

Shopper Marketing 5.0

Creating Value with Shopper Solutions





About GMA

Based in Washington, D.C., the Grocery Manufacturers Association is the voice of more than 300 leading food, beverage, and consumer product companies that sustain and enhance the quality of life for hundreds of millions of people in the United States and around the globe.

Founded in 1908, GMA is an active, vocal advocate for its member companies and a trusted source of information about the industry and the products that consumers rely on and enjoy every day. The association and its member companies are committed to meeting the needs of consumers through product innovation, responsible business practices, and effective public policy solutions developed through a genuine partnership with policymakers and other stakeholders.

In keeping with its founding principles, GMA helps its members produce safe products through a strong and ongoing commitment to scientific research, testing, and evaluation and to providing consumers with the products, tools, and information they need to achieve a healthy diet and an active lifestyle. The food, beverage, and consumer packaged goods industry in the United States generates sales of \$2.1 trillion annually, employs 14 million workers, and contributes \$1 trillion in added value to the economy every year.

For more information visit www.gmaonline.org.



About Booz & Company

Booz & Company is a leading global management consulting firm, helping the world's top businesses, governments, and organizations. Our founder, Edwin Booz, defined the profession when he established the first management consulting firm in 1914.

Today, with more than 3,300 people in 60 offices around the world, we bring foresight and knowledge, deep functional expertise, and a practical approach to building capabilities and delivering real impact. We work closely with our clients to create and deliver essential advantage. The independent White Space report ranked Booz & Company #1 among consulting firms for "the best thought leadership" in 2011.

For our management magazine *strategy+business*, visit strategy-business.com. Visit booz.com to learn more about Booz & Company.



About Shopper Sciences

Shopper Sciences is a new kind of agency. Shopper Sciences, part of IPG's Media-brands, utilizes proprietary research methodologies and diagnostic tools to uncover the true drivers of influence along the path to purchase. These insights serve as the foundation for developing shopper marketing programs. Brands and retailers now have a competitive resource that offers speed, efficiency, and economies of scale to influence shopper decisions and get them to "yes."

Shopper Sciences is dedicated to understanding shoppers and shopping behavior better than any other company in the world. We use this understanding to help turn shoppers into customers for retailers, brands, and agencies. For more information, please visit www.shoppersciences.com.

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Executive Summary

Where do we stand in the evolution of shopper marketing? How is it evolving as a discipline, and where are the greatest opportunities to drive value for building brands and enhancing sales growth? How do I develop the capabilities required to become a leader? These are some of the questions that the fifth annual Grocery Manufacturers Association (GMA) shopper marketing study seeks to help answer.

As marketers increasingly come to understand that *consumer* behavior is not always a predictor of *shopping* behavior, they are becoming more focused on what drives shopper choice, both in online and physical stores. And as retailers themselves come to understand that their wealth of transaction data (what people bought) doesn't give them true insights into why shoppers behave the way they do, retail merchandising and marketing leaders are questioning everything: store layout, navigation, promotional displays, packaging, associate training, and more.

The evolution of shopper marketing is best understood as an ongoing drive to deliver and capture ever greater value from manufacturer and retailer collaboration. The discipline of shopper marketing emerged from the realization that influencing consumers when they are in shopping mode can enhance sales and return on investment (ROI). Shopper marketing spending grew rapidly, as manufacturers established retailer-specific budgets distinct from but often closely coordinated with trade promotions. The next leap forward was made as manufacturers broadened their focus to reach shoppers along their path to purchase, which includes activities at home and on the go, as well as in the store. The imperative to increase reach and share of voice across the full path to purchase, and the proliferation of vehicles needed to achieve those goals, added much more complexity to the choices confronting shopper marketers.

The most recent evolutionary stage in shopper marketing is the rise of shopper solutions. Retail marketers know that shoppers rarely purchase just one item. It is the combination of items, bought with a particular solution in mind, which often defines a successful shopping trip. The mechanics of stocking, replenishment, and department management require that stores are merchandised mostly by category, rather than by solution. But key metrics for both retailers and manufacturers, such as basket size, wallet share, and average ticket, are perfectly aligned with solutions-based marketing and merchandising.

Shopper solutions are insight-driven events that often feature two or more products that shoppers can purchase together. They can deliver incremental value to shoppers in their shopping and product experience and, thus, simultaneously build brand engagement and drive action.

The manufacturers that capture the greatest results from shopper solutions are not always the largest and most experienced at shopper marketing.

This year's shopper marketing study reveals that leading CPG manufacturers and retailers are increasingly adopting a solutions-based approach to amplify the impact of their shopper marketing investments. This study was designed to accomplish the following:

- Identify the characteristics of winning shopper solution events and programs
- Provide tangible examples of effective solutions and their objectives, insights, vision, execution, and results
- Define the capabilities needed to deliver customizable-at-scale shopper solution programs
- Highlight future opportunities in shopper solutions

Insights and Findings

- **The solution value equation:** The best shopper solution programs actuate the full potential of shopper marketing by enhancing the purchasing and product experience for shoppers. They serve as catalysts for stronger, more collaborative retail relationships, through easily customizable program designs that create differentiation and sales for retailers. They help bridge manufacturers' brand marketing and trade promotions to increase brand equity, sales volume, and profitability.
- **Solutions-driven results:** Shopper solutions create greater influence with retailers, a primary goal of most manufacturers' shopper marketing initiatives. This year's industry survey revealed that 87 percent of respondents agree or strongly agree that their shopper solution efforts have enabled them to improve their relationships with retail partners. Moreover, a majority of respondents report that their shopper solution programs are also delivering increases in sales growth and/or enhanced ROI. Shoppers themselves scored solutions-based merchandising as significantly more attractive on almost all key metrics than item-specific displays and signage.
- **Leadership defined by capabilities:** The leaders—those manufacturers that capture the highest levels of influence and financial results from shopper solutions—are not always the largest and most experienced at shopper marketing. Rather, they are building capabilities that enable them to design and execute shopper solutions that create motivation and drive action simultaneously, leveraging shopper solutions as a natural bridge between brand marketing and trade promotion.
- **Winning solution events:** In order to work at the event level, shopper solutions must be grounded in one or more insights that enable them to deliver value beyond the product itself and price promotions. Best-in-class solution designs combine motivation with a reason to act. They provide easy-to-digest information and enhance convenience by bringing products together for a complete solution.
- **Customization at scale:** Shopper solutions require that the dictates of scale be balanced with demand for customization. Program scale is needed to make shopper solutions economically feasible for manufacturers because they typically require a greater investment in time and resources to field. Late-stage customization is required to provide the individual account differentiation needed to gain the participation and support of retailers.

Exhibit: Future Opportunities in Shopper Solutions

Opportunity Area	Key Elements
Trade Promotion Effectiveness	<ul style="list-style-type: none"> ■ Better align trade promotion events to integrated marketing programs ■ Shift curve for trade ROI through focus on solutions that work best ■ Leverage digital to increase pre-store engagement and drive store traffic
Next-Generation Digital Deals Platforms	<ul style="list-style-type: none"> ■ Better integrate content, community, and deals to drive engagement ■ Target high-value shopper segments for co-promoted brands in solutions ■ Leverage digital to increase store traffic and drive engagement
Relationship Marketing	<ul style="list-style-type: none"> ■ Turn on the touch points to drive opt-in relationships with shoppers ■ Build personalized experiences across websites, social media, and mobile ■ Collaborate around the database to optimize targeting of offers
E-Commerce	<ul style="list-style-type: none"> ■ Better tap into pre-store engagement along shoppers' discovery paths ■ Leverage retailer-targeted media to drive engagement in solutions that shoppers can "buy now" ■ Build a more dynamic test-and-learn capability for solutions

Source: Booz & Company analysis

Shopper solutions are also creating strategic opportunities across the ecosystem for agencies, media companies, credit card companies, mobile operators, and other data and technology companies.

- **Capability requirements:** A best-in-class shopper solutions capability includes four components: the ability to develop and integrate consumer and shopper insights; the ability to gain an intimate understanding of the needs of retailers and identify opportunities where there is the greatest headroom for growth; the ability to work with external partners and tap into a full arsenal of platforms and vehicles to deploy shopper solutions across the full path to purchase; and the ability to create a well-oiled organizational machine that can effectively and efficiently execute shopper solution programs and measure their results.
- **Future opportunities:** There are four emerging opportunity areas where a solutions-oriented approach can help unlock additional value (see *Exhibit*). In each, manufacturers can apply best practices in shopper solutions to better align their organizations, focus their resources, and amplify their ROI.

The potential of shopper solutions is enormous. They can deliver significant incremental value to manufacturers, retailers, and shoppers; enhance brand performance; raise trade relationships to new heights of collaboration; and serve as a catalyst for better aligning and optimizing a company's marketing overall. Shopper solutions are also creating strategic opportunities across the shopper marketing ecosystem for agencies, media companies, credit card companies, mobile operators, and other data and technology companies. But though the returns and opportunities that shopper solutions offer are highly attractive, capturing them entails challenges. Solutions must be customizable at scale and will often require capability development. Nevertheless, companies that master shopper solutions will earn the right to win in their chosen markets in the years ahead.

The complete digital version of "Shopper Marketing 5.0: Creating Value with Shopper Solutions" is available as a complimentary download at the GMA (www.gmaonline.org) and Booz & Company (www.booz.com) websites.

