

Customers gravitate to the 'Third Place'

 By Louise Marsland

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Shopper marketing is being driven by a shopper revolution powered by our digital world. It is one of the few advertising channels showing growth globally; and has led a "seismic change in marketing".

Shopper marketing is a multi-billion dollar industry and shopper intelligence, influenced by new technologies and the big data available to marketers and retailers, is a growing research science. The critical influence factor here is the final "pivot to digital" and the combination of online retail opportunities, as well as the rise of "the third place" – the retail experience as entertainment, not just a utility, through the rise of designer shopping malls and bespoke shopper solutions.

Of course any and all development is tempered by the biggest global economic downturn in a century, since 2008, although pundits are cautiously optimistic that after seven years of lean times, human nature is starting to drive regular shopper behaviour and attract new buyers to the luxury goods market.



This new digitally-empowered consumer has shifted the balance of power away from brands and retailers, creating change in an industry that has traditionally put its own interests and profits above that of its consumer base. This was the way of capitalism, naturally. But now that the consumer is in charge, all brands have been subject to pressures and change not seen in generations.

Shopper marketing is defined by the World Advertising Research Council (WARC), as, “All marketing stimuli, developed based on a deep understanding of shopper behaviour, designed to build brand equity, engage the shopper (i.e. consumer in ‘shopping mode’), and lead him or her to make a purchase.”

That decision is now firmly in the hands of the consumer, and brands need to do all they can to influence that.

Cara Kruger, senior account director of Epic MSLGroup, points out that the convergence of digital technologies, falling prices of technological devices and accessibility afforded by the internet has truly empowered the consumer to pick and choose the information they wish to engage with.

“In the same way that consumers have changed the way they consume information, so too do companies need to adapt the manner in which they communicate...”

“Similarly, content now has the shortest life cycle in history, and the shift in communication afforded by the internet and social media has changed the way in which news is reported and consumed.”

Kruger says this more “empowered consumer” isn’t that easily convinced by brands and has so many channels to choose from, that brands need to be clever in reaching them. “You have to create something they want to watch or switch tabs to, or engage with. In the retail space there are so many concepts and channels to explore, from POS, so many channels and a lot of scope to play with and explore.”

Research list

The Cadent consulting group reported that shopper marketing spend increased by more than \$17bn from 2013-2015 and growing from 6% to 14% of marketing budgets. This makes it one of the fastest growing media channels.

[Foresight ROI](#) reports that “this is really a seismic change in marketing, not seen since the rise of the TV networks and ‘Big Brands’ in the 1970s, or the rise of category management and ‘Big Retailers’ of the 1990s”.

Foresight ROI data shows that there is an overall increase in shopper-driven digital programming spend composition since 2013, up by 121% globally, which is driving the shift in shopper spending. “This is an under-reported but permanent trend that is the cause of the migration of brand and trade dollars into ‘shopper’. The undertow to this is that retailers are trying to monopolize this space by pushing their own tactics as delivering a captive shopper audience in their stores, while at the same time, the media companies are trying to protect their turf via targeted programmatic delivery,” reported Phil Lardner, president of Foresight ROI.

“For now, the ROI advantage still stands with digital, but retailer and media delivery needs to change their focus from just increased revenue generation to collaborative planning with brands to drive shopper response in equal proportions at retailers. A balanced conversation is needed to maintain an equilibrium. Non-digital, which has been trending out of favour, needs to continue to reinvent itself to stay relevant and curry favour back in a clean store environment.”

Staying relevant for brands, retailers and malls in the live, instore, shopper space, means increased personalisation, shopper services, clever use of technology to enhance the shopper experience and an attention to detail that most five-star hotels can boast of.

Menlyn Park Shopping Centre in Pretoria, South Africa, is [a case study](#) in point, where personal shoppers, a concierge service, VIP parking and additional services, as well as a tourist welcome centre are being implemented in its new billion-rand redevelopment of the regional mega-mall.

Menlyn Park has taken advantage of the technological developments on offer to connect intimately with shoppers and find out more about their consumption and shopping habits, while increasing engagement on a personal level with direct face-to-face personalised services.

There is no doubt that technology is changing how people shop, and both the retailer and shopper can take advantage of this to create experiences that give both consumer and brands what they want, says [Gia Conte-Patel](#), Primedia Unlimited's mall division media product manager.

