In Search of Shopper Marketing Excellence

Peter Breen
Editor-in-Chief
Consumer Goods Technology

The need for consumer goods companies to build stronger shopper marketing practices has been growing steadily for more than a decade - but recent marketplace disruptions have made it a true business imperative. In fact, 84% of respondents to a survey conducted in December by *CGT* and Cierant Corp. say that shopper marketing agility and effectiveness is more important today than it was even two years ago.

Despite this realization, and the additional understanding that an optimized shopper marketing practice delivers numerous benefits, 78% of survey respondents rank their current shopper marketing process efficiency as no better than average. What's worse, there seems to be no clear understanding of how to address this challenge.

Respondents are using a variety of strategies to enhance efficiency: increasing access to relevant data, integrating best practices into the field, and improving post-event analysis capabilities are the most common initiatives.

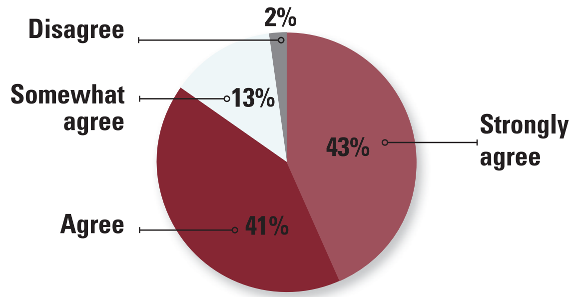
And they're employing a number of technologies to assist these efforts — chief among them data management/analytics software and digital asset/content management tools (see Charts 3 and 6).

However, department-level strategies and digital tools aren't enough to achieve full SMO. Doing so requires a change in organizational methodologies internally and improved retailer collaboration externally (see Chart 4). Essential to both of these issues is budgeting, which is why respondents cite the need to address both program execution costs and funding methodology as critical factors for success.

Cierant notes that retail account funding traditionally has systematically rewarded top-tier accounts with grandfathered budgets and "anniversaried" programs. But shopper marketers today understand that those funding models are not revenue-oriented. This is evident in the survey results, which find that 60% of companies have restructured their budgets to support more performance-based funding models and another 23% have discussed doing so (visit cierant.com/smo-study for these and other results from the survey). The next step in this evolution is zero-based budgeting: 19% of respondents either have or plan to implement the practice in the near future as the industry moves toward best practices that truly deliver the best results.

CHART 1

Improving Shopper Marketing agility and cost-effectiveness is more important today than 2 years ago



78% of companies rank their SM process efficiency as average or worse

CHART 2

Current efficiency level of your SM planning and execution processes

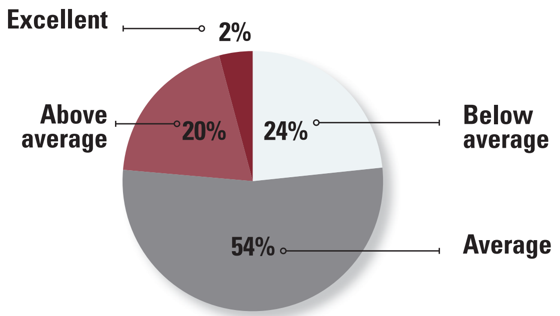
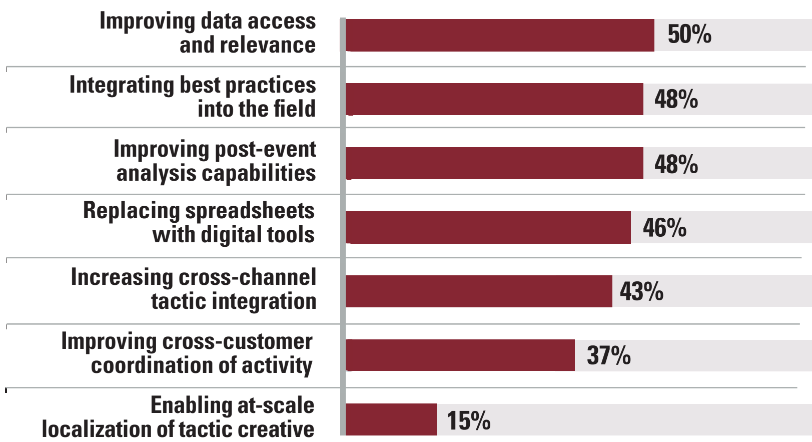


