosaic and formerly a brand manager at Procter & Gamble.

"Retailers are becoming much more collaborative. Information has been becoming more of a two-way street. If it's only one sided, it's not going to work," he says. "The role of the retail environment has come right to the forefront and is at the head of the class. The most exciting thing for us as a service provider in this space is, as we approach 2011, there is a massive revolution and there's no question that marketers are readjusting their budgets."

### The impact of data and analytics

When it comes to shopper marketing, global information and measurement company Nielsen encourages their clients to differentiate between "consumers" and "shoppers".

Consumers exist outside the store and chatter online or among friends about cooking habits, style and household trends. Shoppers, on the other hand, take that information and choose to make a purchase. They have store preferences, brand loyalties, shopping lists, and discerning opinions when it comes to prices and promotions.

"Recognizing these differences is the first step in providing relevant and engaging shopping experiences," says Laura Warren, Nielsen's VP global retail & shopper practice. "Now that we make the distinction, having the ability to affect shopper behaviour becomes even more meaningful."

A popular way to capture shopper information is through retailer loyalty cards. Nielsen's research shows that Canadians love loyalty cards; almost every household participates in at least one program and more than half hold a minimum of four cards in their wallets.

"This represents an incredible opportunity to uncover new perspectives on the types of shoppers shopping the store; what is important to them, how to reach them and ultimately how to prioritize shopper marketing initiatives," says Warren.

Identifying the right shoppers to target is also a driving factor for success, says Brian Ross, general manager of consulting and analytics firm Precima. For classic retailers, 20% of the customers typically drive 60% of the value. Not only is growing that market segment easier than attracting new customers, it is paramount within the new world of shopper marketing to win over competition.

"Interestingly, we find in almost every case that those consumers who contribute the most value still have the greatest potential value," he says. "We'll go in and identify those consumers, what items matter most to them and which items are they most price sensitive on."

The classic pricing strategy is to select a handful of items using volume and market data to price match against key competitors. However, Ross says this approach can be significantly improved through use of deeper shopper insights.

How price is determined, says Ross, will be one of the most critical factors for shopper marketers over the coming years, thanks in part to the recent recession. Knowing that the trend of consumers placing a higher value on price will continue well into



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**The extra emphasis on execution**

A good shopper marketer is not only sensitive to its core customer groups, but the type of customers its retailers want to attract. New technology and data gathering techniques have also given rise to more nuanced campaigns that are customized for specific stores.

Kraft Canada, for example, customizes more than 200 programs a year for its retailers. "Customization is founded upon insight about our customers' shoppers and our customers' strategic objectives," explains Melissa Martin, Kraft Canada's director customer & shopper marketing. "The goal is to synergize the best of both in conjunction with our objectives so that everybody wins."

Similarly, last year, LAUNCH! managed the shopper marketing for the Dairy Farmers of Canada's Cooking with Cheese campaign. The agency sent a fleet of brand ambassadors armed with handheld scanning devices into stores. On the spot, the ambassadors scanned shopping cart contents and printed out cheese-friendly recipes and dinner suggestions based on the ingredients.

"Shoppers loved the added value," said Teerink. "It sold cheese and even other products, essentially increasing basket size."

LAUNCH! develops these types of winning initiatives based on "A-ha moments" when "Last 3 Feet" insights drawn from data and research successful translate into sales, benefiting brands, buyers and sellers alike.

Increasingly, those insights are coming from daily sales data. For marketers, that means adjusting to a new, real-time reality. "There is no such thing as three months of planning and then a year of executing," says Teerink. "It is a daily cycle of planning and execution with execution actually driving planning."

One company that's focused 100% on execution of complex in-store and experiential campaigns is Pareto, which implements and mass-customizes shopper marketing materials at its large production plant in Richmond Hill. With a national network of merchandisers and experience in all facets of in-store and online marketing, including direct sales and experiential.

"An ad agency, as an example, doesn't have enough people in enough roles consistently to deliver on the demands of execution over time," says Michael Lang, Executive Vice-President at Pareto. "Their core business should be ideas, insights and creative and then recommending the right channels. The afterthought is the details in the execution."

Timing is key, and Lang emphasizes the importance of keeping

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this top of mind. Now that retailers track and review purchase data daily, it's crucial that marketers ensure products and merchandising materials are in stores quickly.