Section One

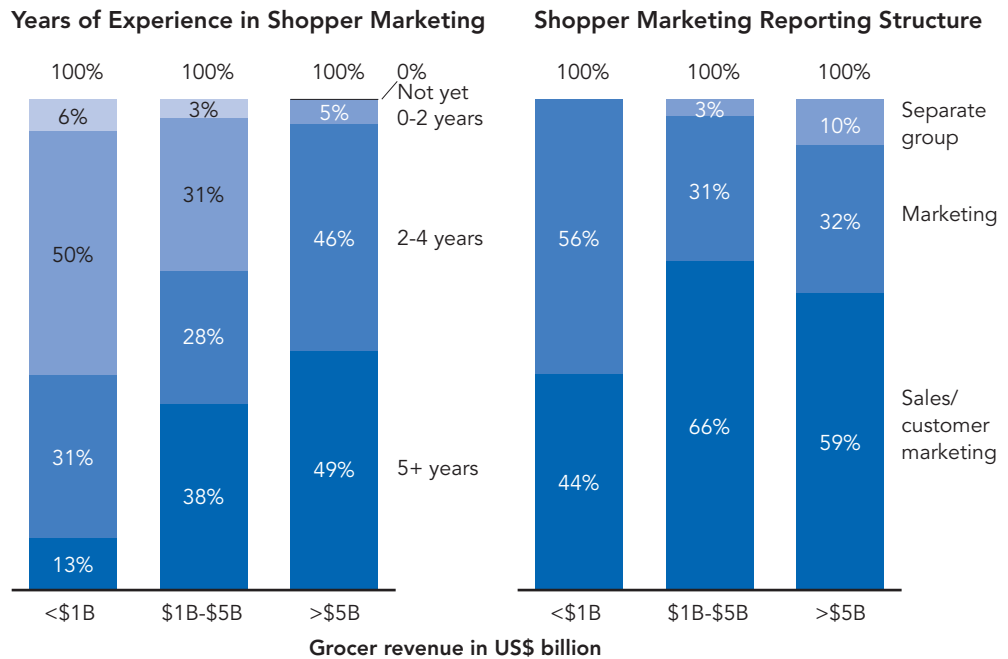
Shopper Marketing Turns Toward Solutions

Shopper marketing has become a functional fixture among consumer packaged goods (CPG) manufacturers. Annual spending on shopper marketing is estimated at US\$50 billion to \$60 billion, and many major CPG manufacturers now have shopper marketing organizations staffed with more than 20 dedicated employees (some have 50 or more). Further, the most effective shopper marketing organizations report that they are achieving measurable financial results from their efforts, in addition to increasing their influence with retailers.

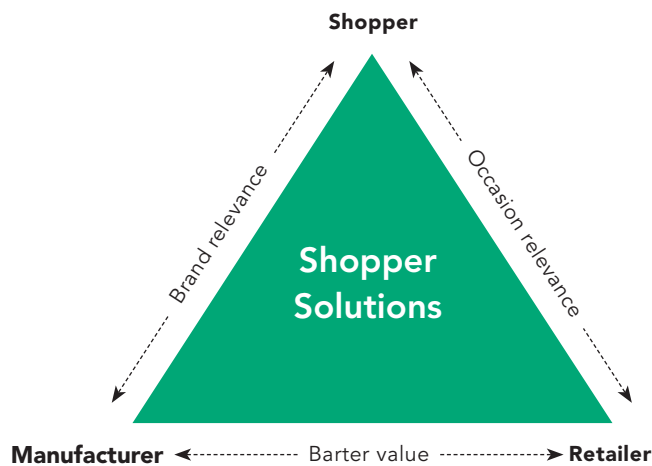
Virtually all major grocery manufacturers now have well-established shopper marketing organizations (see Exhibit 1). Among the respondents to this year's GMA shopper marketing industry survey, 95 percent of grocery manufacturers with more than \$5 billion in annual revenues have been practicing the discipline for longer than two years. However, shopper marketing experience drops off markedly among smaller manufacturers: 66 percent of grocery manufacturers with \$1 billion to \$5 billion in revenues and 44 percent of manufacturers with less than \$1 billion in revenues have been practicing shopper marketing for longer than two years. By and large, shopper marketing units operate under the auspices of the sales function, but a significant number of manufacturers have embedded shopper marketing in their marketing organizations or created a stand-alone shopper marketing function.

This year's shopper marketing study, the fifth annual study conducted by GMA, reveals that CPG companies that report receiving the most benefits from their shopper marketing investments are adopting a solutions-based approach to their programs. A shopper

Exhibit 1: Longevity and Organizational Alignment of Shopper Marketing, Grocery Manufacturers by Revenue



Note: Numbers may not add up due to rounding.
 Source: GMA Shopper Marketing 5.0 Industry Survey conducted by Booz & Company in collaboration with the Path to Purchase Institute and Shopper Marketing magazine, Fall 2011

Exhibit 2: The Shopper Solution Value Equation

Source: Booz & Company

solution program is a series of scalable, customizable events that are built around an insight capable of delivering incremental value to the shopper that goes beyond the inherent benefits of a product or price promotions. Shopper solutions, which often feature two or more products that shoppers can purchase together, can simultaneously build brand engagement *and* drive action.

The best shopper solution programs deliver three sets of benefits—to the shopper, the retailer, and the manufacturer—that actuate the full potential of shopper marketing (see *Exhibit 2*):

- They enhance the purchasing experience and deliver new value to shoppers through some combination of new information, convenience, promotional pricing, and a clear call to action.
- They help forge stronger, more collaborative retail relationships, through easily customizable program designs that create differentiation and sales for retailers.
- They bridge brand marketing and trade promotions within manufacturers to increase brand equity, sales volume, and profitability.

The characteristics of effective shopper solutions and how practitioners pursuing shopper marketing excellence can capture their benefits are the main themes of this year's report. To illuminate them, Booz & Company undertook a four-pronged inquiry into the current state of shopper solution marketing and its emerging best practices, in partnership with Interpublic Group's Shopper Sciences:

- Interviews with more than 30 shopper marketing thought leaders drawn from CPG manufacturers, retailers, agencies, media, and technology companies
- An online survey of more than 1,600 shoppers aimed at defining the key attributes of effective shopper solutions, conducted by Shopper Sciences

Shopper solutions are coming to represent the latest iteration in the ongoing development of shopper marketing.

- An industry survey into the state of shopper marketing and shopper solutions, completed by 144 executives at major grocery and non-grocery manufacturers and retail chains, conducted in collaboration with the Path to Purchase Institute and *Shopper Marketing* magazine
- Five in-depth case studies of best-in-class shopper solutions created by CPG manufacturers and their shopper agencies, including Clorox with Acosta Marketing Group (AMG), ConAgra Foods with RPMConnect, Kimberly-Clark with JWT New York and OgilvyAction, Procter & Gamble with Saatchi & Saatchi X, and SC Johnson with Triad Retail Media (see *Case Studies 1-5, pages 17-25*)

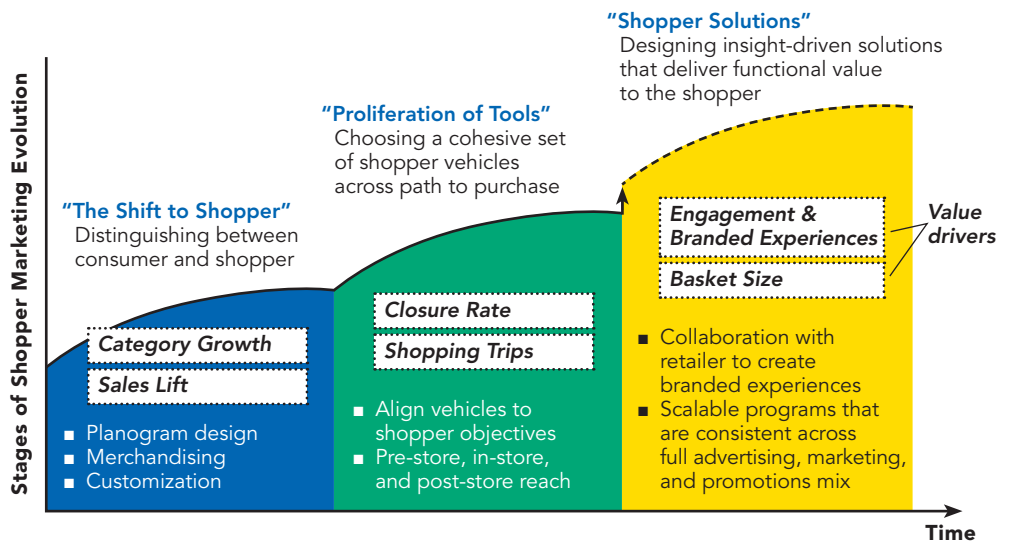
The Evolution of Solutions

Marketers in categories such as consumer electronics, apparel, and home furnishings have long used a solution approach to streamline the path to purchase for shoppers and deliver consumer value beyond the features and benefits of a single product. In consumer electronics, for instance, solutions that include computers, monitors, printers, routers, home theater connections and other peripheral hardware, and often setup and repair services are so ubiquitous that most people do not buy the products and services that go into them separately.

Until relatively recently, shopper solutions have been less common in the grocery sector. Today, however, they are coming to represent the latest iteration in the ongoing development of shopper marketing.

The evolution of shopper marketing is best understood as an ongoing drive to deliver and capture greater value (see *Exhibit 3*). This evolutionary path is a cumulative expansion of the discipline. Best-in-class practitioners do not abandon the prior stages as they embrace opportunities further along the continuum. Rather, the impact of their investments is magnified and alignment within their sales and marketing organizations and with external partners is increased as they move forward.