CHART 3

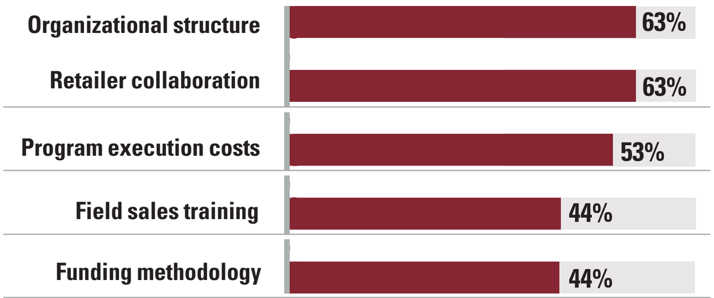
Key initiatives for improving SM execution



84% of respondents say improving agility and cost is more critical than ever

CHART 4

Critical SM elements to be addressed (beyond technology)



19% of companies have or plan to implement zero-based budgeting

CHART 5

Have you considered zero-based budgeting as part of your SMO strategy?

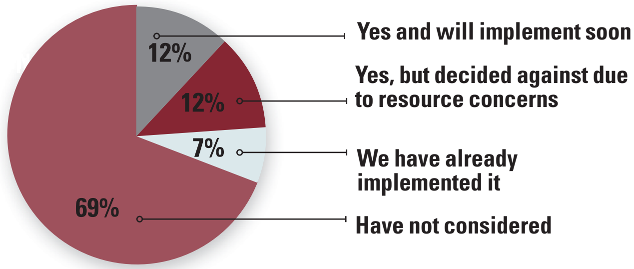
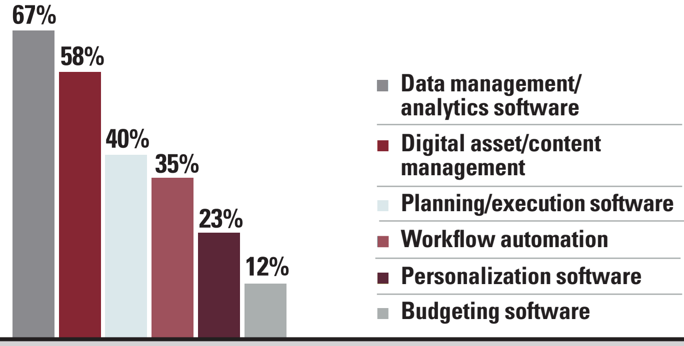


CHART 6

Most essential technologies for Shopper Marketing Optimization



Achieving Performance with SMO

cierant

James Cioban
Chairman & Chief Technology Officer
Cierant Corp.

Major advancements have been made in marketing automation and analytics, yet shopper marketing has failed to integrate these innovations into their processes, resulting in unnecessary administrative costs and labor, and in turn, insufficient ROI.

This has made shopper marketing efficiency an operational imperative for many consumer goods organizations and has led to the emergence of an all-new practice: Shopper Marketing Optimization (SMO). SMO is a discipline designed to improve cost, speed and efficiency across every phase of the shopper marketing planning-to-execution lifecycle.

To better understand how CPGs are pursuing the practice and prioritizing investments, we conducted a survey of consumer goods professionals involved in the shopper function. While the survey results reveal that SMO is growing in importance, the goals and methods of approach vary across organizations.

However, one concept appears to be universally accepted, and that is optimization through greater integration and granularity of past and present shopper marketing data. With program data often housed in a variety of offline silos and lacking the depth needed to generate actionable insights, improving analytics is critical to SMO.

Another area that there is clear consensus around is the need to replace the many manual touchpoints involved in program planning with workflow automation. With many shopper marketers still planning in spreadsheets, a cloud-based system can open the door to quicker and more effective decision-making.

Shopper Marketing Optimization cannot be achieved through technology alone, though. A successful strategy must be led by a clear vision that starts from the top of the shopper team and is shared across departments. This vision must transcend into processes that support stronger collaboration between internal and outside teams, with technology serving as the conduit and performance the unifying goal.