Pareto works with its clients to reduce costs and time in the consumer communications process. It benefits from a vast national network of retail merchandisers, conducts planogram managements, audits, erects displays and runs and executes in-store promotions and seasonal programs.

"We ask how many 'touch-points' there are" he says. "And with every touch-point comes a delay in time and usually an inefficiency along the way in terms of cost."

"It's shocking how much money is spent on programs that actually don't physically get up in store at the right time at the right place," he continues. "There are statistics out there that say compliance varies from 30% to 75%."

Lang says there is a direct correlation between the in-store experience and sales lift. "If you're able to properly merchandise a shelf where the right ideas line up with the flyer and the flyer lines up with the loyalty offer, whether online or through the mail," he says, "then you're building a strong experience that shoppers will respond to."

One retailer that is forcing customization with its manufacturers is Loblaw. "We really won't take campaigns

that are delivered in a very generic way," says Craig Hutchison, SVP marketing. "We really want to have the manufacturers and their customer marketing departments work with us on how we make our eventing or our programs really meaningful for our customers."

Loblaw spent the past six months planning its big summer push: Canada's Biggest BBQ campaign. Beginning in May, the grocery chain started touring across the country to set up pop-up picnics at community events and store parking lots.

Loblaw partnered with ad agency Bensimon Byrne to create TV spots starring executive chairman and spokesman Galen G. Weston, PR company Hill & Knowlton and experiential agency Mosaic, which deployed and staffed the tour. Every department in the store is represented in the campaign, which also includes a major in-house online/social media component and contest for consumers to win a backyard makeover.

"For this particular program we really evaluated where we wanted to send the convoy based on our store, their sales, the consumers that are around that store," says Hutchison. "We expect to sample almost a million Canadians with the ice cream."

Chad Grenier, VP of Mosaic's packaged goods group, believes the integrated campaign will be lauded as one of the

## Mosaic

Veteran experiential marketing, sales and merchandising firm Mosaic zeroes in on the path to purchase which involves intercepting consumers at community events, malls, outdoors, nightlife and digitally.

The agency builds brands by engaging consumers one-to-one and then driving them to the point of purchase where there's a flawlessly executed shopper marketing program in place. They've created campaigns for myriad blockbuster brands and retailers including Rogers, Olay, Stride, Xbox, Loblaw and Budweiser.

Mosaic has been designing strategies that live both in and out of the retail channel for years and puts emphasis on the value of campaign design and the importance of execution at retail.



Mosaic Beauty Ambassadors provide personalized consultations and product recommendations

For Anheuser-Busch's annual outdoor getaway contest "Bud Camp", Mosaic collaborated with partner agencies to build a buzz-worthy integrated campaign around young males' desire for an ultimate beer experience through in-bar events, web, print, radio, sampling and social media. As a result, 200 consumers attended Bud Camp, 17,000 on-premise one to one interactions and 35 million impressions across all media channels were generated. Originally an event idea, it has grown into a shopper-centric phenomenon that has won a number of awards. The initiative connected consistent branding from the event itself to word-of-mouth buzz to a killer TV spot to point-of-sale at the retail channel.



- DIRECT MARKETING
- EXPERIENTIAL MARKETING



- MERCHANDISING
- SIGNAGE
- BRAND ACTIVATION



- EVENTS
- INCENTIVES
- INTERCEPT SALES



- PROMOTIONS
- CONSUMER LOYALTY

year's best because the client drove the strategy across all of its internal stakeholders and agencies. "Loblaw embraced an experience that cuts across all media," he says.

Another in-store marketing campaign that Mosaic created for Loblaw sprang from the insight that women shopping for beauty products rely on an expert sales consultant that can answer questions about the products.

"We worked with Loblaw to not only create a campaign in-store that would line up the flyer activity with the in-store merchandising," says Grenier. "But also place an in-store beauty consultant who would be there week to week to engage the consumer, have the dialogues about what their beauty needs might be and be there on a semi-regular basis."

### The role of technology

Shopper marketing starts before a shopper even enters a store. "It's about not just understanding the role that technology plays in driving awareness," says Dubroy, "but also understanding the role that it has in manufacturing purchase intent."