Exhibit 3: The Value Continuum in Shopper Marketing



Source: Booz & Company

Digital shopping technologies give marketers an unprecedented view into human behavior throughout the purchase journey.

Shopper marketing emerged from the realization that influencing consumers when they are shopping could enhance sales and ROI. The initial shift to a shopper mind-set was mainly an outgrowth of trade promotions and category management focus on the many purchase decisions made in the store and the broad set of pain points associated with the shopping experience. Manufacturers used it to gain tactical advantage in the store. Accordingly, shopper marketing was often treated as an overlay on trade promotions—a “Trade+” approach that invested in the customization and more effective use of planograms, displays, and packaging to bolster relationships with retailers, enhance the in-store shopping experience, create positive brand impressions, and improve the ROI of existing programs.¹

Shopper marketing made its next leap forward as manufacturers realized that shopping mode was not restricted to the store. Shoppers follow a path to purchase that includes activities at home and on the go, such as researching which product to buy and where to buy it to obtain the proper balance of price and convenience. As the broader marketing mix has migrated to digital, shopper marketing spending has also migrated to include digital elements that enable greater interactivity, direct relationships with shoppers, and measurable results. As a result, the vehicles through which shoppers could be reached proliferated, adding even more complexity to the choices confronting shopper marketers. Shopper marketers needed to determine at which points on the path to purchase they should seek to influence shoppers and which vehicles would be most effective at each point. In response, they adopted shopper playbooks, which enabled them to manage this complexity.²

The third and current evolutionary iteration in shopper marketing has been emerging as manufacturers seek to maximize the benefits of their investments across the shopper’s path to purchase. Now, manufacturers are trying to leverage their shopper marketing dollars by creating programs capable of building brand equity, engagement, and sales. To achieve this, they are turning to shopper solutions.

As marketers increasingly come to understand that consumer behavior is not always a predictor of shopping behavior, they are becoming more focused on what drives shopper choice, both online and in physical retail stores. And as retailers themselves come to understand that their wealth of transaction data (what people bought) doesn’t give them true insights into why shoppers behave the way they do, retail merchandising and marketing leaders are questioning everything: store layout, navigation, promotional displays, packaging, associate training, and more.

Emerging technology is also driving the desire to better understand shopper behavior. Online stores, social media, interactive shopping, multichannel marketing, and especially mobile technology are all blurring the lines about where shopping starts and where it ends. While digital shopping technologies make shopper marketing more complex, they also give marketers an unprecedented view into human behavior throughout the purchase journey. This new, data-rich space sometimes challenges many of the preconceived notions about shopper marketing as it reveals exactly how people shop.

Solution Leadership

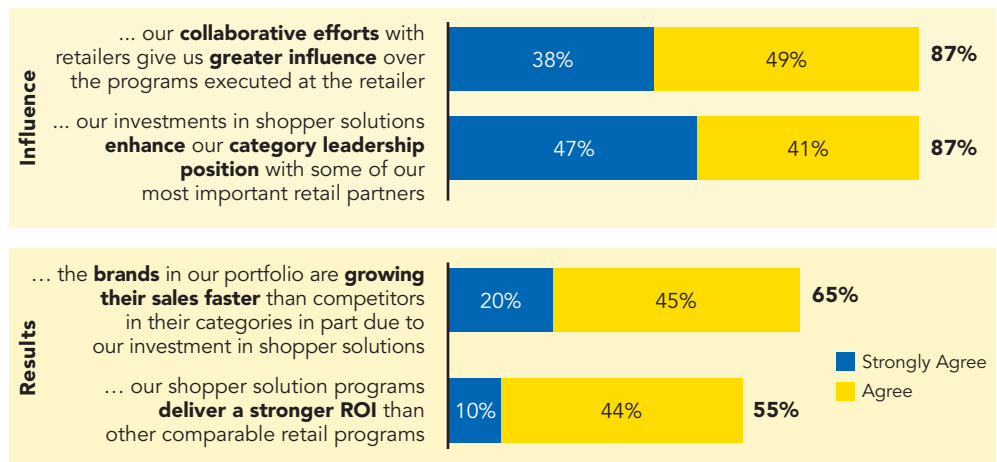
Effective shopper solutions combine the motivational insights of brand marketing with the action orientation of trade promotions. They deliver value to shoppers by combining several of the following elements: lower prices, convenience, product bundles, creative ideas for product use, and aspirational fulfillment. As Patrick Simmons, Vice President of Customer Marketing for General Mills, said at a recent GMA Executive Conference, shopper solutions are aimed at “winning both hearts and carts.”

When designed and executed well, shopper solutions can outperform other in-store marketing programs. Shopper Sciences audited more than 150 shopper solutions and then surveyed 1,600 shoppers as to the effectiveness of the 28 solutions judged best in class (for the study methodology, see Sidebar, page 15). The survey revealed that their average stopping power was 53 percent, compared to typical scores in the high 40s for other in-store marketing programs. The top tier of the shopper solutions tested had an average stopping power score of 66 percent.

This year’s shopper marketing industry survey confirms that shopper solutions are paying off for grocery manufacturers. Shopper solutions help them gain greater influence with retailers, a primary goal of most manufacturers’ shopper marketing initiatives: 87 percent of the survey respondents agree or strongly agree that their shopper solution efforts have enabled them to improve their relationships with retail partners. Moreover, a majority of respondents report that their shopper solution programs are also delivering increases in sales growth and/or enhanced ROI (see Exhibit 4).

Exhibit 4: The Payoff in Shopper Solutions

“Due to our shopper solution efforts overall ...”
Percentage of respondents who agree*



* Respondent marked a 5 or 4 on a 5-point scale. Numbers may not add up due to rounding.
Source: GMA Shopper Marketing 5.0 Industry Survey conducted by Booz & Company in collaboration with the Path to Purchase Institute and Shopper Marketing magazine, Fall 2011

Further analysis of the industry survey responses shows that the manufacturers leading in shopper solutions are the 30 percent of companies that capture all of the benefits shown in Exhibit 4. These companies are relatively evenly distributed across the principal grocery categories covered in the report: food, beverage, health and beauty, and household products.

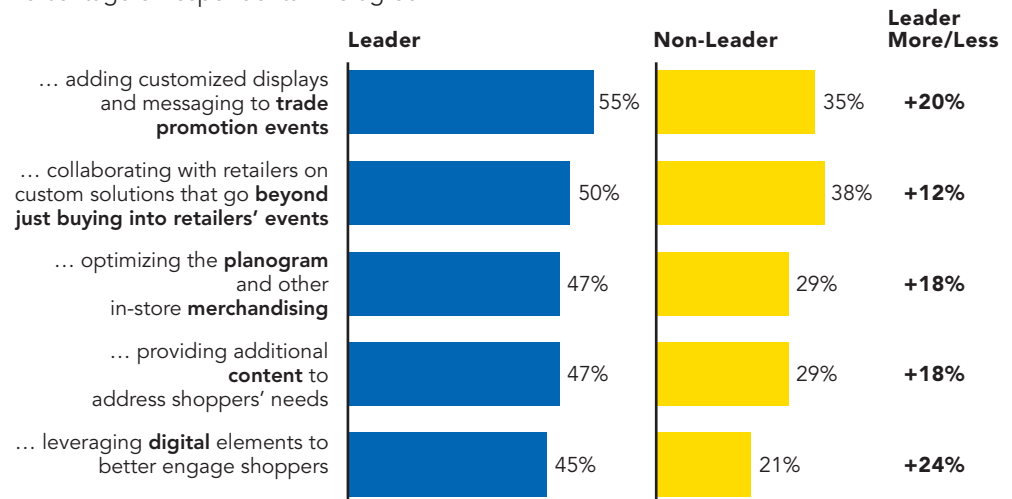
The ability of the leaders to capture both sets of benefits from shopper solutions is correlated to company size and shopper marketing experience. The majority of shopper solution leaders are manufacturers with annual sales greater than \$5 billion and five or more years of experience. But these statistics are something of a red herring. It isn't simply the size of the company and the longevity of its shopper marketing efforts that define shopper solution leaders.

Indeed, the leaders—those manufacturers that capture the highest levels of influence and financial returns from shopper solutions—are not always the largest and most experienced companies. Rather, leading manufacturers are building shopper solution capabilities that enhance the impact of their collaboration with retailers across the full path to purchase, ranging from pre-store digital engagement aimed at building branded experiences and driving store visits to better trade events designed to create action. By analyzing the practices of leaders and non-leaders in the survey, we can better understand what leaders do differently (see Exhibit 5).

Leading manufacturers are building shopper solution capabilities that enhance the impact of their collaboration with retailers across the full path to purchase.