Basket of opportunity

Foresight ROI cautions that while digital innovation has bolstered shopper marketing efforts and succeeded in elevating it to the "boardroom", retailers and brands need to work collaboratively to "get to the win-win situation that we stress..."

"Being able to target shoppers pre- and in-store is a big advantage with digital, and one that really is able to hit all levers along the 'Path to Purchase'," Foresight ROI's Lardner said, and emphasised that when retailers and manufacturers worked together, return on investment (ROI) was over two times higher.

No business conversation, whether B2B or B2C is complete without mentioning mobile. In the shopper marketing market, mobile ease of use and mobile apps are leading the charge to augment the retail experience: in-store, in the mall and online. Mobile leads to increased engagement with brands and stores or malls, plus a more intimate rendezvous with brands of choice.

"As technology evolves and mobile adoption increases, enticing retail apps and mobile brand experiences will be essential for any retail business to compete and be successful," reports Elliotte Bowerman, vice-president of marketing at Sourcebits, quoted by [Popai Benelux](#).

Virtual reality, holographic shop windows, augmented reality, free wifi in malls, intelligent shopping apps, will all personalise the shopping experience further in-store and online. [AMA](#) indicates that shoppers are no longer making a distinction between an online brand experience and an in-store brand experience and expect "both environments to deliver the same product, quality and customer service".

"Brands that succeed at building this seamless engagement will win in 2016." Technology will capture the consumer at home and then direct you in store.

Epic MSLGroup's Kruger, says it is scary the information that brands have on us from all the social media and media platforms we interact with, but that also empowers brands to create these personal messages for us and allows the individual to build up experiences that they can walk away with.

This is crucial in a more intimate setting like a shop or the mall, where shoppers go with a purpose in mind, or simply to be entertained, or their 'third place' after home and work.

[Rob Nelson](#), founder of Reel 2 Real Interaction, provides total content packages for retailers, big and small, with a focus on niche content designed to be personalised by the store owner.

"The most exciting part of digital is where it is going with shopper marketing: with virtual reality, holographic screens, apps that show you the movie trailer when you hold it up to a movie poster and allow you to book online, instantly..."

"In retail, in the FMCG space, it's even more crazy, with Bluetooth technology. Consumers in the future will be given applications in store which will make the shopping experience today totally different. The shopper will get the best shopping experience because retailers will know where the customer is in store and what they want.

"The shelf talker that might be on the shelf might be an insert in the trolley. In an experiment in Sweden, screens were built into a trolley and with a user card, the consumer can go online, build a shopping list based on recipes the retailer is putting out, and when you get a trolley and swop your loyalty card in store, that trolley will then direct you around the store, as a personal shopper, according to your shopping list!"

As Nelson says, everything will be connected, but people will still want to interact with people, buy something off the shelf. "What technology is allowing you to do is enhance the shopper experience. We can look after the consumer a lot better."

Trolley of experiences

The importance of the digital impact on retail and influence of connected consumers is evident in the increased focus in retail research. In April this year, J Walter Thompson's Innovation Group announced it was partnering with WWD, an authority on fashion, beauty and retail, to create an exclusive global report on the future of retail, entitled, 'Frontier(less) Retail'.

The report's insights will be presented at the WWD Retail Forum in New York on 14 June 2016. It will examine original consumer data for the US, UK and China markets, emerging trends, experience innovation, analysis; commerce; social networks as well as forecasting retailing in new and emerging retail landscapes.

The core report will investigate how technology is rapidly transforming everything from payment and distribution systems; to retail experience in-store and online; innovation in experiential retail; payments; shipping; cognitive commerce; and include take-outs for retailers and manufacturers.

With improvements in distribution networks, instant delivery and instant gratification only a click away, consumers want their needs satisfied or they will tell your brand and the rest of the universe that they are unhappy.

The online reality show we all live in now has also benefited retailers and brands, in that consumers don't mind sharing their information and letting you have as much data about them and their consumption habits as a brand wants – as long as they feel they are getting something in return.

Retail is all about the experience now. The utility of shopping is limiting and shoppers want to be entertained. It's why malls have evolved to the 'Third Place' after home and work, where families go to relax on the weekends, where you can get a bit of downtime during the week, or have fun with friends.

It's this balance that retailers and brands have to get right. Accept that the power dynamic has changed, but that the consumer is a lot more vocal about their needs and that brands are now able to understand the consumer better and better target them in the purchasing journey.

ABOUT LOUISE MARSLAND

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