"Understanding the differences between the two functions - and how much spend to apply to each - is critical for progressive marketers to drive maximum ROI. Spider helps

clients identify which solutions will drive the most behaviour change, and then implement the right tools and creative to help influence shopper choice rather than just become another distraction."

And there are many distractions. Retailers are installing interactive kiosks and LCD screens at shelf level that show commercials, pitch incentives and display product info, QR codes on packaging allow shoppers with web-enabled phones to access pricing info online, GPS software can source low-priced items in nearby stores and RFID-enabled displays text exclusive e-coupon offers to shoppers' mobile phones.

Despite all these new gadgets, shoppers have sophisticated social networks and infinite intelligence sources to help them make decisions. That means they are open to experimentation and prone to unpredictable behaviour.

"Many marketers are making the mistake that this is all about new media technologies at store. We see that differently," says Liesbeth Teerink, VP managing partner of marketing agency LAUNCH! "The most important part technology plays is in providing tools and processes to gather continuous information that can be translated into shopper insights."

For example, LAUNCH! analyzed path to purchase of appliance shoppers for Whirlpool and found that the majority



Spider Marketing Solutions uniquely combined shopper and retail insight to support Mattel's launch of their fashion-forward Barbie Fashionista dolls at numerous retailers across the country

### Spider Marketing Solutions

As Canada's only boutique shopper marketing agency, Spider has established a niche for itself as a passionate leader of brand activation and shopper marketing solutions through the use of its proprietary shopper innovation process.

This process combines a series of information gathering tools, insight and ideation and helps clients navigate the unique needs and motivations between shoppers, retailers, and products

- whatever the trip type, channel format, or communication vehicle.

Through this systemization of the shopping process, Spider is directly addressing the call from marketers for consistent and measurable shopper focused ideas that drives bottom line value. With a growing group of Canadian retail experts and award winning creatives, Spider has built a reputation as an 'ideas company' working with Mattel, Energizer, Coca Cola, OLG, and Church & Dwight, among others.

"Big results begin with the shopper in mind so everything becomes a holistic approach," says Jason Dubroy, vice-president, consumer and shopper strategy. "This approach starts before people get into the store, and then follows by activating timely and relevant information to empower shopper choice."



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Using shopper purchase data, manufacturers can identify which items are most important to priority shoppers as well as their price sensitivity to those items

## Precima

The wealth of transactional data available through frequent shopper programs, new shelf-level technologies and customer insights is giving retailers and manufacturers to understand a daily, even real-time understanding of the reasons behind purchase decisions.

For a big grocery chain with millions of consumers buying millions of items each week, making sense of all that data to gain competitive advantage poses a challenge. Enter consulting and analytics firm Precima.

As the analytics consulting firm within LoyaltyOne, the Alliance Data-affiliate has spent more than 16 years working with the retail partners of the Air Miles Reward Program – Canada’s premier loyalty program to develop and execute customer plans.

Precima starts by identifying different types of shoppers, developing a consumer strategy around their needs and then using those insights to drive marketing, merchandising and operations strategies around those needs. They work with clients every step of the way to build an organizational plan to help them evolve to a more shopper-centric organization.

Precima’s extensive experience makes them an ideal partner when planning to integrate “shopper-centricity”. As president Brian Ross explains it, “it requires a fundamental shift in how you do business and go to market. Consumers don’t think in categories, they think in terms of their needs.”

of decisions are made in the store after in-depth discussions with sales associates. The agency also found that at peak times, there’s often a shortage of associates on the sales floor.

“We created a self-serve interactive solution with information screens build into the Whirlpool appliances where consumers would have access to rich content at their finger tips,” says Teerink. “They also could be used by sales associates as a sales tool.”

Pareto’s Michael Lang sees the future of shopper marketing becoming more complex as new technologies help retailers and manufacturers customize in-store offers in real-time.

“The challenge will be the fine line between being too intrusive and offering value,” he says. “You don’t want to grow so rapidly that people feel there’s too much intrusion going on. But, like any new technology, it will find its place.”

## The future of shopper marketing

One oft-cited obstacle to shopper marketing is a set measurement system for results, but not everyone believes an industry-wide standard is necessary.

“We can’t speak for the industry, but we do think each organization has its own objectives and business goals,” says Ian Roberts, group director, integrated customer marketing, ConAgra Foods Canada. “So to standardize may limit innovation.”