Exhibit 5: Practices of Shopper Solution Leaders

“My company’s solutions are focused on ...”
Percentage of respondents who agree*

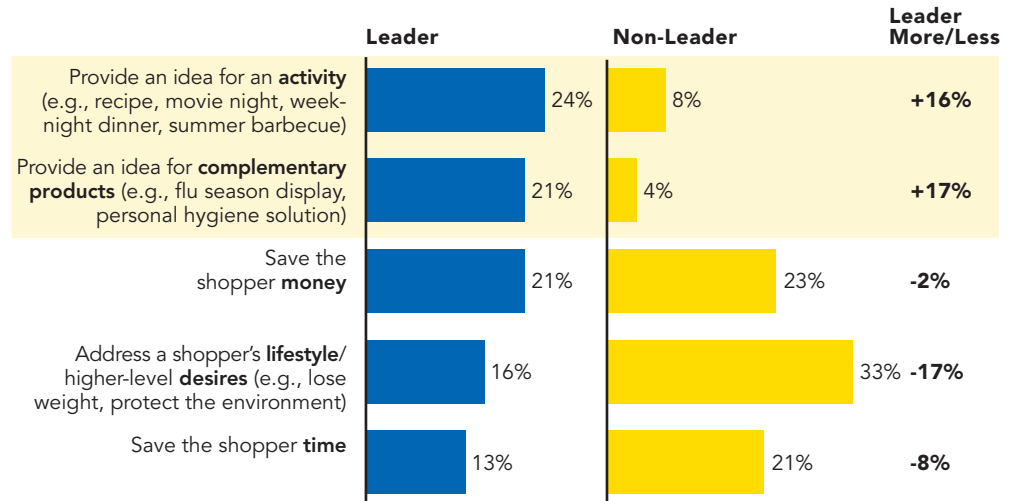


* Respondent marked a 5 on a 5-point scale.
Source: GMA Shopper Marketing 5.0 Industry Survey conducted by Booz & Company in collaboration with the Path to Purchase Institute and Shopper Marketing magazine, Fall 2011

Exhibit 6: Shopper Solution Value Propositions

“What value for the shopper was your most effective solution’s program designed to deliver?”

Percentage of respondents who rank as very important*



* Respondent ranked 1 out of 5.

Source: GMA Shopper Marketing 5.0 Industry Survey conducted by Booz & Company in collaboration with the Path to Purchase Institute and Shopper Marketing magazine, Fall 2011

Leaders do a better job of creating shopper solutions that create motivation and drive action simultaneously. They achieve this by building shopper solutions on top of trade promotions. They add content to get beyond price, and they use digital vehicles to extend their reach outside the store. Often, they are homing in on the provision of tangible incremental value by creating solutions that offer shoppers suggestions for using products in more creative ways and/or complementary products that create additional sales (see Exhibit 6).

For example, one of the most effective solutions at creating shopper motivation and action that we studied was a “Gourmet Grilling” display created by the Fresh Market, a regional grocery chain. The simple seasonal display and signage, which was located near the store entry, brought together multiple categories and brands, including snacks, condiments, serving products, and charcoal. It was designed to entice shoppers to transform an everyday meal into an enjoyable cookout (motivation) and provide the ancillary products needed to create it (action). The display earned the highest scores across the board from shoppers in the Shopper Sciences survey, including a high mark in value, even though some of the products featured in it had price points higher than average.

Section Two

Defining Winning Shopper Solutions

Winning shopper solutions are defined by two principal characteristics. First, to create motivation and action at the event level, they must deliver incremental value from both the consumer and shopper perspectives. Second, to work at the program level, they must be customizable at scale to deliver value to retailers and manufacturers.

Delivering Incremental Value

At the event level, shopper solutions must be grounded in one or more insights that enable them to deliver value beyond the product itself. For this reason, the most effective shopper solutions are often focused on the experience of buying and using the product, rather than just the features and benefits of the product itself.

Value is far more than just low prices. Shoppers define value using multi-threaded criteria, relying on one or more of the following attributes:

- Price fit to my budget
- Optimal choice for my family
- Saves me time
- Endorsed or recommended by others
- Easy to find and purchase
- Quality that meets my expectations

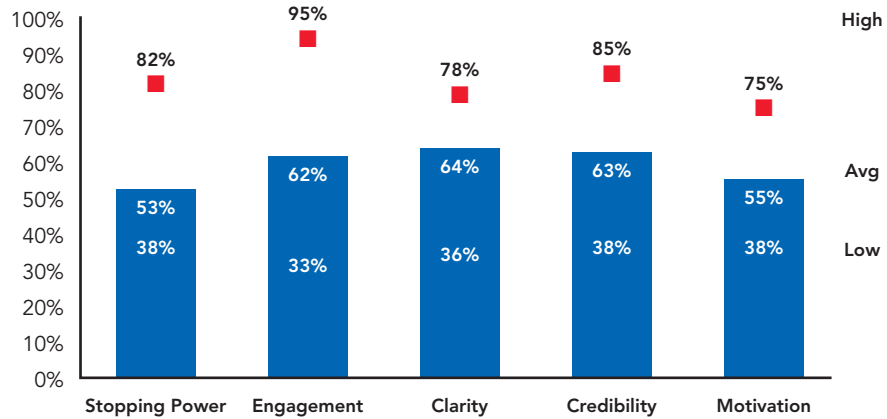
Within a specific category of products (hair care or soft drinks, for example), these criteria can be isolated and scored. But across categories, the attributes that drive value can be radically different.

Since solutions-oriented marketing tends to be more complex by definition, it has both a better chance of delivering on one or more of these metrics and a higher risk of disappointing the shopper if the marketer fails on more than one. That said, shopper solutions can range from simple to complex, and from small to large. What differentiates them from adjacency marketing, such as clip strips and cross-merchandising, is their ability to satisfy multiple shopper needs in one location. For example, placing bandages near antibacterial cream is good merchandising, but pulling common first aid kit items together with an offer of a free tote to house them with a multiple item purchase is a great solution.

Marketers often believe that a perfect model for shopper behavior is one that links exposure at any point along the path to purchase directly to shopper purchase. This “here is what they saw, here is what they bought” orientation is the foundation for many companies’ marketing effectiveness efforts. The problem with this model is that exposure does not accurately predict shopper purchasing behavior. A shopper who is exposed to a piece of marketing stimulus must notice it to be engaged. A shopper who engages must understand the message. A shopper who understands the message must believe the marketer’s claim. And finally, a shopper who meets all of the first four criteria must still be motivated to buy. Each of these contingencies must be met to create a successful solution.

After thousands of shopper intercepts at retail in multiple categories, Shopper Sciences reports that there is an entire set of “nested contingencies” that operate together to predict shopper marketing success or failure (see *Exhibit 7, page 13*). Stopping power, engagement, clarity, credibility, and motivation are the key components of what Shopper Sciences calls the most important metric: *influence*. Improve one or more of these nested contingencies, and the overall effectiveness of the shopper-focused message will improve in turn. As the exhibit shows, there is wide variation in the scores on key “influence” metrics.

Exhibit 7: Solutions-Oriented Marketing Stimuli



Source: Shopper Sciences

The best solutions are often not the fanciest or slickest of executions. In fact, the simplest of designs drive the best results.

Many marketing programs fail because the brand or retailer tries to jump directly to motivation. Retail stores often seem like a sea of the same kinds of messaging: sale, sweepstakes, coupons, free. These tactics do drive shopper behavior but often fail to meet expectations because the entire shopper need state has not been fulfilled. A piece of marketing stimulus that excels in all five metrics has the highest likelihood of both attracting and converting shoppers.

One interesting observation is that the best solutions are often not the fanciest or slickest of executions. In fact, the simplest of designs drive the best results. One of the displays rated best by shoppers in the research conducted by Shopper Sciences was a simple s'mores endcap (see Exhibit 8). It brought together three products (graham crackers, chocolate, and marshmallows) normally located in different areas to save shoppers time; offered a recipe for making the snack; and featured promotional pricing on the ingredients.

Exhibit 8: Simplicity Sells



Source: Kraft Foods; Shopper Sciences

The solutions scoring highest with shoppers tend to be focused on the experience of using the product rather than the product's features or benefits.

Further, the Shopper Sciences research found that the solutions scoring highest with shoppers tend to be focused on the experience of using the product rather than the product's features or benefits. For instance, a Tostitos solution that combined chips and the ingredients for a fresh dip scored particularly well. In addition to offering the convenience of aggregated ingredients (snacks with produce) and information on how to prepare them, it added a bold call to action designed to inspire the shopper to purchase.

Anatomy of a Best-in-Class Shopper Solution

The shopper survey surfaced six principles that can help shopper marketers construct best-in-class solutions, as follows:

- 1. Make the solution obvious:** Great solutions paint a bold, vivid picture, capturing shoppers' attention and helping them to visualize the value. Time and time again, the best-scoring solutions in the study reinforced that the power of a simple idea, executed with a minimum of effort, can resonate best with shoppers on every metric.
- 2. Less is often more:** Simple combinations of known brands or common groupings of widely known meals can serve as the basis for clever shopper solutions that both engage and motivate shoppers. Be wary of overly complex or heavily loaded displays, which often do more to confuse shoppers than motivate them.
- 3. What is the new news?** Shoppers often report that they buy the same brands and items because there is nothing new to consider. This surprises many brand manufacturers, especially those with a history of new product introductions and line extensions. Realize that shoppers may need more overt reminders that something is truly new.
- 4. Help shoppers be smarter:** Solution content that helps make people smarter and more effective shoppers is consistently rewarded with higher sales. Help shoppers to learn while they shop by providing content such as recipes, nutritional information, and brand information.
- 5. Tell shoppers why they should act today:** It seems so simple, but a "call to action" message really does improve shoppers' motivation scores. Words like "Friday special" and "While quantities last" let shoppers know that waiting just isn't an option.
- 6. Bring products together for a complete solution whenever possible:** It isn't always possible to merchandise complete ingredient sets together in one place in the store. But one solution used simple signage to bring together frozen pizza, soft drinks, and ice cream to create a suggestion that shoppers could both recognize and take action on (see *Exhibit 9, page 16*).

Customizable at Scale

To work at a program level, the best shopper solutions must adroitly balance the natural tension between customization and scale. They must be customizable at scale to deliver value to both manufacturers and retailers.

SIDEBAR

Shopper Solutions Methodology for Identifying Best-in-Class Solutions

The shopper solutions study charter called for quantitative measurement of the effectiveness of solutions based in-store and digital shopper marketing, revealing best-in-class practices at retail today. For the study, Shopper Sciences applied two intercept methodologies to both reveal and understand the effects of solutions-oriented marketing on actual shopper behaviors.

Shopper Sciences documented more than 150 different solutions-oriented retail displays in six markets including Atlanta, Chicago, Dallas, Los Angeles, the New York City metro area, and Charleston, S.C. Retailers included large-format discount

stores (Target, Walmart), national and regional grocery chains (Kroger, Publix, Safeway), drug and pharmacy retail (CVS, Walgreens), and specialty grocery (Harris Teeter, Whole Foods).

Each in-store observation was documented, screened, and scored according to the company's proprietary multifactor influence matrix. Top-performing observations were then hypertested with shoppers to identify common drivers that described best-in-class behaviors. More than 1,600 shoppers were included in the research, split among general grocery, health and beauty, and cleaning and household maintenance merchandising categories.

Shoppers scored each observation according to a common set of influence metrics, broken out into three groups (see *Exhibit A*):

- Shopper analytics
- Solution analytics
- Bundle analytics

All data was scored relative to the actual observations in this study—real solutions-oriented marketing actually encountered in July 2011 at common retailers throughout the United States. Additionally, Shopper Sciences included selected online examples of solutions-oriented marketing for comparison.

Exhibit A: Key Metrics for Solution Evaluation at Event Level

Engagement	Clarity	Credibility	Motivation	Unplanned Motivation	Inspiration	Provides Information	Helpful	Demonstrates Value	Efficiency	Solution
Stands out and I would notice it	I can easily understand what it is saying	I believe what it is saying	It makes me more interested in purchasing this product	Makes me want to purchase this product even if I hadn't planned to	Gives me ideas on how to use the product	Gives me enough information to make a smart purchase	Helps make shopping easier	Items are a good price, offer extra savings	It brings common items together in one place, making it faster to get what I need	The items can be used together to provide a solution
Shopper Analytics				Solution Analytics			Bundle Analytics			

Source: Shopper Sciences

Customization drives retail influence because it allows individual retailers to differentiate themselves with shoppers.

Exhibit 9: This Must Be a Party



Source: Coca-Cola; Nestlé; Shopper Sciences

Program scale is needed to make the economics of solutions feasible for manufacturers. Typically, shopper solutions require a greater investment in time and resources to field. Thus, to distribute costs and leverage the benefits of a winning shopper solution, manufacturers should be able to spread them out across the retail accounts on which they are focusing their shopper marketing investments.

To date, the drive for scale in shopper solutions tends to have been focused mainly on traditional vehicles, such as in-store signage and displays. There has been some integration of digital pre-store and in-store vehicles into solutions, but there is opportunity to do more and do it better.

In addition to being scalable, shopper solutions must be customizable at the account and banner levels. Customization drives retail influence because it allows individual retailers to differentiate themselves with shoppers and encourages them to participate in solution development and execution as full partners. This program tailoring should be offered to retailers based on a prioritization of specific opportunities with the greatest headroom for growth, whether that headroom exists within specific retail departments, shopping occasions and trip missions, or shopper segments.

Kimberly-Clark, with JWT New York and OgilvyAction, created a customizable-at-scale shopper solution with its “Softness Worth Sharing” program for Kleenex (Case Study 1, page 17). The national program was designed to stimulate action within the category benefit of “softness” by encouraging shoppers to share that quality with family and friends, particularly during cold and flu season. Shoppers were able to buy a box of Kleenex tissues in a store or online and provide the address of a family member or friend to whom it was mailed by the company. Shoppers could also send a “virtual Kleenex” via Facebook. The program was then customized for some of the brand’s largest customers. For one of them, for example, Kimberly-Clark created a dedicated e-mail blast, advertised in the chain’s member magazine, and cosponsored in-store cold and flu clinics. That program also included a display that bundled Kleenex tissues with Clorox wipes and Advil remedies in a solution aimed at preventing and treating colds.

CASE STUDY #1 / KLEENEX

Softness Worth Sharing



Case Highlights

Objective

- Marry the key product attribute, superior softness, with action to drive brand penetration

Insights

- Softness is the number one benefit shoppers look for in a tissue, so “owning” softness is a top priority within the category to drive results
- Tissues are top-of-mind for shoppers during cold and flu season

Vision

- Create a six-month campaign during flu season that invites shoppers to engage with and become an ambassador of the brand
- Save the shopper time by shortening the “softness” discovery process (through sharing and samples)
- Customize for major chains

Execution & Results

- Enabled people to experience and share Kleenex tissue by sending to someone via retail events, Kleenex.com, and online (with a virtual Kleenex tissue via Facebook)
- Grew the brand 3.1% nationally and drove category growth overall
- For one of the brand’s largest customers, cosponsored cold and flu clinics, advertised in retailer magazine, and sent e-mail blasts to members, exceeding sales and ROI sales target by double digits through the first half of 2011

Learnings

- Lead time is critical to getting retail integration and quality support
- Find opportunities to engage shoppers as brand ambassadors

Source: Kimberly-Clark, JWT New York, and OgilvyAction; Booz & Company analysis

Section Three

Defining a Shopper Solutions Capability

For all their promise, shopper solutions can be difficult to create and execute. Manufacturers are challenged by a number of issues: retailers' desire for price-based promotions and their reluctance to accept additional program complexity or commit off-shelf real estate for a display including products from different departments; the difficulties involved in collaborating internally across categories and functions, and externally with other manufacturers; and added complexity in the measurement of effectiveness.

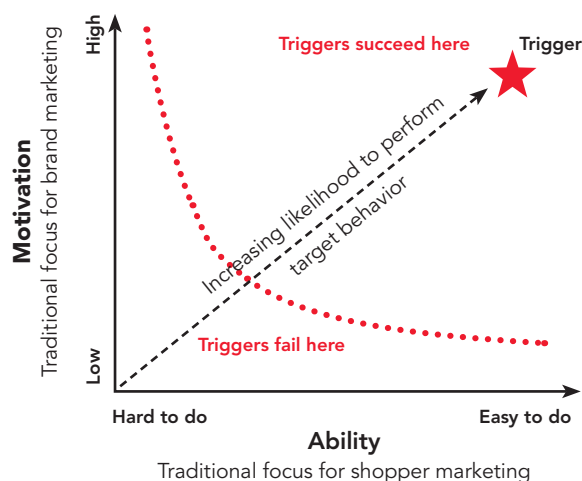
Leading companies overcome these obstacles by developing a capability for shopper solutions. A capability brings together the people, knowledge, systems, tools, and processes needed to create value and give a manufacturer and its retail trading partners the right to win in a category. A best-in-class shopper solutions capability enables them to develop the insights needed to create effective solutions, collaborate effectively with one another, partner more efficiently with other manufacturers and agencies, and execute solutions and measure results.

Integrating Consumer and Shopper Insights

Insights have always been the currency of shopper marketing, and they are just as essential to shopper solutions. The primary difference with solutions is that shopper marketers are seeking to meld the consumer insights that drive motivation in brand marketing with the shopper insights that drive action in trade promotions. In fact, Shopper Sciences' analysis of in-store and digital shopper solutions revealed that the top solutions consistently score highest in both motivation and action metrics.

Motivation is related to the consumer's core emotional needs, such as the desire to be healthy or a good parent. Action is related to the shopper's ability to complete a given task, which can include a product's affordability or convenience. According to BJ Fogg, founder of the Persuasive Technology Lab at Stanford University, when motivation and action (he calls it "ability") are combined, they trigger behavior.³ In shopper marketing terms, this suggests that a solution that combines motivation and action will lead directly to purchase (see *Exhibit 10*), or what many in the industry are now calling "buying momentum."

Exhibit 10: Fogg Behavior Model for Triggering Purchase



Source: BJ Fogg; Booz & Company analysis

Shopper solution leaders seek a deep understanding of the needs and desires of retailers as well as shoppers.

Leaders in shopper solutions are expert at capturing insights about shopper action and consumer motivation, and creating programs around them that trigger purchase. They use data and analytics to clarify trends and surface measurable opportunity gaps. For example, Clorox identified such an opportunity gap between consumer beliefs and behaviors about disinfecting surfaces: 70 percent of consumers believe that disinfecting surfaces can keep their families healthier, but only 46 percent act on that belief. The company calculated that the gap between the two represented \$400 million in sales. Then, Clorox sought to understand shopper behaviors around preventive health products. In the process, it discovered that a majority of shoppers prefer to buy these products together and expect to find them in or near the pharmacy.

These insights served as the core of Clorox's "Prevent, Protect & Soothe" shopper solution program (*Case Study 2, page 20*). The program, created with AMG, collected and co-located a variety of products including Campbell's soup, Kellogg's cereal, Brita water filters, Dial soap, and Clorox disinfectants in a coherent solution around the themes of preventing illness, protecting the health of family members, and soothing them if they did become sick.

Retailer Intimacy

A shopper solution program that delivers a full measure of benefits requires the participation of a retailer, whether that participation takes the form of bricks, clicks, or both. Achieving this requires strong, collaborative account relationships, in addition to an ability to develop programs that can be sold into accounts and executed effectively in the retail environment.

Shopper solution leaders seek a deep understanding of the needs and desires of retailers as well as shoppers. They recognize that retailers tend to be more focused on in-store marketing, often at the expense of addressing the entire path to purchase and missing the full potential of digital vehicles. They also understand that retailers tend to want events that are designed to deliver money or time savings to shoppers, as opposed to less tangible forms of value, and that retailers often have different pain points vis-à-vis shopper solutions than manufacturers (*see Exhibit 11, page 21*).