Kraft Canada’s Martin points out there’s no industry standard for traditional media. “The objective of shopper marketing is to influence behaviour,” she says. “The behaviours and objective will be different by retailer and category shopper. The measurement of success will be determined by the results against the collaborative objective.”

Retailers and manufacturers continue to get more and more competitive,” says Precima’s Ross. “A lot of the strategies that have been implemented to date have resulted in lost competitive advantage in that category management or traditional practices have often been [based on] ‘same tools, same process, same data’.”

For collaboration to work, marketers must be willing to make fundamental changes to their organization and retail relationships. Marketers must first align and elevate their individual brands to the needs of the shopper and then determine how to engage with key retail partners. Driving that change is a recognition that new forms of competition require new ways of working.

Return on investment in shopper marketing is not just about sales, but the long-term relationship between the shopper, the brand and retailer. These are all important metrics that relate to ROI, says Robyn Gorman, VP managing partner at LAUNCH!

“Opportunities to experiment with control stores, pre-testing messages and activities with shoppers will give us

insights into what works and what doesn’t work,” she says. “The real value in standardizing any form of measurement will come from this knowledge. At LAUNCH! we have various processes for measurement by category for a variety of our clients – ROI and success at retail is a key driver for our clients and for us.”

Shopper insights will allow companies to focus on the right prices for the right types of consumers. For core consumers, for example, price is only one important factor among many, including retail experience and location. Identifying these types of consumers is also important for brands (and retailers) in determining the assortment of products they carry on store shelves.

One potential negative impact this insight is product de-listing. To save costs and improve the shopper experience, retailers are reducing the number of products they carry. According to a 2007 study by consultancy firm Bain & Company, cutting the number of products on shelves can increase sales by as much as 40% while cutting costs 10 to 35%. Wal-mart, for example, reportedly de-listed Glad and Hefty brand garbage bags earlier this year.

Precima’s Brian Ross’ advice to marketers worried about life on the “D” list? “Figure out which retailers are going down this path of using shopper insights to drive those decisions. Prioritize those retailers and start to think about how do you use insights on their shoppers to drive your brand strategy,” he says. “If you focus on the shopper that should align both interests.”

## The Nielsen Company

Global information and measurement experts The Nielsen Company provides fast-moving consumer goods manufacturers and retailers around the world with fundamental, business-critical insights about what consumers watch, what they buy, how they shop and how they react to marketing exposures to help them capitalize on opportunities to identify, attract and retain their most profitable consumers.

Nielsen’s philosophy is less about “tools” and more about building unique frameworks that help its clients understand the often unpredictable motivations behind shoppers’ decision-making, as well as identify opportunities to retain priority shoppers and attract new ones.

Drawing on decades of experience offering customized metrics for retailers and manufacturers, Nielsen coaches clients to recognize how shoppers are impacted by different shopper marketing tactics depending on their reasons for going to the store.

Metrics are integral to the shopper management process and the only way to quantify the impact of strategies. “As we see more marketers embracing shopper marketing initiatives, we will see greater consistency in metrics as we are able to establish market norms and understand the parameters of behaviour,” says Laura Warren, Nielsen’s VP, global retail & shopper practice. “Nielsen plays a leading role in establishing market performance norms.”

The future of shopper marketing is increasingly real-time, 24 hours and based on collaboration. The “end” moment of purchase is now the beginning

To that end, it’s important that marketing departments are open to the reconfiguration and education that needs to take place to integrate shopper marketing properly. Companies that once viewed brands by category must now recognize that consumers do not think in categories, but consider a wide-range of brands.

Marketers must have a keen interest in emerging technologies and be excited by the challenges created by increasingly nuanced executions.

“The shopper and the retailer have both become more powerful in the past few years,” says Dubroy. “The implications for this shift have begun to already impact the day-to-day operations of manufacturers from marketing right through to supply chain.” The next step for the industry, he says, will be a unified framework of best practices regarding three core areas of shopper marketing: collaboration, standardization, and enablement.

“The most prestigious marketing awards will not be about Clio for TV ads,” says Teerink. “They will be for breakthrough shopper marketing campaigns based on unseen-before collaboration. As a Canadian industry we can make this happen. Call me a dreamer, but I firmly believe in this and it gets me jumping out of bed every morning to get to work on exactly that.” •