These retailer pain points offer a valuable opportunity for manufacturers to take the lead in providing solutions and integrating digital elements into solution programs. But developing the right insights and creating a top-to-top dialogue with retailers requires understanding and addressing the objectives of individual retailers and identifying and prioritizing opportunities where there is headroom for growth for both the manufacturer and the retailer. Again, this headroom may be in a shopper segment (e.g., Hispanic, new moms, deal-savvy shoppers), a department within the store that under-indexes versus other retailers, or an occasion or trip mission. For example, Clorox used its "Prevent, Protect & Soothe" solution to help Roundy's build traffic in its pharmacies and created a win for both partners.

CASE STUDY #2 / CLOROX

Prevent, Protect & Soothe

ON ME

- Dial® Soap
- SCOTTIES® Facial Tissue
- Burt's Bees® Lip Balm

IN ME

- Brita® Water Filtration
- Kellogg's® Special K® Products
- Campbell's® Soup

AROUND ME

Clorox® Disinfecting Products

Use Clorox® Disinfecting Products to help kill 99.9% of Cold & Flu viruses on the surfaces that you and your family may touch.

Use as directed on hard nonporous surfaces.

HELP ME

GET YOUR FLU SHOT HERE

Pharmacy
\$24.99 FLU SHOTS
\$40 PNEUMONIA SHOTS

BE PROACTIVE.
PROTECT YOURSELF
AND THOSE AROUND YOU!

Case Highlights

Objective

- Partner with Roundy's to drive traffic to pharmacy area to counter decline in revenue and increase total store sales
- Gain secondary placement of health and wellness solution products where shopper expects to find them in-store

Insights

- Shoppers look for health and wellness solutions in or near the pharmacy, but the products are typically found in the center of the store
- 80% of shoppers say they would buy additional health and wellness products if accessible via one-stop shop

Vision

- Connect center store with pharmacy to become health and wellness one-stop shop during cold and flu season
- Bundle or co-locate products in-store to create "Prevent, Protect & Soothe" theme and leverage the combined marketing voice of leading health and wellness brands

Execution & Results

- Used multiple vehicles: endcap displays, coupon tear ads, antimicrobial pharmacy counter mats, coupon book, and themed ad circular
- Delivered shopper education on health and wellness solutions for the family, as well as instant or coupon savings on multiple purchases of partner brands
- Grew sales at store and brand levels: Clorox Home Care up 2.3% in 2010 and 16% during program; Clorox Disinfecting Wipes up 154%

Learnings

- Solution secured tremendous customer support, but endcap displays did not yield anticipated volume. Accordingly, the endcap events were eliminated and focus was shifted to display barge events

Source: Clorox and AMG; Booz & Company analysis

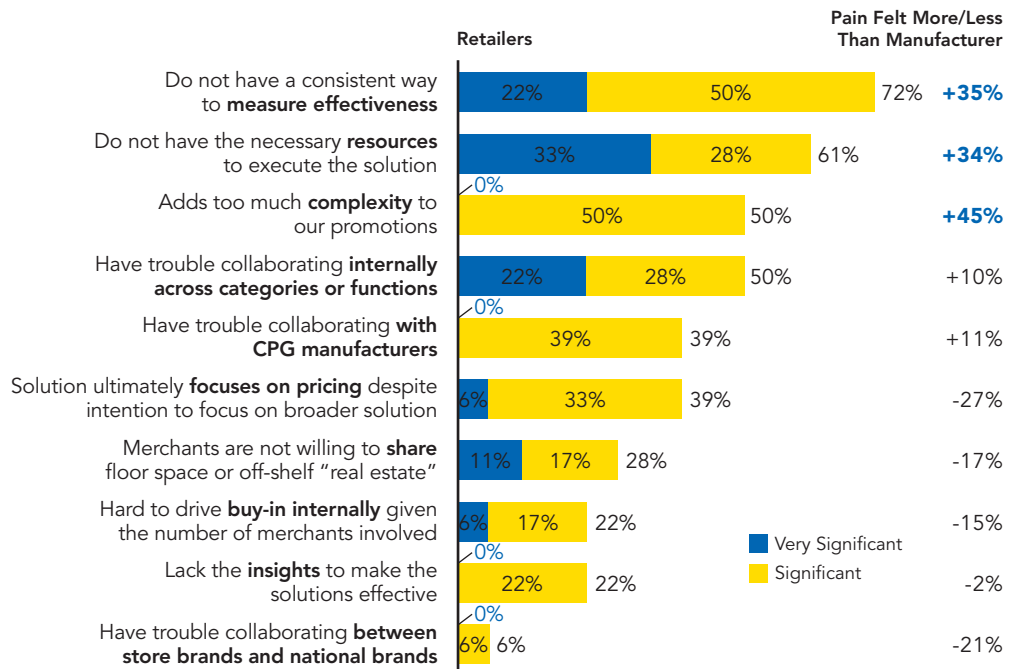
Leading shopper solution practitioners use late-stage customization to meet retailer needs on an individual basis as opposed to investing in one-off solutions, which are difficult to execute economically. They seek to strike a balance between economies of scale and developing programs that best fit the retailer’s model and needs. Moreover, they work with retailers early in the planning cycle to ensure that they understand where the most headroom exists and how to capture it. While customization is later in the cycle and applied to a scaled set of programs, planning should be done earlier in the cycle than has historically been typical for shopper marketing. Moving planning for shopper solutions upstream in both brand planning and retail top-to-top dialogue helps to better align brand marketing, shopper marketing, and trade promotion plans—and optimize growth and ROI for both manufacturers and retailers.

Procter & Gamble used retailer intimacy in the successful “Get Your Game Face On” shopper solution program it created with Saatchi & Saatchi X and Walmart (see Case Study 3, page 23). The solution, which featured Gillette’s Fusion razors, was based on the insight that the most popular sport among Walmart shoppers is professional football. Accordingly, it teamed up the razors with the Madden NFL video game from EA Sports to activate shoppers with an unexpected pairing. It offered Walmart shoppers a strategy guide to the popular game and limited-edition razors emblazoned with their local NFL team’s logo.

Exhibit 11: Retailer Pain Points

“To what extent are the following inhibiting your ability to drive greater effectiveness from shopper solutions?”

Percentage of respondents who believe inhibiting very significantly or significantly*



* Respondent marked a 5 or 4 on a 5-point scale. Numbers may not add up due to rounding.
 Source: GMA Shopper Marketing 5.0 Industry Survey conducted by Booz & Company in collaboration with the Path to Purchase Institute and Shopper Marketing magazine, Fall 2011

Leaders in shopper solutions use their playbooks to develop programs that can be scaled across multiple campaign executions and customized for specific retailers.

The program was deployed through a variety of media, including advertising in men's sports magazines, radio, and online on the EA and Walmart.com websites. Inside Walmart stores, displays with the razors and the game were located in three categories—personal care, gaming, and electronics—in order to surround shoppers. The result was a touchdown for P&G and Walmart: Fusion sales at the chain jumped 20 percent during the program. Of course, achieving this level of coordination required early and frequent upstream collaboration to drive alignment internally within Gillette, as well as with all the external service providers involved in executing the solution.

Program Design

Manufacturers need to tap into a full arsenal of platforms and vehicles to deploy shopper solutions across the full path to purchase. In this pursuit, they need to create and maintain a fully developed shopper playbook that provides them with access to the right set of platforms and vehicles.

Leaders in shopper solutions use their playbooks to develop programs that can be scaled across multiple campaign executions and customized for specific retailers. They help manufacturers to hold higher-impact, top-to-top dialogues with their retail trading partners, while focusing on fewer and better shopper solutions. This approach to solution engineering also facilitates the integration of a broader set of vehicles across the path to purchase, while providing a means for filtering out those vehicles that are not essential to delivering a winning solution.

ConAgra Foods' menu-based shopper solution program, "Give Every Night New Flavor," developed with RPMConnect, provides a good example of a programmatic approach that spans the full path to purchase. The "big idea" was to offer meal ideas and convenience to shoppers by providing them with recipes for popular meals, such as a stir-fry and pasta, and all the products needed to prepare them (see *Case Study 4, page 24*). Then, ConAgra deployed the program through a variety of pre-store and in-store vehicles. Its digital tactics included creating a microsite for the solution, providing digital coupons to bloggers, paid search, and advertising with digital banners and on grocer websites. It used gatefold ads in print media to create greater awareness and further drive traffic online and to retail stores. It used stanchion signs and coupon books to stimulate action in-store. And finally, it built pallet displays that featured the recipes, the ingredients needed to prepare them, and a coupon.

The ConAgra program illustrates how a solutions-oriented approach can help to integrate promotions activity with digital marketing before the store to win the trip and enhance purchase intent for specific occasions.

As solution leaders seek opportunities to leverage digital to drive pre-store engagement, they are also pursuing solutions that are independent of in-store promotions. One digitally focused shopper solution with strong design elements is the "Right@Home" program built by SC Johnson, working with Triad Retail Media, for Walmart (see *Case Study 5, page 25*). For the program, the company built a virtual house in which shoppers could click on each room to learn about a bundle of complementary cleaning products and then, in one or two clicks, buy the products online. The cleaning theme was married with additional digital and in-store content, including video design tips from a HGTV interior decorator, to maximize the time shoppers spent on the site and provide additional value.

CASE STUDY #3 / P&G

Get Your Game Face On



Case Highlights

Objective

- Trade shoppers up to Gillette's premium line of products (Fusion) and increase share growth at Walmart by overcoming barriers related to switching brands and price points

Insights

- Gaming and football are top priorities for Walmart shoppers in the fall
- Synergies exist between razors and football around toughness, and coupling the two increases relevance and value of razors

Vision

- Drive Fusion engagement via affinity links to EA Madden and the NFL, improve the value equation with meaningful bonus offers, and capture shopper attention by appearing in "surprising new places"

Execution & Results

- Placed endcaps in personal care, gaming, and electronics departments supported by relevant display in-store; created razor insert with a "secret code" for downloadable strategy guide (\$5 value), and linked to Gillette/NFL gear available with purchase
- Supported awareness online through Walmart.com campaign, EA sites, and fantasy football
- Fusion sales increased more than 20% at Walmart during the period, and overall category sales at Walmart increased, exceeding targets

Learnings

- Many shoppers purchased razors from Walmart.com for the first time, indicating the need for effective digital elements

Source: Procter & Gamble and Saatchi & Saatchi X; Booz & Company analysis

CASE STUDY #4 / CONAGRA

Give Every Night New Flavor



Case Highlights

Objective

- Increase category sales and drive cross-shopping with store brands

Insights

- Shoppers are looking for a variety of weeknight dinner ideas that are quick, simple, and appealing to their families

Vision

- Offer meal suggestions, convenience (by bringing the recipe and ingredients together in one place), and coupons

Execution & Results

- Leveraged vehicles across multiple channels, including microsite, retailer website, digital coupons, gatefold ads, stanchion signs, booklet, and pallet with tear pads
- Double-digit growth in units, dollars, and profit over prior year; significant market share gains for a leading grocery retailer across participating brands and categories

Learnings

- Meal idea events have broad appeal; the program resonated with shoppers across all shopping habits and price bands, but especially with “Loyals” and “Mainstream” segments
- Add takeaway content: 1/3 of shoppers would have liked more recipes with greater variety and low-cal options

Source: ConAgra Foods and RPMConnect; Booz & Company analysis

Robust solution program designs require manufacturers to efficiently and effectively collaborate with external partners, including other manufacturers or store brands and, in some cases, a broader set of agencies. Small and mid-sized manufacturers need to be especially adept at forming and managing external partnerships. Although they don't have the depth of resources that larger manufacturers enjoy, they can field winning shopper solutions by tapping into the expertise of agencies and working with larger manufacturers on co-branded solutions.

Execution

Shopper solutions have many moving parts, which complicates execution. Thus, program management, especially at the store level, is critical to their success. To repeat a tried-and-true phrase, “Retail equals detail.”

Shopper solution program management is analogous to the producer's role in the entertainment industry. Solution teams will often need strong project management skills and interpersonal expertise to bring together and work on an ad hoc basis with representatives from various manufacturers, retailers, and agencies. To achieve this, they have to establish and manage multiple internal and external relationships and their corresponding lines of communication, as well as build and motivate informal networks that are focused on the solution needs of specific groups of shoppers.

CASE STUDY #5 / SC JOHNSON

Right@Home



Case Highlights

Objective

- Drive sales and create brand awareness on Walmart.com for the SC Johnson family of products

Insights

- Coupling products with an interactive, educational experience increases engagement with products and brand

Vision

- Create a dynamic house on Walmart.com that showcases a growing, ever-changing roster of SC Johnson brands and products
- Teach shoppers how to achieve clean living
- Build a one-stop home inspiration destination with e-commerce functionality

Execution & Results

- Crafted an interactive house that illustrated complementary cleaning products by room, accompanied by video content, articles, and recipes
- Time spent within the showcase exceeded Walmart.com averages and drove increased shopper engagement and sales

Learnings

- Drive purchase with single click-to-cart opportunities
- Integrate digital features to create synergy between store and online experience (e.g., shopping list, e-mail/offer incentive, custom product sorting tools, in-store feature information)

Source: SC Johnson with Triad Retail Media; Booz & Company analysis

Companies whose sales teams are fully involved in shopper solutions will reap rewards in enhanced retail relationships, market share, and profitability.

Beyond central coordination and management of the overall strategy and capability for shopper solutions, manufacturers also need to build a well-oiled organizational machine to field shopper solutions at the account level. Toward that end, they should consider the integral role of the sales organization in ensuring success.⁴ Sales can play a vital role in shopper solution program development and execution, particularly in translating insights into actionable programs that align well to retailers' particular needs and operating environments, designing the shopper marketing playbook at the account level, managing program execution, and contributing to performance measurement. This will often require a new set of skills for sales personnel, including the ability to act on analysis, to think strategically and consider the different perspectives of solution partners, and to create and manage networks of interest. But companies that ensure that their sales teams are fully involved in shopper solutions will reap rewards in enhanced retail relationships, market share, and profitability.

Solution execution at retail headquarters and stores may also involve third-party sales agencies, such as AMG, CROSSMARK, and Advantage. As the role of sales agencies continues to expand, shopper solution teams can work more closely with sales agencies to ensure effective retail execution and obtain accurate and timely information on program performance. Sales agencies have made extensive investments in point-of-sale (POS) data and analytics allowing for improved targeting and measurement.

Finally, measurement capabilities, especially post-event analysis tracking, will need to be applied to shopper solutions to determine their effectiveness. ConAgra took a notably comprehensive approach to measurement in its "Give Every Night New Flavor" solution program. The company calculated sales, profit, market share (by category), number of shoppers (by segment), pre-store activity (by traffic driver), number of shopping visits, spend per visit, and units per visit for both its brand and the retailer brands included in the program.

Quantitative scoring of shopper marketing creative, such as the scoring that Shopper Sciences performed for the GMA study, not only reveals how a particular piece of communication is performing relative to its peers but also establishes a baseline for future testing. This allows manufacturers to test their marketing programs' impact on shopper behavior in advance of retail rollout. It also allows the company to benchmark its efforts against close and near competitors, and the CPG industry overall.

Section Four

Emerging Opportunities for Shopper Solutions

A significant theme in this year's report is the power of a solutions-oriented approach to drive greater alignment between manufacturers' sales and marketing organizations, as well as to facilitate more effective collaboration with retail trading partners. As we look ahead to the future evolution of shopper marketing, there are four additional areas of opportunity where a solutions-oriented approach can help unlock incremental value (see Exhibit 12).

Trade Promotion Effectiveness

Shopper solutions represent a key intersection point between sales promotions and brand building. From a promotions standpoint, shopper solutions address the need to drive more effective activation of shopper behavior. From a brand building standpoint, they help deliver more consistent motivational cues along the full path to purchase. Shopper solutions can thereby provide the glue that helps hold together the different pieces of the marketing effectiveness puzzle.

Trade+: Today, the center of gravity in shopper marketing spending is in trade promotions—for customized retailer programs designed to drive greater impact and differentiation, as well as for retailers' own events, which tend to resemble trade promotions. The rapid growth in shopper marketing spending has been fueled in part by growth in this trade overlay activity, with incremental spending on non-price elements in these customized promotion events coming from the shopper marketing budget rather than trade promotions budget. The shopper marketing budget is expanding as companies are shifting funding away from traditional advertising and promotions. Indeed, growth in shopper marketing budgets is comparable to growth in digital marketing budgets.⁵

These supercharged trade events do enhance the ability to stop, hold, and close the shopper. As the shopper insights work conducted for this year's study by Shopper Sciences demonstrates, best-in-class shopper solutions deliver a significant increase in the "stopping power" of promotional display events. The shopper solutions that tested best provided both inspiration and information to shoppers, while clearly communicating a reason to take action.

Exhibit 12: Future Opportunities in Shopper Solutions

Opportunity Area	Key Elements
Trade Promotion Effectiveness	<ul style="list-style-type: none"> ■ Better align trade promotion events to integrated marketing programs ■ Shift curve for trade ROI through focus on solutions that work best ■ Leverage digital to increase pre-store engagement and drive store traffic
Next-Generation Digital Deals Platforms	<ul style="list-style-type: none"> ■ Better integrate content, community, and deals to drive engagement ■ Target high-value shopper segments for co-promoted brands in solutions ■ Leverage digital to increase store traffic and drive engagement
Relationship Marketing	<ul style="list-style-type: none"> ■ Turn on the touch points to drive opt-in relationships with shoppers ■ Build personalized experiences across websites, social media, and mobile ■ Collaborate around the database to optimize targeting of offers
E-Commerce	<ul style="list-style-type: none"> ■ Better tap into pre-store engagement along shoppers' discovery paths ■ Leverage retailer-targeted media to drive engagement in solutions that shoppers can "buy now" ■ Build a more dynamic test-and-learn capability for solutions

Source: Booz & Company analysis

Trade events can also be bolstered in-store by digital means. For example, displays and packaging can be enhanced with QR codes or other means of driving shoppers to digital content—such as recipes and other helpful information for acting on the solution, ratings and reviews, how-to videos, or contests and sweepstakes—that add fun and a further call to action. There are two warnings to heed in this regard: First, do not muddy the value proposition or clutter the solution design, and second, be sure that the digital content can be easily accessed by shoppers. Shoppers do not look kindly on empty content promises. Moreover, many of the shopper solutions that tested poorly in Shopper Sciences' analysis included too much clutter, including unclear digital add-ons.

Spend effectiveness: Shopper solution programs that are closely tied to sales promotions can further complicate trade planning, execution, and ROI measurement. Given the challenges that already exist in driving up the ROI of trade promotion spending and increasing the mix of win-win events for manufacturers and retailers, inserting additional complexity from shopper solutions is no small matter. This requires bringing trade and shopper marketing closer together to gain a comprehensive understanding of spend effectiveness in a given account, in order to continually reinvest gains in better events.

Furthermore, there is not enough value placed on the additional shopper impressions driven by shopper marketing tactics along the path to purchase. Indeed, given the significant share of time spent by shoppers prior to visiting the store, engaging with print coupons and circulars and with digital media, these impressions should be counted when considering a brand's share of voice. By assigning a measurable value to these impressions, manufacturers will be able to better enhance their ROI within the marketing mix.

Collaboration: To fully capture the opportunity presented by shopper solutions, CPG manufacturers and retailers need to think more holistically about the role that solutions can play in enhancing their collaborative efforts. For manufacturers, the best opportunity lies in focusing a greater share of their trade spending in support of scalable shopper solution programs that are easily customized for retailers. This will also require better integration of additional elements into their shopper solution playbooks, such as digital vehicles to drive pre-store engagement and store traffic. For retailers, the greatest opportunity lies in better using their "barter value" with brand manufacturers—trading more equity and valuable real estate in the store and across their digital touch points for investments in mutually beneficial solution programs that drive value for shoppers.

Pursuing winning solutions tied to trade events will require new ways of collaborating. As we've seen, the best shopper solutions often involve products from multiple brand manufacturers packaged together in a single solution; some involve collaboration between manufacturers' products and retailers' store brands. This creates an opportunity for shopper agencies to assume the new role of bringing the parties together and driving effective planning and execution. Third-party sales brokers can also help sell in programs at retail headquarters and executing in stores. In recent years, broker organizations have understood and embraced their role in shopper marketing, providing a variety of services to assist CPG manufacturers and retailers. As their role continues to expand, it is important that sales and marketing teams work closely with them and their shopper agencies to ensure effective retail execution and to obtain accurate and timely information on program performance.

Leaders in shopper solutions will take advantage of the ability to develop the right digital shopper solutions and test them systematically through controlled experiments.

Next-Generation Digital Deals Platforms

Shopper solutions harbor a valuable opportunity to build next-generation deals platforms. As with trade promotions, consumer promotions create barter value between brand manufacturers and retailers: For instance, brands pay for freestanding inserts (FSIs) of coupons to drive volume spikes in pursuit of more display space in the store. As brand manufacturers and retailers invest in digital deals platforms, they are seeking next-generation digital deals that can replicate the scale and traffic-driving impact of FSIs. At the same time, they are attempting to build digital deals platforms that offer greater targeting capabilities and more measurable results.

Thus far, efforts to incorporate digital deals into shopper marketing have mainly focused on e-mail offers to members of retailers' loyalty programs and direct-to-card coupons aggregated on retailer and third-party websites. Other tactics to intercept shoppers on the path to purchase include embedding deals in display ads and buying search to drive traffic to promotional microsites. But though national brands and retailers are investing extensively in digital shopper marketing, digital tactics are not yet well integrated with shopper solutions that are tied to promotions activity. Indeed, the vast majority of the solutions audited by Shopper Sciences across a broad cross-section of retailers and national brands are focused solely on in-store marketing overlaid on trade promotions, with limited or no use of digital vehicles.

Looking forward, shopper solutions can be used to better focus and drive the adoption of digital shopper marketing tactics. This will require better integrating content, community, and deals to drive engagement around the solution. For example, just as today some manufacturers are working with their shopper agencies to build microsites for retailers around specific promotional events, content on retailer websites and Facebook pages could be dedicated to specific solutions in the future.

Beyond incorporating brand content (for example, recipes or how-to video) in their shopper solutions, manufacturers will also benefit from driving shopper and consumer engagement around the solution themes (such as summer grilling, back to school, and cold and flu season). Further, winning shopper solutions can also drive greater engagement with social media content, such as ratings, reviews, and other user-generated information. Integrating deals into content-rich solution environments will provide an additional call to action.

The new digital frontier for shopper solutions creates opportunity for a range of players. Certainly, shopper agencies can play a role in building out winning solutions for brands, whether on manufacturers' websites or on retailers' sites. Media companies can also play a role, moving beyond driving engagement in their own content to building and hosting content for brands and retailers. They can also provide other marketing services, such as database marketing and behavioral targeting of ads, to help engage shoppers at home, on the go, and in the store.

Leaders in shopper solutions will take advantage of the ability to develop the right digital shopper solutions and test them more systematically with shoppers through controlled experiments. Tapping into these new opportunities will require a more systematic learning agenda and a more flexible approach to partnering with players across the ecosystem. Forward-thinking manufacturers and retailers will look for ways to collaborate with national brands and new intermediaries to take advantage of these

Establishing relationships with consumers and shoppers is the first step; delivering ongoing personalized communications is the next.

opportunities. Credit card companies, for example, could offer targeted shopper solutions to their rewards programs members, leveraging their ability to mine transaction data to provide a platform for solution delivery for manufacturers and retailers.

There is also a significant role for pick-and-shovel players to provide the data and analytics required for better targeting and optimization of content and deals. For example, RichRelevance helps optimize the targeting of ads on retailer websites, mining click-stream and POS data that can help optimize the pairing of products for cross-promotion.

Relationship Marketing

Digital deals are a powerful way to drive action by shoppers. One action that is increasingly valuable is driving registration. Last year's GMA Shopper Marketing 4.0 study revealed that more than half (52 percent) of shoppers are willing to provide personal information, such as e-mail addresses, to receive a deal, roughly double the number willing to do so for exclusive content (28 percent).

As CPG manufacturers and retailers seek to build stronger direct relationships with consumers and shoppers, solutions can play a powerful role in feeding the funnel for their relationship marketing programs. With their powerful combination of deals and relevant content, shopper solution programs can provide a springboard for an ongoing conversation with shoppers that taps into their sources of motivation. For example, meal solutions could provide a natural opportunity to establish a more regular cadence in communicating new ideas and savings opportunities.

Multiple vehicles—deals, recipes, how-to video, ratings and reviews, contests and sweepstakes, mobile apps, and others—can be used to drive registration. And since best-in-class shopper solutions already leverage a broad set of these touch points, it is not too onerous a task to add a registration path that can feed a relationship marketing database.

Establishing relationships is the first step; delivering ongoing personalized communications is the next. Like solutions themselves, regular communications that deliver incremental value and help drive action by means other than price can be delivered through shoppers' preferred channels, whether that is e-mail, mobile, or social media feeds. With advances and adoption of smartphone technology, mobile marketing shows tremendous potential. New-generation phones with RFID chips will allow near field communication applications that could significantly increase the ability of marketers to send relevant messages to shoppers.

For brand manufacturers, building a relationship marketing capability provides an opportunity to collaborate with retailers in ways that go beyond buying into coupon mailer and e-mail programs or driving volume of downloads for direct-to-card coupons. Solutions content can be used to drive co-registration opportunities. Moreover, as manufacturers and retailers each build up their own databases of opt-in names, they can collaborate around data mashups to target the right shoppers for specific solution programs.

E-Commerce

Brand marketers in the food, beverage, health and beauty, and household products categories are earlier in their adoption cycle for e-commerce than other categories, such as consumer electronics, apparel, and entertainment. However, leading CPG manufacturers are increasingly exploring ways to drive sales online, and some have begun to set up dedicated e-commerce teams, coordinating their e-commerce efforts more closely with their shopper marketing efforts at key retail customers.

The linkage between e-commerce and shopper solutions is a natural one for several reasons:

- “Buy now” options offer convenience value to shoppers.
- Typically, shoppers are willing to spend more time online with additional content than at the shelf, creating a fertile field for content-rich solutions.
- There are fewer constraints in terms of space limitations and logistical complexity in e-commerce than in stores.
- The data available in e-commerce can be used to surface the insights needed to create winning shopper solutions.
- E-commerce provides a perfect environment for test-and-learn experiments aimed at optimizing the targeting and execution of solutions.

To capitalize on the opportunities in e-commerce shopper solutions, brand manufacturers and retailers will need to develop stronger capabilities for data management, analytics, collaborative planning, and managing structured experiments. They should also establish a network of vendors that can help them design these solutions, and execute pilot projects to fine-tune their approaches.

Conclusion

The potential of shopper solutions is enormous. They are capable of delivering significant incremental value to manufacturers, retailers, and shoppers. They can enhance brand performance and drive trade relationships to new heights of collaboration. Internally, they can serve as an additional catalyst for better aligning and optimizing a company’s overall marketing programs, and as a strategic filter for identifying and building out the essential differentiating capabilities.

Shopper solutions are also creating strategic opportunities across the shopper marketing ecosystem for other players. Agencies, media companies, credit card companies, mobile operators, and other data and technology companies can enter this fast-developing area to enhance their value propositions to shoppers, manufacturers, and retailers, and help drive the continuing evolution of shopper marketing.

But though the opportunities that shopper solutions offer are attractive, capturing them entails challenges. Solutions must be customizable at scale to provide the right balance of affordability for manufacturers and differentiating value for retailers—an inherently difficult balance to maintain. Success also requires the development of capabilities in terms of capturing and marrying shopper and consumer insights, retailer intimacy, the design of programs that exploit a full range of platforms and vehicles to span the path to purchase, and execution.

The payoff for all this effort? Manufacturers and retailers that choose to undertake the shopper solution challenge and begin building the capabilities needed to create and execute solutions today will earn the right to win in their chosen categories in the years ahead.

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